

Scottish Parliamentary Pension Scheme

Annual Accounts 2025-26

HMRC Approval Number 0045455RY

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Trustees' Report

Background

The Scottish Parliamentary Pension Scheme (SPPS) was established on 6 May 1999 under transitional provisions of the Scotland Act 1998. The original legislation that governed the SPPS was The Scotland Act 1998 (Transitory and Transitional Provisions) (Scottish Parliamentary Pension Scheme) Order 1999 (S.I. 1999 No.1082) ("the 1999 Order"). However, since 1999 there have been a number of significant legislative changes at a UK level which have affected all pension Schemes. The Finance Act 2004 and the Pensions Act 2004 transformed the tax and legal environment in which pensions operate in the UK, necessitating changes to the rules of the SPPS. The 1999 Order was subsequently replaced by The Scottish Parliamentary Pensions Act 2009 ("the 2009 Act") with the new SPPS rules coming into force from 1 September 2009. Under section 1(2) of the 2009 Act all the functions, rights, liabilities and obligations in relation to the SPPS were transferred from the Scottish Parliamentary Corporate Body (SPCB) to a board of Trustees from 1 September 2009.

The Pension (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975 (as amended) are applicable to pensions paid from the SPPS. The guaranteed level of increases for pensions in excess of the Guaranteed Minimum Pension is the Consumer Price Index (CPI) over the year. As the movement in the CPI for the year was 10.1%, pensions that were in payment for a year were also increased by 10.1%. Pensions that were in payment for less than a year were increased by a proportionate amount depending upon the number of months it had been in payment. There were no discretionary increases.

Aim of the Report

It is the intention of the Trustees to disclose relevant information, including actuarial and accounting details, to all members of the SPPS. Therefore, in accordance with Schedule 1, Rule 104 of the 2009 Act, the Trustees will arrange for the audit of the annual accounts and lay a copy of the audited accounts and audit report before the Parliament within 7 months of the end of the accounting year.

Management of Fund

At the date of approval of the annual report, the Trustees were:

Name	Elected
Pauline McNeill MSP (Chair)	14 June 2017
Murdo Fraser MSP	9 March 2022
Gordon MacDonald (scheme pensioner)	9 March 2022
Mark Ballard (deferred member)	9 March 2022

Scheme Administration

The day to day running of the SPPS is carried out by the Secretariat to the Trustees within the Scottish Parliament's Pay and Pensions Office. Any queries about the SPPS should be sent to the Secretariat at the following address:

Scottish Parliamentary Pension Scheme
Secretariat to the Trustees
The Scottish Parliament
Edinburgh
EH99 1SP
Telephone (Direct Dial): 0131 348 6838
E-mail: Kirsten.Knox@parliament.scot

The Scottish Public Pensions Agency (SPPA) provides a pension administration service for members on behalf of the Trustees.

Income

Income of the SPPS is derived from two main sources (a) contributions from participating Scheme members and (b) contributions from the Scottish Consolidated Fund (SCF).

Members and officeholders contribute 11% of their salaries if they accrue benefits on a fortieth's basis or 6% of their salaries if they accrue benefits on a fiftieth's basis. The SCF contributes 22.6% of a participating member's and officeholder's pensionable salary.

The 6% contribution rate for the fiftieths accrual rate came into effect from 6 May 1999 whilst the 11% contribution rate was introduced along with the fortieths accrual rate from 1 September 2009.

Actuarial Valuation

The Actuary was required to produce an initial actuarial valuation of the assets and liabilities of the SPPS as at 6 May 1999 and thereafter to conduct a full valuation at least every three years. The most recent valuation report dated 3 July 2026 covered the period 1 April 2022 to 31 March 2025. It found that, at the valuation date, there was a surplus of £34.3 million. The Actuary, at that review, recommended that the SCF's contribution rate should be set at 22.6% of pensionable salaries.

An annual Report of the Actuary, as required by IAS 19 – Employee Benefits, for the period 1 April 2025 to 31 March 2026 can be found at pages 12 to 15 of this report.

Scheme Membership

As at 31 March 2026 there were 131 (2024-25 129) active positions accruing a pension. Active membership of the Scheme consisted of 129 (2024-25 127) active MSP Scheme members plus the Lord Advocate and Solicitor General for Scotland. Of the 129 active MSP Scheme members 26 (2024-25 28) were also accruing additional benefits simultaneously in their capacity as officeholders. The qualifying officeholder positions were the First Minister 1, 11 (2024-25 11) Cabinet Secretaries, 11 (2024-25 13) Ministers, 1 Presiding Officer, (Presiding Officer (2024-25 1) and 2 Deputy Presiding Officers (2024-25 2).

There were 48 (2024-25 59) deferred pensioners (former pension Scheme members who were not yet in receipt of a pension) and 159 (2024-25 151) pensions in payment at the year end.

Preparation of annual accounts

The SPPS is a public service pension Scheme and as such exempt from the majority of the requirements of the 1995 Pensions Act including those relating to accounts. However, the accounts have been prepared, as far as appropriate, in accordance with the Statement of Recommended Practice, Financial Reports of Pension Schemes issued in 2007, in order to conform to best practice reporting requirements. A statement of the Trustees responsibilities with regard to the preparation of the accounts is on page 16. This includes confirmation that the accounts have been prepared on a going concern basis.

The audited accounts are expected to be laid before the Parliament within 7 months of the end of the accounting year. Copies of these accounts are available from the Secretariat on request.

Summary Financial Information

Income during the period was £3,779,000 (2024-25 £3,541,000), and expenditure, by way of pensions, and expenses, was £3,946,000 (2024-25 £3,008,000). The net assets of the SPPS at 31 March 2026 were £115,381,000 (2024-25 £108,502,000).

During the period a total of £100,190 (2024-25 £2,319,000) was remitted to the Fund Managers for investment, £1,774,000 (2024-25 £2,156,000) was received in income from share and securities, £NIL (2025-26 £23,400,000) was transferred between funds, and £755,000 (2024-25 £NIL) was withdrawn in year.

