

Warwickshire Pension Fund  
**Annual Report &  
Financial Statements  
2023-2024**

Anne Hathaway's Cottage

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**From Victorian stately homes to medieval fortresses the visual theme for this year’s Annual Report & Financial Statements reflects the heritage of Warwickshire as we showcase wonderful photography of some of the county’s historic buildings.**



Astley Castle 2014. Reproduced by kind permission of the Landmark Trust

## Introduction from Chair of the Pension Fund Investment Sub Committee and Strategic Director for Resources

### Welcome

The Warwickshire Pensions Fund's primary responsibility continues to be to ensure we have the resources and cash flow in place to pay the pensions to our members, now and into the future.

The year ended 31st March 2024 has been a very positive one with growth in the number of members, employers and the overall value of the scheme. We are pleased to say that our teams have maintained a strong funding position and performed well in administering the Fund.

As the Warwickshire Pension Fund grows, activity continues to be very busy for the Fund and going forward we expect the pace to grow as we enter 2024/25 as a result of the new Government's published plans for major reforms as set out in the consultation paper "*Local Government Pension Scheme (England and Wales): Fit for the Future.*"

The Warwickshire Pension Fund continues to face a changing policy landscape, including this year a change of Government, along with global conflict, the implications of climate change, the impact of Responsible Investment and the introduction of new governance requirements upon the LGPS.

### Investments

The value of the Fund's Investments is the bedrock which enables pensions to be paid on an ongoing basis. The Fund ends the year in a strong position, with a funding level, the difference between the value of its investments and its pension liabilities to its members, of



Coughton Court

145%. This has enabled the Fund to adjust its investment strategy to a lower risk one with a shift from growth to protection assets.

This year the Fund has worked with its partners at the Border to Coast Pension Partnership to develop funds that support UK opportunities and climate change objectives, and the Pension Fund Investment Sub-Committee made its first transfer of assets into a Low Carbon Fund.

With our existing contract for actuarial services coming to an end, another significant piece of work this year was tendering for a service provider for the next two valuation periods. Hymans Robertson was the successful bidder, and we look forward to working with them as we move forward.

### Cashflow

As conditions remain somewhat volatile, due to both global and national, political and environmental factors, sound cashflow management is imperative. We have put in place a new Money Market Fund, to assist with management of the Pension Fund's cashflow, and make sure we have the right sums in the right place to pay pension benefits on time every time.

### Global Context

The ongoing wars in Ukraine and in the Middle East impact Warwickshire Pension Fund, which last year divested itself of Russian owned and controlled assets where markets permitted.

Local government pension funds, including Warwickshire Pension Fund, tend to hold globally diversified portfolios in equities and bonds.

As a signatory to the UN Principles of Responsible Investment, we have important considerations about risks of global conflict for returns in the context of our Responsible Investment Policy.

### Climate Change and Responsible Investment

Climate change continues to be one of the Fund's highest risks. We regularly review and update the mitigations we have in place, both to reduce the impact of the Fund's investments on climate change and to minimise the impact of climate change on those investments.

This year, the Pension Fund Investment Sub-Committee took the decision for the first time to invest in a low carbon fund, and continues to work with the Border to Coast Pension Partnership, the pensions pool of which the Fund is a member and part-owner, to deliver its Climate change and Responsible Investment policies.

We are also developing a response to the Task Force on Climate Related Financial Disclosures requirements. This will ensure we are transparent with our scheme members, partners and other stakeholders about how we are managing climate-related risks and opportunities.

## Governance

In 2023/24 the Local Government Pension Scheme once again grew in both scale and complexity. In the past year our number of employers in the scheme have increased from 223 to 236.

The pace of change shows no sign of slowing. In January the Pensions Regulator published its new Code of Practice, and while Warwickshire Pension Fund has good governance and controls in place, we will need to review and update our policies and practice against these new standards. We also await publication of the national Scheme Advisory Board's Good Governance review, which will also inevitable bring further change to the way the Fund is managed.

We are working from a strong base, with all of the Fund's policies being reviewed and updated regularly. One major development in 2023/24 has been a significant review and update of our Cyber Security policy. Cyber attacks are a high risk for all large organisations, and we are continually working both to reduce those risks and ensure we know how to respond, should a cyber attack be successful.

One particular area of focus this year has been on enhancing our process for compiling and publishing the annual accounts, which has seen improvement.

## Administration

This year, in addition to supporting our 58,034 members and 236 employers, the Fund has been implementing the new age discrimination remedy (McCloud), following new regulations that were issued in October 2023.

The team has also been working on increasing the take-up of Member Self-Service and preparing for the new national Pensions Dashboard Programme. This is a national project by which anyone with a pension, including state pension, will be able to log in to a single portal and see all of their pensions in one place. Work on this project will be ongoing for the next two years.

Lastly, we would like to thank the Pension Fund Investment Sub-Committee and Local Pension Board members, Fund officers and advisers for their commitment and hard work during this successful year.

Thank you for taking the time to read this Annual Report.

We hope you find it helpful.



Coombe Abbey

## Governance and Training

Warwickshire County Council (the Council) is the administering authority for the Warwickshire Pension Fund. The Fund has created a [Governance Compliance Statement / Policy](#) that sets out the governance arrangements for the Fund as required by Part 2 (Administration) Regulation 55 and Part 3 (Governance) Regulation 106 of LGPS Regulations 2013.

Overall responsibility for managing the Fund lies with the Council in its role as administering authority. Under the constitution, delegations for the management, administration and investment of the Fund are made to the Staff and Pensions Committee (which has delegated functions

to the Pension Fund Investment Sub-Committee (PFISC)) and the Executive Director for Resources (the Council's s151 Officer), their Deputy and their staff. In all areas of the governance structure, the seven principles of public life (the Nolan Principles) are widely acknowledged and practiced, both within the decision-making framework and within day-to-day activities.

The governance framework focuses on:

- The effectiveness of the Staff and Pensions Committee, PFISC and officers to which delegated function has been passed, including areas such as decision-making processes, knowledge and competencies.

- Whether policies are established and to what degree they are recorded.
- Clarity of areas of responsibility between officers and Committee members.
- The ability of the Staff and Pensions Committee, PFISC and officers to communicate clearly and regularly with all stakeholders.
- The ability of the Staff and Pensions Committee, PFISC and officers to ask for the appropriate information and advice and to interpret that information in their supervision and monitoring of the Fund in all areas.
- The management of risks and internal controls to underpin the framework



**Cllr Christopher Kettle**  
Chair of the Pension Fund Investment Sub Committee



**Rob Powell**  
Executive Director for Resources, Warwickshire County Council

# Staff and Pensions Committee

## The Role of the Staff and Pensions Committee

Under the terms of the constitution, the functions of the Council as administering authority of the Pension Fund are delegated to the Staff and Pensions Committee. The Role of the Staff and Pensions Committee with regard to the Fund is:

- Establishing the Pension Fund Investment Sub-Committee.
- Approving the admission of employing organisations to the Fund where there is discretion to do so
- Approving the Fund's pension discretions policy OFFICIAL
- Dealing with any other administrative and governance matters arising about local government pensions

The Staff and Pensions Committee is made up of six councillors appointed proportionately to the representation of groups and individual members on the Council. All the Councillors have equal voting rights.

Committee Member	16/05/23	12/06/23	11/09/23	22/11/23	11/12//23	04/03/24
<b>Cllr Yousef Dahmash (Chair)</b>	Y	Y	Y	Y	X	Y
<b>Cllr Bill Gifford (Vice Chair)</b>	Y	X	Y	Y	Y	X
<b>Cllr Brian Hammersley</b>	Y	Y	Y	Y	Y	Y
<b>Cllr Christopher Kettle</b>	Y	Y	Y	Y	Y	Y
<b>Cllr Sarah Millar</b>	Y	Y	Y	Y	X	Y
<b>Cllr Mandy Tromans</b>	Y	Y	Y	Y	Y	Y

## Staff and Pensions Committee members



Councillor Yousef Dahmash  
Chair



Councillor Bill Gifford  
Vice Chair



Councillor Brian Hammersley



Councillor Christopher Kettle



Councillor Sarah Millar



Councillor Mandy Tromans

# Pension Fund Investment Sub-Committee (PFISC)

## The Role of the Pension Fund Investment Sub-Committee

The terms of reference of PFISC are to oversee pension fund investments, management of the Fund, in particular:

- Setting of the appropriate funding target
- Maintaining the Funding Strategy Statement
- Setting of an appropriate investment strategy
- Selection of investment managers
- Setting of performance benchmarks and regular monitoring of performance
- Maintaining the Statement of Investment Principles.
- Maintaining the Communications Policy
- Maintaining the Risk Register
- Reporting on annual accounts to full Council

Membership of the PFISC is five councillors allocated proportionately to the representation of groups and individual members on the Council. All the Councillors have equal voting rights.

Committee Member	16/05/23	12/06//23	11/09/23	11/12//23	04/03//23	14/03/24
<b>Cllr Christopher Kettle (Chair)</b>	Y	Y	Y	Y	Y	Y
<b>Cllr Bill Gifford (Vice Chair)</b>	Y	X	Y	Y	X	X
<b>Cllr Brian Hammersley</b>	Y	Y	Y	Y	Y	Y
<b>Cllr Sarah Millar</b>	Y	Y	Y	X	Y	X
<b>Cllr Mandy Tromans</b>	Y	Y	Y	Y	Y	Y

During the last 12 months the main areas covered by this Committee, include.....

## Pension Fund Investment Sub-Committee



Councillor Christopher Kettle  
Chair



Councillor Bill Gifford  
Vice Chair



Councillor Brian Hammersley



Councillor Sarah Millar



Councillor Mandy Tromans

# Warwickshire Local Pension Board

Warwickshire County Council has established a Local Pension Board (LPB). The LPB is responsible for assisting the administering authority in securing compliance with all relevant legislation and directions, and the Pension Regulator’s codes of practice.

The full terms of reference of the Local Pension Board can be found here.

Membership of the LPB is seven members to include:

- Three pension scheme member representatives - Sean McGovern, Mike Snow and one vacancy to be filled in July 2024
- Three employer representatives - Jeff Carruthers, Beverley Farmery and Keith Francis
- One independent representative, who chairs the LPB. - Keith Bray

A copy of the LPB Annual Report can be found here. Needs to be added after July once it has been finalised. This provides a breakdown of what the LPB looked at during the last 12 months.

## Conflict of Interest

Conflicts of interest have always existed for those with LGPS administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an Elected Member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. In addition, they may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

The Warwickshire Pension Fund has therefore created its own [Conflict of Interest Policy](#)

	25/04/23	18/07/23	24/10/23	30/01/24
Committee Member				
<b>Keith Bray</b>	Y	Y	Y	Y
<b>Jeff Carruthers</b>	Y	Y	X	Y
<b>Keith Francis</b>	X	Y	X	Y
<b>Sean McGovern</b>	Y	X	Y	Y
<b>Ian Shenton</b>	Y	Y	Y	Y
<b>Mike Snow</b>	Y	Y	Y	X
<b>Beverley Farmery</b>	n/a	n/a	n/a	Y

Rugby School



## Governance Officer

The Warwickshire Pension Fund has a dedicated officer in the role of Pension Fund Policy & Governance Lead. This officer is the Pension Fund’s subject matter expert in respect of LGPS administration, policy, and governance, providing expert advice to senior managers, elected members, and board members.

They maintain, develop and seek appropriate approval of the plans and policy documents required by the Pension Fund in order to meet its statutory and regulatory responsibilities. They also ensure that the Warwickshire Pension Fund is meeting its statutory and regulatory responsibilities for the administration of the scheme.

## Governance Projects

The coming months will see the Fund address to major projects, namely the Pension Regulators General Code of Practice that was laid before Parliament in January 2024 and the Scheme Advisory Boards Good Governance Review that is expected in early 2025.

At the time of writing this Report Officers were checking compliance with the General Code of Practice that replaces Code of Practice 14, to highlight what if any work needs to be done to ensure the Fund is compliant.

A full Independent Governance Review will also take place in September 2024 and the results of this will be presented to the Pension Committee and senior Officers.

# Training

The Warwickshire Pension Fund is required by law (section 248a of the Public Service Pensions Act 2013), and statutory guidance (Pensions Regulator’s Code of Practice, Scheme Advisory Board Statutory Guidance and CIPFA’S Code of Practice), to ensure that members of its Governing Bodies (the Pensions Committee and the Local Pensions Board), have an appropriate level of knowledge and understanding, to undertake the roles and functions of the positions they have been appointed to.

The Warwickshire Pension Fund recognises that effective management, governance, and decision making can only be achieved where those involved have the requisite knowledge and skills to discharge the duties allocated to them.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of the role that they have been appointed to. Individuals are required to invest sufficient time in their learning and development in order to meet required standards relating to knowledge and understanding. These standards are applicable from appointment and apply to both individuals and the Pensions Committee and the Local Pensions Board as a whole. However, the Fund acknowledges that individuals are not expected to become technical experts, and levels of knowledge will vary depending on experience. Governing Body members (the Committee as delegated by the County Council as the Administering Authority) should have the ability to interpret and challenge the information provided by Fund Officers and contribute effectively to discussions and decisions made. The level of understanding required is dependent on the subject and is based on the collective knowledge of the group and not the individual.

Members of the Pensions Committee and Local Pensions Board are requested to commit to undertaking minimum training requirements annually, in order to fulfil knowledge and understanding requirements.

Training will include a mixture of face to face, independent learning, briefing notes usually provided through email as well as regular opportunities to engage and to network with colleagues and counterparts from other LGPS Funds.

Warwickshire Pension Fund offers the Hymans Robertson ‘LOLA’ learning Platform and annual Knowledge and Skills Assessment which benchmarks, knowledge against other Boards and Committees. The results of this Assessment also help to formulate a training plan.

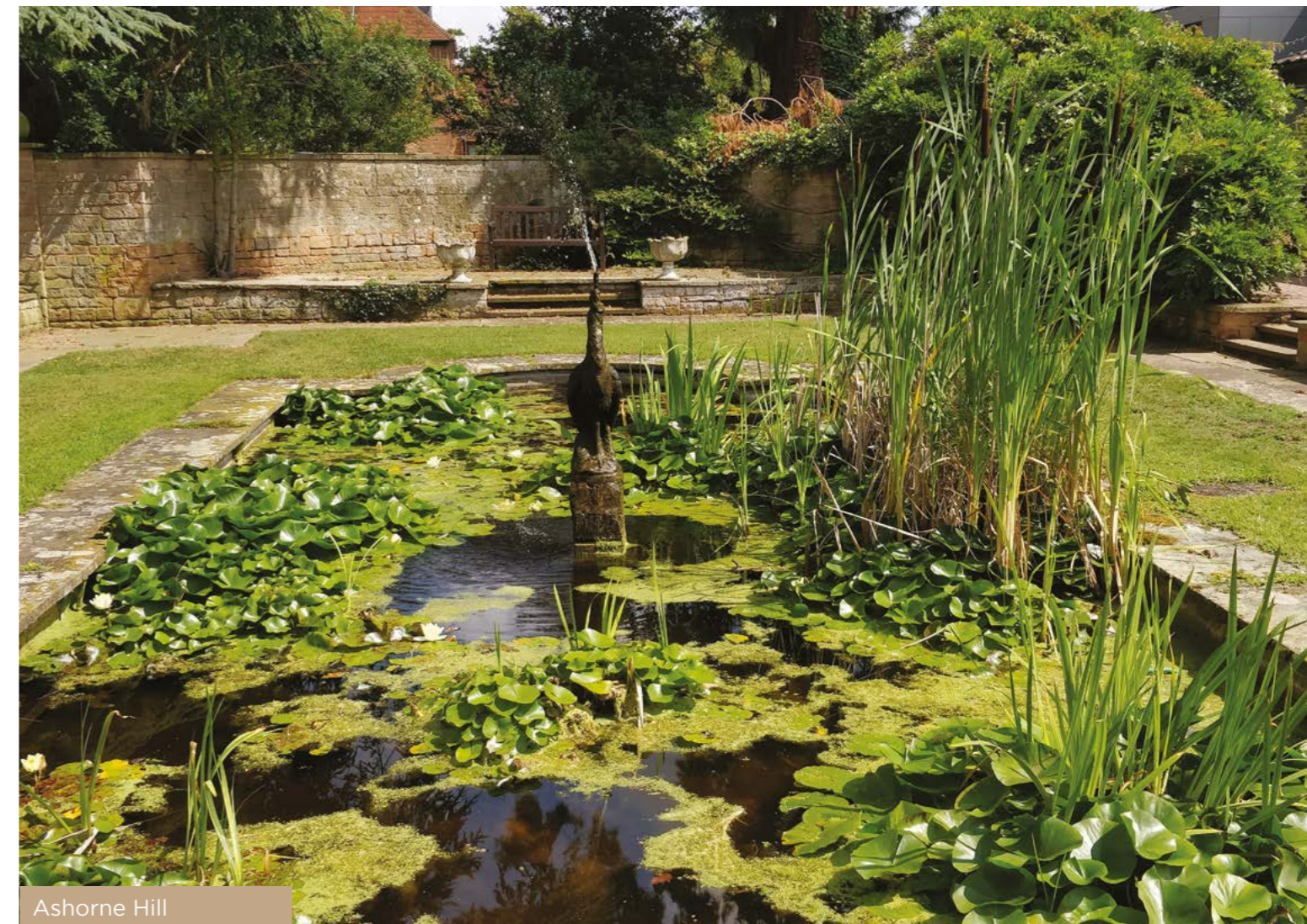
Where decisions need to be made at specific Committee Meetings, training is arranged in order to ensure that all members have the required knowledge in order that they can come to an informed conclusion.

