

Warwickshire Pension Fund
Statement of Accounts
2025/26



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Note on roundings: individual tables presented within disclosures may not sum exactly due to roundings. This does not reflect any inaccuracy or error.

Place holder **(Independent auditor's report)**

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Statement of responsibilities for the statement of accounts

This section explains our responsibilities for the Fund's financial affairs and how we ensure we carry out these responsibilities properly in line with the Accounts and Audit (Amendment) Regulations 2022 and the Accounts and Audit Regulations 2015.

Responsibilities of the Pension Fund

We do the following:

- make sure that one of our officers is responsible for managing our financial affairs; for the Warwickshire Pension Fund, Warwickshire County Council's Executive Director for Resources (Section 151 Officer) is responsible for this;
- manage the Fund's affairs to use its resources efficiently and effectively and to protect its assets; and
- approve the Statement of Accounts.

Responsibilities of the Executive Director for Resources

As the Executive Director for Resources, I am responsible for preparing our Statement of Accounts. These accounts must present a true and fair view of our financial position, including our income and spending for the year.

In preparing the Pension Fund accounts, I have:

- selected suitable accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates; and
- followed the Chartered Institute of Public Finance and Accountancy/Local Authority (Scotland) Accounts Advisory Committee Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

I have also:

- kept proper accounting records which are up to date; and
- taken steps to prevent and detect fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of Warwickshire Pension Fund as at 31 March 2026 and the income and expenditure for the year ended 31 March 2026. The unaudited draft accounts were authorised for issue on 30 June 2026. These accounts will be audited and then presented at a meeting of the Audit & Standards Committee in November 2026. The approved accounts will then be authorised for issue on that date. The accounts will be subsequently presented at a meeting of the Council in December 2026.



Rob Powell
Executive Director for Resources

Date: 30 June 2026

Warwickshire Pension Fund Account

2024/2025		2025/2026
£m	Notes	£m
	Dealings with members, employers and others directly involved in the fund	
(116.5)	Contributions 7	(121.5)
(13.4)	Transfers in from other pension funds 8	(26.3)
(129.9)		(147.8)
114.7	Benefits payable 9	120.5
11.2	Payments to and on account of leavers 10	17.0
125.9		137.5
(4.0)	Net (additions)/withdrawals from dealing with members	(10.3)
23.7	Management expenses 11	23.8
19.7	Net (additions)/withdrawals including fund management expenses	13.5
	Returns on investments	
(33.3)	Investment income 13	(34.6)
(170.4)	Profit and losses on disposal of investments 23	(196.6)
57.4	Changes in the market value of investments 23	(121.8)
(146.3)	Net return on investments	(353.0)
(126.6)	Net decrease/(increase) in the net assets available for benefits during the year	(339.5)
(2,968.5)	Opening net assets of the scheme	(3,095.1)
(3,095.1)	Closing net assets of the scheme	(3,434.6)

Net Assets Statement

31 March 2025		31 March 2026
£m	Notes	£m
1.2	Long-term Assets	1.2
3,022.0	Investment assets	3,335.8
(0.1)	Investment liabilities	0.0
52.1	Cash deposits	93.6
3,075.2	Total net investments	3,430.6
27.0	Current assets	11.0
(7.1)	Current liabilities	(7.0)
3,095.1	Net assets of the Fund available to fund benefits at the period end	3,434.6

The Fund's financial statements do not take into account liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the Actuary's Statement (Note 28).

Notes to the Warwickshire Pension Fund Accounts for the year ended 31 March 2026

Note 1: Description of Fund

The Warwickshire Pension Fund ('the Fund') is part of the Local Government Pension Scheme and is administered by Warwickshire County Council. Warwickshire County Council is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Warwickshire Pension Fund Annual Report and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and The Local Government Pension Scheme (LGPS) Regulations.

a) **General**

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended);
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended).

The Warwickshire Pension Fund is a defined benefit scheme administered by the Executive Director for Resources on behalf of Warwickshire County Council (the scheme administrator), five district councils and other scheduled and admitted public service organisations and their contractors. Teachers, police officers and firefighters are not included as they come within the remit of other national pension schemes.

The administration of the Fund is carried out through Warwickshire County Council's Staff and Pensions Committee, the Pension Fund Investment Sub-Committee and the Local Pension Board. The committees are comprised of elected County Council members whilst the Local Pension Board comprises an equal mix of representatives of scheme employers and scheme members with an independent chair. The Pension Fund Investment Sub-Committee receives advice and guidance from two independent financial advisors, its investment consultant (Hymans Robertson) and its Scheme Actuary (Hymans Robertson).

The Public Service Pensions Act 2013 included a requirement to establish a Local Pension Board with responsibility to assist the administering authority to:

- secure compliance with:
 - the LGPS regulations;
 - other legislation relating to the governance and administration of the LGPS;
 - the requirements imposed by The Pensions Regulator in relation to the LGPS;and

- perform an oversight role to ensure the effective and efficient governance and administration of the LGPS.

The Warwickshire Local Pension Board has been in place since February 2015.

b) Membership

Membership of the LGPS is automatic for entitled employees, but employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Warwickshire Pension Fund include:

- scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund; and
- admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There were 252 employer organisations with active members within Warwickshire Pension Fund including the County Council itself, as detailed below.

Warwickshire Pension Fund	31 March 2025	31 March 2026
Number of employers with active members	242	252
Number of employees in scheme		
County Council	8,585	8,267
Other employers	10,697	11,122
Total	19,282	19,389
Number of pensioners		
County Council	9,995	10,511
Other employers	8,691	9,252
Total	18,686	19,763
Deferred pensioners		
County Council	11,892	11,550
Other employers	9,887	9,899
Total	21,779	21,449
Total	59,747	60,601

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with The LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2026. Contributions are also made by employers which are set based on triennial actuarial funding valuations. The valuation relevant to the 2025/26 financial year was carried out as at 31 March 2022 and a schedule of employer contribution rates became effective for the three years from 1 April 2023. Employer contribution rates range from 0% to 63.7% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised in the following table.

