Strathclyde Pension Fund

ANNUAL REPORT
& FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 1974. 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 2023 the Strathclyde Pension Fund had over **277,000** members, **152** participating employers and investment assets of **£27.9 billion.**

As at 31st March 2023 the Strathclyde Pension Fund had over **277,000** members, **152** participating employers and investment assets of **£27.9 billion**.

At the start of this financial year, in April 2022, Russia's invasion of Ukraine was still recent news, and dominated the headlines. Sadly, it continued to do so throughout the year, though displaced for periods by other calamities and misfortunes, some directly related to it, some not: rising inflation; the continuing cost-of-living crisis, a global energy crisis, a UK pension crisis (for some pension funds), the death of a monarch, two changes of Prime Minister, and towards the end of the year a potential banking crisis.

A difficult year by any measure, and that is reflected to some extent in the financial statements which form part of this annual report: a net loss on investments, and a net reduction in the Fund of **£495m**.

However, a pension fund is not a bottom-line business like a company which depends on an annual profit to pay shareholders a dividend. Strathclyde Pension Fund (SPF) exists to pay pensions and, as a very long-term investor, that is not dependent on, or affected by, short-term market performance.

We paid **£560m** in the course of the year to our **90,000** pensioner members, as well as **£169m** in lump sums. And perhaps the main headline figure for those members was **+10.1%** which we confirmed would be added to their pensions shortly after the year end, ensuring that they were fully protected against the surge in inflation which continues to cause economic havoc. We were also able to provide assurance to our **114,000** active and **73,000** deferred members, that their pensions, not yet in payment, enjoy similar protection. Providing retirement income for more than **277,000** members is a vital service at the best of times. But as times get more difficult, the security and protection afforded by the scheme becomes even more valuable.

That value for members has to be paid for, of course, and rising inflation increases the scheme funding cost which is largely borne by employers.

However, the funding equation is complex, affected by many other factors, not least bond yields and interest rates. Both of these increased significantly during the year and this has the effect of reducing the actuarial value of the Fund's liabilities. So the very clear indication is that, in spite of the rise in inflation, the funding level at the year end was significantly higher than previously. This matters, as the balance sheet date of 31st March 2023 is also the date of the triennial actuarial valuation. This will take much of the next year to complete, but a good or very good outcome can be anticipated.

Investment performance will also be a positive contributor to the actuarial result. Total return may have been negative for 2022/23, but it was well ahead of actuarial expectations for the 3-year period.

It's also worth looking more closely at 2022/23 performance: both equity and bond indices fell, so high-level diversification didn't help; UK Government index-linked bonds (the "risk-free" pension fund investment asset) fell by -26.7%; US equities were down -10.5% for dollar investors; UK property was down -8.9%. In that context, SPF's total return of **-1.6%** could certainly have been much worse. Indeed, all things considered, this was not at all a bad year for SPF and its members, though the full extent of that isn't apparent in the financial statements and will not be fully understood until the actuarial valuation is completed in the coming year.

Concerns about climate change were at times overshadowed in the last year by more immediate issues. But there was no loss of momentum in SPF's efforts to address this global challenge. As previously agreed, the Fund joined the Paris Aligned Investment Initiative during the year, and towards the year end published a Climate Action Plan which sets out our immediate priorities to ensure that progress towards Net Zero is achieved and maintained.

Councillor Richard Bell

City Treasurer, and Convener of Strathclyde Pension Fund Committee

Introduction

Inflation already loomed large at the 2021/22 year end: **7.0%** and clearly set to rise further. Unsurprisingly, it proved to be the wholly dominant financial theme of the year in both a macro and micro-economic context. That being the thing about inflation – its effects are pervasive and very difficult to shake off. In the UK, CPI peaked at **11.1%** in October. By the year end in March, it appeared to be on a downward trajectory but remained stubbornly high at **10.1%,** with remaining upwards pressures making the future trend far from certain. From SPF's perspective, inflation impacts on all aspects of pension fund activity: investment, administration, finance, communications, and membership. To some extent, this is anticipated in SPF's long-term objectives and strategies, but marked changes in the recent trend can still have a fairly disruptive short-term effect.

Strategy and Objectives

The Strathclyde Pension Fund (SPF) has one overriding objective: to secure the payment of pensions 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. The current period of high inflation presents further challenges which are not entirely new or unexpected, but are alien to recent experience and do require to be actively addressed in the shorter term. The Fund's Business Planning process is designed to identify shorter-term priorities.

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 first priority in the 2022/23 Business Plan was to establish and provide initial training to the new SPF Committee and Pension Board which were formed shortly after the council elections in May. This was quickly achieved. Both Board and Committee received training and had their first formal meetings in June. Both bodies comprise a mix of new members and members with previous experience of SPF. All this should provide continuity without complacency in SPF's governance arrangements.

The next priority was preparation and planning for the actuarial valuation as at 31st March 2023. Each triennial valuation is a significant milestone in the progress of the Fund, providing a detailed health check and forming the basis for strategic planning which follows the three-yearly actuarial cycle. Distinctive features of this valuation are that it will be carried out in an inflationary environment and is likely to report a meaningful surplus. Both of these aspects have featured in preliminary discussions carried out ahead of the valuation date. Other preparatory work included commissioning a review of employer covenants, and advance data-checking, together with agreeing a plan to ensure that the valuation process progresses as quickly and smoothly as possible over the coming year.

Climate Change also featured prominently in the Business Plan with two separate but related projects included: implementation of the energy company standards framework which had been agreed in March 2022; and production of a Climate Action Plan. Both were completed successfully and both will ensure that climate change continues to be actively and progressively addressed in the Fund's investment strategy, throughout its investment portfolios, and in its interactions with investment managers, investee companies and other counterparties.

Other significant Business Plan priorities included: a review of the Administration Strategy; a review of the current AVC arrangements; and appointment of an independent valuer for the UK property portfolio.

A majority of Business Plan priorities were successfully completed during the year or were making progress as anticipated, though several will carry forward into next year as a result of dependencies on third party actions.

Further details of the Business Plan are included in the Governance section of this annual report. Achievement against KPI targets for day-to-day activity is reported to the committee throughout the year. Details are included in the Administration and Investment sections of this annual report and are summarised below.

Administration

Administration performance was generally good and there was no requirement to report any breaches of legislation to the Pensions Regulator.

A 3-yearly review of the Administration strategy was completed, and a revised strategy was approved by the SPF Committee subject to consultation with employers. The revised strategy reflected:

- changes to the scheme regulations and other relevant legislation since the last review in 2020;
- developments in the role and activities of The Pension Regulator (TPR) (though a revised Code of Practice which was expected to be published during 2022 has not yet been released by TPR);
- significant changes in ways of working both at SPFO and scheme employers. In particular, the experience of lockdown during the Covid-19 pandemic led to widespread working from home which has been maintained in the shape of hybrid working arrangements. The lockdown experience also led to an acceleration in SPFO's already well-established digitisation of processes and delivery. Notable advances included adoption of SPFO's data management solution (*i-connect*) by all employers, and a significant increase in the functionality and uptake of SPFO's member portal, *SPFOnline*.

The revised strategy is effective from 1st July 2023 and is available on the Fund's website: www.spfo.org.uk

A revised staffing structure for the administration function was implemented during the year to ensure that the staffing resource fits with these strategic requirements, and that the service continues to meet member needs and expectations.

Membership

Employer numbers reduced again, from 159 to **152**. This continued a trend of some years' standing. Main driver this year was smaller employers preferring alternative, defined contribution pension arrangements. The increased funding level supported this by facilitating managed exits for employers at no cost. Indeed, most received sizeable exit credits in contrast to the previously prevailing position where employers were required to make an exit payment to the Fund. A list of participating employers is included in the Administration section of this annual report.

In contrast, scheme membership increased once more across all member categories – employee, pensioner and deferred – and hit another new high of **277,000**. This is particularly reassuring given the risk of increasing member opt-outs as a result of the cost of living crisis.

The financial statements show pension and lump sum payments of **£729** million together with refunds and transfers of **£27** million. Total contributions and other benefits income receivable was **£752** million, producing a net outflow of **£4** million from dealings with members. This is a reversion to the expected net outflow position which was reversed last year as a result of a single bulk transfer in from an employer consolidating its membership in another LGPS Fund. The expected future trend is for the net outflow figure to increase over time. A 10-year cash flow projection is included at the end of this introductory section of the annual report.

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 **111,000** to over **124,000** over the course of the year and the portal is increasingly becoming the primary portal for communications between SPF and its members.
Active engagement with members was more frequent during the year, including advising all online members of the **+10.1%** pensions increase which they were to receive shortly after the year end.
This was the first year during which all employers used *i-Connect,* the secure portal which allows employers to send data submissions direct to SPFO and to upload documents for processing. This is a distinct improvement on previous data transmission arrangements, but its full advantages have not yet been realised as employers continue to familiarise themselves with its functionality. Data submissions are not yet as timely or accurate as they should be. SPF continues to work with employers to address this.

Investment

The Fund's total investment return for the year was **-1.6%.** As everyone should know, the value of investments can go down as well as up. In fact, this was SPF's second negative annual return in 4 years. It was also only the second since 2009 after an unbroken run of positive years from 2009/10 to 2019/20. It was also a fairly modest reduction both in comparison to previous gains, and in the context of economic uncertainty and investment market volatility: globally, concerns over rising inflation meant that both bond and equity markets fell during the year, so high-level diversification provided little cover. UK gilt and property markets, and global corporate bond markets were all down by more than **-10%**, so there was plenty of potential for significant losses. In practice, several factors mitigated SPF's losses: relative sterling weakness helped, given that SPF is primarily an overseas investor; the capital protection inherent in the Fund's two absolute return mandates worked as it should with both producing small positive returns; but the biggest contributor was SPF's extensive private markets exposure. Private equity, private debt, global real estate, and global infrastructure all produced very respectable positive returns, as did SPF's Direct Impact Portfolio.

The year's total return of **-1.6%** was **0.9%** behind benchmark.

In spite of this year's losses, 3, 5, and 10-year annualised return figures remain both strongly positive and ahead of benchmark: **+9.9%** *v* **+9.6%**, **+6.3%** *v* **+6.0%**, and **+8.2%** *v* **+7.5** respectively.

More detailed performance analysis is 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. DIP agreed **5** new investments during the year – total value **£200m**. These spanned renewable energy, clean technology, UK SME financing, and affordable homes. DIP now comprises **59** separate investments with a closing Net Asset Value of **£1,394m**. DIP's annual return for 2022/23 was **+13.6%**. Measurable impacts from DIP funds in 2022 included generation of green energy sufficient for more than **277,000** homes.

Stewardship

In September, The Financial Reporting Council (FRC) updated the **list of signatories** to its **UK Stewardship Code** after completing its 2022 assessment. SPF was again confirmed as a signatory.
The Code sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. Signatories are required to report annually on their stewardship policies, processes, activities and outcomes for a 12-month reporting period.
Those on the list have met the standard of reporting required by the Code.

Climate Change

As previously agreed, the Fund joined the Paris Aligned Investment Initiative during the year, and towards the year end published a Climate Action Plan which sets out our immediate priorities to ensure that Climate Change is addressed across all portfolios so that SPF achieves and maintains progress towards its Net Zero objective and target.

Risk

The risk register is reviewed every quarter. The most significant risk this year was from inflation. This was increased from **12** (Probability 3/5 x Impact 4/5) to **16** (4/5 x 4/5) during 2021/22 in response to leading economic indicators. This now seems prescient given the inflation experience of 2022/23. The risk reflects the fact that whilst full inflation protection is a valuable benefit to members, it comes at a significant funding cost. The summary Risk Register is included in the Governance section of this annual report.

Funding

SPF's funding position as at 31st March 2023 will be formally assessed in the triennial actuarial valuation which is required by the scheme regulations. The process will take most of the year to complete, but a good or very good outcome is anticipated in terms of the reported funding level. The funding level is the value of assets/value of liabilities, usually 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. Over 2022/23, although investment returns turned negative and rising inflation increased the funding cost, UK government bond yields improved significantly. This has 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. As a result, the present value of promised retirement benefits reported in the financial statements is significantly less than the closing net asset value. A different actuarial basis is used for the triennial funding valuation, but it is expected to produce a similar or greater improvement in the funding level.

Governance

Committee and Board meetings continued to be held by video conference in the early part of the year. In September, hybrid meeting arrangements were successfully introduced for the SPF committee. Board meetings subsequently alternated between video conference and in-person. More details of the Committee and Board are included in the Governance section of this annual report.

Outlook

In the last few years, SPF has fairly comfortably absorbed the initial impacts of COVID, the Russia-Ukraine conflict, and the consequent inflationary spike. The effects and after-effects of all of those remain prevalent. Their longer-term impacts are far from certain. Climate change continues to cast a long shadow. New challenges will also emerge. What next? Recession?

However, and whatever, the Fund's strategies are based on long-term modelling of multiple economic scenarios and outcomes. There is always risk and uncertainty, but the strategies are designed to accommodate that. Both the Funding and Investment strategies will be reviewed as part of the triennial actuarial valuation and will be adapted as necessary to ensure that SPF can address future challenges as robustly and resiliently as it has met these most recent ones.

Conclusion

2022/23 was a very difficult year in many respects, but also a very successful one for SPF in many respects: mitigating losses, achieving an improved funding level, and delivering value and security to our members.

Councillor Richard Bell
City Treasurer and Convener
Strathclyde Pension Fund Committee

Annemarie O'Donnell
Chief Executive
Glasgow City Council

Martin Booth
Executive Director of Finance
Glasgow City Council

Membership and Member Transactions

Members	2018/19	2019/20	2020/21	2021/22	2022/23
Employers	172	166	164	159	152
Employee Members	100,441	108,492	109,359	111,804	114,178
Deferred Members	62,599	63,796	65,334	67,744	72,811
Pensioners	79,234	81,470	83,685	87,052	90,102
Total Members	**242,274**	**253,758**	**258,378**	**266,600**	**277,091**
Transactions	**(£000)**	**(£000)**	**(£000)**	**(£000)**	**(£000)**
Employer Contributions	437,552	483,844	493,978	524,771	551,379
Employee Contributions	131,119	148,610	150,663	159,678	170,373
Lump Sums Paid	(137,713)	(166,893)	(135,384)	(158,084)	(168,524)
Pensions Paid	(452,656)	(478,793)	(507,304)	(523,399)	(560,454)
Other Income / (Payments)	(30,414)	(4,760)	(20,705)	13,339	3,062
Net Transactions	**(52,112)**	**(17,992)**	**(18,752)**	**16,305**	**(4,164)**

Contributions income and pension payments have increased year on year in line with membership.

Net cash outflow of **£4m** for member transactions was a reversion to the expected net outflow position which was reversed last year as a result of a single bulk transfer in from an employer.

Investments

	2018/19 (£000)	2019/20 (£000)	2020/21 (£000)	2021/22 (£000)	2022/23 (£000)
Opening Value	20,806,209	21,936,058	20,940,681	26,353,643	28,366,012
Investment Income (Net)	282,241	331,691	327,235	377,583	408,472
Management Expenses	(125,692)	(124,109)	(210,383)	(173,757)	(166,195)
Member Transactions	(52,112)	(17,992)	(18,752)	16,305	(4,164)
Change in Value	1,025,412	(1,184,967)	5,314,862	1,792,238	(732,599)
Closing Value	**21,936,058**	**20,940,681**	**26,353,643**	**28,366,012**	**27,871,526**

This was SPF's second negative annual return in 4 years. It was also only the second since 2009 after an unbroken run of positive years from 2009/10 to 2019/20.

Cash Flow Forecast

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

2022/23 figures are per the fund account.

Forecasts are based on actual cash flows to 2021/22 together with part-year cash flows for 2022/23.

	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	2026/27 (£000)	2027/28 (£000)
Pensions Income	751,613	772,043	806,212	840,994	876,979	914,368
Pensions Expenditure	755,777	863,694	928,692	990,612	1,056,501	1,127,730
Net Pensions Cash Flow	**(4,164)**	**(91,651)**	**(122,480)**	**(149,618)**	**(179,522)**	**(213,362)**
Net Investment Income	408,472	323,191	332,762	342,616	352,761	363,206
Net Cash Flow	404,308	231,540	210,282	192,998	173,239	149,844

	2028/29 (£000)	2029/30 (£000)	2030/31 (£000)	2031/32 (£000)	2032/33 (£000)
Pensions Income	953,211	993,562	1,035,478	1,079,016	1,124,235
Pensions Expenditure	1,204,781	1,288,181	1,378,508	1,476,391	1,582,523
Net Pensions Cash Flow	**(251,570)**	**(294,619)**	**(343,030)**	**(397,375)**	**(458,288)**
Net Investment Income	373,960	385,032	396,430	408,164	420,246
Net Cash Flow	122,390	90,413	53,400	10,789	(38,042)

The Fund's investments currently distribute significantly more income than is required to pay pensions.
However, the projected shortfall in benefits cashflow has increased markedly from previous financial years, due to the impact of current high inflation and projected wage growth.
By 2032/33, it is forecast that net pensions expenditure will exceed distributed investment income.
Investment Income shown includes distributed income only. The majority of income is earned and re-invested within pooled investment vehicles. Much of this could be converted to a distributing basis if required.
Projected benefits cash flow will be reviewed as part of the actuarial valuation of the Fund as at 31st March 2023, and could change significantly if employer contribution rates are amended.
Given current inflation experience all cash flows are more variable than previously.

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.