During the last 12 months the following training sessions were organised for the Committees and Board.

## Completed Training for 2023-24

Date	Training Subject	Number of Attendees Committee / Board and Officers
August 2023	Review of Responsible Investment and Climate Risk Policies	15
September 2023	Roles, Responsibilities and Fund Governance	12
October 2023	Accounting & Audit / Procurement & Contract Management	15
November 2023	An Introduction to Border to Coast Fixed Income Products	14
December 2023	Protection Asset Review	11
January 2024	Club Vita	12

Training, already scheduled for spring and summer 2024 includes Pension Scams, Cyber Security, TPR General Code of Practice and Scheme Advisory Board Good Governance Review and the Future of LGPS Pooling.



Ashorne Hill

## Staff, Advisors and Investment Managers

The management and administration of the Pension Fund is delegated to the Strategic Director for Resources.

The Pension and Investment Team within the Resources Group has responsibility for day-to-day management.

### Management and Administration

Rob Powell, Executive Director for Resources

Purnima Kandula, Director of finance

Chris Norton, Head of Investments, Audit and Risk

Stephen Robbins, Head of Financial Transformation and Transactions

Alistair Wickens, Technical Specialist Pension Fund Policy and Governance

Lisa Eglesfield, Pensions Administration Service Manager

Oladapo Shonola, Lead Commissioner Pensions and Investment

### Investment Advisors

**Actuary:** Richard Warden, Hymans Robertson

**External consultants:** Philip Pearson, Robert Bilton Hymans Robertson

**Independent Advisors:** Anthony Fletcher, Apex Partners and Bob Swarup, Camdor Global Advisors

### Investment Managers

#### Private Equity

HarbourVest

Border to Coast Pensions Partnership (“BCPP”)

#### Infrastructure

Border to Coast Pensions Partnership (“BCPP”)

SL CAPITAL

Partners Group

IFM

#### Private Debt

Border to Coast Pensions Partnership (“BCPP”)

PARTNERS Group

ALCENTRA

Barings

ICG

#### Passive Equity & Bond Index tracker

Legal & General Asset Management (“LGIM”)

#### Active Equity & Bond Management

Border to Coast Pensions Partnership (“BCPP”)

Real Estate

Schroders

Threadneedle

## Risk Management

Risk Management is the process by which Warwickshire Pension Fund identifies and overcomes those issues which might prevent it achieving its objectives. Given the financial scale of the Pension Fund and the fact that it invests money in order to achieve financial return the effective management of risk is crucial to us being able to achieve our objectives.

Warwickshire Pension Fund recognises that effective risk management is an essential element of good governance in the Local Government Pension Scheme (LGPS). In identifying and managing the risks through an effective policy and risk management strategy, Warwickshire Pension Fund is able to:

- demonstrate best practice in governance
- identify and maximise opportunities that may arise
- Improve financial management of the fund

- Minimise the risk and effect of adverse conditions of the fund
- Minimise threats, and
- Support innovation and continual improvement.

Warwickshire Pension Fund adopts best practice risk management, which supports a structured and focused approach to managing risks and ensures risk management is an integral part in the governance of the Fund, at a strategic and operational level.

An example of best practice is the way that the Fund has created its own policies that are separate from those of the Administering Authority, where possible.

The Risk Register, which forms an integral part of our Risk Strategy, has been regularly reviewed by the Fund’s Senior Management Team and changes are made in the light of changes in the external environment and the progress made in delivering projects such as investment pooling.

Given the scale of the financial assets managed by the Warwickshire Pension Fund the management of the risks inherent in participation in the financial markets is a crucial part of the overall risk management framework. The

Fund sets out broad policies in the Investment Strategy Statement which conform to the LGPS Investment Regulations, and which cover the following areas:

- Acting with proper advice
- Maintaining a diversified portfolio of assets
- The setting of limits within individual investment management agreements

Given the volume of sensitive data handled by the Authority cyber security risks are among the most significant and persistent risks we face and there is an ongoing programme of work to maintain and continue to enhance our defences against cyber-attacks. This work includes a full review of the Funds policy by an external adviser and training for Committee and Board members as well as officers.

Over the course of the year more attention has been paid to people and operational risks reflecting the challenges posed by current labour market conditions and their impact on the delivery of key services. These areas remain work in progress and more specific mitigations of the identified risks and specific action plans will be implemented in the coming year.



### Break Down of the Risk Process

The Fund’s risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund’s past, present, and future activities. There are 4 main stages in the process:

Risk identification involves assessing risks in the context of the objectives and targets of the Fund.

- Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and

the impact if it does occur. Risks are assessed in terms of the potential impact of the risk event should it occur, and in terms of the likelihood of it occurring. These are then multiplied to produce an overall risk score which are then used to prioritise the risk rating at high, medium or low.

- Senior Management will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur.

- Risk monitoring is the final part of the risk management cycle and will be the ultimate responsibility of senior officers and will be reported back to the Pension Fund Investment Sub-Committee.

At all stages the Fund makes every effort to mitigate key risks, especially in areas such as investment, governance and administration. Full details are available on the Funds risk register that is taken to the June Pension Fund Investment Sub Committee, each year. A report on risk is also made each quarter to this Committee identifying the movement of any risks within the Risk Register and what the Fund is doing to mitigate them.



Upton House

Bedworth almshouses  
Image courtesy of William Arnold



## National Governance Updates

### SAB Good Governance Review

The Scheme Advisory Board (SAB) launched the Good Governance Review in 2018 and appointed Hymans Robertson to examine the effectiveness of current LGPS governance models and to consider alternatives or enhancements.

The aim of the project is to further improve the high standards of governance and administration of the scheme on a consistent and measured basis across all 87 LGPS Funds, that will better match the standards expected by the Pensions Regulator.

On 15 February 2021, SAB published Good Governance: Phase 3 Report. The report provided detailed recommendations which have now be submitted to the Local Government minister for consideration. Although it is yet to be taken forward, there is an understanding that this might change before the end of 2023.

The Fund previously measured itself against the recommendations and will ensure that there is an action plan for implementation when it is finally released.

The additional requirements, many of which the Fund

already has in place, include:

- a) Introduction of an LGPS senior officer responsible for the delivery of LGPS activity for a fund.
- b) Enhanced governance compliance statement
- c) Conflicts of interest policy specific to the LGPS.
- d) Representation: policy on how scheme members and non-administering authority employers are represented on its committees.
- e) Skills and training: pension committee members and section 151 officers, to have the appropriate level of knowledge and understanding to carry out their duties efficiently as set out in a Fund specific training strategy policy.
- f) Service delivery: compulsory administration strategy and roles and responsibilities matrix.
- g) KPIs: defined service standards and governance in place to monitor those standards.
- h) Business planning process: resource and budget allocated to administer the LGPS each year.
- i) Biennial independent governance review

### TPR General Code Of Practice

The Pensions Regulator (TPR) has published a consolidated single code of practice which is called called the General Code.



Maxstoke Castle  
By Steve Wilson from Marchwood

The Code was published in March 2024. This is the code that is relevant for LGPS funds, replacing Code of Practice 14 and the parts of other codes that previously applied. TPR stated that the previous format of multiple separate codes created duplication, was difficult to navigate and created some confusion about which codes applied to which schemes. As the new code applies to all types of schemes covered by TPR, there are modules signposted to make

it clear which type of scheme they are relevant to. There is an appendix which provides a full break down of the modules and confirms whether they are existing guidance, new guidance, or best practice and to which schemes they relate. New areas for the LGPS are included. Among the more notable are the module on transfers and scams, which when considered alongside cyber security show TPR is expecting that all schemes

have robust processes in place to protect scheme members. TPR has also flagged the modules on Investment Governance and Investment Monitoring as being best practice for the LGPS. The Warwickshire Pension Fund will carry out a full review of its compliance with the Code in late 2024 and a findings report will be presented at the Staff and Pensions and Local Pension Board meetings.

## Fund Administration

The Warwickshire Pension Fund is part of the national Local Government Pension Scheme (LGPS). The LGPS is governed by statute, primarily the Superannuation Act 1972 and the Local Government Pension Scheme Regulations 2013 (as amended). The statutory responsibility for the LGPS falls under the remit of the Department for Levelling Up, Housing and Communities (DLUHC).

In March 2024, the total membership of the fund stood at 58,034, with 236 active contributing employers and the total value of net assets amounted to over £2.9 bn. Of the total membership, 18,717 are active members currently contributing to the fund, 21,634 are members with a preserved benefit and 17,683 retired, or dependant members are in receipt of a pension.

### Benefits of the Pension Fund

Members of the LGPS belong to a scheme which provides high quality pension benefits based on career average related earnings. The scheme is a defined benefit scheme and members' benefits are determined strictly in accordance with the provisions of the Regulations and are

not subject to changes affecting the fund assets.

Below is a brief summary of the benefits of the LGPS

It is not intended to provide details of all benefits provided or the specific conditions that must be met before these benefits can be awarded. The core benefits of the scheme are:

- A guaranteed annual pension based on the pay received during the year and revalued in line with earnings.
- A tax-free lump sum is available by commuting part of the pension.
- Life assurance of three times the member's yearly pay from the day they join the scheme while contributing.
- Pensions for spouses, civil registered partners, qualifying cohabiting partners and eligible children on the death of the member.
- An entitlement paid early if a member has to stop work permanently due to permanent ill health\*.
- Inflation proofed preserved pensions and pensions in payment.
- Pensions payable from age 55, including (with the employer's consent) flexible retirement and early retirement.
- The option to contribute a reduced contribution for a reduced benefit - the 50/50 option.

*\*NB scheme members must have a minimum of two years' membership.*



Coughton Court

### Cost of membership

Employees pay on average approximately 6.3% pensionable pay received (up from 6.1% at the last valuation). Employers also pay a contribution towards pension costs. This amount is decided every three years following an independent actuarial valuation by the Fund's Actuary.

The last valuation was run as at 31st March 2022 and the average employer rate following this is 21.74% (23.8% as at 2019 valuation).

# Administration Report

## Warwickshire Team Structure

The administration team for Warwickshire Pension Fund has an operating model consisting of three main elements:

1. Pension Benefits (including retirement calculations, payroll and handling death cases)
2. Employer Relations (including employer admissions and cessations to the scheme, handling employer contributions data and post handling)
3. Membership (including transfers in and out of the scheme, calculation of preserved benefits, refunds and divorces)

## Key legislation changes in the last 12 months

### Tax changes -

**Abolition of Lifetime Allowance (LTA):** The Government announced the removal of the LTA framework from pensions tax legislation starting from 6 April 2024.

**Introduction of New Allowances:** With the removal of the LTA, two new allowances are introduced - the Individual's Lump Sum Allowance (LSA) and the Individual's Lump Sum and Death Benefit Allowance (LSBDA). These allowances aim to limit the total amount of tax-free lump sums that individuals can receive from their pension savings. There has also been the removal of benefit crystallisation events (BCEs) and replacement with relevant benefit

crystallisation events (RBCEs)

**Pension Commencement Excess Lump Sump (PCELS):** As HMRC's policy intent is to ensure that individuals who have crystallised benefits above £1,073,100 can continue to commute more of their pension as a lump sum when they retire, they are introducing the new authorised lump sum - the PCELS.

**Overseas Transfer Allowance:** Another new allowance, the Overseas Transfer Allowance (OTA), is introduced to limit tax-free transfers overseas for individuals.

**Reporting Requirements and Transitional Arrangements:** Changes to reporting requirements have been introduced to reflect the new allowances. Transitional arrangements are in place for individuals who have already taken pension benefits before 6 April 2024.

### McCloud

From 1st October 2023 the government has introduced legislation to address the findings of the McCloud case in public service pension schemes. In the McCloud case, the Court of Appeal found that the protections provided to older members, when the schemes were reformed in 2014 and 2015, had unlawfully discriminated against younger members on grounds of age.

The Public Service Pensions and Judicial Offices Act 2022 provides the framework for the changes. Each public service pension scheme is responsible



Baddersley Clinton

for changing its own rules within the framework provided by the Act.

In England and Wales, the changes were made by the LGPS (Amendment) (No.3) Regulations 2023, which came into force from 1 October 2023. These regulations amend the LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.

In the LGPS, the discrimination has been addressed by extending underpin protection to younger members. However, the 1 October 2023 changes did not just extend the protection to younger members. The 'old' underpin rules did not include enough detail to ensure that protected members received a career average pension that was at least as good as they would have received under the final salary scheme. The October 2023 changes introduce more detail about how the underpin works in different circumstances. This is to ensure it works effectively and consistently for all protected members.

Warwickshire Pension Fund have had a dedicated team of staff working on the McCloud rectification. From 1st October 2023 the fund have implemented the remedy calculations for all protected members when processing cases. The fund have also needed to review all leavers calculations from 01/04/2014 to 30/09/2023.

## Key highlights from the last year

The Warwickshire Pension Fund has had another busy year in pension administration with many of key achievements



Kenilworth Castle  
Elizabethan Gardens

outside of our normal annual activities being around using technology to assist both ourselves and our pensioners.

**E-payslips** – While the Warwickshire Pension Fund have been issuing e-payslips for new pensioners as a matter of course since 1st April 2018, we had also still been issuing many thousands of paper payslips each month at a great cost to the environment and the fund. From 01/06/2023 the Fund decided to stop issuing paper payslips to pensioners at the end of every month, the Fund communicated this change to pensioners over a period of months and worked hard to collect data from as many of our members to allow them to receive an e-payslip each month.

The Fund realise that some pensioners will not be able to receive an e-payslip and therefore all pensioners are able to request paper payslips for any month they require.

**Online Annual Benefit Statements** – Warwickshire Pension Fund issued the 2022/2023 annual benefit statements (ABS) online using our Member self service portal for the first time. The new process allows members to log into their self service portal and not only view their ABS online but also then make further pensions calculations in the form of self-run estimates. It also reminds our members to update any personal information that may have altered in the last year.

#### **Overseas proof of life online**

– Every year the pension fund issue a ‘Proof of Life’ certificate for members of the pension fund that reside overseas. While previously this had been a paper form that needed to be countersigned by an approved person, this year the fund has partnered with Crown Agents Bank to use new technology that enables members to complete their proof of life process online without the need for a counter signatory. This has created a streamlined process that reduced the number of queries for both member and fund. This change also creates stronger audit controls over our pension benefits being paid overseas.

**Team qualifications** – The Fund also continue to value the importance of training and qualifications for our team. The fund’s officers have had training on various subjects such as McCloud regulation changes and Lifetime Allowance Tax changes. A member of the administration team completed a professional qualification and one member started another team member expected to finish this year.