	Service pre-1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary
Lump Sum	Automatic lump sum of 3 x pension In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the LGPS became a career average scheme whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. The changes also brought in a 50/50 option allowing members the opportunity to contribute 50% for 50% of the benefit entitlement.

Contributions to the LGPS prior to 1 April 2014 were assessed on full-time equivalent pay and excluded non-contractual elements of pay such as overtime and bonus. However, contributions since 1 April 2014 are assessed on all pensionable pay received including non-contractual elements. In addition, the contribution bandings were extended with many of the higher paid seeing an increase in contributions.

There are a range of other benefits provided under the scheme including early retirement, ill-health entitlements and life assurance.

Note 2: Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2025/26 financial year and its position at year-end as at 31 March 2026. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2025/26* which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. They have been prepared on a going concern basis in accordance with IAS1.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. This is addressed by the Scheme Actuary's triennial valuation.

Accounting standards issued but not yet adopted

The code requires disclosure of any accounting standards issued but not yet adopted and their potential impact on the Fund. The new standards issued but not adopted for 2025/26 are:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

The above items are not expected to impact LGPS Pension Fund Accounts.

Note 3: Summary of significant accounting policies

a) Contribution income

Normal contributions, both from members and employers, are accounted for on an accruals basis at the percentage rate recommended by the Scheme Actuary in the period to which they relate.

Employer deficit, augmentation and pension strain contributions are accounted for in the period in which the liabilities arise. Any amounts due in the year but unpaid will be classed as a current financial asset.

b) Transfers from and to other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with The Local Government Pension Scheme Regulations (see notes 8 and 10). This is normally when the member liability is accepted or discharged.

c) Investment income

i) Interest Income

Interest income is recognised in the fund account 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 (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is reflected within investment assets in the Net Assets Statement. Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as dividends.

iii) Distributions from managed funds

Distributions from managed funds are recognised at the date of issue. Any amount not received by the end of the reporting period is reflected within investment assets in the Net Assets Statement.

iv) Profit and losses on disposal of investments

Profit and losses on the disposal of investments are recognised as income and comprise all realised profits/losses during the year.

v) Movement in the market value of investments

Changes in the market value of investments are recognised as income and comprise all unrealised profits/losses during the year.

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

e) 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 an exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management expenses

The Code does not require a breakdown of pension fund administration expenses. However, in the interests of greater transparency, the Council discloses its pension fund management expenses in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Expenses (2016)*.

i) Administrative expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the pensions administration team and associated accounting, management, accommodation and other overheads are apportioned and charged as expenses to the Fund.

ii) Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. All costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

iii) Investment management expenses

All investment management expenses are accounted for on an accruals basis. Fees of the external investment managers and custodian 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. Where these are deducted at source (as opposed to being charged via an invoice) the fee is identified and a journal posted to record the investment management fee and increase the investment income.

g) Investment assets

Shareholder investment in Warwickshire's LGPS asset pool, Border to Coast Pensions Partnership (the "pool"), is valued at transaction price i.e. cost. The pool's main trading company, Border to Coast Pensions Partnership Limited, became licensed to trade in July 2018.

The Pension Fund's view is that the market value of investments in the Border to Coast Pensions Partnership Ltd at 31 March 2026 cannot be reasonably assessed and that cost is therefore an appropriate estimate of fair value.

All other investment assets are included in the Net Assets Statement on a fair value basis as at the reporting date. An investment asset is recognised in the Net Asset Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the Fund account.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Pension Fund Note 24). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

The values of investments as shown in the Net Assets Statement have been determined as follows:

i) Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price on the final day of the accounting period.

ii) Fixed interest securities

Are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

- directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or to the management agreement;
- investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager; and
- investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the *International Private Equity and Venture Capital Valuation Guidelines 2018*.

iv) Limited partnerships

Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

v) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; 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 reinvested in the Fund net of applicable withholding tax.

h) 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.

i) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits and includes amounts held by the Fund's external managers.

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.

j) Investment liabilities

The Fund recognises investment liabilities at fair value as at the reporting date. An investment liability is recognised on the date the Fund becomes party to the liability and these are summarised in Note 15. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

k) Contingent liabilities

Contingent liabilities arise where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed by future events. These are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes as summarised in note 33.

l) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on an annual basis by the Scheme Actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 28).

m) Additional Voluntary Contributions (AVCs)

Warwickshire Pension Fund provides an additional voluntary contributions (AVCs) scheme for its members, the assets of which are invested separately from those of the pension fund. The Fund has appointed Utmost Life and Pensions and Standard Life as its AVC providers. 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 movements in the year.

AVCs are not included in the accounts in accordance with section 4(1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 31).

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term, 'financial instrument' covers both financial assets and financial liabilities and includes financial assets and liabilities such as trade receivables and trade payables.

IFRS 13 Fair Value Measurement - The standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The Fund currently complies with this standard.

Note 4: Critical judgements in applying accounting policies

It has not been necessary to make any critical judgements in applying accounting policies in 2025/26.

Investment in Border to Coast Pensions Partnership Ltd (BCPP)

Although not a critical judgement, it is worth noting that the Fund's shareholding in the asset pool, Border to Coast Pensions Partnership Ltd, has been valued at cost as an appropriate estimate of fair value. The Class A share is valued at £1 and reflects the ownership stake in the company carrying full voting, dividend and capital distribution rights. The Class B shares are valued at £1.2m and represent the Fund's contribution to the company's regulatory capital requirement.

Fair value cannot be otherwise established for these assets as there is currently no market for the shares and no identical or similar market to compare to.