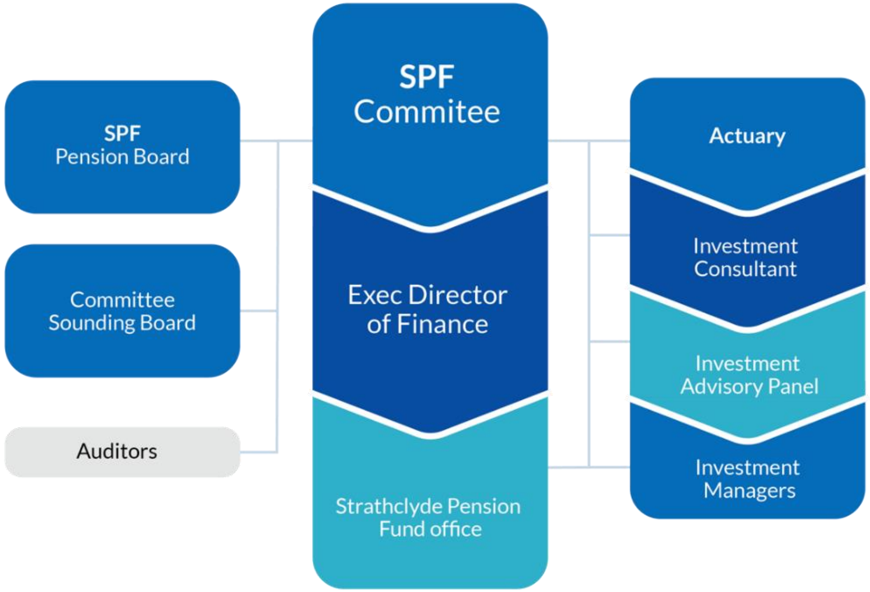
The **actuary** provides advice on funding. The **investment consultants** provide advice on all aspects of investment objectives, strategy and structure.

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. Membership was renewed following Council elections in May 2022, though a majority of the new membership had previously served on the committee. Councillor Reid-McConnell replaced Cllr. Dan Hutchison in November 2022. There were no other changes during the year. Committee membership as at 31st March 2023 is shown opposite.

Current committee membership is displayed on the Fund's website at: https://www.spfo.org.uk/article/4348/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.

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 2022/23	
Richard Bell	5/5
Abdul Bostani	5/5
Philip Braat	5/5
Allan Gow	4/5
Ruairi Kelly	5/5
Eva Murray	2/5
Dan Hutchison / Lana Reid-McConnell	5/5
Martha Wardrop	5/5

Councillor Richard Bell (Convener)

Councillor Abdul Bostani

Councillor Philip Braat

Councillor Allan Gow

Councillor Ruairi Kelly

Councillor Eva Murray

Councillor Lana Reid-McConnell

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 2023.

As at 31st March 2023 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**

Trade Union Representatives

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

Cllr Sandy Watson replaced Cllr William Goldie in August. There were no other changes during the year.
The Joint Secretaries to the Pension Fund Board were:

Scott Donohoe (Trade Unions)

Morag Johnston (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 2023.

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

Cllr Richard Bell (Convener)
Cllr Martha Wardrop (Vice-Convener)
Cllr Philip Braat

INVESTMENT ADVISORY PANEL

The Investment Advisory Panel is responsible for:

- developing investment strategy
- monitoring investment performance
- assisting in the selection and appointment of investment managers
- setting and reviewing detailed investment mandate terms and guidelines
- implementation of the passive rebalancing strategy
- monitoring cash flows
- implementation of the private equity, private debt and global real estate programmes.

Throughout the year to 31st March 2023 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.

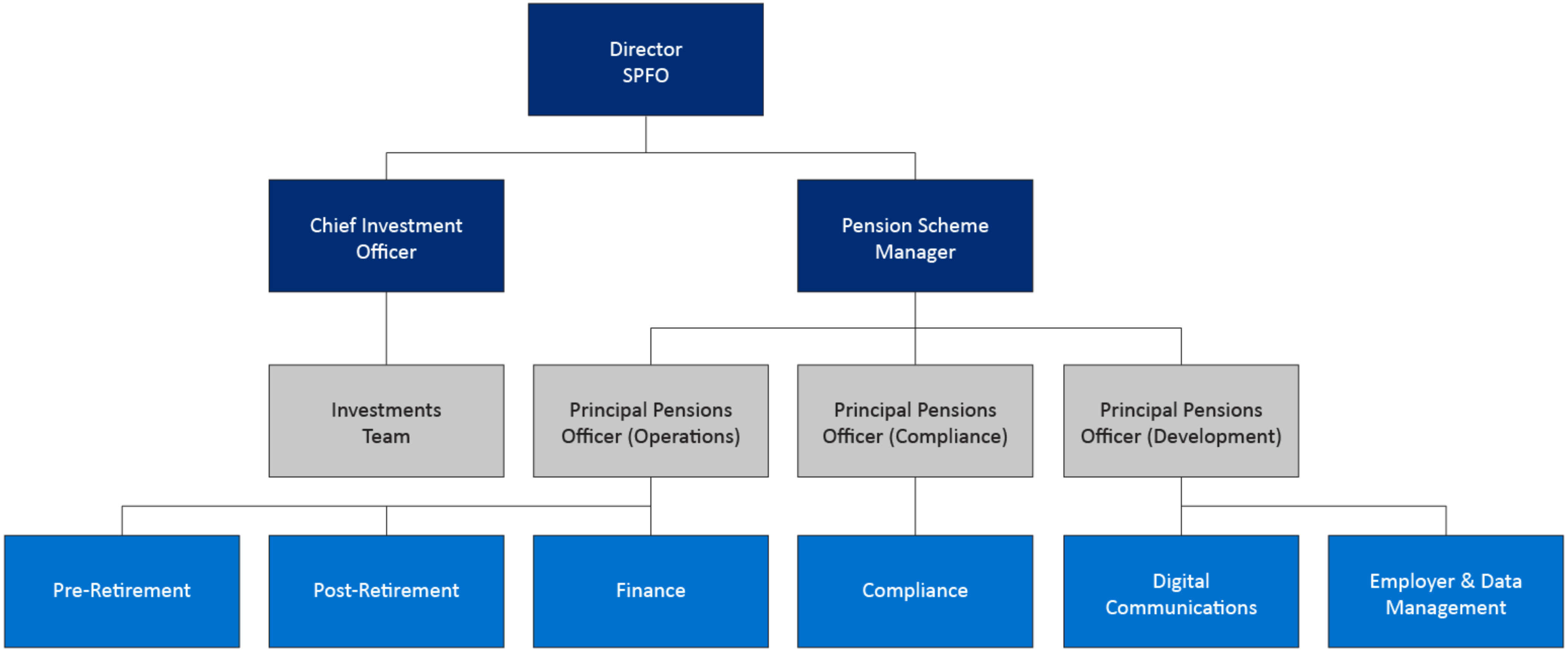
STRATHCLYDE PENSION FUND OFFICE (SPFO)

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 **84** staff in post as at 31st March 2023.

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 2023

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

Alentra, Ashmore, BARINGS, BAILLIE GIFFORD, DTZ INVESTORS, GENESIS

ICG, J.P.Morgan Asset Management, LAZARD ASSET MANAGEMENT, Legal & General Investment Management, OHA Oak Hill Advisors, OP Oldfield Partners

PANTHEON, Partners Group, PIMCO, RUFFER, Veritas Asset Management

FIDELITY INTERNATIONAL

LOMBARD ODIER

OTHER SERVICE PROVIDERS

AUDIT SCOTLAND	AVISON YOUNG	SUSTAINALYTICS	HYMANS ROBERTSON	NORTHERN TRUST	NORTHERN TRUST
Audit of accounts	Property portfolio valuation	ESG engagement	Actuarial services	Performance measurement	Global custody
Pinsent Masons	Glasgow City Council	MSCI	HYMANS ROBERTSON	CMS law·tax·future	PRUDENTIAL
Legal services	Corporate support services	Carbon footprinting	Investment consultancy	Legal services (Property)	AVC provider

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 2022/23 training plan was agreed at the Committee's meeting on 21st June 2022.

Training offered and delivered during the year included the following.

- Induction training for new Committee and Board members and refresher training for returning members. This was the training priority given changes to the Committee and Board membership as a result of council elections in May. Based on the CIPFA Knowledge and Skills Framework this covered 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 or workshops on:
  - Private Equity Markets (Pantheon)
  - Investment Market Update (PIMCO)
  - Private Debt and Green Loans Framework (ICG Longbow)
  - Climate Action Plan (SPF Officers & Hymans Robertson)

- Attendance at external events:
  - LGC Investment Seminar Scotland 2022

- 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.

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 2023.

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 2023

Total Risks	Very High Risks	High Risks
36	1	5

Impact

Probability			1 Negligible	2 Minor	3 Moderate	4 Major	5 Critical
5	Almost Certain	80%–100%		1			
4	Likely	60%–80%		2	2	1	
3	Possible	35%–60%		11	4	1	
2	Unlikely	15%–35%		6	2	5	1
1	Rare	0%–15%					

← significant risk zone

Changes since 31 March 2022

New	1
Increased	4
Decreased	3
Closed	-
Static	28

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 (see note). 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 2023 are summarised below.

Title	Description	Residual Impact (/5)	Residual Probability (/5)	Residual Score (/5)
Inflation Impact	**RISK:** Pay and price inflation significantly more or less than anticipated for a protracted period. **CAUSE:** Macroeconomic. **EFFECT:** Increase in liabilities; increase in asset price volatility; potential underfunding; potential increase in employer contribution rates.	4	4	**16**
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, audit criticism, legal challenge, reputational damage, financial penalties.	3	4	**12**
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.	4	3	**12**
Succession Planning	**RISK:** Failure to recruit, retain and develop appropriate staff. **CAUSE:** Employment market changes. **EFFECT:** Loss or failure of service delivery.	3	4	**12**
Fund Investment Impact	**RISK:** Fund's investments fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long-term. **CAUSE**: Macro Economic. **EFFECT:** Long-term underfunding; significant increase in employer contribution rates.	5	2	**10**
Scheme Regulation Change	**RISK:** Changes to scheme regulations and other pensions legislation. **CAUSE:** Political or legislative. **EFFECT**: Increasing administrative complexity, communications challenges. Potential issues with the Pensions Regulator. Increase in liabilities.	2	5	**10**

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 2022/23 plan was agreed in March 2022. 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	RAG Status	Progress
Governance			
Council Elections	Formation and Training of New Board and Committee subsequent to May 2022 Council Elections.	**Complete**	Committee induction/refresher training and first meeting held in June. Training plan agreed for year. Board briefing delivered. Board induction/refresher training held on 1st September. One-to-one briefings delivered to replacement members.
Actuarial Valuation	Preparation and planning for actuarial valuation as at 31st March 2023.	**Complete**	Hymans Robertson re-appointed as SPF actuary at June committee meeting. Preliminary discussion of funding approach, draft plan, timetable, covenant review, and advance data check all completed.
Investments			
Climate Change Strategy	Produce Net-Zero Action Plan.	**Complete**	SPF joined Paris Aligned Investment Initiative (PAII) in June. Outline plan discussed at IAP in August. First draft discussed in November. Committee briefing delivered in January 2023. Climate Action Plan approved by SPF committee in March 2023.
Climate Change Strategy	Implement Energy Company Standards Framework.	**Complete**	Initial assessment of holdings carried out in Q2 2022; engagement with investment managers commenced Q3; IAP reviewed at August meeting; summary included in Investment Update at September committee meeting. Repeat annually.
Investment Strategy and Structure	Planning for 2023 review.	**Complete**	Preliminary IAP discussion of approach and priorities completed during August, November and February meetings. Climate Change strategy will be a central strand of the review.
Property Valuer	Review of UK property portfolio valuation arrangements and contract.	**Complete**	Tender carried out using Crown Commercial Services. Concluded with committee approval of (re)appointment of Avison Young in March 2023.

Item	Description	RAG Status	Progress
Pensions Administration			
Administration Strategy	Review administration strategy in light of (pending) regulation changes, the Pensions Regulator's (TPR) Combined Code, completion of i-connect rollout to employers, and other process changes.	**Complete**	Reviewed and revised to reflect: regulatory changes, TPR developments, and changed working practices including hybrid working and increased digitisation. SPF Committee approved in March 2023 for consultation with employers. No responses.
TPR	Review new TPR Combined Code in order to ensure SPFO compliance.		To start on publication (originally expected Q3 2022 but still awaited at year end). Ensure compliance within 6 months. **Carry forward to 2023/24.**
AVCs	Review of current arrangements for provision of Additional Voluntary Contributions.		Review of alternative providers carried out by Hymans Robertson concluded that there were currently very limited options for new/additional providers, and that no immediate change would be made. This will be kept under review. **The default investment option and fund range with Prudential will be reviewed.**
McCloud Remediation	Implement remediation to be agreed in light of McCloud judgement on age discrimination in the LGPS.		Timetable dependent on legislation still to be enacted and guidance still to be published. Actions likely to involve review of up to 30,000 member records. Outcomes: multiple record amendments and a few payment revisions. Initial preparatory steps are underway. **Project will be carried forward and ongoing throughout 2023/24.**
Finance			
Process Review	Phase II of review of SPFO financial processes.		*Altair Insights* management information tool now live on SPF system. Functionality is being used to develop reconciliation processes. **Will be completed as part of final accounts exercise.**
Communications			
Spfo.org.uk	Transfer to new GOSS platform.		Platform available within GCC from mid-August. New templates have been developed for SPFO with a view to transferring content by **mid 2023/24**.

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:
https://www.glasgow.gov.uk/councillorsandcommittees/committee.asp?bodyid=17&bodytitle=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 in the About Us/Governance area of the Fund's website at: www.spfo.org.uk

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 usually held in June (cancelled in 2022 due to council elections), and is attended by a wide group of stakeholders. During 2022/23 meetings were initially held by video conference before hybrid meeting arrangements were introduced from September 2022.

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 of its About Us area 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

Annemarie O'Donnell
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 available 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: www.glasgow.gov.uk/councillorsandcommittees/calendar.asp

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.

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

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.

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 CIPFA Financial Management Code provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the code authorities will be able to demonstrate their financial sustainability. Council management undertook a self-assessment against the Financial Management Code during quarter one 2022/23, 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 and tested against evidence provided by the Fund.

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 2021/22 specific to the Strathclyde Pension Fund. The Council's governance statement in 2021/22, reported one significant governance issue 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 one significant issue in relation to the current IT arrangements. The Council is continuing to progress these recommendations and updates are reported to the Council's Finance and Audit Scrutiny Committee.

11. SIGNIFICANT GOVERNANCE ISSUES 2022/23

Glasgow City Council's Head of Audit and Inspection has confirmed that there are no 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 2022/23.

As noted above, the Strathclyde Pension Fund uses and relies on a number of the Council systems, processes and controls. As such, any significant governance issues within the Council are considered for relevance to the Strathclyde Pension Fund. In 2022/23, the Council experienced a critical incident involving the SAP system, leaving this business critical ERP system unavailable for five weeks in January/February 2023. SAP is used to manage essential business processes including payroll, accounts payable/receivable, and financial ledger (management accounts). Although a GCC system it is used operationally by the Strathclyde Pension Fund therefore the outage of the system for five weeks had an impact.

During the outage, all Strathclyde Pension Fund staff and pensions managed to be paid, albeit some manual processes had to be put in place.

A full lessons learned report by the Council's ICT provider CGI was issued in May 2023 and Internal Audit is undertaking corroboration assurance work on the findings. Internal Audit is also currently working through the significant manual and business continuity activity that happened during the incident. The processes adopted and risk based approach observed to date appear reasonable. However, substantive testing on transactions by Internal Audit is ongoing due to the scale of the data.

12. INTERNAL AUDIT OPINION

During 2022/23 the following assurance reviews were undertaken:

- Information Security/Information Management;
- Customer Engagement, and
- Scheme of Delegation.

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 2022/23.

