Strathclyde Pension Fund

ANNUAL REPORT

& FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

CONTENTS

- Strathclyde Pension Fund (SPF) is part of the Local Government Pension Scheme (LGPS)
- It is one of 11 LGPS funds in Scotland and around 100 in the UK
- SPF is the second largest of the UK LGPS funds
- The LGPS is a statutory scheme established under primary legislation – the Superannuation Act 1972 and Public Service Pensions Act 2013

- The scheme rules take the form of a series of regulations – the Local Government Pension Scheme (Scotland) Regulations. The regulations are Scottish Statutory Instruments (SSIs). There are separate sets of regulations to set out the scheme benefits, investment arrangements and governance requirements.
- The LGPS is a multi-employer, defined benefit scheme. The benefits are based on final salary for all service to 31st March 2015 and career average earnings for benefits from 1st April 2015.
- The Strathclyde Pension Fund was created in 1975. It has been managed by Glasgow City Council since 1996.
- The Fund is a pool into which member and employer contributions are paid. The money is invested so that pension benefits can be paid as they fall due.
- Participating employers include the 12 local authorities in the west of Scotland; Scottish Police Authority, Scottish Fire and Rescue, and Scottish Water; a number of universities and colleges; local authority subsidiary companies and contractors; and a wide range of other organisations with funding or service links to the local government sector.
- As at 31st March 2024 the Strathclyde Pension Fund had over **286,000** members, **146** participating employers and investment assets of **£30.6 billion.**

As at 31st March 2024 the Strathclyde Pension Fund had over **286,000** members, **146** participating employers and investment assets of **£30.6 billion.**

147%. The triennial actuarial valuation is always a significant milestone in the evolution of a pension fund. But the 2023 valuation of Strathclyde Pension Fund (SPF) was particularly so. The headline result was **147%** - the highest funding level ever recorded by SPF at a formal valuation.

£30 billion. Another milestone passed in the course of 2023/24. Perhaps not as significant as the actuarial valuation result. But it does mean that the year-end funding level was even higher than at the valuation date.

These are not just actuarial and accounting numbers. They translate into real-world value: reductions in employer contribution rates for SPF's employer's whose finances are currently hard-pressed; and reassurance for the Fund's 286,000 members (another high-water mark) that their pensions are more secure than ever even in these difficult times.

Members received a pension increase of **+10.1%** at the start of the year and will have received a further increase of **+6.7%** immediately after the year end, ensuring that the value of their pension is fully protected against inflation. SPF paid **£618m** in the course of the year to our **94,000** pensioners, together with **£210m** in lump sums.

SPF's total investment return for the year was **+9.9%**.

The Fund's strong performance also facilitated some strategy changes which the SPF committee agreed towards the end of the year: a reduction in investment risk in order to add more protection against future downturns; and a shift of more than **£4 billion** of passive equity into Climate Transition Index funds – a big step towards making the Climate Action Plan agreed by the committee last year a reality this year.

The Climate Action Plan is building on work already started. The SPF Direct Impact Portfolio (DIP) was created in 2009, and now has **60** investments with a total current value of **£1,490m**. These all make positive environmental, social and/or governance contributions: DIP's renewable energy investments contribute **177,000 tons** of **CO2e emissions avoided p.a.** – enough to power **317,000** homes.

SPF was confirmed as a signatory to the UK Stewardship Code for the 3rd consecutive year since the revised code was published.

These headlines from our 2023/24 annual report are almost entirely positive. That was not the case with news headlines generally: continuing conflicts in Russia/Ukraine and Israel/Gaza; other political tensions; an ongoing struggle to tame inflation; a recession in the UK (albeit a short one); the migrant crisis, cost-of-living crisis, housing crisis, climate crisis. All in all, no shortage of troubles in the world.

Without understating the severity of these issues, it is essential that SPF remains focused on its own role – paying pensions now and a long way into the future. As we approach our 50th anniversary – the Fund was established in 1975 – we are in a stronger position than ever before to do just that.

Councillor Richard Bell

City Treasurer, and Convener of Strathclyde Pension Fund Committee

Introduction

Having dominated the narrative in financial year 2022/23, inflation remained a significant theme in 2023/24, though the narrative was clearly changing: UK CPI had peaked at **11.1%** in October 2022, remained stubbornly high at **10.1%** as the new financial year began, but had fallen to **3.2%** by the year end in March 2024. Inflation had not gone away, and remained above the official target rate of **2%**, but seemed sufficiently under control to prompt widespread expectation of interest rate cuts, albeit the timing and number of cuts remained far from certain. US inflation had peaked earlier and fallen faster, but this had not resulted in any reduction in US rates by year end as the narrative there had shifted from "soft landing" to "higher for longer". This did give cause for optimism however, which was reflected in strong equity market returns for the year, though these were very narrowly focused. For the Strathclyde Pension Fund (SPF) the major event of the year was the triennial actuarial valuation. Inflation was a factor in the valuation, but only one of many which the actuary takes into account in assessing SPF's ability to deliver its strategy and achieve its objectives.

Strategy and Objectives

The Strathclyde Pension Fund (SPF) has one overriding objective: to secure the payment of pension benefits now and in the future to its members. That is the common purpose of the Fund's longer-term policies, objectives and strategies. These are agreed by the Strathclyde Pension Fund Committee and set out in its policy documents. These documents cover governance, risk, funding, investment, administration and communications. Each of these is reproduced or summarised within this annual report. All policy documents are available from the Fund's website at: www.spfo.org.uk

Through the Fund's history, these strategies have proven robust. SPF has shown real resilience at both a strategic and operational level through a number of turbulent periods: the dot-com bubble, the great financial crisis, and most recently the COVID-19 pandemic. Pensions have been paid, longer-term investment returns have been strong, funding level has been consistently around or above target. Building on this solid base, the 2023 actuarial valuation surpassed all previous exercises in affirming the strength of the Fund and the effectiveness of its strategies.

Funding – 2023 Actuarial Valuation

SPF's funding position as at 31st March 2023 was formally assessed in the triennial actuarial valuation which is required by the scheme regulations. The result was unprecedented: the actuary reported a funding level of **147%**, the highest ever achieved by SPF.

The funding level is the value of assets/value of liabilities, expressed as a percentage. Improvements in the funding level since the 2020 valuation were initially driven by strong investment returns which increased the value of the Fund's assets. Towards the valuation date, although investment returns had turned negative and rising inflation had increased the funding cost, UK government bond yields had improved significantly. This had the effect of increasing the discount rate (the future expected investment return used in the actuarial formula) and reducing the value placed on the Fund's liabilities. So, with significant gains on both sides of the funding equation, the headline result was exceptionally strong.

This strong result, together with underlying actuarial modelling, provided real scope and flexibility to vary the Funding strategy. The SPF Committee acknowledged this and agreed a revised strategy which:

- ensured that much of the funding surplus would be retained;

- incorporated additional prudence in comparison to previous strategies;
- allowed for some risk reduction within the investment strategy; and
- included a revised contributions strategy.

The revised contributions strategy remains focused on the long term, with a modest reduction in longer-term employer contribution rates. But it also delivers sharp reductions in employer contributions for the next 2 years.

The contributions strategy should be welcomed by employers as it provides some financial relief in very pressing economic conditions. The overall result should be welcomed by all parties as a confirmation of the Fund's strength and the security of its members' benefits.

Membership

Scheme membership increased once more and reached another new high of **286,169.** Active (employee) membership reduced, against the recent trend, due to an increase in the number of retirals in-year.

The financial statements show pension and lump sum payments of **£827**million together with refunds and transfers of **£23** million. Total contributions and other benefits income receivable was **£846** million, producing a net outflow of **£4** million from dealings with members. The expected future trend is for the net outflow figure to increase sharply in the next 2 years as a result of the revised contributions strategy before reverting to the longer-term trend of a more gradual increase in outflows over time. A 10-year cash flow projection is included at the end of this introductory section of the annual report. Cash balances were increased towards the year end with a closing figure of **£549** million. It is anticipated that higher balances will continue to be held in the near term to ensure ample liquidity for pension payments.

Employer numbers reduced again, from 152 to **146**. This continued a trend of some years' standing and which may have some further way to run. To date the trend has been driven by smaller employers taking advantage of the improving funding level to exit the scheme at little or no cost in favour of alternative, defined contribution pension arrangements. Indeed, in the past year exiting employers received sizeable exit credits in contrast to the previously prevailing position where employers were required to make an exit payment to the Fund. The trend may now extend to some larger employers and employers who were not previously looking to exit. A list of participating employers is included in the Administration section of this annual report.

Administration

In another very busy year, administration performance was mixed – mostly good but with some underperformance in specific areas and processes.

There was no requirement to report any breaches of legislation to the Pensions Regulator.

A revised staffing structure for the administration function had been implemented during the previous year and was still bedding in to some extent in 2023/24. New recruitment, which had proven difficult for a period, resumed successfully during the year. Total staff had increased from 84 to **97** at year end, including **4** Modern Apprentices. This should bolster service delivery over time, but the impact is not immediate as training and assimilation into the pensions environment is required. There was also some distraction from business as usual in the form of the administration requirements of the actuarial valuation, and management resource diverted to assessing the impact and requirements of legislative and regulatory changes including the McCloud Remedy, the Pensions Dashboard, and the Pension Regulator's General Code of Practice.

Ongoing digitisation of administration processes and member communications is a key element of the administration strategy. There were some very positive developments in these areas in the course of the year.

Communications

SPFOnline is the secure portal which allows members to view their pension records, benefit statements, and other documents; make changes to their contact details and nominations, and carry out modelling of their future benefits.

Members registered to use the *SPFOnline* service increased from 125,000 to **137,000** over the year and the portal continues to be developed as the primary channel for communications between SPF and its members. SPF can monitor member usage of *SPFOnline* and the increase in this will now be targeted in addition to increased numbers registered.

Active engagement with members was more frequent during the year, including a first-time survey of member satisfaction with their annual pension updates which are a key deliverable from the Communications Strategy. This survey will be repeated annually, and again, ongoing improvement in results will be targeted.

These changes and a number of others were reflected in a revised Communications Strategy which was approved by the SPF Committee and published towards the end of the year.

Further details of Communications delivery are included in the Administration section of this annual report.

Investment

The Fund's total investment return for the year was **+9.9%**, a welcome return to growth, and more than compensating for the previous year's small loss of -1.6%. Some caveats do need to be applied: the return was achieved in spite of continuing economic uncertainty and geopolitical tensions; and major gains were narrowly concentrated - mostly in equity markets, particularly the US, and even within that market, in a handful of mega-cap technology stocks - NVIDIA, Meta, Amazon, and Microsoft in particular.

SPF's primary investment risk mitigant is diversification: investments are widely spread across markets, sectors and individual companies rather than concentrated in these dominant market leaders. As a result SPF's annual return of **+9.9%** was **-2.9%** behind its benchmark return of **+12.8%**. For the same reasons, 3 and 5 -year annualized returns are now positive but behind benchmark: **+5.2%** *v* +**6.5%** and **+7.1%** *v* **+7.3%** respectively. The 10-year return remains ahead of benchmark: **+8.5%** *v* **+8.0%**. Returns for all periods are ahead of the revised actuarial assumption of **+5.0% p.a.**

The actuarial valuation of the Fund as at 31st March 2023 provided the basis for a review of investment strategy. This was concluded towards the end of the year and a number of changes were agreed by the SPF committee. Key themes were moderate risk reduction in light of the strong funding position, and carbon reduction aligned to the SPF Climate Action Plan.

More details of strategy changes, and further investment performance analysis are included in the Investments section of this annual report.

Impact

The Investments section also includes more detail on the Fund's Direct Impact Portfolio (DIP) which has a stated objective of adding value through local economic, environmental, social or governance impact. New investment activity was slower than in previous years in the sense that DIP agreed only 2 new investments during the year - total value **£40m** – into a solar energy portfolio and a UK private equity technology fund. But funds continued to be drawn down into the existing investments so that DIP's closing Net Asset Value was **£1,490m**, almost exactly in line with its target of 5% of total Fund. DIP produced an annual return of **+4.1%** for 2023/24 and a return of **+7.6% p.a.** since it was established in 2010. Sector returns compare very favourably against SPF's overall returns but DIP tends to lag total fund performance because of its much lower equity allocation. Measurable impacts from DIP funds in 2023 included **177,000** tons of CO2e emissions avoided – enough to power **317,000** homes. SPF's revised investment strategy accommodates an increase in the DIP target allocation to as much as **7.5%** of total fund. This is subject to a review of DIP strategy which will be completed in the coming year.

Stewardship

SPF was again confirmed as a signatory to the **UK Stewardship Code** after the Financial Reporting Council (FRC) completed its 2023 assessment – a third successful year for SPF since the revised Code was published. Production of the annual Stewardship Report is onerous, but the process is a good discipline and provides a valuable endorsement of the Fund's commitment to responsible investment, and its active engagement in stewardship initiatives.

Climate Change

SPF published its first Climate Action Plan towards the end of 2022/23, and made great progress with its implementation during 2023/24. Climate impact was a priority in the investment strategy review: a switch of over £4 billion of passive equities into Low Carbon Transition equivalent funds was agreed during the year; reviews of corporate bond strategy and emerging market equities were still in progress at year end, but positive climate impact is again expected to feature prominently in the respective outcomes. Updated climate scenario analysis modelling was produced as part of the actuarial valuation, and published in the final Valuation Report.

Risk

The risk register is reviewed every quarter. Main changes this year were reduction of several of the actuarial risks, including inflation. There were increases in other risks (regulatory compliance, cash-flow, statutory reporting), but overall movement was positive. The summary Risk Register is included in the Governance section of this annual report.

Business Plan

The Fund's decision-making body, the Strathclyde Pension Fund Committee agrees an annual business plan to identify immediate priorities and ensure that ongoing management and development of the Fund is in line with the longer-term policy, objectives and strategy. The plan sets out resource requirements, Key Performance Indicators (KPIs) and business and development priorities for the coming year.

The 2023/24 Business Plan was approved in March 2024. Main priorities were completion of the actuarial valuation, review of funding strategy, review of investment strategy, and implementation of the first phase of the Climate Action Plan. Conclusions of each of these are described above. Other priorities included scheme or industry level change projects which are ongoing – McCloud Remediation, Pensions Dashboard, TPR General Code, TCFDs.

Only one priority was rated amber due to delays in progress - review of legal services provision in respect of UK property portfolio. The existing contract will be extended until this is concluded during 2024/25. Further details are included in the Governance section of this annual report.

Governance

Committee meetings continued to be held using hybrid meeting arrangements. Board meeting were held in person. Committee and Board involvement in the actuarial valuation and review of investment strategy included workshops which were an important part of the annual training plan. More details of the Committee and Board are included in the Governance section of this annual report.

Outlook

The UK experienced a brief recession during 2023/24. The domestic economy had returned to growth by the year end, and the outlook was perhaps more positive, but uncertainty remained in other areas given that a General Election would be called at some point during 2024/25. Further afield there are similar uncertainties with a record number of countries, including the US, going to the polls during 2024. And there are already significant geopolitical tensions arising from the ongoing conflicts in Russia/Ukraine and Israel/Gaza. Climate change remains a major concern. AI has huge potential benefits, but also significant risks. In short: a lot could go wrong. Or not.

SPF's actuarial valuation, and the associated changes to investment and funding strategy were based on modelling of thousands of future economic scenarios. Not all of these produce great outcomes, but the probabilities are very much in SPF's favour.

Conclusion

The 2023 actuarial valuation confirmed SPF's highest ever funding position. Positive investment returns meant that this improved further during they year. So the Fund now faces current and future uncertainties from a stronger position than it has ever previously been in.

Councillor Richard Bell
City Treasurer and Convener
Strathclyde Pension Fund Committee

Susanne Millar
Chief Executive
Glasgow City Council

Martin Booth
Executive Director of Finance
Glasgow City Council

Membership and Member Transactions

Members	2019/20	2020/21	2021/22	2022/23	2023/24
Employers	166	164	159	152	146
Employee Members	108,492	109,359	111,804	114,178	113,988
Deferred Members	63,796	65,334	67,744	72,811	78,219
Pensioners	81,470	83,685	87,052	90,102	93,962
Total Members	**253,758**	**258,378**	**266,600**	**277,091**	**286,169**
Transactions	**(£000)**	**(£000)**	**(£000)**	**(£000)**	**(£000)**
Employer Contributions	483,844	493,978	524,771	551,379	635,958
Employee Contributions	148,610	150,663	159,678	170,373	189,994
Lump Sums Paid	(166,893)	(135,384)	(158,084)	(168,524)	(209,525)
Pensions Paid	(478,793)	(507,304)	(523,399)	(560,454)	(617,969)
Other Income/(Payments)	(4,760)	(20,705)	13,339	3,062	(2,868)
Net Transactions	**(17,992)**	**(18,752)**	**16,305**	(4,164)	**(4,410)**

Total membership has increased year on year.

Contributions income and pension payments increased once more in line with membership growth and inflation increases.

Net cash outflow of **£4m** for member transactions was similar to last year and less than anticipated.

Investments

	2019/20 (£000)	2020/21 (£000)	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)
Opening Value	21,936,058	20,940,681	26,353,643	28,366,012	27,871,526
Investment Income (Net)	331,691	327,235	377,583	408,472	491,391
Management Expenses	(124,109)	(210,383)	(173,757)	(166,195)	(190,990)
Member Transactions	(17,992)	(18,752)	16,305	(4,164)	(4,410)
Change in Value	(1,184,967	5,314,862	1,792,238	(732,599)	2,401,361
Closing Value	**20,940,681**	**26,353,643**	**28,366,012**	**27,871,526**	**30,568,878**

Strong investment performance increased closing Fund value to a new high of **£30.6bn.**

Cash Flow Forecast

The figures below provide an estimate of annual cash flows over the next 10 years.

2023/24 figures are per the fund account.

Forecasts are based on actual cash flows to 2022/23 together with part-year cash flows for 2023/24.

	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	2027/28 (£000)	2028/29 (£000)
Pensions Income	846,029	477,437	497,637	920,485	959,883	1,017,520
Pensions Expenditure	850,439	941,608	1,003,792	1,070,322	1,141,353	1,217,193
Net Pensions Cash Flow	**(4,410)**	**(464,171)**	**(506,155)**	**(149,837)**	**(181,470)**	**(199,673)**
Net Investment Income	396,391	353,572	372,600	391,879	412,145	433,448
Net Cash Flow	**391,981**	**(110,599)**	**(133,555)**	**242,042**	**230,675**	**233,775**

	2029/30 (£000)	2030/31 (£000)	2031/32 (£000)	2032/33 (£000)	2033/34 (£000)
Pensions Income	1,078,582	1,143,273	1,211,804	1,284,401	1,361,303
Pensions Expenditure	1,298,173	1,384,643	1,476,979	1,575,584	1,680,886
Net Pensions Cash Flow	**(219,591)**	**(241,370)**	**(265,175)**	**(291,183)**	**(319,583)**
Net Investment Income	455,842	479,382	504,124	530,130	546,036
Net Cash Flow	**236,251**	**238,012**	**238,949**	**238,947**	**226,453**

Key features of the current cash flow forecast are that:

- net pensions cash flow is expected to be negative over the entire forecast period;
- reductions in employer contribution rates over the next 3 years, as a result of the revised funding strategy agreed at the 2023 actuarial valuation, mean that the projected shortfall in benefits cash flow will significantly exceed distributed investment income in 2024/25 and 2025/26; and
- from 2026/27 some, but not all, investment income will be required to fund benefits cash flow.

A large portion of the Fund’s investments are liquid and can be sold at short notice if additional cash is required. Cash flow is monitored closely. The Investment Advisory Panel agree actions to release cash from investments in order to fund benefits as necessary.

Strathclyde Pension Fund

SECTION 2
GOVERNANCE

Given the size and complexity of the Strathclyde Pension Fund there are a large number of decision makers, advisers and practitioners involved in running it. The key roles are illustrated and summarised below and described further in the following pages.

STRATHCLYDE PENSION FUND GOVERNANCE

Glasgow City Council is the administering authority responsible for managing the fund.

Glasgow City Council's **Strathclyde Pension Fund Committee** is the main decision-making body for the Fund.

The **Committee Sounding Board** reviews proposals before they are considered by the Committee for decision.

The **Pension Board** assists the Committee in securing compliance with the regulations, other legislation, and the requirements of the Pensions Regulator.

The **Executive Director of Finance** is the responsible officer.

The **Director of Strathclyde Pension Fund** is the principal adviser to the Committee and to the Board and is the senior officer within the **Strathclyde Pension Fund Office** which administers the scheme, manages the Fund and implements Committee decisions.

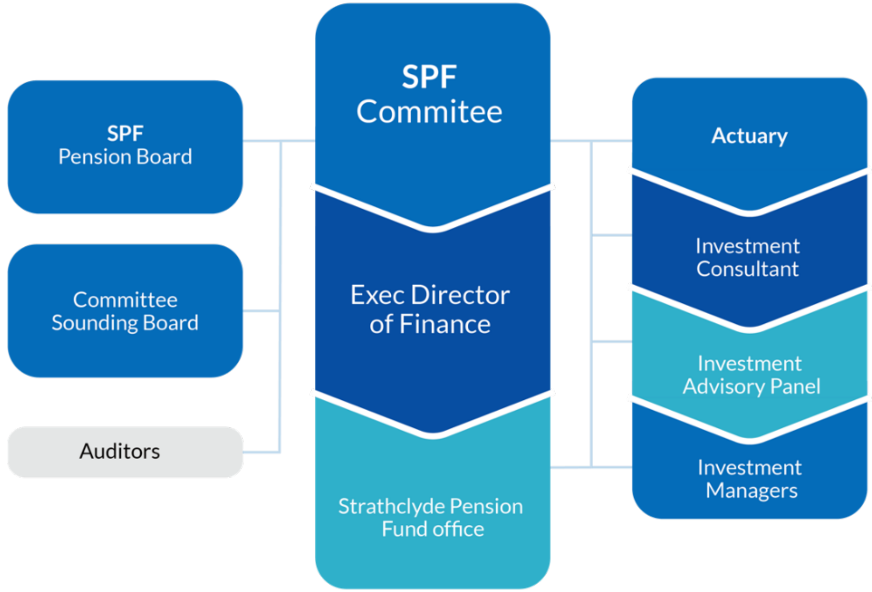
The **actuary** provides advice on funding strategy and risk. The **investment consultants** provide advice on all aspects of investment objectives, strategy and structure.

The **Investment Advisory Panel** develops investment strategy and monitors investment performance.

The **internal auditors** review risk, controls, and governance.

The **external auditors** express an opinion on the financial statements and wider issues including financial management, sustainability, governance, and use of resources.

The **investment managers** manage the Fund's investment portfolios.



STRATHCLYDE PENSION FUND COMMITTEE

The Committee comprises 8 elected members of Glasgow City Council. Councillors Jill Brown and Jim Kavanagh replaced Philip Braat and Eva Murray during June 2023. Bailie Elaine Gallagher replaced Councillor Lana Reid-McConnell in December. There were no other changes during the year. Committee membership as at 31st March 2024 is shown opposite.

Current committee membership is shown in the Governance area of the Fund's website. The Council and the Committee recognise that they have fiduciary duties and responsibilities towards pension scheme members and participating employers that are analogous to those holding the office of trustee.

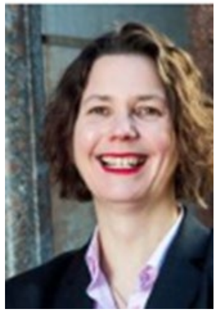
Under its Terms of Reference, the Committee has the power to discharge all functions and responsibilities relating to the Council's role as administering authority for the Strathclyde Pension Fund in terms of the Local Government (Scotland) Act 1994 and the Public Service Pensions Act 2013.

Committee members may also be scheme members either under the provisions for Councillor membership or as a result of previous service as employee members or both.

Committee Attendance 2023/24	
Richard Bell	3/4
Abdul Bostani	4/4
Philip Braat	0/1
Jill Brown	2/3
Allan Gow	4/4
Ruairi Kelly	3/4
Eva Murray	1/1
Jim Kavanagh	2/3
Lana Reid-McConnell	3/3
Elaine Gallagher	1/1
Martha Wardrop	3/4

Councillor
Richard Bell
(Convener)

Councillor
Abdul Bostani



Councillor
Jill Brown

Bailie
Elaine Gallagher

Councillor
Allan Gow

Bailie
Jim Kavanagh

Councillor
Ruairi Kelly

Councillor
Martha Wardrop
(Vice-Convener)

STRATHCLYDE PENSION FUND BOARD

The Local Government Pension Scheme (Governance) (Scotland) regulations require each administering authority to establish a board with responsibility for assisting in relation to securing compliance with:

- the regulations and other legislation relating to the governance and administration of the Scheme; and
- requirements imposed in relation to the Scheme by the Pensions Regulator.

A Pension Board has to comprise an equal number of representatives appointed by scheme employers and relevant trade unions.
Pension Board membership was renewed following council elections in May 2022.
There were no changes to membership during the year.
As at 31st March 2024 the Strathclyde Pension Fund Board membership comprised:

Employer Representatives

Cllr Ian Davis	**South Ayrshire Council**
Darren Patterson	**Scottish Police Authority**
Cllr Martin Rooney	**West Dunbartonshire Council**
Cllr Sandy Watson	**North Lanarkshire Council (Chair)**

Trade Union Representatives

Scott Donohoe	**UNISON**
Thomas Glavin	**UNITE**
Stephen Kelly	**UNISON**
Andrew Thompson	**GMB**

The Joint Secretaries to the Pension Fund Board were:

Scott Donohoe (Trade Unions)

Morag Johnston, Glasgow City Council (Employers)

In accordance with the regulations the Pension Board meets at the same place and time as the Pension Committee to consider the same agenda as the Committee. The Chair of the Pension Fund Committee acts as Chair of that meeting. The Pension Board also meets separately from the Pension Committee with the agreement of the Pension Committee.

SOUNDING BOARD

Since 2009 the Strathclyde Pension Fund Committee has maintained a working group or Sounding Board drawn from its membership. The main function of the Sounding Board is to review proposals before they are considered by the Committee for decision – in particular investment proposals for the Direct Impact Portfolio and proposals relating to development of investment strategy. Sounding Board membership was renewed following council elections in May 2022.

As at 31st March 2023 the Sounding Board membership comprised:

Cllr Richard Bell (Convener)
Cllr Martha Wardrop (Vice-Convener)
Cllr Jill Brown

INVESTMENT ADVISORY PANEL

The Investment Advisory Panel is responsible for:

- developing investment strategy
- monitoring investment performance
- funding level monitoring
- assisting in the selection and appointment of investment managers
- setting and reviewing detailed investment mandate terms and guidelines
- assisting with strategic development of DIP to ensure that it complements and/or enhances the overall investment strategy
- assisting with development of the responsible investment and climate change strategies to ensure that they are consistent with the overall investment and funding strategies
- implementation of the passive rebalancing strategy and the relative value framework
- monitoring cash flows
- implementation of the private equity, private debt and global real estate programmes.

The Investment Advisory Panel membership comprised investment officers from the Fund and representatives from Hymans Robertson as the Fund's actuary and investment consultant together with 3 independent expert advisers:

Iain Beattie qualified as an actuary and had a 20 year career in investment management at a number of Scottish investment houses. His roles included Portfolio Manager, Director, Head of International Equities, and Deputy Chief Investment Officer. He subsequently spent 10 years as a Senior Investment Consultant in Edinburgh and London.

Geoffrey Wood is Emeritus Professor of Economics at the Business School, City University, London and Emeritus Professor of Monetary Economics at the University of Buckingham. He has worked at the Federal Bank of St. Louis and the Bank of England. He has advised several central banks, national treasuries, pension funds and other financial institutions.

Alistair Sutherland joined the Panel in March 2022. He spent more than 30 years in the investment industry in roles including investment analyst, researcher, consultant, and director and head of business development.

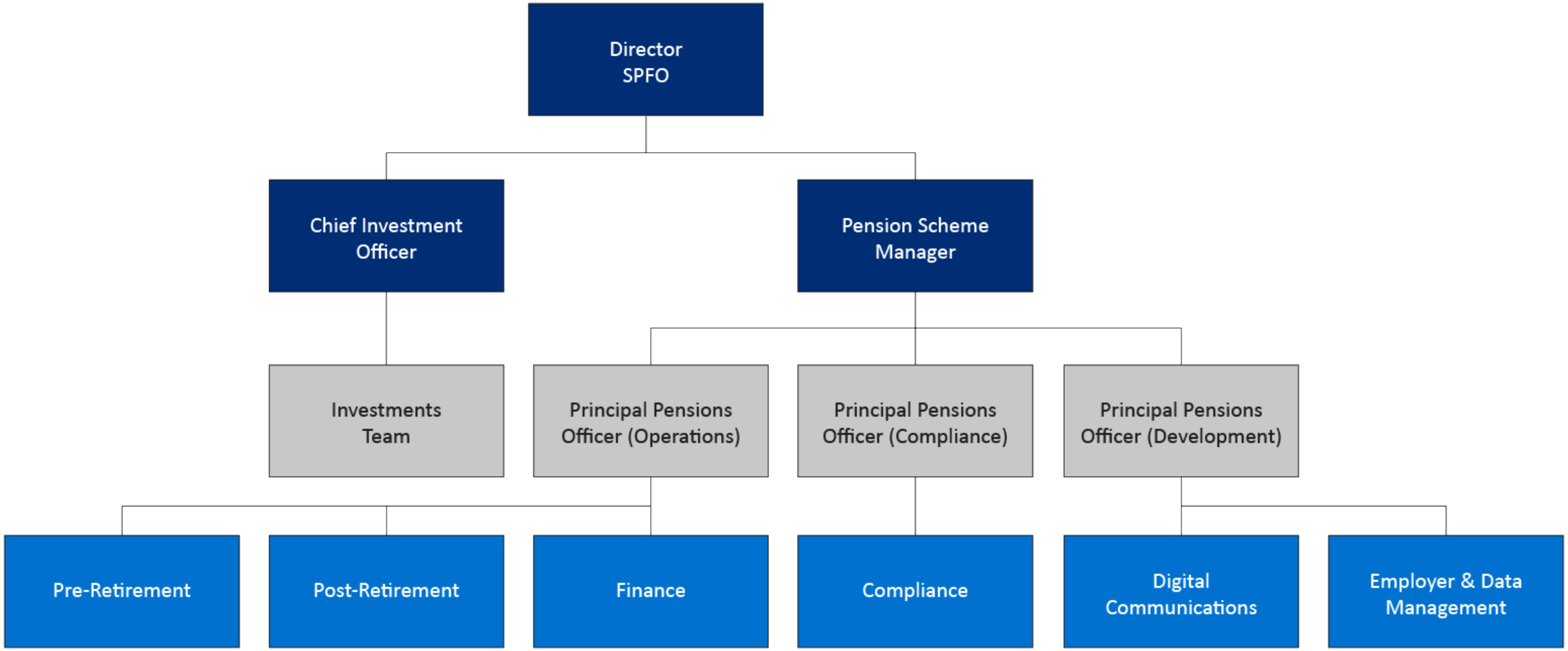
STRATHCLYDE PENSION FUND OFFICE (SPFO)

SPFO is a division of Glasgow City Council's Financial Services Department.