After two of the pool's partner funds merged in 2020, the obligations to meet the company's capital requirement were re-allocated between the remaining eleven partner funds. This serves as a precedent that in the event of a future exit from the partnership, the Fund's shares could be disposed of at cost back to the pool and re-issued to the remaining partners.

Border to Coast Pensions Partnership Ltd is intending to trade at a breakeven position (nominal profit or loss) with any values offset against partner funds' future costs. The company's own audited accounts show its shareholder funds to be equal to the regulatory capital invested plus small changes reflecting nominal profit or loss.

The cost of these shares has therefore been determined as a reasonable and appropriate estimate of their fair value.

As part of the Government's 'Fit for the Future' LGPS reforms, certain pension funds were required to move to new LGPS asset pools by 1 April 2026. Seven LGPS funds opted to move to Border to Coast and were formally admitted as partner funds (shareholders) on that date. This has increased the pool's membership from 11 to 18 funds and significantly expanded its assets and scale.

Note 5: Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. The nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the accounts as at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance: a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £43m, a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £2m, and a one-year increase in assumed life expectancy would increase the liability by approximately £103m.</p>
Private equity, Infrastructure, Private Debt and Property	<p>Private equity investments are valued at fair value in accordance with <i>International Private Equity and Venture Capital Valuation Guidelines</i> (2018). These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. Other private markets (unlisted) assets are treated similarly.</p> <p>All underlying property valuations are carried out by independent valuation providers on a "Fair Value" basis as defined in the RICS Appraisal and Valuation Manual (Red Book). As buildings are inherently illiquid and the transactional evidence can be scarce there is the potential for a mismatch between the valuation and actual transaction pricing.</p>	<p>The total value of Level 3 investments stands at £919.8m. There is a risk that these investments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The custodian reports a tolerance of +/- 2% around the net asset values on which the valuation is based. This equates to a tolerance of +/- £18.4m.</p>

Note 6: Events after the reporting date

Events from the balance sheet date to the date of authorisation for issue would be reflected as an adjustment to the Statement of Accounts whether favourable or unfavourable if there was provision of evidence that these conditions were in place at the end of the reporting period and these events were significant to the fair value of the Fund's net assets. There are no such significant events to report.

Note 7: Contributions receivable

By category

2024/2025		2025/2026
£m		£m
25.9	Employees' contributions	27.7
	Employers' contributions:	
86.3	Normal contributions	89.6
4.3	Deficit recovery contributions	4.2
90.6	Total employers' contributions	93.8
116.5	Total	121.5

By type of employer

2024/2025		2025/2026
£m		£m
54.8	Administering authority	56.4
60.4	Scheduled bodies	63.8
1.3	Admitted bodies	1.3
116.5	Total	121.5

Note 8: Transfers in from other pension funds

2024/2025		2025/2026
£m		£m
0.0	Group transfers	4.5
13.4	Individual transfers	21.8
13.4		26.3

Note 9: Benefits payable

By category

2024/2025		2025/2026
£m		£m
90.9	Pensions	95.9
21.0	Commutation and lump sum retirement benefits	21.0
2.8	Lump sum death benefits	3.6
114.7		120.5

By type of employer

2024/2025		2025/2026
£m		£m
58.4	Administering authority	61.3
50.1	Scheduled bodies	53.5
6.2	Admitted bodies	5.7
114.7		120.5

Note 10: Payments to and on account of leavers

2024/2025		2025/2026
£m		£m
0.5	Refunds	0.3
10.7	Individual transfers	16.7
11.2		17.0

Note 11: Management expenses

2024/2025		2025/2026
£m		£m
2.2	Administration costs	2.7
20.4	Investment management expenses	19.4
1.1	Oversight and governance costs	1.7
23.7	Total	23.8

This analysis of the costs of managing the Warwickshire Pension Fund during the period has been prepared in accordance with CIPFA guidance.

The charge for Administration costs in 2024/25 included a write back of £0.3m in accruals no longer required. The actual Administration costs for the prior year were £2.5m.

Work relating to the March 2025 triennial actuarial valuation was completed during 2025/26 with the resulting increases in actuarial and consultancy fees being reflected in the higher oversight and governance costs reported above together with a one-off payment of £250k to support the Border to Coast asset pool in developing its investment and data platform.

Indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments (Note 16 and Note 25).

Note 12: Investment management expenses

2024/25 Total		Management Fees	Performance Fees	2025/26 Total
£m		£m	£m	£m
3.0	Pooled Investments	3.3	0.0	3.3
0.9	Pooled Property	1.0	0.0	1.0
5.6	Private Equity	4.2	0.5	4.7
7.5	Infrastructure	4.5	2.5	7.0
3.3	Private Debt	3.2	0.1	3.3
0.1	Custody Fees	0.1	0.0	0.1
20.4	Total	16.3	3.1	19.4

Note 13: Investment income

2024/2025		2025/2026
£m		£m
7.3	Pooled Property	5.2
6.8	Infrastructure	6.2
1.5	Pooled Equity	3.7
2.6	Private Debt	2.5
11.4	Pooled Fixed Income	12.5
2.2	Private Equity	2.5
31.8	<i>Managed funds</i>	32.6
1.5	<i>Interest on cash deposits</i>	2.0
33.3		34.6

Note 14: Other Fund Account disclosures: external audit costs

Local Government audit fees are set by the Public Sector Audit Appointments body (PSAA). The scale audit fee set out in the PSAA contract for the 2025/26 audit is £98,995 and there is an additional fee of £5,000 this year for the audit testing of 2025 triennial valuation data. The scale audit fee charged for 2024/25 was £93,314.

