

### 3.6 Health and Social Care Partnership (HSCP)

3.6.1 The Council agreed an allocation to the HSCP of £81.992m for 2025-26 at its meeting on 27 February 2025 which included an additional recurring funding contribution of £0.500m. The indicative allocation for 2026-27 onwards increased by £3.053m to account for the cessation of the one-off employer contribution rate saving relating to the Strathclyde Pension Fund resulting in an increased base allocation previously agreed for 2026-27 of £85.045m.

3.3.10 The employer contribution rates to the Strathclyde Pension Fund (SPF) are based on an actuarial triennial valuation. As noted in the previous paragraph, the last valuation, which took place during 2023 recommended a 3 year package of rates at 6.5% for 2024-25, 6.5% for 2025-26 and 17.5% for 2026-27 (previously that rate was 19.3%) and this was adopted. The reduction in rates was a response to the Strathclyde Pension Fund being valued at 147% funded at the last actuarial valuation. This meant that the fund's assets were 1.47 times the amount needed to meet the liabilities it had at that date.

The most recent publicly available estimate of the Strathclyde Pension Fund shows that the Fund's position has continued to improve since the 31 March 2023 valuation. As of 31 March 2025, an indicative funding level was reported at around 174% and I understand that the position has improved further to 187% in July 2025. The next formal actuarial valuation will be carried out as at 31 March 2026 and reported in 2027, which will reset contribution requirements for the subsequent 3-year period. It is anticipated that there should be a further recurring reduction in the rate, based on the current surplus position, however, this is not certain and will depend on the valuation as at 31 March 2026. The equivalent annualised rate from the previous reduction would have been 10.2%. In order to signpost that there is a likelihood of a reduction to the rate, I am suggesting that we assume no change in the worst case scenario, a reduction to 15% in the mid-range scenario (£2.799m) and a reduction to 13% in the best case scenario (£5.039m). These estimates will be updated throughout the year as more information becomes available.