The Executive Director of Finance oversees the department and is the Proper Officer responsible for the Strathclyde Pension Fund.

SPFO is overseen by its own Director and Leadership Team, and had **97** staff in post as at 31st March 2024.

The SPFO structure is illustrated below.


Director
SPFO
Chief Investment Officer
Pension Scheme Manager
Investments Team
Principal Pensions Officer (Operations)
Principal Pensions Officer (Compliance)
Principal Pensions Officer (Development)
Pre-Retirement
Post-Retirement
Finance
Compliance
Digital Communications
Employer & Data Management

INVESTMENT MANAGERS AND OTHER SERVICES PROVIDERS AS AT 31ST MARCH 2024

The Investment Managers are responsible for:

- portfolio management including individual decisions on purchase, retention and sale of investments.
- decisions on corporate actions and corporate governance (proxy voting).
- responsible investment activity including analysis and engagement with portfolio companies.

INVESTMENT MANAGERS

Benefit Street Partners Alcentra
Ashmore
Barings
Baillie Gifford
DTZ Investors
FIDELITY INTERNATIONAL
Genesis
ICG
J.P.Morgan Asset Management
Lazard Asset Management
LGIM
Lombard Odier Investment Managers
OHA Oak Hill Advisors
OP Oldfield Partners
Pantheon
Partners Group
PIMCO
Ruffer
Veritas Asset Management

OTHER SERVICE PROVIDERS

EY
Audit of accounts

Avison Young
Property portfolio valuation

CMS law·tax·future
Legal services (Property)

Glasgow City Council
Corporate support services

Hymans Robertson
Actuarial services

Hymans Robertson
Investment consultancy

MSCI
Carbon footprinting

Northern Trust
Global custody

Northern Trust
Performance measurement

Pinsent Masons
Legal services

Pru part of M&G plc
AVC provider

Sustainalytics
ESG engagement

TRAINING POLICY, PRACTICE AND PLAN

POLICY STATEMENT

Glasgow City Council, as administering authority for the Strathclyde Pension Fund, recognises the importance of ensuring that all staff and members charged with financial administration and decision-making with regard to the Fund and the local government pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

The Council therefore seeks to utilise individuals who are both capable and experienced and will provide or arrange training for staff and members of the pensions decision-making bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

PRACTICE STATEMENT

Glasgow City Council, as administering authority for the Strathclyde Pension Fund, adopts the key recommendations of the Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

The Council recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills.

Accordingly the Council will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision-making.

These policies and practices will be guided by reference to the comprehensive framework of knowledge and skills requirements as set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.

The Council will report on an annual basis how these policies have been put into practice throughout the financial year.

The Council has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Executive Director of Finance, who will act in accordance with the Council’s policy statement, and with CIPFA Standards of Professional Practice (where relevant).

TRAINING PLAN

The Committee agrees an annual training plan to ensure that all staff, Committee members and Board members with a role in the management and governance of the Strathclyde Pension Fund are fully equipped with the knowledge, skills and understanding to discharge the duties and responsibilities allocated to them.

The 2023/24 training plan was agreed at the Committee's meeting on 21st June 2023.

Training offered and delivered during the year included the following.

- Induction training for new Committee and Board members. Based on the CIPFA Knowledge and Skills Framework this covers the key elements of: pensions legislation and guidance; pensions governance; funding strategy and actuarial methods; pensions administration and communications; pensions financial strategy, management, accounting, reporting and audit standards; investment strategy, asset allocation, pooling, performance and risk management; financial markets and product knowledge; pensions services procurement, contract management and relationship management.

- Committee/ Board Briefings on:
  - Actuarial Valuation 2023 – an introduction (Hymans Robertson)
  - Powering the Net Zero Transition (Quinbrook Infrastructure Partners)
  - Investment Implications of Artificial Intelligence (Baillie Gifford)

- Committee/ Board Workshops on:
  - Actuarial Valuation 2023 (Hymans Robertson)
  - Investment Strategy – Triennial Review (Hymans Robertson)

- Attendance at external events:
  - LGC Investment Seminar Scotland 2023
  - PLSA Investment Conference 2024

- Support in completing The Pensions Regulator's Public Service Toolkit

In addition, many agenda items considered at Committee and Board meetings are to note, for information.

RISK POLICY & STRATEGY

No organisation can completely eliminate risk. This is particularly so for a pension fund. The Fund exists to pay future pension benefits. The future is inherently uncertain. There is therefore a risk that the investment assets of the Fund will be less or more than the pension liabilities. That risk is managed through the Funding Strategy. Other risks are managed through the investment, administration, governance and communications strategies.

In March 2019, the Committee agreed an updated Risk Policy & Strategy Statement which is available from the Publications area of the website at: www.spfo.org.uk

The statement sets out a common basis for risk management across the Fund's strategies.

The risk policy will be reviewed again during 2024/25.

RISK MANAGEMENT PROCESS

The risk management process should be a continuous cycle as illustrated opposite.

The SPF risk management strategy sets out how each element of the process will be addressed so that risks are eliminated, transferred or controlled as far as possible.

RISK IDENTIFICATION AND RECORDING

A detailed risk register is maintained and is central to risk management.

The risk register records:

- risk ID
- risk description
- related objective
- risk category
- inherent (pre-control) risk scoring
- controls and mitigating actions
- residual (post-control) risk scoring
- previous risk scoring
- ownership

The register provides a simple, systematic and consistent basis for analysis, understanding, communication, management, monitoring and reporting of risks.

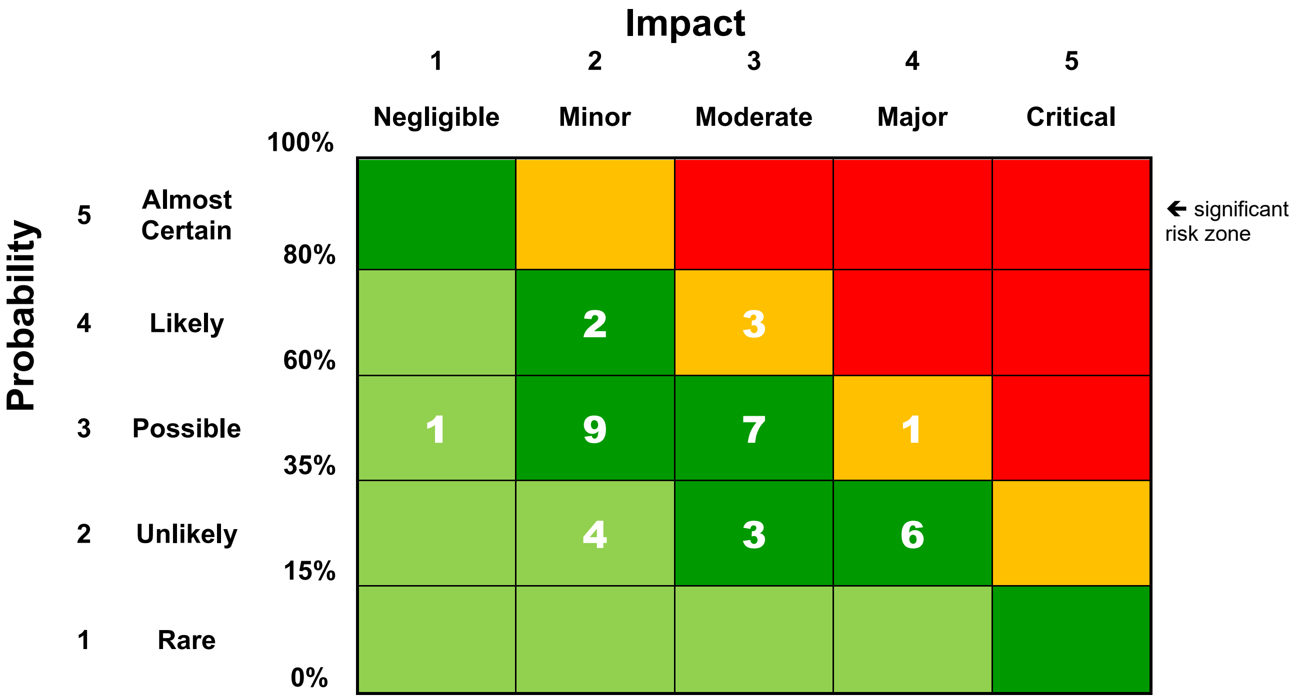
RISK ANALYSIS AND ASSESSMENT

Having identified potential risks, the next stage of the process is to analyse and profile each of them. This is illustrated in the risk tolerance matrix below, which also shows the distribution of risks recorded in the SPF register as at 31st March 2024.

RISK INTEGRATION

Consideration of risk forms part of established routines for monitoring and development within SPFO's administration, communications, investment and funding functions

RISK MATRIX AS AT 31ST MARCH 2024



Total Risks	Very High Risks	High Risks
36	0	4

Changes since 31 March 2023

New -	
Increased 4	
Decreased 4	
Closed -	
Static 28	

Main changes during the year were a reduction in several of the actuarial risks (inflation, investment impact, employer default).

There were increases in other risks (regulatory compliance, cash-flow, statutory reporting), but overall movement was positive.

RESPONSE TO RISK

Residual risks may be tolerated, treated, transferred or terminated. In practice, most will be treated. Controls and mitigating actions are shown in the risk register.

RISK MONITORING AND REPORTING

Regular review of the risk register is central to risk monitoring. The register is reviewed by:

- the SPFO Leadership Team at least quarterly; and
- the SPF Committee and Board at least annually (a summary is reviewed more regularly).

Note: individual events such as the COVID-19 pandemic and Russia's invasion of Ukraine are not considered as separate risks in the risk register. Instead, the impact of these on all other risks is considered, and risk scores amended as required.

The principal risks in terms of their residual ranking as at 31st March 2024 are summarised below.

Title	Description	Mitigation / Control	Residual Impact (/5)	Residual Probability (/5)	Residual Score (/25)	Movement since 31 Mar 2023
System Failure	**RISK:** Issues with pensions administration system and other related systems. **CAUSE**: Outages, hardware and software failure, cyber attack. **EFFECT:** Staff downtime, loss of service delivery, data loss, and potential failure to pay pensions.	Access controls, firewalls and other system security measures. Robust system maintenance routines. Internal and external systems support. Back-up procedures. Disaster Recovery Plan. Business Continuity Plan.	4	3	**12**	–
Scheme regulation change	**RISK:** Failure to comply with changes to scheme regulations and other pensions legislation. **CAUSE:** Political or legislative **EFFECT:** Increasing administrative complexity, communications challenges, potential issues with the Pensions Regulator, potential incorrect information or payments to members, impact on liabilities.	The Administering Authority is alert to scheme developments. Officers participate in various scheme and industry groups (SPLG, IGG, SAB, CIPFA, PLSA, etc.) SPFO is a test site for software upgrades to reflect regulation changes.	3	4	**12**	↑
Data Breach	**RISK:** Theft or loss/misuse of personal data. **CAUSE:** Cyber attack, human error, process failure. **EFFECT:** Breach of data protection legislation including GDPR, financial loss and/or penalties, audit criticism, legal challenge, reputational damage.	SPF compliance with GCC GDPR procedures; system security; secure data transfer; data sharing agreements (these are in place with larger employers and many but not all of the smaller ones, leaving some residual risk which is tolerated); staff awareness.	3	4	**12**	–
Breach of statutory reporting guidelines	**RISK:** Breach of statutory reporting guidelines. **CAUSE:** Failure to produce compliant accounts by deadline. Failure of audit process. **EFFECT:** Regulatory criticism, business disruption and reputational damage.	Rigorous planning and project management within SPFO; support from Corporate Finance.	3	4	**12**	↑

Each year, the Strathclyde Pension Fund Committee is asked to agree a business plan. The plan sets out objectives, resourcing requirements, key performance indicators, and business and development priorities for the Fund for the coming year. The 2023/24 plan was agreed in March 2023. The table below provides a final review of progress made during the year in respect of the business and development priorities listed in the plan.

Item	Description	Progress	RAG Status
Funding			
Actuarial Valuation	Completion of actuarial valuation as at 31st March 2023.	Draft assumptions agreed in June; high level training completed in June; full data upload to actuary completed late July; further committee training completed in September; preliminary report on results noted at September SPF committee; individual employer results issued 21st November after online employer forum; Board briefing November; final report considered at March committee meeting; signed and published ahead of statutory deadline of end March 2024.	**Complete**
Funding Strategy	Review of funding strategy and Funding Strategy Statement (FSS).	Draft FSS approved at September SPF committee; subsequently issued for consultation with employers to 31st December; March committee approved publication of final version.	**Complete**
Pensions Administration			
Pensions Dashboard	Preparation for launch of the Dashboard including ensuring compliance with the data specification and connection, security and technical standards.	Statutory deadline for connection re-set from September 2024 to September 2025. Preparation and testing has continued. **Carry over to 2024/25.**	
McCloud Remediation	Implement remediation to be agreed in light of McCloud judgement on age discrimination in the LGPS.	Draft regulations published for consultation in July 2023. SPFO provided a technical response. Regulations came into force in October. Remedy data populated on SPFO Altair system at 2023/24 year end. Detailed guidance still to be published. **Carry over to 2024/25.**	

Investments			
Investment Strategy and Structure	Review of investment strategy and structure including asset-liability modelling (ALM) based on outcomes of actuarial valuation.	First conclusions agreed by IAP in August; ALM reviewed by IAP in November and further conclusions agreed; final recommendations of review agreed by SPF Committee March 2024.	**Complete**
Climate Action Plan	Implement first phase of Climate Action Plan.	Review of climate transition index options completed by IAP in August. Further actions to be addressed in investment review (see above).	**Complete**
TCFDs	Preparation for publication of revised Climate-related Financial Disclosures	Anticipated regulatory changes delayed from 2023/24 to 2024/25 (or later). SPF revisions will continue on original schedule as far as possible. **Carry over to 2024/25.**	
Legal Services	Review of legal services provision in respect of UK property portfolio.	Tender delayed. Current contract extended to 01 May 2024.	
Governance			
TPR	Review new TPR General Code in order to ensure SPFO compliance within 6 months of publication.	Code laid in Parliament during January 2024 (after 2021 consultation). Expected to be effective from 27th March 2024. **Carry over to 2024/25.**	
Communications			
Review	Review of Communications Policy including branding, key messages, and implementation arrangements.	Findings reported to committee in March 2024 and revised policy approved and published.	**Complete**

Progress against KPIs set out in the business plan is reported to the SPFD Committee quarterly, and is summarised in the investment, administration, and communications sections of this annual report.

This is a summary assessment of the Fund's governance arrangements prepared in accordance with regulation 53(1) of the Local Government Pension Scheme (Scotland) regulations 2018.

DELEGATION

Glasgow City Council delegates all of its functions as administering authority under the scheme regulations to the Strathclyde Pension Fund Committee.

The Strathclyde Pension Fund Committee discharges all functions and responsibilities relating to Glasgow City Council's role as administering authority for the Strathclyde Pension Fund.

TERMS AND STRUCTURE

The committee comprises 8 elected members of Glasgow City Council. The Committee's Terms of Reference, structure and operational procedures are set out on the Council's website: Strathclyde Pension Fund Committee

VOTING

All committee members have full voting rights.

PENSION BOARD

The Strathclyde Pension Fund Pension Board is established under regulation 5 of the governance regulations and includes both employer and trade union representatives. The Board meets alongside the Committee in accordance with the governance regulations. Employer members include both local authority and other employer representatives. The trade union members represent employee, deferred and pensioner members. The Board has its own Constitution which can be found on the Strathclyde Pension Fund Board page of the Fund's website .

TRAINING/FACILITY TIME/EXPENSES

A training policy, practice statement and plan are agreed each year. These apply equally to the Committee and Board. Training logs are maintained for Committee and Board members.

MEETINGS (FREQUENCY/QUORUM) AND ACCESS

The Committee and Board meet at least quarterly. Strathclyde Pension Fund Committee papers and Board minutes are available on the Glasgow City Council website. An Annual General Meeting is held in June, and is attended (currently virtually) by a wide group of stakeholders.

SCOPE

Regular reports considered by the Committee and Board include coverage of:

- scheme administration;
- scheme developments;
- investment performance;
- investment strategy;
- stewardship, responsible investment and climate change strategy ;
- finance;
- funding;
- risk;
- audit;
- the Fund's business plan; and
- *ad hoc* reports on other pensions issues.

PUBLICITY

The Fund's website at www.spfo.org.uk has a section dedicated to governance.

CONCLUSION

The Fund's governance arrangements are fully compliant with the scheme's governance regulations. The arrangements also comply with guidance given by the Scottish Ministers with one exception. The exception is that there is no provision for a member of the Board to be a member of the Committee. The guidance pre-dates the governance regulations and does not reflect the current mandatory arrangement where the Board and Committee meet at the same time and in the same place.

Councillor Richard Bell
City Treasurer and Convener
Strathclyde Pension Fund Committee

SusanneMillar
Chief Executive
Glasgow City Council

1. ROLE AND RESPONSIBILITIES

Glasgow City Council ("the Council") has statutory responsibility for the administration of the Local Government Pension Scheme ("LGPS") in the West of Scotland, both on its own behalf and in respect of the other 11 local authorities in the former Strathclyde area, and around 140 other large and small employers.

The main functions are management and investment of the Strathclyde Pension Fund and administration of scheme benefits. These functions are carried out in accordance with the Local Government Pension Scheme (Scotland) Regulations which are statutory instruments made under the Superannuation Act 1972 and Public Service Pensions Act 2013.

Glasgow carries out its role as Administering Authority via:

- the Strathclyde Pension Fund Committee and Strathclyde Pension Fund Board
- the Strathclyde Pension Fund Office (SPFO), a division of the Council's Financial Services Department
- the Strathclyde Pension Fund (the Fund).

2. DELEGATION

The function of maintaining the Strathclyde Pension Fund is delegated by the Council to its Strathclyde Pension Fund Committee. Certain parts of the function are further delegated to the Executive Director of Finance and the Director of Strathclyde Pension Fund as set out in the Fund's Statement of Investment Principles and Administration Strategy. The Fund's policy documents are available in the Publications area of its website at: www.spfo.org.uk

The function of maintaining the Strathclyde Pension Fund is delegated by the Council to its Strathclyde Pension Fund Committee.

3. TERMS OF DELEGATION

The terms, structure and operational procedures of delegation are set out in the Council's Scheme of Delegated Functions and Standing Orders. These are at: Key Corporate Governance Policy Plans - Glasgow City Council

4. COMMITTEE MEETINGS

Meetings of the Strathclyde Pension Fund Committee are held quarterly. Occasional ad hoc meetings are also held as required. Committee meeting dates are listed in the Council Diary which is available at: Committee Calendar

5. REPRESENTATION

The Strathclyde Pension Fund Committee is comprised solely of elected members of Glasgow City Council.

6. COMPLIANCE

The Committee arrangements were compliant with guidance provided by Scottish Ministers. The extent of this is detailed in the Strathclyde Pension Fund – Governance Compliance Statement included in the Fund's annual report.

7. PENSION BOARD

The Strathclyde Pension Fund Board was established on 1st April 2015 in terms of the Local Government Pension Scheme (Governance) (Scotland) Regulations 2015, replacing the previous Representative Forum. The Strathclyde Pension Fund Board is comprised of representatives from the Fund's principal employers and trade unions.

8. SCOPE OF RESPONSIBILITY

As the administering authority for the Fund, the Council is responsible for ensuring that its business, including that of the Fund, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the Strathclyde Pension Fund Committee is responsible for putting in place proper arrangements (known as the governance framework) for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance (the Code), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government. A copy of The Code is available on the council's website at:
Local Code of Corporate Governance - Glasgow City Council

The work of the Strathclyde Pension Fund is governed by the Code and by regulations specific to administration of pension funds. The Strathclyde Pension Fund is governed by the Local Government Pension Scheme (Scotland) Regulations. These include requirements for the preparation and production of a number of key policy documents including a Funding Strategy Statement and Statement of Investment Principles. These documents set out the Fund's objectives together with the main risks facing the Fund and the key controls in place to mitigate those risks.

The Strathclyde Pension Fund is governed by the Local Government Pension Scheme (Scotland) Regulations.

A Risk Register is maintained to facilitate detailed risk monitoring, and an annual Business Plan is produced to agree development and business priorities. All of these documents are available at the Fund's website at: www.spfo.org.uk

The Council's Executive Director of Finance is responsible for arranging the proper administration of the financial affairs of the Strathclyde Pension Fund and is professionally qualified and suitably experienced to lead the finance function. The Strathclyde Pension Fund complies with the CIPFA Statement on "*The Role of the Chief Financial Officer in Local Government 2016*".

The Strathclyde Pension Fund complies with the requirements of the CIPFA Statement on "The Role of the Head of Internal Audit in Public Organisations 2019". Glasgow City Council's Head of Audit and Inspection has responsibility for the Strathclyde Pension Fund's internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service has been subject to external verification of its compliance with the CIPFA "Public Sector Internal Audit Standards 2017" during 2020/21. It was confirmed that the Internal Audit service conforms with the requirements of the Public Sector Internal Audit Standards. The Internal Audit section continues to hold BSi quality accreditation under ISO9001:2015.

These arrangements also include an internal audit of an internal control environment which should:

- safeguard the contributions made by employees and employers to provide funds to meet the future pension liabilities of the Fund's members,
- ensure control over the investment managers charged with growing the value of the Fund to meet future liabilities, and
- secure payment to the retired members of the Fund.

The Council has assessed its compliance with the CIPFA Financial Management Code (2019), which became mandatory from 2021/22 onwards. Council management undertook a self-assessment against the Code during 2023/24, which confirmed overall compliance with the Code's requirements.

The Committee's terms of reference state that the Committee has the power to discharge all functions and responsibilities relating to the Council's role as administering authority for the Strathclyde Pension Fund in terms of the Local Government (Scotland) Act 1994, the Public Service Pensions Act 2013 and the scheme regulations. The Committee is also responsible for the governance arrangements including regulatory compliance and implementation of audit recommendations.

Due to the structure and nature of the Strathclyde Pension Fund, financial data is held and transactions processed via a number of different sources, systems and reporting mechanisms:

- **Funding:** long terms cash flows and financial requirements are assessed in the three-yearly actuarial valuations. A quarterly funding projection is also produced by the Fund actuary.
- **Investment:** day-to-day management of investments is outsourced to a number of external parties. Detailed investment records are maintained by the Fund's external investment managers and global custodian and summarised in regular investment reports.
- **Administration:** the Fund uses Altair, a bespoke LGPS administration system, for calculating and recording pensions benefits. Payments are made from the Fund's bank account, and the Council's SAP-based financial system is used for reporting.

Given the role of the external investment managers it is essential that the Fund obtains assurances on the adequacy of the internal financial control systems operated by them. The main source of this assurance is the annual audit report produced by each of the managers' independent service auditors. Fund officers obtain and review these reports for each of the investment managers and the global custodian, which is responsible for the safekeeping and servicing of the Fund's assets. Current practice is for the findings of these reports to be reported to the Strathclyde Pension Fund Committee only by exception where there are audit concerns.

As part of the investment monitoring, a reconciliation process is well established which involves the completion of a quarterly performance reconciliation and an accounting reconciliation by the custodian Northern Trust.

9. REVIEW OF EFFECTIVENESS

The Council and the Strathclyde Pension Fund have systems of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of the Fund's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised.

A review of the Fund's governance framework is conducted on an annual basis by means of a self-assessment questionnaire based on the principles contained in the CIPFA/SOLACE Framework. Issued by Internal Audit it is designed to allow the Director of the Strathclyde Pension Fund to determine the extent to which the Fund complies with these principles. The accuracy of the responses to this questionnaire is reviewed on a rolling basis by Internal Audit.

The Committee is responsible for ensuring the continuing effectiveness of the governance framework and system of internal control. The review of effectiveness is informed by the work of the Committee and SPFO, the Head of Audit and Inspection's annual report and by observations made by the external auditors. The conclusions of the review are reflected in the overall conclusion, which is documented at section 13 Certification.

10. UPDATE ON SIGNIFICANT GOVERNANCE ISSUES PREVIOUSLY REPORTED

There were no significant governance issues in 2022/23 specific to the Strathclyde Pension Fund. The Council's governance statement in 2022/23, reported two significant governance issues relevant to the Strathclyde Pension Fund. The Strathclyde Pension Fund uses and relies on a number of the Council systems, processes and controls and the Council identified two significant issues in relation to the current IT arrangements and the SAP ERP system.

IT arrangements - The improvements required were outwith the control of the Strathclyde Pension Fund and were being progressed by the Council through an agreed action plan. Whilst a number of higher risk areas are now mostly mitigated, there are other areas where remediation is still ongoing. Therefore, the Council Group, including the Strathclyde Pension Fund, remained exposed to significant risk in this area during 2023/24.

SAP ERP system - In January 2023, a failed update to the Council's SAP ERP system resulted in a significant period of downtime for this key system, impacting Accounts Payable/Receivable, Payroll, Treasury and Banking, and Financial Ledger reporting. This impacted on the ability to report financial performance between January and March 2023. The system was fully functional for 2023/24 and the 2022/23 outturn position was verified and reported following additional assurance activity over transactions occurring in the affected period. A lessons learned exercise has been conducted by the Council and its ICT provider. Internal Audit has completed a review of the actions undertaken following the incident to mitigate the risk of a reoccurrence. Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment relating to the lessons learned process. However, two recommendations have been agreed with management and these will be monitored for completion during 2024/25.

11. SIGNIFICANT GOVERNANCE ISSUES 2023/24

Glasgow City Council's Head of Audit and Inspection has confirmed that there are no new significant governance issues that require to be reported as a result of the planned assurance work undertaken by Internal Audit at the Strathclyde Pension Fund in 2023/24.

12. INTERNAL AUDIT OPINION

During 2023/24 the following assurance reviews were undertaken:

- Cyber Security, and

- Scheme Administration

Based on the audit work undertaken, the assurances provided by the Executive Director of Finance and the Director of Pensions, and excluding the issues noted above, it is the Head of Audit and Inspection's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2023/24.

13. CERTIFICATION

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operated in the Strathclyde Pension Fund during 2023/24. The work undertaken by Internal Audit has shown that the arrangements in place are generally operating as planned. We consider the governance and internal control environment operating during 2023/24 to provide reasonable and objective assurance that any significant risks impacting on the Fund's ability to achieve its objectives will be identified and actions taken to avoid or mitigate the impact.

Where areas for improvement have been identified and action plans agreed, we will ensure that they are treated as priority and progress towards implementation is reviewed by the Strathclyde Pension Fund Leadership Team, Board and Committee.

We will continue to review and enhance, as necessary, our governance arrangements.

Councillor Richard Bell
City Treasurer and Convener
Strathclyde Pension Fund
Committee

Susanne Millar
Chief Executive
Glasgow City Council

Martin Booth
Executive Director of Finance
Glasgow City Council

Strathclyde Pension Fund

SECTION 3
FUNDING

The Local Government Pension Scheme regulations require each administering authority to obtain an actuarial valuation of the assets and liabilities of each of its pension funds as at 31st March in every third year. The regulations require each administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement setting out their funding strategy. The most recent actuarial valuation of the Fund was completed as at 31st March 2023.

In completing the actuarial valuation the actuary must have regard to the current version of the administering authority's funding strategy statement.

The actuarial valuation is essentially a measurement of the Fund's liabilities. The funding strategy deals with how the liabilities will be managed. In practice, review of the Funding Strategy Statement and completion of the actuarial valuation are carried out in tandem to ensure that the measurement and management processes are cohesive.

Members' benefits are guaranteed by statute. Members' contributions are set at a rate which covers only part of the cost of accruing benefits. Employers pay the balance of the cost of delivering the benefits to members. The Funding Strategy focuses on the pace at which these benefits are funded and on practical measures to ensure that employers pay for their own liabilities.

At the 2023 actuarial valuation, the actuary reported a funding position of 147% (assets/liabilities). The following total employer contribution rates were certified for the Fund's Main Employer Group including the 12 local authorities.

- 6.5% (of pensionable payroll) from 1st April 2024;
- 6.5% (of pensionable payroll) from 1st April 2025; and
- 17.5% (of pensionable payroll) from 1st April 2026.

In completing the valuation, the actuary assesses the particular circumstances of each employer including the strength of its covenant, and its individual membership experience within the Fund. The actuary applies individual adjustments to each employer to reflect these circumstances. Rates for individual employers are set out in the Rates and Adjustment Certificate contained in the actuary's final Valuation Report which is published on the SPFO website.

The next actuarial valuation and review of the Funding Strategy Statement will be carried out as at 31st March 2026 and must be completed by 31st March 2027.

The Fund has online access to a client portal provided by the actuary. This allows ongoing monitoring of the estimated progression of the funding level. As at 31st March 2024 this showed an indicative funding position in excess of 150%.

As part of the 2023 actuarial valuation exercise, the Funding Strategy Statement was reviewed and the following revised statement was approved for publication in March 2024.

1. Introduction

Glasgow City Council is the administering authority for the Strathclyde Pension Fund. The Council delegates this responsibility to the Strathclyde Pension Fund Committee. The Council and the Committee recognise that they have fiduciary duties and responsibilities towards pension scheme members and participating employers that are analogous to those holding the office of trustee in the private sector.