Investment details and performance

The Pensions Act 1995, Section 35, requires that the Trustees of pension funds prepare and maintain a Statement of Investment Principles (SIP). Whilst the SPPS is statutorily exempt from this requirement a SIP has been produced by the Trustees through a desire to comply with best practice for funded Schemes. A copy of this is

available on the Parliament's website: [Scottish Parliamentary Pension Scheme | Scottish Parliament Website](#)

The statement includes a policy on investment and explains that, as this is a relatively new Scheme, contributions are likely to exceed benefits for many years. Accordingly, it should not be necessary to regularly sell assets to pay benefits in the medium term. However, selling assets may be required from time to time to pay large cash outflows from the Scheme such as transfers out of the Scheme, or retirement lump sums, particularly given the grouping and increase in this activity around election cycles. Because of the generally cashflow positive position of the Scheme (i.e. the payments into the Scheme are greater than the benefits paid out of the Scheme), it enables the investment strategy to be predominantly equity based, increasing the probability of a higher investment return on the SPPS's assets over the long term. The risk of this type of investment has been considered. The initial size of the SPPS's assets is not sufficient to allow a widely diverse, directly held portfolio and therefore it was decided to invest in Pooled funds run by investment manager companies that are independent to the Scheme.

Implementation Statement

In line with disclosure requirements for a defined benefit scheme and in line with our Statement of Investment principles mentioned in the previous section, we can confirm in 2025-26 the Trustees fully complied with these. The Trustees appoint a Fund Manager to invest in line with the principles – see Investment Managers section.

Going Concern

The Scottish Parliamentary Pension Scheme (SPPS) as set out in [the Scottish Parliamentary Pensions Act 2009](#) is funded by contributions from participating scheme members and the scheme sponsor, The Scottish Parliamentary Corporate Body (SPCB). The SPCB is founded by [Scotland Act 1998 \(legislation.gov.uk\)](#) with information on funding in S21.

The SPCB are committed to the continued payment of contributions in line with the agreed contribution rates as set out in the SPPS 2025 valuation report. The 2025 valuation also highlighted the strong funding position of the scheme.

The pension scheme sponsor has not experienced any insolvency and has no material uncertainty in the sponsoring employer accounts. The trustees are not aware of any sponsor financial, operational or legal difficulties. The fund trustees can confirm there has been no formal consultation or discussion on the winding up of the scheme.

Investment Managers

The Trustees have appointed Baillie Gifford and Legal & General Investment Management, both UK registered Fund Managers. The Trustees have delegated the responsibility for day-to-day investment management to these Fund Managers. The

Trustees own units of funds managed by Baillie Gifford and Legal & General, all the underlying assets within the funds are owned by the respective Fund Manager.

The SPPS invests in units in pooled funds which do not require the Trustees to appoint their own custodian. The custodian used by Baillie Gifford for the Trustees' funds is as follows:

Bank of New York
One Canada Square
LONDON
E14 5AL

The custodian used by Legal & General Investment Manager for the Trustees' funds is:

Citibank
Citigroup Centre
Canada Square
LONDON
E14 5IB

Investment in the Baillie Gifford funds began on 4 August 1999, and the Scheme has invested in several different Baillie Gifford funds over the lifetime of the contract.

Investing with Legal & General Investment Management began on 12 February 2025, using the Future World Global Equity Index Fund and the All Stocks Index-Linked Gilts Fund.

In the period from 1 April 2025 to 31 March 2026, £325,000 was withdrawn from the Baillie Gifford Funds and £100,190 was remitted to and invested in the Baillie Gifford funds. This compares with £2,319,000 remitted and invested and £23,400,000 withdrawn from the Baillie Gifford Managed Fund and reinvested in LGIM funds in the period from 1 April 2024 to 31 March 2025. There were also redemptions of £430,000 made from the LGIM funds. At 31 March 2026 the market value of the units held within the Funds was £115,098,978 (£108,781,419 on 31 March 2025).

The unit price of the Baillie Gifford Managed Fund units is:

31 March 2026	£15.27
31 March 2025	£14.73

The unit price for the Baillie Gifford Diversified Growth Fund is:

31 March 2026	£2.54
31 March 2025	£2.35

The unit price for the Baillie Gifford Sustainable Growth Fund is:

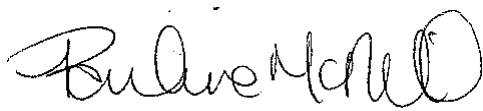
31 March 2026	£7.17
31 March 2025	£7.05

The unit bid price for the Legal & General Investment Management Future World Global Equity Index Fund is:

31 March 2026	£1.895800
31 March 2025	£1.614490

The unit bid price for the Legal & General Investment Management All Stocks Index Linked Gilts Fund is:

31 March 2026	£5.663530
31 March 2025	£5.439570



Pauline McNeill MSP
Chair of Pension Trustees
(On behalf of the Trustees)

Date: 28 October 2026

Investment Report for the Year Ended 31 March 2026

Day to day responsibility for the management of investments has been delegated to Baillie Gifford and Legal and General, which operate in accordance with guidelines and restrictions set out in their respective Policy and the Key Features Document and with instructions given by the Trustees from time to time.

Investments comprise units in pooled funds managed by Baillie Gifford and Legal and General, the holdings of which are regarded as being readily marketable.

Portfolio Valuation

	31 Mar 2026 GBP	31 Mar 2025 GBP
Baillie Gifford Managed Fund B Accum	56,122,114	54,208,084
Baillie Gifford Diversified Growth Fund B2 Acc	24,687,619	23,023,451
Baillie Gifford Sustainable Growth Fund	10,625,191	10,410,310
L&G FW Global Equity Index Fund	18,159,756	15,844,958
L&G All Stocks Index Linked Gilts	5,504,298	5,294,616
Total	115,098,978	108,781,419

Distribution of Assets

	31 Mar 2026 %	31 Mar 2025 %
Baillie Gifford Managed Fund B Accum	48.8	49.8
Baillie Gifford Diversified Growth Fund B2 Acc	21.4	21.2
Baillie Gifford Sustainable Growth Fund	9.2	9.60
L&G FW Global Equity Index Fund	15.8	14.6
L&G All Stocks Index Linked Gilts	4.8	4.9
Total	100.0	100.0

Performance Objective

Where appropriate, the term 'Benchmark' refers to the relevant 'Target' or 'Comparator' benchmark as disclosed in the Fund's Prospectus.

