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Jamie Robertson
Chief Finance Officer
Executive Officer for Finance & Digital Services
East Dunbartonshire Council
By e-mail: Jamie.Robertson@eastdunbarton.gov.uk

Dear Jamie

Thank you for your letter regarding Strathclyde Pension Fund.

I know that you will be familiar with the details but for the record the employer contribution rate of 17.5% for 2026/27 was agreed during the 2023 actuarial valuation and certified by the fund actuary, Hymans Robertson, at the conclusion of the valuation in March 2024. This was part of a 3-year package of rates (comprising 6.5% for 2024/25, 6.5% for 2025/26 and 17.5% for 2026/27) certified at that time.

The equivalent annualised rate of 10.2% was a significant reduction from the previous rate of 19.3% and remains a significant discount to the Primary (or Future Service) Rate of 21.8% certified in 2024. To the best of my knowledge, it is also the lowest rate currently certified within the LGPS in the UK.

As part of the valuation process, all employers were consulted on the Funding Strategy. Employers were also offered the option of paying the equivalent annual rate of 10.2% each year if they preferred a more even funding profile. Several employers chose that option, though no Councils did.

As you would expect, I have already considered your question as to whether rates can be reviewed in the context of the current scheme valuation. Whilst there is a mechanism within the scheme regulations for such a revision there is no current provision within the SPF Funding Strategy Statement to do so.

A revision of rates would require an amendment to the Funding Strategy which must be prepared in accordance with guidance from both CIPFA and the statement of investment principles. Notwithstanding, that there is insufficient time between now and April 2026 to consider whether changes would be appropriate and to consult on them, my view is that a departure from, or override of, established process would not represent good governance or responsible exercise of the administering authority's fiduciary responsibilities.

At its meeting on 10th September, the SPF Committee considered a Funding Update report in which showed an improvement in the funding level from 147% at the last formal valuation date, 31 March 2023, to 187% at July 2026. The updated position is based on assumed future investment returns of 6.0% p.a. whereas the 2023 valuation was based on an assumption of

5.0% p.a. An interim review is planned for later in the year to provide as clear an indication as possible to employers about likely outcomes of the 2026 actuarial valuation in order to assist with their planning from February 2027 onwards. That remains the position.

The next meeting of the SPF committee is on 26th November and the Funding Update report to that meeting will include an indication of likely outcomes – in terms of employer contributions strategy – from the 2026 actuarial valuation. Employers will be advised in our December edition of Pensions in Partnership.

Please let me know if you wish any further information or to discuss.

Yours sincerely

Robert Emmott
Executive Director of Financial Services