This statement sets out the approach to funding which the committee adopts in light of those duties. Further background details are set out in Schedule 1 of this statement.

2. Purpose of the Funding Strategy Statement(FSS)

Preparation and publication of the FSS is a regulatory requirement. The stated purpose is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- to take a prudent longer-term view of funding those liabilities.

These objectives are desirable individually but may be mutually conflicting. This statement sets out how the administering authority balances the potentially conflicting aims of affordability and stability of contributions, transparency of processes, and prudence in the funding basis.

3. Aims and Purpose of the Pension Fund

The Fund is the vehicle for the delivery of scheme benefits.

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income;
- invest monies in accordance with policy formulated by the administering authority; and
- pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses.

The aims of the Fund are to:

- ensure that sufficient resources are available to meet all liabilities as they fall due;
- manage employers' liabilities effectively;
- seek investment returns within reasonable risk parameters; and
- enable employer contribution rates to be kept as nearly constant as possible at reasonable cost to the employers and taxpayers while achieving and maintaining fund solvency and long term cost efficiency

The objectives of the funding strategy are consistent with these aims. The objectives are set out in Schedule 2 of this statement.

Preparation and publication of the Funding Strategy Statement is a regulatory requirement.

The aims of the pension fund can only be achieved if all parties involved in its operation exercise their statutory duties and responsibilities conscientiously and diligently.

4. Responsibilities of Key Parties

The Fund is a multi-employer arrangement with 164 participating employers. The administering authority manages the Fund to deliver the scheme benefits and to ensure that each employer is responsible for its own liabilities within the Fund.

The responsibilities of the key parties involved in management of the Fund are set out in Schedule 3 to this statement.

5. Solvency and Long Term Cost Efficiency

Employer contribution rates are required to be set at an appropriate level to ensure the solvency of the Fund and long term cost efficiency of the scheme.

In this context:

- **solvency** means that the rate of employer contributions should be set at such a level as to ensure that the scheme's liabilities can be met as they arise; and
- **long-term cost-efficiency** implies that the rate must not be set at a level that gives rise to additional costs. For example, deferring costs to the future would be likely to result in those costs being greater overall than if they were provided for at the time.

  These requirements are reflected in the funding objective.

6. Funding Objective

The funding objective is to ensure that sufficient funds are available to pay all members' pensions now and in the future. There are many inherent uncertainties in the funding process and a wide range of possible outcomes. It is acknowledged that the actual funding level will fluctuate as a result.

For measurement purposes the funding objective is formulated as: to achieve the funding target over the target funding period with an appropriate degree of probability. Under the current funding strategy:

- The funding target (amount of assets compared to liabilities expressed as a percentage) is at least 100% using appropriate actuarial assumptions.
- the target funding period is the weighted average future working lifetime of the active membership – currently around 13 years for the whole Fund, but longer or shorter for different employers depending on their own membership profile; and
- the probability of achieving the target is at least 80%, and higher where possible.

For the Fund as a whole and for ongoing employers the funding level will be measured on an ongoing actuarial basis, taking advance credit for anticipated investment returns.

For employers whose participation in the Fund is to cease the funding level will be measured on a more prudent cessation basis and contribution rates will be set accordingly.

The approach to funding strategy for individual employers including the policies on admission and cessation is set out in Schedule 4.

7. Contributions Strategy

The Fund uses a risk-based approach to setting employer contributions. This models thousands of possible future economic scenarios which allows the Fund to quantify the risk of an employer not meeting their funding target given a proposed contribution plan. The approach also seeks to ensure stability and affordability of contributions for employers while providing assurance that employer contributions are sufficient to meet the employer's funding target. For ongoing employers with a good covenant the Fund adopts measures to stabilise the contribution rate and seeks to limit changes in the rate payable by them as far as possible. For employers with a less secure covenant or where participation in the Fund may cease, rates are set to minimise risk to the Fund and its other employers. The contributions strategy is set out in Schedule 5 to this statement.

8. Links to Investment Strategy set out inthe Statement of Investment Principles (SIP)

The investment strategy is set for the long term but is monitored continually and reviewed every 3 years using asset-liability modelling to ensure that it remains appropriate to the Fund's liability profile.

The Fund initially applies a single investment strategy for all employers but may apply notional or actual variations after agreement with individual employers.

Details of the investment strategy are set out in the Fund's Statement of Investment Principles which is available at www.spfo.org.uk

9. The Identification of Risks and Counter Measures

Risk management is integral to the governance and management of the Fund at a strategic and operational level. The Fund actively manages risk and maintains a detailed risk register which is reviewed on a quarterly basis.

Details of risk management are set out in the Fund's Risk Policy and Strategy Statement which is available at www.spfo.org.uk

The key funding risks are set out in Schedule 6 to this statement

10. Actuarial Valuation as at 31st March 2020

Key figures from the actuarial valuation as at 31st March 2020 are set out in Appendix 7.

Schedules:

1. Background
2. Objectives of the Funding Strategy
3. Responsibility of Key Parties involved in management of Fund
4. Funding Strategy for individual employers
5. Contributions Strategy
6. Key financial, demographic, regulatory and governance risks
7. Statistical Appendix: key figures from the 2023 actuarial valuation

The full Funding Strategy Statement including schedules is available from the publications area of the SPFO website at: www.spfo.org.uk

This statement has been prepared in accordance with Regulation 55(1)(d) of the Local Government Pension Scheme (Scotland) Regulations 2018. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding strategy objectives are set out in the Administering Authority's Funding Strategy (FSS). In summary, these are:

- to ensure the solvency of the Fund and the solvency of individual employers' share of the Fund;
- to ensure the long term cost efficiency of the scheme in order to secure as far as possible its affordability to employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- to provide a framework for the investment strategy of the Fund;
- to help employers recognise and manage pension liabilities as they accrue;
- to inform employers of the risks and potential costs associated with pension funding;
- to minimise the degree of short-term change in the level of each employer's contributions where the administering authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations; and
- to address the different characteristics of the disparate employers or groups of employers to the extent that this is practical and cost-effective.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable.

Funding Position as at the Last Formal Funding Valuation

The most recent actuarial valuation carried out under Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2018 was as at 31 March 2023. This valuation revealed that the Fund's assets, which at 31 March 2023 were valued at £27,872 million, were sufficient to meet 147% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2023 valuation was £8,7 million.

Each employer had contribution requirements set at the valuation for the period 1 April 2021 to 31 March 2024, with the aim of achieving their funding target within a time horizon and probability measure as per the FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2023 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth and inflation to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.
The key financial assumptions adopted for the 2023 valuation were as follows:

Financial assumptions	31 March 2020
Discount rate	5.0%
Salary increase assumption	3.4%
Benefit increase assumption (CPI)	2.7%

The key demographic assumption was the allowance made for longevity. The life expectancy assumption was based on the Fund's Vita Curves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	19.8 years	22.5 years
Future Pensioners*	20.6 years	24.2 years

*Currently aged 45

Copies of the 2023 valuation report and Funding Strategy Statement are available on the Fund's website at www.spfo.org.uk

Experience over the period since 31 March 2023

Markets reflected wider volatility during 2023, impacting on investment returns achieved by the Fund's assets. Continued high levels of inflation in the UK also resulted in a higher than expected LGPS benefit increase of 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024, with inflation beginning to return towards historical levels and the Bank of England's target (2% pa). Overall, the funding level at 31 March 2024 is likely to be around 10% higher than reported at the previous formal valuation at 31 March 2023.

The next actuarial valuation will be carried out as at 31 March 2026. The Funding Strategy Statement will also be reviewed at that time.

Craig Alexander FFA
For and on behalf of Hymans Robertson LLP
30 May 2024

SECTION 4

CLIMATE CHANGE STRATEGY

CLIMATE RISK

SPF believes that:

- **Climate Change is a systemic risk and thus a material long-term financial risk; and**
- **TCFD-aligned disclosure from asset owners, asset managers, and corporates, is in the best interest of SPF beneficiaries.**

SPF supports the recommendations of the **Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)**. TCFD provides a global framework to enable stakeholders to understand the financial system's exposure to climate-related risks particularly affecting organisations most likely to experience climate-related financial impacts from transition and physical risks. TCFD has been endorsed by over 4,850 companies and financial institutions, representing a combined market capitalisation of US$27 trillion and over US$300 trillion in assets under management. SPF has committed to reporting on its approach to climate risk using the TCFD framework for asset owners and sets out below its approach to managing climate risk within the TCFD's four thematic areas of Governance, Strategy, Risk Management and Metrics and Targets.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

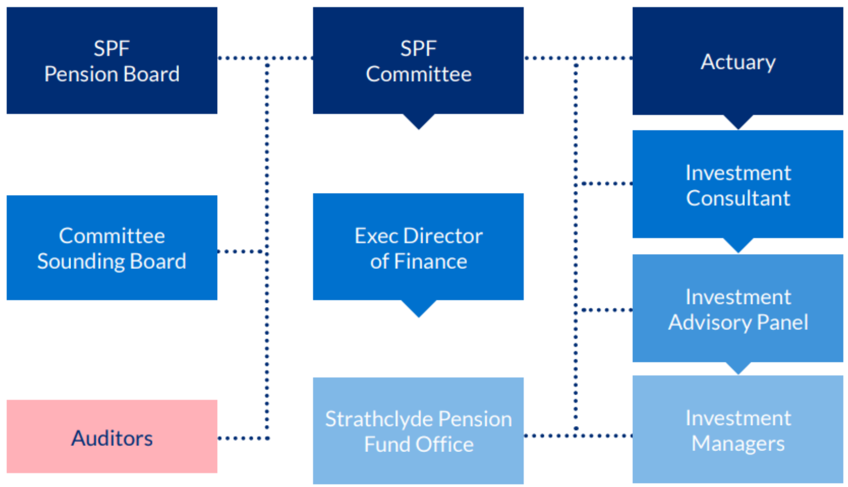
GOVERNANCE

Recommended Disclosure (a)

Describe the board's oversight of climate-related risks and opportunities.

The Fund's governance structure is illustrated opposite.

The Strathclyde Pension Fund (SPF) Committee is responsible for agreeing investment objectives, strategy and structure and for developing the responsible investment and Climate Change strategies. The Committee receives regular reports on the Fund's stewardship, responsible investment and Climate Change activity.



Since 2015 the SPF Committee has considered a number of reports specifically addressing Climate Change risks and the development of a Climate Change strategy. These include:

- investigating the feasibility, cost and benefits of introducing partial or complete fossil fuel divestment.
- adopting and implementing an energy company standards framework.
- adopting a target of net zero emissions across SPF portfolios by 2050 or sooner.
- implementing an investment strategy that is consistent with achieving the goal of global net zero emissions by 2050 with an interim target for carbon reduction of at least 45% from the baseline by 2030.
- joining the Paris Aligned Investment Initiative (PAII).
- producing a high-level climate action plan using the IIGCC Net Zero Investment Framework.

In 2023 the SPF Committee agreed a high-level climate action plan which is available from the Publications area of the website at: www.spfo.org.uk.

The SPF Committee and Pension Board have participated in a series of workshops investigating legal, actuarial, strategic and investment management issues relating to Climate Change. This included a specific session on the SPF Climate Action Plan during 2022/23. During 2023/24 a workshop on the current review of investment strategy incorporated a further session on climate scenario analysis and net zero pathways.

Recommended Disclosure (b)

Describe management's role in assessing and managing climate related risks and opportunities.

The **Executive Director of Finance** is the responsible officer who ensures that committee decisions are implemented by the **Strathclyde Pension Fund Office** which administers the scheme, and the **investment managers** who manage the Fund's investment portfolios.

Climate Change activity is carried out by:

- the Fund's investment managers, who are required to exercise the Fund's voting rights, to incorporate analysis of ESG issues into their investment analysis and are expected to engage on these issues with the companies in which they invest. All of the Fund's investment managers are PRI (Principle for Responsible Investment) signatories. The vast majority of managers within the Direct Impact Portfolio are also signatories. The Fund strongly encourages managers to become signatories and to adhere to the principles. Additionally, all of the Fund's listed equity managers are signatories to the climate change focused Net Zero Asset Managers Initiative (NZAM).
- Morningstar Sustainalytics, a specialist responsible investment engagement overlay provider whose services have been retained by SPF since 2012 (originally trading as GES).
- SPF itself through its oversight of investment managers and through direct engagement and collaboration with other investors, including the Local Authority Pension Fund Forum (LAPFF), ShareAction, Institutional Investor Group on Climate Change (IIGCC), Carbon Disclosure Project (CDP), Climate Action 100+ and other ad hoc alliances.

This collective approach ensures that SPF maximises the resources it employs on Climate Change issues by involving all parties – dedicated internal resource as well as external managers and consultants.

SPF continues to perform in the top tier of global PRI signatories and received the maximum 5 Star score in the most recent PRI survey.

STRATEGY

Recommended Disclosure a)

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Risks

As an investor with a long-term time horizon, the macro-economic and demographic impacts of Climate Change are a risk. These includes impacts on: GDP growth, inflation, equity market returns, gilt yields, credit spreads, and longevity. SPF has a global investment strategy widely diversified by geography, asset class, sector and manager.Given the diversified nature of the Fund's strategy it will be exposed to all of the risks identified in the TCFD analysis. The degree and timing of the impact cannot be accurately gauged, but SPF uses Asset-liability and climate-scenario modelling to assess these risks as far as possible.

SPF is primarily an equity investor, therefore the Fund's primary concern is that its equity portfolio managers and the management of the companies in which they invest have fully assessed climate-related risks and the potential impact on asset valuations, in particular from:

- obsolescence, impairment or stranding of assets;
- changing consumer demand patterns; and
- changing cost structures including increased emissions pricing, insurance and investment in new technologies.

With respect to short and medium term risk, the Fund ensures that responsible investment considerations and Climate Change continue to be embedded throughout the investment and management processes of all the external investment managers and that the managers continue to manage climate related risks and opportunities. As for short-term policy risk, the Fund closely monitors the status of its property and infrastructure investments including results of the Global Real Estate Sustainability Benchmark (GRESB) annual assessment, and assessment of portfolio compliance with Minimum Energy Efficiency Standards (MEES).

As a public sector fund, reputational risk is also a concern, though not for financial reasons.

Opportunities

In 2009, the SPF Committee created the New Opportunities Portfolio to invest in assets with attractive potential that were not accessible through the existing structure. This strategy is reviewed every 3 years and was rebranded as the Direct Impact Portfolio (DIP) in 2021. DIP's primary objective aligns with the overall SPF investment objective and has a secondary objective of adding value through investments with a positive local, economic, or ESG impact. DIP supports technology and solutions crucial for the transition to a low-carbon UK economy.

The DIP portfolio has committed £585m to 16 separate renewable energy infrastructure investments, including onshore and offshore wind funds, UK solar funds, and generalist renewables and community power funds. It also invests in cleantech private equity and more generalist infrastructure funds. Meanwhile, the SPF's main portfolio investment in the JP Morgan International Infrastructure Fund (IIF) allocates significantly to global renewable energy assets.

Recommended Disclosure b)

Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The purpose of the Fund is to pay pensions. The principal strategy document is the Funding Strategy Statement. It describes the funding objective as: to ensure that sufficient funds are available to pay all members' pensions now and in the future.

The basis for strategy and financial planning is the 3-yearly actuarial valuation of the Fund. The valuation is accompanied by detailed Asset Liability Modelling (ALM) which informs development of the investment strategy. As part of the 2020 valuation and modelling process, the Fund's actuary completed an initial analysis of the impact of climate risk on the Fund's liabilities, assets and operating costs.

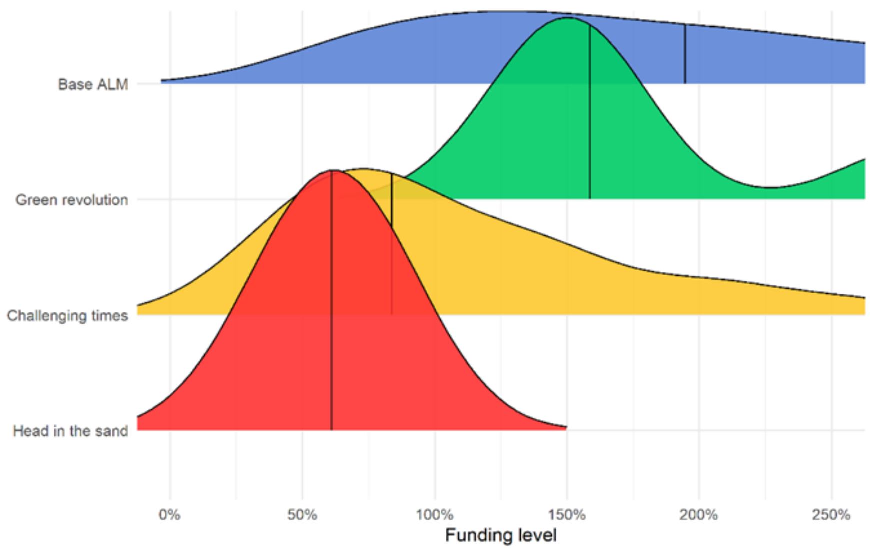
Liabilities and assets

The analysis undertaken considers the impacts of climate risk to the liabilities and assets of the Fund in conjunction and therefore the output is represented as an impact to the funding level.

Impacts are modelled across 3 potential economic scenarios:

- **Head in the Sand** - a range of disastrous outcomes resulting from a total lack of response to climate risk.
- **Challenging Times -** where some adaptation is achieved, and 'peak oil flow' is reached constraining economies of the future.
- **Green Revolution -** where rapid technological advances lead to positive adaptation to climate change.

The output of this analysis is illustrated in the chart below.



Conclusions reported were that:

- the Fund is exposed to climate risk through both its assets and liabilities.
- the modelling illustrates a wide range of potential future funding outcomes as a direct result of government and business action or inaction on climate change.
- some, though, by no means all, of these are very negative and
- SPF already recognises the risk posed by climate change and is responding to it via its Climate Change strategy. The modelling will be useful in informing the future development of that strategy.

No immediate change was proposed as a result of the first iteration of modelling, but the subsequent review of investment strategy included agreement to:

- a £1.7 bn allocation to the RAFI Fundamental Climate Transition Index, which targets a 30% reduction in carbon intensity at launch relative to market cap levels and a further 7% per annum thereafter; and
- a £250m increase (to £750m) to the Fund's global Infrastructure commitment, which has a one third allocation to renewable energy assets.

The modelling was updated as part of the actuarial valuation and ALM of the Fund as of 31st March 2023. The Fund has set its funding and investment strategy using asset-liability modelling and considering two main risk metrics.

- likelihood of success – the chance of being fully funded in 13 years' time.
- downside risk – the average worst 5% of funding levels in 13 years' time.

The modelling compared how these risk metrics change under each climate change scenario. The stress-test results for the Fund are shown in the table below.

Scenario	Likelihood of success	Downside risk
In comparison to 'core' modelling results		
Green revolution	1% lower	4% lower
Delayed transition	1% lower	2% lower
Head in the sand	Broadly unchanged	5% higher

The climate risk results are not materially different to the 'core' modelling results, and not enough to suggest that the funding strategy is unduly exposed to climate change risk. No immediate change was proposed as a result of the modelling, but the associated review of investment strategy had a strong focus on net zero activity and initiatives and included agreement to:

- a £4.2 bn switch of passive market cap equity to Legal & General (LGIM) Lower Carbon Transition Index Series which aims to reduce carbon intensity by 70% relative to the starting universe and a path to achieve net zero by 2050.
- an additional 1% allocation to the Fund's global Infrastructure commitment.

Reviews of corporate bond strategy and emerging market equities were still in progress at year end, but positive climate impact is again expected to feature prominently in the respective outcomes.

The output of the scenario modelling will be used in the future to assess an appropriate allowance for climate risk within funding assumption prudence and future investment strategy considerations, including asset allocation decisions.

Recommended Disclosure c)

Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.

As described above, the Fund has undertaken scenario analysis to assess the resilience of its strategy over the short-, medium- and long-term time horizons to a number of different climate scenarios. These climate scenarios estimate the impact to the Fund of temperature rises broadly equivalent to 2°C ("Green revolution"), 3°C ("Challenging times") and 4°C above pre-industrial times ("Head in the sand").

Although some outcomes are very negative, the climate scenario analysis shows that the increased adoption of climate aware policies as part of a **Green Revolution** would most likely help the Fund to achieve a strong, healthy funding position over the long term with greater certainty and reduced downside risk.

This is despite short term difficulty in moving to a more climate aware society with initial disruption to GDP, equity and credit markets. Under the **Head in the Sand** and **Challenging Times** scenarios, the short-term funding level projections are broadly similar to the wider strategic analysis the Fund has carried out, before a deterioration in the funding outlook under these scenarios over the long term. The impact of climate change, and therefore any resulting advantages or disadvantages arising from global developments, is long term in nature.

Risk Management

Recommended Disclosure a)

Describe the organisation's processes for identifying and assessing climate-related risks.

SPF's external investment managers are responsible for identifying and managing all risks associated with their investments, and this includes Climate Change. This means that external investment managers take into account any climate-related risks when making their investment decisions. The Fund's internal investment team and specialist advisor, Sustainalytics, work with managers to help ensure that climate risks are being assessed and addressed. The Fund's listed equity carbon foot-printing is used to inform this process. The Fund has also made use of the Transition Pathway Initiative (TPI) Toolkit and thematic, sector and company specific research from Sustainalytics to observe climate risk management in listed equity stocks. The Fund's energy company standards framework is an additional portfolio risk analysis tool which recognizes the acute climate-related risks surrounding energy sector investments as the world transitions to a low-carbon future.

Recommended Disclosure b)
Describe the organisation's processes for managing climate related risks.

Development of Specific Investment Strategies

In 2021, SPF allocated £1.7bn to a Climate Transition Index, which targets a 30% reduction in carbon intensity at launch relative to market cap levels and a further 7% per annum thereafter.

The 2023 review of investment strategy included a £4.2 bn switch of passive market cap equity to Legal & General (LGIM) Lower Carbon Transition Index Series which aims to reduce carbon intensity by 70% relative to the starting universe and on a path to achieve net zero by 2050 and reduce fossil fuel exposure whilst improving green revenues and delivering dynamic de-carbonisation.

The Direct Impact Portfolio has committed a total of **£585m** to renewable energy infrastructure investments which include specialist onshore and offshore wind funds, UK solar funds and generalist renewables and community power funds.

SPF also invests in a global infrastructure fund with a one third allocation to renewable energy assets. Investment managers across the Fund's other portfolios are also increasingly identifying positive investment opportunities in areas related to a global energy and carbon transition.

Formal Advice

A key element in the development of SPF's Climate Change strategy has been the measurement of carbon emissions and intensity. This was carried out in order to more fully understand the carbon risk sources and dynamics. To achieve this SPF engaged the leading carbon audit service provider, MSCI, to provide a carbon footprint of the Fund's listed equity portfolios. The Fund is committed to repeating this foot-printing on a bi-annual basis and investigating the inclusion of other asset classes in addition to listed equities.

Exercise of Ownership Responsibilities

Activity relating to Climate Change risk is carried out by:

- the Fund's investment managers who are required to exercise the Fund's voting rights, to incorporate analysis of Environmental, Social and Governance (ESG) issues into their investment analysis and expected to engage on these issues with the companies in which they invest;
- Sustainalytics, a specialist responsible investment engagement overlay provider; and
- the Fund itself through its oversight of investment managers and through direct engagement, and collaboration with other investors including the Local Authority Pension Fund Forum (LAPFF), ShareAction, Institutional Investor Group on Climate Change (IIGCC), Climate Action 100+ and other ad hoc alliances.

The Fund has expended considerable effort in supporting collaborative engagement initiatives that have a specific Climate Change remit. The Fund is a founding member of Climate Action 100+. This collaborative initiative uses carbon mapping data to target the worst corporate climate offenders directly, to curb their emissions, improve climate governance and strengthen disclosure. The Fund is also a supporter of the RE100, EP100 and EV100 energy initiatives and the CDP Non-Disclosure and Science Based Targets Initiatives (SBTi).

During 2022 SPF adopted a minimum standards framework as a basis for assessment of energy companies within its active equity portfolios. The objective is to support the Climate Change strategy by identifying companies which SPF directly holds within the energy sector which are not adequately considering climate risk, the impact on their business, and how to transition towards a low carbon economy, recognizing the potential for ongoing policy and regulatory change. The framework also aims to identify where there is a need to engage with a company on specific areas or consider divesting from a company.

Ratings	Actions
Red overall	Verification of data around transition readiness/ strategy. Acceleration of engagement between the manager and company around demonstrating intention to address the climate transition. Engage with asset manager around intention to sell; consideration of current rationale for hold and price/value. If the above do not result in improved score, sale to be agreed with investment manager and implemented over period of time
Red in one sub sector /Amber overall	Active stewardship actions triggered. This should feed into GES/Sustainalytics and their engagement priority plans. Manager to present business case for holdings on annual basis, addressing low scoring areas If engagement resulted in no improvement in score after 2 years, consider shareholder resolution OR mandate that investment managers remove that security from portfolios.
Amber in any sub sector	Flagged for active engagement actions
Green overall	Monitor rating annually Any decline in rating overall or at sub sector level triggers actions above
Grey (due to lack of data)	Flagged for further data verification. Engage with asset manager around obtaining sufficient data to complete scoring. Manager to present business case for holdings on annual basis, addressing data gaps.

The framework is based on the 4 pillars of TCFD and uses data sources including Climate Action 100, TPI, Influence Map, MSCI, and Science Based Targets. Based on these an overall score is derived for each company. Companies are then rated as follows: 0-20% = Red; 20% - 50% = Amber; 50% + = Green. A separate fourth score of Grey is applied where data availability is less than 45%.

The assessment is repeated annually and reported to the SPF Committee in the quarterly report on Responsible Investment Activity and published in the Fund's website at www.spfo.org.uk.

Recommended Disclosure c)

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

SPF's overall approach to risk management is described in its Risk Policy & Strategy Statement which is available from the Fund's website at: www.spfo.org.uk. The statement is summarised in the Governance section of the Fund's annual report. Climate Change is addressed at risk SPFO61 which is summarised below.

Risk Title / Risk Description	Residual Probability (/5)	Residual Impact (/5)	Residual Risk (/25)	Residual Rank
RISK: Climate-related financial loss. **CAUSE:** failure of climate change strategy; failure of global economy to address climate change issues. **EFFECT:** obsolescence impairment or stranding of assets; changing consumer demand patterns; changing cost structure (including emissions pricing).	2	4	8	Medium

Control and mitigating actions listed against the risk from Climate Change include: SPF climate change strategy, climate action plan, responsible investment strategy, diversification of investments, Direct Impact Portfolio and other positive investment opportunities.

Control and mitigating actions listed against the risk include: Climate Change strategy, climate action plan, responsible investment strategy, diversification of investments, Direct Impact Portfolio and other positive investment opportunities.

The Fund currently reports extensively on environmental, social and governance issues including Climate Change. This includes:

- a quarterly report on Responsible Investment Activity which is considered by the SPF Committee and published on the Fund's website at www.spfo.org.uk
- coverage within the Fund's Annual Report, member newsletters, and at its AGM; and
- annual PRI reporting and assessment survey including climate-related indicators based on the TCFD recommendations.
- SPF is a signatory to the new UK Stewardship Code (2020) and submits an annual stewardship report.

The Fund's UK property investments are subject to the Global Real Estate Sustainability Benchmark (GRESB) annual assessment and assessment of portfolio compliance with Minimum Energy Efficiency Standards (MEES).

CLIMATE CHANGE STRATEGY

METRICS AND TARGETS

Recommended Disclosure a)

Disclose the metrics used by the organisation to assess climate related risks and opportunities in accordance with its strategy and risk management process.

SPF has used emissions metrics from the leading data service provider, MSCI and reporting from the Fund's Custodian, Northern Trust to provide annual carbon and emissions foot-printing of the Fund's listed equity portfolios.

For each listed equity portfolio, the carbon foot-printing enabled the identification of the top 10 assets responsible for contributing to the carbon footprint of that portfolio. This information was communicated to external investment managers to ensure that they are aware of where their greatest exposures lie.

The Fund is committed to repeating this foot-printing on a biannual basis and investigating the inclusion of other asset classes in addition to listed equities.

Recommended Disclosure b)

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

SPF has considered Scopes 1 and 2 in its analysis. Scope 3 data was not considered to be of a sufficiently robust standard to incorporate. Summary findings of the analysis are as follows:

- In 2018 the Fund's weighted average listed equity footprint was **192.5 tCO2e/£ revenue**. This was **4.8%** lower than in 2016 and **6.2**% lower than that of the MSCI All Country World Index.
- In 2022 the Fund's weighted average listed equity footprint was **157.4 tCO2e/£ revenue**. This was **18.2%** lower than in 2018 and in line with that of the MSCI All Country World Index.
- The analysis further highlights that dominant sectors, in terms of emissions, tend to be Energy, Utilities, and Materials - contributing 88.6% of the carbon footprint.

CLIMATE CHANGE STRATEGY

Recommended Disclosure c)

Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.

Strathclyde Pension Fund's Climate Change strategy has the explicit objective of implementing an investment strategy that is consistent with achieving the goal of global net-zero emissions by 2050.

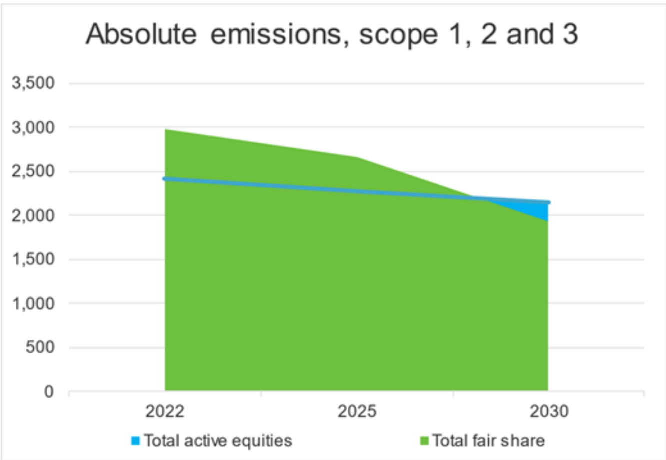
SPF has a target of net-zero emissions across its own portfolios by 2050 and an interim target for carbon reduction of at least 45% from the baseline by 2030.