#### **Working with employers**

To effectively administer the Local Government Pension Scheme for members, the monthly data provided by employers is essential. As well as monthly and year-end data quality verification, additional checks are in place during the year using the data collection software, mortality screening and address verification to continue to improve the data held, to ensure member benefits are accurate. Employers must pay their contributions by the 19th of the month and accompanying data must also be submitted via i-Connect by this date. A summary of the amount of member data received during 2023/24 is on the following page:

Any employers who did not adhere to the regulations and provide the contributions or data on time were recorded as a breach of the scheme regulations and, if deemed materially significant, could be reported to The Pensions Regulator.

There were 305 breaches recorded for 2023/24 whereas 232 breaches were recorded in 2022/23. This is an increase of 73 breaches which was

largely caused by a Multi Academy Trust consistently missing the i-Connect deadline for the first part of the year. Scheme employers have also been reminded that the team will support in-person presentations at their workplace, followed by member one-to-ones should there be a local need.

Employer updates were sent monthly throughout the year via email newsletters to all registered contacts at participating employers within the fund, providing updates on administration issues affecting scheme employers.

#### **Pensions savings statements (PSS)**

Pensions savings statements (PSS) were issued by the deadline of 6 October 2023 to 45 scheme members compared to 122 in 2021. A series of pensions tax information webinars was organised with Pengage, who are Pension Engagement Consultants in October 2023 which provided information on annual and lifetime allowance tax limits. There were 29 attendees to the sessions. Sessions were for information purposes only and no formal advice was provided as members need to purchase this for themselves.

#### **Annual benefit statements**

The fund issued annual benefit statements to both active and deferred members by the statutory deadline of the 31 August 2023. A total of 38,208 statements were produced. 16,950 actives and 21,258 deferred statements were released to ‘Member Self

Service’. 142 active and 199 deferred statements were issued in paper format.

#### **Cyber security**

The team take cyber security very seriously and have worked closely with Aon to create a new cyber security policy. This policy will be reviewed annually and details the fund’s actions with regards to cyber security and the importance the fund places on this subject area. The Fund have also arranged for training to be delivered to all Officers, Board and Committee members on this area.

The Fund works with the Warwickshire Council IT team and with companies providing pension software to confirm that systems holding personal data are protected.

In February 2024 the Fund completed a business continuity test process with members from across the team to practise process should an event occur where we have no access to our online systems, the team sought input from staff in other departments around the council and from partner companies. The Fund have since reviewed and updated their business continuity plan to reflect lessons learnt during the exercise.

#### **McCloud Remedy**

New regulations were published in October 2023 which will seek to remove age discrimination in the LGPS. When the Government reformed public service pension schemes in 2014 and 2015

Address updates  
3,443

Contributions postings  
207,399

Pay data postings  
CARE-204,626  
Salary-212,745

Notification of starters  
5,163

Notification of leavers  
3,618

older members. It was later judged that these protections discriminated against younger members. This ruling is often called the ‘McCloud judgment’. In the LGPS the protections are known as the “underpin”, which means that older members can receive higher benefits in some circumstances.

Changes to the LGPS regulations came into effect on 1 October 2023 which extended the underpin to members of any age who met certain conditions. Members who are affected by these changes will be contacted automatically by the Warwickshire Pension Fund.

Separately regulations have been laid to ensure that members whose benefits are increased due to the changes won't suffer tax charges that they wouldn't otherwise have done. Also, guidance was issued on data requirements for the remedy and Warwickshire Pension Fund contacted all employers that participate in the Fund to seek assurance on data quality relevant to the remedy.

The Fund has progressed well with this project and are nearing the final stages of member data calculations. There is a requirement for all funds to have completed calculations on member data by 31/8/2025 to inform members on their 2024/2025 Annual Benefit Statement of McCloud protections and underpin data, Warwickshire Pension Fund will complete their calculations well in advance of this deadline.

### Pensions Dashboards

The Government intends to introduce Pensions Dashboards which will enable millions of workers to view all their pension pots in one place online. The LGPS was originally due to link up to the Dashboard in late 2024, but it has recently been announced that there will be a new timeline with a connection date of 31st October 2025. The date the dashboard will be available to the public to access is still to be decided.

Pensions dashboards are intended to provide a secure and single port of call for individuals to access all of their pension history in one place, including eventually their State Pension. The intention is to support better planning for retirement, and help individuals reconnect

with any pension pots they may have lost over time.

Multiple dashboard providers are expected in the marketplace. Individuals will navigate to a dashboard of their choice and submit a request to view their pensions information. The dashboards will then issue electronic requests to all pension schemes to search for the individual's pension. Where a match is found, the scheme returns the location to the dashboard, allowing the individual to view their pension details online. Where partial matches are made, schemes will have a short timeframe to investigate and confirm whether it is an exact match, and then provide details as required.

Much of the technical infrastructure will be handled by our software provider and processing of day-to-day “find requests” from individuals will be automated. There is, though, still plenty of preparation for Warwickshire Pension Fund and our scheme employers. There are also likely to be day-to-day member enquires once dashboards are up and running.

The pension fund have procured a connection to the dashboard

The Warwickshire Pension Fund is currently thinking about the following things:

Data Accuracy - Scheme member data is used for different purposes and the cleanliness of that data is measured in a multitude of ways. Historically this has focused on the existence of data (TPR common and scheme specific data scores), rather than the accuracy of that data. For dashboards we will have to conform to

a new standard, which is currently being developed, but should focus on accuracy. So, while we might be broadly happy with the data held on our records, we need to be confident that the member data we hold is accurate and complete, particularly in relation to data items we expect to perform data matches against - i.e. surname, initials, NI number, date of birth. Any issues or concerns could lead to increased enquiries once connected to the dashboards. This is something we have already been working on.

The Pensions Regulator expects all schemes to undertake an annual data review and report their data scores via the annual scheme return.

Warwickshire Pension Fund's data scores remain the same as last year: 99.32% common data - this is data that is deemed common across all schemes, which includes name, address, national insurance number, date of birth. 97.58% specific data which is an increase from 95% last year - this is data that is essential to calculate a benefit entitlement, such as pay, service history, etc.

Backlogs - it's particularly important to clear any unprocessed leavers ahead of connection to the dashboards' ecosystem. Otherwise, these will need to be processed on a case-by-case basis each time they correspond to a full match, following a “find request”. Fortunately the Warwickshire Pension Fund does not have sizeable backlogs, but we will be working hard to ensure that this does not change.

Tracing - having up to date contact information for our members is important. Warwickshire Pension Fund will be completing a tracing exercise to ensure we hold accurate address information for any members who we have an out-of-date address data and are held as ‘goneaway’ in our administration systems.

### Employer Training Sessions

Warwickshire Pension Fund have introduced quarterly employer training meetings for all employers. Training subjects can be requested by employers and are also based around regulation updates or software updates. The fund also attends individual employers on request, to either assist with training of staff or roadshows with pension fund members.

The fund arranges specific training for groups of employers, such as academies to discuss topical issues that are relevant to employer type.

The fund issues a monthly newsletter to employers to inform them of regulation updates and topical pension issues.

### Pension Fund Policies

The Warwickshire Pension Fund must maintain and publish specific policies, under the Regulations. This done on a regular basis following which approval is requested through the relevant Pension Committee.

### Pension Fund policies that have been reviewed this year:

- Breaches Policy
- Communications Policy
- Data retention Policy - New
- Administration Strategy
- Admission and Termination Policy
- The Funding Strategy Statement
- Conflicts of Interest Policy
- Cyber security Policy
- Business Continuity Plan
- Internal Dispute Resolution Procedure

### Value for money statement

To ensure the effectiveness of the Fund the administration service is monitored and reviewed through external and internal audits.

The Fund follows procurement processes and embeds service level agreements with service providers to ensure value for money.

An online Hymans Learning Academy is now embedded and all officers and board and committee members have haven completed training using this system. This ensures the knowledge and skills within the fund are kept up-to-date. Processes are continually monitored and updated by officers of the fund. Data scores of a high standard were continued to be reported to the Pension Regulator. Officers also attended in-person and online conferences and training sessions provided by a variety of sources such as the Local Government Association and the fund actuary Hymans Robertson.

## Report on complaints and dispute resolution.

- Number of IDRPs cases in the year taken to stage 1 = 2
- None were upheld.
- Number of IDRPs cases in the year taken to stage 2 = 1
- None were upheld.
- Number of additional complaints made to fund not through the formal process = 8

## Member satisfaction and compliments

The Fund receive many compliments during the year relating to the service provided to our members. A few examples of the complimentary feedback given are:

*“I am very grateful to you for processing this in such a timely way, many thanks again”.*

*“I would like you to know how reassuring it is for this ex-WCC employee to know that his pension matters are overseen by as diligent and competent a person as your good self; thank you”.*

*“Thank you very much, you have been very helpful at a stressful time for me”.*

IT Developments and pensions administration systems developments taking place during the year -

The software that Warwickshire Pension Fund use for their pension administration system is updated four times per year. This allows the administration software to keep up to date with any regulation changes and also keep a constant system improvement in place. The Fund follow a system testing process each time a software update is issued and have use of a test system where calculations and processes can be practised. The pension administration system is included in the council's annual IT audit and any recommendations to system and process changes are adhered to.

The Pension Fund have implemented a new telephone system this year which allows us to collect data on calls for the first time. The new system will allow the fund to improve the service we offer to members by understanding how, why and when they contact us. The new system allows us to issue one number for members to use to contact the Fund for all queries for the first time which improves our service to members.



Packwood House

# Pensions Fund Membership

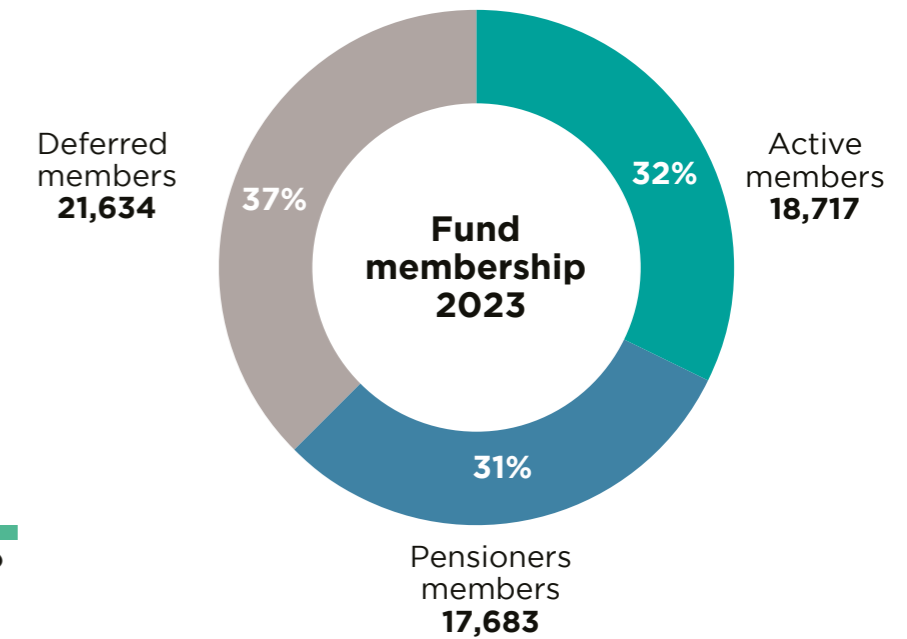
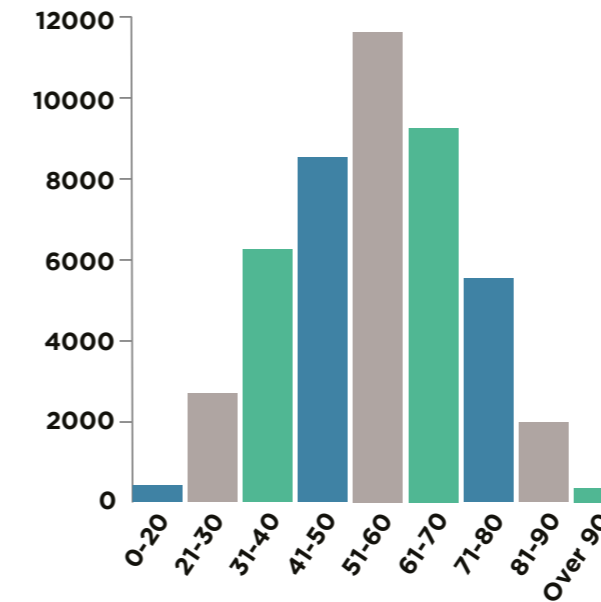
Pension Fund's go through a growth cycle, often starting with a large active membership. This then matures and we see growth in membership relating to deferred and pensioner numbers. As at March 2023 the fund was measured as 67% mature.

We are also seeing a shift to a female domination for each of the categories of membership. This turn is creating a focus on the Gender Pensions Gap and what can be done to address this issue. More needs to be done to reduce the Gap including consideration for reducing the Gender Pay Gap, more flexible employment options, changes relating to maternity leave, and more engagement with members on what their pension will look like when they retire. The Fund is committed to improving engagement with members so that they are fully informed about their options when it comes to pensions.

	31st March 2023	31st March 2024
<b>WCC Active members</b>	8,446	8,490
<b>Other employers Active member</b>	10,375	10,227
<b>Active members total</b>	<b>18,821</b>	<b>18,717</b>
<b>WCC Deferred members</b>	11,889	11,945
<b>Other employers Deferred members</b>	9,741	9,689
<b>Deferred member total</b>	<b>21,630</b>	<b>21,634</b>
<b>WCC Pensioner members</b>	10,314	9,568
<b>Other employers Pensioner members</b>	8,020	8,115
<b>Pensioner total</b>	<b>18,334</b>	<b>17,683</b>
<b>Employers with active members</b>	<b>223</b>	<b>236</b>

Please note pensioner totals now include widow and dependent pensioners (31st March 2024)

## Fund Membership By Age



## Fund Employers

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total</b>	106	125	151	160	181	192	201	192	206	223	236

## Fund Membership

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Active members</b>	15,501	16,502	16,435	16,502	16,725	16,754	17,058	16,716	17,999	17,746	18,821	18,717
<b>Preserved members</b>	13,247	14,367	15,965	16,384	17,011	17,805	17,808	18,921	19,902	20,276	21,630	21,634
<b>Pensioners*</b>	10,624	11,035	11,425	11,890	12,479	13,092	13,676	14,394	14,752	16,096	18,334	17,683
<b>Total members</b>	<b>39,372</b>	<b>41,904</b>	<b>42,825</b>	<b>44,776</b>	<b>46,215</b>	<b>47,651</b>	<b>48,542</b>	<b>50,031</b>	<b>52,653</b>	<b>54,118</b>	<b>58,785</b>	<b>58,034</b>

These figures include dependants



# Key Performance Indicators (KPI)

The KPI indicators were developed in order to provide funds with the ability to self-assess against best practice benchmarks both across the scheme and across time. The indicators also provide

for a framework for the Board to provide support to funds in a targeted manner.

Warwickshire Pension Fund review their performance against the KPI's on a monthly basis and take action to address any issues identified.

Information against KPI performance is reported to the Pension Committee's and Local Pension Board on a quarterly basis.