Performance to 31 March 2026 (%)

		3 months		12 months		3 years (% p.a.)	
Fund / Category	Objective	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Baillie Gifford Managed Fund	To achieve capital growth over rolling five- year periods.	- 7.2%	-1.8%	3.7%	11.2%	5.2%	8.3%
Baillie Gifford Sustainable Growth Fund	To outperform (after deduction of costs) the MSCI ACWI Index, as stated in sterling, over rolling five year periods	- 9.3%	-1.2%	1.7%	18.0%	3.5%	14.6%
Baillie Gifford Diversified Growth Fund	To achieve (after deduction of costs): - an annualised return over rolling five year periods that is at least 3.5% more than UK Base Rate - a positive return over rolling three-year periods	- 0.3%	1.8%	8.0%	7.6%	6.0%	8.2%

	- annualised volatility of returns over rolling five-year periods that is below 10%						
L&G All Stocks Index-Linked Gilts Index Fund	To track the performance of the FTSE Actuaries UK Index Linked Gilts All Stocks Index to within +/- 0.25% p.a. for two years out of three.	1.3%	1.3%	4.1%	4.1%	-3.1%	-3.1%
L&G Future World Global Equity Index Fund	To track the performance of the Solactive L&G ESG Global Markets Index (less withholding tax where applicable) within +/- 0.60% p.a. for two years out of three	- 2.5%	-2.6%	17.4%	17.1%	14.5%	14.2%

Top Ten Largest Holdings

Baillie Gifford Managed Fund	% of Portfolio
TSMC	1.6
Amazon.com	1.5
AstraZeneca	1.4
NVIDIA	1.4
ASML	1.4
Meta Platforms	1.2
Roche	1.2
Cloudflare	1.0
Netflix	1.0
Samsung Electronics	1.0
Baillie Gifford Diversified Growth Fund	% of Portfolio
Blackrock GBP LEAF Fund	4.4
Sequoia Economic Infrastructure Income Fund	2.4
UK Treasury Bill (20/04/2026)	2.3
Lynas Corporation	1.9
Dimensional Global Value Fund	1.7
RWE	1.6
Severn Trent	1.5
United Utilities	1.5
Terna	1.5
Baillie Gifford Global Income Growth Fund	1.5
Baillie Gifford Sustainable Growth Fund	% of Portfolio
TSMC	5.9
Alphabet	5.6
Microsoft	5
Illumina	3.6
New York Times Co	3.0
Intuit	3.0
MercadoLibre	2.9
Mastercard	2.8
Edwards Lifesciences	2.8
Prudential	2.7
<p>*Source: Baillie Gifford: Quarterly Reports 31 March 2026</p>	

L&G All Stocks Index-Linked Gilts	% of Portfolio
UK IL Gilt 1.25% 22 Nov 27	5.5
UK IL Gilt 1.25% 22 Nov 32	5.0
UK IL Gilt 0.125% 22 Mar 29	4.8
UK IL Gilt 0.125% 10 Aug 28	4.7
UK IL Gilt 1.125% 22 Nov 37	4.6
UK IL Gilt 0.75% 22 Mar 34	4.5
UK IL Gilt 0.625% 22 Mar 40	4.0
UK IL Gilt 2% 26 Jan 35	4.0
UK IL Gilt 0.125% 10 Aug 31	3.8
UK IL Gilt 0.75% 22 Nov 33	3.5
L&G FW Global Equity Index Fund	% of Portfolio
Apple	5.2
Nvidia	5.1
Microsoft	3.4
Broadcom	1.9
Amazon.com	1.7
Alphabet A	1.4
Meta Platforms A	1.3
JPMorgan Chase & Co	1.3
Alphabet C	1.2
Taiwan Semiconductor Manufacturing Co	1.1

*Source: L&G: Fact Sheet 31 March 2026

Scottish Parliamentary Pension Scheme (SPPS) - Report of the Actuary

Introduction

A. This statement has been prepared by the Government Actuary's Department at the request of the Trustees of the Scottish Parliamentary Pension Scheme (SPPS). The Trustees have commissioned GAD to assess the liabilities of the Scheme in accordance with International Accounting Standard 19 (IAS19), and to prepare a statement for inclusion in the scheme's accounts.

B. The SPPS is a final salary defined benefit scheme, the rules of which are set out in the Scottish Parliamentary Pensions Act 2009 and subsequent amendments. I am not aware of any informal practices operated within the scheme which lead to a constructive obligation (under IAS 19 constructive obligations should be included in the measurement of the actuarial liability).

C. The statement is based on an assessment of the liabilities as at 31 March 2025, with an approximate uprating to 31 March 2026 to reflect known changes.

Membership Data

D. Tables 1 and 2 summarise the membership data as at 31 March 2025 used to prepare this statement.

Table 1 – Active members (MSPs and officeholders combined)

31 March 2025			2025/26
Number	Total salaries in membership data (pa)* (£ million)	Total accrued pensions (£ million)	Total salaries** (£ million)
157	11	2.568	11.1

* Including salary increases in April 2025

** As at 31 March 2026 and provided by the SPCB

Table 2 – Deferred members and pensions in payment

Category	31 March 2025	
	Number	Total pension (pa) (£ million)*
Deferred**	89	1.239
Pensioners	151	2.401

* Including pension increase as at April 2025

** Including former office holders who are still MSPs

Methodology

E. The present value of the liabilities has been determined using the Projected Unit Credit Method, with allowance for expected future pay increases in respect of active members on final salary benefits, and the principal financial assumptions applying to the 2025-26 Resource Accounts. The contribution rate for accruing costs in the year ended 31 March 2026 was determined using the Projected Unit Credit Method and the principal financial assumptions applying to the 2024-25 Resource Accounts.

F. This statement takes into account the benefits normally provided under the scheme, including age retirement benefits and benefits applicable following the death of the member.