- **Listed Equity**

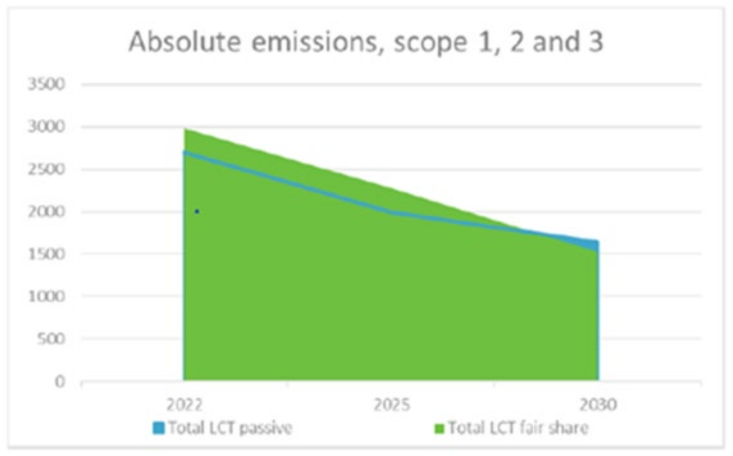
The Fund's investment consultants have completed an analysis to illustrate the current transition pathway of SPF's listed equity portfolios.

The analysis considered Scopes 1, 2 and 3 and is summarised in the charts below.

The total active global equity portfolio is estimated to be on track relative to an aggregated "fair share" pathway, with cumulative emissions to 2030 below budget (SPF's share of the remaining carbon budget to limit global warming to 1.5°C).



After allowing for the agreed switch from passive market cap equity funds to a Low Carbon Transition index series, the position of the passive portfolio is significantly improved and the Fund's listed equity portfolio is estimated to be on track relative to the aggregated net zero pathway.



SPF joined the Paris Aligned Investment Initiative (PAII) in 2022 and became a signatory to the PAII Net Zero Asset Owner Commitment.

In March 2023 the Fund adopted the IIGCC Net Zero Investment Framework (NZIF) as the basis for its climate action plan. NZIF provides a common set of recommended actions, metrics and methodologies through which investors can maximise their contribution to achieving global net zero emissions by 2050 or sooner. The NZIF assessment focuses on companies in high carbon emitting sectors and aims to ensure that these companies are increasingly:

- achieving net zero; or
- aligning to net zero; or
- aligned to net zero.

Initial assessment of the current alignment position of SPF active equity portfolios produced the summary results below.

% SPF High Emitting Companies	Transitioning companies (aligned, aligning, or committed)	Not aligned or committed	Insufficient data
By Number	30%	13%	57%
By Value	58%	27%	15%

The goal is to have 100% of companies confirmed as net zero or aligned to net zero by 2040. The Fund's Climate Action Plan sets out interim targets on the journey to full alignment.

- **Engagement Goal**

NZIF aims to ensure that SPF engages increasingly with the companies it invests in to support and enforce their journey towards net zero. The Fund's goal is that at least 90% of SPF financed emissions in high emitting companies are either assessed as net zero, aligned with a net zero pathway, or the subject of direct or collective engagement and stewardship actions by 2030 or earlier. The Fund's interim target is to achieve 70% by 2026.
In support of this goal, SPF actively participates in IIGCC's Net Zero Engagement Initiative.

- **Climate Solutions Goal**

This aims to ensure that SPF invests increasingly in the climate solutions required to achieve the overall goal of global net zero by 2050. Further work is required to quantify the scale of this investment so that realistic goals and targets can be agreed.

- **Real Estate**

SPF has been a long-term UK property investor. The current portfolio, managed by **DTZ Investors** represents 10% of total SPF assets. DTZ is committed to achieving Net-Zero for its clients' direct investment portfolios by 2040 with all residual emissions offset.

To further support their commitment to net-zero, DTZ has become a signatory of the 'Better Building Partnerships Climate Commitment'. As a signatory, DTZ Investors commit to publishing progress against the net-zero target, developing comprehensive climate resilience strategies and supporting the development of best practices within the sector.

Additional commercial Real Estate exposure is achieved through investment in private debt funds managed by **ICG Longbow**. SPF allocates 1% of total Fund to Real Estate debt. SPF's Private Real Estate debt manager, ICG Longbow, is committed to supporting the goal of Net Zero greenhouse gas emissions by achieving Net Zero carbon emissions by 2040 or sooner for 100% of relevant investments.

- **Other Asset Classes**

SPF's focus to date has been almost entirely on equities given that they constitute a majority of the investment strategy. Fixed income will also now be brought into scope. A similar approach is envisaged to that adopted for equities, though the pace of alignment may be different. Initial work will focus on what portfolio solutions are available.

Other portfolios will still be actively addressing climate change although they are not yet covered by the scope of the NZIF or SPF's Climate Action Plan.

Strathclyde Pension Fund

SECTION 5

INVESTMENTS

The Statement of Investment Principles (SIP) is the Fund's main investment policy document. The SIP is reviewed regularly and updated to reflect any changes agreed by the Strathclyde Pension Fund Committee. The statement has 6 schedules which are not reproduced here but can be found in the full version on the Fund's website at https://www.spfo.org.uk/

1. Introduction

Glasgow City Council is the administering authority for the Strathclyde Pension Fund. The Council delegates this responsibility to the Strathclyde Pension Fund Committee. The Council and the Committee recognise that they have fiduciary duties and responsibilities towards pension scheme members and participating employers that are analogous to those holding the office of trustee in the private sector. In carrying out those duties the committee adopts the following approach.

2. Regulations

Management of the Fund's investments is carried out in accordance with relevant governing legislation and regulations, in particular the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) regulations. Schedule 1 to this statement contains certain disclosures required by the regulations.

3. Key Principles

There have been a number of underlying investment principles which have guided the evolution of the Fund's structure. These principles will be as important in the future as they have been in the past. The key principles are as follows:

Long-term perspective – by the nature of its liabilities and sponsor covenants, the Fund is able to take a long-term view and position its investment strategy accordingly.

Diversification – the Fund seeks to diversify its investments in order to benefit from a variety of return patterns.

Efficiency – the Fund aims to achieve an efficient balance between investment risk and reward.

Competitive advantage – the Fund's size, time-perspective and risk appetite give it some competitive advantages which it seeks to exploit.

Pragmatism – the Fund recognises that there are implementation considerations including cost and manageability which may lead it to favour practical investment solutions over optimised model structures.

Stewardship – the Fund is a responsible investor and adopts policies and practices which acknowledge the importance of environmental, social and governance (ESG) issues.

4. Investment Objective

The Fund's investment objective is to support the funding strategy by adopting an investment strategy and structure which incorporate an appropriate balance between risk and return. The current objectives of the investment strategy are to achieve:

- a greater than 2/3 probability of being 100% funded over the future working lifetime of the active membership (the target funding period) and
- a less than 10% probability of falling below 80% funded over the next three years.

5. Investment Strategy

The Fund's investment strategy broadly defines the types of investment to be held and the balance between different types of investment. The strategy reflects the Fund's key investment principles and objectives, is agreed by the Committee and reviewed regularly. The investment strategy is consistent with the Funding Strategy.

6. Investment Structure

The Committee agrees an investment structure to deliver the investment strategy. The current investment objectives, strategy and structure are set out in Schedule 2 to this statement.

7. Roles and Responsibilities

The roles and responsibilities of the main parties involved in the management of the Fund are set out in Schedule 3 to this statement.

8. Risk

In order to achieve its investment objective, the Fund takes investment risk including equity risk and active management risk. It is understood and acknowledged that this may lead to significant volatility of returns and an ultimate risk that its objectives will not be met. The Fund pursues a policy of lowering risk through diversification of investments by asset class, manager and geography. Risk is also controlled by setting appropriate benchmarks and investment guidelines and maintaining a robust investment monitoring regime. The Fund employs a global custodian to ensure safekeeping and efficient servicing of its assets.

9. Liquidity and Cash Flow

The majority of the Fund's investments are traded on major stock markets and could be realised quickly if required. There is also significant investment in illiquid assets, including property, infrastructure, private equity and private debt. These provide diversification, a return premium and some inflation protection. The Fund monitors cash flow to ensure there is sufficient investment income to meet immediate and anticipated pensions payments.

10. Responsible Investment

The Fund is a signatory to the Principles for Responsible Investment and has adopted the principles as its responsible investment policy. The principles are set out in full in Schedule 4 together with a note on the Fund's strategy for applying them in practice.

The Fund's investment objective is to support the funding strategy by adopting an investment strategy and structure which incorporate an appropriate balance between risk and return.

11. Exercise of Rights

The Fund ensures that the votes attaching to its holdings in all quoted companies, both in the UK and Overseas, are exercised whenever practical. The Fund's voting policy is exercised by its investment managers in accordance with their own corporate governance policies and taking account of current best practice including the UK Corporate Governance and Stewardship Codes.

12. Climate Change strategy

SPF believes that Climate Change is a systemic risk and thus, a material long-term financial risk for any investor that must meet long-term obligations. The Fund's progress in addressing this is summarised in its annual report each year in climate-related financial disclosures which are included as a separate Climate Change Strategy section.

13. Additional Voluntary Contributions (AVCs)

The Fund provides an in-house AVC arrangement. Further details including investment choices available to scheme members, are set out in Schedule 5.

14. CIPFA/Myners Principles

The Fund is compliant with guidance given by Scottish Ministers. This includes each of the six *Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom 2009* published by CIPFA and based on the updated Myners principles. Further details are set out in Schedule 6.

15. Stock Lending

The Fund participates in a securities lending programme managed by its global custodian. All stock on loan is fully collateralised with a margin above daily mark-to-market value. The programme is also indemnified by the custodian and provides a low-risk source of added value.

16. Schedules:

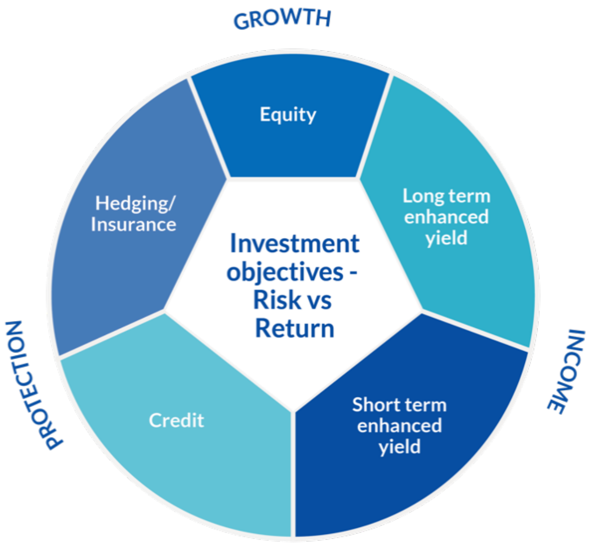
1. LGPS Regulations - Disclosures
2. Investment Objectives, Strategy and Structure
3. Investment Roles & Responsibilities
4. Responsible Investment Policy and Strategy
5. AVC arrangements
6. CIPFA/Myners Principles – Assessment of Compliance

The full SIP including schedules is available from the Publications area of the SPFO website at https://www.spfo.org.uk

The Fund's investment objective is to support the funding strategy by adopting an investment strategy and structure which incorporate an appropriate balance between risk and return.

Following the 2014 actuarial valuation, the Fund adopted a risk/return asset framework as the basis for modelling and agreeing investment strategy. The risk/return framework is summarised in the table and chart below.

Asset Category	Main Objectives
Equity	To generate return
Hedging / Insurance	To reduce the exposure of the funding level to variations in interest rates and Inflation
Credit	To ensure additional yield, provide income and reduce funding volatility
Short-term Enhanced Yield	To provide an income stream above the expected return on investment grade corporate bonds
Long-term Enhanced Yield	To provide a long-term income stream and a degree of inflation protection



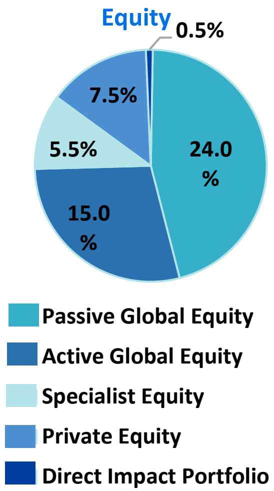
Based on the risk/ return framework, the current strategic model was adopted in 2018 and is shown below.

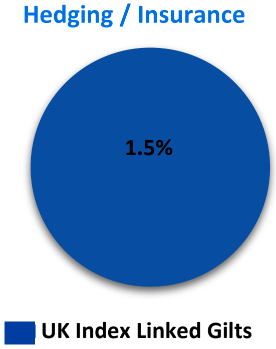
Strathclyde Pension Fund Strategic Allocation

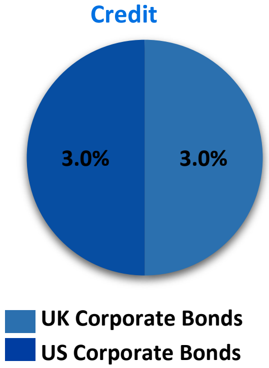
Asset Category	Strategic Target %
Equity	52.5%
Hedging / Insurance	1.5%
Credit	6.0%
Short-term Enhanced Yield	20.0%
Long-term Enhanced Yield	20.0%
Total	**100.0%**

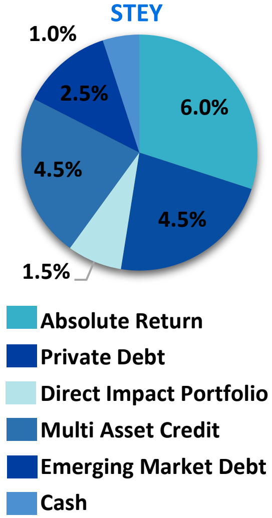
Investment Structure

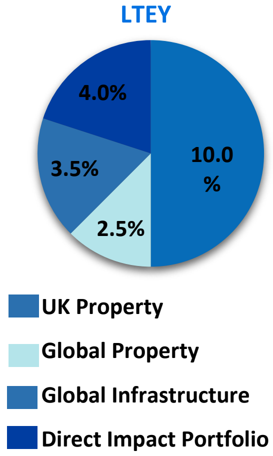
The current investment structure is broken down by asset class in the charts below.











Investment mandates are managed by 19 external institutional investment managers. In addition, a target of 5% of Fund is invested opportunistically within the Fund's Direct Impact Portfolio (DIP). A further 34 investment firms manage specialist funds within DIP.

ASSETS UNDER MANAGEMENT

Allocations by Asset Category

Asset allocation at the end of March 2023 and March 2024 was as follows:

Asset Category	*31 Mar 2023 (£m)*	*31 Mar 2023 (%)*	31 Mar 2024 (£m)	31 Mar 2024 (%)	Target (%)
Equity	*15,619*	*56.3*	**17,684**	**58.5**	52.5
Hedging & insurance	*0*	*0.0*	**445**	**1.5**	1.5
Credit	*1,979*	*7.1*	**1,615**	**5.3**	6.0
STEY	*4,742*	*17.1*	**4,942**	**16.3**	20.0
LTEY	*5,142*	*18.6*	**5,288**	**17.5**	20.0
Cash	*236*	*0.9*	**271**	**0.9**	-
Total	**27,718**	**100.0**	**30,245**	**100.0**	**100.0**

- **Equity**, **STEY** and **LTEY** portfolios increased in value as a result of relative market movements, individual mandate performance and private market cash flows over the year.
- During the year, the Fund switched part of its holdings (**1.5%** of total Fund) in **Credit** to UK Gilts (**Hedging/ Insurance)**.
- A total of **£175m**, from sales of the L&G passive market cap equity portfolio and investment cash balances, was transferred to fund benefits cash flows.

Investment Manager Allocations

Each external investment manager is appointed to manage a specified target % allocation of total Fund investment assets. Actual allocations vary in line with investment performance and cash flows. The Fund's rebalancing strategy ensures that allocations do not stray too far from target. The breakdown of the Fund's assets by investment manager, mandate type and asset class at end of March 2023 and March 2024 was as follows:

Manager	Mandate Type (%)	*31 Mar 2023 (%)*	31 Mar 2024 (%)	Target Allocation (%)
Legal & General	Passive Global Equity	*25.3*	**27.5**	24.0
Baillie Gifford	Active Global ex US Equity	*7.4*	**8.0**	7.5
Lazard	Active Global Equity	*3.2*	**3.2**	2.5
Oldfield	Active Global Equity	*2.9*	**2.8**	2.5
Veritas	Active Global Equity	*2.9*	**3.1**	2.5
Lombard Odier	Specialist Equity	*1.4*	**1.4**	1.0
JP Morgan	Specialist Equity	*3.0*	**3.1**	3.0
Active EM Equity	Specialist Equity	*1.2*	**1.1**	1.5
Pantheon	Private Equity	*5.3*	**4.8**	5.0
Partners Group	Private Equity	*3.3*	**3.1**	2.5
DIP	Private Equity	*0.4*	**0.4**	0.5
Equity		***56.3***	**58.5**	**52.5**
Legal and General	Passive Gilts	*0.0*	**1.5**	1.5
Hedging / Insurance		***0.0***	**1.5**	**1.5**
Legal and General	Passive Corporate Bonds	*7.1*	**5.3**	6.0
Credit		***7.1***	**5.3**	**6.0**

Manager	Mandate Type (%)	31st Mar 2023 (%)	31st Mar 2024 (%)	Target Allocation (%)
PIMCO	Absolute Return	*3.7*	**3.6**	5.0
Ruffer	Absolute Return	*2.0*	**1.8**	1.0
Barings	Multi-Asset Credit	*2.4*	**2.5**	2.75
Oak Hill Advisors	Multi-Asset Credit	*1.7*	**1.8**	1.75
Alcentra	Private Corporate Debt	*1.4*	**1.0**	1.25
Barings	Private Corporate Debt	*1.7*	**1.5**	1.25
Partners Group	Private Corporate Debt	*1.0*	**1.0**	1.0
ICG-Longbow	Private Real Estate Debt	*1.1*	**1.1**	1.0
Ashmore	Emerging Market Debt	*1.6*	**1.6**	2.5
DIP	Various	*0.5*	**0.4**	1.5
Cash		-	-	1.0
STEY		***17.1***	**16.3**	**20.0**
DTZ	UK Direct Property	*8.6*	**7.7**	10.0
Partners Group	Global Property	*1.9*	**1.8**	2.5
JP Morgan	Global Infrastructure	*3.9*	**3.9**	3.5
DIP	Various	*4.2*	**4.1**	4.0
LTEY		***18.6***	**17.5**	**20.0**
Cash		***0.9***	**0.9**	**0.0**
Total		***100.0***	**100.0**	**100.0**

The Fund switched £440m from **Credit** to UK Gilts (**Hedging/ Insurance)** in Q1 2024 as a result of the relative value framework.

A total of **£180m** was withdrawn from the L&G passive market cap equity portfolio during Q4 2023 and Q1 2024 to fund benefits cash flow.

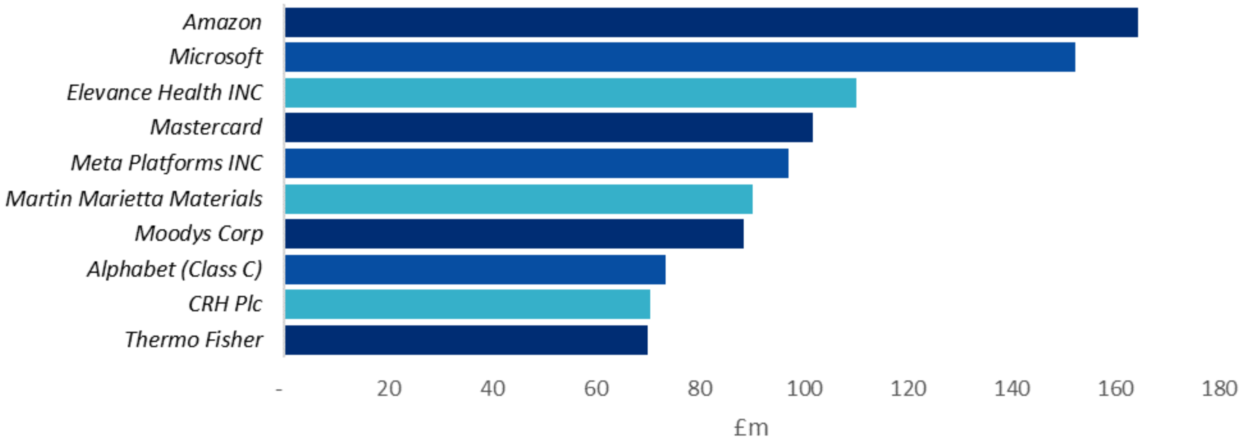
Net cash flow from private market programmes was +**£29m during 2023/24**. The Pantheon and Partners Group private equity and the Alcentra and Barings private debt portfolios decreased in value as distributions from these mandates exceeded drawdowns. The value of the Partners Group private corporate debt, ICG Longbow private real estate debt and the Direct Impact Portfolio increasing as a result of net inflows for new investment.

All other changes in allocation are the result of relative portfolio performance.

Holdings Snapshot

As at 31st March 2024

Top Equity Holdings



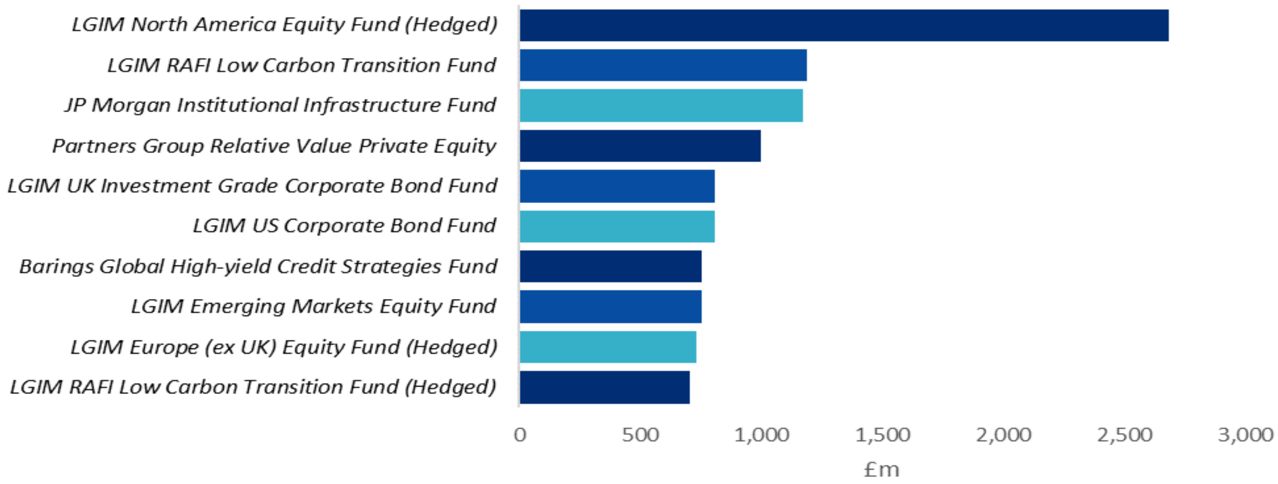
£6,310m
Equity

800 listed holdings
20.9% Total Fund

£13,657m
Pooled Funds

26 pooled holdings
45.2% Total Fund

Top Pooled Fund Holdings



£6,971m
Private Markets

160 Investments
23.0% Total Fund

£2,340m
UK Property

57 Investments
7.7% Total Fund

Market Commentary

Anxiety about persistent inflationary pressure continued to hang over markets at the start of 2023/24, putting actions of central banks and the trajectory of future interest rates front and centre in the minds of investors.

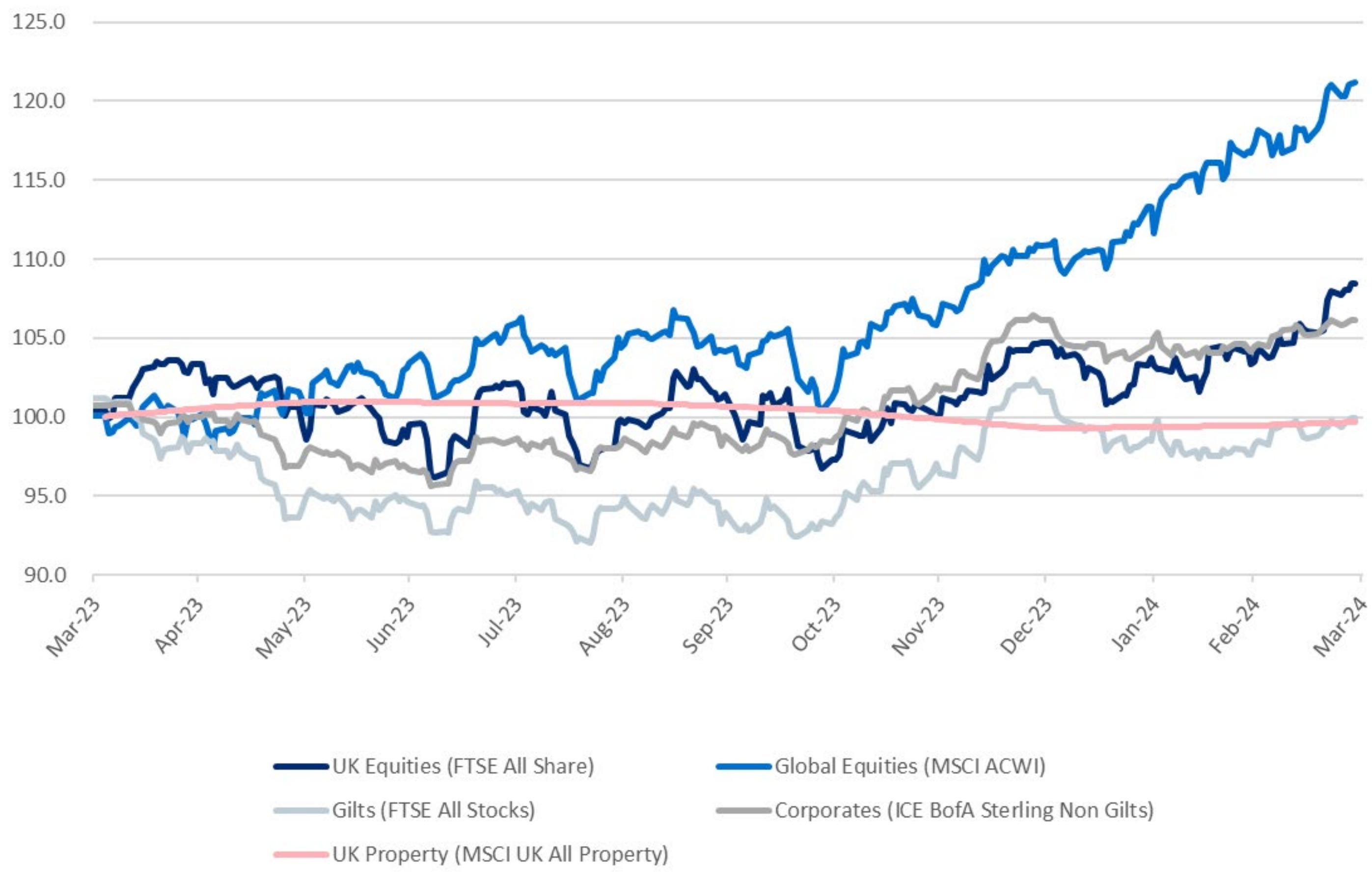
Despite these headwinds and boosted by the performance of growth-orientated artificial intelligence stocks, developed equity markets rallied in Q2 2023 on optimism about the US economy and hopes of cooling inflation. Falling inflation in the US, Europe and, latterly, the UK, were not enough to stall a market retreat during Q3, however, as hopes for a 'soft landing' and interest cuts were superseded by a 'higher-for-longer' narrative from central banks. The fourth quarter of 2023 was emblematic of the entire year, with investor optimism or otherwise inextricably linked to speculation about the monetary policy paths of major central banks. October 2023 was a particularly challenging month; global equities continued to fall, bogged down by geopolitical fears about war in the Middle East and uncertainty over whether interest rates had peaked. In contrast, in the final two months of the year markets staged a blistering rally, when robust economic data suggested that the US Federal Reserve may be able to conclude its rate rises and begin to cut rates in 2024.

Global equity markets worldwide rose again sharply in Q1 2024. The S&P 500 soared, with four members of the so-called "Magnificent Seven" group of mega cap stocks—NVIDIA, Meta, Amazon, and Microsoft—accounting for 50% of the index's gain. The blockbuster quarterly earnings of US-based artificial intelligence (AI) chip designer Nvidia reverberated across global stock markets, sparking a strong, broad-based rally that was especially beneficial to shares of technology companies linked to AI.

Yields on global government bonds rose in the first half of the financial year, at first because inflation proved sticky and then, even as inflation began to fall, due to the prospect of higher interest rates for longer. 10-year yields in the US, the UK and Germany all ended Q4 2024 lower, amid signs of economic weakness, falling inflation and the expectation that banks might pivot towards monetary easing early in 2024. Hopes for multiple interest rate cuts were dashed early in the new year, however. In the US, business confidence surged as the various indicators suggested a pick-up in the US economy. European economic indicators also improved although remained weak relative to their US counterparts. Globally, government bond yields all ended Q1 2024 higher.

The MSCI Monthly Property Index fell by **-1.1%** in 2023/24. The UK commercial real estate market had stabilised in April and May 2023, before edging back into negative territory during June and throughout Q3 as increases in the UK base rate caused the cost of borrowing to rise and property values to fall. Investment conditions remained challenging in Q4 2023 but although investment activity was still subdued during the first quarter of 2024, capital value declines did moderate. Sector performance was highly polarised throughout the financial year, with industrials the only sector to deliver positive performance on a quarter-by-quarter basis, while offices was the weakest performing sector.