Ref	Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of new cases created in the year (1 April to 30 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	35	490	506	96.38%	482	92.93 %
A2	New dependent member benefits	42	195	186	79.48%	199	82.57 %
A3	Deferred member retirements	47	932	907	92.64%	1517	98.31 %
A4	Active member retirements	49	353	349	86.82%	534	99.26 %
A5	Deferred benefits	96	2126	2142	96.40%	2285	95.89 %
A6	Transfers in (including interfunds in, club transfers)	308	568	558	63.69%	689	74.24 %
A7	Transfers out (including interfunds out, club transfers)	34	520	517	93.32%	662	95.25 %
A8	Refunds	2	381	381	99.48%	353	99.44 %
A9	Divorce quotations issued	2	121	118	95.93%	129	98.47 %
A10	Actual divorce cases	0	4	3	75%	4	100 %
A11	Member estimates requested either by scheme member and employer	23	732	731	96.82%	906	97.42%
A12	New joiner notifications	36	5105	5021	97.67%	5166	99.23%

Key Performance Indicator	Fund Target	Total Year Cases	Full Year KPI	Cases on Target	Last Year Average
<b>Target performance</b>			95.00%		
<b>1. Letter detailing transfer in quote</b>	10 days	488	58%	282	61.46%
<b>2. Letter detailing transfer out quote</b>	10 days	352	90%	316	87.44%
<b>3. Process and pay a refund</b>	10 days	358	91%	326	91.75%
<b>4. Letter notifying estimate of retirement benefits (Active)</b>	15 days	298	90%	267	90.54%
<b>5. Letter notifying actual retirement benefits (Active)</b>	15 days	364	99%	361	99.54%
<b>6. Process and pay lump sum (Active)</b>	10 days	364	97%	354	97.44%
<b>7. Process and pay death grant</b>	10 Days	131	96%	126	97.79%
<b>8. Initial letter notifying death of a member</b>	5 days	488	92%	450	94.63%
<b>9. Letter notifying amount of dependents benefits</b>	10 days	162	88%	143	86.37%
<b>10. Divorce quote letter</b>	45 days	99	98%	97	99.09%
<b>11. Divorce settlement letter</b>	15 days	3	33%	1	100.00%
<b>12. Send notification of joining scheme to member</b>	40 days	416	98%	408	97.79%
<b>13. Deferred benefits into payment</b>	15 days	735	98%	720	97.50%
<b>14. Calculate and notify deferred benefits</b>	30 days	2050	96%	1968	94.86%

Ref	Engagement with online portals	Percentage as at 31 March
C1	% of active members registered	37.02%
C2	% of deferred member registered	26.45%
C3	% of pensioner and survivor members	31.18%
C4	% total of all scheme members registered for self-service	31.30%
C5	Number of registered users by age	
C6	% that have logged on in last 12 months	
C8	Total number of email and online channel queries received	
C9	Number of scheme member events held in year (total of in-person and online)	
C10	Number of employer engagement events held in year (in-person and online)	4
C11	Number of active members who received a one-to-one (in-person and online)	
C12	Number of times a communication (i.e newsletter) issued to:	
	a) Active members	2
	b) Deferred members	2
	c) Pensioners	3

Ref	Resources
D1	Total number of all administration staff (FTE) 24.76 FTE
D2	Average service length of all administration staff 8.52 Years
D3	Staff vacancy rate as % 4.04%
D4	Ratio of all administration staff to total number of scheme members (all staff including management) 2343:1
D5	Ratio of administration staff (excluding management) to total number of scheme members 2584:1

Annual Benefit Statements		
E1	Percentage of annual benefit statements issued as at 31 August Short commentary if less than 100%	100% N/A
Data category		
E3	Common data score	99.32%
E4	Scheme specific data score	97.58%
E5	Percentage of active, deferred and pensioner members recorded as 'goneaway' with no home address held, or address is known to be out of date	
E6	Percentage of active, deferred and pensioner members with an emailaddress held on file	
Employer performance		
E7	Percentage of employers set up to make monthly data submissions	100%
E8	Percentage of employers who submitted monthly data on time during thereporting year	



Stoneleigh Abbey

# Communications

The Warwickshire Pension Fund has a varied audience with whom it communicates, including:

- Scheme members (active, deferred, pensioner and dependant members) and their representatives;
- Prospective members and members who have opted out;
- Employers and prospective employers;
- Pension Fund Committee and Local Pension Board
- Pension Fund Staff; and
- Other interested groups including, HM Revenue & Customs (HMRC), other Government departments.

Some key hi-lights for the year include the retired members annual newsletter that was sent to the home addresses of all our pensioner members during 2023 as well publishing newsletters for our deferred ,active members and employers.

Our new website is now fully launched, but we will continue to review its content and ensure that we can do all we can to ensure it meets national accessibility criteria. If any members or employers experience any difficulties in using the website, please contact the Pension Team.

The Fund held a number of webinars for its employers during the year as well as hosting its Annual Meeting

in Warwick, which was held in person. Officers from the Fund sit on the Regional Communication Working Group and ensure to bring learning and changes from that group back to the team at Warwickshire. The Pensions Administration Team have successfully implemented the Member Self-Service (MSS) platform which enables members to access information online for their pension benefits, this is accessible 24/7, members can update their personal details and carry out retirement estimates. We do understand, however, that access to the online platform is not suitable for all members, there is an option to opt out of digital communications for members so that they can still receive information via post. Many deferred and active members did, however, receive their annual benefit statements via this platform in 2022. A copy of our Communication Policy is available on our [website](#)

The launch of our new phone system also helped the communication channels with members, having one telephone number has allowed for fund information to be issued with a general fund phone number for the first time, improving the service for our members by making contacting us easier

## Employer Training Sessions

Warwickshire Pension Fund have introduced quarterly



Charlecote Park

employer training meetings for all employers. Training subjects can be requested by employers and are also based around regulation updates or software updates. The fund also attends individual employers on request, to either assist with training of staff or roadshows with pension fund members.

The fund arranges specific training for groups of employers, such as academies to discuss topical issues that are relevant to employer type.

The fund issues a monthly newsletter to employers to inform them of regulation updates and topical pension issues.

## Member Self Service Figures

The fund has a website with information for members of the fund, current and prospective employers and relevant stakeholders. The Fund also has a member self service portal which our members can use to calculate estimates, view pension benefit statements and update personal information. Data for the Funds MSS system is below. The Fund also administer a specific inbox for member queries on the MSS system as well as team specific inbox's and a general pension inbox. This allows queries to be dealt with by staff faster.

### Interactions with MSS split by age (for charts):

Age	Number of members interacting with MSS
0-20	26
21-25	215
26-30	443
31-35	769
36-40	1,097
41-45	1,401
46-50	1,667
51-55	2,885
56-60	3,602
61-65	3,000
66-70	1,906
71-75	1,044
76-80	681
81-85	261
86-90	109
Over 90	50

**MSS registrations by status**

Scheme status	Number of members registered
Active (Currently contributing)	6,929
Deferred (no longer contributing but before retirement age)	5,724
Pensioner (in receipt of a pension)	5,315
Widow / Dependant	199
<b>Grand Total</b>	<b>18,167</b>

**Time since members last logged into MSS**

Last Logged in Group	Numbers of members in category
Last 7 Days	307
Last 30 Days	906
Last Two Months	1,006
Last Three Months	1,016
Last Six Months	2,242
Over Six Months	13,006

**Annual General Meeting**

Warwickshire Pension Fund held their Annual General Meeting on Friday 24th November at Warwick Racecourse. The Pension Fund were able to hold an in person event for the first time since 2019 and the COVID pandemic. The importance of holding the event face to

face for the first time in many years was appreciated by both those that presented and attended the event. The Fund also took the opportunity to invite all members of the scheme to attend the in person event for the first time and we welcomed both active and pensioner members to the event.

The event included presentations from the Fund's pooling partner - Border to Coast, The Fund Actuary - Hymans Robertson and internal investment and administration updates. The next Annual General Meeting will again be held in person and will include an invite to all members of the fund.



Aerial view of Guys Cliffe House, Warwick

# Contributions Paid

**Employer Contributions**

More than 1 Million	
Warwickshire County Council	Warwickshire Police and Crime Commission
Warwick District Council	Nuneaton & Bedworth Borough Council
Rugby Borough Council (New)	Stratford District Council
North Warwickshire & Hinckley College	North Warwickshire Borough Council
Warwickshire College	

Less than 1 Million	
Unity MAT (Woodlands)	CEAT (Oak Wood Academy Primary & Secondary)
Stratford-upon-Avon School	Coventry Diocese (St Michaels)
Myton Academy	CEAT (Oak Wood Academy Primary & Secondary)
Elm Tree MAT (North Leamington)	The Avon Valley School
Educaters Ltd	Coventry Diocese (Harris High)
Kenilworth Academy	Better Futures (King Edward VI)
Unity MAT (Brooke)	Unity MAT (Welcombe)
CEAT (Higham Lane Academy)	Stowe Valley MAT (Bilton)
Griffin Trust (Nich Chamb)	Lawrence Sheriff School
Aylesford Academy	Studley High Academy
Campion School (Academy)	Futures Trust (Camphill)
Community A.T. (Polesworth)	Central MAT (Admin Centre)
Stowe Valley MAT (Southam Col)	Griffin Trust (Park Lane)
Balfour Beatty (New)	Rugby High Academy
Ashlawn Academy	Alcester Grammar Academy
Our Lady Magnificat (St Benedicts))	Fosse MAT (Wellesbourne)

Less than 1 Million	
Stowe Valley (Kineton High)	TLET (Houlton)
Castle Phoenix (Kingsbury)	Stour Federation (Shipston)
Holy Spirit A.T. (St Joseph)	Stowe Valley (Rokeby)
Cawston Grange Primary Academy	Community A.T. (Birchwood)
Arden MAT (Henley High Academy)	Arden Forest (Alcest St Nicholas)
Ashlawn Central Team	REAch2 (Riverside)
Inspire Ed Trust Stockingford Pr	Stowe Valley (Bishops Itch)
Ash Green Academy	United Learning (Hartshill)
Community AT (Admin)	Arden Forest (Harbury)
Alcester High Academy	Lillington (Finham Park MAT)
Holy Spirit A.T. (St Thomas )	Holy Spirit A.T. (St Annes)
Rugby Free Secondary School	REAch2 (Racemeadow)
Stowe Valley (Central)	REAch2 (Lower Farm Academy)
Warwickshire County Council	Our Lady Magnificat (St Maries)
Our Lady Magnificat (Trinity)	Coventry Diocese (Queens Middle Sc)
Stratford Girls Grammar School	Our Lady and All Saints (St Edwards)
REAch2 (Oakfield)	Coventry Diocese (All Saints Bedworth)
Matrix Academy Trust	Arden Forest (Tanworth in Arden CoE)
ATT (Queen Elizabeth)	Coventry Diocese (Studley St Marys Junior)
Shipston High School (Academy)	Welford School
Community A.T. (Woodloes)	Arden Forest (Studley)
Rugby Free Primary School	Middlemarch Middle School
Bridgetown school	Stowe Valley (Southam Primary)
BDMAT (Coleshill Primary)	Community A.T. (Stratford Pri)
Community AT (Heathcote)	Coventry Diocese (St James)
Coventry Diocese (St Nicolas)	ATLP (Coleshill School Academy)

Less than 1 Million	
Thrive Ed P (Warwickshire Academy)	Community A.T. (Dordon)
St Gabriels Academy	TLET (Henry Hinde Jr)
Griffin Trust (Race Leys)	Holy Spirit A.T.(St Benedict)
Stratford-upon-Avon Town Council	Our Lady Magnificat (English Martyrs)
Coventry Diocese (St Oswalds)	Our Lady of Magnificat (Studley St Marys Primary)
Arden Forest (Ferncombe)	Our Lady Magnificat (St Augustines)
Holy Spirit A.T. (St Francis)	United Learning (Nuneaton)
BDMAT Polesworth Nethersoles	Coventry Diocese (Dunchurch Infant Foundation School)
United Learning (George EI)	Coventry Diocese (Long Itchington)

Less than 50k	
BDMAT (Woodside)	Coleshill Town Council
Holy Spirit MAT Central Team	Arden Forest MAT (Coughton)
Arden Forest Central Team	Henry Hinde Infants Academy
Community A.T. (Wood End)	Stratford Town Trust
Coventry Diocese (Dunchurch CofE Juniors)	Stowe Valley(Temple Herdewyke)
Arden Forest (Henley Primary)	Coventry Diocese All Saints Leek Wootton
Elm Tree MAT (Telford Junior School)	Coventry Diocese (Southam St James)
BDMAT Warton Nethersoles	Fosse MAT (Newbold Tredington)
Futures Trust (Keresley New)	Community AT (Kingsway)
Stour Federation (Kineton Primary)	Our Lady of Magnificat (Our Lady St Teresa)
Our Lady of Magnificat (St Gregorys)	Community A.T. (Budbrooke)
Stowe Valley(Stockton Primary)	Fosse MAT (Tysoe)
Fosse MAT (Moreton Morrell)	Our Lady Magnificat (Our Lady)

Less than 50k	
Stour Federation (Brailes)	Studley Parish Council
Mappleborough Green Primary	BDMAT (Austrey)
Cater Link (Stowe Valley MAT)	Wolverton School
Coventry Diocese Burton Green	Arden Forest MAT (Temple Grafton)
Our Lady Magnificat (St Marys Henley)	BDMAT (Newton Regis)
Coventry Diocese (Provost Williams Primary)	Arden Forest (Wootton Wawen)
Stour Federation (Acorns)	Coventry Diocese (Salford Priors)
Stowe Valley (Oakley)	Barnardos Child and Family Centres
Dunnington CE Junior & Infant	Coventry Diocese (Leam Hastings)
Royal Leamington Spa Town Co	Inspire Education Trust (Arley Primary)
Southam Town Council	Tudor Grange Academy (Meon Vale)

Less than 10k	
Atherstone Town Council	Alliance in Partnership (King Edward)
Sodexo	Polesworth Parish Council
Curdworth (ATLP)	Caterlink (All saints Bedworth)
Whitnash Town Council	Cleantec Services Ltd
Bidford-on-Avon Parish Council	Harbury Parish Council
Long Itchington Parish Council	Cubbington Parish Council
Wolston Parish Council	Dolce Ltd
Sure Maintenance	Bishops Itchington Parish Council
Vertas (ATT - QE)	Ryton on Dunsmore Parish Council
United Learning (Admin)	Aspens (Trinity)
Wellesbourne & Walton Parish Council	Class Catering (St Mary Immac)
Chartwells (Compass) QE	Tenon FM (Lillington)
Genie (Community Academy Trust)	Miquill (Henley Primary)

Less than 10k	
Atalian Servest Food (IET - Stockingford)	Ettington Parish Council
Allian in Partner (St Edwards)	Lawrence Cleaning Racemeadow
Mancetter Parish Council	Class Catering (Tom Jolyffe)
Accuro	Baileys Catering (Shottery)
Tanworth-in-Arden Parish Council	Reef Cleaning Solutions
ABM (Bishops Tachbrook)	Aspens (Ash Green)
Alliance in Partnership (Myton) 2nd	Kingsbury Parish Council
Stir Foods (Abbots Farm Infants)	Fenny Compton Parish Council
Napton Parish Council	Radway Parish Council
Kineton Parish Council	ABM (North Leamington)
Alliance in Partnership Kingsbury	Heart of England Mencap
Burton Dasset Parish Council	NSL Limited
Clifton upon Dunsmore Parish Council	SLM (Nuneaton Leisure)
Burton Green Parish Council	SLM (Warwick District)
Spotlessly Clean (Warton & Polesworth)	The Brandon Trust (Nth Warks)
Curdworth Parish Council	The Brandon Trust (Rugby)



Farnborough Hall

## Employee Contributions

More than 1 Million	
Warwickshire County Council	Warwickshire Police and Crime Commission

Less than 1 Million	
Warwick District Council	Rugby Borough Council (New)
Nuneaton & Bedworth Borough Council	Stratford District Council

Less than 500k	
North Warwickshire Borough Council	Better Futures (King Edward VI)
North Warwickshire & Hinckley College	Stowe Valley MAT (Southam College)
Warwickshire College	Our Lady Magnificat (St Benedicts)
Unity MAT (Woodlands)	CEAT (Oak Wood Academy Primary & Secondary)
Stratford-upon-Avon School	The Avon Valley School
Myton Academy	CEAT (Oak Wood Academy Primary & Secondary)
Educaterers Ltd	Coventry Diocese (St Michaels)
Elm Tree MAT (North Leamington)	Coventry Diocese (Harris High)
CEAT (Higham Lane Academy)	Central MAT (Admin Centre)
Kenilworth Academy	Stowe Valley MAT (Bilton)
Unity MAT (Brooke)	Unity MAT (Welcombe)
Aylesford Academy	Studley High Academy
Community A.T. (Polesworth)	Community AT (Admin)
Campion School (Academy)	Lawrence Sheriff School
Griffin Trust (Nich Chamb)	Ashlawn Central Team
Ashlawn Academy	