13. CERTIFICATION

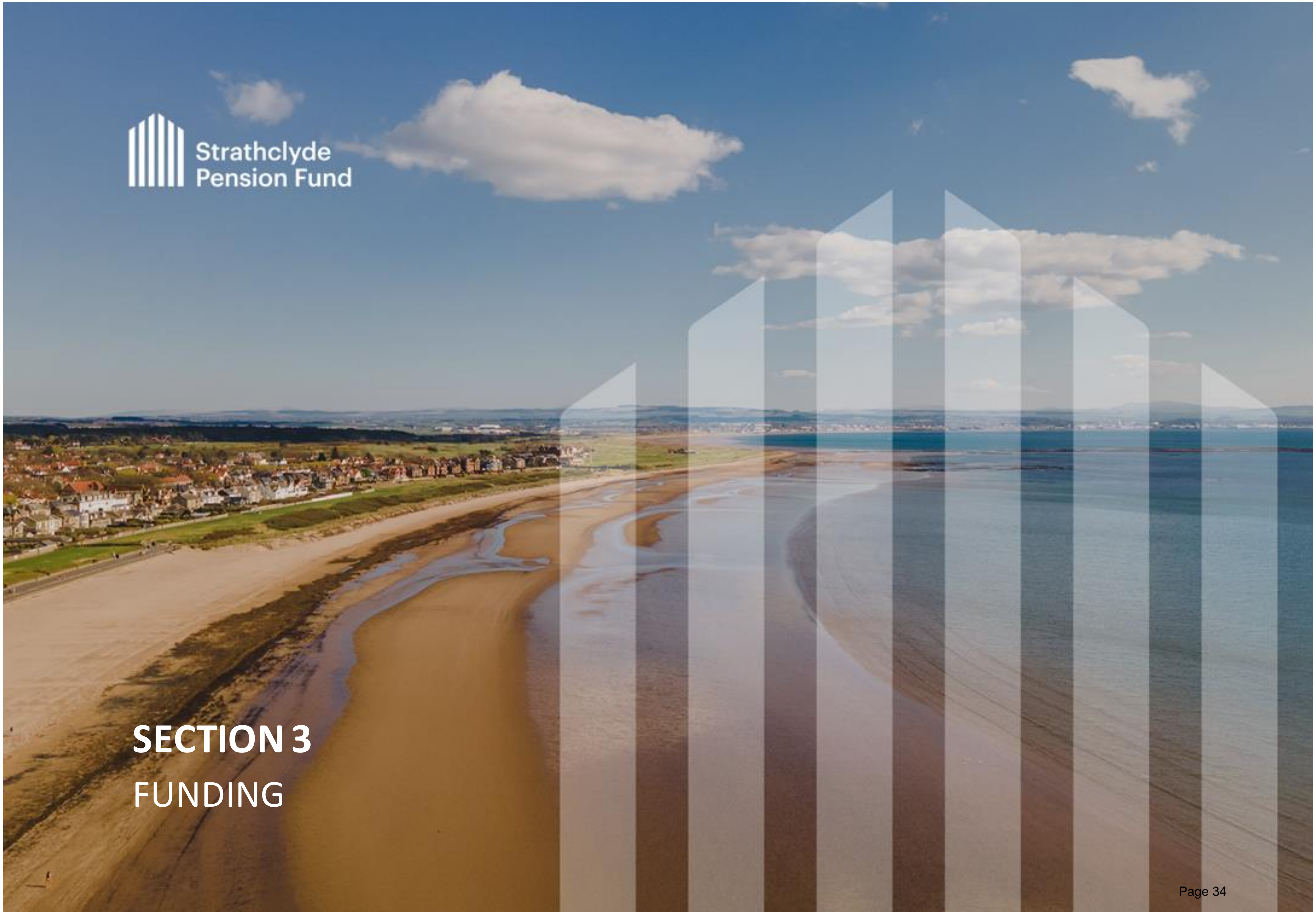
It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operated in the Strathclyde Pension Fund during 2022/23. The work undertaken by Internal Audit has shown that the arrangements in place are generally operating as planned. We consider the governance and internal control environment operating during 2022/23 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	**Annemarie O'Donnell**	**Martin Booth**
City Treasurer and Convener	Chief Executive	Executive Director of Finance
Strathclyde Pension Fund	Glasgow City Council	Glasgow City Council
Committee		

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 2020.

In completing the 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 2020 actuarial valuation, the actuary reported a funding position of 106%. The following total employer contribution rates were certified for the Fund's Main Employer Group including the 12 local authorities.

- 19.3% (of pensionable payroll) from 1st April 2021;
- 19.3% (of pensionable payroll) from 1st April 2022; and
- 19.3% (of pensionable payroll) from 1st April 2023.

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. This results in a higher contribution rate than the baseline 19.3% and/or an annual cash contribution at a fixed amount being certified for many employers.

The next actuarial valuation and review of the Funding Strategy Statement will be carried out as at 31st March 2023 and must be completed by 31st March 2024.

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 2023 this showed an indicative funding position in excess of 150%.

As part of the 2020 actuarial valuation exercise, the Funding Strategy Statement was reviewed and the following revised statement was approved in March 2021.

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 66%, 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 contributions strategy aims to ensure that the target funding level is achieved at both Fund and employer level in a manner which is fair and affordable for employers.

For ongoing employers with a good covenant the Fund will adopt measures to stabilise the contribution rate and will seek to limit changes in the rate payable by them.

For employers with a less secure covenant or where participation in the Fund may cease, rates and adjustments will be 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 in the 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:

https://www.spfo.org.uk/media/5042/Statement-of-Investment-Principles-31-03-22/pdf/Statement_of_Investment_Principles_31.03.22.pdf?m=1684502515690

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:

https://www.spfo.org.uk/media/10343/Funding-Strategy-Statement-Final-2023/pdf/FSS_2023_Final.pdf?m=1709814706020

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

Acturial 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 2020 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 2020. This valuation revealed that the Fund's assets, which at 31 March 2020 were valued at £20,941 million, were sufficient to meet 106% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2020 valuation was £1,197 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 2020 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 2020 valuation were as follows:

Financial assumptions	31 March 2020
Discount rate	3.0%
Salary increase assumption	2.6%
Benefit increase assumption (CPI)	1.9%

The key demographic assumption was the allowance made for longevity. The life expectancy assumption was based on the Fund's Vita Curves alongside future improvements based on the CMI 2019 model with an allowance for smoothing of recent mortality experience and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	19.9 years	22.6 years
Future Pensioners*	21.3 years	24.7 years

*Currently aged 45

Copies of the 2020 valuation report and Funding Strategy Statement are available on www.spfo.org.uk

Experience over the period since 31 March 2020

Markets were severely disrupted by COVID-19 at the 31 March 2020 funding valuation date, resulting in depressed asset values but recovered very strongly in 2020 and 2021. Markets have continued to be disrupted by the ongoing war in Ukraine and inflationary pressures, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in a higher than expected LGPS benefit increase of 10.1% in April 2023. Despite this, the funding level of the Fund is likely to be higher than reported at the 31 March 2020 funding valuation due to the significant rise in interest rates which reduces the value placed on the Fund's liabilities.

The next actuarial valuation will be carried out as at 31 March 2023. The Funding Strategy Statement will also be reviewed at that time.

Craig Alexander FFA
For and on behalf of Hymans Robertson LLP
18 May 2023

SECTION 4

CLIMATE CHANGE STRATEGY

CLIMATE RISK

SPF believes that Climate Change is a systemic risk and thus a material long-term financial risk.

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 4,000 companies and financial institutions representing a combined market capitalisation of US$27 trillion and US$194 trillion 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

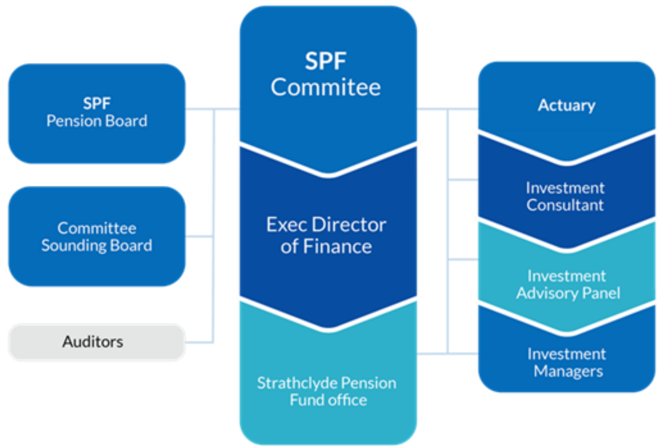
GOVERNANCE

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 are summarised as follows:

- **August 2015** the Committee considered a report investigating the feasibility, cost and benefits of introducing partial or complete fossil fuel divestment for the Strathclyde Pension Fund. Divestment was not recommended. Instead the Committee agreed to re-state the Fund's commitment to active ownership and responsible investment.
- **March 2016** the Committee considered a report concluding a review of the Fund's Responsible Investment strategy. A number of changes were agreed with a specific focus on Climate Change.
- **September 2016** the Committee considered a report reviewing the Fund's progress in developing a Climate Change strategy.
- **December 2016** the Committee considered a report which presented summary findings of:
  - a first carbon footprint analysis of the Fund's listed equities;
  - a review of non-exclusion, passive, low carbon investment solutions; and
  - an investigation of membership of additional industry forums or initiatives to support engagement work around key issues such as Climate Change.
- **March 2020** the Committee considered a report reviewing the management of climate related risks and opportunities. The Committee agreed that Climate Change should be treated as a separate risk and opportunity in developing SPF's investment strategy and structure.
- **June 2021** the Committee agreed that SPF should:
  - implement an investment strategy that is consistent with achieving the goal of global net zero emissions by 2050; and
  - adopt a target of net zero emissions across SPF portfolios by 2050 or sooner.
- **March 2022** the SPF Committee considered further actions in respect of the Strathclyde Pension Fund Climate Change strategy and agreed that Strathclyde Pension Fund should:
  - produce a high level climate action plan; and
  - use the IIGCC Net Zero Investment Framework as the basis for its climate action plan;
  - join the Paris Aligned Investment Initiative (PAII); and
  - adopt an interim target for carbon reduction of at least 45% from the baseline by 2030;
  - adopt and implement an energy company standards framework.
- **March 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.

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 the Fund's listed equity managers are signatories to the climate change focused Net Zero Asset Managers Initiative (NZAM).
- Sustainalytics, a specialist responsible investment engagement overlay provider whose services have been retained by SPF since 2012 (originally trading as GES).
- SPF itself through direct engagement, and collaboration with other investors including the Local Authority Pension Fund Forum (LAPFF), ShareAction, Institutional Investor Group on Climate Change (IIGCC), CDP, Climate Action 100+ and other ad hoc alliances.

This collective approach ensures that SPF maximises the resource 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 A+ 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. This includes impacts on: GDP growth, inflation, equity market returns, gilt yields, credit spreads, and longevity. Asset-liability and climate-scenario modelling are used to assess these risks.

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, though the degree and timing of the impact cannot be accurately gauged.

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

With respect to the short-term policy risk, the Fund has closely monitored 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).

Opportunities

In 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 current structure did not provide access. The strategy is reviewed every 3 years. It was re-branded as the Direct Impact Portfolio (DIP) in 2021. DIP's primary objective is identical to the overall SPF investment objective. DIP has a secondary objective of adding value through investments with a positive local, economic or ESG (environmental, social, governance) impact. DIP is supporting technology and solutions crucial for the transition to a low carbon UK economy. To date the DIP portfolio has committed a total of **£571m** to a total of 15 separate renewable energy infrastructure investments which include specialist onshore and offshore wind funds, UK solar funds and generalist renewables and community power funds. Many of these investments have a 25-year fund life. DIP also invests in cleantech private equity and more generalist infrastructure funds which include some renewables 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.

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 analysis of the impact of climate risk on the Fund's liabilities, assets and operating costs.

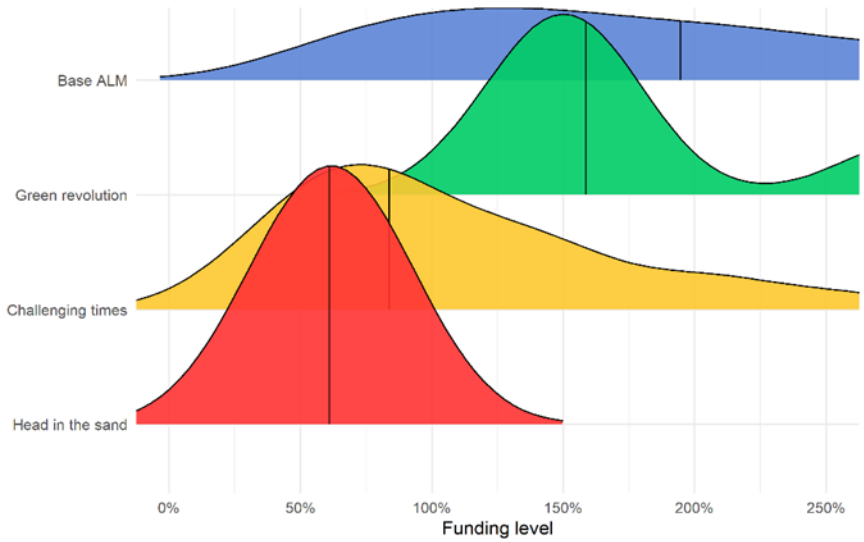
Liabilities and assets

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 adaption 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 in March 2021 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 future development of that strategy.

No immediate change was proposed as a result of the first iteration of modelling, but the 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 output of the scenario modelling will be used in future to assess an appropriate allowance for climate risk within funding assumption prudence as well as future investment strategy considerations, including asset allocation decisions.

The modelling will be updated as part of the actuarial valuation and ALM of the Fund as at 31st March 2023. The associated review of investment strategy will have a strong focus on net zero activity and initiatives.

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, equities 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 footprinting 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**

During 2021, SPF made a £1.7bn allocation 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 Direct Impact Portfolio has committed a total of **£571m** 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 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 0-20% = Red; 20% - 50% = Amber; 50% + = Green. A separate fourth score of Grey is applied where data availability is less than 45%

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 Publications area of the 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.

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).

METRICS AND TARGETS

Recommended Disclosure a)
Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.

SPF has engaged the leading carbon audit service provider, MSCI, to provide carbon and emissions footprinting of the Fund's listed equity portfolios in 2016, 2018 and 2020.

For each listed equity portfolio, the carbon footprinting 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.

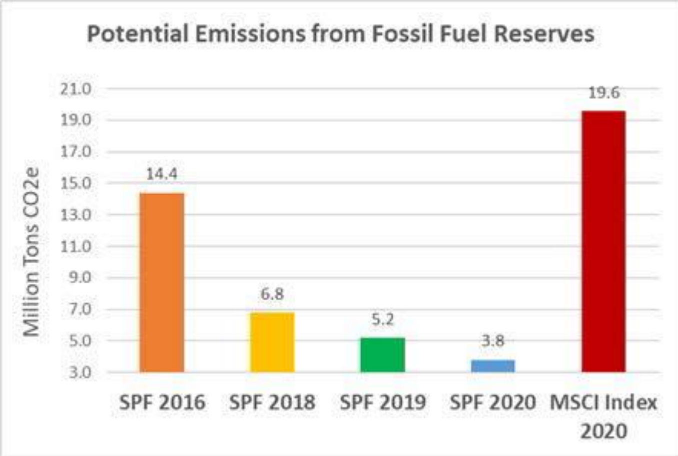
The Fund is committed to repeating this foot-printing on a bi-annual basis and investigating the inclusion of other asset classes in addition to listed equities.

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 2020 the Fund's weighted average listed equity footprint was **146.2 tCO2e/£ revenue**. This was **23.6%** lower than in 2018 and **5.0**% lower than 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 82.4% of the carbon footprint.
- The carbon footprinting analysis has considered the risk of 'Stranded Assets' in the Fund's listed equity by calculating the total potential emissions from fossil fuel reserves as tons of CO2. In 2018 the total potential emissions from fossil fuel reserves was 23.7 million **tCO2e**. This was **23.8%** lower than in 2016 and **23.7%** lower than that of the MSCI All Country World Index.
- In 2020 the total potential emissions from fossil fuel reserves held across **all** SPF portfolios was 26.3 million **tCO2e**. This was **23.5%** lower than that of the MSCI All Country World Index.

The chart opposite provides a year on year view of the Fund's ownership of potential emissions from all proven reserves of Thermal Coal, Oil and Gas owned by all the fossil fuel companies held in the Fund's **active** equity portfolios. Expressed as millions of tons of CO_2 and compared to an equal value of the most widely used global equity benchmark, the MSCI All Country World Index.



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

SPF has used historic portfolio and MSCI data to establish the 2010 position as a baseline. This is consistent with IPCC (Intergovernmental Panel on Climate Change) modelling which underpins the Paris Agreement and the Glasgow Climate Pact. Results for SPF's listed equity portfolios are summarised in a simplified format in the chart opposite.

During 2022 SPF joined the Paris Aligned Investment Initiative (PAII) 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 global 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.

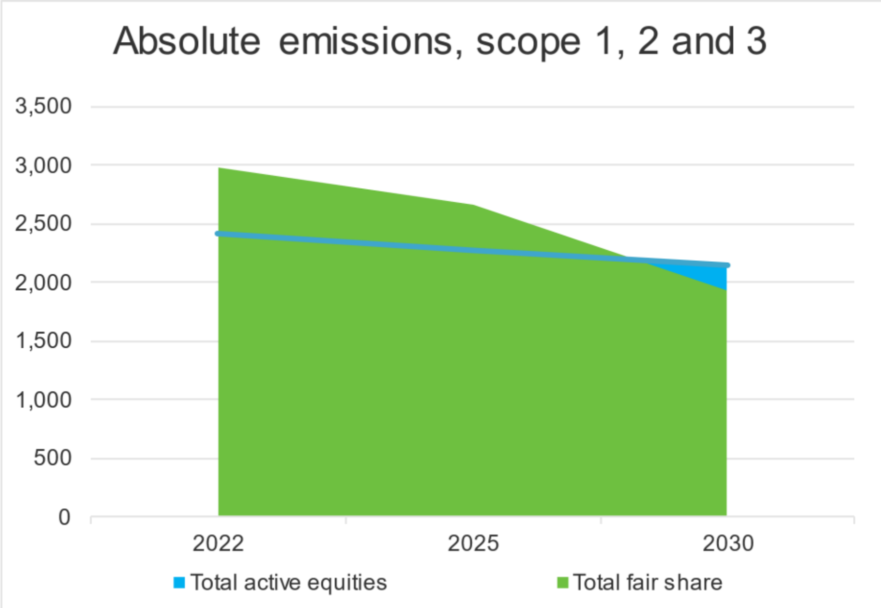
% SPF High Emitting Companies	Transitioning companies (aligned, aligning, or committed)	Not aligned or committed	Insufficient data
By Number	30%	13%	57%
By Value	58%	27%	15%

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.

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.

The Fund's investment consultants have completed an analysis to illustrate the current transition pathway of SPF's active equity portfolios. The analysis considered Scopes 1, 2 and 3 and is summarised in the chart opposite.

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).



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.