Market Returns 2023/24



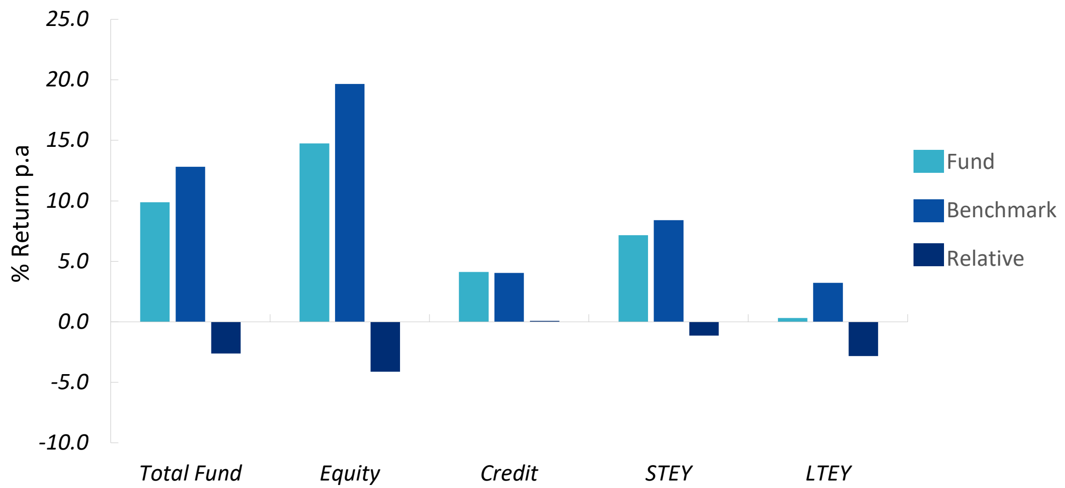
Performance Measurement

The Fund measures performance using the service provided by its global custodian, Northern Trust.
The performance objective for each investment manager with an active investment mandate is to outperform a benchmark, which may be a cash plus target or an appropriate market index or performance universe. The performance of the Fund as a whole is measured against a blended benchmark, based on individual manager benchmarks and allocations. Details of the Fund's current benchmark are provided in Schedule 2 of the Fund's Statement of Investment Principles.

The Fund's performance has been calculated based on Northern Trust's consolidated valuation of the Fund as at 31st March 2024.

Investment Returns for 2023/24

Fund and Asset Class Performance



Strathclyde Pension Fund returned **+9.9%** in 2023/24, compared to a benchmark return of **+12.8%**.

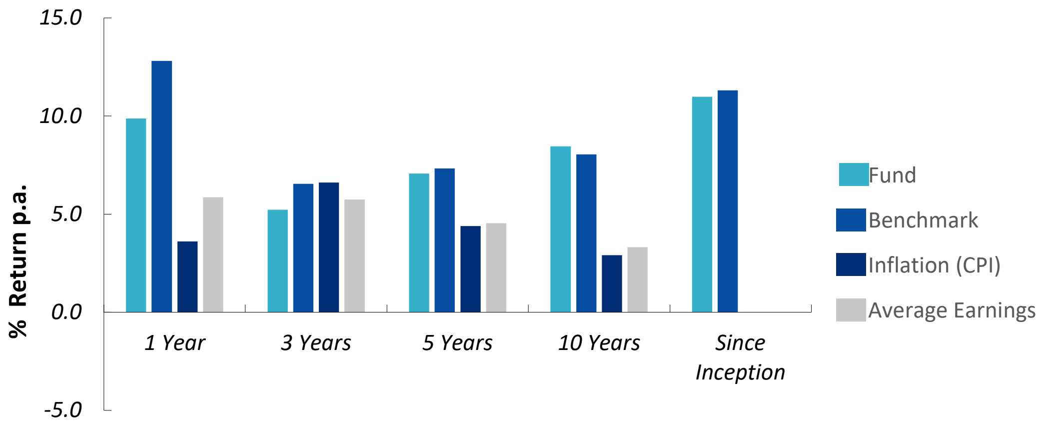
Strathclyde Pension Fund returned +**9.9%** over 2022/23, **-2.9%** behind its benchmark return of **+12.8%**.

- **Equity** portfolios achieved a combined return of **+14.7%**, compared with a benchmark return of **+19.7%.** The absolute return of all listed and private equity portfolios was positive. Only one active mandate, the Lombard Odier Small Cap portfolio, outperformed its benchmark. The Lazard and Oldfield global equity and the Pantheon and Partners Group private equity portfolios detracted most from overall relative performance.
- **STEY** performance was positive **(+7.2%)** but behind benchmark **(+8.4%)**. The return on all portfolios except Ruffer was positive. On a relative basis, the Ruffer, Pimco, Alcentra and ICG Longbow mandates underperformed and detracted from the relative performance of the asset class overall.

- **LTEY** combined performance was positive but behind benchmark. Returns from the DTZ UK direct property portfolio and the Partners Group global real estate portfolio were negative on an absolute and relative basis. The JP Morgan International Infrastructure fund was the only portfolio in this asset class to achieve positive absolute and relative performance.
- The **Hedging/ Insurance** and **Credit** asset classes were invested solely in passive credit funds for the majority of the year, before switching some exposure (1.5% of total Fund) to gilts in Q1 2024. **Credit** portfolios were up +**4.1%** over the year, marginally ahead of benchmark.

Longer Term Performance

Long Term Performance to 31st March 2024

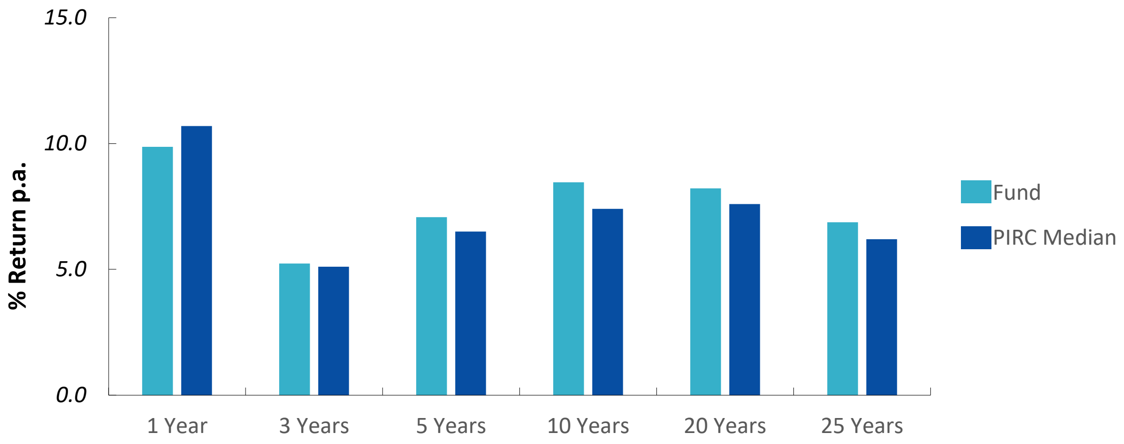


Total Fund performance was behind benchmark over the financial year, but ahead of inflation and average earnings growth. Fund performance is behind all indicators over the 3-year period, ahead of inflation and average earnings but behind its strategic benchmark over 5 years, and ahead of the strategic benchmark, inflation and average earnings over the 10-year period. Equity investments remain the largest contributor to the Fund's positive absolute performance over the past 10 Years, with positive property portfolio performance the second largest factor.

Strong performance of individual portfolios, most notably JP Morgan and Lombard Odier smaller companies, Pantheon and Partners Group private equity and DTZ UK property, has added further value.

Pension Fund Returns

Strathclyde Pension Fund subscribes to PIRC's Local Authority Pension Performance Analytics Services, which gathers and compares the performance of UK Local Authority Pension Funds. Strathclyde Pension Fund has exceeded median performance over 3, 5, 10, 20 and 25 years. The Fund has ranked in the top quartile of local authority funds over the 5, 10, 20 and 25 year time periods.



Investment Management Costs

The level of fees and expenses paid by the Fund to individual investment managers varies relative to the complexity involved in managing a particular investment asset and strategy, the associated risk and expected investment returns. The Fund complies with CIPFA guidance on investment management costs when completing its financial statements. Fees and expenses incurred within a pooled investment vehicle as a result of that vehicle's investment in other pooled funds are not included in the Fund's financial statements, as the Fund has no control over these costs. This type of 'fund of fund' investing typically occurs in private market investments. CIPFA suggests that these 'Tier 2' expenses can be included for information elsewhere in the annual report. Investment manager estimates of the Fund's share of 'Tier 2' costs for 2023/24 were £23.4m (2022/23 £71.5m).

The Local Government Pension Scheme (LGPS) Code of Transparency

The LGPS Scheme Advisory Board in England and Wales launched a Code of Transparency in May 2017, publishing a cost template that would allow pension funds to gather cost information for listed investment assets in a consistent manner. Since then, the Cost Transparency Initiative has further developed industry standard templates to form a framework for investors to receive standard cost and charge information from asset managers.

The Fund is a strong supporter of the work carried out to date on cost transparency, and all but one of its institutional investment managers have signed up to the Code. The Fund continues to engage with all managers, including managers of the Direct Impact Portfolio, to support the Code and to encourage them to complete the cost template relevant to their asset class.

Investment Strategy Review 2023/24

A review of investment strategy in conjunction with the actuarial valuation of the Fund as at 31st March 2023 was completed during 2023/24. The Committee agreed that that a modest reduction in equity risk would be prudent. A reduction in listed equity will fund an increased allocation to traditional fixed income assets, where yields have increased significantly since the last valuation, and an increased allocation to infrastructure assets, which play a key role in achieving the Fund's climate action plan. The revised strategy is as follows:

Strathclyde Pension Fund Strategic Allocation (New)

Asset Category	Strategic Target %
Equity	47.0%
Hedging / Insurance	10.0%
Credit	5.0%
Short-term Enhanced Yield	17.0%
Long-term Enhanced Yield	21.0%
Total	**100%**

Implementation of the revised strategy will commence in Q2 2024. Changes to the underlying investment structure within each asset class are required to achieve the new asset class targets. These include the following:

- The Fund will switch its passive market cap equity allocation to Legal and General's low carbon transition index series.
- The Fund has agreed a new emerging market equity structure, including the introduction of one new active mandate.

- The Hedging/ Insurance allocation will be split equally between passive UK Gilts and Index Linked funds.
- The Credit allocation will be split equally between an ESG tilted fund and a Buy and Maintain credit fund.
- The STEY allocation will include an allocation to private debt secondaries; the allocation to emerging market debt will be removed.
- The LTEY allocation changes include an increase to global infrastructure from 3.5% to 4.5%, and the potential to increase the allocation to the Fund’s Direct Impact Portfolio, subject to the conclusion of a review of DIP during 2024/25.

Background and Strategy

In December 2009, the Strathclyde Pension Fund Committee agreed to establish a New Opportunities Portfolio with a broad remit to invest in assets for which there was an attractive investment case but to which the then current structure did not provide access. The portfolio strategy has been subject to 3-yearly reviews.

The most recent review was concluded in November 2021. This made no change to the objectives, structure, overall size parameters, risk and return parameters, or governance structure, but did result in an increase in the individual investment size parameters and a name change from the Direct Investment Portfolio (which it had been renamed in 2015) to the Direct Impact Portfolio.

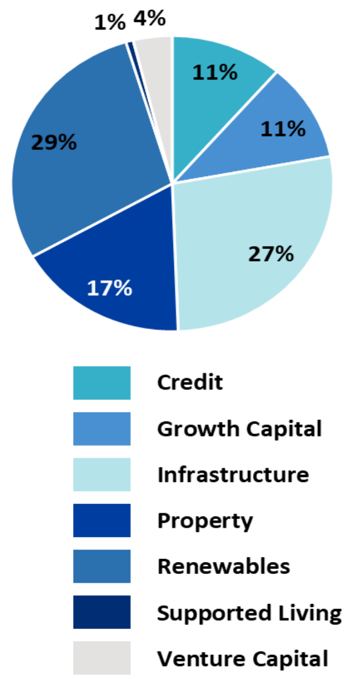
The framework agreed at the 2021 review is summarised below.

Direct Impact Portfolio: Investment Strategy	
Objectives	Primary objective identical to overall Fund investment objective. Secondary objective of adding value through investments with a positive local, economic or ESG (environmental, social, governance) impact.
Strategy & Structure	In line with the Fund's risk-return framework but focused on the UK and on Equity, Long Term Enhanced Yield and Short Term Enhanced Yield asset categories.
Risk and Return	Individual risk and return objectives for each investment Total DIP benchmark: LIBOR to 31st December 2018, CPI +3% thereafter.
Capacity	Target allocation of 5% of total Fund (based on Net Asset Values). Range of **2.5%** to **7.5%** of total Fund.
Investment Size	Target: **£30m** to **£100m** Minimum: **£20m** Maximum: greater of **£250m** or **1%** of Total Fund Value.

Assets under Management

As at 31st March 2024, DIP commitments totaled **£2,046m**, or **7%** of total Fund, with a further **£15m** of commitments from the internal Co-Investment programme in the final stages of legal diligence. The Net Asset Value of investments was **£1,490m** or **5%** of total Fund. DIP investments span 7 broad sectors with Infrastructure, Renewable Energy and Property comprising the 3 largest components and representing a combined total of **73%** of the total portfolio.

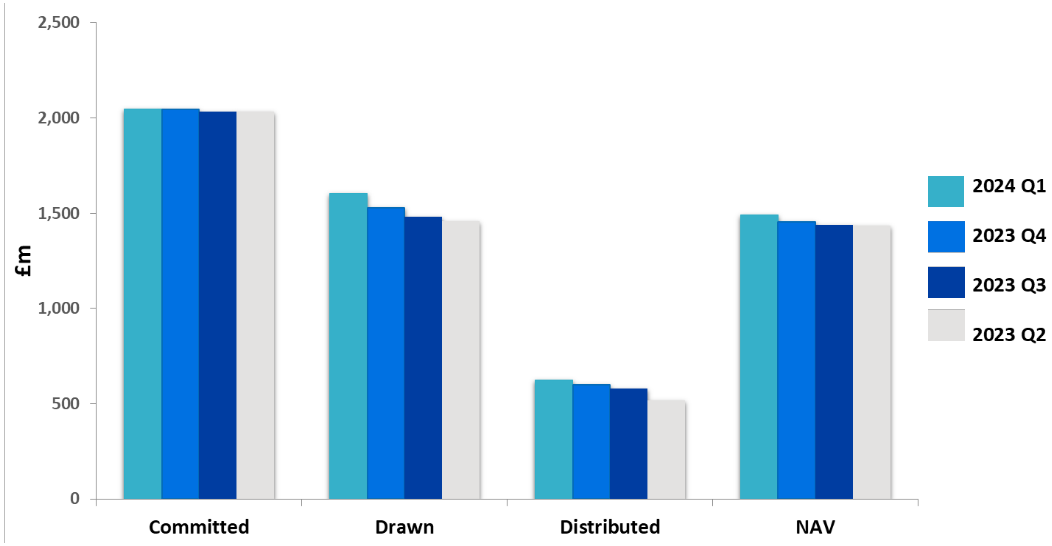
COMMITMENTS BY SECTOR
£2,046m



Change in Investment Profile

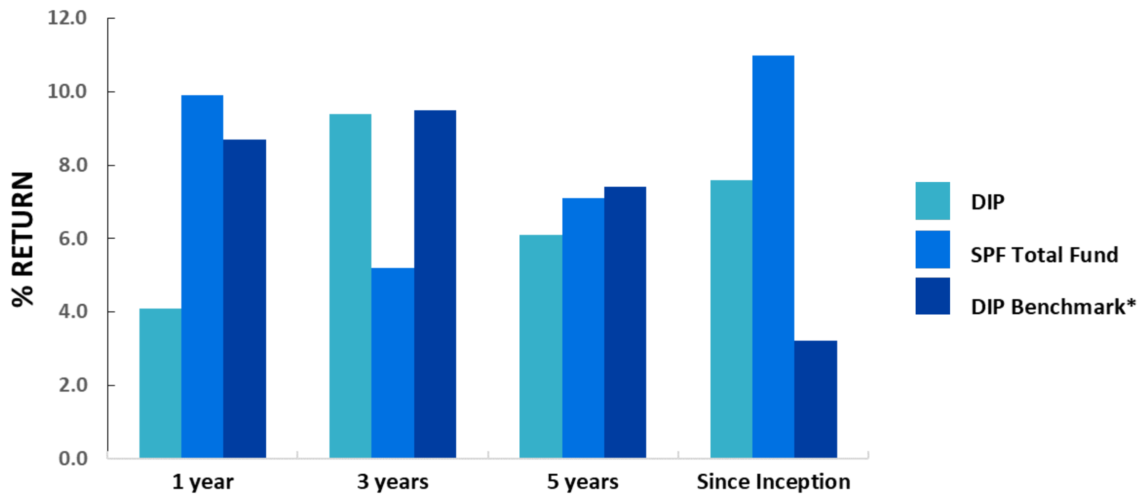
The value of approved DIP commitments increased by **£40m** in the financial year and totaled **£2,046m** at 31st March 2024.

The net asset value of DIP increased by **£96m** in 2023/24. **£138m** of distributions brought the total received since inception to **£625m**.



Investment Performance

DIP has achieved a net return of **+7.6%** per annum since inception. Sector returns compare very favourably against SPF's overall returns, but DIP tends to lag the Total Fund performance because of its much lower equity allocation.



* DIP Benchmark: CPI +3% from 2019 , previously LIBOR

Review of Investment Opportunities

During the year the SPF direct investment team reviewed **190** opportunities across a range of asset classes:

- Credit (37)
- Infrastructure (28)
- Property (39)
- Renewable Energy (18)
- Supported Living (0)
- Venture/Growth Capital (68)

1 Investment opportunity was approved by the SPF Committee in the financial year as well as 1 investment made from the previously approved Co-Investment programme.

New Investments

2 new investments were approved in the year.

£25m to **Par Equity Northern Scale-Up Fund**, to invest in early stage, high growth technology companies in the North of the UK.

£15m to **Schroders Greencoat Glasgow Terrace,** from the DIP Co-investment programme, to invest in a solar energy portfolio of assets consisting of 53 operating solar farms in the UK.

Impact

Risk and return are the primary considerations of DIP's investments but since the portfolio's inception in 2009, local and ESG impacts have been important secondary considerations.

DIP has a formal secondary objective to add value through investments with positive local, economic or ESG benefit and in 2021 the portfolio further reflected the importance of impact with the change of name to the Direct Impact Portfolio.

Through DIP, Strathclyde Pension Fund is investing in the industries and companies that will deliver the climate solutions required to achieve the Paris Agreement's overall goal of global net zero emissions by 2050.

The Direct Impact Portfolio measures impact across all its investments and can demonstrate:

- Greenhouse gas emissions avoided & carbon offsets in its **Infrastructure** and **Renewable Energy** funds.
- a reduction in carbon emissions through development and energy efficiency in its **Property** Investments, and
- delivery of strong Environmental, Social and Governance practices across its **Credit, Venture,** and **Growth Capital** funds. Figures for 2023 are set out in the table opposite.

The underlying data in the Impact table is obtained from DIP managers and reflects DIP's weighted stakes in the assets. The conversion factors used by SPF to calculate offset figures are sourced from Ofgem and official UK Government websites.

Measurable Impact in 2023 includes:

Impact	2023
Environmental	
- CO_2e (tons) emissions avoided p.a.	**176,696**
- Homes powered p.a.	**317,412**
- Average sized cars removed from the roads p.a.	**167,357**
Social	
- Infrastructure projects - stakes in	**>15,400 assets**
Governance	
- PRI Signatories	**33(35)**
Local	
- Scottish Investments – stakes in	
- 99 Schools	**£200m**
- 13 hospitals	**£128m**
- >1,100 Affordable Housing Units	**£160m**
- 670 Build to Rent units	**£163m**

A full list of DIP investments is set out below.

Fund	Sector	SPF Commitment (£m)	Vintage Year
Beechbrook UK SME Credit II Fund	Credit	30	2016
Beechbrook UK SME Credit III Fund	Credit	40	2021
Healthcare Royalties Partners III LP	Credit	20	2013
Invesco Real Estate Finance Fund II (formerly GAM REFF II)	Credit	20	2018
Muzinich UK Private Debt Fund	Credit	15	2015
Pemberton UK Mid-Market Direct Lending Fund	Credit	40	2016
Scottish Loans Fund	Credit	6	2011
TDC II (previously Tosca Debt Capital Fund II LP)	Credit	30	2017
TDC III (previously Tosca Debt Capital Fund III LP)	Credit	30	2019
	9	**231**	
Corran Environmental Fund II	Growth Capital	20	2024
Foresight Regional Investment V LP	Growth Capital	30	2023
Maven Regional Buyout Fund	Growth Capital	20	2017
Palatine Impact Fund II	Growth Capital	25	2022
Palatine Private Equity Fund IV	Growth Capital	25	2019
Panoramic Enterprise Capital Fund 1 LP	Growth Capital	3	2010
Panoramic Growth Fund 2 LP	Growth Capital	13	2015
Panoramic SME Fund 3 LP	Growth Capital	25	2022
SEP III	Growth Capital	5	2006
SEP IV LP	Growth Capital	5	2011
SEP V LP	Growth Capital	20	2016
SEP VI LP	Growth Capital	30	2021
Clean Growth Fund	Venture Capital	20	2020
Epidarex Fund II	Venture Capital	5	2013
Epidarex Fund III	Venture Capital	15	2019
Par Equity Northern Scale-Up Fund	Venture Capital	25	2023
Pentech Fund III	Venture Capital	10	2017
SEP II	Venture Capital	5	2000
	18	**301**	
Dalmore Capital Fund 3 LP	Infrastructure	50	2017
Dalmore Capital Fund 4 LP	Infrastructure	50	2021
Dalmore II 39 LP	Infrastructure	50	2021

Dalmore PPP Equity PiP Fund	Infrastructure	50	2014
Equitix Fund IV LP	Infrastructure	30	2015
Equitix Fund V LP	Infrastructure	50	2018
Equitix Fund VI LP	Infrastructure	50	2020
Equitix MA 19 LP (Co-Investment Fund)	Infrastructure	50	2020
Hermes Infrastructure Fund II	Infrastructure	50	2017
PIP Multi-Strategy Infrastructure LP(Foresight)	Infrastructure	130	2016
	10	**560**	
Clydebuilt Fund II LP	Property	100	2021
Clydebuilt Fund LP	Property	75	2014
Funding Affordable Homes	Property	30	2015
Legal & General UK Build to Rent Fund	Property	75	2016
Man GPM RI Community Housing Fund	Property	30	2021
Places for People Scottish Mid-Market Rental (SMMR) Fund	Property	45	2019
Alpha Social Long Income Fund	Supported Living	15	2015
	7	**370**	
Albion Community Power LP	Renewable Energy	40	2015
Capital Dynamics Clean Energy Infrastructure VIII	Renewable Energy	40	2019
Capital Dynamics Clean Energy UK Fund	Renewable Energy	60	2023
Greencoat Solar Fund II LP	Renewable Energy	50	2017
Iona Environmental Infrastructure LP	Renewable Energy	10	2011
Iona Renewable Infrastructure LP	Renewable Energy	14	2017
Iona Resource and Energy Efficiency (Strathclyde) LP	Renewable Energy	6	2021
Macquarie GIG Renewable Energy Fund I	Renewable Energy	80	2015
NextPower UK ESG Fund	Renewable Energy	60	2022
NTR Wind I LP	Renewable Energy	40	2015
Quinbrook Renewables Impact Fund	Renewable Energy	50	2020
Resonance British Wind Energy Income Ltd	Renewable Energy	10	2013
Schroders Greencoat Glasgow Terrace	Renewable Energy	15	2023
Temporis Impact Strategy V LP	Renewable Energy	50	2021
Temporis Operational Renewable Energy Strategy (TORES II) (prev. TREF)	Renewable Energy	30	2015
Temporis Operational Renewable Energy Strategy (TORES)	Renewable Energy	30	2017
	16	**585**	
Total as at 31/03/2024	**60**	**2,046**	

POLICY

The Fund is a signatory to the United Nations Principles for Responsible Investment (PRI) and has adopted the principles as its responsible investment policy.

The text of the principles is as follows:

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

STRATEGY

Responsible Investment activity is carried out by:

- the Fund's investment managers who are required to exercise the Fund's voting rights, to incorporate analysis of ESG issues into their investment analysis and expected to engage on these issues with the companies in which they invest;
- Sustainalytics, a specialist responsible investment engagement overlay provider; and
- the Fund itself through its oversight of investment managers and through direct engagement, and collaboration with other investors including the Local Authority Pension Fund Forum (LAPFF), ShareAction, Institutional Investor Group on Climate Change (IIGCC), Climate Action 100+ and other *ad hoc* alliances.

Signatory of:

PRI Principles for Responsible Investment

We believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios.

PRI ASSESSMENT

Strathclyde Pension Fund achieved a maximum overall A+ score in the most recent annual PRI survey.

Signatory of:

Reporting

The Strathclyde Pension Fund Committee receives regular reports summarising the Fund's responsible investment activity. The Fund is a signatory to the UK Stewardship Code and publishes an annual stewardship report. Reports can be viewed on the Fund's website at www.spfo.org.uk.

Engagement

The following is a selection of the engagement topics reported over the year. The engagements address a majority of the 17 UN Sustainable Development Goals (SDGs):

- Climate Change
- Executive Remuneration
- Waste Management
- Modern Slavery
- Occupational Health & Safety
- Water Rights
- Farm Animal Welfare
- Business Ethics and Corruption
- Cybersecurity & Data Privacy
- The Living Wage
- Deforestation and Biodiversity
- Child Labour
- Labour Rights
- Human Rights
- Accounting and Taxation
- Agriculture Emissions
- Indigenous Land Rights
- Food Security
- Equality & Diversity
- Air Pollution
- Sanctions
- Weapons

There is clear evidence that engagement by investors with companies on ESG issues can create shareholder value.

PRI

Responsible Investment Partnerships

Signatory of:

The United Nations backed Principles for Responsible Investment works to understand the investment implications of environmental, social and governance (ESG) factors and to support its investor signatories in incorporating these factors into their investment and ownership decisions. The PRI's 6 Principles contribute to developing a more sustainable global financial system with over 5,300 signatories, from over 80 countries, representing over US$120 trillion.

The Local Authority Pension Fund Forum (LAPFF) brings together 94 public sector pension funds and investment pools in the UK with combined assets of over £350 billion to promote the long-term investment interests of member funds and beneficiaries, and to maximise their influence as shareholders whilst promoting the highest standards of corporate governance and corporate responsibility at investee companies.

ShareAction is a UK charity that promotes responsible investment. ShareAction aims to improve corporate behaviour on environmental, social and governance issues. The charity has launched numerous campaigns, with support from savers, charities, unions, faith groups and other civil society organisations to engage with investors to bring about change. The Fund is an active supporter of their Good Work campaign and Investor Decarbonisation Initiative.

Farm Animal Investment Risk and Return (FAIRR) is a collaborative initiative which aims to encourage analysis and engagement around the long-term risks that factory farming poses to portfolios. The Fund is one of 400+ institutional investors representing over US$70 trillion in assets supporting FAIRR's collaborative investor engagements on environmental risks in meat and dairy supply chains.

The Institutional Investors Group on Climate Change (IIGCC) is the leading European investor body for collaboration on climate change. With over 400 members, from 27 countries, representing over €60 trillion in assets IIGCC provides investors with a collaborative platform to encourage public policies, investment practices and corporate behaviour that address long-term risks and opportunities associated with Climate Change.

The Carbon Disclosure Project (CDP) is a collaborative initiative to accelerate company action on carbon reduction and energy efficiency activities. The Fund is an active supporter of four CDP initiatives.

- CDP Climate Change – Requests information on climate risks and low carbon opportunities from the world's largest companies and encourages them to take action to reduce their greenhouse gas emissions.
- CDP Water – Asks companies to provide data about their efforts to manage and govern freshwater resources.
- CDP Forests – Asks companies to provide data on their efforts to stop deforestation.
- CDP Non-Disclosure Campaign – Targets those companies that continually decline to disclose and offers a tangible process in which they can contribute to broadening the coverage of environmental data.

Climate Action 100+ was launched in December 2017 and has the support of 700 investors representing US$68 trillion in assets. Entities backing the project include many of the UK's local authority schemes, and some of the most influential Australian, Canadian and US public pension funds. Co-ordinators include the Institutional Investors Group on Climate Change (IIGCC), and Principles for Responsible Investment (PRI). The initiative uses carbon mapping data to target the worst climate offenders directly, to curb their emissions, improve climate governance and strengthen disclosure. Engagement is focused on 167 companies who have a major role to play in the transition to a net-zero emissions economy with the goal of cutting their global emissions by 80 per cent by 2050.

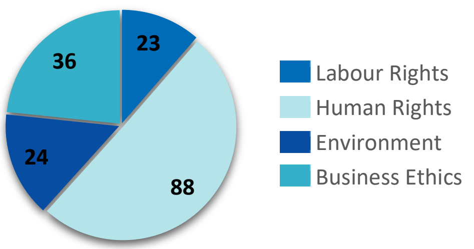
The Science-Based Targets initiative (SBTi) is an investor supported partnership between CDP, the World Resources Institute, the WWF and the UN Global Compact, which aims to define and promote best practice in greenhouse gas emissions reduction target-setting. More than 5,000 companies, representing 25% of total global emissions, are targeted.

Sustainalytics

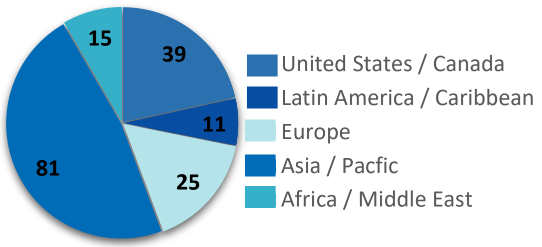
The Fund's external investment managers are assisted by responsible investment specialist, Sustainalytics, who co-ordinate engagement efforts and provide detailed research to focus the collaborative effort of the investment managers.

In 2023, Sustainalytics engaged on **171** cases associated with violations of international norms and conventions. In addition, they resolved **9** cases and opened **15** new cases. **183** meetings were held with companies relating to these cases, including **3** in person meetings. In total, Sustainalytics was in contact with companies **2,433** times through emails, conference calls and meetings.