Principal financial assumptions

G. The principal financial assumptions adopted to prepare this statement are shown in Table 3.

Table 3 – Principal financial assumptions

	31 March 2026 (% p.a.)	31 March 2025 (% p.a.)
Gross discount rate	6.10	5.65
Price inflation (CPI)	2.85	2.75
Earning increases	4.10	4.00
Real discount rate (net of CPI)*	3.15	2.80
Real discount rate (net of earnings increases)*	1.90	1.60

* The real discount rate is shown for information only. The calculations are performed using the gross discount rate and inflation assumptions set out above

Demographic assumptions

H. The demographic assumptions adopted for the assessment of the liabilities as at 31 March 2026 are based on those adopted for the 2025 funding valuation of the SPPS.

I. The standard mortality tables known as S4NxA are used. Mortality improvements are in accordance with those incorporated in the 2022-based principal population projections for the United Kingdom.

J. The contribution rate used to determine the accruing cost in 2025-26 was based on the demographic and financial assumptions applicable at the start of the year: that is, those adopted for the 2024-25 Resource Accounts.

Liabilities

K. Table 4 summarises the assessed value as at 31 March 2026 of benefits accrued under the scheme prior to 31 March 2026 based on the data, methodology and assumptions described above. The corresponding figures for the previous year end are also included in the table. No allowance has been made for possible costs arising as a result of GMP equalisation.

Table 4 – Statement of Financial Position (£ million)

	31 March 2026	31 March 2025
Total market value of assets	115.3	108.8
Value of liabilities	92.5	90.8
Surplus*	22.8	18.1
Funding Level	125%	120%

* Figure may not sum due to rounding

Pension cost

L. The cost of benefits accruing in the year ended 31 March 2026 (the Current Service Cost) is based on a standard contribution rate of 36.2% (including member contributions but excluding expenses) [2025: 43.0%], as determined at the start of the year. Members accruing benefits at an accrual rate of 1/40th contribute 11% of pay, and members accruing benefits at an accrual rate of 1/50th contribute 6% of pay. Table 5 shows the standard contribution rate used to determine the Current Service Cost for 2025-26 and 2024-25.

Table 5 – Current Service Cost

	2025-26	2024-25
Current Service Cost (excluding expenses)	36.2%	43.0%
Members' contribution rate (average)	(10.9%)	(10.7%)
Employer's Current Service Cost (excluding Member contributions and expenses)	25.3%	32.3%

M. For the avoidance of doubt, the employer's share of the standard contribution rate determined for the purposes of the resource accounts is not the same as the actual rate of contributions payable by the SPCB, (22.6% for 2025-26 and 22.6% for 2026-27). The actual rate of contributions is assessed after each actuarial funding valuation every 3 years and that assessment uses different demographic and financial assumptions than those used for the resource accounts. For example, the discount

rate for scheme actuarial funding is determined considering the assets held by the scheme and the expected returns on those assets. The discount rate for Resource Accounts is set each year to reflect the requirements of IAS19.

N. The pensionable salary payroll for the financial year 2025-26 is £11.12 million [2024-25: £10.85 million]. Based on this information, the accruing cost of pensions in 2025-26 (at 36.2% [2024: 43.0%] of pay) is assessed to be £4.03 million [2025: £4.67 million] excluding expenses. There is no past service cost and so this is the total pension cost of 2025-26 excluding expenses. In addition, there was £0.27 million of expenses paid over the period 2025-26.

Laura Brunton
FFA C.Act
Government Actuary's Department
1 June 2026

Statement of Trustees' Responsibilities

Trustees' responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustees. Pension scheme regulations require, and the Trustees are responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in Regulation 3A of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustees are responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for the preparing of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustees are also responsible for the maintenance and integrity of the [Scottish Parliamentary Pension Scheme | Scottish Parliament Website](#). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' responsibilities in respect of contributions

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised reporting from the Actuary showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether

contributions are made to the Scheme by the employer in accordance with the report of the Actuary. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

This report was approved by the Trustees on 28 October 2026.

Signed for and on behalf of the Trustees

A handwritten signature in black ink, appearing to read 'Pauline McNeill', with a stylized circular flourish at the end.

Pauline McNeill MSP
Chair of Pension Trustees
(On behalf of the Trustees)

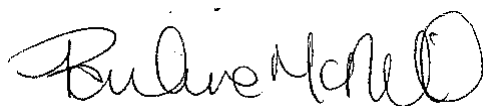
Date: 28 October 2026

Summary of Contributions paid in year

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the SPPS under the Schedule of Contributions certified by the actuary.

Contributions payable under the Schedule in respect of the year ended 31 March 2026:

	2026	2025
	£000	£000
Employers – normal contributions	2,458	2,349
Members – normal contributions	1,182	1,164
Total	3,640	3,513



Pauline McNeill MSP
Chair of Pension Trustees
(On behalf of the Trustees)

Date: 28 October 2026

Independent Auditor's Statement about Contributions

To the Trustees of Scottish Parliamentary Pension Scheme

Statement about contributions

We have examined the Summary of Contributions to Scottish Parliamentary Pension Scheme ('the Scheme') for the year ended 31 March 2026 which is set out on page 18.

In our opinion, contributions for the year ended 31 March 2026, as reported in the Summary of Contributions, have in all material respects been paid at least in accordance with the Scottish Parliamentary Pensions Act 2009 and the recommendations of the Scheme Actuary at GAD.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Scottish Parliamentary Pensions Act 2009 and the recommendations of the Scheme Actuary. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Scottish Parliamentary Pensions Act 2009 and the recommendations of the Scheme Actuary.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 16, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a statement showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Scottish Parliamentary Pensions Act 2009 and the recommendations of the Scheme Actuary.

Auditor's responsibilities for the preparation of a Statement about Contributions

It is our responsibility to provide a statement about contributions paid under the Scottish Parliamentary Pensions Act 2009 and the recommendations of the Scheme Actuary and to report our opinion to you.

Use of our report

This statement is made solely to the Scheme's Trustees, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees, as a body, for our audit work, for this statement, or for the opinions we have formed.

DocuSigned by:
BDO LLP
C17EC688DFBB4C8...

BDO LLP

Statutory auditor
Edinburgh, UK
United Kingdom

Date: 28 October 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Governance Statement

Scope of Responsibility

This statement is given in respect of the accounts for the SPPS. We acknowledge our responsibility as Trustees for ensuring that a sound and effective system of internal control is maintained and operated that supports the achievement of the SPPS's objective whilst safeguarding the SPPS's assets. Officials from the SPCB and SPPA provide a full secretariat and administrative service to the Trustees.

The Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the SPPS's policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the SPPS's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is based on a framework of regular management information including independent advice from the SPPS's professional advisors, appropriate administrative procedures, segregation of duties and a system of delegation and accountability.

Administration

Day to day administration and accounting responsibility has been delegated to the SPCB and the Trustees rely on their internal control procedures which form part of the system of internal control operated by the SPCB. Appointed officials of the SPCB make payment of all awards. Reliance is also placed on the system of internal control operated at the SPPA. The approval of pension awards for routine retirement (i.e. due to age or non-return to the Parliament) is delegated to the SPPA. The Trustees only approve pension awards in other circumstances (e.g. ill health).

Risk and Control Framework

With the Trustees taking up responsibilities from September 2009, reliance is placed on existing SPCB controls. A risk register specific to the SPPS has been developed. Controls operational during 2025-26 included:

- All funds are controlled by the appointed officials of the SPCB through a designated Royal Bank of Scotland account.
- Regular reconciliations are conducted by the appointed officials of the SPCB of the designated Royal Bank of Scotland account.
- Regular reconciliations of the funds with the investment monies transferred are conducted by the appointed officials of the SPCB. The Investment Managers produce monthly reports on stock transactions and valuations.

- The Trustees delegated responsibility for the day-to-day investment management entirely to Baillie Gifford. Quarterly reports were received from Baillie Gifford. This includes a Fund Manager's report; details of investment performance; a list of current holdings; and accounting and corporate governance information.
- Separation of duties exists between appointed officials of the SPCB whereby the official initiating a payment cannot authorise the production of the payable instrument or despatch the instrument; and
- The Trustees have access to all documents and records.

Internal Control

The SPCB and the Scottish Government including SPPA are both subject to review by internal audit who operate to standards defined in the Government Internal Audit Manual. The work of internal audit is informed by an analysis of the risk to which the SPCB and the Scottish Government are respectively exposed and internal audit plans are based on this analysis.

The Trustees' development and maintenance of the internal controls is assisted by the relevant internal audit comment and by the work of the external auditor. Comments made by the external auditor in their management letter and other reports are taken into account.



Pauline McNeill MSP
Chair of Pension Trustees
 (On behalf of the Trustees)

Date: 28 October 2026

Independent Auditor's Report to the Trustees of the Scottish Parliamentary Pension Scheme

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2026 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

We have audited the financial statements of Scottish Parliamentary Pension Scheme ('the Scheme') for the year ended 31 March 2026 which comprise of the following:

- Fund Account
- Statement of Net Assets (available for benefits)
- Notes to the financial statements
- A Summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice – Financial Reports of Pension Schemes (revised 2018).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees intend to wind up the Scheme or have no realistic alternative but to do so.

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 economic decisions of users taken on the basis of these financial statements.

However, the primary responsibility for the prevention and detection of fraud rests with the Trustees and Scheme management.

Extent to which the audit was capable of detecting irregularities, including fraud

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the Scheme's legal and regulatory frameworks, focusing on those which we determine to be the most significant, and how the Scheme complies with these.
- Enquiring of the Trustees, and where appropriate, the administrators or consultants as to whether:
 - the Scheme is in compliance with laws and regulations that have a material effect on the financial statements;
 - they have knowledge of any actual, suspected or alleged fraud;
 - any reports have been made to the Pensions Regulator.

Based on our understanding of the Scheme, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Pensions Acts 1995 and 2004 and those that relate to the reporting framework (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 and the Statement of Recommended Practice 'Financial Reports of Pensions Schemes' 2018 ('The SORP')). We also considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls by the Trustees and those involved in the preparation of the financial statements and underlying accounting

records. We determined that the principal risk was related to the posting of inappropriate journals, which may act to conceal fraudulent activity.

Audit procedures performed to respond to the identified risks included, but were not limited to, the following:

- Testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Enquiring of management and the Trustees with regard to actual and potential litigation and claims.
- Reviewing the disclosures in the financial statements and testing to supporting documentation to assess compliance with relevant laws and regulations, as detailed above.
- Reviewing minutes of meetings of the Trustees.
- Reviewing any significant correspondence with the Pensions Regulator.
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- Evaluating the design and implementation of controls associated with the journal entry process.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Scheme's Trustees, as a body, in accordance with Regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
BDO LLP
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BDO LLP

Statutory auditor
Edinburgh, UK
United Kingdom

Date: 28 October 2026

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Fund Account for the year to 31 March 2026

	Note	2026	2025
		£'000	£'000
Contributions and Benefits			
Employer contributions	3	2,458	2,349
Members contributions	3	1,182	1,164
Transfers in from other Schemes	4	139	28
		3,779	3,541
Benefits payable	5	(2,971)	(2,490)
Other payments	6		(428)
Transfers out to other schemes	4	(688)	-
Administration expenses	7	(287)	(89)
		(3,946)	(3,008)
Net withdrawals/additions from dealings with members		(167)	533
Returns on Investments			
Change in market value of investments			
– Managed funds	8	6,973	2,686
– Income from Shares & Securities	8		-
– Other Income	8		86
– Additional voluntary contributions	12	5	-
Net return on investments		0	2,772
Net increase in the SPPS during the year		6,879	3,305
Net assets of the SPPS			
At 1 April		108,502	105,197
At 31 March		115,381	108,502

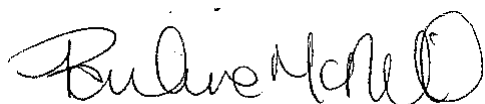
The notes on pages 30 to 39 form part of these accounts.

Net Assets Statement as at 31 March 2026

	Note	2026	2025
		£'000	£'000
Investments at market value			
Managed funds	11	115,099	108,781
AVC	12	119	114
		155,217	108,895
Current assets and liabilities			
Current assets	9	436	294
Current liabilities	10	(272)	(686)
Net current assets/(liabilities)		164	(392)
Net Assets of the Fund		115,381	108,503

The accounts summarise the transactions of the SPPS and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the SPPS, which does take account of such obligations, is dealt with in the Government Actuary's report on the position of the SPPS as at 31 March 2025 and these accounts should be read in conjunction with that report. The notes on pages 30 to 39 form part of these financial statements.