In other asset classes: 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 achieveing Net-Zero for its clients' direct investment portfolios by 2040. A summary of DTZ's pathway to achieving this is included in SPF's Climate Action Plan. SPF will engage closely with DTZ to ensure that the pathway can be maintained.

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. Again, further details are included in SPF's Climate Action Plan.

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

INVESTMENT

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 should be 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 70% 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, 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 objective, 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 leads 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 or are in pooled funds which 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 strategy to address this is summarised in Climate-related Financial Disclosures which are included in its annual report each year.

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:

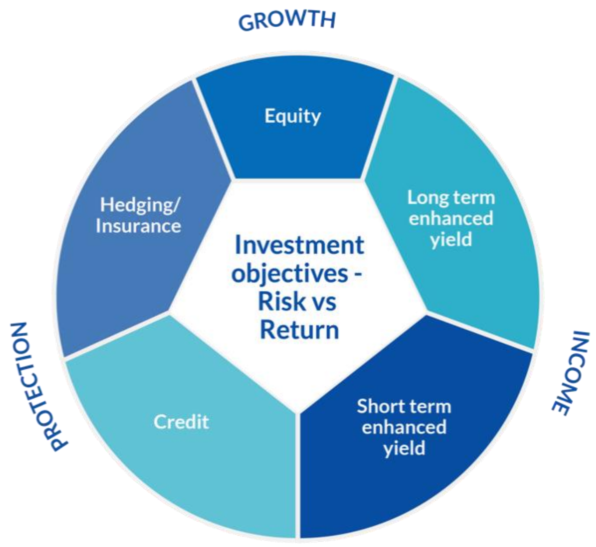
1. LGPS Regulations - Disclosures
2. Investment Objectives, Strategy and Structure
3. Investment Roles & Responsibilities
4. Responsible Investment Policy and Strategy
5. AVC arrangements
6. CIPFA/Myners Principles – Assessment of Compliance

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



In common with many Local Government Pension Scheme funds, valuations of the Strathclyde Pension Fund since 2014 have confirmed that:

- pensioner and deferred liabilities outweigh active member liabilities; and
- cash-flow from members to the Fund has shifted from a net income figure to a net outflow.

Using the risk/return framework as a basis for modelling, a route-map for strategy development that reflected these changing dynamics and anticipated further potential changes to the Fund's liability profile over time was agreed in 2015 and is shown in the table below.

A phased implementation process was adopted. Implementation of Step 1 was completed during 2016/17. In 2018, Step 2 was adopted as the strategic target model and has since been retained.

The next investment strategy review is scheduled for 2023/24. Results of asset liability modelling based on the 31st March 2023 actuarial valuation will inform a review of the Step 2 model and determine whether the current risk/ return framework for strategy development remains appropriate or whether it should be revised or replaced.

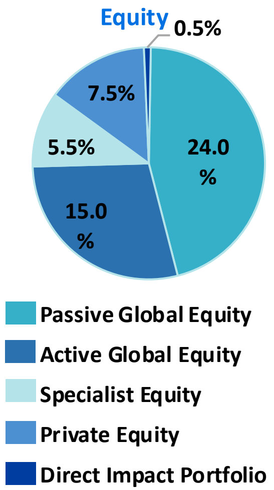
Strathclyde Pension Fund Risk/ Return Framework

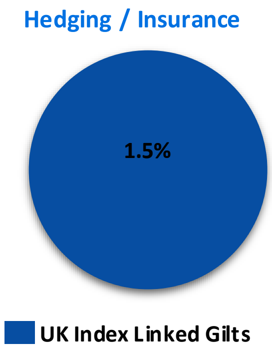
Asset Category	Start	Step 1	Step 2	Step 3	Step 4
	%	%	%	%	%
Equity	72.5	62.5	**52.5**	42.5	32.5
Hedging/Insurance	4.5	1.5	**1.5**	1.5	1.5
Credit	3.0	6.0	**6.0**	6.0	6.0
Short-term Enhanced Yield (STEY)	7.5	15.0	**20.0**	25.0	30.0
Long-term Enhanced Yield (LTEY)	12.5	15.0	**20.0**	25.0	30.0
	100	100	**100**	100	100
Return (% p.a.)	6.1	6.0	**5.9**	5.8	5.5
Volatility (% p.a.)	13	12	**11**	10	9

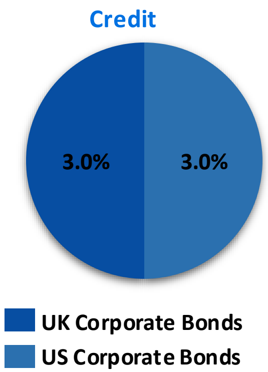
The Fund's current investment structure follows the Step 2 strategic model. The next review of investment strategy will take place in 2023/24. A focus of this strategy review will be to determine whether the risk/ return framework should be retained, revised or replaced.

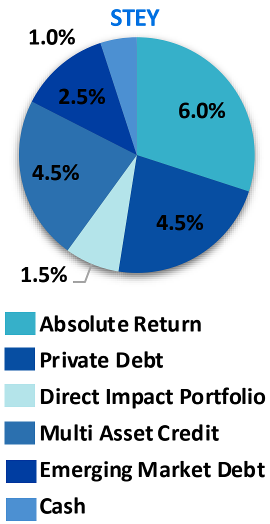
Investment Structure

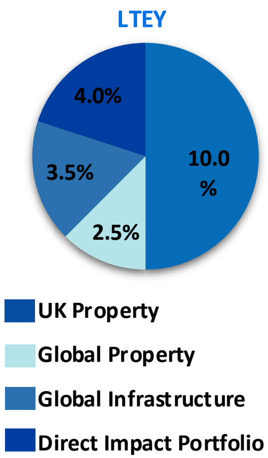
The current Step 2 investment structure is broken down by asset class in the charts below.











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 32 investment firms manage specialist funds within DIP.

ASSETS UNDER MANAGEMENT

Allocations by Asset Category

Asset allocation at the end of March 2022 and March 2023 was as follows:

Asset Category	*31 Mar 2022 (£m)*	*31 Mar 2022 (%)*	31 Mar 2023 (£m)	31 Mar 2023 (%)	Target (%)
Equity	*16,424*	*58.3*	**15,619**	**56.3**	52.5
Hedging & insurance	*346*	*1.2*	**0**	**0.0**	1.5
Credit	*1,558*	*5.5*	**1,979**	**7.1**	6.0
STEY	*4,712*	*16.7*	**4,742**	**17.1**	20.0
LTEY	*4,886*	*17.4*	**5,142**	**18.6**	20.0
Cash	*259*	*0.9*	**236**	**0.9**	-
Total	***28,185***	***100.0***	**27,718**	**100.0**	**100.0**

- £470m was withdrawn from **Equity** portfolios during the year to fund increased investment in global infrastructure, passive credit and private markets. Allocation decreased further as a result of the fall in value of equity markets.
- During the year, the Fund switched its holdings in cash funds to short-dated gilts (**Hedging and Insurance**) and then into corporate bond funds, increasing exposure to **Credit**.
- **STEY** increased as private debt portfolios with ICG Longbow and Partners Group reached target allocations.
- The allocation to **LTEY** increased as a result of drawdowns of new money to global infrastructure and global real estate as well as the positive absolute performance of these portfolios.

Investment Manager Allocations

Each external investment manager is appointed to manage a specified target % allocation of total Fund investment assets. The breakdown of the Fund's assets by investment manager, mandate type and asset class at end of March 2022 and March 2023 was as follows:

Manager	Mandate Type (%)	*31 Mar 2022 (%)*	31 Mar 2023 (%)	Target Allocation (%)
Legal & General	Passive Global Equity	*26.8*	**25.3**	24.0
Baillie Gifford	Active Global Equity	*7.6*	**7.4**	7.5
Lazard	Active Global Equity	*3.2*	**3.2**	2.5
Oldfield	Active Global Equity	*2.9*	**2.9**	2.5
Veritas	Active Global Equity	*3.1*	**2.9**	2.5
Lombard Odier	Specialist Equity	*1.6*	**1.4**	1.0
JP Morgan	Specialist Equity	*3.1*	**3.0**	3.0
Active EM Equity	Specialist Equity	*1.3*	**1.2**	1.5
Pantheon	Private Equity	*5.2*	**5.3**	5.0
Partners Group	Private Equity	*3.2*	**3.3**	2.5
DIP	Private Equity	*0.3*	**0.4**	0.5
Equity		***58.3***	**56.3**	**52.5**
Legal and General	Passive Index Linked/ Cash	*1.2*	**0.0**	1.5
Hedging / Insurance		***1.2***	**0.0**	**1.5**
Legal and General	Passive Corporate Bonds	*5.5*	**7.1**	6.0
Credit		***5.5***	**7.1**	**6.0**

Manager	Mandate Type (%)	*31st Mar 2022 (%)*	31st Mar 2023 (%)	Target Allocation (%)
PIMCO	Absolute Return	*3.6*	**3.7**	5.0
Ruffer	Absolute Return	*2.0*	**2.0**	1.0
Barings	Multi-Asset Credit	*2.5*	**2.4**	2.75
Oak Hill Advisors	Multi-Asset Credit	*1.7*	**1.7**	1.75
Alcentra	Private Corporate Debt	*1.3*	**1.4**	1.25
Barings	Private Corporate Debt	*1.8*	**1.7**	1.25
Partners Group	Private Corporate Debt	*0.8*	**1.0**	1.0
ICG-Longbow	Private Real Estate Debt	*0.8*	**1.1**	1.0
Ashmore	Emerging Market Debt	*1.7*	**1.6**	2.5
DIP	Various	*0.4*	**0.5**	1.5
Cash		*-*	**-**	1.0
STEY		***16.6***	**17.1**	**20.0**
DTZ	UK Direct Property	*9.3*	**8.6**	10.0
Partners Group	Global Property	*1.5*	**1.9**	2.5
JP Morgan	Global Infrastructure	*3.0*	**3.9**	3.5
DIP	Various	*3.6*	**4.2**	4.0
LTEY		***17.4***	**18.6**	**20.0**
Cash		***0.9***	**0.9**	**0.0**
Total		***100.0***	**100.0**	**100.0**

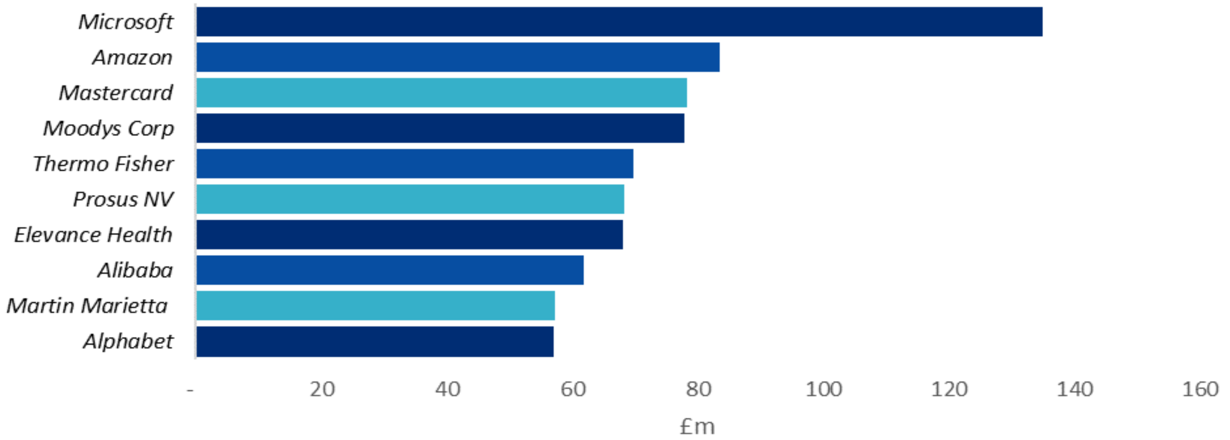
The Fund increased exposure to passive credit with Legal and General and switched out of the PIMCO PARS III fund into the PIMCO Dynamic Bond fund during 2022/23.

Net cash flow to private market programmes was +**£159m**, with the Fund's exposure to Partners Group global property and private corporate debt, ICG Longbow private real estate debt and the Direct Impact Portfolio increasing as a result. The Fund completed an additional commitment of **£140m** to the JP Morgan Global Infrastructure Fund in January 2023.

Holdings Snapshot

As at 31st March 2023

Top Equity Holdings



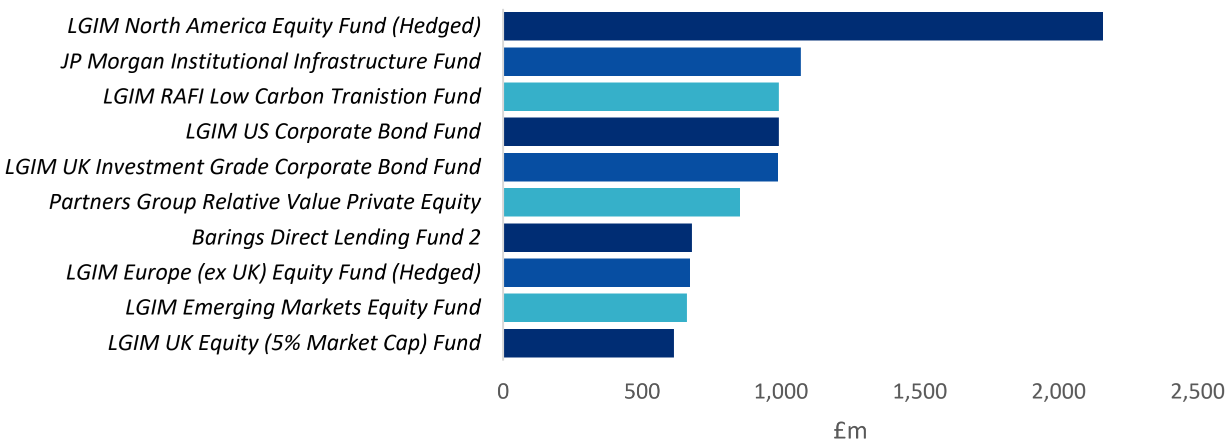
£12,525m Pooled Funds

26 pooled holdings
45.2% Total Fund

£5,586m Equity

787 listed holdings
20.2% Total Fund

Top Pooled Fund Holdings



£6,803m Private Markets

155 Investments
24.5% Total Fund

£2,257m UK Property

56 Investments
8.6% Total Fund

Market Commentary

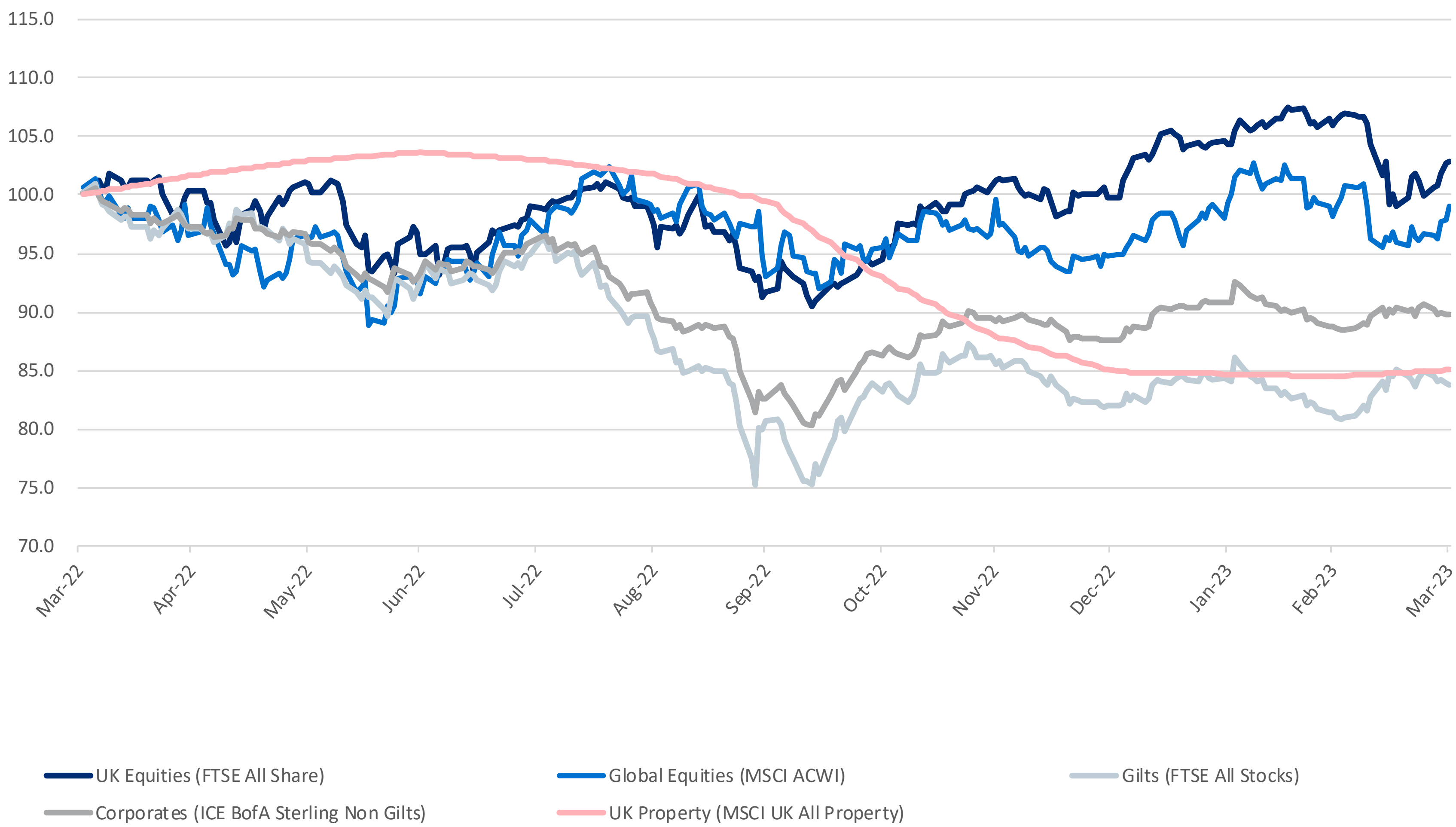
The combination of escalating geopolitical tension, military conflict in Europe and the after-effects of the pandemic exacerbated inflationary pressures in 2022/23. In many developed markets, inflation approached or exceeded double-digit annual percentage rates. Stock markets began to worry about how high global inflation, and a barrage of central bank interest rate hikes to combat it, would impact consumption, wage growth and business confidence. World equity markets tumbled in Quarter 2 2022 and were particularly volatile as investors became increasingly nervous about the global economic outlook.