Note 15: Investments

31 March 2025		31 March 2026
£m		£m
1.2	Long-term investments Equities	1.2
	Total Long-term investments	1.2
	Investment Assets	
1,117.2	<i>Pooled Global Equity</i>	1,353.8
10.5	<i>Pooled UK Equity</i>	-
333.7	<i>Infrastructure</i>	362.6
168.8	<i>Private Debt</i>	177.9
212.1	<i>Private Equity</i>	230.0
262.5	<i>Pooled Property</i>	256.0
917.0	<i>Pooled Fixed Income</i>	955.4
3,021.8	Pooled Investment Vehicles**	3,335.7
52.1	Cash	93.6
0.2	Investment Current Assets	0.1
3,074.1	Total Investment Assets	3,429.4
	Investment Liabilities	
-0.1	Investment Current Liabilities	0.0
0.1	Total Investment Liabilities	0.0
3,075.2	Total net investments	3,430.6

** This refers to the management structure of the Funds, where the Warwickshire Pension Fund does not directly own the underlying assets.

Note 16: Reconciliation of movements in investments

	Market value 31 March 2025	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2026
	£m	£m	£m	£m	£m
Investment Assets					
Equities	1.2	0.0	0.0	0.0	1.2
• <i>Pooled funds, Unit Trusts & Other Managed Funds</i>	2,044.7	671.5	-669.8	262.8	2,309.2
• <i>Infrastructure</i>	333.7	28.2	-21.3	22.0	362.6
• <i>Private Debt</i>	168.8	33.5	-21.8	-2.6	177.9
• <i>Private Equity</i>	212.1	30.9	-29.0	16.0	230.0
• <i>Pooled Property</i>	262.5	46.9	-54.9	1.5	256.0
Pooled Investment vehicles	3,021.8	811.0	-796.8	299.7	3,335.7
Other Investment Balances					
Cash *	52.1			0.4	93.6
Net investment current assets	0.1				0.1
Total Net Investments	3,075.2			300.1	3,430.6

* In line with CIPFA guidance, movements in cash are not shown as purchases and sales.

	Market value 31 March 2024	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2025
	£m	£m	£m	£m	£m
Investment Assets					
Equities	1.2	0.0	0.0	0.0	1.2
• <i>Pooled funds, Unit Trusts & Other Managed Funds</i>	2,002.5	489.2	-509.0	62.0	2,044.7
• <i>Infrastructure</i>	221.5	110.7	-15.6	17.1	333.7
• <i>Private Debt</i>	165.5	30.8	-27.3	-0.2	168.8
• <i>Private Equity</i>	204.7	31.0	-30.1	6.5	212.1
• <i>Pooled Property</i>	243.8	12.2	-0.7	7.2	262.5
Pooled Investment vehicles	2,838.0	673.9	-582.7	92.6	3,021.8
Other Investment Balances					
Cash	105.8	290.0	-344.0	0.3	52.1
Net investment current assets	1.3	1.8	-3.1	0.1	0.1
Total Net Investments	2,946.2	965.7	-929.8	93.0	3,075.2

Note 17: Derivatives

The Fund does not engage in any direct derivative activity however fund managers may make use of these to achieve investment objectives.

Note 18: Investments analysed by fund manager

Market value 31 March 2025			Market value 31 March 2026	
£m	%		£m	%
Investments managed by BCPP asset pool*				
62.7	2.0	Private Equity	92.9	2.7
167.8	5.6	Infrastructure	194.0	5.7
75.1	2.4	Private Debt	86.7	2.5
-	-	Real Estate	44.0	1.3
322.1	10.5	Global Equity Alpha Fund	270.0	7.9
10.5	0.3	UK Equity Alpha Fund	-	-
242.1	7.9	Investment Grade Credit	242.6	7.1
284.7	9.3	Multi-Asset Credit	306.2	8.9
795.1	25.9	Legal and General Investment Management (Index Tracker - Global Equities)**	1,083.8	31.6
390.1	12.7	Legal and General Investment Management (Index Tracker - Fixed Income)**	406.5	11.8
2,350.2	76.6	Total BCPP	2,726.7	79.5
Investments managed outside of BCPP asset pool				
0.1	0.0	MFS Investment Management (Global Equities)	0.1	0.0
137.3	4.5	Columbia Threadneedle Investments (Property)	107.9	3.2
127.5	4.1	Schroder Investment Management (Property)	121.0	3.5
149.4	4.9	HarbourVest (Private Equity)	137.1	4.0
81.1	2.6	IFM GI (Infrastructure)	88.2	2.6
28.0	0.9	Standard Life Capital (Infrastructure)	28.9	0.9
56.8	1.8	Partners Group (Infrastructure)	51.6	1.5
27.6	0.9	Alcentra (Private Debt)	21.7	0.6
5.9	0.2	Partners (Private Debt)	-	-
44.5	1.4	Barings (Private Debt)	45.5	1.3
15.7	0.5	ICG (Private Debt)	24.0	0.7
19.9	0.6	BlackRock (Cash)	23.7	0.7
30.0	1.0	Insight (Cash)	53.0	1.5
1.2	0.0	BCPP Shareholding	1.2	0.0
725.0	23.4	Total Outside BCPP	703.9	20.5
3,075.2	100.0		3,430.6	100.0

* In this table, 'pool' refers to assets held within the Border to Coast Pensions Partnership.

** LGIM assets are classified as under pooled management due to the LGPS contract and BCPP oversight of funds.

Note 19: Investments representing more than 5% net assets of the scheme

Security	Market value 31 March 2026	% of total fund 31 March 2026
	£m	%
LGIM Equity funds	1,083.8	31.6
LGIM Bond funds	406.5	11.8
Border to Coast Multi-Asset Credit	306.2	8.9
Border to Coast Global Alpha Equity Fund	270.0	7.9
Border to Coast Investment Grade Credit	242.7	7.1
Border to Coast Infrastructure funds	185.6	5.4

Security	Market value 31 March 2025	% of total fund 31 March 2025
	£m	%
LGIM Equity funds	795.1	25.9
Border to Coast Global Alpha Equity Fund	322.1	10.5
Border to Coast Multi-Asset Credit	284.7	9.3
LGIM Bond funds	390.1	12.7
Border to Coast Investment Grade Credit	242.1	7.9

Note 20: Stock lending

The Fund does not currently engage in any direct stock lending.