Approved and authorised for issue on behalf of the Trustees:



Pauline McNeill MSP
Chair of Pension Trustees
 (On behalf of the Trustees)

Date: 28 October 2026

Notes to the Accounts

Accounts for the year ended 31 March 2026

1. Basis of preparation

The Financial statements have been prepared in accordance with Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and the guidance set out in the Statement of Recommended Practice, “Financial Reports of Pension Schemes” (revised 2018).

The accounts summarise the transactions and net assets of the Scheme. They do not take account of liabilities to pay pensions and other benefits in the future.

The actuarial report does not take these liabilities into account (an annual actuarial statement, as required by IAS 19 – Employee Benefits, can be found at pages 12-15). The functional currency of the Scheme is pounds sterling, and the level of rounding is to the nearest £1,000.

The financial statements as at 31 March 2026 continue to be prepared on a going concern basis, and no adjustments have been made to the financial statements. The Trustees have considered the funding levels of the Scheme, the investment strategy and performance. The Trustees consider the basis to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet benefit payments in the normal course of affairs for at least the next twelve months.

2. Accounting policies

The principal accounting policies are:

- a. Pension contributions from the SCF and members are accounted for on an accruals basis.
- b. Investment income is accounted for when declared by the fund manager. This income is reported through the change in market value. The income received from shares and securities was additional income and re-invested in the Fund.
- c. Benefits are accounted for in the period to which they relate.
- d. Transfer values from or to other pension arrangements are accounted for on a cash basis.
- e. Refunds of contributions are accounted for on an accruals basis.
- f. All other expenditure is accounted for in the period to which it relates.
- g. Baillie Gifford investments are priced on a single swing price basis, which is SORP compliant. Other unit investments are priced on a bid price basis.
- h. The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.
- i. Investments are valued at their fair value at the date of Statement of Net Assets in line with the fair value hierarchy set out in note 13.

- j. There were no other significant judgements made in applying these accounting policies as at 31 March 2026.

3. Contributions receivable

Fund contributions are based on members' salaries.

	2026		2025
	£'000		£'000
SCF			
SCF employer contributions	2,458		2,349
Members			
Members and officeholders of the Scottish Parliament	1,182		1,164
Total contributions receivable	3,640		3,513

4. Transfer values

	2026		2025
	£'000		£'000
Individual transfers in from other Schemes	139		28
Individual transfers out to other Schemes	(688)		-

5. Benefits payable

The fund has 159 current beneficiaries at year end. There were 151 beneficiaries in 2024-25. Benefits payable to beneficiaries were as follows.

	2026		2025
	£'000		£'000
Pensions	2,451		2,289
Pension lump sums	520		201
AVC pensions	-		-
	2,971		2,490

6. Other Payments

No MSPs died during the period (2024-25 one) resulting in death in service payments under the terms of the SPPS.

No scheme payments were due to HMRC in 2025-26 in respect of 2024-25.

	2026		2025
	£'000		£'000
Death in service	-		424
HMRC payments	-		-
Scheme and other payments to HMRC	-		4
	0		428

7. Administrative expenses

Actuarial fees are payable to the Government Actuary. Audit fees were payable to a private sector auditor.

	2026		2025
	£'000		£'000
Audit fees	24		28
Actuarial fees	220		59
Administration fees (note 16)	43		2
	287		89

The cost of administering the SPPS was borne jointly by the Scottish Parliamentary Corporate Body (SPCB) and the SPPA. The SPPS is not recharged with administrative costs incurred on its behalf by the SPCB.

Baillie Gifford's annual charge for investment management and costs associated with the Fund is 0.43% of units held in the Baillie Gifford Managed Fund (2024-25 0.43%), 0.55% of units held in the Baillie Gifford Diversified Growth Fund (2024-25 0.55%) and 0.5% (2024-25 0.5%) of units held in the Baillie Gifford Sustainable Growth Fund of the value of the Funds accrued on a daily basis.

8. Changes in market value of investments

	2026		2025
	£'000		£'000
Value at 1 April	108,781		104,976
Purchases at cost	100		24,519
Sales proceeds	(755)		(23,400)
Change in market value	6,973		2,686
Value at 31 March	115,099		108,781

9. Current assets

	2026		2025
	£'000		£'000
Contributions due to the SPPS	306		294
Bank	130		-
	436		294

10. Current liabilities

	2026		2025
	£'000		£'000
Death in service	-		424
Pension due	206		232
Audit fee	24		25
Government Actuary	43		5
	272		686

11. Pooled Investment Vehicles

The following table summarises the holdings in the Baillie Gifford and L&G funds as at 31 March 2026. Fuller details of the holdings are available in each Fund's quarterly report.

	2026	2026	2025	2025
	£'000	%	£'000	%
Baillie Gifford Managed Fund				
Equities	43,438	77.40	40,081	73.94
Fixed Interest Bonds	9,990	17.80	12,891	23.78
Cash and Deposits	2,694	4.80	1,236	2.28
Total Fund	56,122	100.00	54,208	100.00
Baillie Gifford Diversified Growth Fund				
Equities	6,666	27.00	4,351	18.90
Property	7,159	29.00	1,496	6.5
Bonds	8,640	35.00	15,472	67.20
Cash and Deposits	2,222	9.00	1,704	7.4
Total Fund	24,687	100.00	23,023	100.00
Baillie Gifford Sustainable Growth Fund				
Equities	10,625	100.00	10,410	100.00
Total Fund	10,625	100.00	10,410	100.00
L&G FW Global Equity Index Fund				
Equities	18,160	100.00	15,845	100
Total Fund	18,160	100.00	15,845	100
L&G All Stocks Index Linked Guilt				
Bond	5,504	100.00	5,295	100
Total Fund	5,504	100.00	5,295	100
Total Investment	115,098		108,781	

12. Investments - Additional Voluntary Contributions

The 1999 Order made provision for Scheme members to make additional voluntary contributions (AVCs) to supplement their pension entitlements. This provision was however discontinued under the 2009 Act although existing AVC contracts were allowed to continue under transitional provisions. Under the 1999 Order Scheme members could arrange to have agreed sums deducted from their salaries for onward payment to one of the two approved providers, Utmost (formerly Equitable Life Assurance Society) or Scottish Widows. The aggregate movements and amounts of AVC investments are as follows:

	31 Mar 2026		31 Mar 2025
	£'000		£'000
AVC investments as at 1 April	114		114
Retirements from scheme	-		-
Increase in AVC investment values	5		-
AVC investments at 31 March	119		114
Market value of AVC investments by provider			
Utmost	119		114

13. Fair value of investments

The Scheme's investment assets and liabilities are included in the financial statements at fair value. The fair value of investments has been determined using the following hierarchy:

- Level 1 where there is a quoted price for an identical asset in an active market at the reporting date
- Level 2 where such quoted prices are unavailable, the price of a recent transaction for an identical asset adjusted if necessary
- Level 3 where quoted prices are not available and recent transactions of an identical asset on their own are either unavailable or not a good estimate of fair value

The Scheme's investment assets and liabilities within these categories as at the end of the reporting period is as follows:

	Level			31 March 2026 Total £'000
	1	2	3	
	£'000	£'000	£'000	
Pooled investment vehicles	-	115,099	-	115,099
AVC investments	-	118	-	118
Total	-	115,217	-	115,217

Analysis for the prior period end is as follows:

	Level			31 March 2025 Total £'000
	1	2	3	
	£'000	£'000	£'000	
Pooled investment vehicles		108,781		108,781
AVC investments		114		114
Total		108,895		108,895

The Scheme's investments in pooled investment vehicles have a single closing price, which is used to place a fair value on these units. These unitised pooled investment vehicles are not traded on an active market, but the manager is able to demonstrate that they are priced daily. These are included at the last price provided by the manager at or before the year end.

14. Investment risk

Types of risk relating to investments

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 for the Baillie Gifford investments are as follows:

- **Credit Risk:** the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
- **Market Risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in Market Prices.

Market risk comprises three types of risk:

- **Interest rate risk:** the risk that the fair value of the future cash flows of a

financial instrument will fluctuate because of changes in market interest rates.

- **Currency risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- **Other price risk:** the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees set the investment policy after seeking advice from their investment advisers and other appropriately qualified experts on the suitability of certain asset classes having regard to the nature, timing and currency of the Scheme's liabilities, the funding level of the Scheme and the Trustees appetite for risk.

Due to the size and maturity of the Scheme, the Trustees believe that the most cost-effective way of investing to achieve suitable diversification is to use pooled investment vehicles. The Scheme has exposure to the risks above because of the Scheme's use of pooled investment vehicles and the investments made by those vehicles.

Where a pension Scheme invests in a pooled investment vehicle it obtains direct exposure to the credit and market risks arising from the pooled investment vehicle and indirect exposure to the credit and market risks arising from the underlying investments of the pooled vehicle. The following table summarises the extent to which the various classes of investments are affected by financial risks.

The following table summarises the extent to which the various classes of investments are affected by financial risks.

	Credit risk	Market risk			2026 value	2025 value
		Currency	Interest rate	Other price		
Pooled investment vehicles					115,098,978	108,781,419
Direct	●	◐	◐	◐		
Indirect	◐	◐	◐	●		

In this table:

- indicates that the risk noted significantly affects the asset class.
- indicates that the risk noted partially affects the asset class.
- indicates that the risk noted hardly affects the asset class.

Investment Strategy

The Trustees' objectives are to invest the assets in a manner that strike a balance between:

- ensuring that the likelihood of failing to meet the Scheme's liabilities remains within an appropriate level of risk;
- minimising the cost to the Scottish Parliamentary Corporate Body of providing the Scheme benefits; and
- ensuring that the charges borne by the Scottish Parliamentary Corporate Body for accruing benefits are reasonably stable over time.

Hence, the investments of the Scheme are managed to ensure that the investment risks are contained to a level acceptable to the Trustees, whilst recognising that a total risk averse investment strategy is likely to give lower returns over the longer term and hence increase the long term cost of the Scheme.

The Scheme's investments are currently held in pooled investment vehicles that predominantly seek to provide equity-type returns. The investment criteria of pooled investment products are set by the documents governing those products, hence whilst the Trustees remain responsible for the strategic allocation of the investments between funds, they have delegated individual investment decisions within the funds to their investment manager.

The current investments held across the pooled investment vehicles holds:

69% in equities, both listed and private in a variety of markets
21% in bonds
6% in property
4% in cash and deposits

Credit Risk

The Scheme is subject to credit risk in relation to the instruments it holds in the pooled investment vehicles. In addition, the Scheme is indirectly exposed to the credit risks arising from the investments held by those vehicles, such as risks arising from the vehicles' investments in bonds and cash balances.

The direct credit risk arising from investing in pooled investment vehicles is mitigated by investing in funds that ring fence investor assets and the regulatory environments in which the pooled manager operates. Trustees carry out due diligence checks on the appointment of new pooled managers and on an ongoing basis monitor any changes to the operating environment of the pooled manager.

The indirect credit risk that arises from the investments made by the vehicle is mitigated by the investment manager by holding a diverse strategy that is not reliant on any single asset.

Interest rate risk

The Scheme is subject to interest rate risk because some of the pooled vehicles' investments are held in bonds and cash.

The Trustees are aware that, given the majority of the Scheme's investments are in return seeking assets, significant changes in interest rates may lead to the risk that the asset and liability values change in significantly different ways. This risk is mitigated by diversifying the return seeking assets to reduce downside risk and the risk and appropriateness of the investment strategy will be assessed by the Trustees at each actuarial valuation and as the Scheme matures.

Currency risk

The Scheme is subject to currency risk indirectly because some of the investments held by the Scheme's pooled investment vehicle are held in overseas markets. The risk is spread across a variety of overseas markets and asset classes.

Other price risks

Other price risks arise indirectly in relation to the Scheme's investments in the pooled investment vehicles and the investments held by these vehicles in a wide range of assets such as listed and private equities, property, infrastructure and commodities. The Scheme's exposure to this risk is mitigated by the investment manager by holding a diverse strategy that invests across a wide range of asset classes and holding a diverse strategy that is not reliant on any single asset.

A summary of pooled investment vehicles by type of arrangement is as follows:

	2026	2025
	£'000	£'000
Authorised unit trusts	115,099	108,781

No investments are held via unit linked insurance companies, open ended investment companies or shares of limited liability partnerships.

