



Annual Report

Bedfordshire Pension Fund 2022/23

Registration number: 00328861RF

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Foreword

As Chair of Bedfordshire Pension Fund, I am pleased to present the Fund's Annual Report for the year ending 31 March 2023.

Many would agree that 2022-23 was a year of reflection, with challenges. Completion of the 2022 triennial valuations brought much relief and the opportunity to engage with the actuary to re-access and set the funding strategy. We took stock of what went well and what could be improved ahead of the next actuarial valuations in 2025. Our funding position has improved significantly due to the Fund's strong asset performance. The Global Pandemic behind us, but the war in Ukraine continued to exacerbate inflation and supply chain problems. The government's Task Force on Climate-related Financial Disclosures (TCFD) consultation and investors' efforts to decarbonise portfolios were prominent during the year. Other notable events in 2022-23 were the government's mini-budget debacle in the Autumn of 2022, the COP27 Summit in Egypt and the Biodiversity conference in Canada that spawned the Kunming-Montreal Framework.

The Fund value was £3.03 billion at 31 March 2023 compared to £3.01 billion last year. Throughout the year, the Fund continued to review, diversify and rebalance its investment strategy appropriately. The Fund worked closely with the pool company, Border to Coast Pension Partnership Ltd, and our 10 Partner Funds. The Fund (BPF) has approximately £400 million invested via the pool and £700 million commitment to its private markets programme, going forward.

The recovery of the global economy, following the pandemic unleashed pent-up demand into markets globally. This stressed supply chains and consequently inflation rose rapidly. Hitherto, there was an upward trajectory due

to concerted fiscal stimulus deployed by the major economies, in an attempt to soften the serious impact the pandemic delivered. Bedfordshire Pension Fund's investment strategy has robust inflation protection by diversifying its investments across both inflation-link and higher return generating long-term asset classes. During the year, the Fund further decarbonised its investments by transitioning into suitable better aligned strategies. The Fund achieved the coveted status of signatory to the Stewardship Code 2020.

The Committee carried out its duties and completed its work programme including the review of investment strategy, review of policies, business plan and administration strategy, in consultation with professional advisers and officers as appropriate. Whilst there were changes to the membership of the Pension Fund Committee, we remained fully committed to the Fund's management.

The Local Pension Board worked collaboratively with the Pension Fund Committee during the year and maintained a strong and amicable relationship – my thanks to the Board for their ongoing support.


On behalf of the Committee, I would like to thank the Fund Administrator, the Chief Officer for Bedfordshire Pension Fund, the Pensions Administration Manager, and all the officers for their work during the year 2022/23.



Councillor Doug McMurdo
Chairman of the Pension Fund Committee

SECTION 1

Management Report

- 
- *Management and Advisers*
 - *Legal Framework and Administration*
 - *Contributions and Benefits*
 - *Membership*
 - *Participating Employers*