Less than 500k	
Alcester Grammar Academy	Community AT (Heathcote)
Warwickshire County Council	TLET (Houlton)
Rugby High Academy	BDMAT (Coleshill Primary)
Ash Green Academy	Balfour Beatty (New)
Futures Trust (Camphill)	Stour Federation (Shipston)
Griffin Trust (Park Lane)	Coventry Diocese (St Nicolas)
Castle Phoenix (Kingsbury)	United Learning (Hartshill)
Rugby Free Secondary School	Community A.T. (Birchwood)
Fosse MAT (Wellesbourne)	Arden Forest (Alcest St Nicholas)
Stowe Valley (Kineton High)	REAch2 (Riverside)
Cawston Grange Primary Academy	Lillington (Finham Park MAT)
Inspire Ed Trust Stockingford Pr	Stowe Valley (Rokeby)
Holy Spirit A.T. (St Thomas )	Stowe Valley (Bishops Itchington)
Holy Spirit A.T. (St Joseph)	Welford School
Stowe Valley (Central)	Arden Forest (Harbury)
Stratford Girls Grammar School	Holy Spirit A.T. (St Annes)
Arden MAT (Henley High Academy)	Middlemarch Middle School
Alcester High Academy	St Gabriels Academy
Matrix Academy Trust	Our Lady and All Saints (St Edwards)
Our Lady Magnificat (Trinity)	Thrive Ed P (Warwickshire Acad)
ATT (Queen Elizabeth)	Coventry Diocese (Queens Middle Sc)
Bridgetown school	REAch2 (Lower Farm Academy)
Shipston High School (Academy)	REAch2 (Racemeadow)
REAch2 (Oakfield)	Arden Forest (Tanworth in Arden CoE)
Rugby Free Primary School	Coventry Diocese (All Saints Bedworth)
Community A.T. (Woodloes)	Coventry Diocese (Studley St Marys Junior)

Less than 500k	
Stratford-upon-Avon Town Council	Coventry Diocese (Long Itchington)
Arden Forest (Studley)	SLM (Warwick District)
Our Lady Magnificat (St Maries)	Cov Diocese(Dunchurch Infant Foundation School)
Community A.T. (Stratford Primary)	BDMAT (Woodside)
ATLP (Coleshill School Academy)	The Brandon Trust (North Warks)
United Learning (George EI)	Community A.T. (Wood End)
Holy Spirit MAT Central Team	Arden Forest (Henley Primary)
Coventry Diocese (St James)	Coventry Diocese (Dunchurch CofE Juniors)
Stowe Valley (Southam Primary)	Stour Federation (Kineton Primary)
Arden Forest (Ferncombe)	Our Lady Magnificat (English Martyrs)
Griffin Trust (Race Leys)	Our Lady Magnificat(St Augustines)
Coventry Diocese (St Oswalds)	BDMAT Warton Nethersoles
BDMAT Polesworth Nethersoles	SLM (Nuneaton Leisure)
Heart of England Mencap	Futures Trust(Keresley New)
United Learning (Nuneaton)	Elm Tree MAT (Telford Junior School)
Arden Forest Central Team	Stowe Valley(Stockton Primary)
Community A.T. (Dordon)	Coleshill Town Council
Holy Spirit A.T. (St Francis)	Our Lady of Magnificat (Studley St Marys Primary)
TLET (Henry Hinde Jr)	Henry Hinde Infants Academy
Holy Spirit A.T.(St Benedict)	

Less than 10k	
Fosse MAT (Moreton Morrell)	Caterlink (Coventry Diocese)
Our Lady of Magnificat (St Gregorys)	The Griffin Primary School Academy Trust
Arden Forest MAT (Coughton)	ABM (Alcester Grammar School)
NSL Limited	Alcester Town Council
Coventry Diocese All SaintsLeek Wootton	Stratford King Ed VI Academy
Stowe Valley(Temple Herdewyke)	Shipston-on-Stour Town Council
Coventry Diocese (Southam St James)	Atherstone Town Council
Royal Leamington Spa Town Council	Kindred (Kingsbury Castle Phoenix trust)
Community A.T. (Budbrooke)	Whitnash Town Council
Community AT (Kingsway)	Bidford-on-Avon Parish Council
Fosse MAT (Newbold Tredington)	Long Itchington Parish Council
Stratford Town Trust	Sure Maintenance
Mappleborough Green Primary	Sodexo
Stour Federation (Brailes)	Vertas (ATT - QE)
The Brandon Trust (Rugby)	Wellesbourne & Walton Parish Council
Our Lady of Magnificat (Ou Lady St Teresa)	Curdworth (ATLP)
Fosse MAT (Tysoe)	Wolston Parish Council
Studley Parish Council	United Learning (Admin)
CaterLink (Stowe Valley MAT)	ABM (North Leamington)
Dunnington CE Junior & Infant	Chartwells (Compass) QE
Our Lady Magnificat (Our Lady)	Polesworth Parish Council
Coventry Diocese Burton Green	Alliance in Partnership (King Edward)
Stour Federation (Acorns)	Harbury Parish Council
Southam Town Council	Cubbington Parish Council
Coventry Diocese (Provost Williams Primary)	Caterlink (All saints Bedworth)
Wolverton School	Dolce Ltd



Less than 10k	
Cleantec Services Ltd	Aspens (Trinity)
Bishops Itchington Parish Council	Tenon FM (Lillington)
Genie (Community Academy Trust)	Miquill (Henley Primary)
Class Catering (St Mary Immaculate)	Allian in Partner (St Edwards)
Ryton-on-Dunsmore Parish Co	Atalian Servest Food (IET - Stockingford)

Less than 1k	
Accuro	Curdworth Parish Council
Mancetter Parish Council	Spotlessly Clean (Warton & Polesworth)
Tanworth in Arden Parish Council	Lawrence Cleaning Racemeadow
ABM (Bishops Tachbrook)	Class Catering (Tom Jolyffe)
Stir Foods (Abbots Farm Infants)	Ettington Parish Council
Alliance in Partnership (Myton) 2nd	Reef Cleaning Solutions
Napton Parish Council	Aspens (Ash Green)
Kineton Parish Council	Kingsbury Parish Council
Burton Dassett Parish Council	Baileys Catering (Shottery)
Alliance in Partnership Kingsbury	Fenny Compton Parish Council
Clifton-upon-Dunsmore Parish Council	Radway Parish Council
Burton Green Parish Council	



Warwick Castle

# Investment Report

## Market Review

The review period was positive for global equities, investment-grade (IG) credit and commercial property.

Global equities benefited from resilient economic data and encouraging corporate earnings, as well as increasing optimism about falling inflation and the end of monetary tightening by key central banks.

Core bond yields rose against the backdrop of strong economic data – particularly in the US – and as disappointment about the pace of disinflation, alongside ongoing tight labour-market conditions, saw central banks warn that rates would take longer than previously anticipated to return to neutral levels.

Global IG corporate credit delivered solid returns. The impact of rising Treasury yields was more than offset by coupon income and a broad-based tightening in credit spreads.

At the start of the period, stocks rallied as swift action by financial regulators soothed concerns of contagion effects from March 2023's banking failures in the US and Europe. A better-than-expected quarterly earnings season helped boost risk appetite. The mood remained broadly positive during the second quarter (Q2) of 2023, apart from a brief bout of volatility in May as negotiations about the US debt ceiling again

went to the wire. Although the Federal Reserve, European Central Bank and Bank of England paused interest rate hikes during this period, they maintained a hawkish bias amid persistently high core inflation and strong labour markets. Against this backdrop, credit spreads tightened alongside the rally in equities but core government bonds retreated.

Global equities experienced a period of weakness in Q3, as core inflation remained elevated in major economies and labour markets remained tight, which stoked fears that central banks would keep interest rates higher for longer. Disappointing economic data from China and the eurozone added to the risk-off tone, as did rising geopolitical tensions following the terrible events in Israel and Gaza. Most core government bonds weakened in this environment, while most equity markets declined, particularly shares of growth-oriented companies. Meanwhile, credit spreads edged gradually tighter, supported by muted new issuance and better-than-expected corporate results.

The last quarter of 2023 saw a rally in risk assets and safe havens alike. Equities rebounded, core government bond yields fell and credit spreads narrowed as slower-than-expected inflation in the US and Europe and signs of cooling in the US labour market spurred hopes that the major central banks might cut rates sooner than

anticipated. Equities and corporate bonds were further supported by forecast-beating Q3 company earnings and easing fears of widening conflict in the Middle East.

In the first quarter of 2024, core bonds weakened as hotter-than-anticipated US inflation and jobs data – and a corresponding hawkish tilt to Fed commentary – saw traders price in fewer rate cuts over the remainder of the year. By contrast, global equities extended their rally, hitting record highs along the way, while credit spreads tightened significantly. Risk appetite was lifted by continued strength in the US economy and improving economic data from Europe and the UK. Encouraging Q4 corporate results and related excitement around AI provided further impetus. In credit markets, blowout levels of new IG issuance were easily absorbed as investors sought to lock in elevated yields.

The BoE raised rates by 100 basis points over the 12-month period and paused interest-rate hikes late in the period amid signs of easing inflation and growing economic concerns. These concerns were amplified in February 2024 as the UK entered a technical recession following a contraction in Q4 GDP.

As measured by the MSCI UK Monthly IPD Index, the UK commercial property market returned 0.3% for the 12 months to the end of March 2024. All-property capital values declined by

5.3% over the period, but this was outweighed by a positive income return of 5.8%; this demonstrates the resilient income credentials that underpin the UK commercial property market.

UK real estate began the review period on a modestly positive trajectory, as income return remained resilient and valuation pressures eased slightly. Sentiment towards the UK commercial property sector improved as prices stabilised somewhat following a period of volatility. Nevertheless, transactional volumes continued to be significantly below the five-year quarterly average.

The asset class retreated over the second half of 2023, as valuation pressures picked up again and risk appetite waned due to the worsening macroeconomic backdrop. While income return remained stable and positive, it was

outweighed by declines in all-property capital values. Transaction volumes remained well below the five-year quarterly average, with total volumes for 2023 at the lowest level since 2012.

The first three months of 2024 were positive for UK real estate, due to ongoing positive income returns and a slowing decline in capital values.

Sector performance diverged over the review period. The retail warehousing and industrial sectors were relatively strong, as investors recognised the robust occupational resilience of these areas. The office sector continued its negative trajectory, with accelerated capital declines due to negative investor sentiment, structural occupational trends, and heightened obsolescence risk amid the prevalence of homeworking.

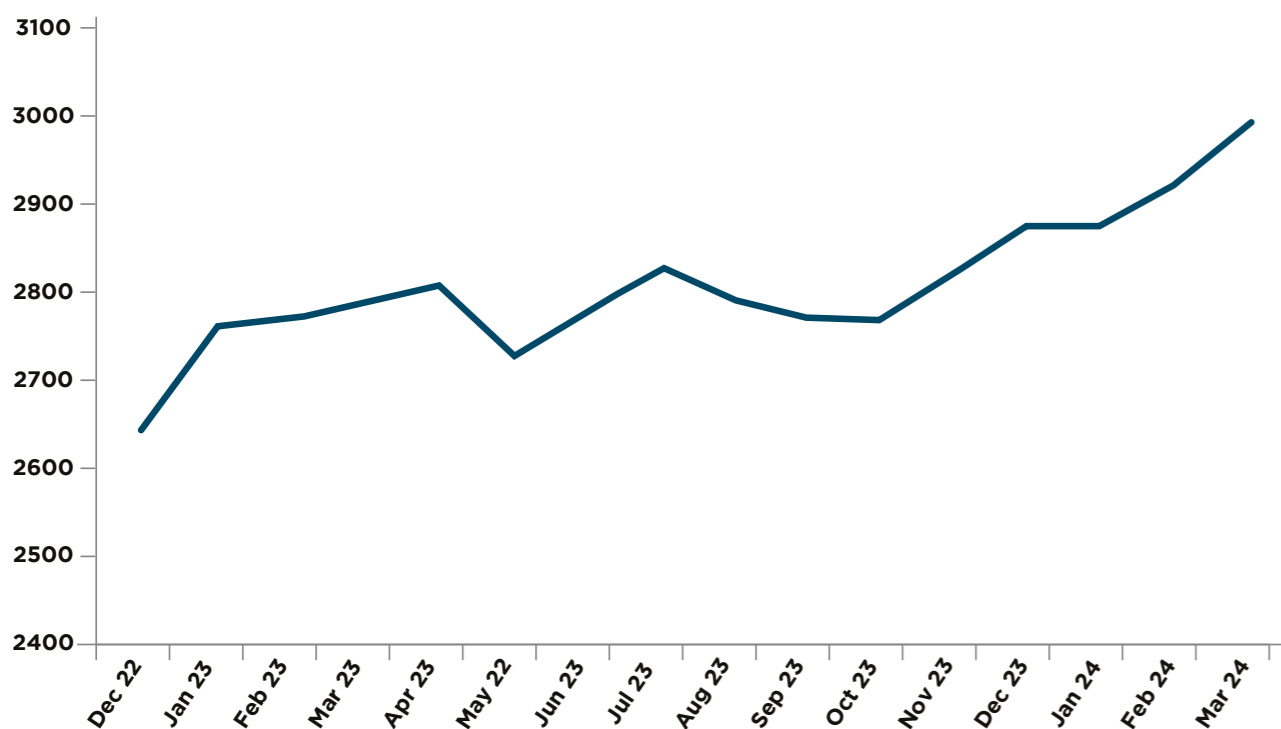
Meanwhile, core occupier markets continued to demonstrate underlying resilience, led by the industrial sector. The “big box” sub-sector saw a significant increase in take up, resulting in increased levels of annualised rental growth. Conviction towards UK logistics remained high when considering the fundamental shortage of supply and robust demand from a diverse occupier pool, insulating it from a reliance on any one sector. The retail sector saw values turn positive in September 2023, after flat growth during Q2 2023. Despite the structural impact of a change in working behaviours post-pandemic, offices rents remained positive, largely driven by low national supply levels and strong Central London performance.