Equity markets fell again in Quarter 3 before recovering with European markets leading the way as lower wholesale energy costs increased optimism that inflation would start to moderate and that the risks of severe recession were reducing. China's sudden relaxation of many of its COVID-19 restrictions also increased expectations of a boost to economic activity. Despite concerns about the effects of central bank interest rate rises on the banking sector following the collapse of Silicon Valley Bank and Signature Bank in the US and the forced buyout of Credit Suisse in Europe, equity markets rose again in Quarter 1 2023, with the MSCI All Countries World Index returning **-1.4%** for the year to 31st March 2023 as a whole.

Yields on global government bonds rose sharply in the first half of the financial year as inflation continued to surprise on the upside and central banks doubled down on their hawkish responses. US 10-year Treasuries rose to their highest levels since the credit crunch. UK Gilt yields also began to rise before spiking dramatically in the last week of September in response to the UK government's mini budget, forcing the Bank of England to intervene and restore order with large scale Gilt purchases. Yields fell back in the second half of 2022/23 as investors became increasingly hopeful that inflation was slowing and central banks would ease the pace of rate rises.

UK commercial real estate values fell significantly in 2022/23 as the market repriced to reflect the higher interest rate environment and weaker economic outlook. After strong performance driven by positive capital growth in Q2 2022, valuations fell by **-4.1%** and **-14.5%** in Q3 and Q4 respectively, when industrial property values, the leading performer in recent years, saw the sharpest decline. Markets stabilised during Q1 2023, when further small capital values falls were offset by a positive income return, resulting in an overall return for the MSCI All Properties Monthly index of **-15.4%** in the 12 months to 31st March 2023.

Market Returns 2022/23

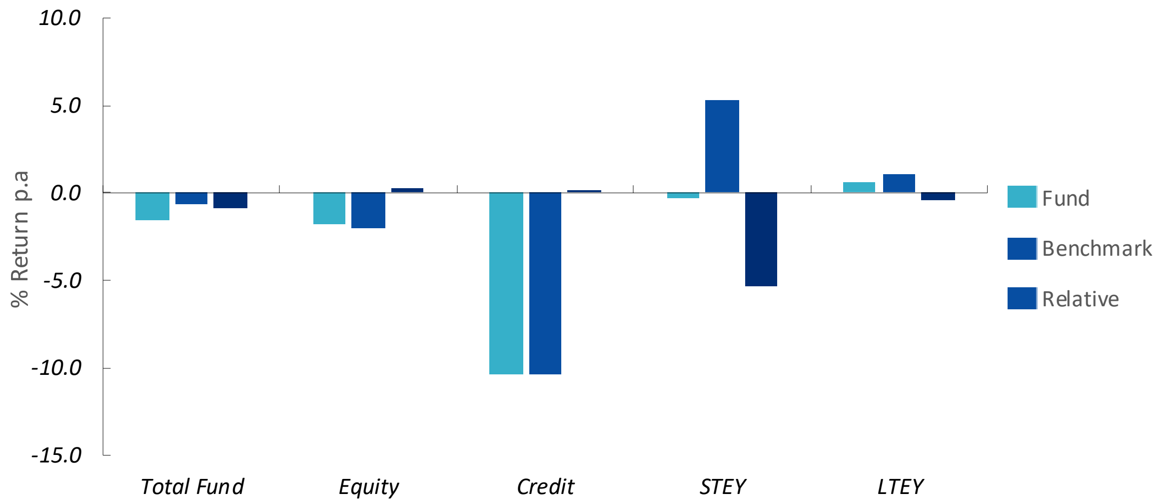


Performance Measurement

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 2023.

Investment Returns for 2022/23
Fund and Asset Class Performance



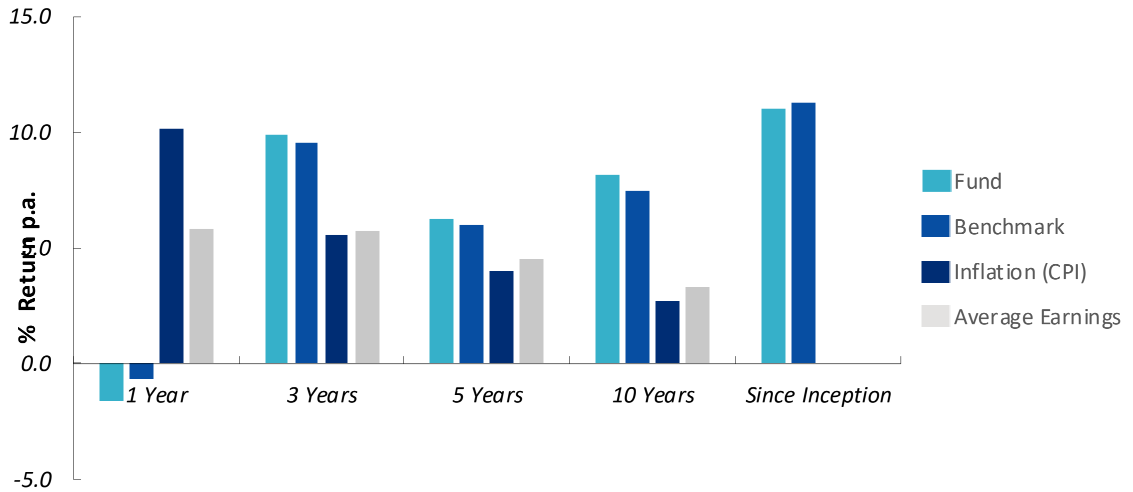
Strathclyde Pension Fund returned **-1.6%** in 2022/23, compared to a benchmark return of **-0.7%**.

Strathclyde Pension Fund returned **-1.6% %** over 2022/23, **-0.9%** behind its benchmark return of **-0.7%**.

- **Equity** portfolios achieved a combined return of **-1.8%**, compared with a benchmark return of **-2.0%.** Lazard global equity, Pantheon private equity and Partners Group private equity achieved positive returns on an absolute and relative basis while the Lombard Odier UK Smaller Companies and the Oldfield and Veritas global equity portfolios decreased in value but outperformed their respective benchmarks. All other active equity manager portfolios underperformed.
- **STEY** performance was negative **(-0.3%)** and behind benchmark **(+5.3%)**. While the majority of STEY portfolios achieved a positive absolute return, all mandates underperformed their benchmarks. The PIMCO (absolute return) and Ashmore (emerging market debt) portfolios detracted most from performance.

- **LTEY** combined performance was positive but behind benchmark. The DTZ UK direct property portfolio fell in value while the Partners Group global real estate portfolio's return was positive but behind benchmark. 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 in cash, short-dated gilts and credit during the year, switching solely to passive corporate bond funds in Q4 2022. **Credit** portfolios were down **-10.4%** in line with benchmark.

Longer Term Performance
Long Term Performance to 31st March 2023

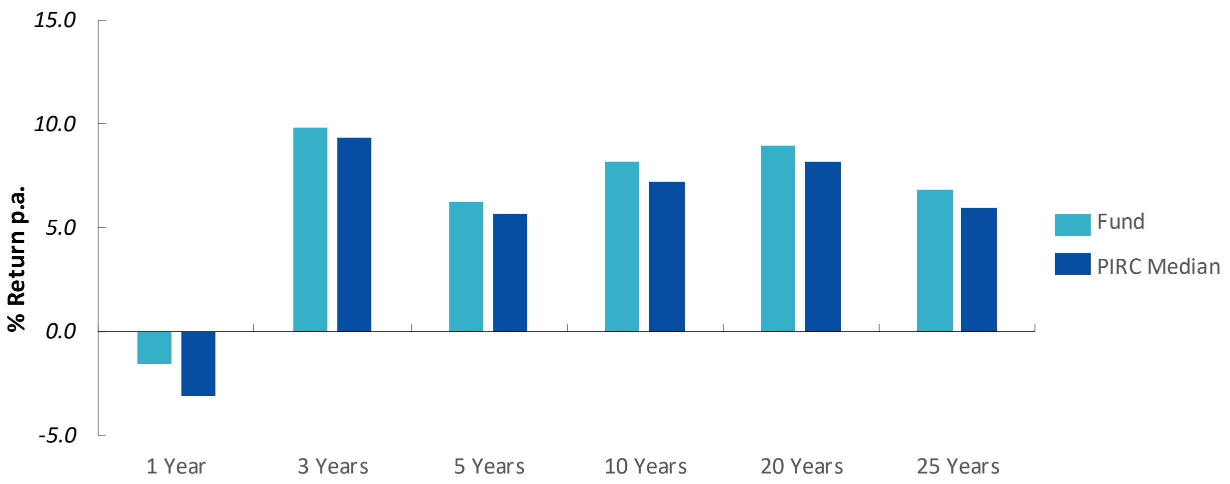


Total Fund performance was behind benchmark, inflation and average earnings over the financial year. The Fund has outperformed inflation, average earnings and the strategic benchmark over 3, 5 and 10 years. Equity investments remain the largest contributor to the Fund's positive absolute performance 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 on a relative basis over the long term.

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 all time periods. The Fund has ranked in the top quartile of local authority funds over the 1, 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 2022/23 were £71.5m (2021/22 £65.8m).

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 Financial Conduct Authority has set up a new organisation, the Cost Transparency Initiative, to take forward the work of standardising cost disclosure across the investment industry.

The Fund is a strong supporter of the work carried out to date on cost transparency, and all but two 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.

Background and Strategy

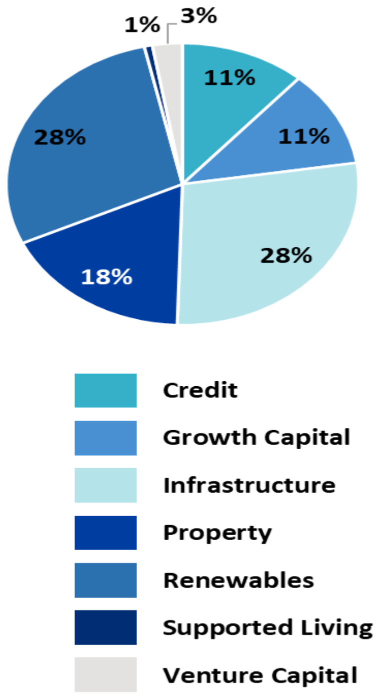
In December 2009, the Strathclyde Pension Fund Committee agreed to establish a New Opportunities Portfolio with a broad remit to invest in assets for which there was an attractive investment case but to which the then current structure did not provide access. The portfolio strategy has been subject to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

COMMITMENTS BY SECTOR £2,011m



Assets under Management

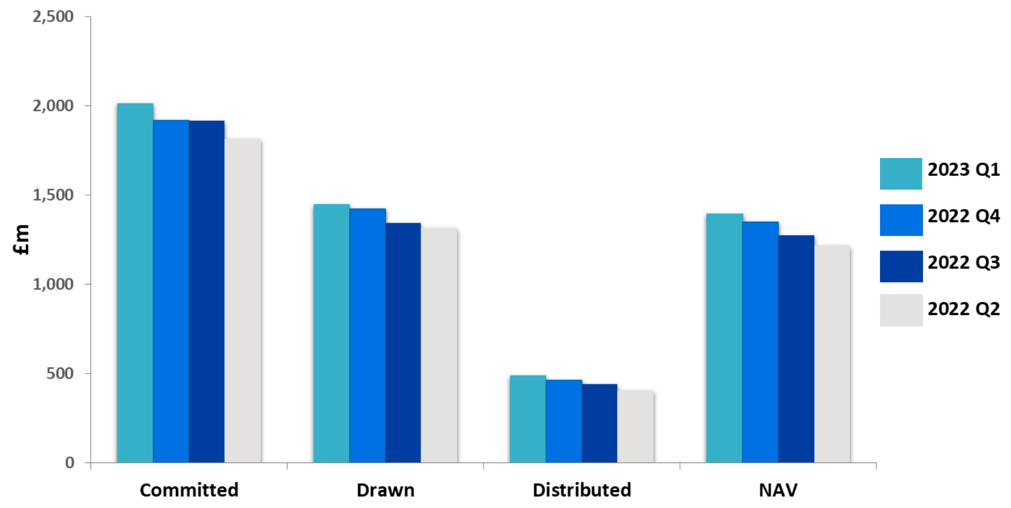
At 31st March 2023, DIP commitments totaled **£1,911m**, or **7%** of total Fund, with a further **£100m** of commitments in the final stages of legal diligence. The Net Asset Value of investments was **£1,394m** or **5%** of total Fund. DIP investments span 7 broad sectors with Infrastructure, Renewable Energy and Property comprising the 3 largest components and representing a combined total of **74%** of the total portfolio.

Review of Investment Opportunities

During the year the SPF direct investment team reviewed **187** opportunities across a range of asset classes:

- Credit (51)
- Infrastructure (17)
- Property (29)
- Renewable Energy (24)
- Supported Living (0)
- Venture/Growth Capital (66)

5 Investment opportunities were approved by the SPF Committee in the financial year.



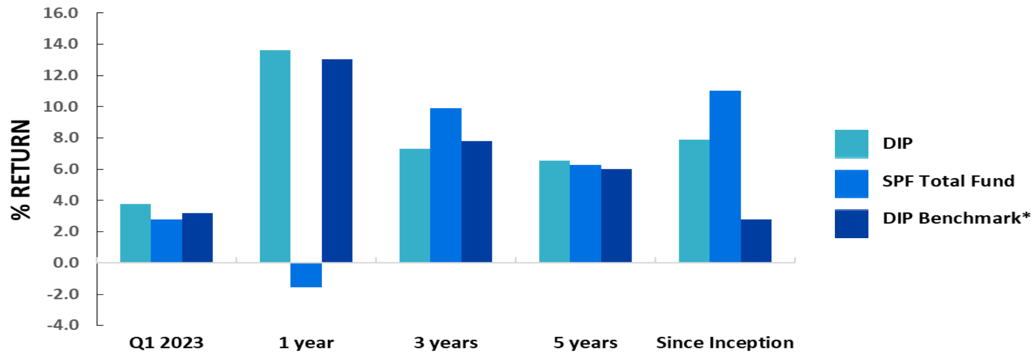
Change in Investment Profile

The value of approved DIP commitments increased by **£178m** in the financial year and totaled **£2,011m** at 31st March 2023.

The net asset value of DIP increased by **£198m** in 2022/23. **£121m** of distributions brought the total received since inception to **£487m**.

Investment Performance

DIP has performed well against both its benchmark and total Fund, achieving a net return of **+7.9%** per annum since inception and showing less volatility than the Fund overall.



New Investments

The following new DIP investments were agreed during 2022/23.

- **£40m** to **Beechbrook UK SME Credit Fund III,** to provide loans to UK regional businesses in the lower mid-market segment.

- **£60m** to **Next Power UK ESG Fund,** generating attractive, long-term, stable cashflows by creating a portfolio of contracted, utility scale, solar PV assets in the UK.

- **£60m** to **Capital Dynamics Clean Energy UK Fund,** investing in clean energy technologies including solar PV, onshore/offshore wind, hydro and electricity storage, electric vehicle and grid infrastructure.

- **£20m** to **Corran Environmental Fund II**, to invest in UK based businesses in the clean energy, environmental & sustainability sectors.

- **£20m** to **Places for People Scottish Mid-Market Fund**, to develop an additional c.500 purpose built, affordable residential units for rent in Scotland.

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.

In 2018, DIP set 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 in particular, Strathclyde Pension Fund has invested 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: CO_2 emissions, gas and carbon offsets in its **Infrastructure** and **Renewable Energy** funds; a reduction in carbon emissions through development and energy efficiency in its **Property** Investments; as well as delivering strong Environmental, Social and Governance practices across its **Credit, Venture,** and **Growth Capital** funds. Figures for 2022 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 2022 includes:

Impact	2022
Environmental	
- CO2e (tons) Emissions avoided p.a.	**155,666**
- Homes powered p.a.	**277,985**
- Average sized cars removed from the roads p.a.	**149,469**
Social	
- Infrastructure projects - stakes in	**>15,000 assets**
Governance	
- PRI Signatories	**31/(34)**
Local	
- Scottish Investments – stakes in	
- 105 Schools	**£202m**
- 13 hospitals	**£129m**
- >1,000 Affordable Housing Units	**£139m**
- 670 Build to Rent units	**£118m**

A full list of DIP investments is set out on the following pages.