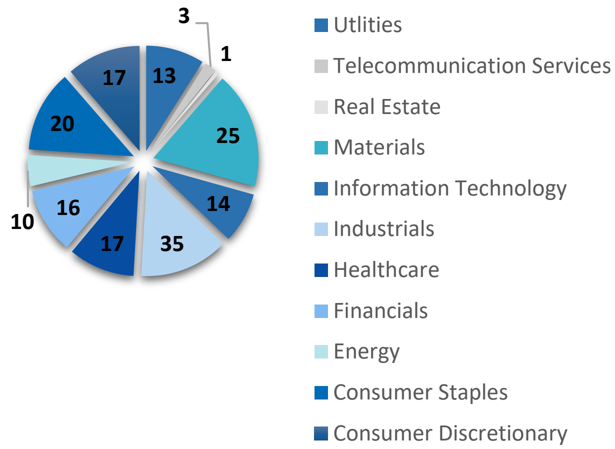
Types of Engagement



Geographic Breakdown



Industry Sector Breakdown



Sustainalytics engagement highlights in 2023

Sustainalytics engaged with a range of companies in 2023 including: Barrick Gold Corp. regarding human rights violations in Papua New Guinea and Tanzania; Total Energies regarding human rights and environmental impacts of oil and gas projects in Uganda; Swiss bank UBS Group regarding multiple business ethics-related controversies over the past decade; Stryker Corp. regarding negative impacts of its products; Johnson & Johnson regarding the quality and safety risks of several of its medical devices and products.

Sustainalytics Thematic Engagement services allow investors to align their interests in addressing specific issues with their engagement activities. The Fund is a subscriber and active supporter of the following Sustainalytics thematics; Responsible Cleantech, Modern Slavery, The Governance of Sustainable Development Goals (SDGs), Climate Change - Sustainable Forests and Finance, Feeding the Future. The thematic engagements seek to directly contribute to the 17 UN Sustainable Development Goals (SDGs). Details of the engagements are available at: https://www.sustainalytics.com/investor-solutions/stewardship-services/engagement services/thematic-engagement

Voting Results

2023/24 United Kingdom

The Fund ensures that the votes attaching to its holdings in all quoted companies are exercised whenever practical. The Fund's voting policy is exercised by its investment managers in accordance with their own corporate governance policies, and taking account of current best practice including the UK Corporate Governance and Stewardship Codes. The Fund occasionally votes shares directly, usually in support of shareholder motions.

UK

Manager	No of Meetings	No of AGM	No of EGM	Combined AGM/EGM	No of Resolutions	Votes For	Votes Against	Abstain	Not Voted	Proxies Lodged	Proxies Not Lodged
Legal & General	**427**	317	110		**5,358**	**5,059**	**295**	**4**		**427**	
Baillie Gifford	**3**	3	0		**64**	64	0	0	0	**3**	**0**
Lazard	**9**	9	0		**223**	194	1	0	28	**8**	**1**
Oldfield Partners	**6**	5	1		**118**	67	2	1	48	**4**	**2**
Veritas	**3**	3	0		**71**	67	4	0	0	**3**	**0**
Lombard Odier	**143**	117	26		**1,682**	1,392	32	2	256	**124**	**19**
JP Morgan	**37**	34	3		**667**	535	6	0	126	**29**	**8**
Genesis	**0**				**0**					**0**	
Total	**628**	**488**	**140**	**0**	**8,183**	**7,378**	**340**	**7**	**458**	**598**	**30**
Total %						**90%**	**4%**	**<1%**	**6%**	**95%**	**5%**

2023/24 Overseas

Most resolutions involve routine matters of business and the expectation would be for managers to vote for the majority of proposals. The Fund operates a securities lending program. Where shares are out on loan at the time of the company meeting, proxies are not lodged. The tables above show how votes were actually cast.

Overseas

Manager	No of Meetings	No of AGM	No of EGM	Combined AGM/EGM	No of Resolutions	Votes For	Votes Against	Abstain	Not Voted	Proxies Lodged	Proxies Not Lodged
Legal & General	**5,755**	2,642	3,113	0	**134,873**	**100,788**	**33,070**	**1,015**		**5,755**	
Baillie Gifford	**93**	85	6	2	**1,257**	993	71	5	188	**79**	**14**
Lazard	**98**	82	4	12	**1,587**	1,315	147	6	119	**94**	**4**
Oldfield Partners	**21**	18	1	2	**330**	233	18	0	79	**18**	**3**
Veritas	**26**	23	1	2	**431**	305	57	0	69	**22**	**4**
Lombard Odier	**29**	20	9	0	**252**	200	5	1	46	**25**	**4**
JP Morgan	**453**	380	61	12	**4,331**	3,251	444	21	615	**411**	**42**
Genesis	**111**	81	30		**952**	825	105	22		**111**	
Total	**6,586**	**3,331**	**3,225**	**30**	**144,013**	**107,910**	**33,917**	**1,070**	**1,116**	**6,515**	**71**
Total %						**75%**	**24%**	**<1%**	**1%**	**99%**	**1%**

Strathclyde Pension Fund

SECTION 6

SCHEME ADMINISTRATION

STRATHCLYDE PENSION FUND OFFICE (SPFO)

Glasgow City Council is the administering authority for the Local Government Pension Scheme (LGPS) in the west of Scotland. To fulfil this role the Council has established and maintains the Strathclyde Pension Fund (SPF). Administration of LGPS benefits for members of the Fund is carried out by the Strathclyde Pension Fund Office (SPFO).

SPFO:

- is a division of Glasgow City Council's Financial Services Department; and
- administers the Scheme on behalf of **146** employers and over **286,000** members.

THE LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The LGPS is a statutory scheme established under primary legislation – the Superannuation Act 1972 and Public Service Pensions Act 2013. The scheme rules take the form of a series of regulations – the Local Government Pension Scheme (Scotland) Regulations. The regulations are Scottish Statutory Instruments (SSIs).

The scheme benefits are set out in the Local Government Pension Scheme (Scotland) Regulations 2018.

lgps | Local Government Pension Scheme

SCHEME BENEFITS

The Local Government Pension Scheme is a defined benefit scheme.

From 1st April 2015 benefits are accrued at a rate of 1/49th of pensionable pay on a career average basis. Prior to that date benefits were accrued on a final salary basis. These benefits are fully protected on the basis under which they were accrued.

A full description of the scheme benefits can be found in the Members area of the SPFO website at www.spfo.org.uk or at www.scotlgpsregs.org

The following table provides a summary.

Summary of Scheme Benefits

Membership up to 31 March 2009	Membership from 1 April 2009 to 31 March 2015	Membership From 1 April 2015
Annual Pension = (Service years/days x Final Pay) / 80	Annual Pension = (Service years/days x Final Pay) / 60 +	Annual Pension = Pensionable pay each year / 49 (half that if in 50/50 section)
+	+	+
Automatic tax-free cash lump sum = 3 x Annual Pension	No automatic tax-free cash lump sum but can convert pension.	No automatic tax-free cash lump sum but can convert pension.
+	+	+

- Annual revaluation and pensions increase in line with CPI inflation
- Partners' and dependents' pensions
- Ill health protection
- Death in service protection

All benefits are paid in accordance with the Local Government Pension Scheme regulations.

ADMINISTRATION STRATEGY

SPFO introduced its first Pension Administration Strategy (PAS) in March 2010. The PAS is reviewed regularly – usually every 3 years. The Strathclyde Pension Fund Committee agreed a revised strategy in June 2023. The revised strategy came into force on 1st July 2023.

The strategy sets out the procedures and performance standards required of both SPFO and its employers to ensure the efficient and effective administration of the pension scheme.

Aims and Objectives

The strategy aims to ensure that:

- a high quality pension service is delivered to all scheme members;
- pension benefits are paid accurately and on time;
- successful partnership working develops between SPFO and its employers;
- performance standards are understood, achieved and reported; and
- performance and service delivery comply with the Local Government Pension Scheme (LGPS) regulations, other related legislation and The Pensions Regulator's Codes of Practice.

Achieving the Objectives

There are five key elements necessary to achieving the PAS objectives:

- clear roles and responsibilities;
- performance and service standards;
- good member data;
- engagement and communication; and
- appropriate resource.

The strategic approach to each of these is described in the strategy.

The Pension Administration Strategy is published on the Fund's website.

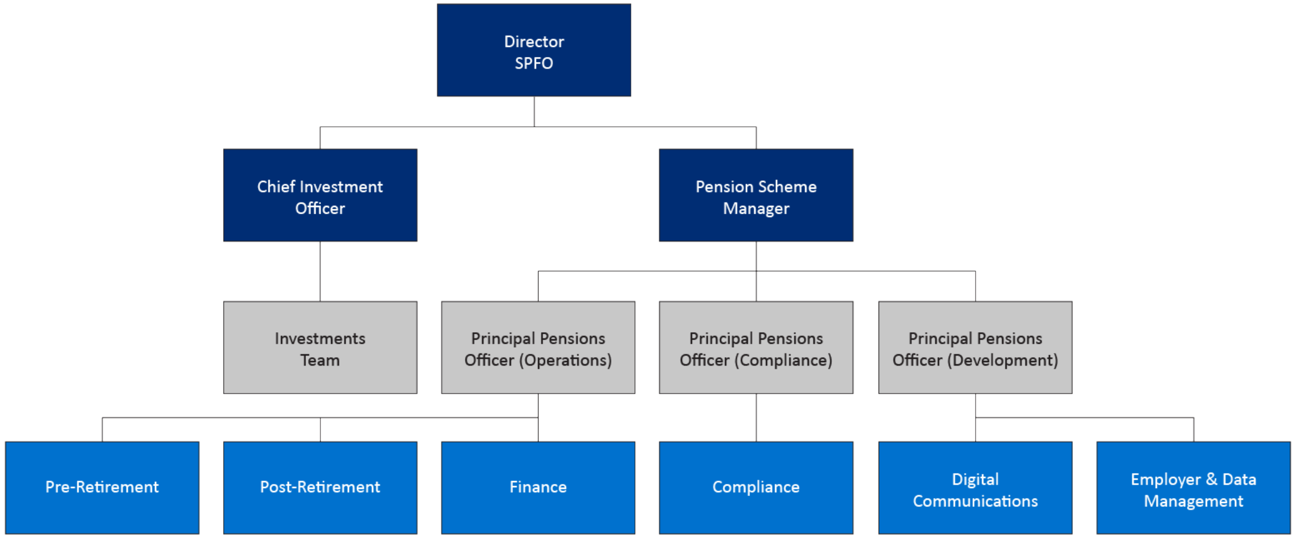
SPFO RESOURCE

Delivery of the PAS objectives requires both employers and SPFO to resource their operations with adequate numbers of staff with suitable knowledge and skills. SPFO resource is reviewed annually in the Business Plan which is approved by the SPF committee. SPFO's staffing structure is summarised below.

SPFO Structure

Total staff in post at 31st March 2024 was 97 (FTE 90.6) this includes 4 Modern Apprentices.

The SPFO staffing structure model is shown below.



Key functions

Pre-Retirement

- updates for new members and status changes
- calculation and processing of a range of provisional benefits
- calculation and processing of a range of transactions in and out of the Fund

Post-Retirement

- calculating and processing actual retirement benefits
- calculations of all death benefits
- recalculations

Finance

- payments in: monthly employee and employer contributions, transfers
- payments out: lump sums, transfers, refunds and monthly pension payroll

Compliance

- system & website maintenance
- regulatory compliance
- data protection, information compliance,
- system security and business continuity
- audit
- procurement/contracts
- health and safety

Digital Communications

- call handling and switchboard
- email, SPFO inboxes, pulse
- mail sorting, scanning & issue
- development of SPFOnline & website
- design of all publications
- member, employer, and staff communications

Employer and Data Management

- monitoring, reconciliation, and reporting of i-Connect
- employer management
- data quality – maintaining member data base
- admissions and cessations
- actuarial valuations

Systems

SPFO is an established user of *Altair* – a bespoke Local Government Pension Scheme administration system. The *Altair* application is upgraded four times a year and SPFO is currently running on version 24.1. Within *Altair*, SPFO has implemented *Task Management, Workflow,* Performance *Measurement* and *Insights* modules. These form the core of process planning, management, monitoring, data analytics and measuring data quality. *Altair* is aligned with a Document Image Processing System (DIPS) to achieve straight-through electronic processing. It also provides internet-based Member Self Service functionality together with *i-Connect,* a secure portal which allows employers to send data submissions direct to SPFO and to upload documents for processing. Ongoing use, continuous development, and increasing member engagement in these areas are key aspects of the SPFO administration strategy and data improvement plan. For other finance functions, SPFO uses the Council's SAP-based systems. All staff have laptops which provide remote network and systems access. This facilitates hybrid working and flexibility and resilience of working arrangements.

Hybrid working

Hybrid working arrangements remain in place and will continue for the foreseeable future. The current arrangement is service deliver through a combination of staff being in the office at least 2 days a week and working from home the remaining days.

Hybrid working will remain in place for the foreseeable future. The current arrangement is service delivery through a combination of staff being in the office at least 2 days a week and working from home the remaining days.

Developments During 2023/24

Priorities in the SPF 2023/24 business plan included:

The Pension Regulator's (TPR) General Code – The Code was finally laid in Parliament during January 2024 (after a 2021 consultation) effective from 27th March 2024. This will be an ongoing priority to review and ensure compliance within 6 months.

Pensions Dashboard – Preparation for launch of the Dashboard and to meet the Statutory connection date of September 2025. During 2023/24 SPFO has been in discussions with its IT provider to procure the services of an Integrated Service Provider to manage connection to the Dashboard ecosystem. Preparation for data readiness has also commenced. This project will be ongoing throughout 2024/25 and 2025/26.

McCloud Remediation – The Scottish Government laid the Local Government Pension Scheme (Remediable Service) (Scotland) Regulations 2023 on 30 August 2023. They came into force on 1 October 2023. The regulations implement the McCloud remedy and amend the underpin rules to make sure they work correctly. Various strands of work need to be completed to fully implement the regulations. During the year extensive data cleansing was carried out to prepare for the McCloud bulk exercise to be uploaded onto the SPFO pensions system. This exercise was completed at year end with **15.9%** of membership in scope for the remedy and **0.4%** of that membership potentially in scope for rectification which will be the next phase. This project will continue during 2024/25.

The chart below shows movement in membership numbers over the last year and since the 2011 actuarial valuation of the Fund.

Active membership reduced initially and in the last year, but the overall trend has been a steady increase in all membership categories. Total membership as at 31st March 2024 was **286,169**.

SPFO Service Standards

The pension administration strategy sets out the statutory responsibilities of SPFO.

Service standards and Key Performance Indicators (KPIs) for SPFO are set each year in the business plan which is approved by Strathclyde Pension Fund Committee. The KPI definitions are also set out within the business plan.

Administration performance is reported regularly to the Pension Board and to the Strathclyde Pension Fund Committee. All committee reports are published in the Governance area of the SPFO website at:

www.spfo.org.uk

Performance for the year to 31st March 2024 is set out below.

Payment of Pensions

The single most important critical function of SPFO is to ensure that the monthly pensions payroll runs on its due date. This was achieved each month in 2023/24 without incident or delay.

Customer Service

SPFO uses a rolling customer survey to measure members' satisfaction with the quality of service delivery. Scheme members receive a short online questionnaire when each significant transaction is processed. Survey results are summarised in the following table. In addition, comments received in the survey responses are followed up as a means to continuously improve service.

Survey Results 2023/24

	Refunds	Retirals
Forms issued	1,805	5,675
Responses	107	869
Response rate (%)	5.9	15.3
Satisfaction Rating (%)	**77.6**	**86.1**
Target (%)	85.0	90.0
2023/24 full year (%)	*77.6*	*86.1*

Satisfaction target was not achieved in either survey category, though ratings were mostly very good. SPF continues to try to find new ways to improve both response and satisfaction ratings.

Transaction Turnaround

Pensions administration is carried out on the *Altair* pensions system. Turnaround performance is efficiently monitored through a workflow management system called Task Management. The table below shows the targeted and actual performance for 2023/24 together with statutory deadlines.

Turnaround Performance 2023/24

		SPFO Targets			Statutory	
Process	Volumes	Target Days	Target %	Actual %	Deadline	SPF Actual %
Membership Transactions						
New Starts	16,854	15	95%	100%	1 month	100%
Refunds	1,805	7	90%	98%	As soon as reasonably practicable	n/a
Deferred Members	4,683	10	90%	70%	2 months	90%
Retiral Estimates	2,181	20	80%	90.6%	2 months	99%
Payments						
Pensions payroll run on due date	12	n/a	100%	100%	100%	100%
New retirals processed for due payroll date	1,338	n/a	95%	94%	n/a	n/a
Lump sums paid on retirement date	1,338	n/a	95%	83%	n/a	n/a
Deferred retirals processed for due date	1,901	n/a	95%	90%	n/a	n/a
Deferred lump sums paid on retirement date	1.901	n/a	95%	100%	n/a	n/a
Contributions income received on due date	104	n/a	100%	68%	100%	68%

Turnaround performance was mixed - very good in most processes, but much less so in respect of deferred calculations and payment of lump sums on retirement date.

The SPF target is expressed as *x*% of transactions completed within a target time of *y* days. Performance against the statutory timescales is also shown.

Complaints

SPFO complaints are actioned in accordance with Glasgow City Council Complaints Handling procedure. All complaints are recorded using *Lagan*, the Council's system for complaint monitoring and recording.

Stage 1 complaints must be answered within 5 working days. Members can proceed to stage 2 if not satisfied with the response.

Stage 2 complaints must be answered within 20 working days. The Pension Scheme Manager responds to these. An acknowledgement letter must be issued within 3 days.

If the member remains dissatisfied they have the right to refer the complaint to the Scottish Public Services Ombudsman.

		Days to Respond		
Category	Volume	Target	Actual (Average)	Achieved (%)
Processing Delay	12	5	3.6	91.6
Processing Delay (Stage 2)	2	20	21	50
Quality of Information	3	5	3	100
Procedure	5	5	4.2	100
Procedure (Stage 2)	1	20	12	100
Waiting Times (Correspondence)	5	5	2.2	100
Waiting Times (Telephone)	2	5	2.5	100
Other	5	5	2.8	80

Member Data

Employer i-Connect Submissions

Employers are required to submit regular electronic data returns via *i-Connect* no later than the 19th of the month following the reporting period.

SPFO monitors receipt of these submissions.

The table below summarises the submissions received by due date during 2023/24.

Local Authority Employers	*Actual 2022/23*	Target 2023/24	Actual 2023/24
i-Connect submissions received by SPFO by due date	***76%***	**100%**	**88%**

Data Quality

The Pensions Regulator (TPR) has set targets for common data of:

- 100% accuracy for data created after June 2010; and
- 95% accuracy for data created before that date.

TPR also provides guidance on scheme-specific data but has not set prescriptive targets as this should be agreed at Scheme level.

The Pensions Regulator provides the following definitions:

- Common Data are basic items which are used to identify scheme members, including surname, sex, national insurance number, postcode, date of birth, etc.
- Scheme Specific (Conditional) Data are items relating to the member's pension, including employer name, salary records, service history, contributions history, etc.

All pension funds are required to make an annual scheme return to TPR which includes summary figures for core data tests passed Results for the data quality tests for those members in scope are summarised below.

Data Type	TPR Tests Passed % SPFO target	2022/23	SPFO target	2023/24
Common data	*97.8*	*97.8*	**98**	**98.1**
Scheme-specific data	*96.5*	*96.7*	**97**	**97.3**

The only area of significant weakness is in the address field. This relates to a cohort of historic deferred members for whom SPFO has either never held an address or with whom contact has been lost. A strategy is in place to trace these members before their benefits become due.

Altair Insights allows SPFO to monitor data quality scores in real time.

Reporting to the Pensions Regulator

All breaches of the regulations which are identified are logged within SPFO. Any breaches which might be of material significance to The Pension Regulator (TPR) require to be reported.

No breaches which required to be reported occurred during 2023/24.

A

AMEY BPO Services Ltd (Renfrewshire Schools PPP)
Amey Public Services LLP
Argyll & Bute Council
Argyll College
Argyll Community Housing Association Ltd
Auchenback Active Ltd
Ayr Housing Aid Centre
Ayrshire College
Ayrshire Housing
Ayrshire Valuation Joint Board

B

BAM Construct UK Ltd (East Renfrewshire)
BAM Construct UK Ltd (West Dunbartonshire)
Business Loans Scotland
Bridgeton Calton and Dalmarnock Credit Union

C

Cassiltoun Housing Association
CGI UK Ltd
City Building (Contracts) LLP
City Building (Glasgow) LLP
City of Glasgow College
City Property (Glasgow) LLP
Clyde Gateway Urban Regeneration Company
Coalition for Racial Equality And Rights
Coatbridge Citizens Advice Bureau
College Development Network
Community Central Hall
CORA Foundation
Creative Scotland

D

Dunbartonshire & Argyll & Bute Valuation Joint Board

E

East Ayrshire Council
East Ayrshire Leisure Trust
East Dunbartonshire Council
East Dunbartonshire Leisure and Culture Trust
East Renfrewshire Carers
East Renfrewshire Council
East Renfrewshire Culture & Leisure Trust
Easterhouse Citizens Advice Bureau
Enable Glasgow
Engage Renfrewshire
Equals Advocacy Partnership Mental Health
Equans

F

Flourish House
Forth & Oban Ltd
Fyne Homes Ltd **(E)**

G

General Teaching Council for Scotland
Glasgow Association for Mental Health
Glasgow Caledonian University
Glasgow City Council
Glasgow City Heritage Trust
Glasgow Clyde College
Glasgow Colleges Regional Board
Glasgow Council for Voluntary Service
Glasgow Credit Union
Glasgow East Women's Aid **(E)**
Glasgow Film Theatre Glasgow Kelvin College Glasgow Life
Glasgow School of Art
Glasgow West Housing Agency
Glasgow Women's Aid
Good Shepherd Centre
Govan Home and Education Link Project
Govan Law Centre
Govanhill Housing Association
Greenspace Scotland **(E)**

H

H.E.L.P. (Argyll & Bute) Ltd
Hemat Gryffe Women's Aid

I

Inverclyde Council
Inverclyde Leisure
ISS UK

J

Jobs and Business Glasgow
Jordanhill School

K

Kibble School
Kings Theatre Glasgow Ltd

L

Lanarkshire Association for Mental Health
Lanarkshire Housing Association Ltd
Lanarkshire Valuation Joint Board
Linstone Housing Association Ltd **(E)**
Live Argyll
Loch Lomond & The Trossachs National Park Authority

M

Maryhill Housing Association
Milnbank Housing Association
Mitie PFI Ltd (Argyll & Bute Education PPP)
Mitie PFI Ltd (East Ayrshire Education PPP)
Mitie PFI Ltd (North Ayrshire Education PPP)
Mitie PFI Ltd (South Ayrshire Education PPP)

N

New College Lanarkshire
New Gorbals Housing Association
North Ayrshire Council
North Ayrshire Leisure Ltd
North Glasgow Housing Association
North Lanarkshire Carers Together
North Lanarkshire Council
North Lanarkshire Properties

O

OCS Integrated Solutions **(N)**
Optima (Working on Wellbeing) **(E)**

P

Parkhead Housing Association Ltd
Potential Living

Q

Queens Cross Housing Association

R

Rape Crisis Centre **(E)**
RCA Trust
Regen: FX Youth Trust
Reidvale Adventure Playground
Renfrewshire Carers Centre
Renfrewshire Council
Renfrewshire Leisure Ltd
Renfrewshire Valuation Joint Board
River Clyde Homes
Routes to Work Limited
Royal Conservatoire of Scotland

S

SACRO
Sanctuary Scotland Housing Association
Scottish Canals
Scottish Environmental & Outdoor Centres **(E)**
Scottish Fire and Rescue Service
Scottish Library & Information Council
Scottish Maritime Museum Trust
Scottish Out Of School Care Network
Scottish Police Authority
Scottish Qualifications Authority
Scottish Water
Scottish Water Business Stream Ltd
SEEMIS Group LLP
Shettleston Housing Association
Skills Development Scotland Ltd
Sodexo Ltd (Argyll & Bute)
Sodexo Ltd (Fire)
South Ayrshire Council
South Ayrshire Energy Agency
South Lanarkshire College
South Lanarkshire Council
South Lanarkshire Leisure & Culture Limited
Southside Housing Association
Sport Scotland
St Mary's Kenmure
St Philip's School
Strathclyde Partnership for Transport
Strathclyde Wing Hong Chinese Elderly Group

T

The Financial Fitness Resource Team
The Milton Kids D.A.S.H. Club
The Scottish Centre for Children with Motor Impairments
Tollcross Housing Association

U

University of Aberdeen (ex Northern College)
University of Dundee (ex Northern College)
University of Edinburgh (ex Moray House)
University of Glasgow (ex St. Andrew's College)
University of Glasgow (ex SCRE employees only)
University of Strathclyde
University of The West of Scotland
UTHEO Limited

V

W

West College Scotland
West Dunbartonshire Council
West Dunbartonshire Leisure Trust
Wheatley Homes Glasgow Ltd. (formerly GHA)

Y

NEW AND EXITING EMPLOYERS

New employers may participate in the Fund subject to satisfying the requirements of the Local Government Pension Scheme Regulations and the Fund's policy on admissions.

The process for an exiting employer is set out in the regulations which require the Fund actuary to calculate an exit payment. The calculation is carried out on a discontinuance basis which means that the payment can be substantial. SPFO has developed procedures to manage employer exits through phased payments from employers both before and after the event. In practice, an increase in the funding level during 2023/24 has meant that exiting employers now receive an exit credit payment from the Fund.

Employer participation during 2023/24 is summarised in the following table.

Total employers as at 1st April 2023	152
New employers (**N**)	1
Exiting employers (**E**)	7
Total employers as at 1st April 2024	**146**

Communications Policy

The Communications policy was reviewed during the year and adopted with effect from 1st April 2024.

1. INTRODUCTION

Glasgow City Council is the administering authority for the Strathclyde Pension Fund (SPF). The council delegates this responsibility to the Strathclyde Pension Fund Committee. The council and the committee recognise that they have fiduciary duties and responsibilities towards pension scheme members and participating employers that are analogous to those holding the office of trustee in the private sector. In carrying out those duties the committee adopts the following approach to communications..

2. REGULATIONS

Management of the Fund is carried out in accordance with relevant governing legislation and regulations. This policy statement is prepared in accordance with regulation 59 of the Local Government Pension Scheme (Scotland) Regulations 2018..

3. VISION

Everyone with any interest in the Fund should have ready access to all the information they need.

4. OBJECTIVES

- To improve understanding of the scheme and the Fund.
- To promote the benefits of the scheme.
- To allow members to make informed decisions.

5. PRINCIPLES

5.1 Format

SPF communications will:

- Have a clear purpose.
- Have a clear message.
- Be well written and presented.
- Make an impact.

5.2 Brand

The Strathclyde Pension Fund is a strong brand with which members and others identify. SPF will protect and promote it.

5.3 Content

Content will be relevant and timely.

Strathclyde Pension Fund

Everyone with any interest in the Fund should have ready access to all the information they need.

5.4 Delivery

Strathclyde Pension Fund Office (SPFO):

- Will use the most efficient and effective delivery media.
- Will make communications available in alternative formats or in translation in request.
- Is committed to increasing digital access and delivery.

5.5 Measuring Success

SPFO will:

- Measure, monitor and report on its communications programme.
- Encourage engagement, comment and feedback.

Success will be measured in terms of customer engagement and satisfaction. Targets will be agreed in SPF's annual business plan.

Results will be reported annually.

6. PROGRAMME

SPFO's programme of communications is summarised in the following schedules which set out the stakeholder groups, key messages, media used, and deliverables.

Schedule

1. Active Members
2. Deferred Members
3. Pensioner Members
4. Representatives of Members
5. Prospective Members
6. Scheme Employers
7. Other Interested Parties

These schedules are not included here but are available in the full version of the policy document from the Publications area of the website at www.spfo.org.uk

Communications Performance

Digital Communications

Improving and increasing digital delivery of communications is an ongoing priority. Progress is summarised in the table below.

Website	Measure	2023/24 Actual	2023/24 Target	*2022/23 Actual*
www.spfo.org.uk	total weekly visits	**8,412**	7,700	*8,307*
	unique weekly visitors	**4,761**	4,400	*4,567*
SPFOnline	members registered	**136,971**	135,000	*124,642*
	logged in during year	**76,239**	n/a	*n/a*

Developments

Significant progress was made during 2023/24:

- Migration of www.spfo.org.uk to a new GOSS platform was completed, providing enhanced navigation and content management.
- An increase of 12,329 in members registered for the data portal *SPFOnline*, taking the total to 136,971
- A new *Altair Insights* facility was used to report on the number of members logged in during the year
- SPFOnline was developed to provide member information and documentation, and to allow member transactions to be completed online and documents to be uploaded. Document upload has been used as part of bulk communication exercises, pensioner existence checking being an example.

Member Communications

During scheme year 2023/24 SPFO:

- produced and issued annual newsletters for all Employee, Pensioner and Deferred members. These are available on the website at www.spfo.org.uk
- produced and issued annual benefit statements for all employee members. 100% were issued by the 31st August statutory deadline.

Newsletters and annual updates are issued online/ by email wherever possible as summarised in the table below.

Annual Updates/ Newsletters 2023/24			
Issued by:	Active Members (%)	Deferred Members (%)	Pensioner Members (%)
SPFOnline / email [1]	**62**	**55**	**49**
SPFOnline / letter [2]	**34**	**42**	**39**
Hard Copy [3]	**4**	**3**	**12**

Notes:

[1] issued via SPFOnline with notification by email.

[2] issued via SPFOnline with notification by letter.

[3] issued by Post at the member's request.

Member Engagement

Engagement by SPFO with members increased, including issuing active and deferred online members with a survey to capture feedback on pension updates. Results of customer surveys during 2023 are summarised in the satisfaction scores in the following table.