The Lord Leycester Hospital, Warwick

Top 10 Funds as at 31 March 2024	
1 LEGAL AND GENERAL INVESTMENT MANAGEMENT (Index Tracker - Global Equities)	707.0
2 BORDER TO COAST GLOBAL EQUITY ALPHA FUND (Global Equities)	434.4
3 BORDER TO COAST MULTI-ASSET CREDIT (Fixed Income Lending)	265.1
4 LEGAL AND GENERAL INVESTMENT MANAGEMENT (Index Tracker - Fixed Income)	255.5
5 BORDER TO COAST INVESTMENT GRADE CREDIT (Fixed Income Lending)	246.1
6 HARBOURVEST (Private Equity)	167.5
7 BORDER TO COAST INFRASTRUCTURE (Infrastructure)	134.6
8 COLUMBIA THREADNEEDLE INVESTMENTS (Property)	128.6
9 SCHRODER INVESTMENT MANAGEMENT (Property)	121.1
10 BORDER TO COAST UK EQUITY ALPHA FUND (UK Equities)	92.3

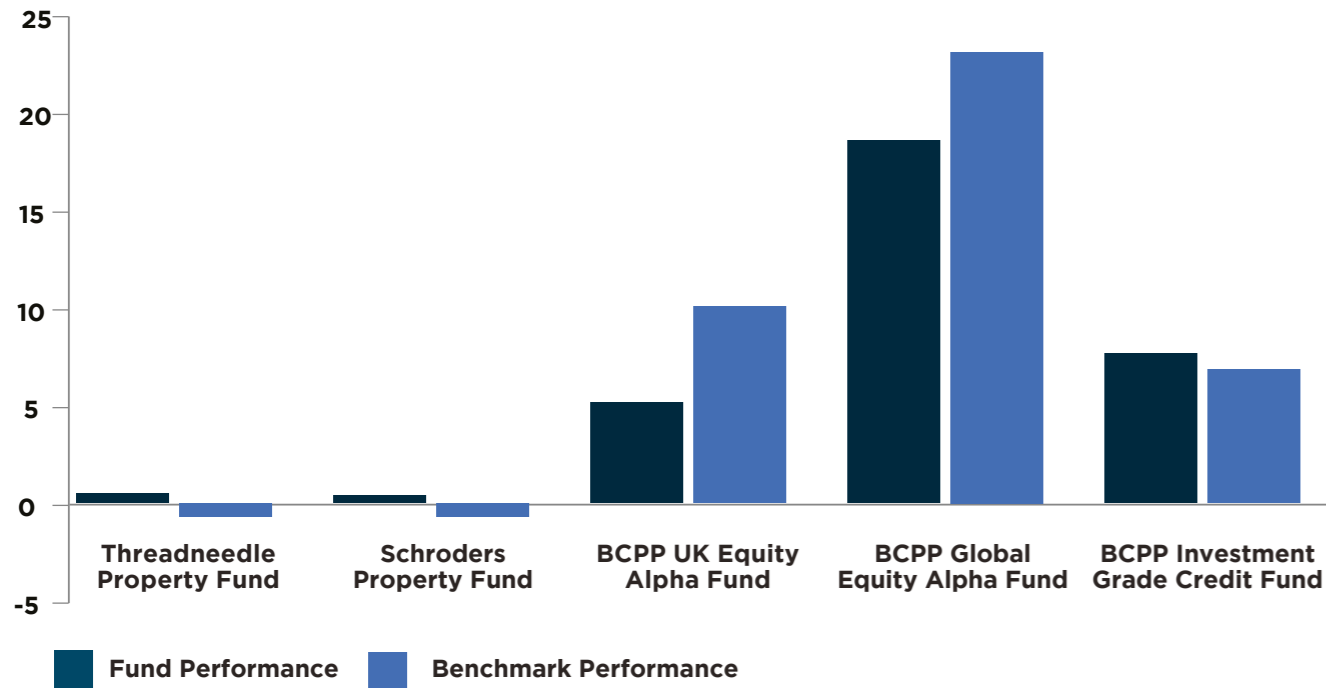
**Top 10 Holdings as at 31 March 2024**



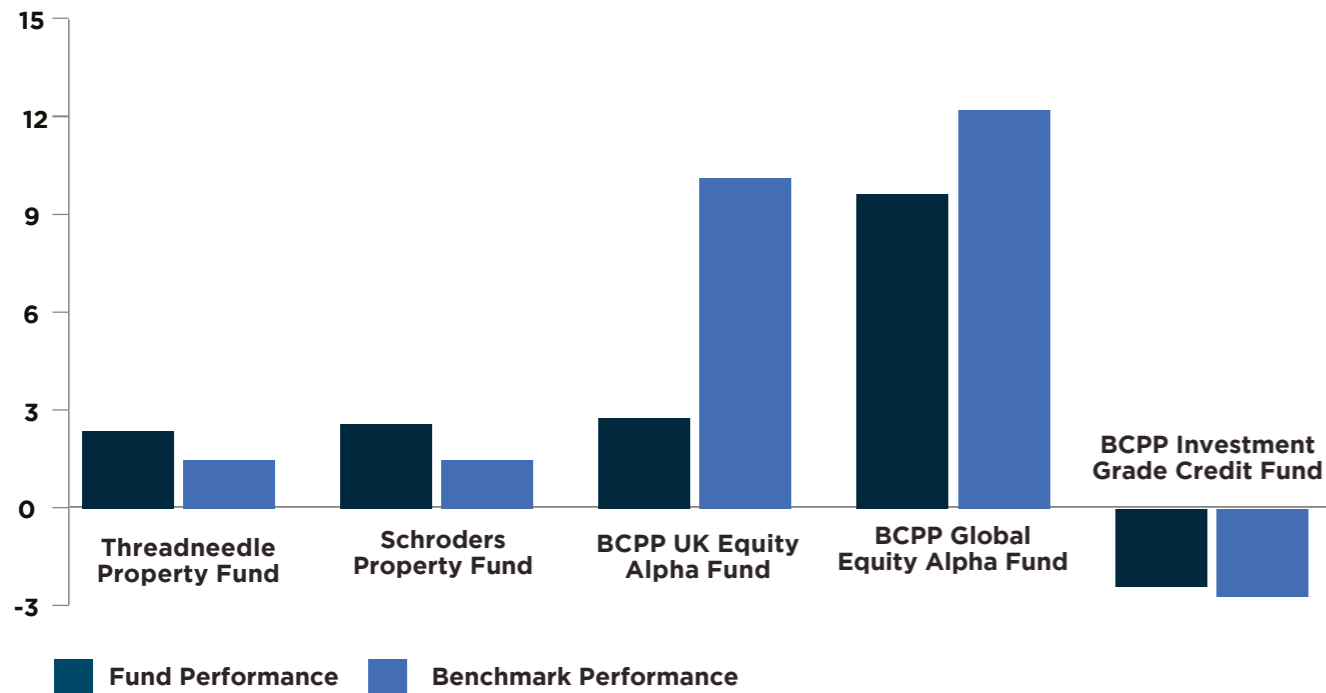
£m Asset values as at 31 Mar 2024	Pooled	Under pool management	Not pooled	Total
Equities	526.7	583.62	123.38	1233.7
Bonds	246.1	255.5	0	501.6
Property	0	0	249.7	249.7
Multi Asset Credit	265.1	0	0	265.1
Private Equity	41.4	0	167.5	208.9
Private Debt	57.7	0	104.6	162.3
Infrastructure	134.8	0	85.7	220.5
Cash	0	0	103.1	103.1
Others	1.2	0	0	1.2
<b>Total</b>	<b>1,273.00</b>	<b>839.12</b>	<b>833.98</b>	<b>2,946.10</b>

£m Asset values as at 31 Mar 2024	Pooled	Under pool management	Not pooled	Total
UK Listed Equities	130.42	0	123.38	253.8
UK Government Bonds	0	167.2	0	167.2
UK Infrastructure	26.23	0	23.65	49.88
UK Private Equity	5.03	0	15.64	20.67
<b>Total</b>	<b>161.68</b>	<b>167.2</b>	<b>162.67</b>	<b>491.55</b>

1 year performance % to end March 2024



3 year performance % to end March 2024



### Warwickshire Pension Fund Investment Strategy Statement

For many years LGPS funds have had to maintain a statement of investment principles. This document lays out the things considered by the fund when making investment decisions. It also includes the types of investments that could be held, how the various risks are taken into account and sets out the objectives. The Local Government Pension Scheme (LGPS) Investment Regulations, which became effective on 1 November 2016, introduced a requirement for administering authorities to formulate, publish and maintain an investment strategy statement.

#### Investment Strategy Statement

### 2022 Warwickshire Pension Fund Valuation and updated Funding Strategy Statement

It is a statutory requirement for a valuation to be carried out every three years. Its purpose is to monitor the assets against the current value of the liability of the pension benefits earned to date, and to review the employer contribution rates. A valuation of the Warwickshire Pension Fund like all LGPS funds took place in 2022. Following the completion of the valuation the Fund's Actuary Hymans

Robertson, reviewed and update the Funding Strategy Statement. The Fund is required by the LGPS regulations to prepare and publish a Funding Strategy Statement. The funding strategy statement is prepared in line with guidance issued by CIPFA's Pensions Panel. A draft is shared with our employing bodies for comment before approval by the Pensions Investment Sub-Committee.

#### Funding Strategy Statement

### Corporate governance & socially responsible engagement

Whilst the Pension Fund Investment sub-committee has an overriding duty to consider its financial responsibilities above any other considerations, it remains committed to these important issues. Through actively voting at shareholder meetings and sustained shareholder engagement, it is felt the Fund is best able to change company behaviour.

The Warwickshire Pension Fund does not restrict its investment managers in the companies in which they can invest. To do so would be contrary to the overriding financial responsibility of the Pensions Investment Sub-Committee. The Sub-Committee believe it is more effective to influence company behaviour from the inside as a shareholder.

### Local Authority Pension Fund Forum

Warwickshire remains a committed member of the Local Authority Pension Fund Forum (LAPFF).

The LAPFF brings together more than 87 public sector pension funds (as at 31 March 2024) and is the UK's leading collaborative shareholder engagement group with combined assets of over £350 billion. LAPFF exists to promote the highest standards of corporate governance to protect the long-term value of local authority pension funds. It maximises their influence as shareholders in promoting corporate social responsibility and high standards in corporate governance among the companies in which they invest.

### Climate Risk and Responsible Investment Training

Throughout the year, the Pension Investment Sub-Committee and officers have received training on a variety of responsible investment and climate issues.

Our current policies covering both these areas can be found on our website:

- [Responsible Investment Policy](#)
- [Climate Risk Policy](#)

## Border to Coast and Socially Responsible Investment

The following are examples of ways in which Border to Coast have used the shares they control on behalf of Warwickshire Pension Fund to make a difference on Corporate Governance and Socially Responsible engagement:

### Engagement with SITC International (Emerging Markets Equity Fund, Emerging Markets Equity Alpha Fund, Global Equity Alpha Fund)

SITC International, a global logistics and shipping company, headquartered in Hong Kong, plays a crucial role in facilitating international trade. SITC's business faces substantial climate risks, including both transition risks and physical risks. SITC lacks sufficient climate disclosure, without which assessment of its climate risk becomes challenging. After persistent engagement and meetings, SITC has taken positive steps, including committing to publish its first TCFD report. This report will provide insights into its climate strategy, risk management, and emissions reduction efforts. Engagement continues with regular dialogue and close monitoring of SITC's progress toward its climate neutrality target.

### Engagement on just transition with banks (UK Listed Equity Fund, UK Listed Equity Alpha Fund)

In June 2023, we announced a new programme of engagement focused on supporting a just transition to net zero.

This involves the integration of the social dimension into climate strategies, including mitigating social risks, seeking social opportunities, and focusing on placed-based impacts. It enables investors to address systemic threats to long-term stability and value creation and is a key consideration for Border to Coast in our RI and voting policies.

We are collaborating with Royal London Asset Management (RLAM), with the support of the London School of Economics Grantham Research Institute, to engage four UK banks. Banks have a key role to play in the low-carbon transition, both via capital allocation and support for customers to transition and have social risks that require management.

During 2023, we met with Lloyds, NatWest, and Barclays, and communicated with HSBC. We introduced the engagement programme and encouraged the integration of just transition into net zero strategies, demonstrating consideration from product, region, and sector perspectives. The response has been positive, with two

banks to date advising that they will progress a just transition policy or integration into existing net zero policy. We are in the process of developing a set of investor expectations of banks to guide just transition integration, which will be utilised in ongoing engagement.

### Engagement with water utility companies (Sterling Index-Linked Bond Fund, Sterling Investment Grade Credit Fund)

The water utility sector faces significant financial and reputational risk, with regular negative media coverage of sewage pollution into rivers and seas, and water and sewerage companies receiving a record amount in fines for pollution incidents in recent years.

In 2023, Border to Coast joined a collaborative engagement initiative with the UK water utility sector co-ordinated by RLAM. The aim is to improve practice, define best practice, and encourage a faster pace of change in companies persistently lagging. Specific areas of focus include sewage pollution, water leakage, climate change mitigation, and adaption including nature-based solutions, biodiversity, antimicrobial resistance, and industry collaboration.

All 11 water utility companies are subject to engagement and held by Border to Coast in our fixed income funds. Border to Coast is

leading the engagement with Yorkshire Water and Northumbrian Water on behalf of the collaboration. We have met with Yorkshire Water several times, including with the Chief Financial Officer and various directors, to discuss our assessment of the company against a set of sector expectations.

Discussion focused on areas we had identified as priorities: pollution and maintenance

of good asset health, sustainable water abstraction, and biodiversity targets and net gain. The company's response has been positive, and we welcomed Yorkshire Water's recent announcement that it is bringing forward sewage infrastructure investment in Scarborough and the surrounding area, which our engagement had highlighted as in need of attention. Northumbrian Water has responded to engagement with further disclosure on areas our assessment had identified for priority action.

All 11 water utility companies are currently being reassessed following our 2023 engagement. We will continue to engage Yorkshire Water and Northumbrian Water on behalf of the collaboration.

### Engagement on workforce disclosure

The Workforce Disclosure Initiative (WDI) investor coalition comprises 60 institutions, with \$9.5tn in assets under management. Through an annual survey and engagement programme,

new data is generated on workforce practices, which we can then integrate into our investment analysis. The survey covers topics including wage levels, staff turnover, and workers' rights.

As a supporter of the WDI, we engage with companies to encourage completion of the annual survey. In August 2023, we engaged 21 companies.

In March 2024, the WDI published its findings report based on the 2023 survey results. Investors engaged 299 companies with responses received from 166 companies, similar to the previous year. There were 20 countries and for the seventh year in a row, 11 Global Industry Classification Standard sectors reported. The responding companies have a combined market capitalisation of \$9.5 trillion and more than 10 million employees in companies' direct operations and many more across the respective supply chains.

Based on company responses to the WDI survey, high level findings of the annual report include:

- Many companies don't have the data they need to accurately understand their value chains.
- Fundamental workplace rights are still lacking in key areas.
- For many key areas, diversity data collection is stagnating or regressing. This is especially the case for data on race and ethnicity.

- Use of contingent workers is increasing, but companies don't have the data they need to protect these more vulnerable workers.

The research also revealed that companies that complete the WDI survey are making three times more data available than those that do not complete the survey.

### Social inclusion and labour management

Social inclusion refers to the process of creating an environment in which all individuals and groups feel valued and respected. Effective workforce management, both within a company and across its supply chain, can support good workforce relations and efficiency, legal compliance, and the delivery of products and services on time and to the required standards without disruption.

This theme aims to engage companies with high exposure to labour-intensive operations and poorer-performing companies in relation to workforce development and supply chain labour risk management, and to promote sustained, inclusive growth with productive and decent work for all. This includes engaging with companies on modern slavery policies, the development of monitoring systems, the use of influence to encourage suppliers to adopt higher labour management standards and improving disclosure of labour management practices.

# Cost Transparency


23/24 Investment	Pooled Assets						Non-pooled Assets						TOTAL Assets
	BCPP			LGIM			External, incl Real Estate			Private Markets			
Management Expenses	Direct £000s	Indirect £000s	Total £000s	Direct £000s	Indirect £000s	Total £000s	Direct £000s	Indirect £000s	Total £000s	Direct £000s	Indirect £000s	Total £000s	Total £000s
<b>Total Fund Management &amp; Administration Expenses</b>	<b>7,502</b>	-	<b>7,502</b>	<b>397</b>	-	<b>397</b>	<b>3,236</b>	-	<b>3,236</b>	<b>4,510</b>	-	<b>4,510</b>	<b>15,646</b>
Fund and Investment management	7,424	-	7,424	397	-	397	1,554	-	1,554	4,013	-	4,013	13,388
Administration	72	-	72	-	-	-	1,683	-	1,683	47	-	47	1,802
Governance, regulation and compliance	6	-	6	-	-	-	-	-	-	446	-	446	452
Distribution, comms and client service	-	-	-	-	-	-	-	-	-	4	-	4	4
<b>Total Transaction Costs</b>	-	<b>902</b>	<b>902</b>	-	<b>602</b>	<b>602</b>	-	<b>39</b>	<b>39</b>	-	-	-	<b>1,543</b>
Indirect transaction costs	-	770	770	-	294	294	-	-	-	-	-	-	1,064
Commissions	-	158	158	-	-	-	-	74	74	-	-	-	232
Taxes and stamp duty	-	236	236	-	-	-	-	-	-	-	-	-	236
Implicit Costs	-	-	-	-	88	88	-	-	-	-	-	-	88
Other transaction costs	-	47	47	-	308	308	-	98	98	-	-	-	453
Less: Dilution Levy Offset	-	308	308	-	88	88	-	133	133	-	-	-	530
<b>Total Investment Management Expenses</b>	<b>7,502</b>	<b>902</b>	<b>8,404</b>	<b>397</b>	<b>602</b>	<b>999</b>	<b>3,236</b>	<b>39</b>	<b>3,275</b>	<b>4,510</b>	-	<b>4,510</b>	<b>17,189</b>

# Border to Coast Pooling Report


Border to Coast Pensions Partnership (BCPP) is one of the largest pension pools in the UK. Established as a Financial Conduct Authority (FCA) regulated asset manager in 2018, they were founded to pool the investments of like-minded Local Government Pension Scheme (LGPS) funds – the ‘Partner Funds’, the Funds are both shareholders and customers of the company.