CURRENT FUND INVESTMENTS

Fund	Sector	SPF Commitment (£m)	Vintage Year
Beechbrook UK SME Credit II Fund	Credit	30	2018
Beechbrook UK SME Credit III Fund	Credit	40	2022
Healthcare Royalties Partners III LP	Credit	20	2014
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	2017
Scottish Loans Fund	Credit	6	2010
Tosca Debt Capital Fund II LP	Credit	30	2017
Tosca Debt Capital Fund III LP	Credit	30	2021
	9	**231**	
Corran Environmental Fund II	Growth Capital	20	2023
Foresight Regional Investment V LP	Growth Capital	30	2021
Maven Regional Buyout Fund	Growth Capital	20	2017
Palatine Private Equity Fund IV	Growth Capital	25	2020
Palatine Impact Fund II	Growth Capital	25	2022
Panoramic Enterprise Capital Fund 1 LP	Growth Capital	3	2010
Panoramic Growth Fund 2 LP	Growth Capital	15	2015
Panoramic SME Fund 3 LP	Growth Capital	25	2022
SEP (Scottish Equity Partners) II	Growth Capital	5	2004
SEP III	Growth Capital	5	2006
SEP IV	Growth Capital	5	2011
SEP V	Growth Capital	20	2016
SEP VI	Growth Capital	30	2021
Clean Growth Fund	Venture Capital	20	2021
Epidarex Fund II	Venture Capital	5	2012
Epidarex Fund III	Venture Capital	15	2018
Pentech Fund III	Venture Capital	10	2017
	17	**278**	
Dalmore PPP Equity PiP Fund	Infrastructure	50	2013
Dalmore Capital Fund 3 LP	Infrastructure	50	2017
Dalmore Capital Fund 4 LP	Infrastructure	50	2020
Dalmore II 39 LP	Infrastructure	50	2020

CURRENT FUND INVESTMENTS

Fund	Sector	SPF Commitment (£m)	Vintage Year
Equitix Fund IV LP	Infrastructure	30	2016
Equitix Fund V LP	Infrastructure	50	2018
Equitix Fund VI LP	Infrastructure	50	2019
Equitix MA 19 LP (Co-investment Fund)	Infrastructure	50	2019
Foresight Infra Holdco Ltd (prev PIP Ltd)	Infrastructure	1	2012
Hermes Infrastructure Fund II	Infrastructure	50	2017
PIP Multi-Strategy Infrastructure LP(Foresight)	Infrastructure	130	2016
	11	**561**	
Albion Community Power LP	Renewables	40	2014
Capital Dynamics Clean Energy Infrastructure VIII	Renewables	40	2019
Capital Dynamics Clean Energy UK Fund	Renewables	60	2023
Greencoat Solar Fund II LP	Renewables	50	2018
Iona Environmental Infrastructure LP	Renewables	10	2014
Iona Renewable Infrastructure LP	Renewables	14	2017
Iona Resource and Energy Efficiency (Strathclyde) LP	Renewables	6	2021
Macquarie GIG Renewable Energy Fund I	Renewables	80	2015
NextPower UK ESG Fund	Renewables	60	2022
NTR Wind I LP	Renewables	41	2015
Quinbrook Renewables Impact Fund	Renewables	50	2020
Resonance British Wind Energy Income Ltd	Renewables	10	2014
Temporis Renewable Energy LP (Onshore Wind)	Renewables	30	2015
Temporis Operational Renewable Energy Strategy LP Fund II	Renewables	30	2017
Temporis Impact Strategy V LP	Renewables	50	2021
	15	**571**	
Alpha Social Long Income Fund	Supported Living	15	2014
Clydebuilt Fund LP	Property	75	2013
Clydebuilt Fund II LP	Property	100	2020
Funding Affordable Homes	Property	30	2021
Legal & General UK Build to Rent Fund	Property	75	2019
Man GPM RI Community Housing Fund	Property	30	2020
Places for People Scottish Mid-Market Rental (SMMR) Fund	Property	45	2019
	7	**370**	2021
Total as at 31/03/2023	**59**	**2,011**	

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 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.

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
- Plastic Waste
- Modern Slavery
- Occupational Health & Safety
- Water Rights
- Farm Animal Welfare
- Business Ethics and Corruption
- Cybersecurity & Data Privacy
- The Living Wage
- Deforestation and Biodiversity
- Responsible Cleantech
- Labour Rights
- Human Rights
- Accounting and Taxation
- Agriculture Emissions
- Indigenous Land Rights
- Food Security
- Equality & Diversity
- Air Pollution

Signatory of: PRI Principles for Responsible Investment

Signatory of: UK STEWARDSHIP CODE | 2021

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

PRI

Responsible Investment Partnerships

Signatory of:

PRI Principles for Responsible Investment

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 50 countries, representing over US$121 trillion.

Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum (LAPFF) brings together 86 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 the movement for Responsible Investment

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.

FAIRR A COLLER 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 304 institutional investors representing over US$55 trillion in assets supporting FAIRR's collaborative investor engagement on antibiotics and managing environmental risks in meat and dairy supply chains.

IIGCC The Institutional Investors Group on Climate Change

The Institutional Investors Group on Climate Change (IIGCC) is the leading European investor body for collaboration on climate change. With over 400 members, from 26 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 Green House 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.

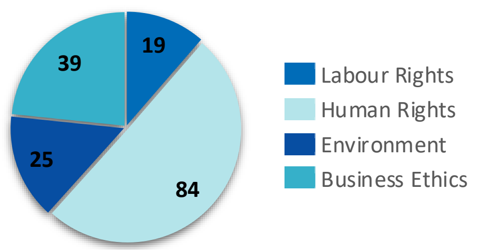
The Science-Based Targets initiative (SBTi) is an investor supported partnership between CDP, the World Resources Institute, the WWF and the UN Global Compact, which aims to define and promote best practice in greenhouse gas emissions reduction target-setting. More than 2,000 companies, equivalent to 25% of total global emissions, are targeted.

Sustainalytics

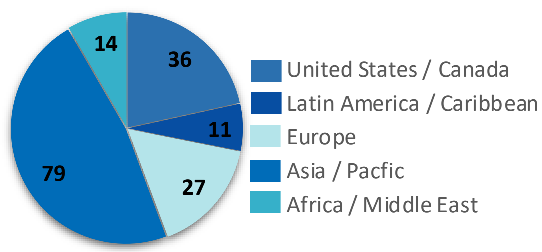
The Fund's external investment managers are assisted by responsible investment specialist, Sustainalytics, who co-ordinate engagement efforts and provide detailed research to focus the collaborative effort of the investment managers.

In 2022, Sustainalytics engaged on **167** cases associated with violations of international norms and conventions. In addition, they resolved **10** cases and opened **22** new cases. Meetings were held with **146** companies relating to these cases, including **200** conference calls and **8** meetings in person. In total, Sustainalytics was in contact with companies **3,238** times through emails, conference calls and meetings.

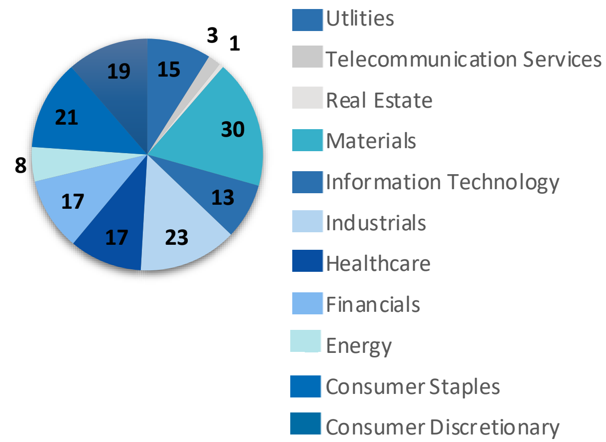
Types of Engagement



Geographic Breakdown



Industry Sector Breakdown



Sustainalytics engagement highlights in 2022

Sustainalytics engaged with a range of companies in 2022 including: Dow Inc. regarding long-term environmental and health legacies of manufactured chemicals; Tesla Inc. regarding allegations of workplace racial discrimination and harassment; Rio Tinto Ltd. regarding the safeguarding of the cultural heritage of indigenous peoples; Samsung Electronics regarding allegations of Bribery; Sime Darby Plantation, Bhd. regarding Labour conditions; BooHoo Group, Plc. regarding supplier audit and risk assessments.

Following Russia's invasion of Ukraine, Sustainalytics ceased engagement with all directly sanctioned Russian companies and paused engagement with all other Russian companies.

In 2022, Sustainalytics launched a new engagement initiative, Feeding the Future. Agriculture is responsible for significant levels of greenhouse gas emissions, deforestation, water use and pollution. This engagement theme aims to contribute to a more sustainable trajectory for the future of food by focusing on how companies are transforming their business models to address the new realities for production and consumption. Details of the initiative are available at: https://connect.sustainalytics.com/thematic-engagement-feeding-the-future

Voting Results

2022/23 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.

	No of Meetings	No of AGMs	No of EGM's	Combined AGM/EGM	No of Resolutions	Votes For	Votes Against	Abstentions	Not Voted	Proxies Lodged	Proxies Not Lodged
Legal & General	**728**	601	127	0	**10,723**	**10,129**	**594**	**0**	**0**	**728**	**0**
Baillie Gifford	**4**	4	0	0	**59**	57	2	0	0	**4**	**0**
Lazard	**11**	11	0	0	**221**	192	3	0	26	**10**	**1**
Oldfield Partners	**5**	5	0	0	**88**	81	7	0	0	**5**	**0**
Veritas	**2**	2	0	0	**44**	35	9	0	0	**2**	**0**
Lombard Odier	**127**	125	2	0	**1,471**	1,381	27	5	58	**124**	**3**
JP Morgan	**28**	28	0	0	**441**	341	2	0	98	**24**	**4**
Genesis	**0**	0	0	0	**0**	0	0	0	0	**0**	**0**
Total	**905**	**776**	**129**	**0**	**13,047**	**12,216**	**644**	**5**	**182**	**897**	**8**
Total %						**94%**	**72%**	**1%**	**1%**	**99%**	**1%**

2022/23 Overseas

	No of Meetings	No of AGMs	No of EGM's	Combined AGM/EGM	No of Resolutions	Votes For	Votes Against	Abstentions	Not Voted	Proxies Lodged	Proxies Not Lodged
Legal & General	**6,915**	4,487	2,428	0	**69,057**	52,599	15,598	860	0	6,915	0
Baillie Gifford	**89**	84	3	2	**1,098**	935	59	4	100	**81**	**8**
Lazard	**95**	83	4	8	**1,532**	1,273	97	3	159	**88**	**7**
Oldfield Partners	**22**	20	1	1	**300**	232	17	0	51	**19**	**3**
Veritas	**23**	20	0	3	**377**	295	57	1	24	**22**	**1**
Lombard Odier	**21**	19	2	0	**186**	170	1	1	14	**18**	**3**
JP Morgan	**423**	351	63	9	**3,974**	3,166	454	35	319	**402**	**21**
Genesis	**120**	85	35	0	**1,219**	1,033	144	42	0	**120**	**0**
Total	**7,708**	**5,149**	**2,536**	**23**	**77,743**	**59,703**	**16,427**	**946**	**667**	**7,665**	**43**
Total %						**77%**	**21%**	**1%**	**1%**	**99%**	**1%**

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.

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 **152** employers and over **277,000** 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 which are available here:
http://www.scotlgpsregs.org/schemeregs/lgpsregs2018/timeline.php

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 March 2020. A further review of the PAS was included in the 2022/23 business plan and was completed during the year. The revised strategy is due for implementation from 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 strategy is published on the Fund's website at:
https://www.spfo.org.uk/media/6894/Pensions-Admin-Strategy-2023/pdf/Pension_Admin_Strategy_2023.pdf?m=1692959238697

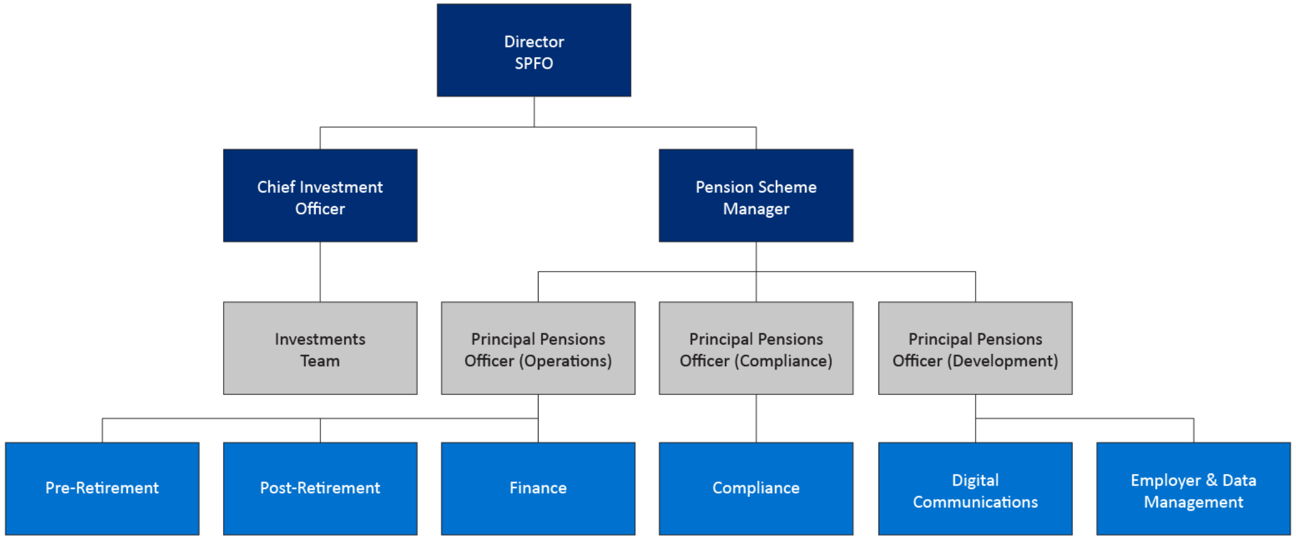
SPFO RESOURCE

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 2023 was 84 (FTE 78.7).

The SPFO staffing structure model is shown below.



Implementation of the above structure was completed during 2022/23, though some vacancies remained at year end.

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 23.1. Within *Altair*, SPFO has implemented *Task Management, Workflow* and *Performance Measurement* modules. These form the core of process planning, management and monitoring. *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 sign-up in these areas are key aspects of the SPFO administration strategy. SPFO introduced *Altair Insights*, a data analytics tool, during 2022. This will aid with improving data quality. 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 which had been introduced during COVID-19 lockdown were maintained as a pilot scheme until October 2022 when it was agreed that 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.

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 2022/23

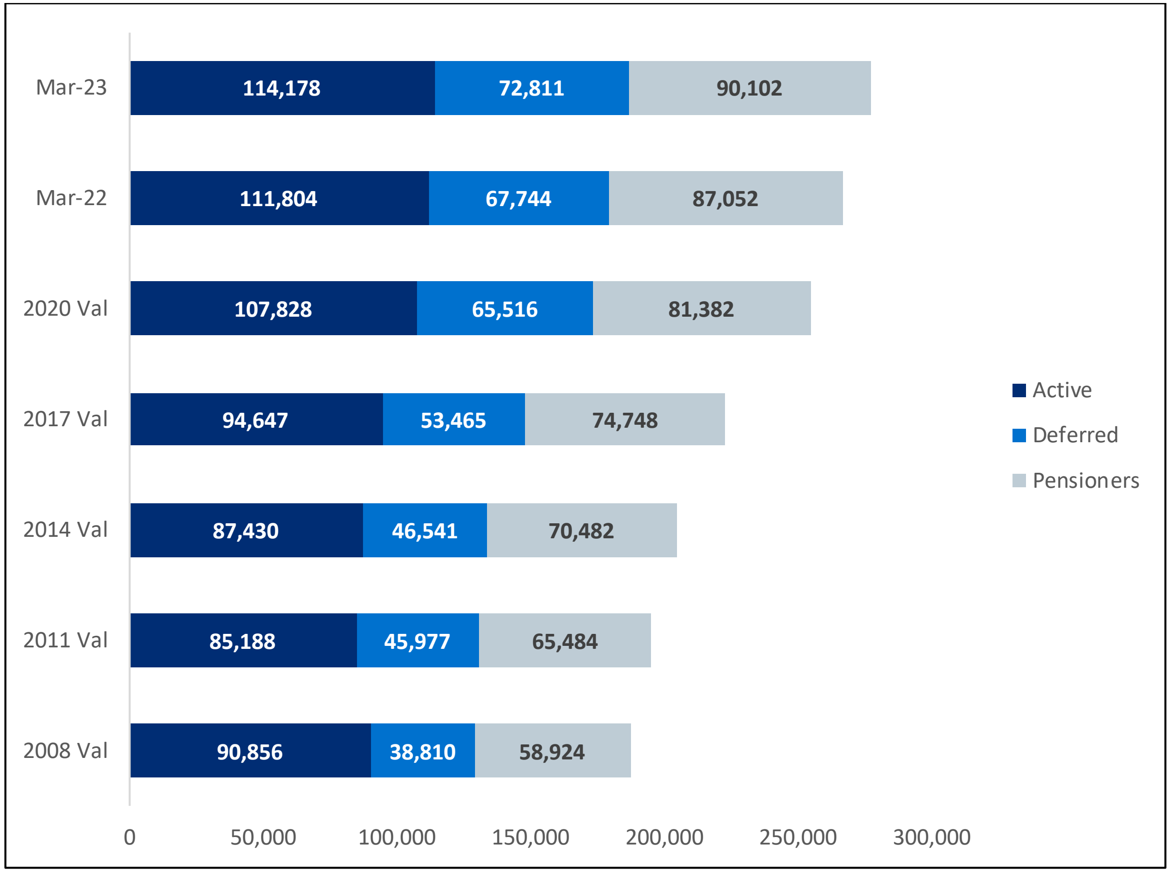
Priorities in the SPF 2022/23 business plan included:

Administration Strategy – a review was carried out in light of (pending) regulation changes, the Pension Regulator's (TPR) combined code, completion of *i-Connect* rollout to employers and other process changes. At its meeting in March 2023, the SPF Committee approved an updated version for consultation with employers. The revised strategy will be implemented from 1st July 2023.

