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East Dunbartonshire Council
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17 November 2025

To: Robert Emmott
Executive Director of Financial Services
Glasgow City Council
By email: Robert.Emmott@glasgow.gov.uk

Dear Robert,

Thank you for your letter dated the 4th November and the subsequent opportunity to meet with yourself and Council Directors of Finance from Strathclyde Pension Fund's (the Fund) main employer groups. I have shared this letter with those Directors of Finance who are in agreement with its content.

It was helpful to engage and discuss the challenges ahead including consideration of the ability, or otherwise, for the Pension Fund Board to react to current funding levels in a prudent manner. This being defined as one which is consistent with both the Scheme Regulations and the Funding Strategy Statement (the Strategy).

We welcome your guidance that these considerations be framed within the context of the potential material impact on the valuation of the Fund resulting from any future changes in underlying assumptions including, but not limited to, the investment returns applied in the future.

Through our discussions we also acknowledge the success of the Fund in achieving those aims within the Strategy. It is reassuring to; reflect upon the financial sustainability of the Fund in such uncertain times, for it to be fully funded into the future within a set of reasonable assumptions, and this being supported by actuaries and tested by auditors.

There remains a challenge to ensure that the prudent valuation of the Fund, at a level greater than 100%, set against current and future anticipated events without being overly prudent placing pressure on Councils. The Strategy is necessarily geared towards safeguarding the integrity of the Fund at greater than 100% and is written in a way that preserves this. However, there is currently no provision within the Strategy to take prudent, corrective action where the interim valuations reach a level where mid-term adjustments could reasonably be applied without giving the perception of short termism characterised by a ‘cash grab’.

We are keen to engage further and seek to ensure that future provisions can be included for such eventualities and this be achieved through a consultation process, committee agreement and implementation. Given Councils current circumstances it would be helpful to set out what action could be taken where a Strategy aligned to the principles of ‘greater than 100% funded with 80% certainty’ equates to ‘187% funded and 95% certainty’, as it is now.

Such action would help Councils answer questions around the immediate need to implement potentially damaging cuts at a time where the prospects for the Fund remain healthy and the likelihood that downward pressure on contribution rates will be sustained.

It is helpful that an interim review is planned which will include the likely outcomes of the 2026 valuation. We acknowledge that this will be helpful for future planning purposes and may, depending on the Council, provide some ability, backed by reserves to smooth the interim contribution rates in anticipation. This, however, is dependent on individual circumstances and against the backdrop of much reduced capacity with Council reserves earmarked for ongoing work and limited other reserves to accommodate.

Yours sincerely,

JAMIE ROBERTSON
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