Management & Advisers as at 31 March 2023

Administering Authority	Bedford Borough Council	www.bedford.gov.uk
Administrator	Andy Watkins, Assistant Chief Executive (Finance) and CFO	andy.watkins@bedford.gov.uk
Pension Fund Committee Members		
Bedford Borough Council	Doug McMurdo (Chair)	doug.mcmurdo@bedford.gov.uk
	Abu Sultan	abu.sultan@bedford.gov.uk
	David Sawyer	sawyerbedford@hotmail.com
	Jon Gambold	jonathan.gambold@btinternet.com
Central Bedfordshire Council	Richard Wenham (Deputy Chair)	richard.wenham@centralbedfordshire.gov.uk
	Ian Dalgarno	ian.dalgarno@centralbedfordshire.gov.uk
Luton Borough Council	Yasmin Waheed	yasmin.waheed@luton.gov.uk
	Fatima Begum	fatima.begum@luton.gov.uk
Scheme Member Representative (non-voting)	Vacant	
Independent Pension Board Chairman	Ian Coleman	ianedwardc@gmail.com
Independent Advisor	Elizabeth Carey	elizabeth.carey@btinternet.com
Asset Pool	Border to Coast Pensions Partnership	www.bordertocoast.org.uk
Investment Managers	Aberdeen Standard Investments	www.aberdeenstandard.com
	BlackRock Advisors	www.blackrock.com/uk
	Border to Coast Pensions Partnership	www.bordertocoast.org.uk
	CBRE Global Investors	www.cbre.co.uk
	Insight Investment Management	www.insightinvestment.com
	Legal & General Investment Management	www.lgim.com/uk/en
	Newton Investment Management	www.newtonim.com
	Pantheon Ventures	www.pantheon.com
	PIMCO	www.pimco.co.uk
	Pyrford	www.columbiathreadneedle.com
Custodian	Caceis	www.caceis.com
Investment Consultant	Matt Woodman	Matt.Woodman@hymans.co.uk
	Hymans Robertson	www.hymans.co.uk
Actuary	Melanie Durrant	Melanie.Durrant@Barnett-waddingham.co.uk
	Barnett Waddingham	www.barnett-waddingham.co.uk
External Auditor	Ernst & Young LLP	www.ey.com/uk/en/home
External Legal Advisors	Eversheds Sutherland	www.eversheds-sutherland.com
AVC Providers	Prudential	www.pru.co.uk
Bankers	National Westminster Bank	81 High Street, Bedford MK40 1YN
	Goldman Sachs Asset Management International	www.global-liquidity.gs.com

Legal Framework & Administration

The Scheme

The Local Government Pension Scheme (LGPS) is a statutory, funded pension scheme. It is governed by the Local Government Pension Scheme Regulations 2013 and subsequent amendments.

Administering Authority

Bedford Borough Council is the Administering Authority for Bedfordshire Pension Fund. The Fund Administrator is Bedford Borough Council's Assistant Chief Executive (Finance) and CFO.

Role of the Pension Fund Committee

Bedford Borough Council's responsibility as the Administering Authority is undertaken via the Pension Fund Committee. The Committee consists of nominated elected members of Bedford Borough Council, Central Bedfordshire Council and Luton Borough Council. A scheme member representative, nominated by the trade unions, is invited to sit on the Committee in an observer role. An independent investment adviser also sits on the Committee in an advisory capacity. The Committee takes advice from Bedford Borough Council officers, principally the Assistant Chief Executive (Finance) and CFO and the Chief Officer for Bedfordshire Pension Fund, and from external professional investment advisers, Hymans Robertson. The membership of the Pension Fund Committee at 31 March 2023 is shown on page 5.

The Committee supervises the overall arrangements for management of the Fund's assets. It appoints external fund managers to manage the Fund's assets and monitors their performance. The key principle in the prudent management of the Fund's assets is maintaining the balance between risk and return. The Committee seeks to achieve this by ensuring that its assets are spread over a variety of different asset classes, both in the UK and overseas, and with different managers.

Fund Administrator

The exercise of the Borough Council's functions as Administering Authority is delegated to the Pension Fund Committee. The Assistant Chief Executive (Finance) and CFO, as Fund Administrator, has delegated authority for the day-to-day management of the Fund. This delegation includes managing the Council's functions as administering authority, and the power to seek advice and to devolve day-to-day handling of the Fund's investments to professional advisers within the scope of the Local Government Pension Fund Regulations.

Value for Money

Bedfordshire Pension Fund is committed to achieving value for money and has argued for better transparency of costs within the Local Government Pension Scheme. In advance of pooling, the Fund achieved significant savings in fees from our investment managers. This shows the potential purchasing power of a joint Local Government Pension Scheme.

Border to Coast Pensions Partnership provides a cost-efficient solution as an FCA regulated investment vehicle that will deliver long-term savings for all the Border to Coast Pensions Partnership Funds.

Changes in Legislation

The LGPS regulations changed in 2013, introducing a Career Average Revalued Earnings (CARE) scheme with effect from 1 April 2014. Investment regulations came into force on 1 November 2016 see page 16.

Administration of the Scheme

Bedford Borough Council is the Administering Authority with Fund investment and administration being the responsibility of the Fund Administrator. The costs of administration and paying pensions and benefits are charged to the Pension Fund.

The LGPS was established in 1974 to cover the future pension entitlements of all eligible employees of the Borough and Unitary Councils within Bedfordshire, (excluding teaching staff, police officers and firefighters who have their own pension schemes).