AVC Review – a review of current arrangements and alternative providers of AVCs (Additional Voluntary Contributions) was completed. The conclusion was that there are currently very limited options for new or additional providers. This will be kept under review. The default investment option and fund range with Prudential will also be reviewed.

McCloud Remediation – detailed data analysis was carried out during the year. The Scheme Advisory Board (SAB) (Scotland) published McCloud remedy missing data guidance. The final timetable is dependent on legislation still to be enacted. This project will be ongoing throughout 2023/24 and 2024/25.

The chart below shows movement in membership numbers over the last year and since the 2008 actuarial valuation of the Fund.



All member categories increased over the course of the year.
Total membership as at 31st March 2023 was **277,091**.

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 2023 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 2022/23 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 2022/23

	Refunds	Retirals
Forms issued	1,857	3,167
Responses	111	720
Response rate (%)	6.0	22.7
Satisfaction Rating (%)	**84.3**	**90.0**
Target (%)	80.0	90.0
2022/23 full year (%)	*86.3*	*90.0*

The survey process was changed to online part-way through the year which resulted in a drop in the response rate. After further changes to the survey itself, this had returned to a more meaningful level by year end. Satisfaction level target was achieved in both survey categories.

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 2022/23 together with statutory deadlines.

Turnaround performance 2022/23

		SPFO Targets			Statutory	
Process	**Volumes**	**Target Days**	**Target %**	**Actual %**	**Deadline**	**SPF Actual %**
Membership Transactions						
New Starts	20,594	15	95%	97%	1 month	100%
Refunds	1,857	7	90%	99%	As soon as reasonably practicable	n/a
Deferred Members	6,153	10	90%	88%	2 months	94.3%
Retiral Estimates	2,498	20	80%	91%	2 months	99.5%
Payments						
Pensions payroll run on due date	12	n/a	100%	100%	100%	100%
New retirals processed for due payroll date	1,042	n/a	95%	97%	n/a	n/a
Lump sums paid on retirement date	1,042	n/a	95%	93%	n/a	n/a
Contributions income received on due date	7	n/a	100%	97%	100%	100%

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.

Turnaround performance was generally good, particularly for the key transactions - retiral estimates and actual retirals.

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	13	5	6.9	38.5
Other	9	5	4.9	66.7
Procedure	1	5	5	100
Staff Knowledge	2	5	6.5	50
Quality of Information	4	5	5.3	75
Waiting Time - Correspondence	6	5	6.2	66.7

Member Data

Employers are required to notify SPFO promptly of members joining or leaving the scheme. There is some incidence of failure to do this and regular reports are issued to employers identifying missing data, both historic and current. The table below summarises the position at 31st March 2023.

	2022/23		*2021/22*	
	Members	%	*Members*	*%*
Record status matched	113,804	99.7	*111,367*	*99.6*
Missing new start data	0	0	*75*	*0.1*
Missing leaver data	359	0.3	*362*	*0.3*
Total employee members	**114,163**	**100**	***111,804***	***100***

The missing data total of 0.3% for 2022/23 achieved the year-end target of <0.5% and is a slight improvement on the previous year figure of 0.4%.

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 (%)	
	2021	2022
Common data	*97.5*	**97.8**
Scheme-specific data	*96.3*	**96.7**

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 2022/23.

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 Action for Mental Health Ltd. **(E)**
Ayr Housing Aid Centre
Ayrshire College
Ayrshire Housing
Ayrshire North Community Housing Organisation **(E)**
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
Childcare First Ltd **(E)**
Churchill Contract Services **(E)**
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
Cofely Workplace Ltd
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

F

Flourish House
Forth & Oban Ltd
Fyne Homes Ltd.

G

Geilsland School Beith for Church of Scotland (Crossreach) **(E)**
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
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

H

H.E.L.P. (Argyll & Bute) Ltd
Hemat Gryffe Women's Aid
Highland & Islands Enterprise Company Ltd **(E)**

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
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

Optima (Working on Wellbeing)

P

Parkhead Housing Association Ltd
Potential Living

Q

Queens Cross Housing Association

R

Rape Crisis Centre
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
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
West of Scotland Regional Equality Council **(E)**
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 due from the employer can be substantial. SPFO has developed procedures to manage employer exits through phased payments both before and after the event. In practice, an increase in the funding level during 2022/23 meant that most exiting employers received an exit credit payment from the Fund.

Employer participation during 2022/23 is summarised in the following table.

Total employers as at 1st April 2022	159
New employers (**N**)	-
Exiting employers (**E**)	7
Total employers as at 1st April 2023	**152**

Communications Policy

SPFO adopted the following revised Communications policy with effect from 1st April 2021.

1. VISION

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

2. OBJECTIVES

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

3. PRINCIPLES

3.1 Format

Our communications will:

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

3.2 Brand

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

3.3 Content

Content will be relevant and timely.

3.4 Delivery

- We will use the most efficient and effective delivery media.
- We are committed to increasing digital access and delivery.

3.5 Measuring Success

- We will measure, monitor and report on our communications programme.
- We will encourage engagement, comment and feedback.

Strathclyde Pension Fund

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

4. DEVELOPMENT PRIORITIES

Our current priority is to increase and improve digital delivery of our communications.

5. MEASUREMENT OF SUCCESS

We will measure our success in terms of customer engagement and satisfaction. Targets will be agreed in our annual business plan. Results will be reported annually.

6. PROGRAMME

Our current programme of communications is summarised in the following schedules which set out the audience, key messages, media used, and deliverables.

Schedule

1. Active Members
2. Deferred Members
3. Pensioner Members
4. Representatives of Member
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

During scheme year 2022/23 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.

Of the annual benefit statements issued by the deadline:

- **59%** *(2021/22: 52.1%)* were issued via SPFOnline with notification by email.
- **37%** *(2021/22: 44.3%)* were issued via SPFOnline with notification by letter.
- **4%** *(2021/22: 3.6%)* were issued by Post at the member's request.

Digital Communications

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

Website	Measure	2022/23 Actual	2022/23 Target	*2021/22 Actual*
www.spfo.org.uk	total weekly visits	**8,307**	7,400	*7,355*
	unique weekly visitors	**4,567**	4,400	*4,168*
SPFOnline	members registered	**124,642**	118,000	*110,580*

Significant progress was made during 2022/23:

- An increase of 14,062 in members registered for the data portal *SPFOnline*, taking the total to 124,642.
- SPFOnline has been developed to provide member information and documentation, and to allow member transactions to be completed online

Engagement by SPFO with members increased, including advising all online members of the **+10.1%** pension increase/ annual revaluation which was applied shortly after the year end.

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 2023 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. 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 2022/23 (the 2022/23 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 2023 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 2022/23 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.

These accounts were issued on 21 June 2023 to the Strathclyde Pension Fund Committee and were approved for signing on 12th September 2023. The accounts were signed on 8th March 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 2023 and the transactions of the Fund for the period then ended.

The financial statements give a true and fair view of the financial position of the Strathclyde Pension Fund as at 31 March 2023 and the transactions of the Fund for the year.

Martin Booth BA, FCPFA, MBA
Executive Director of Finance
8th March 2024

Fund Account as at 31st March 2023

2021/22 £000		Note	2022/23 £000
	Contributions and Benefits Income		
524,771	Contributions from Employers	8	551,379
159,678	Contributions from Employees	8	170,373
30,083	Transfers in from Other Pension Funds	8a	29,620
293	Other		241
714,825			**751,613**
	Expenditure		
(523,399)	Pensions Payments	8	(560,454)
(158,084)	Lump Sum and Death Benefit Payments	8	(168,524)
(17,037)	Payments To and On Account of Leavers	9	(26,799)
(698,520)			**(755,777)**
(16,305)	**Net (Increase)/Reduction from Dealings with Members**		**(4,164)**
(173,757)	Management Expenses	10	(166,195)
(157,452)	**Net Reduction including Fund Management Expenses**		**(170,359)**
383,123	Investment Income	12	412,230
(5,540)	Taxes on Income	13	(3,758)
1,792,238	Change in Market Value of Investments		(732,599)
2,169,821	**Net Returns on Investments**		**(324,127)**
2,012,369	**Net Increase/(Reduction) in the Fund during the Year**		**(494,486)**
26,353,643	Add: Opening Net Assets of the Scheme		28,366,012
28,366,012	**Closing Net Assets of the Scheme**		**27,871,526**

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 2023

2021/22 *£000*		Note	2022/23 £000
	Investment Assets		
5,818,197	Equities	14,15	5,559,901
13,120,492	Pooled Investment Vehicles	14,15	12,526,112
6,125,922	Private Equity / Infrastructure	14,15	6,803,121
6	Index Linked Securities	14,15	6
0	Derivative Contracts	14,15,20	3
2,588,085	Property	14,15	2,257,500
549,165	Cash Deposits	14,15	581,973
70,761	Other Investment Assets	14,15	53,785
28,272,628			**27,782,401**
(68,226)	Investment Liabilities		(78,425)
962	Long-Term Debtors	23	1,746
211,983	Current Assets	24	225,374
(51,335)	Current Liabilities	25	(59,570)
28,366,012	**Net Assets of the Fund as at 31 March**		**27,871,526**

Net assets of the fund as at 31st March 2023 were £27.87 billion

The Net Assets Statement represents the value of assets and liabilities as at 31 March (excluding actuarial present value of promised retirement benefits).

These accounts were issued on 21 June 2023 to the Strathclyde Pension Fund Committee and were approved for signing on 12th September 2023. The accounts were signed on 8th March 2024.

Martin Booth BA, FCPFA, MBA
Executive Director of Finance
8th March 2024

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. The full list of participating employers as at 31 March 2023 can be found on pages 138-140. 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 2022/23 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 2023;
- Update on asset position post year end;
- Expected impact of forecasted cash flow on costs and expenditure through management costs and benefits payable for 12 months from the financial statements' approval at 8th March 2024;
- Readily available funds at 31 March 2023 and post year-end.

At 31 March 2023, the Fund was holding £112m in in-house managed cash in its current account(s) whereas its average monthly outgoings are £72m (£8m net of monthly income). The Fund forecasts throughout the going concern assessment to have shortfall/surplus of £152m. In the vent that the Fund needed to raise cash, it holds £582m in externally managed cash deposits, anticipates receipt of net investment income of £706m over the assessment period together with current calendar year net distributions of £109m from its private markets programmes. The Fund also holds £13,505m 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 2022/23 £10.218m of fees are based on such estimates (2021/22 £5.679m). 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 2023. The direct property portfolio was valued at 31 March 2023 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.

The Pension Fund is aware of the recent issue of Reinforced Autoclaved Aerated Concrete (RAAC) being identified in buildings across the UK, and the possible impact that may have on the viability and valuation of those buildings. The Pension Fund has considered the potential impact of RACC on its buildings. At the time of signing 31 March 2023 financial statements, management and Committee members are not aware of RAAC being identified in any of their portfolio of buildings. Furthermore, the findings from inspections and survey works undertaken following the acquisition of investment property of the Pension Fund, has not identified any instances of RAAC or any other known or suspected structural issues that may impact the valuation of buildings. The investment property within the Pension Fund's portfolio are well maintained with a planned maintenance programme.

New Standards 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 issued but not yet adopted. This applies to the adoption of the following new or amended standards:
(within the 2022/23 Code)

- IFRS 16 (2024 adoption)

(within the 2023/24 Code)

- Amendments to IAS8 Definition of Accounting Estimates.
- Amendments to IAS1 and IFRS Practice Statement 2 Disclosure of Accounting Policies.
- Amendments to IAS12 Deferred Tax related to Assets and Liabilities arising from Single Transaction.
- Amendments to IFRS3 Conceptual Framework updates.

The Code requires implementation from 1 April 2023 therefore there is no impact on the 2022/23 annual accounts.
Overall, these new or amended standards are not expected to have a significant impact on the Annual Accounts.

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 2020. Results of the valuation were confirmed during March 2021 and a copy of the valuation report was issued to all participating employers.

The funding level as at 31 March 2020 was 106.1% (105.0% at 31 March 2017) and there was a funding surplus of £1,197 million (£939 million at 31 March 2017):

2017 Valuation £ million		2020 Valuation £ million
19,699	Fund Assets	20,941
(18,760)	Fund Liabilities	(19,744)
939	**Surplus**	**1,197**

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 held at 19.3% for the 3 years to 31 March 2024.

Funding Policy

On completion of the actuarial valuation as at 31 March 2020 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 from www.spfo.org.uk or from the Strathclyde Pension Fund Office, Capella Building, 6th Floor, 60 York Street, Glasgow G2 8JX.

Funding Projection as at 31 March 2023

The actuarial projection provided by the Fund's actuary as at 31 March 2023 recorded a projected funding position of 159.0%. This may overstate the position as it does not fully account for the 10.1% pensions increase

and revaluation to be added to pension accounts in April 2023. However, it is indicative of a significantly improved funding level. The next formal funding valuation will be carried out as at 31 March 2023 with results being available by 31 March 2024.

Funding Method

At the 2020 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 thousands of 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 2/3rds 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 2021 to 31 March 2024 are shown in the Rates and Adjustments certificate in Appendix 3 to the valuation report which is available from www.spfo.co.uk. For the Fund's Main Employer Group the total rate to be paid is as shown below:

3 years to	Rate (as % of pensionable payroll)
31 March 2024	19.3

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 / Deferred Revaluation	Market expectation of long term future CPI inflation as measured by the geometric difference between yields on fixed and index-linked Government bonds as at the valuation date less 0.7% p.a.	1.9	-
Pay increases	Price inflation (CPI) plus 0.7% p.a.	2.6	0.7
Discount rate	Expected future annual return from the Fund's investments with at least a 75% likelihood of being achieved over the next 13 years based on actuarial modelling.	3.0	1.1

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).

For this valuation, the actuary adopted assumptions which give the following sample average future life expectancies for members (2017 figures included for comparison):

	Actives & Deferreds		Current Pensioners	
Assumed life expectancy at age 65	Male	Female	Male	Female
2017 Valuation	*23.4*	*25.8*	*21.4*	*23.7*
2020 Valuation	21.3	24.7	19.9	22.6

Further details of the mortality assumptions adopted for the 2020 valuation can be found in Appendix 2 to the valuation report. Note that the figures for actives and deferred/pensioners assume that they are aged 45 at the valuation date.

The commutation assumption adopted by the actuary is that future pensioners will elect to exchange pension for additional tax-free cash up to 50% of HMRC limits for service to 31 March 2009 and 75% of HMRC limits for service from 1 April 2009.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is estimated at £19,204 million as at 31 March 2023 (£28,536 million as at 31 March 2022).

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2020. 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 2023 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 £366 million. Similarly, a 0.1% increase in the rates of salary increase and pension increase would increase the liability by £43 million and £328 million respectively. The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2023 and 31 March 2022. The actuary estimates that the impact of the change in financial assumptions to 31 March 2023 is to decrease the actuarial present value by £11,179 million and that the impact from any change in demographic and longevity assumptions is to decrease the actuarial present value by £176 million.

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 £6,803.1m at 31st March 2023 (£6,125.9m at 31st March 2022). The private markets figure of £6,803.1m includes £2,515.7m private equity (£2,558.3m in 2021/22), £1,537.8m private debt (£1,407.2m in 2021/22), £734.3m private real estate (£552.9m in 2021/22) and £2,015.3m (£1,607.5m in 2021/22) 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 £2,122.6m (see Note 22 for details).

Item	Uncertainties	Effect if actual results differ from assumptions
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 £349.9m, on carrying values of £2,257.5m (see Note 22 for details).

8. Contributions and Benefits

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**

2021/22	Administering Authority £000	Other Scheduled Bodies £000	Admitted Bodies £000	Total £000
Contributions				
Employer	89,817	320,435	92,986	**503,238**
Augmentation	1,368	8,025	12,140	**21,533**
Total Employers	**91,185**	**328,460**	**105,126**	**524,771**
Employees	28,699	101,171	29,808	**159,678**
Benefits				
Pension	75,978	373,045	74,376	**523,399**
Lump Sum and Death Benefits	31,877	97,918	28,289	**158,084**
Total Benefits	**107,855**	**470,963**	**102,665**	**681,483**

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

2021/22 £000		**2022/23 £000**
20,100	Group Transfers	17,826
9,983	Individual Transfers	11,794
30,083		**29,620**

9. Payments To and On Account of Leavers

2021/22 £000		**2022/23 £000**
1,598	Refunds to members leaving service	1,432
0	Group Transfers	5,440
15,439	Individual Transfers	19,927
17,037		**26,799**

10. Management Expenses

The total management expenses were as follows:

2021/22 £000		2022/23 £000
4,518	Administrative Costs	4,792
167,839	Investment Management Expenses	159,752
1,401	Oversight and governance costs	1,651
173,758		**166,195**

Oversight and governance costs include £0.068m (2021/22 £0.060m) in respect of the external audit fee to EY (2021/22 Audit Scotland). There were no other services provided by external audit in the year. Investment management expenses include £2.181m in respect of transaction costs (2021/22 £4.624m).