15. Concentration of investments

Investments accounting for more than 5% of the net assets of the Scheme were:

	£	%
BG Diversified Growth Fund B2 Accum	24,687,619	21
BG Managed Fund B Accum	56,122,114	49
BG Sustainable Growth Fund B Accum	10,625,191	9
L&G FW Global Equity Index Fund	18,159,756	16

16. Related party transactions

During the period of account, the SPPS has had material transactions with the SPCB, which is regarded as a related party. The transactions are disclosed in note 3 to these accounts as contributions receivable from the SCF and note 9 as the outstanding contributions balance at the year end. In 2025-26 £785,647 short-term funding (2024-25 none) was provided by the SPCB and repaid by the SPPS. Short-term funding is provided to temporarily cover the cost of lump sum and transfer out payments until contributions can support these sums, reducing the requirement to sell units to cover these costs.

None of the Trustees or members of the SPCB has undertaken anything other than normal pension contribution transactions and will receive no enhanced benefits other than the usual Scheme benefits. The SPPS administration services are provided by the SPCB and SPPA. A revised service agreement between the SPPS and SPPA came into effect on 1 October 2025, replacing the previous agreement that had operated since 1 April 2013. Administration fees incurred by the Scheme during the year amounted to £43,275 (2024-25 £2,400) (note 7). Neither key management, staff nor any other related party has undertaken any material transactions with the SPPS during the year. Some Scheme members made a request for the Scheme to pay their annual allowance tax charge under the Scheme Pays facility. The total amounts to be paid by the Scheme to HMRC on behalf of Scheme members were £NIL (2024-25 £3,830), of which £NIL (2024-25 £3,830) was paid during the year, and £NIL (2024-25 £NIL) remains accrued and to be paid post year end. In return for paying the annual allowance tax charges, the Scheme members' pension entitlement will be actuarially reduced at retirement.

Subsequent Event

Following the year end, in April 2026, the Trustees completed the disinvestment of the Scheme's holding in the Baillie Gifford Sustainable Growth Fund and transferred the proceeds to the LGIM Future World Global Equity Index Fund.

The value of the investment transferred was approximately £10 million. As this transaction took place after the year end, it has not been reflected in the net assets statement at 31 March 2026.

The transaction forms part of the Trustees' ongoing investment strategy and is not considered to require adjustment to the financial statements.

Compliance Statement

The purpose of this compliance statement is to disclose some additional information required by law.

What is the SPPS?

The rules of the SPPS are set out under Schedule 1 of the 2009 Act. The SPPS provides benefits for Members and officeholders of the Scottish Parliament. All MSPs and officeholders are members of the SPPS from the date they enter the Parliament unless they opt specifically not to be.

The main provisions of the SPPS are:

- a pension of one fortieth or one fiftieth of final salary for each year of service on retirement from age 65;
- an immediate pension on retirement at any time on the grounds of ill health;
- an actuarially reduced pension paid at any time after age 55;
- a five eighths widow/ers pension;
- childrens' pensions (at the rate of one quarter of the basic or prospective pension of the Member if there is one child or three eighths if there are two or more children);
- a lump sum death gratuity on death in service equal to four years' salary with provision for more than one nominee;
- the purchase of added years;
- transfer of pension rights (into and out of the Scheme);

Relationship with State Retirement Scheme

The SPPS was contracted out of the State Second Pension Scheme and participating members of the SPPS therefore paid a lower rate of National Insurance Contribution. However, following the changes to the State Pension system, which came into effect from the 6 April 2016, the SPPS is no longer contracted out of the State Pension as this facility no longer exists.

The pensions that retired Scheme members receive from the SPPS is in addition to any entitlement to State Retirement benefits.

How the Trustees of the SPPS are Appointed

Schedule 1, Rule 6 of the 2009 Act states that there are to be at least 3 but no more than 6 Fund Trustees. All Trustees are elected by the Scottish Parliament having been nominated by the SPCB. A person who is prevented by the Pensions Act 1999 (c.26), or by any other enactment or rule of law, from being a pension Scheme trustee is barred from being a Trustee of the SPPS. The Scottish Parliament may remove a Trustee. A Trustee may resign by giving written notice to the Presiding Officer and the other Trustees.

Trustee Meetings

Trustee meetings are usually held quarterly unless a need arises to meet for specific purposes. During the year 4 normal Trustee meetings were held.

The Trustees may act by a majority of those present at any meeting of the Trustees at which a quorum is present. A meeting of the Trustees is quorate if 3 or more Trustees are present.

Internal Dispute Resolution

The Trustees have implemented an Internal Dispute Resolution procedure in accordance with the requirements of the Pensions Act 1995. Details of the procedure can be obtained from the Secretariat.

Advisers Appointed by the Trustees in Connection with the SPPS as at 31 March 2026

Actuary - The Government Actuary's Department
Auditor - BDO LLP
Banker – Royal Bank of Scotland
Investment Manager - Baillie Gifford
Investment Manager - LGIM
Legal Adviser – Through the SPCB's outsourced legal contract with Brodies
Pension Administration Service – Scottish Public Pensions Agency
Secretariat – SPCB, Pay and Pensions Office

Funding Standard

The SPPS is exempt from the requirements of The Occupational Pension Schemes (Scheme Funding) Regulations 2005. However, the Trustees have decided, with advice from the SPPS's professional advisers, to adopt relevant regulations as a matter of good practice where practicable.

Tax Status of the Scheme

The SPPS is a statutory pension Scheme under Section 611A of the Income and Corporation Taxes Act 1988, as amended by Schedule 12 of the Finance Act 1999, and is a deemed registered Scheme under the Pensions Act 2004 and is an 'approved Scheme' for the purposes of accepting transfer values.

Investment Manager

The responsibilities of Baillie Gifford and Legal & General Investment Management include:

- (i) carrying out all the day-to-day functions relating to the management of the Funds, including the allocations of underlying assets within each fund;
- (ii) applying investments and disinvestments as instructed by the Trustees;
- (iii) exercising the investment powers in such a way that will give effect to the principles contained in the Statement of Investment Principles, so far as is reasonably practicable.