Note 21: Property holdings

The Fund does not hold property directly. Property is held in the form of pooled funds.

Note 22: Classification of 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 carrying amounts of financial assets and liabilities (excluding cash) by category and Net Assets Statement heading. No financial assets were reclassified during the accounting period.

Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
31 March 2025 (£m)			31 March 2026 (£m)			
			Investment Assets			
1.2			Equities	1.2		
1,117.2			Global Equity	1,353.8		
10.5			UK Equity	-		
333.7			Infrastructure	362.6		
168.8			Private Debt	177.9		
212.1			Private Equity	230.0		
262.5			Pooled Property	256.0		
917.0			Fixed Income	955.4		
3,021.8			Pooled Investments	3,335.7		
	52.1		Cash deposits		93.6	
	0.2		Investment Current Assets		0.1	
	4.6		Debtors		4.0	
	22.4		Cash balances		7.0	
3,023.0	79.3	0.0		3,336.9	104.7	0.0
			Liabilities			
		-0.1	Investment Current Liabilities			0.0
		-7.1	Creditors			-7.0
0.0	0.0	-7.2		0.0	0.0	-7.0
3,023.0	79.3	-7.2	Net Assets	3,336.9	104.7	-7.0

Note 23: Net gains and losses on financial instruments

2024/2025		2025/2026
£m		£m
113.0	Financial Assets Fair value through profit and loss	318.4
0.0	Financial liabilities Fair value through profit and loss	0.0
113.0	Total	318.4

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 24: Valuation of financial instruments carried at fair value

The unquoted equity holding in Border to Coast Pensions Partnership is valued in these accounts at cost (i.e. transaction price), as an appropriate estimate of fair value. A fair value cannot be otherwise established for these assets as at 31 March 2026 because no comparable market for its shares exists. The company is a 'not for profit' organisation and its shares are not openly traded. The reliability of any observable or unobservable inputs used to calculate fair value could not be assessed with certainty.

All other investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year.

All assets have been valued using fair value techniques based on the characteristics of each instrument with the overall objective of maximising the use of market-based information.

The valuation of financial instruments 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 and quoted index linked securities.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

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 are used to determine fair value, these inputs are observable. Products classified as level 2 include unquoted bonds, pooled funds and unit trusts.

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 and debt investments which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investments in private equity, infrastructure and private debt are based on valuations provided by the general partners of the funds in which Warwickshire Pension Fund has invested. All underlying property valuations are carried out by independent valuation providers on a "Fair Value" basis as defined in the RICS Appraisal and Valuation Manual (Red Book). As buildings are inherently illiquid and the transactional evidence can be scarce there is the potential for a mismatch between the valuation and actual transaction pricing.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines which follow the valuation principles of International Financial Reporting Standards (IFRS) and US Generally Accepted Accounting Principles (GAAP). Valuations are undertaken quarterly and an adjustment is made to roll forward the latest available valuation to 31 March as appropriate.

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Pooled investments – fixed income and equity unit trusts Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price is published.	Net Asset Value (NAV) - based pricing set on a forward pricing basis	Not required
Other unquoted and private funds (including indirect property, infrastructure, private debt and private equity). Level 3	<p>These investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 special rules 2020 and US GAAP.</p> <p>All underlying property valuations are carried out by independent valuation providers on a “fair value” basis as defined in the RICS Appraisal and Valuation Manual (the “Red Book”).</p>	Earnings before interest, taxes, depreciation, and amortization (EBITDA) multiple; Revenue multiple; Discount for lack of marketability; Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund’s own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Shares in Border to Coast Pensions Partnership	At cost	N/A	N/A

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Valuation at 31 March 2026	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equities*			1.2	1.2
Pooled Investments		2,309.2		2,309.2
Infrastructure			362.6	362.6
Private Debt			177.9	177.9
Private Equity			230.0	230.0
Pooled Property		107.9	148.1	256.0
<i>Financial assets at fair value through profit and loss</i>	<i>0.0</i>	<i>2,417.1</i>	<i>919.8</i>	<i>3,336.9</i>
<i>Financial liabilities at fair value through profit and loss</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Net financial assets	0.0	2,417.1	919.8	3,336.9

*Equities which represent Border to Coast Pensions Partnership shareholding

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Valuation at 31 March 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equities*			1.2	1.2
Pooled Investments		2,044.7		2,044.7
Infrastructure			333.7	333.7
Private Debt			168.8	168.8
Private Equity			212.1	212.1
Pooled Property		137.3	125.2	262.5
<i>Financial assets at fair value through profit and loss</i>	<i>0.0</i>	<i>2,182.0</i>	<i>841.0</i>	<i>3,023.0</i>
<i>Financial liabilities at fair value through profit and loss</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Net financial assets	0.0	2,182.0	841.0	3,023.0

*Equities which represent Border to Coast Pensions Partnership shareholding

The following assets have been carried at cost:

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Valuation at 31 March 2026	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment in: Border to Coast Pensions Partnership	0.0	0.0	1.2	1.2
Investments held at cost	0.0	0.0	1.2	1.2

Note 25: Reconciliation of fair value measurements within Level 3

	Market value 31 March 2025	Purchases during the year	Sales during the year	Change in market value during the year	Realised profit or loss (-) during the year	Market value 31 March 2026
	£m	£m	£m	£m	£m	£m
Infrastructure	333.7	28.2	-21.3	17.2	4.8	362.6
Private Debt	168.8	33.5	-21.7	-6.8	4.1	177.9
Private Equity	212.1	31.0	-29.1	-	16.0	230.0
Pooled Property	125.2	46.9	-19.9	-0.4	-3.7	148.1
Total	839.8	139.6	-92.0	10.0	21.2	918.6

Note 26: Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification 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 the Fund's forecast cash flows. The Council manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Investment Sub-Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and 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 objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

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. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels; and
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

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. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital.