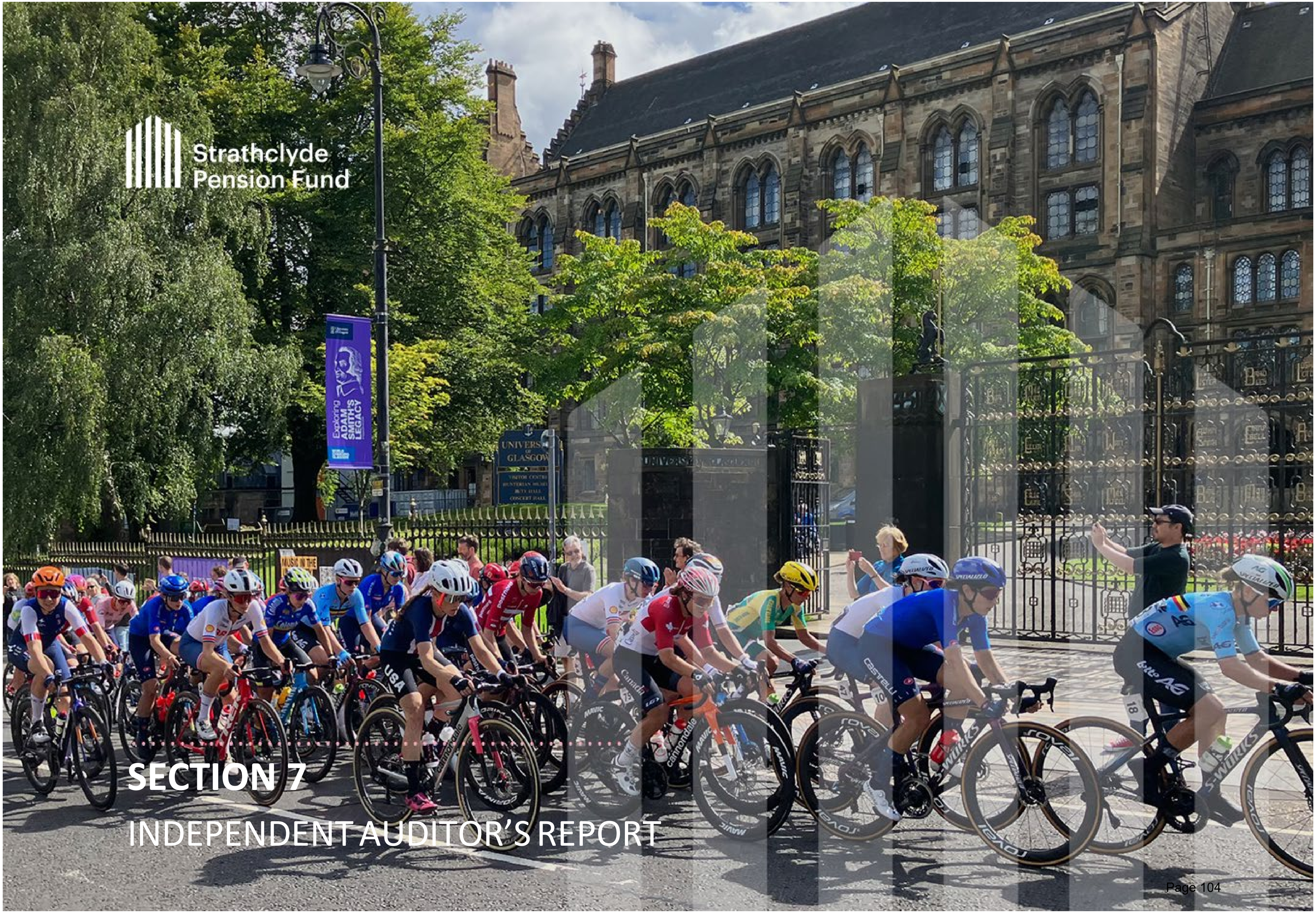
Member Status	2023/24 Score	
	Content (%)	Format (%)
Active	**77.0**	**74.0**
Deferred	**69.5**	**68.7**

The survey will be repeated annually. Targets of 77% satisfaction for active members and 70% for deferred members have been set for 2024/25.

Development Priorities

Current priorities are to increase and improve digital delivery of SPFO communications, develop a more complete suite of communications metrics using *Altair Insights* and the latest version of *Google Analytics* and prepare for SPF's 50th anniversary in 2025 including key messages and re-branding.

Strathclyde Pension Fund



SECTION 7

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Glasgow City Council as administering authority for Strathclyde Pension Fund and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual report of Strathclyde Pension Fund (the fund) for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Fund Account, Net Asset Statement and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the financial transactions of the fund during the year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council as administering authority for the fund. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the fund’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the fund’s current or future financial sustainability. However, we report on the fund’s arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Executive Director of Finance and Glasgow City Council for the financial statements

As explained more fully in the Statement of Responsibilities, the Executive Director of Finance is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Executive Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance is responsible for assessing the fund ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the fund’s operations.

Glasgow City Council is responsible for overseeing the financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, the Local Government in Scotland Act 2003, and The Local Government Pension Scheme (Scotland) Regulations 2018 as amended are significant in the context of the fund;

- inquiring of the Executive Director of Finance as to other laws or regulations that may be expected to have a fundamental effect on the operations of the fund;

- inquiring of the Executive Director of Finance concerning the fund’s policies and procedures regarding compliance with the applicable legal and regulatory framework;

- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and

- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the fund’s controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on other requirements

Other information

The Executive Director of Finance is responsible for the other information in the annual report. The other information comprises the Management Commentary, Annual Governance Statement, Governance Compliance Statement, Statement of Responsibilities and other reports included in the annual report other than the financial statements and our auditor's report thereon.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary, Annual Governance Statement and Governance Compliance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary, Annual Governance Statement and Governance Compliance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003;
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016): and
- the information given in the Governance Compliance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Local Government Pension Scheme (Scotland) Regulations 2018.

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Hassan Rohimun
(for and on behalf of Ernst & Young LLP)
2 St Peter's Square, Manchester, M2 3DF

Strathclyde Pension Fund

SECTION 8

FINANCIAL STATEMENTS

The Council's Responsibilities

Glasgow City Council, as the administering authority for the Strathclyde Pension Fund, is required to:

- Make arrangements for the proper administration of Strathclyde Pension Fund's financial affairs and to secure that the proper officer of the authority has responsibility for the administration of those affairs. In relation to Strathclyde Pension Fund, that officer is the Executive Director of Finance;
- Manage the affairs of Strathclyde Pension Fund to secure the economic, efficient and effective use of resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- Approve Strathclyde Pension Fund's Annual Accounts for signature.

The annual accounts were presented for consideration by the Strathclyde Pension Fund Committee at its meeting of 26 June 2024 and these post audit accounts will be submitted to the Strathclyde Pension Fund Committee to be approved for signing no later than 30 September 2024.

Councillor Richard Bell
City Treasurer and Convener
Strathclyde Pension Fund Committee

Executive Director of Finance's Responsibilities

The Executive Director of Finance is responsible for the preparation of Strathclyde Pension Fund's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Executive Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with legislation; and
- Complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Executive Director of Finance has also:

- Kept adequate accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Strathclyde Pension Fund as at 31 March 2024 and the transactions of the Fund for the period then ended.

Martin Booth BA, FCPFA, MBA
Executive Director of Finance

The financial statements give a true and fair view of the financial position of the Strathclyde Pension Fund as at 31 March 2024 and the transactions of the Fund for the year.

Fund Account as at 31st March 2024

2022/23 £000		Note	2023/24 £000
	Contributions and Benefits Income		
551,379	Contributions from Employers	8	635,958
170,373	Contributions from Employees	8	189,995
29,620	Transfers in from Other Pension Funds	8a	12,200
241	Other		7,876
751,613			**846,029**
	Expenditure		
(560,454)	Pensions Payments	8	(617,969)
(168,524)	Lump Sum and Death Benefit Payments	8	(209,525)
(26,799)	Payments To and On Account of Leavers	9	(22,945)
(755,777)			**(850,439)**
(4,164)	**Net (Increase)/Reduction from Dealings with Members**		**(4,410)**
(166,195)	Management Expenses	10	(190,990)
(170,359)	Net Reduction including Fund Management Expenses		**(195,400)**
412,230	Investment Income	12	495,940
(3,758)	Taxes on Income	13	(4,549)
(732,599)	Change in Market Value of Investments		2,401,361
(324,127)	**Net Returns on Investments**		**2,892,752**
(494,486)	**Net Increase/(Reduction) in the Fund during the Year**		**2,697,352**
28,366,012	Add: Opening Net Assets of the Scheme		27,871,526
27,871,526	**Closing Net Assets of the Scheme**		**30,568,878**

The Fund Account shows the payments to pensioners, contribution receipts from employers and scheme members, and the income, expenditure and change in market value of the Fund's investments.

Net Assets Statement as at 31 March 2024

2022/23 £000		Note	2023/24 £000
	Investment Assets		
5,559,901	Equities	14,15	6,283,117
12,526,112	Pooled Investment Vehicles	14,15	14,105,656
6,803,121	Private Equity / Infrastructure	14,15	6,970,847
6	Index Linked Securities	14,15	6
3	Derivative Contracts	14,15,20	(9)
2,257,500	Property	14,18	2,339,949
581,973	Cash Deposits	14,15	548,969
53,785	Other Investment Assets	14,15	77,642
27,782,401			**30,326,176**
(78,425)	Investment Liabilities	14	(63,479)
1,746	Long-Term Debtors	23	1,648
225,374	Current Assets	24	347,600
(59,570)	Current Liabilities	25	(43,067)
27,871,526	**Net Assets of the Fund as at 31 March**		**30,568,878**

Net assets of the fund as at 31st March 2024 were £30.6 billion

The Net Assets Statement represents the value of assets and liabilities as at 31 March 2024 (excluding actuarial present value of promised retirement benefits). The unaudited financial statements were issued on 26 June 2024 and the audited shall be issued on 11 September 2024.

Martin Booth BA, FCPFA, MBA
Executive Director of Finance

1. General Description of the Fund and its Membership

The Strathclyde Pension Fund was established in 1975 by Strathclyde Regional Council. Glasgow City Council became the Administering Authority for the Fund on 1 April 1996. The Fund is a pool into which employees' and employers' contributions and income from investments are paid. The Fund is also a pool from which pensions and other lump sum benefits are paid out in accordance with the provisions of the Local Government Pension Scheme (Scotland) Regulations.

The Local Government Pension Scheme is a statutory scheme established under the Superannuation Act 1972 and the Public Service Pensions Act 2013.

Glasgow City Council has delegated decision making for the Fund to its Strathclyde Pension Fund Committee. Scheme and Fund administration is carried out by the Strathclyde Pension Fund Office (SPFO), a division of the Council's Financial Services Department. The investment assets of the Fund are externally managed.

Fund Membership

Membership of the Strathclyde Pension Fund includes:

- Employees and pensioners of the 12 local authorities in the former Strathclyde area;
- Civilian employees and pensioners of the Scottish Police Authority and Scottish Fire and Rescue Service;
- Employees and pensioners of other scheduled bodies;
- Employees and pensioners of admitted bodies; and
- Deferred pensioners of scheduled and admitted bodies.

A list of participating employers as at 31 March 2024 can be found on pages 97 to 99 of this Annual Report. The major employers and other scheduled bodies are detailed below.

Major Employers	Other Scheduled Bodies
Argyll and Bute Council	Ayrshire College
East Ayrshire Council	City of Glasgow College
North Ayrshire Council	Glasgow Clyde College
South Ayrshire Council	Glasgow Kelvin College
West Dunbartonshire Council	New College Lanarkshire
East Dunbartonshire Council	South Lanarkshire College
Glasgow City Council	West College Scotland
North Lanarkshire Council	Ayrshire Valuation Joint Board
South Lanarkshire Council	Dunbartonshire Valuation Joint Board
East Renfrewshire Council	Lanarkshire Valuation Joint Board
Renfrewshire Council	Renfrewshire Valuation Joint Board
Inverclyde Council	University of West of Scotland
Scottish Water	
Scottish Police Authority	
Scottish Fire and Rescue Service	
Strathclyde Partnership for Transport	

2. Basis of Preparation

The Annual Accounts have been prepared in accordance with the guidelines set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. The Annual Accounts summarise the transactions of the Fund during the year and the net assets at the year end. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 7 of these accounts.

The Fund's Annual Accounts are generally prepared on an accruals basis. The Net Assets Statement does not include liabilities to pay pensions and benefits after the end of the Fund year and the accruals concept is applied accordingly. Receipts and payments in respect of the transfer of benefits to and from other schemes are treated on a cash basis.

The financial statements are prepared in line with the requirements of the CIPFA Code of Practice on Local Authority Accounting, which outlines that as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. The Fund is established under secondary legislation made under the terms of the Public Service Pensions Act 2013 and is therefore expected to be a going concern until notification is given that the body will be dissolved and its functions transferred. At the date of approval of the financial statements there is no indication of any such notification.

The Fund has carried out an assessment of its going concern status. This included consideration of the following:

- Financial performance and position at 31 March 2024;
- Update on asset position post year end;
- Expected impact of forecasted cash flow on costs and expenditure through management costs and benefits payable for 18 months from the financial statements date of 31st March 2024;
- Readily available funds at 31 March 2024 and post year-end.

At 31 March 2024, the Fund was holding £230m in in-house managed cash in its current account(s) whereas its average monthly outgoings are projected at £78.5m (-£38.7m net of monthly income, excluding investment returns). The Fund forecasts through the going concern assessment to have shortfall of £497m due to the approved reduction in employer contributions. However, when the Funds needs cash, it holds £549m in externally managed cash deposits and anticipates receipt of net investment income of £387m over the assessment period together with current calendar year net distributions of £400m from its private markets programmes. The Fund also holds £17,091m in what are liquid investments in the form of listed global equities and multi-asset passive pooled funds. These are generally realisable within 14 days. Therefore, the Fund remains in a strong position with a healthy funding level, liquid assets that are readily convertible to cash and healthy cash level in the bank. The Fund has considered its financial position at year end and has concluded that it is well placed to continue to manage its business and financial risks successfully. As a result, the financial statements are appropriately prepared on a going concern basis.

3. Summary of Significant Accounting Policies

Fund Account

Contributions Income

Normal contributions from employers are accounted for on an accruals basis at the percentage rate certified by the Fund actuary in the payroll period to which they relate. Contributions from members are accounted for at the rates specified in the scheme regulations. Employers' augmentation contributions and pension strain contributions are accounted for in the period in which the liability arises. Any amounts in respect of strain on the fund due in a year but unpaid will be classed as a current financial asset.

Transfers To and From Other Schemes

Transfer values represent the amounts received and paid from or to other pension funds during the year for members who have either joined or left the Fund during the financial year. Transfer values are calculated in accordance with the Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In. Group transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Investment Income

Interest income is recognised in the Fund accounts as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis. Dividend income is recognised on the date the shares are quoted ex-dividend. Distributions from pooled funds are recognised at the date of issue. Any amounts not received by the end of the reporting period in relation to dividend income or distributions from pooled funds are disclosed in the Net Assets Statement as a current financial asset. Property income consists primarily of rental income that is recognised on a straight-line basis over the lease term. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognized when contractually due.

Change in Market Value

Changes in the net market value of investments comprise all realised and unrealised profits/losses during the year.

Benefits Payable

Pension and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

Taxation

The Fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises and then netted off against investment income.

Management Expenses Include the Following:

Administrative Expenses

All administrative expenses are accounted for on an accruals basis. All staff and accommodation costs of the pensions administration team are charged direct to the Fund. Management and other overheads are apportioned to the Fund in accordance with Council policy.

Oversight and Governance Costs

All oversight and governance costs are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the Fund. Associated management and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment Management Expenses

All investment management expenses are accounted for on an accruals basis. External investment manager fees are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. In instances where an investment manager’s fee note has not been received by the balance sheet date, an estimate based on the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In cases where charges relate to an investment fund as a whole an estimate needs to be made of the costs applicable to the Pension Fund’s holding. In 2023/24 £13.631m of fees are based on such estimates (2022/23 £10.218m). The cost of obtaining investment advice from external consultants is included in investment management charges. The cost of the Fund’s management team are charged direct to the Fund and a proportion of the Council’s costs representing management time spent by officers on investment management is also charged to the Fund.

Net Asset Statement

Financial Assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising in the fair value of an asset are recognised by the Fund.

Valuation of Investments

Quoted investments are valued at closing prices. These prices may be the last trade prices or bid prices depending on the convention of the stock exchange or other market on which they are quoted. Overseas investments and cash are stated in sterling using exchange rates as at close of business on 31 March 2024. The direct property portfolio was valued at 31 March 2024 on a fair value basis by Avison Young, the valuer being qualified for that purpose in accordance with the Royal Institute of Chartered Surveyor (RICS) Valuation Standards manual. Private equity investments have been included at the Fund managers' valuations adjusted for cash movements since the last valuation date where that is earlier than the balance sheet date. Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published or if single priced at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income, which is invested in the fund net of applicable withholding tax.

Foreign Currency Transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

Derivatives

The Fund may use derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. Changes in the fair value of derivative contracts are included in change in market value. The value of future contracts is determined using exchange prices at the reporting date. Amounts due from or owed to the broker are the amounts outstanding in respect of the initial margin and variation margin. The value of exchange traded options is determined using the exchange price for closing out the option at the reporting date. The value of over-the-counter contract options is based on quotations from an independent broker. Where this is not available, the value is provided by the investment manager using generally accepted option-pricing models with independent market data. The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Liabilities

The Fund recognises financial liabilities at fair value at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund. The Annual Accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is summarised below and fully reported elsewhere. These Annual Accounts should be read in conjunction with that information.

Contingent Assets and Liabilities

Contingent assets and liabilities reflect possible assets or financial obligations to the Fund where the potential amount is unable to be estimated and/or it is still not deemed probable that an obligating event has arisen. Contingent assets and liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes (see Note 29).

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits in a note to the Net Assets Statement (Note 7).

Additional Voluntary Contributions

Strathclyde Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential as its AVC provider. Standard Life is the legacy provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year. AVCs are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 (SSI 2010/233) but are disclosed as a note only (Note 31).

Events After the Balance Sheet Date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events may be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Annual Accounts are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Annual Accounts are not adjusted to reflect such events, but where this would have a material effect, the nature and estimated financial impact of such events is disclosed in the notes.

New Standards Adopted/Issued but not yet Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been adopted or issued but not yet adopted.

During the year IFRS 16 was adopted. Overall, the adoption of this standard did not have a significant impact on the Annual Accounts, being a gain of approximately £28.3m. This gain was primarily the result of the introduction of rent free and capital contribution initiatives being retrospectively recognised within the fund account.

All standards within the 2023/24 Code have been adopted.

4. Directly Held Property

The Fund's investment portfolio includes a number of directly owned properties which are leased commercially to various tenants with rental periods remaining between less than one month and greater than 40 years. The Fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by the Code, therefore the properties are retained on the Net Asset Statement at Fair Value. Rental income is recognised in the Fund Account on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a premium paid at the commencement of the lease).

5. Prior Period Adjustments, Changes in Accounting Policies and Estimates

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are only made when required by a proper accounting practice or to provide more reliable or relevant information on the Fund's financial position. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always applied. Changes in accounting estimation techniques are applied in the current and future years.

6. Actuarial Position of the Fund

In accordance with Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2018 an actuarial valuation of the Strathclyde Pension Fund was carried out as at 31 March 2023. Results of the valuation were confirmed during 2023/24 and a copy of the valuation report was issued to all participating employers.

The funding level as at 31 March 2023 was 147.0%. (*106.1% at 31 March 2020*) and there was a funding surplus of £8,902m (£1,197m at 31 March 2020):

2020 Valuation £ million		**2023 Valuation £ million**
20,941	**Fund Assets**	27,872
(19,744)	**Fund Liabilities**	(18,970)
1,197	**Surplus**	8,902

The Fund liabilities were valued on an "ongoing" basis anticipating that the Fund's investments will produce returns which exceed those available from government bonds. The funding target of 100% had been achieved and exceeded at the valuation date.

The whole fund Primary and Secondary employer contribution rates were 26.7% and -7.1%. In practice individual employers pay rates based on their own funding position and membership profile. The Main Employer Group contribution rate was set at: 6.5% (of pensionable pay) for the years commencing 1st April 2024 and 1st April 2025; and 17.5% for the year commencing 1st April 2026. (*Previously 19.3% since 1st April 2012*).

Funding Policy

On completion of the actuarial valuation as at 31 March 2023 the Fund published a revised Funding Strategy Statement in accordance with regulation 56 of the Regulations. The actuary's report and the Funding Strategy Statement are available on the SPFO website at: Actuarial valuation reports and SPF 2023 Funding Strategy Statement.

Next Valuation

The next formal funding valuation will be carried out as at 31 March 2026 with results being available by 31 March 2027.

Funding Projection as at 31 March 2024

Daily updates of the projected funding position and risk metrics are available and are used for inter-valuation monitoring. The actuarial projection provided by the Fund's actuary as at 31 March 2024 recorded a funding position of 159%.

Funding Method

At the 2023 actuarial valuation and for previous valuations a funding method was used that identifies separately the expected cost of members' benefits in respect of:

- Scheme membership completed before the valuation date ("past service"); and
- Scheme membership expected to be completed after the valuation date ("future service").

The funding strategy and the methodology adopted by the actuary incorporate a risk-based approach which allows for 5,000 possible future economic scenarios when assessing the likelihood of contributions being sufficient to meet both the accrued and future liabilities over a given time horizon for the Fund and for each employer.

The funding objective is to achieve the funding target over the target funding period. The funding target (amount of assets compared to liabilities expressed as a percentage) is at least 100% using appropriate actuarial assumptions.

The target funding period and recovery period for any deficit is the weighted average future working lifetime of the active membership – currently around 13 years for the whole Fund. There are many inherent uncertainties in the funding process and a wide range of possible outcomes. It is acknowledged that the actual funding level will fluctuate as a result. The funding strategy targets at least a 80% probability of achieving the target, and a higher probability where possible.

The actuary's report on the valuation is required to include a Rates and Adjustments certificate which specifies for each employer the primary rate and the secondary rate of the employer's contribution for each of the three years beginning with 1 April in the year following that in which the valuation date falls. The primary rate for each employer is the expected cost of future service for that employer's membership. The secondary rate is any percentage or amount by which, in the actuary's opinion, contributions at the primary rate should be increased or reduced by reason of any circumstances peculiar to that employer.

The primary and secondary rates for each employer from 1 April 2024 to 31 March 2027 are shown in the Rates and Adjustments certificate in Appendix 3 to the valuation report which is available from Actuarial valuation reports For the Fund's Main Employer Group the total rate to be paid is as shown below:

Year to	Rate (as % of pensionable payroll)
31 March 2024	*19.3*
31 March 2025	6.5%
31 March 2026	6.5%
31 March 2027	17.5%

7. Actuarial and Other Major Assumptions

The Statement of Accounts contains estimated figures that are based on assumptions made by the Strathclyde Pension Fund about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19.

For valuation purposes the actuary uses assumptions about the factors affecting the Fund's finances in the future. The estimate is subject to significant variances based on changes to these underlying assumptions. The most sensitive assumptions are detailed below:

Assumption	Derivation	Nominal %	Real %
Price inflation (CPI) / Pension Increases / CARE Revaluation	Market expectation of long term future CPI inflation based on actuarial modelling.	2.7	-
Pay increases	Price inflation (CPI) plus 0.7% p.a.	3.4	0.7
Discount rate	Expected future annual return from the Fund's investments with at least a 80% likelihood of being achieved over the next 13 years based on actuarial modelling.	5.0	2.3

In addition to the financial assumptions outlined above, valuation results are also sensitive to demographic assumptions. These include assumptions about the future longevity of members and about whether on retirement they will exchange some of their pension for additional tax-free cash (the commutation assumption).

The commutation assumption adopted at the 2023 valuation is that future pensioners will elect to exchange pension for additional tax-free cash up to 75% of HMRC limits.

Longevity assumptions adopt a member-level baseline using *Club Vita* analysis, together with an allowance for future improvements based on the *CMI 2022* model. Sample rates for this valuation are shown in the following table. (*2020 figures included for comparison*).

Assumed life expectancy at age 65	Actives & Deferrals		Current Pensioners	
	Male	**Female**	**Male**	**Male**
2020 Valuation	*21.3*	*24.7*	*19.9*	*22.6*
2023 Valuation	20.6	24.2	19.8	22.5

Note that the figures for actives and deferred/pensioners assume that they are aged 45 at the valuation date.

Further details of the assumptions adopted for the 2023 valuation can be found in Appendix 2 to the valuation report.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is estimated at £21,240 million as at 31 March 2024 (*£19,204 million as at 31 March 2023*).

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2023. It should be noted that the above figures are appropriate for the Administering Authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose.

Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The items in the Financial Statements at 31 March 2024 for which there is a significant risk of adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial Present Value of Promised Retirement Benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The actuary has estimated that a 0.1% decrease in the real discount rate would lead to an increase in the pension liability of £369 million. Similarly, a 0.1% increase in the rates of salary increase and pension increase would increase the liability by £55 million and £319 million respectively. The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2024 and 31 March 2023. The actuary estimates that the impact of the change in financial assumptions to 31 March 2024 is to decrease the actuarial present value by £754m, and the impact of the change in demographic assumptions is to decrease the actuarial present value by £250m.

Item	Uncertainties	Effect if actual results differ from assumptions
Private Equity/ Infrastructure	Determining the fair value of investments in private markets involves a degree of subjectivity. Valuations are inherently based on forward looking estimates and judgements involving many factors and can result in investment assets being reclassified between financial years. Where reclassification of an investment has taken place the prior year balance has been restated. These have all been categorised as 'Level 3' investments, that is investments where an error in at least one input could have a significant effect on an instrument's valuation.	The value of the Fund's private equity, private debt, private real estate and infrastructure investments was £6,971m at 31st March 2024 (£6,803.1m at 31st March 2023). The private markets figure of £6,971m includes £2,571.8m, private equity (£2,515.7m in 2022/23), £1,516.7m private debt (£1,537.8m in 2022/23), £767.7m private real estate (£734.3m in 2022/23) and £2,114.6m (£2,015.3m in 2022/23) infrastructure. There is a risk that this investment may be under- or overstated in the accounts by up to 31.2% i.e. an increase or decrease of £2,174.9m (see Note 22 for details).
Property	Valuation techniques are used to determine the carrying values of directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, otherwise the best available data is used.	Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments by up to 15.5% i.e. an increase or decrease of £0.362m, on carrying values of £2,340m (see Note 22 for details).

8. Contributions and Benefits

2023/24	Administering Authority £000	Other Scheduled Bodies £000	Admitted Bodies £000	Total £000
Contributions				
Employer	129,557	375,553	104,448	609,558
Augmentation	3,092	14,192	9,116	26,400
Total Employers	**132,649**	**389,745**	**113,564**	**635,958**
Employees	**40,082**	**117,053**	**32,860**	**189,995**
Benefits				
Pension	94,956	428,607	94,406	617,969
Lump Sum and Death Benefits	45,404	126,558	37,563	209,525
Total Benefits	**140,360**	**555,165**	**131,969**	**827,494**

2022/23	Administering Authority £000	Other Scheduled Bodies £000	Admitted Bodies £000	Total £000
Contributions				
Employer	97,188	344,024	97,530	538,742
Augmentation	638	7,161	4,838	12,637
Total Employers	**97,826**	**351,185**	**102,368**	**551,379**
Employees	**30,862**	**108,068**	**31,443**	**170,373**
Benefits				
Pension	83,273	394,223	82,958	560,454
Lump Sum and Death Benefits	30,452	109,153	28,919	168,524
Total Benefits	**113,725**	**503,376**	**111,877**	**728,978**

The Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 [Section 31] allow employers to pay additional pensions on a voluntary basis.

As is typical within the Local Government Pension Schemes (LGPS), arrangements exist whereby additional teachers' pensions and employee pensions are paid with the payment of funded pensions. In order that such are not regarded as “unauthorised payments” by HMRC, these pension payments are met by the administering authority through a general fund bank account and recharged to the body or service which granted the benefit.

As “unfunded payments” are discretionary benefits, they are not relevant to the sums disclosed in the Fund accounts. Strathclyde Pension Fund provides payment and billing services to certain employers on a no charge agency agreement basis.

8a. Transfers In From Other Pension Funds

2022/23 *£000*		2023/24 £000
17,826	Group Transfers	0
11,794	Individual Transfers	12,200
29,620		**12,200**

9. Payments To and On Account of Leavers

2022/23 *£000*		2023/24 £000
1,432	Refunds to members leaving service	1,790
5,440	Group Transfers	0
19,927	Individual Transfers	21,155
26,799		**22,945**

10. Management Expenses

The total management expenses were as follows:

2022/23 £000		2023/24 £000
4,792	Administrative Costs	5,306
159,752	Investment Management Expenses	183,893
1,651	Oversight and governance costs	1,791
166,195		**190,990**

Oversight and governance costs include £0.088m (2022/23 £0.068m) in respect of the external audit fee to EY. There were no other services provided by external audit in the year. Investment management expenses include £2.922m in respect of transaction costs (2022/23 £2.181m).

11. Investment Expenses

The total investment expenses were as follows:

2023/24	**Total £000**	**Management Fees £000**	**Transaction Costs £000**	**Performance Monitoring Fees £000**	**Actuarial Fees – Investment Consultancy £000**	**Consultancy Fees £000**
Equities	24,595	21,673	2,922	0	0	0
Pooled Investment Vehicles	31,122	31,122	0	0	0	0
Private Equity / Infrastructure / Property	127,020	127,020	0	0	0	0
Index Linked Securities	0	0	0	0	0	0
Other Investment Assets	1,020	142	0	269	239	370
Sub-Total	**183,757**	**179,957**	**2,922**	**269**	**239**	**370**
Custody Fees	136					
Total Investment Management Expenses	**183,893**					

2022/23	Total £000	Management Fees £000	Transaction Costs £000	Performance Monitoring Fees £000	Actuarial Fees – Investment Consultanc £000	Consultancy Fees £000
Equities	21,073	18,883	2,181	0	0	9
Pooled Investment Vehicles	31,392	31,392	0	0	0	0
Private Equity / Infrastructure / Property	106,123	106,123	0	0	0	0
Index Linked Securities	0	0	0	0	0	0
Other Investment Assets	1,066	202	0	283	89	492
Sub-Total	**159,654**	**156,600**	**2,181**	**283**	**89**	**501**
Custody Fees	98					
Total Investment Management Expenses	**159,752**					

The investment management fees shown include £16.735m (2022/23 £0.113m) in respect of performance related fees paid to the Fund's investment managers. In accordance with CIPFA guidance investment management costs deducted from an investment value are recognised as a cost in the Fund Account.