How border to coast invest.

How Border to Coast invest Their investment philosophy is shaped by the needs of the Partner Funds. Their investment horizon is measured in years and decades than months and quarters as the invested assets are intended to fund pension payments for scheme members long into the future. As such, a deep understanding of the investments they make and the third parties they work with is crucial in developing and managing portfolios. In particular, they believe that Environmental, Social and Governance (ESG) issues can have a material impact on the




**82%**  
OF ASSETS  
POOLED




Awarded  
Sunday  
Times  
**Best place  
to work**


LAPF  
**POOL INNOVATION  
OF THE YEAR Award**




**2** NEW  
graduate  
trainees


**£3.6bn**  
in-year commitments  
to private markets

**170**   
meetings with  
**Partner Funds**


**4** NEW  
Propositions 


 **FRC UK  
Stewardship  
Code  
signatory**

★ **ALTERNATIVE INVESTMENT MANAGER OF THE YEAR**  
Professional Pensions UK Pensions Awards

**ACTIVE MANAGER  
OF THE YEAR**   
Pensions age awards

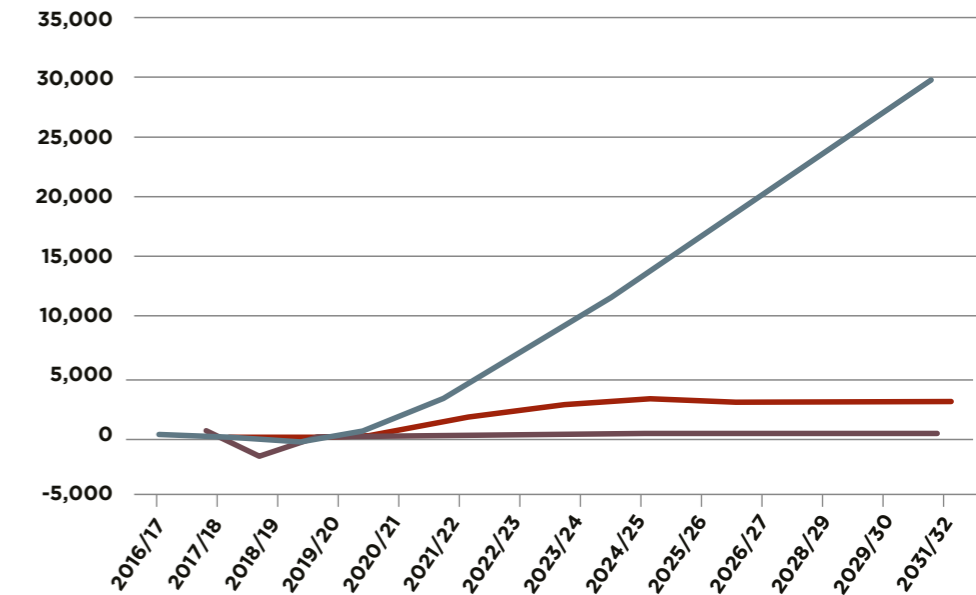
**£105.6m  
TOTAL COST  
SAVINGS**

 **BEST CLIMATE  
CHANGE POLICY  
STATEMENT**  
*Pensions for  
Purpose*

 \*cumulative  
savings to  
31st March  
2024

value of financial assets and on the long-term performance of investment portfolios. They have designed and developed a range of investment propositions to serve the needs of their Partner Funds and enable the implementation of longterm investment strategies.

**Warwickshire Pooling Savings (£000)**



# Pension Fund Accounts 2023/24

## Statement of responsibilities for the statement of accounts

This section explains our responsibilities for our 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 Pension Fund, Warwickshire County Council's Executive Director for Resources (Section 151 Officer) is responsible for this;
- manage our affairs to use our resources efficiently and effectively and to protect our 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's/ 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 as at 31 March 2024 and the income and expenditure for the year ended 31 March 2024. The unaudited draft accounts were authorised for issue on 31 May 2024. These accounts will then be audited and presented at a meeting of the Council, expected to be in December 2024.



**Rob Powell**  
Executive Director for Resources

Date: 31 May 2024

## Warwickshire Pension Fund Account

2022/2023			2023/2024
£m		Notes	£m
	<b>Dealings with members, employers and others directly involved in the fund</b>		
(93.1)	Contributions	7	(103.3)
(12.4)	Transfers in from other pension funds	8	(12.2)
<b>(105.5)</b>			<b>(115.5)</b>
91.4	Benefits payable	9	101.6
9.5	Payments to and on account of leavers	10	12.3
<b>100.9</b>			<b>113.9</b>
<b>(4.7)</b>	<b>Net (additions)/withdrawals from dealing with members</b>		<b>(1.7)</b>
21.1	Management expenses	11	21.3
<b>16.4</b>	<b>Net (additions)/withdrawals including fund management expenses</b>		<b>19.6</b>
	<b>Returns on investments</b>		
(22.4)	Investment income	13	(25.6)
(80.7)	Profit and losses on disposal of investments	23	(246.3)
117.8	Changes in the market value of investments	23	34.6
14.6	Net return on investments		(237.3)
<b>31.0</b>	<b>Net decrease/(increase) in the net assets available for benefits during the year</b>		<b>(218.0)</b>
<b>(2,781.5)</b>	<b>Opening net assets of the scheme</b>		<b>(2,750.5)</b>
<b>(2,750.5)</b>	<b>Closing net assets of the scheme</b>		<b>(2,968.5)</b>

## Net Assets Statement

31 March 2023			31 March 2024
£ m	Notes		£m
1.2	Long-term Assets	15	1.2
2,662.6	Investment assets	15 / 16 / 17	2,839.3
65.2	Cash deposits	15 / 16 / 17	105.8
2,729.0	Total net investments		2,946.2
26.5	Current assets	29	27.9
(5.1)	Current liabilities	30	(5.7)
<b>2,750.5</b>	<b>Net assets of the fund available to fund benefits at the period end</b>		<b>2,968.5</b>

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 Accounts

## 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; and
  - 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.

A 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 are 236 employer organisations with active members within Warwickshire Pension Fund including the County Council itself, as detailed opposite.

Warwickshire Pension Fund	31 March 2023	31 March 2024
Number of employers with active members	223	236

Number of employees in scheme		
County Council	8,494	8,490
Other employers	10,156	10,227
<b>Total</b>	<b>18,650</b>	<b>18,717</b>

Number of pensioners		
County Council	9,255	9,568
Other employers	7,666	8,115
<b>Total</b>	<b>16,921</b>	<b>17,683</b>

Deferred pensioners		
County Council	11,956	11,945
Other employers	9,418	9,689
<b>Total</b>	<b>21,374</b>	<b>21,634</b>
<b>Total</b>	<b>56,945</b>	<b>58,034</b>

### 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 2024. Contributions are also

made by employers which are set based on triennial actuarial funding valuations. The valuation relevant to the 2023/24 financial year was as at 31 March 2022 and a revised schedule of employer contribution rates became effective for the three years from 1 April 2023. Employer contribution

rates ranged 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 scheme 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 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 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 2023/24 are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

These items are not expected to impact LGPS Fund Accounts and will not have a significant impact on amounts reported in the 2023/24 financial statements.

## 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 amount due in year but unpaid will be classed as a current financial asset.

### b) Transfers to and from 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 accrual 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 accrual 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 accrual 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 at 31 March 2024 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 IFRS13 (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 asset 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 a triennial basis by the Scheme Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. The last triennial valuation was carried out as at 31 March 2022.

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 2023/24.

#### **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 rights, dividend and capital distribution rights, whilst 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.

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

### 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. However, 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 2024 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
<b>Actuarial present value of promised retirement benefits</b>	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.	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 £50m, a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £6m, and a one-year increase in assumed life expectancy would increase the liability by approximately £104m.
<b>Private equity, Infrastructure, Private Debt and Property</b>	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (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.  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.	The total value of Level 3 investments stands at £708.0m. 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 +/- £14.2m.

### 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 adverse. This would occur where there was provision of evidence that these conditions were in place by the end of the reporting period and that these events were significant to the fair value of the Fund's net assets. Those events taking place after the balance sheet date to the external audit opinion issuance date will be reflected in the statement of accounts. There are no significant events to report.

### Note 7: Contributions receivable

By category

2022/2023		2023/2024
£m		£m
21.9	Employees' contributions	24.0
	<b>Employers' contributions:</b>	
65.5	Normal contributions	78.8
5.7	Deficit recovery contributions	4.6
0.0	Refund of surplus on exit	(4.1)
<b>71.2</b>	<b>Total employers' contributions</b>	<b>79.3</b>
<b>93.1</b>	<b>Total</b>	<b>103.3</b>

By type of employer

2022/2023		2023/2024
£m		£m
47.9	Administering authority	51.0
43.7	Scheduled bodies	55.8
1.6	Admitted bodies	(3.5)
<b>93.1</b>	<b>Total</b>	<b>103.3</b>

### Note 8: Transfers in from other pension funds

2022/2023		2023/2024
£m		£m
12.4	Individual transfers	12.2
<b>12.4</b>		<b>12.2</b>

### Note 9: Benefits payable

By category

2022/2023		2023/2024
£m		£m
74.3	Pensions	82.9
14.6	Commutation and lump sum retirement benefits	16.8
2.5	Lump sum death benefits	1.9
<b>91.4</b>		<b>101.6</b>

By type of employer

2022/2023		2023/2024
£m		£m
49.0	Administering authority	52.5
38.1	Scheduled bodies	43.2
4.3	Admitted bodies	5.9
<b>91.4</b>		<b>101.6</b>

### Note 10: Payments to and on account of leavers

2022/2023		2023/2024
£m		£m
0.3	Refunds	0.5
9.2	Individual transfers	11.8
<b>9.5</b>		<b>12.3</b>

Note 11:  
Management expenses

2022/2023		2023/2024
£m		£m
2.4	Administration costs	2.5
16.8	Investment management expenses	17.0
1.8	Oversight and governance costs	1.8
<b>21.0</b>	<b>Total</b>	<b>21.3</b>

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

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 sale of investments (Note 16 and Note 25).

Note 12:  
Investment management expenses

2022/2023 Total		Management Fees	Performance Fees	2023/2024 Total
£m		£m	£m	£m
3.1	Pooled Investments	2.8	0.0	2.8
1.7	Pooled Property	0.8	0.0	0.8
4.8	Private Equity	4.9	0.2	5.1
4.9	Infrastructure	3.4	0.0	3.4
2.2	Private Debt	3.9	0.4	4.3
0.0	Other Fund Expenses	0.5	0.0	0.5
0.1	Custody Fees	0.1	0.0	0.1
<b>16.8</b>	<b>Total</b>	<b>16.4</b>	<b>0.6</b>	<b>17.0</b>

Note 13:  
Investment income

2022/2023		2023/2024
£m		£m
0.1	Equity dividends	0.0
0.0	Managed Funds - UK	1.1
5.1	Pooled Property	4.7
4.6	Infrastructure	3.0
1.9	Pooled Equity	2.0
1.5	Private Debt	2.6
6.4	Pooled Fixed Income	9.4
2.4	Private Equity	2.8
21.9	Managed funds	25.5
0.7	Interest on cash deposits	0.1
<b>22.6</b>		<b>25.6</b>

Note 14:  
Other fund account disclosures: external audit costs

The contract for external audit services was re-tendered in 2023 and Grant Thornton were re-appointed as the Fund's auditors. Audit fees for 2023/24 are £89,936 with this core fee now incorporating IAS19 assurance. The contracted fees for 2022/23 were £21,522 but the total actually charged on completion of that audit was £63,110 which included £14,800 in respect of IAS19 assurance work.

Note 15:  
Investments

2022/2023		2023/2024
£m		£m
	Long-term investments	
1.2	Equities	1.2
<b>1.2</b>	<b>Total Long-term investments</b>	<b>1.2</b>
	Investment Assets	
2,657.2	Pooled Funds***	2,838.0
931.4	Pooled Global Equity	1,143.4
416.2	Pooled UK Equity	92.4
189.8	Infrastructure	221.5
104.2	Private Debt	165.5
203.7	Private Equity	204.7
239.6	Pooled Property	243.8
572.3	Pooled Fixed Income	766.8
65.2	Cash	105.8
5.3	Investment Current Assets	1.3
<b>2,727.8</b>	<b>Total Investment Assets</b>	<b>2,945.1</b>
	Investment Liabilities	
0.0	Investment current liabilities	0.0
<b>0.0</b>	<b>Total Investment Liabilities</b>	<b>0.0</b>
<b>2,729.0</b>	<b>Total net investments</b>	<b>2,946.2</b>

\*\*\* 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 2023	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2024
	£m	£m	£m	£m	£m
<b>Investment Assets</b>					
Equities	1.2	0.0	0.0	0.0	1.2
Pooled Investments	2,657.3	1,044.8	-1,068.5	204.5	2,838.0
• Private Equity	203.7	26.0	-23.3	-1.7	204.7
• Pooled Property	239.6	9.2	-2.4	-2.6	243.8
• Pooled funds, Unit Trusts & Other Managed Funds	1,919.7	884.8	-1,002.0	200.0	2,002.5
• Infrastructure	189.8	40.0	-12.4	4.1	221.5
• Private Debt	104.4	84.7	-28.3	4.7	165.5
<b>Other Investment Balances</b>					
Cash	65.2	323.4	-272.3	-10.6	105.8
Net investment current assets	5.3	0.2	-3.7	-0.4	1.3
<b>Total Net Investments</b>	<b>2,729.0</b>	<b>1,368.3</b>	<b>-1,344.4</b>	<b>193.5</b>	<b>2,946.2</b>

	Market value 31 March 2022	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2023
	£m	£m	£m	£m	£m
<b>Investment Assets</b>					
Equities	1.2	0.0	0.0	0.0	1.2
Pooled Investments	2,716.8	255.3	-271.0	-43.8	2,657.3
• Private Equity	197.3	40.9	-42.6	8.1	203.7
• Pooled Property	273.4	7.7	-5.9	-35.5	239.6
• Pooled funds, Unit Trusts & Other Managed Funds	2,022.6	40.1	-103.3	-39.7	1,919.7
• Infrastructure	140.4	113.4	-87.0	23.0	189.8
• Private Debt	83.0	53.2	-32.1	0.4	104.4
<b>Other Investment Balances</b>					
Cash	35.1	136.2	-106.1	0.0	65.2
Net investment current assets	5.4	0.0	0.0	-0.1	5.3
<b>Total Net Investments</b>	<b>2,758.4</b>	<b>391.5</b>	<b>-377.1</b>	<b>-43.8</b>	<b>2,729.0</b>

## 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 2023			Market value 31 March 2024	
£m	%		£m	%
<b>Investments managed by BCPP asset pool</b>				
25.1	0.9	Private Equity	41.4	1.4
102.4	3.8	Infrastructure	134.6	4.6
40.3	1.5	Private Debt	57.7	2.0
392.1	14.4	Global Equity Alpha Fund	434.4	14.7
295.4	10.8	UK Equity Alpha Fund	92.3	3.1
186.0	6.8	Investment Grade Credit	246.1	8.4
240.9	8.8	Multi-Asset Credit	265.1	9.0
665.2	24.4	Legal and General Investment Management (Index Tracker - Global Equities)*	707.0	24.0
145.4	5.3	Legal and General Investment Management (Index Tracker - Fixed Income)*	255.5	8.7
<b>2,092.9</b>	<b>76.7</b>	<b>Total BCPP</b>	<b>2,234.3</b>	<b>75.8</b>
<b>Investments managed outside of BCPP asset pool</b>				
0.2	0.0	MFS Investment Management (Global Equities)	0.1	0.0
		Columbia Threadneedle Investments (Property)	128.6	4.4
127.0	4.7	Schroder Investment Management (Property)	121.1	4.1
120.0	4.4	HarbourVest (Private Equity)	167.5	5.7
178.5	6.5	Standard Life Capital (Infrastructure)	28.1	1.0
27.4	1.0	Partners Group (Infrastructure)	57.6	2.0
59.9	2.2	Alcentra (Private Debt)	36.7	1.2
42.1	1.5	Partners (Private Debt)	11.5	0.4
21.8	0.8	Barings (Private Debt)	44.8	1.5
0.0	0.0	ICG (Private Debt)	11.6	0.4
0.0	0.0	BlackRock (Cash)	103.1	3.5
57.9	2.1	BCPP Shareholding	1.2	0.0
1.2	0.0			
<b>636.1</b>	<b>23.3</b>	<b>Total Outside BCPP</b>	<b>712.0</b>	<b>24.2</b>
<b>2,729.0</b>	<b>100.0</b>		<b>2,946.2</b>	<b>100.0</b>