The Fund's investment managers mitigate this price risk through diversification. The selection of securities and other financial instruments is monitored to ensure price risk is within limits specified in the Fund's investment strategy.

Following analysis of historical data and expected investment return movement, the Fund has determined that the following movements in market price risk were reasonably possible for the 2025/26 reporting period. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	2025/26 Potential market movement %
UK Pooled Funds	18.0
Overseas Pooled Funds	18.6
Bonds	6.0
Cash	0
Property	15.9
Alternatives	13.8

The potential price changes disclosed above are broadly consistent with a one-year dispersion in the value of the assets and are based on observed historical volatility of the returns of the asset class. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

Asset Type	Value as at 31 March 2026	Potential market movement	Value on increase	Value on decrease
	£m	£m	£m	£m
Overseas Pooled Funds	1,353.8	251.8	1,605.6	1,102.0
Total Bonds	955.4	57.3	1,012.7	898.1
Cash and current assets	93.7	0.0	93.7	93.7
Infrastructure, Private Debt and Private Equity	771.7	106.5	878.2	665.2
Property	256.0	40.7	296.7	215.3
Total	3,430.6	456.3	3,886.9	2,974.3

The prior year comparator is shown in the following table:

Asset Type	Value as at 31 March 2025	Potential market movement	Value on increase	Value on decrease
	£m	£m	£m	£m
UK Pooled Funds	11.7	1.9	13.6	9.8
Overseas Pooled Funds	1,117.2	207.8	1,325.0	909.4
Total Bonds	917.0	55.9	972.9	861.1
Cash and current assets	52.2	0.0	52.2	52.2
Infrastructure, Private Debt and Private Equity	714.6	58.6	773.2	656.0
Property	262.5	39.9	302.4	222.6
Total	3,075.2	364.1	3,439.3	2,711.1

Interest rate risk

The Fund invests in financial assets for 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 or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is monitored as part of asset allocation decisions. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates.

Asset Type	Duration	Value as at 31 March 2026	Value on 1% increase	Value on 1% decrease
	Years	£m	£m	£m
LGIM UK Corporate Bonds	5.1	93.0	88.2	97.7
LGIM UK Index Linked	13.7	313.5	270.6	356.5
BCPP Multi-Asset Credit	4.0	306.2	294.1	318.3
BCPP Investment Grade Credit	5.1	242.6	230.4	254.9
Cash balances	0.0	100.6	100.6	100.6
Total		1,055.9	983.9	1,128.0

Asset Type	Duration	Value as at 31 March 2025	Value on 1% increase	Value on 1% decrease
	Years	£m	£m	£m
LGIM UK Corporate Bonds	5.2	88.9	84.3	93.6
LGIM UK Index Linked	14.2	301.2	258.4	344.0
BCPP Multi-Asset Credit	3.8	284.7	274.0	295.4
BCPP Investment Grade Credit	5.9	242.1	227.8	256.5
Cash balances	0.0	74.5	74.5	74.5
Total		991.4	919.0	1,064.0

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 functional currency of the Fund (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

A strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as shown in the table below. This analysis assumes that all other variables, in particular interest rates, remain constant. The prior year comparator is shown below and based on the Fund's segregated overseas mandate which has now transitioned to the Border to Coast Pension Partnership (BCPP) pool:

	Value as at 31 March 2026	Volatility	Value on increase	Value on decrease
	£m		£m	£m
Overseas Pooled Funds				
LGIM All World Equity Index	413.26	8.7%	449.21	377.31
LGIM Fundamental Indexation	195.37	8.7%	212.37	178.37
LGIM Low Carbon Global Equity	282.99	8.7%	307.61	258.37
BCPP Global Equity	270.02	8.7%	293.51	246.53
Total	1,161.64	8.7%	1,262.70	1,060.58

	Value as at 31 March 2025	Volatility	Value on increase	Value on decrease
	£m		£m	£m
Overseas Pooled Funds				
LGIM All World Equity Index	354.01	9.0%	385.87	322.15
LGIM Fundamental Indexation	157.43	9.0%	171.60	143.26
LGIM Low Carbon Global Equity	138.80	9.0%	151.30	126.31
BCPP Global Equity	322.11	9.0%	351.10	293.12
Total	972.35	9.0%	1,059.86	884.84

Credit risk

Credit risk represents the risk that the counterparty to a transaction 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 Pension Fund closely monitors employer contributions each month. Most contributions from employers due to the Fund for the month of March 2026 were received by the Fund in April 2026. The Fund's current policy for all new employers into the scheme is to obtain a guarantee that will ensure all pension obligations are covered in the event of that employer facing financial difficulties.

The Pension Fund holds a current account and a deposit account with Lloyds Bank plc. Lloyds Bank has an 'A+' long term credit rating (Fitch Credit Rating Agency), maintains its status as a well-capitalised and strong financial organisation and has a 0% historic risk of default. As at 31 March 2026, the total balance in the Lloyds accounts stood at just over £7m.

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments, particularly cash to meet pensioner payroll and other benefit costs, and cash to meet investment commitments.

The Pension Fund has immediate access to its cash holdings and has had a long-term positive cash flow. Cash flow surpluses are invested with fund managers. The Pension Fund is authorised to borrow on a short-term basis to fund cash flow deficits.

The actuary to the Pension Fund produces regular cash flow forecasts which are presented to the Investment Sub-Committee.

All financial liabilities as at 31 March 2026 are due within one year.