Quantification of these costs involves requesting the relevant fund managers for information, not all of which can be independently verified. In cases where charges relate to an investment fund as a whole an estimate needs to be made of the costs applicable to the Pension Fund's holding. There is a risk that the value of investment fees deducted from investments is incorrectly stated. However, this third party evidence is scrutinised and reviewed for completeness, accuracy and reasonableness to minimise this risk and as the costs are offset by a corresponding adjustment to the change in market value of investment any inaccuracy in the cost estimate will not change the reported net movement in the fund for the year.

12. Investment Income

Total investment income was as follows:

2022/23 £000		2023/24 £000
1	Bonds	0
87,386	Dividends	93,749
2,653	Pooled Investments	2,983
203,532	Venture Capital and Partnerships	241,179
15,348	Interest and other	33,326
103,310	Rents	124,703
412,230	**Investment income**	**495,940**

2022/23 £000	**Net Property Rental Income**	2023/24 £000
103,310	Rental Income	124,703
(13,952)	Direct Operating Expenses	(12,757)
89,358	**Net Income**	**111,946**

13. Taxes on Income

2022/23 £000		2023/24 £000
3,758	Withholding tax – equities	4,549
3,758		4,549

14. Investments

Statement of Movement in Investments

2023/24	*Market Value as at 31 March 2023*	Purchases and Derivative Payments	Sales and Derivative Receipts	Change in Market Value	Market Value as at 31 March 2024
	£000	£000	£000	£000	£000
Investment Assets					
Equities	*5,559,901*	1,794,152	(1,745,138)	674,201	6,283,117
Pooled Investment Vehicles	*12,526,112*	405	(204,406)	1,783,545	14,105,656
Private Equity / Infrastructure	*6,803,121*	575,498	(373,661)	(34,111)	6,970,847
Index Linked Securities	*6*	0	(2)	2	6
Property	*2,257,500*	332,529	(10,842)	(239,238)	2,339,949
	27,146,640	**2,702,584**	**(2,334,051)**	**2,184,399**	**29,699,573**
Derivative Contracts:	*3*	1	0	(13)	(9)
Other Investment Balances:					
Cash Deposits	*581,973*				548,969
Receivable for Sales of Investments	*19,585*				17,917
Investment Income Due	*34,200*				59,719
Spot FX Contracts	*0*				6
Payable for Purchases of Investments	*(78,425)*				(63,470)
Net Investment Assets	***27,703,976***				**30,262,697**

2022/23	*Market Value as at 31 March 2022*	Purchases and Derivative Payments	Sales and Derivative Receipts	Change in Market Value	Market Value as at 31 March 2023
	£000	£000	£000	£000	£000
Investment Assets					
Equities	*5,818,197*	1,234,863	(1,213,053)	(280,106)	5,559,901
Pooled Investment Vehicles	*13,120,492*	707,691	(848,311)	(453,760)	12,526,112
Private Equity / Infrastructure	*6,125,922*	882,647	(427,511)	222,063	6,803,121
Index Linked Securities	*6*	0	0	0	6
Property	*2,588,085*	140,901	(112,574)	(358,912)	2,257,500
	27,652,702	**2,966,102**	**(2,601,449)**	**(870,715)**	**27,146,640**
Derivative Contracts:	*(33)*	0	(10)	46	3
Other Investment Balances:					
Cash Deposits	*549,165*				581,973
Receivable for Sales of Investments	*36,019*				19,585
Investment Income Due	*34,742*				34,200
Spot FX Contracts	*(49)*				0
Payable for Purchases of Investments	*(68,144)*				(78,425)
Net Investment Assets	***28,204,402***	**2,966,102**	**(2,601,459)**	**(870,669)**	**27,703,976**

Other movements during the year include all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. The reason for the difference of £163m in the market value per the above table and the Fund Account on page 37 is due to notional management expenses and transaction costs netted off against assets by fund managers.

Transaction Costs

Transaction costs are included in the cost of purchases and sale proceeds and are charged directly to the Fund. Transaction costs on listed securities include broker commissions, which are payments for the execution of trades and other levies such as exchange fees, settlement fees and clearing fees; transaction taxes, including stamp duty and other financial transaction taxes, and entry or exit charges that may arise when a holding in a pooled vehicle is bought or sold.

In addition to the transaction costs disclosed above, indirect costs may be incurred through the bid-offer spread on some pooled investment vehicles. The amount of such costs are separately provided to the Fund.

Derivatives

Derivatives comprise futures and forward derivative contracts. The market values as at 31 March 2024 and a summary of contracts held are summarised in the tables below:

31 March 2023 £000		31 March 2024 £000
0	Futures	0
3	Forwards	(9)
3	**Market Value**	**(9)**

The Fund may use futures for the purposes of efficient portfolio management and or risk reduction.

During the year, the Fund's equity managers used futures to manage risk. All futures and contracts are exchange traded.

Forwards

The Fund's equity managers may use forward foreign exchange contracts for the purposes of efficient portfolio management. As at 31 March 2024 there was -£.009m forward foreign exchange contracts.

Derivative market pricing is provided by the Fund's Global Custodian Northern Trust.

15. Analysis of Investments

Investments can be further analysed as follows:

Market Value as at 31 March 2023 £000		Market Value as at 31 March 2024 £000
6	Fixed Interest Securities	6
5,559,901	Equities	6,283,117
	Pooled Funds – Additional Analysis	
2,404,294	Fixed Income Unit Trust	2,530,807
7,349,159	Equity Unit Trust	8,624,475
0	Cash Balances	0
11,054	Commodities	12,607
1,162,303	Multi-Asset	1,301,526
1,599,302	Absolute Return	1,636,241
12,526,112		**14,105,656**
	Private Equity/Infrastructure – Additional Analysis	
2,515,686	Venture Capital	2,571,806
2,015,319	Infrastructure	2,114,631
1,537,818	Private Debt	1,516,686
734,298	Real Estate	767,723
2,257,500	Property	2,339,949
9,060,621		**9,310,795**
581,973	Cash Deposits	548,969
3	Derivatives	(9)
53,785	Other Investment Assets	77,642
(78,425)	Investment Liabilities	(63,479)
27,703,976	**Net Investment Assets**	**30,262,697**

Note: Cash balances are managed by the Fund’s Global Custodian, Northern Trust

16. Fund Management

Investment Managers and Mandates

The market value of assets under the management of Fund managers as at 31 March 2024 was £30.24bn.

Investment management arrangements as at 31 March 2024 are summarised below:

Asset Class	Fund Manager	% Managed	Market Value £000
Multi Asset - Passive	Legal & General	34.2%	10,347,995
Global Equity	Baillie Gifford	8.0%	2,416,011
Global Equity	Lazard	3.2%	969,355
Global Equity	Veritas	3.1%	939,449
Global Equity	Oldfield	2.8%	844,468
Specialist – Equities (UK Small Companies)	Lombard Odier	1.4%	412,738
Specialist – Equities (overseas Small Companies)	JP Morgan	3.1%	922,309
Specialist – Emerging Markets	Genesis Fidelity	1.1%	345,711
Specialist – Private Equity	Pantheon	4.8%	1,460,104
Specialist – Private Equity	Partners Group	3.1%	942,656
Specialist – Absolute Return Bonds	PIMCO	3.6%	1,099,951
Specialist – Long-only Absolute Return	Ruffer	1.8%	536,291
Specialist – Multi Asset Credit	Barings	2.5%	754,574
Specialist – Multi Asset Credit	Oak Hill Advisors	1.8%	546,953
Specialist – Private Debt	Barings	1.5%	458,915
Specialist – Private Debt	Alcentra	1.0%	313,151
Specialist – Private Debt	Partners Group	1.0%	305,489
Specialist – Private Real Estate Debt	ICG Longbow	1.1%	329,457
Emerging Market Debt	Ashmore	1.6%	473,557
Specialist – Property	DTZ	7.8%	2,375,436
Specialist – Global Real Estate	Partners Group	1.8%	528,653
Specialist – Global Infrastructure	JP Morgan	3.9%	1,174,365
Specialist – Direct Investment Property	Various	4.9%	1,494,553
Cash	Northern Trust	0.9%	270,555
		100%	**30,262,697**

Investment Management arrangements as at 31 March 2023 are summarised below:

Asset Class	Fund Manager	% Managed	Market Value £000
Multi Asset - Passive	Legal & General	32.4	8,975,183
Global Equity	Baillie Gifford	7.4	2,044,369
Global Equity	Lazard	3.2	874,596
Global Equity	Veritas	2.9	804,049
Global Equity	Oldfield	2.9	807,114
Specialist – Equities (UK Small Companies)	Lombard Odier	1.4	382,471
Specialist – Equities (overseas Small Companies)	JP Morgan	3.0	823,212
Specialist – Emerging Markets	Genesis Fidelity	1.3	350,403
Specialist – Private Equity	Pantheon	5.3	1,477,478
Specialist – Private Equity	Partners Group	3.3	927,102
Specialist – Absolute Return Bonds	PIMCO	3.7	1,030,282
Specialist – Long-only Absolute Return	Ruffer	2.1	570,154
Specialist – Multi Asset Credit	Barings	2.4	678,590
Specialist – Multi Asset Credit	Oak Hill Advisors	1.7	484,048
Specialist – Private Debt	Barings	1.7	473,859
Specialist – Private Debt	Alcentra	1.4	375,937
Specialist – Private Debt	Partners Group	1.0	267,460
Specialist – Private Real Estate Debt	ICG Longbow	1.1	297,966
Emerging Market Debt	Ashmore	1.6	432,037
Specialist – Property	DTZ	8.6	2,385,177
Specialist – Global Real Estate	Partners Group	1.9	535,778
Specialist – Global Infrastructure	JP Morgan	3.9	1,069,606
Specialist – Direct Investment Property	Various	5.1	1,400,899
Cash	Northern Trust	0.9	236,207
		100.00	**27,703,976**

Private Equity

Unquoted holdings in private equity funds have been included at the Fund managers' valuation adjusted for cash movements since the last valuation date where appropriate and incorporating fair value adjustment where these have been provided by managers. Unquoted Fund investments are valued at fair value as determined by the Directors or General Partner. The valuations provided by the general partners or managers typically reflect the fair value of the Company's capital account balance of each Fund investment, including unrealised gains and losses, as reported in the Annual Accounts of the respective Fund. Private equity investments are typically illiquid and resale is restricted.

17. Notifiable Holdings

Notifiable holdings are holdings which exceed 5% of the total value of Fund net assets. As at 31 March 2024 the Fund had holdings of £2,683 (8.87%) in Legal and General North America Index Fund (GBP Hedged).

18. Property Holdings

As at 31 March 2024 the Fund held direct property assets with a value of £2,340m (2022/23 £2,257m). This valuation was calculated by Avison Young on the Fund's behalf in accordance with RICS Valuation Standards manual.

2022/23 £000		**2023/24 £000**
2,588,085	Opening balance	2,257,500
140,901	Additions	332,529
(112,574)	Disposals	(10,842)
(358,912)	Change in Market Value	(239,238)
2,257,500	**Closing balance**	**2,339,949**

The future minimum lease payments receivable by the fund as at 31 March 2024 are shown in the table below.

2022/23 £000		2023/24 £000
90,000	Within one year	102,915
249,400	Between one and five years	323,432
403,600	Later than five years	549,456
743,000	**Total future lease payments due**	**975,803**

As at 31 March 2024 the Fund held indirect UK property assets of £84.6m (2022/23 £81.4m).

19. Stock Lending

The Fund participates in a stock lending programme managed by its Global Custodian, Northern Trust. All loans are fully collateralised. As at 31 March 2024 stock with a value of £500.3m was on loan (£490.2m as at 31 March 2023).

20. Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the fair values of financial assets and liabilities by category and net asset statement heading for the year ended 31 March 2024.

31 March 2023				31 March 2024		
Fair value through profit & loss	*Loans & receivables*	*Financial liabilities at amortised Cost*		Fair value through profit & loss	Loans & receivables	Financial liabilities at amortised Cost
£000	*£000*	*£000*		£000	£000	£000
			Financial Assets			
5,559,901	*0*	*0*	Equities	6,283,117	0	0
12,526,112	*0*	*0*	Pooled Investment Vehicles	14,105,656	0	0
6,803,121	*0*	*0*	Private Equity/ Infrastructure	6,970,847	0	0
6	*0*	*0*	Index Linked Securities	6	0	0
4	*0*	*0*	Derivative Contracts	0	0	0
239,574	*342,399*	*0*	Cash	20,719	528,250	0
0	*53,784*	*0*	Other Investment Balances	6	77,636	0
25,128,718	***396,183***	***0***		**27,380,350**	**605,886**	**0**
(1)	*0*	*0*	Derivatives	(9)	0	0
1	*0*	*(78,425)*	Other Investment Liabilities	0	0	(63,479)
0	***0***	***(78,425)***		**(9)**	**0**	**(63,479)**
25,128,718	***396,183***	***(78,425)***	**Net Financial Assets**	**27,380,341**	**605,886**	**(63,479)**

The table below shows net gains and losses on financial instruments for the year ended 31 March 2024:

31 March 2023 £000		31 March 2024 £000
	Financial Assets	
(511,802)	Fair value through profit and loss	1,911,835
2,582	Loans and receivables	36
	Financial Liabilities	
46	Fair value through profit and loss	(13)
(53)	Loans and receivables	(2,843)
(509,227)	**Total**	**1,909,016**

The following table summarises the market values of the Fund's financial assets and liabilities by class of instrument for the year ended 31 March 2024:

Market Value 31 March 2023 £000		Market Value 31 March 2024 £000
	Financial Assets	
25,128,718	Fair value through profit and loss	27,380,350
396,183	Loans and receivables	605,886
	Financial Liabilities	
0	Fair Value through profit and loss	(9)
(78,425)	Financial liabilities measured at amortised cost	(63,479)
25,446,476	**Total**	**27,922,748**

The £27,9m net financial assets shown above plus property (£2,340m) and long-term debtors and current assets (£349.2m) less current liabilities (£43.1m) equals £30.569m Net Assets as at 31 March 2024 on page 110.

21. Fair Value Hierarchy

The valuation of financial assets and liabilities has been classified into three levels according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid quotation of the relevant stock exchange.

Over 60% of the Fund's financial instruments are in Level 1 of the Fair Value hierarchy.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available, for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of private equity investments are based on valuations provided by the general partners of the private equity funds in which the Fund has invested. Such valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken quarterly.

The following tables provides an analysis of the financial assets and liabilities of the Fund grouped into Levels 1 to 3, based on the level at which fair value is observable.

31 March 2023				*31 March 2024*		
Level 1 £000	*Level 2 £000*	*Level 3 £000*		Level 1 £000	Level 2 £000	Level 3 £000
			Financial Assets			
16,364,741	*1,952,262*	*6,811,715*	Fair Value through profit & Loss	18,314,338	2,567,056	6,979,808
366,345	*29,838*	*0*	Loans and receivables	69,991	55,044	0
16,731,086	***1,982,100***	***6,811,715***		**18,384,329**	**2,622,100**	**6,979,808**
			Financial Liabilities			
0	*(1)*	*0*	Fair Value through profit & Loss	0	(9)	0
(50,945)	*(27,480)*	*0*	Financial liabilities measured	(48,968)	(14,511)	0
(50,945)	***(27,481)***	***0***		**(48,968)**	**(14,520)**	**0**
16,680,141	***1,954,619***	***6,811,715***	**Net Financial Assets**	**18,335,362**	**2,607,580**	**6,979,808**

The total value of Net Financial Assets for Levels 1, 2 and 3 as at 31 March 2024 in the above table is £27.92m (£25,446m 2022/23) which matches the financial instruments market value shown at Note 20. The Fund's property assets of £2,340m (see Note 18 for details) are also classed as level 3, taking the total value of Net Financial Assets to £30.26m.

Reconciliation of Fair Value Measurements Within Level 3

2023/24	*Market value as at 31 March 2023*	Transfers in/out of Level 3	Purchases	Sales	Unrealised gains (losses)	Realised gains (losses)	Market value as at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Equities	*8,589*	4,762	1,255	(425)	(5,209)	(17)	8,956
Equity Funds	*0*	0	0	0	0	0	0
Private Equity	*6,803,126*	0	669,271	(467,437)	(147,624)	113,515	6,970,851
Fixed Income Funds	*0*	0	0	0	0	0	0
	6,811,715	**4,762**	**670,526**	**(467,862)**	**(152,832)**	**113,498**	**6,979,808**

Equities transferred into Level 3 were stocks delisted from the stock exchange during the year.

Determining the fair value of investments in private markets involves a degree of subjectivity. Valuations are inherently based on forward looking estimates and judgements involving many factors but adhering to relevant industry and accounting guidelines and principles.

2022/23	*Market value as at 31 March 2022*	Transfers in/out of Level 3	Purchases	Sales	Unrealised gains (losses)	Realised gains (losses)	Market value as at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Equities	*29,958*	5,377	10,358	(8,750)	(27,792)	(562)	8,589
Equity Funds	*0*	0	0	0	0	0	0
Private Equity	*6,125,923*	0	881,513	(426,378)	43,181	178,887	6,803,126
Fixed Income Funds	*0*	0	0	0	0	0	0
	6,155,881	**5,377**	**891,871**	**(435,128)**	**15,389**	**178,325**	**6,811,715**

22. Nature and Extent of Risks Arising From Financial Assets and Liabilities

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund while maximising the opportunity for gains. This is achieved through asset diversification (by asset class, geographical region, sector and fund manager) to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet forecasted cashflows. These risks are managed as part of the overall pension fund investment management programme. Responsibility for risk management rests with the Strathclyde Pension Fund Committee. Actuarial and investment consultants are retained to advise on risk. A risk register is maintained and reviewed by the Committee on a regular basis. The Fund's assets are externally managed, and the investment managers adhere to their own risk management strategies.

Market Risk

Market risk is the risk of loss from fluctuations in equity prices, interest rates, foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The Fund's investment managers are expected to identify, manage and control market risk exposure within acceptable parameters whilst optimising the return on investments. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market. The Fund is exposed to share price risk, arising from investments held by the Fund for which the future price is uncertain. All security investments present a risk of loss of capital. The Fund's investment managers mitigate this price risk through the diversification of securities and are monitored to ensure they remain within the limits specified in the investment management guidelines.

Other Price Risk - Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, the following movements in market price risk were reasonably possible for the 2023/24 reporting period:

2022/23 Potential Market Movement (+/-)	**Asset Type**	**2023/24 Potential Market Movement (+/-)**
18.2%	UK Equities	16.0%
19.0%g	Overseas Equities	16.7%
3.6%	Corporate Bonds (short term)	3.2%
7.5%	Corporate Bonds (medium term)	7.0%
n/a	Index Linked Gilts	n/a
31.2%	Private Equity and Infrastructure Funds	31.2%
22.1%	Commodities	19.3%
0.3%	Cash	0.3%
9.6%	Senior Loans	8.8%
2.7%	Absolute Return Bonds	2.7%
15.5%	UK Property	15.6%
11.8%	**Total Fund Volatility**	**11.1%**

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The total fund volatility takes into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory. The tables below show the change in the net assets available to pay benefits had the market price of the investments increased or decreased in line with the table above.

Potential Market Movements

Asset Type	Value as at 31 March 2024 £000	Change %	Value on Increase £000	Value on Decrease £000
Cash and cash equivalents				
Investment portfolio assets:				
UK bonds	5	7.0	5	4
Corporate bonds (Medium term)	1	7.0	1	1
UK equities	810,847	16.0	940,583	681,112
Overseas equities	5,472,269	16.7	6,386,138	4,558,400
UK fixed income unit trusts	1,251,407	7.0	1,339,006	1,163,809
Overseas fixed income unit trusts	1,279,400	7.0	1,368,958	1,189,842
UK equity unit trusts	3,546,970	16.0	4,114,486	2,979,455
Overseas equity unit trusts	5,077,504	16.7	5,925,448	4,229,561
Pooled Investment Vehicles	2,950,374	2.70	3,030,035	2,870,714
Cash Funds	548,969	0.3	550,616	547,322
Private Equity and Infrastructure	6,970,847	31.2	9,145,751	4,795,942
Property	2,339,949	15.6	2,704,981	1,974,917
Net derivative assets	(9)	0.0	(9)	(9)
Investment income due	22,656	0.0	22,656	22,656
Pending Spot FX	6	0.0	6	6
Amounts receivable for sales	25,351	0.0	25,351	25,351
Amounts payable for purchases	(62,198)	0.0	(62,198)	(62,198)
Total	**30,234,348**	**11.1**	**33,590,361**	**26,878,336**

The prior year comparators for 2022/23 are as follows:

Asset Type	Value as at 31 March 2023	Change	Value on Increase	Value on Decrease
	£000	%	£000	£000
Cash and cash equivalents	581,973	0.3	583,719	580,227
Investment portfolio assets:				
UK bonds	5	7.5	5	4
Corporate bonds (Medium term)	1	7.5	1	1
UK equities	792,299	18.2	936,497	648,100
Overseas equities	4,767,603	19.0	5,673,447	3,861,758
UK fixed income unit trusts	985,016	7.5	1,058,892	911,139
Overseas fixed income unit trusts	1,419,279	7.5	1,525,725	1,312,833
UK equity unit trusts	3,045,336	18.2	3,599,587	2,491,085
Overseas equity unit trusts	4,303,823	19.0	5,121,549	3,486,096
Pooled Investment Vehicles	2,772,660	2.7	2,847,521	2,697,798
Cash Funds	0	0.3	0	0
Private Equity and Infrastructure	6,803,121	31.2	8,925,695	4,680,547
Property	2,257,500	15.5	2,607,412	1,907,587
Net derivative assets	3	0.0	3	3
Investment income due	34,200	0.0	34,200	34,200
Pending Spot FX	0	0.0	0	0
Amounts receivable for sales	19,585	0.0	19,585	19,585
Amounts payable for purchases	(78,425)	0.0	(78,425)	(78,425)
Total	**27,703,976**	**11.8**	**30,973,045**	**24,434,907**

Interest Rate Risk

The Fund invests in financial assets with the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 is set out below.

As at 31 March 2023 £000	Asset Type	As at 31 March 2024 £000
581,973	Cash Balances – Investments	548,969

Interest Rate Sensitivity Analysis

Interest rates can vary and can affect both income to the Fund and the value of net assets available to pay benefits. The analysis in the table below assumes that all other variables, in particular exchange rates, remain constant and shows the effect of a +/-100 Basis Points (BPS) change in interest rates on the net assets available to pay benefits.

As at 31 March 2023 £000	*+100 BPS £000*	*-100 BPS £000*	Asset Type	As at 31 March 2024 £000	+100 BPS £000	-100 BPS £000
581,973	587,793	576,211	Cash Balances – Investments	548,969	554,459	543,534

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the Fund's base currency (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP. Investment managers are expected to manage currency risk.

Currency Risk – Sensitivity Analysis

Based on historical analysis of movement in the currencies to which the Fund is exposed, it is considered that a 9.3% fluctuation in currency is reasonable. The table below shows the impact a 9.3% strengthening / weakening of the pound against the various currencies to which the Fund is exposed would have on the net assets available to pay benefits, assuming all other variables, in particular interest rates, remain constant.

Asset Type	**Value as at 31 March 2024 £000**	**Change %**	**Value on Increase £000**	**Value on Decrease £000**
Overseas quoted equities	5,472,269	9.3	5,981,190	4,963,348
Overseas fixed income funds	1,279,400	9.3	1,398,384	1,160,416
Overseas equity funds	5,077,504	9.3	5,549,712	4,605,296
Total	**11,829,174**		**12,929,287**	**10,729,060**

Asset Type	***Value as at 31 March 2023 £000***	***Change %***	***Value on Increase £000***	***Value on Decrease £000***
Overseas quoted equities	4,767,603	9.9	5,239,595	4,295,610
Overseas fixed income	1,419,279	9.9	1,559,787	1,278,770
Overseas equity funds	4,303,823	9.9	4,729,901	3,877,744
Total	**10,490,705**		**11,529,283**	**9,452,124**

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The Fund's cash balances are managed by Northern Trust and are invested in AAA rated money market funds.

23. Long Term Debtor

Long-term debtors of the Fund represent the amount of additional tax charges incurred by members who are in breach of their Lifetime Tax Allowance (LTA) limit. These additional charges have been paid upfront by the Fund and will be reimbursed by these members over a period of time through additional pension deductions.

As at 31 March 2023 £000	**Long-Term Debtors**	**As at 31 March 2024 £000**
1,746	Lifetime Tax Allowance	1,648

24. Current Assets

2022/23 £000		**2023/24 £000**
	Debtors	
54,306	Contributions due – employers	55,256
56,275	Sundry Debtors	50,621
114,793	Cash Balances	241,723
225,374		**347,600**

25. Current Liabilities

2022/2 £000		**2023/24 £000**
32,669	Sundry creditors	38,449
26,901	Benefits payable	4,618
59,570		**43,067**

26. Events After the Balance Sheet Date

Capital markets remain volatile after the balance sheet date due to the conflicts in Russia/ Ukraine and Israel/ Gaza, and other geopolitical tensions. There were no material events between 31 March 2024 and the date of presenting the Annual Accounts.

27. Transactions with Related Parties

Pension receipts and payments including VAT are transacted using Glasgow City Council's financial systems and the Pension Fund's banking arrangements. Throughout the year the Fund maintains a cash balance for this purpose which is listed as 'cash deposits' in the Net Assets Statement. During 2023/24 the amount recharged by Glasgow City Council to the Strathclyde Pension Fund for administration costs was £4.689m (2022/23 £4.457m) and £0.763m for bespoke ICT solutions, consumables, printing and support. There is an outstanding creditor of £3.44m between the Council and Strathclyde Pension Fund as at 31 March 2024.

The key management personnel of the Fund are the Director of SPFO, the Chief Investment Officer and the Pension Scheme Manager. Total remuneration including short-term employee benefits and post- employment benefits payable to key management personnel was £384,157 (£365,110 2022/23). Key management personnel had accrued pensions totalling £115,646 (£102,931 2022/23) and lump sums totalling £97,950 (£92,361 2022/23) at the end of the period.

A remuneration report providing disclosures in respect of elected members and chief officers of the Council, including those with authority and responsibility for the Strathclyde Pension Fund is included in Glasgow City Council's Annual Report and Annual Accounts which are available from the Council's website at Annual-reports

Committee members may also be scheme members under the provisions for Councillor membership or as a result of previous service as employee members. There were no other material transactions with related parties during the year.

28. Contractual Commitments

As at 31 March 2024 the Fund had contractual commitments of £10,331m (£9,191m 2022/23) within its private equity, private debt, infrastructure and global real estate portfolios, of which £2,546m (£2,070m 2022/23) remains undrawn.

29. Contingent Assets and Liabilities

Contingent Liabilities reflect possible liabilities facing the Fund where the potential amount is unable to be estimated, and/or it is still not deemed probable that an obligatory event has arisen. There are a number of judgements from recent pensions litigation which may have some impact on the valuation of scheme liabilities. These include the following.

McCloud. Benefits accrued by certain members between 2015 and 2022 may increase following the McCloud case, which ruled that transitional protections introduced in 2015 for older members were discriminatory. Hymans Robertson made an allowance in the 2023 actuarial valuation for the cost of these potential improvements, based on the guidance issued by the Scottish Public Pensions Agency on

28 April 2023.

GMP Equalisation. Remediation adjustments were completed by SPF during 2021. It is assumed that all increases on GMPs for members reaching State Pension age after 6 April 2016 will be paid for by LGPS employers in the Fund.

Goodwin refers to a tribunal outcome that changed the pension entitlement of male survivors in opposite sex marriages to take into account the female member's service from 6 April 1978. Previously, the male spouse survivor's entitlement was based on service accrued from 6 April 1988. The change is backdated to 5 December 2005. The change therefore affects the pension of male spouse survivors where their entitlement arose (i.e. where the female member died) on or after 5 December 2005. The impact of this is likely to be very small for the Fund and therefore no allowance was made for this in the 2023 valuation.

Virgin Media / section 37 legal ruling. In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment was subject to appeal, and the Court of Appeal heard the arguments on 26 and 27 June 2024. On 25 July 2024, the Court dismissed the appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, SPF does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

30. Statement of Investment Principles

In accordance with Regulations 12 and 14 of the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010 the Fund maintains and publishes a written statement of the principles governing decisions about investments. The statement is available at Statement of Investment Principles.

31. Additional Voluntary Contributions (AVCs)

AVC investments are managed by Prudential and Standard Life. As these are invested separately from the investments of the Fund itself and secure extra benefits only for the AVC contributors on an individual basis, the relevant figures have not been included in the Annual Accounts. Members participating in this arrangement receive an annual statement confirming the amount held in their account and the movements in the year.

2022/23 Prudential £000	*2022/23 Standard Life £000*	*2022/23 Total AVC's £000*		**2023/24 Prudential £000**	**2023/24 Standard Life £000**	**2023/24 Total AVC's £000**
62,529	*1,382*	*63,911*	**Opening Market Value**	62,455	1,303	63,758
9,574	*0*	*9,574*	Contributions Received	22,916	0	22,916
(11,130)	*(167)*	*(11,297)*	Sales of Investments	(21,408)	(182)	(21,590)
1,482	*88*	*1,570*	Change in Market Value	2,880	(25)	2,855
62,455	*1,303*	*63,758*	**Closing Market Value**	66,843	1,096	67,939

*Note: Standard Life 2023/24 figures are estimated as actuals are unavailable at time of publishing. 2022/23 figures have been used for the basis of these estimations.

STRATHCLYDE PENSION FUND OFFICE – KEY PERSONS

Director:	Richard McIndoe.
Chief Investment Officer:	Jacqueline Gillies
Investment Manager:	Richard Keery
Investment Manager:	Ian Jamison
Assistant Investment Manager:	Lorraine Martin
Pension Scheme Manager:	Linda Welsh
Principal Pensions Officer:	(Development) Nicola Smith
Principal Pensions Officer:	(Operations) Brian Rodden
Principal Pensions Officer	(Compliance) Juan Fernandez
Finance Manager:	Shona MacLean

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IMAGES

Images in this document were shot in and around Strathclyde.


Strathclyde
Pension Fund