\* LGIM assets have been reclassified 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 2024	% of total fund 31 March 2024
	£m	%
LGIM Equity funds	707.0	24.0
Border to Coast Global Alpha Equity Fund	434.4	14.7
Border to Coast Multi-Asset Credit	265.1	9.0
LGIM Bond funds	255.5	8.7
Border to Coast Investment Grade Credit	246.1	8.4
HarbourVest (Private Equity)	167.5	5.7

Security	Market value 31 March 2023	% of total fund 31 March 2023
	£m	%
Border to Coast Global Alpha Equity Fund	386.9	14.2
Border to Coast Alpha Equity Fund	295.4	10.8
L&G Fundamental Indexation	245.3	9.0
Border to Coast Multi-Asset Credit	240.9	8.8
Border to Coast Investment Grade Credit	186.0	6.8
HarbourVest (Private Equity)	178.5	6.5
LGIM Europe (ex-UK) Equity Index	163.2	6.0
LGIM Bond funds	145.3	5.3

## 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 2023 (£m)				31 March 2024 (£m)		
			Investment Assets			
1.2			Equities	1.2		
2,657.2			<i>Pooled Investments</i>	2,838.0		
931.4			Global Equity	1,143.4		
416.2			UK Equity	92.4		
189.8			Infrastructure	221.5		
104.2			Private Debt	165.5		
203.7			Private Equity	204.7		
239.6			Pooled Property	243.8		
572.3			Fixed Income	766.8		
	65.2		Cash deposits		105.8	
	5.3		Investment Current Assets		1.3	
	7.9		Debtors		3.9	
	18.5		Cash balances		24.0	
<b>2,658.4</b>	<b>97.0</b>	<b>0.0</b>		<b>2,839.2</b>	<b>24.0</b>	<b>0.0</b>
			Liabilities			
		-5.1	Creditors			-5.7
<b>0.0</b>	<b>0.0</b>	<b>-5.1</b>		<b>0.0</b>	<b>0.0</b>	<b>-5.7</b>
<b>2,658.4</b>	<b>97.0</b>	<b>-5.1</b>	<b>Net Assets</b>	<b>2,839.2</b>	<b>135.0</b>	<b>-5.7</b>

## Note 23: Net gains and losses on financial instruments

2022/2023		2023/2024
£m		£m
0.0	<b>Financial Assets</b> Fair value through profit and loss	214.3
-37.0	<b>Financial liabilities</b> Fair value through profit and loss	0.0
<b>-37.0</b>	<b>Total</b>	<b>214.3</b>

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 equities holding in Border to Coast Pensions Partnership is valued 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 2024 because for the main trading vehicle, Border to Coast Pensions Partnership, which only became licenced to trade in July 2018, no comparable market exists, its shares are not openly traded, and it is not for profit. Therefore, the reliability of any observable or unobservable inputs used to calculate fair value cannot be assessed with certainty.

All other investments are held at fair value in accordance with the requirements of the Code and IFRS13. 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 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 to 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.

The Fund has reviewed the classification of Property and has taken the decision to reclassify property as Level 3. This is more consistent with the classification used by other Funds and will make the accounts more comparable.

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	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. 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).	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 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equities*			1.2	1.2
Pooled Investments	0.0	2,002.5		2,002.5
Infrastructure			221.5	221.5
Private Debt			165.5	165.5
Private Equity			204.7	204.7
Pooled Property		128.6	115.2	243.8
<b>Financial assets at fair value through profit and loss</b>	<b>0.0</b>	<b>2,131.2</b>	<b>708.0</b>	<b>2,839.2</b>
Financial liabilities	0.0	0.0	0.0	0.0
<b>Net financial assets</b>	<b>0.0</b>	<b>2,131.2</b>	<b>708.0</b>	<b>2,839.2</b>

\*Equities which represent Border to Coast Pensions Partnership shareholding

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Valuation at 31 March 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equities*	0.0	0.0	1.2	1.2
Pooled Investments	0.0	1,919.7	0.0	1,919.7
Infrastructure	0.0	0.0	189.8	189.8
Private Debt	0.0	0.0	104.2	104.2
Private Equity	0.0	0.0	203.7	203.7
Pooled Property	0.0	127.0	112.6	239.6
Financial assets at fair value through profit and loss	0.0	2,046.7	611.4	2,658.2
Financial liabilities at fair value through profit and loss	0.0	0.0	0.0	0.0
<b>Net financial assets</b>	<b>0.0</b>	<b>2,046.7</b>	<b>611.4</b>	<b>2,658.2</b>

\*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	
<b>Valuation at 31 March 2024</b>	<b>Level 1 £m</b>	<b>Level 2 £m</b>	<b>Level 3 £m</b>	<b>Total £m</b>
Investment in:				
Border to Coast Pensions Partnership	0.0	0.0	1.2	1.2
<b>Investments held at cost</b>	<b>0.0</b>	<b>0.0</b>	<b>1.2</b>	<b>1.2</b>

#### Note 25: Reconciliation of fair value measurements within Level 3

	Market value 31 March 2023	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 2024
	£m	£m	£m	£m	£m	£m
Private Debt	104.5	84.7	-28.3	4.1	0.6	165.5
Private Equity	203.7	26.0	-23.3	-14.8	13.1	204.7
Infrastructure	189.8	40.0	-12.4	1.3	2.8	221.5
Pooled Property*	112.6	9.2	-2.4	-4.2	0.0	115.2
<b>Total</b>	<b>610.5</b>	<b>160.0</b>	<b>-66.4</b>	<b>-13.7</b>	<b>16.5</b>	<b>706.8</b>

\*Reclassified Pooled Property to Fair Value Level 3

#### 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 2023/24 reporting period. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	2023/24 Potential market movement %
UK Pooled Funds	16
Overseas Pooled Funds	17
Bonds	6
Cash	0
Property	16
Alternatives	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 2024	Potential market movement	Value on increase	Value on decrease
	£m	£m	£m	£m
UK Pooled Funds	93.5	15.0	108.5	78.6
Overseas Pooled Funds	1,143.4	194.4	1,337.8	949.0
Total Bonds	766.8	46.0	812.8	720.7
Cash	106	0.0	106.0	106.0
Infrastructure, Private Debt and Private Equity	591.7	47.3	639.0	544.3
Property	243.8	39.0	282.8	204.8
<b>Total</b>	<b>2,945.0</b>	<b>341.7</b>	<b>3,286.9</b>	<b>2,603.5</b>

The prior year comparator is shown in the following table:

Asset Type	Value as at 31 March 2023	Potential market movement	Value on increase	Value on decrease
	£m	£m	£m	£m
UK Pooled Funds	417.4	75.1	492.5	342.3
Overseas Pooled Funds	931.4	177.0	1,108.4	754.4
Total Bonds	572.3	40.1	612.4	532.3
Cash	70.5	0.0	70.5	70.5
Infrastructure, Private Debt and Private Equity	497.7	44.8	542.5	452.9
Property	239.6	35.9	275.6	203.7
<b>Total</b>	<b>2,729.0</b>	<b>372.9</b>	<b>3,101.9</b>	<b>2,356.1</b>

### 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 2024	Value on 1% increase	Value on 1% decrease
	Years	£m	£m	£m
LGIM UK Corporate Bonds	5.6	86.9	82.0	91.8
LGIM UK Index Linked	15.5	168.6	142.5	194.8
BCPP Multi-Asset Credit	3.7	265.1	255.3	275.0
BCPP Investment Grade Credit	6.1	246.1	231.1	261.1
Cash balances	0.0	129.8	129.8	129.8
<b>Total</b>		<b>896.5</b>	<b>840.7</b>	<b>952.4</b>

Asset Type	Duration	Value as at 31 March 2023	Value on 1% increase	Value on 1% decrease
	Years	£m	£m	£m
LGIM UK Corporate Bonds	5.8	50.0	47.1	52.9
LGIM UK Index Linked	16.8	95.3	79.3	111.3
BCPP Multi-Asset Credit	3.7	240.9	232.0	249.9
BCPP Investment Grade Credit	6.5	186.0	173.9	198.1
Cash balances	0.0	83.7	83.7	83.7
<b>Total</b>		<b>656.0</b>	<b>616.1</b>	<b>695.9</b>

## 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 follows. 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:

Asset Type	Value as at 31 March 2024	Volatility	Value on increase	Value on decrease
<b>Overseas Pooled Funds</b>	<b>£ m</b>		<b>£m</b>	<b>£m</b>
LGIM Fundamental Indexation	149.82	9.4%	163.90	135.74
LGIM Europe (ex-UK)	61.79	9.4%	67.60	55.98
LGIM Asia Pacific (ex-Japan)	15.65	9.4%	17.13	14.18
LGIM Emerging Markets	13.26	9.4%	14.51	12.02
LGIM Japan	15.75	9.4%	17.23	14.27
LGIM North America	8.44	9.4%	9.24	7.65
BCPP Global Equity	434.39	9.4%	475.22	393.56
<b>Total</b>	<b>699.10</b>	<b>9.4%</b>	<b>764.82</b>	<b>633.39</b>

Asset Type	Value as at 31 March 2023	Volatility	Value on increase	Value on decrease
<b>Overseas Pooled Funds</b>	<b>£ m</b>		<b>£m</b>	<b>£m</b>
LGIM Fundamental Indexation	245.34	10%	269.87	220.80
LGIM Europe (ex-UK)	163.18	10%	179.50	146.86
LGIM Asia Pacific (ex-Japan)	44.51	10%	48.96	40.06
LGIM Emerging Markets	37.38	10%	41.12	33.64
LGIM Japan	35.42	10%	38.96	31.87
LGIM North America	18.72	10%	20.59	16.85
BCPP Global Equity	386.86	10%	425.55	348.18
<b>Total</b>	<b>931.4</b>	<b>10%</b>	<b>1,024.55</b>	<b>838.27</b>

## 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 March 2024 were received by the Fund in April 2024. 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's bank account is held at Lloyds, which holds an 'A+' long term credit rating (Fitch Credit Rating Agency) and it maintains its status as a well-capitalised and strong financial organisation. In addition, Lloyds has a 0% historic risk of default. As at 31st March 2024 the balance at Lloyds stood at £24.3m.

## 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 2024 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 last such valuation took place as at 31 March 2022 and set contribution rates for the three years commencing 1 April 2023.

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 2022 actuarial valuation, the Fund was assessed as 104% funded. This corresponds to a surplus of £98m.

Following the 2022 actuarial valuation, contribution rate changes (primary and secondary) are being phased in from 1 April 2023. The common contribution rate (i.e. the rate which all employers in the Fund pay) is as follows:

Valuation Date	31 March 2022
<b>Total contribution rate</b>	
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 has been 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 are 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 Scheme Actuary.

### Introduction

CIPFA's Code of Practice on Local Authority Accounting 2023/24 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 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 IAS19. 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, IAS26 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 IAS19 and not the Fund's funding assumptions.

### Present value of promised retirement benefits

Year ended	31 March 2023	31 March 2024
Active members (£m)	1,157	1,223
Deferred members (£m)	514	507
Pensioners (£m)	903	863
<b>Total present value of promised retirement benefits (£m)</b>	<b>2,574</b>	<b>2,593</b>
<b>Fair value of scheme assets (bid value) (£m)</b>	<b>2,728</b>	<b>2,945</b>
<b>Net Asset / (Liability) (£m)</b>	<b>154</b>	<b>352</b>

The promised retirement benefits at 31 March 2024 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. 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 IAS19 report and are different as at 31 March 2024 and 31 March 2023. I estimate that the impact of the change in financial assumptions to 31 March 2024 is to decrease the actuarial present value by £150m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £16m.

### Financial assumptions

Year ended	31 March 2023	31 March 2024
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.95	2.75
Salary Increase Rate	3.95	3.75
Discount Rate	4.75	4.85

### Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting

of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), 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	21.3 years	24.0 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.1 years	25.5 years

All other demographic assumptions are unchanged from 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 2024	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2	50
1 year increase in member life expectancy	4	104
0.1% p.a. increase in the Salary Increase Rate	0	3
0.1% p.a. increase in the Rate of CPI Inflation	2	51

## Professional notes

This paper accompanies the 'Accounting Covering Report - 31 March 2024' 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:



**Barry Dodds FFA 15 May 2024**

**For and on behalf of Hymans Robertson LLP**

## Note 29:

### Current assets

31 March 2023		31 March 2024
£m		£m
	Debtors:	
3.3	Contributions due: Employees	0.8
4.0	Contributions due: Employers	2.6
0.6	Invoiced debtors	0.4
0.1	Sundry debtors	0.1
18.5	Cash balances	24.0
<b>26.5</b>	<b>Total</b>	<b>27.9</b>

## Note 30:

### Current liabilities

31 March 2023		31 March 2024
£m		£m
2.2	Owed to administering authority	3.6
1.9	Sundry Creditors	1.9
1.0	Benefits Payable	0.2
<b>5.1</b>	<b>Total</b>	<b>5.7</b>

## Note 31:

### Additional Voluntary Contributions

Contributions Paid 2022/23	Market Value 31 March 2023		Contributions Paid 2023/24	Market Value 31 March 2024
£000	£m		£000	£m
508.4	3.2	Standard Life	841.2	3.9
1.6	0.2	Utmost Life and Pensions	3.4	0.2
<b>510.0</b>	<b>3.4</b>	<b>Total</b>	<b>844.6</b>	<b>4.1</b>



**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 £2.3m (2022/23: £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 £49.4m (£48.6m in 2022/23).

**Border to Coast Pensions Partnership Ltd (BCPP)**

The Warwickshire Pension Fund, through Warwickshire County Council as the Administering Authority, is a shareholder in BCPP 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 75.8% 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 are no members of the Pension Fund Investment Sub-Committee and the Staff and Pensions Committee who were in receipt of pension benefits from the Warwickshire Pension Fund during the year.

There are three members of the Local Pension Board who are active members of the Warwickshire Pension Fund and one active pensioner.

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**

Several employees of Warwickshire County Council hold key positions in the financial management of the Warwickshire Pension Fund, alongside responsibilities for Warwickshire County Council directly. The following percentages represent the time each post has spent on pension fund activities during the financial year. The posts of Executive Director for Resources (5%), Director of Finance (13%), Head of Investments, Audit and Risk (40%), Head of Finance Transformation & Transactions (30%), Technical Specialist Pensions (100%), Investment Analyst (100%), Lead Commissioner Pensions and Investment (100%), and Pensions Administration Delivery Lead (100%) are considered to be key management personnel. These employees and their financial relationship with the Fund are set out below.

2022/23		2023/24
£000		£000
348.5	Short-term benefits	463.0
-200.5	Post-employment benefits	413.3

**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 asset statement but are disclosed by way of narrative in the notes.

Outstanding capital commitments at 31 March 2024 were as follows:

31 March 2023		31 March 2024
£m		£m
98.0	Private Equity	100.0
121.8	Infrastructure	187.8
79.7	Private Debt	134.0
<b>299.5</b>	<b>Total</b>	<b>421.8</b>

**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 (236) and current membership increased from

56,945 to 58,034, 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 2022 valuation assessed the Funding level to be 104%. For the reasons set out above, management are satisfied that the Warwickshire County Council Pension Fund is a going concern and the financial statements for 2023/24 have been prepared on this basis accordingly.

Independent auditor's report

TBC

TBC

# Supporting Information

## Glossary of Terms

### A

#### **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.

### B

#### **Benchmark**

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

### C

#### **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.

### D

#### **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.

### H

#### **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.

### I

#### **IAS19 (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.

#### **IAS1**

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

### P

#### **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 currently has 11 LGPS

**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.

**R****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.

**S****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.

**T****Transaction costs**

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

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