Note 27: Funding arrangements

In line with The Local Government Pension Scheme Regulations 2013, the Fund's Actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The latest such valuation took place as at 31 March 2025 and sets contribution rates for the three years commencing 1 April 2026.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;

- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 19 years and to provide stability in contribution rates by spreading any increases in rates over a period of time. Normally this is three years but, in some cases, an extended period can be granted. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable. When an employer’s funding level falls significantly short of the 100% funding target, then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

At the 2025 actuarial valuation, the Fund was assessed as 132% funded. This corresponds to a surplus of £753m and contribution rate changes (primary and secondary) following this valuation are being phased in from 1 April 2026.

The contribution rates applicable for the year to 31 March 2026 were however, specified in the previous actuarial valuation completed as at 31 March 2022 when the Fund was assessed as being 104% funded with a surplus of £98m.

The common contribution rate for 2025/26 (i.e. the rate which all employers in the Fund pay) is as follows:

Valuation Date	31-Mar-22
Total contribution rate	
Primary Rate (% of pay)	20.7%
2023/24 Secondary Rate £000	4,865
2024/25 Secondary Rate £000	4,688
2025/26 Secondary Rate £000	4,495

Individual employer rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 actuarial valuation report and the Funding Strategy Statement on the Fund’s website.

The valuation of the Fund in 2022 was undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows:

Financial assumptions

Financial assumptions	31 March 2022
	%
Discount Rate	4.0
Salary Increases	3.7
Price Inflation/Pension Increases	2.7

Demographic assumptions

Assumed life expectancy from age 65 is as follows.

Demographic assumptions	31 March 2022	
Assumed life expectancy at age 65	Male	Female
Pensioners	21.8	24.4
Non-pensioners	22.6	26.0

Commutation assumptions

At the 2022 valuation, it was assumed that future retirees will take 65% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and 65% of the maximum for post-April 2008 service.

50:50 Option

The assumption in the 2022 Actuarial Valuation was that 1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

Note 28: Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the Fund’s Actuary also undertakes a valuation of the pension fund liabilities on an IAS19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future (see Note 27).

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 27). The following is the full Pension Fund Accounts Reporting Requirement provided by the Fund’s Actuary.

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2025/26 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS 26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Warwickshire Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS 19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS 26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS 19 and not the Fund's funding assumptions.

Present value of promised retirement benefits

Year ended	31 March 2025	31 March 2026
Active members (£m)	1,084	886
Deferred members (£m)	421	522
Pensioners (£m)	738	1,179
Total present value of promised retirement benefits (£m)	2,243	2,587
<i>Fair value of scheme assets (bid value) (£m)</i>	3,074	3,429
Net Asset (£m)	831	842

The promised retirement benefits at 31 March 2026 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2025. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS 19 report and are different as at 31 March 2026 and 31 March 2025. I estimate that the impact of the change in financial assumptions to 31 March 2026 is to decrease the actuarial present value by £59m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £42m.

Financial assumptions

Year ended	31 March 2025 % p.a.	31 March 2026 % p.a.
Pension Increase Rate (CPI)	2.75	3.00
Salary Increase Rate	3.75	4.00
Discount Rate	5.80	6.20

Demographic assumptions

The longevity assumptions have changed since the previous IAS 26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% 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 summarised below:

	Males	Females
Current pensioners	21.9 years	24.6 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.7 years	25.9 years

All other demographic assumptions have been updated since last year and are as per the latest funding valuation of the Fund.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

Change in assumption at 31 March 2026	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2	43
1 year increase in member life expectancy	4	103
0.1% p.a. increase in the Salary Increase Rate	0	2
0.1% p.a. increase in the Rate of CPI Inflation	2	41

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2026' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:

Viktoria Bachtler AFA C.Act

18 May 2026

For and on behalf of Hymans Robertson LLP

Note 29: Current assets

31 March 2025		31 March 2026
£m		£m
	<i>Debtors:</i>	
0.9	Contributions due: employees	0.8
3.2	Contributions due: employers	2.5
0.4	Invoiced debtors	0.6
0.1	Sundry debtors	0.1
22.4	Cash balances	7.0
27.0	Total	11.0

Note 30: Current liabilities

31 March 2025		31 March 2026
£m		£m
2.4	Owed to administering authority	2.6
3.8	Sundry creditors	3.8
0.9	Benefits payable	0.6
7.1	Total	7.0

Note 31: Additional Voluntary Contributions

Contributions Paid 2024/25	Market Value 31 March 2025		Contributions Paid 2025/26	Market Value 31 March 2026
£000	£m		£000	£m
1,601.2	5.1	Standard Life	2,178.6	6.4
2.4	0.2	Utmost Life and Pensions	2.2	0.2
1,603.6	5.3	Total	2,180.8	6.6

Note 32: Related Party Transactions

Warwickshire County Council

The Warwickshire Pension Fund is administered by Warwickshire County Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

During the reporting period, the Council incurred costs of £2.7m (2024/25: £2.4m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund. Employee and employer contributions from the Council amounted to £54.4m (£52.6m in 2024/25).

Border to Coast Pensions Partnership Ltd (BCPP)

The Warwickshire Pension Fund, through Warwickshire County Council as the Administering Authority, is a shareholder in the Border to Coast Pensions Partnership Limited. The Partnership is a wholly owned private limited company registered in England and Wales founded to carry out pension fund asset pooling obligations set out by the Government. The company provides the facility to pool the pension fund investments of 11 local authorities in order to gain the benefits of economies of scale, concentration of expertise and improved ability to reduce investment costs. The company was incorporated in 2017/18 and the first transfers of investment assets into the pool occurred in 2018/19. As at the balance sheet date all 11 partners own an equal 1/11th share of the company.

BCPP is a joint venture that brings risks as well as benefits. The partnership has grown significantly, for example in terms of the value of assets under management and the number of personnel employed. At Fund level the pool manages 79.5% of total assets under management. Pooling and membership of the Border to Coast Pensions Partnership is a regular and high-profile feature of reporting to the Pension Fund Investment Sub-Committee and the Fund's risk register has regard to key pooling risks.