11. Investment Expenses

The total investment expenses were as follows:

2022/23	**Total £000**	**Management Fees £000**	**Transaction Costs £000**	**Performance Monitoring Fees £000**	**Actuarial Fees – Investment Consultancy £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**					

2021/22	Total	Management Fees	Transaction Costs	Performance Monitoring Fees	Actuarial Fees – Investment Consultancy	Consultancy Fees
	£000	£000	£000	£000	£000	£000
Equities	26,370	21,719	4,624	0	0	27
Pooled Investment Vehicles	30,688	30,688	0	0	0	0
Private Equity / Infrastructure / Property	109,758	109,758	0	0	0	0
Index Linked Securities	0	0	0	0	0	0
Other Investment Assets	856	374	0	90	125	267
Sub-Total	**167,672**	**162,539**	**4,624**	**90**	**125**	**294**
Custody Fees	167					
Total Investment Management	**167,839**					

The investment management fees shown include £0.113 million (2021/22 £24.841 million) 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:

2021/22 £000		2022/23 £000
2	Bonds	1
86,663	Dividends	87,386
2,796	Pooled Investments	2,653
202,700	Venture Capital and Partnerships	203,532
1,701	Interest and other	15,348
89,261	Rents	103,310
383,123	**Investment income**	**412,230**

2021/22 £000	**Net Property Rental Income**	2022/23 £000
89,261	Rental Income	103,310
(17,085)	Direct Operating Expenses	(13,952)
72,176	**Net Income**	**89,358**

13. Taxes on Income

2021/22 £000		2022/23 £000
5,540	Withholding tax – equities	3,758
5,540		3,758

14. Investments

Statement of Movement in Investments

2022/23	*Market Value as at 31 March 2022 £000*	Purchases and Derivative Payments £000	Sales and Derivative Receipts £000	Change in Market Value £000	Market Value as at 31 March 2023 £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**

2021/22	*Market Value as at 31 March 2021 £000*	*Purchases and Derivative Payments £000*	*Sales and Derivative Receipts £000*	*Change in Market Value £000*	*Market Value as at 31 March 2022 £000*
Investment Assets					
Equities	*5,951,194*	3,415,464	(3,467,689)	(80,772)	5,818,197
Pooled Investment Vehicles	*12,683,614*	448,218	(551,893)	540,553	13,120,492
Private Equity / Infrastructure	*4,819,843*	1,408,465	(894,648)	792,262	6,125,922
Index Linked Securities	*7*	0	(1)	0	6
Property	*2,129,236*	57,404	0	401,445	2,588,085
	25,583,894	**5,329,551**	**(4,914,231)**	**1,653,488**	**27,652,702**
Derivative Contracts:	*(1,839)*	201	(909)	2,514	(33)
Other Investment Balances:					
Cash Deposits	*591,747*				549,165
Receivable for Sales of Investments	*3,779*				36,019
Investment Income Due	*37,649*				34,742
Spot FX Contracts	*0*				(49)
Payable for Purchases of Investments	*(31,592)*				(68,144)
Net Investment Assets	***26,183,638***	**5,329,752**	**(4,915,140)**	**1,656,002**	**28,204,402**

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 £138.069m in the change in 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 2023 and a summary of contracts held are summarised in the tables below:

31 March 2022 £000		**31 March 2023 £000**
0	Futures	0
(33)	Forwards	3
(33)	**Market Value**	**3**

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 2023 there was £0.003m 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 2022 £000		Market Value as at 31 March 2023 £000
6	Fixed Interest Securities	6
5,818,197	Equities	5,559,901
	Pooled Funds – Additional Analysis	
2,044,442	Fixed Income Unit Trust	2,404,294
7,926,444	Equity Unit Trust	7,349,159
345,875	Cash Balances	0
10,719	Commodities	11,054
1,203,920	Multi-Asset	1,162,303
1,589,092	Absolute Return	1,599,302
13,120,492		**12,526,112**
	Private Equity/Infrastructure – Additional Analysis	
2,558,312	Venture Capital	2,515,686
1,607,492	Infrastructure	2,015,319
1,407,234	Private Debt	1,537,818
552,884	Real Estate	734,298
2,588,085	Property	2,257,500
8,714,007		**9,060,621**
549,165	Cash Deposits	581,973
(33)	Derivatives	3
70,761	Other Investment Assets	53,785
(68,193)	Investment Liabilities	(78,425)
28,204,402	**Net Investment Assets**	**27,703,976**

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 2023 was £27,704 million.

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**

Investment Management arrangements as at 31 March 2022 are summarised below:

Asset Class	Fund Manager	% Managed	Market Value £000
Multi-Asset Passive	Legal & General	33.52	9,453,822
Global Equity	Baillie Gifford	7.55	2,129,215
Global Equity	Lazard	3.18	897,409
Global Equity	Veritas	3.06	863,762
Global Equity	Oldfield	2.88	813,360
Specialist - Equities (UK Small Companies)	Lombard Odier	1.56	438,617
Specialist - Equities (Overseas Small Companies)	JP Morgan	3.14	885,936
Specialist - Emerging Markets	Genesis/Fidelity	1.32	372,051
Specialist - Private Equity	Pantheon	5.18	1,461,160
Specialist - Private Equity	Partners Group	3.19	898,389
Specialist - Absolute Return Bonds	PIMCO	3.64	1,026,906
Specialist - Long-only Absolute Return	Ruffer	1.99	562,186
Specialist - Multi-asset Credit	Barings	2.52	712,138
Specialist - Multi-asset Credit	Oak Hill Advisors	1.74	491,782
Specialist - Private Debt	Barings	1.75	494,658
Specialist - Private Debt	Alcentra	1.35	379,908
Specialist - Private Debt	Partners Group	0.78	221,158
Specialist - Private Real Estate Debt	ICG Longbow	0.75	211,590
Emerging Market Debt	Ashmore	1.74	490,890
Specialist - Property	DTZ	9.41	2,650,281
Specialist - Global Real Estate	Partners Group	1.53	432,523
Specialist - Global Infrastructure	JP Morgan	3.02	851,228
Specialist - Direct Investment Portfolio	Various	4.28	1,206,557
Cash	Northern Trust	0.92	258,876
		100.00	**28,204,402**

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 2023 the Fund had holdings of £2,158m (7.79%) in Legal and General North America Index Fund (GBP Hedged).

18. Property Holdings

As at 31 March 2023 the Fund held direct property assets with a value of £2,176m (2021/22 £2,524m). This valuation was calculated by Avison Young on the Fund's behalf in accordance with RICS Valuation Standards manual.

2021/22 £000		**2022/23 £000**
2,129,236	Opening balance	2,588,085
57,403	Additions	140,901
0	Disposals	(112,574)
401,446	Change in Market Value	(358,912)
2,588,085	**Closing balance**	**2,257,500**

The future minimum lease payments receivable by the fund as at 31 March 2023 are shown in the next table.

2021/22 £000		2022/23 £000
86,600	Within one year	90,000
235,200	Between one and five years	249,400
430,300	Later than five years	403,600
752,100	**Total future lease payments due**	**743,000**

As at 31 March 2023 the Fund held indirect UK property assets of £81.4m (2021/22 £64m).

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 2023 stock with a value of £490.2m was on loan (£428.5m as at 31 March 2022).

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 2023.

31 March 2022				31 March 2023		
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			
5,818,197	0	0	Equities	5,559,901	0	0
13,120,492	0	0	Pooled Investment Vehicles	12,526,112	0	0
6,125,922	0	0	Private Equity/ Infrastructure	6,803,121	0	0
6	0	0	Index Linked Securities	6	0	0
0		0	Derivative Contracts	4		0
28,053	521,111	0	Cash	239,574	342,399	0
	70,761	0	Other Investment Balances	0	53,784	0
25,092,670	**591,872**	**0**		**25,128,718**	**396,183**	**0**
(33)	0	0	Derivatives	(1)	0	0
0	0	(68,193)	Other Investment Liabilities	1	0	(78,425)
(33)	**0**	**(68,193)**		**0**	**0**	**(78,425)**
25,092,637	**591,872**	**(68,193)**	**Net Financial Assets**	**25,128,718**	**396,183**	**(78,425)**

The table below shows net gains and losses on financial instruments for the year ended 31 March 2023:

31 March 2022 £000		**31 March 2023 £000**
	Financial Assets	
1,252,042	Fair value through profit and loss	(511,802)
2,604	Loans and receivables	2,582
	Financial Liabilities	
2,514	Fair value through profit and loss	46
(3,252)	Loans and receivables	(53)
1,253,908	**Total**	**(509,227)**

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 2023:

Market Value 31 March 2022 £000		**Market Value 31 March 2023 £000**
	Financial Assets	
25,092,670	Fair value through profit and loss	25,128,718
591,872	Loans and receivables	396,183
	Financial Liabilities	
(33)	Fair Value through profit and loss	0
(68,193)	Financial liabilities measured at amortised cost	(78,425)
25,616,316	**Total**	**25,446,476**

The £25,446m net financial assets shown above plus property (£2,257m) and long-term debtors and current assets (£225.4m) less current liabilities (£59.6m) equals £27,872m Net Assets as at 31 March 2023 on page 38.

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 66% 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 2022				*31 March 2023*		
Level 1 £000	***Level 2 £000***	***Level 3 £000***		**Level 1 £000**	**Level 2 £000**	**Level 3 £000**
			Financial Assets			
16,581,331	2,355,458	6,155,881	Fair Value through profit and loss	16,364,741	1,952,262	6,811,715
542,353	49,519	0	Loans and receivables	366,345	29,838	0
17,123,684	**2,404,977**	**6,155,881**		**16,731,086**	**1,982,100**	**6,811,715**
			Financial Liabilities			
0	(33)	0	Fair Value through profit and loss	0	(1)	0
(25,051)	(43,142)	0	Financial liabilities measured at amortised cost	(50,945)	(27,480)	0
(25,051)	**(43,175)**	**0**		**(50,945)**	**(27,481)**	**0**
17,098,633	**2,361,802**	**6,155,881**	**Net Financial Assets**	**16,680,141**	**1,954,619**	**6,811,715**

The total value of Net Financial Assets for Levels 1, 2 and 3 as at 31 March 2023 in the above table is £25,446m (£25,616m 2021/22) which matches the financial instruments market value shown at Note 20. The Fund's property assets of £2,257m (see Note 18 for details) are also classed as level 3, taking the total value of Net Financial Assets to £27,704m.

Reconciliation of Fair Value Measurements Within Level 3

2022/23	Market value as at 31 March 2022 £000	Transfers in/out of Level 3 £000	Purchases £000	Sales £000	Unrealised gains (losses) £000	Realised gains (losses) £000	Market value as at 31 March 2023 £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**

2021/22	*Market value as at 31 March 2021 £000*	Transfers in/out of Level 3 £000	Purchases £000	Sales £000	Unrealised gains (losses) £000	Realised gains (losses) £000	Market value as at 31 March 2022 £000
Equities	*332*	39,126	3,871	(14,894)	3,263	(1,740)	29,958
Equity Funds	*0*	0	0	0	0	0	0
Private Equity	*4,819,843*	0	1,407,410	(893,592)	367,101	425,161	6,125,923
Fixed Income Funds	*0*	0	0	0	0	0	0
	4,820,175	**39,126**	**1,411,281**	**(908,486)**	**370,364**	**423,421**	**6,155,881**

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.

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 2022/23 reporting period:

2021/22 Potential Market Movement (+/-)	Asset Type	2022/23 Potential Market Movement (+/-)
19.9%	UK Equities	18.2%
20.1%	Overseas Equities	19.0%
3.5%	Corporate Bonds (short term)	3.6%
8.1%	Corporate Bonds (medium term)	7.5%
7.3%	Index Linked Gilts	n/a
31.2%	Private Equity and Infrastructure Funds	31.2%
32.1%	Commodities	22.1%
0.3%	Cash	0.3%
9.0%	Senior Loans	9.6%
2.8%	Absolute Return Bonds	2.7%
15.0%	UK Property	15.5%
12.9%	**Total Fund Volatility**	11.8%

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 2023 £000	Change %	Value on Increase £000	Value on Decrease £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**

The prior year comparators for 2021/22 are as follows:

Asset Type	Value as at 31 March 2022 £000	Change %	Value on Increase £000	Value on Decrease £000
Cash and cash equivalents	549,165	0.3	550,812	547,517
Investment portfolio assets:				
UK bonds	5	8.1	5	4
Corporate bonds (Medium term)	1	8.1	2	1
UK equities	878,202	19.9	1,052,964	703,439
Overseas equities	4,939,995	20.1	5,932,934	3,947,057
UK fixed income unit trusts	778,211	8.1	841,246	715,176
Overseas fixed income unit trusts	775,343	8.1	838,146	712,540
UK equity unit trusts	3,332,501	19.9	3,995,669	2,669,333
Overseas equity unit trusts	4,593,942	20.1	5,517,324	3,670,561
Pooled Investment Vehicles	3,294,620	9.0	3,591,136	2,998,104
Cash Funds	345,875	0.3	346,913	344,837
Private Equity and Infrastructure	6,125,922	31.2	8,037,209	4,214,635
Property	2,588,085	15.0	2,976,298	2,199,872
Net derivative assets	(33)	0.0	(33)	(33)
Investment income due	34,748	0.0	34,748	34,748
Pending Spot FX	(49)	0.0	(49)	(49)
Amounts receivable for sales	36,013	0.0	36,013	36,013
Amounts payable for purchases	(68,144)	0.0	(68,144)	(68,144)
Total	**28,204,402**		**33,683,193**	**22,725,611**

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 2023 and 31 March 2022 is set out below.

As at 31 March 2022 £000	Asset Type	As at 31 March 2023 £000
549,165	Cash Balances – Investments	581,973

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 2022 £000	*+100 BPS £000*	*-100 BPS £000*	Asset Type	As at 31 March 2023 £000	+100 BPS £000	-100 BPS £000
549,165	554,657	543,673	Cash Balances – Investments	581,973	587,793	576,211

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 9.9% fluctuation in currency is reasonable. The table below shows the impact a 10% 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 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**

Asset Type	***Value as at 31 March 2022 £000***	***Change %***	***Value on Increase £000***	***Value on Decrease £000***
Overseas quoted equities	4,939,995	10.0	5,433,995	4,445,996
Overseas fixed income	775,343	10.0	852,877	697,809
Overseas equity funds	4,593,942	10.0	5,053,336	4,134,548
Total	**10,309,280**		**11,340,208**	**9,278,353**

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 2022 £000	**Long-Term Debtors**	**As at 31 March 2023 £000**
962	Lifetime Tax Allowance	1,746

24. Current Assets

2021/22 £000		**2022/23 £000**
	Debtors	
53,251	• Contributions due – employers	54,306
50,022	• Sundry Debtors	56,275
108,710	Cash Balances	114,793
211,983		**225,374**

25. Current Liabilities

2021/22 £000		**2022/23 £000**
30,161	Sundry creditors	32,669
21,174	Benefits payable	26,901
51,335		**59,570**

26. Events After the Balance Sheet Date

Capital markets remain volatile due to the war in Ukraine along with sustained inflationary increases after the balance sheet date, but there were no material events between 31 March 2023 and the date of signing that require to be reflected in 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 2022/23 the amount recharged by Glasgow City Council to the Strathclyde Pension Fund for administration costs was £4.457m (2021/22 £4.449m) and £0.453m for bespoke ICT solutions, consumables, printing and support. There is an outstanding creditor of £4.513m between the Council and Strathclyde Pension Fund as at 31 March 2023.

The key management personnel of the Fund are the Director of Pensions, 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 £365,110 (£336,880 2021/22). Key management personnel had accrued pensions totalling £102,931 (£89,689 2021/22) and lump sums totalling £92,361 (£87,574 2021/22) 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 www.glasgow.gov.uk

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 2023 the Fund had contractual commitments of £9,191m (£8,749m 2021/22) within its private equity, private debt, infrastructure and global real estate portfolios, of which £2,070m (£2,162m 2021/22) 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.

On 26 October 2018, The High Court ruled that Guaranteed Minimum Pensions (GMP) should be equalised between men and women to address the discrepancies in members' benefits arising from the contracting out of the additional state pension between 17 May 1990 and 6 April 1997. The Fund recognises the potential for liabilities arising from GMP equalisation however due to ongoing legal appeals and clarification of what has to be included it is not possible to quantify the impact this will have on the Fund at this time.

The Goodwin tribunal relates to a recent employment tribunal that changes 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 approximate impact of this is likely to be very small for the Fund at 0.1%-0.2% of liabilities and therefore no allowance was made for this in the 2020 valuation.

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 www.spfo.org.uk or on request from the SPFO.

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.

2021/22				2022/23		
Prudential £000	*Standard Life £000*	*Total AVC's £000*		**Prudential £000**	**Standard Life £000**	**Total AVC's £000**
59,828	1,475	61,303	**Opening Market Value**	62,529	1,382	63,911
9,266	0	9,266	Contributions Received	9,574	0	9,574
(8,625)	(179)	(8,804)	Sales of Investments	(11,130)	(167)	(11,297)
2,060	86	2,146	Change in Market Value	1,482	88	1,570
62,529	1,382	63,911	**Closing Market Value**	62,455	1,303	63,758

*Note: Prudential and Standard Life 2022/23 figures are estimated as actuals are unavailable at time of publishing. 2021/22 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

CONTACT

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IMAGES

Images in this document were shot in and around Strathclyde in April 2023.


Strathclyde
Pension Fund