Governance

There was one member of the Staff and Pensions Committee who received pension benefits from the Warwickshire Pension Fund during 2025/26. There were no members of the Pension Fund Investment Sub-Committee who were in receipt of pension benefits from the Warwickshire Pension Fund during the year.

There are four members of the Local Pension Board who are active members of the Warwickshire Pension Fund and one is a pensioner member of the Fund.

Each member of the Pension Fund Investment Sub-Committee, Staff and Pensions Committee and Local Pension Board is required to declare their interests at each meeting.

Key management personnel

Certain employees of Warwickshire County Council hold key positions in the financial management of the Warwickshire Pension Fund alongside their main responsibilities for Warwickshire County Council. The posts of Executive Director for Resources (5%), Director of Finance (4%), Head of Investments, Audit and Risk (40%) and Head of Finance Transformation & Transactions (30%) are considered to be key management personnel. The percentages represent the proportion of their time each post holder has spent on pension fund activities during the financial year and their aggregate financial relationship with the Fund is set out in the table below:

2024/25		2025/26
£'000		£'000
99.9	Short-term benefits	115.1
-10.5	Post-employment benefits	-199.2

The calculations in 2024/25 took into account the benefit earned by six individuals as there was more than one post holder in two of the roles that year due to staff turnover. The calculations for 2025/26 take into account four individuals who occupied the posts throughout the year.

Note 33: Contingent Liabilities and Contractual Commitments

A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes.

Outstanding capital commitments at 31 March 2026 were as follows:

31 March 2025		31 March 2026
£m		£m
98.4	Private Equity	201.8
79.9	Infrastructure	110.0
119.8	Private Debt	148.4
298.1	Total	460.2

Note 34: Going Concern

Going concern is assessed by management using four key factors as follows:

- Investment returns and net asset values;
- Cashflow forecast and liquidity;
- Membership trends; and
- Funding level and delivery of agreed recovery plans.

Each is considered in turn below:

- The number of employing bodies has increased over time and currently stands at the highest number it has ever been (252) and current membership increased from 59,747 to 60,601, also an all-time high.
- The diversification of the Fund's assets provides protection from market volatility.
- The Fund has adequate liquidity in place to meet cashflow requirements.
- The latest actuarial valuation as at March 2025 assessed the funding level to be 132% (2022: 104%).

For the reasons set out above, management are satisfied that the Warwickshire Pension Fund is a going concern and the financial statements for 2025/26 have been prepared accordingly on this basis.

Glossary

Actuarial valuation

A review of the assets and *liabilities* of a pension fund to determine the surplus or deficit, and the future rate of contributions required.

Alternative investments

Investments other than the mainstream *asset classes* of *equities* and *bonds*. Alternatives include *hedge funds*, *private equity*, *private debt*, *infrastructure* and *commodities*. Property is also sometimes described as an alternative.

Asset allocation

The apportionment of a fund's assets between different *asset classes*.

Benchmark

A yardstick against which the investment policy or performance of a fund manager can be compared.

Currency risk

Investing in any securities not denominated in the investor's own base currency introduces currency risk due to the *volatility* of foreign exchange rates.

Defined benefit scheme

A type of pension scheme where the pension that will ultimately be paid to the employee is fixed, usually as a percentage of final salary. It is the responsibility of the sponsoring organisation to ensure that sufficient assets are set aside to meet the pension promised. Compare with *defined contribution scheme*.

Deferred Pensioners

Members of the Pension Fund who are no longer active employees making contributions to the Fund but who are not yet receiving their pension (may also be referred to as Deferred Members).

Diversification

The spreading of investment funds among different types of assets, markets and geographical areas in order to reduce *risk*.

Hedge Funds

A hedge fund is a capital pool that has the ability to use *leverage* and to take both *long* and *short* positions with the aim of achieving an *absolute return*. A large variety of hedge fund strategies exist, and the level of *risk* taken will vary. Investors looking for a diversified exposure to hedge funds will normally opt for a fund of hedge funds – a fund with underlying investments in several hedge funds covering different strategies and geographical areas.

IAS 19 (International Accounting Standards)

An accounting standard which requires organisations to incorporate their pension funds into their balance sheets and specifically that all pension fund *liabilities* should be valued

using an AA corporate bond yield. Any mismatch between assets and liabilities is effectively brought on to the organisation's balance sheet.

IAS 1

An accounting standard that sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

Private equity

Funds put up by investors to finance new and growing businesses. Also known as venture capital

Pooled funds

Pooled funds are where the Fund does not directly own underlying assets.

Pool or LGPS Pool

This term refers to where LGPS administering authorities have grouped into pools specifically set up to enable investment in line with the [Local Government Pension Scheme: investment reform criteria and guidance \(November 2015\)](#). The Warwickshire Pension Fund is part of the Border to Coast Pensions Partnership pool which had 11 LGPS member partner funds at year end. Membership expanded to 18 LGPS partner funds with effect from 1 April 2026.

Private Debt

Private debt comprises mezzanine and other forms of debt financing that comes mainly from institutional investors such as funds and insurance companies – but not from banks.

Risk

In its simplest sense, risk is the variability of *returns*. Investments with greater inherent *risk* must promise higher expected returns if investors are to invest in them. Risk management is an important aspect of portfolio management and involves the use of complex statistical models.

Stock lending

The lending of a *security* by the registered owner, to an authorised third party, for a fixed or open period of time, for an agreed consideration secured by *collateral*. The demand to borrow *securities* comes mainly from *market makers* to cover *short positions* or take *arbitrage* opportunities.

Transaction costs

Those costs associated with trading on a portfolio, notably *stamp duty* and *commissions*.