A number of other bodies also participate in the pension scheme by right (scheduled bodies) or are admitted to the scheme following application for membership (admitted bodies). Employees are entered into the pension scheme automatically if they have a contract of more than three months. Employees can choose to opt out of the scheme and can make their own personal pension arrangements.

The LGPS is required to be 'funded', i.e. it must be sufficient to sustain the future pension entitlements of both past and present employees. The scheme is financed by contributions from employees and employers and by earnings from investments. Cash which is not immediately required to pay pensions and other benefits is invested in a selection of securities, equities, property and other assets.

The level of employers' contributions is re-assessed every three years following a review, or valuation, of the fund by the fund's actuary.

Corporate Governance

The Borough Council has issued a Governance Policy Statement in respect of the Pension Fund. This document describes how the Council fulfils its role as Administering Authority in an effective and transparent manner. The statement covers policy on:

- delegations to the Pension Fund Committee;
- frequency of meetings of the Committee;
- terms of reference and operational procedures;

- representation from other scheme employers and scheme members.

The Governance Policy statement can be seen in full on the Pension Fund's website at www.bedspensionfund.org

In addition, the Pension Fund Committee has published a Governance Compliance statement in accordance with current regulations. This statement is published in full on the Pension Fund website.

The table below shows the attendance of Councillors at both the Investment Panel and Pension Committee Meetings:

Role of the Pension Board

A Pension Board was established in 2015/2016 in compliance with the requirements of the Public Service Pension Act 2013. The Pension Board is responsible for assisting the Administering Authority and Pension Fund Committee in relation to securing compliance with the scheme regulations and other legislation relating to the governance and administration of the Scheme. The Board is also responsible for securing compliance with requirements imposed by the Pensions Regulator. Bedfordshire Local Pension Board is made up of 4 employer representatives and 4 scheme member representatives. An Independent Chairman was appointed from July 2018.

Annual Report

CIPFA have created a checklist for preparing the annual report for Local Government Pension Scheme Funds. This document details disclosures that must, should or may be included in the annual report. Bedfordshire Pension Fund has disclosed all information that must be provided, and the majority of information that should or may be disclosed.

	Pension Fund Committee					Investment Panel				
	26 Apr	21 Jun	20 Sep	15 Nov	7 Mar	27 May	2 Sep	28 Oct	10 Feb	22 Feb
Councillor Doug McMurdo (Chair)	Y	Y	Y	Y	Y	Y	N	Y	N	Y
Councillor Richard Wenham (Vice Chair)	Y	N	N	N	Y	N	Y	N	Y	N
Councillor Jon Gambold	Y	Y	N	Y	N	N	Y	N	Y	N
Councillor Abu Sultan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Councillor Ian Dalgarno	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Councillor David Sawyer	Y	Y	Y	Y	N	Y	Y	N	Y	N
Councillor Amy Nicholls / Councillor Yasmin Waheed	Y	N	N	N	N	N	Y	N	N	N
Councillor Fatima Begum	Y	N	Y	N	N	N	N	N	N	N

Pensions Administration Performance

The Pension Administration performance is measured by an agreed set of performance indicators, which are reported quarterly to the Pension Fund Committee. The table provides a summary of the performance for the year.

	Fund best practice days to complete	Total cases outstanding 31 March 2023	Cases ready to action	2022/2023 Number of cases	2022/2023 Cases completed within target	
			31/03/2023		Number	%
Creation of member records	10	46	25	5,812	2,616	45%
Payment of refunds	10	28	19	479	311	65%
Process retirement						
Early and Normal	10	50	10	345	293	85%
Ill Health	10	10	2	55	46	84%
Flexible	10	3	0	16	15	94%
Early Retirement (Redundancy/Efficiency)	10	6	0	33	31	94%
Preserved Benefit into Payment	10	191	4	882	767	87%
Total Retirements		260	16	1,331	1,152	89%
Retirement Estimates						
Early and Normal	10	52	29	826	653	79%
Long Term forecasts	20	34	12	243	209	86%
Ill Health	10	3	1	70	63	90%
Early Retirement (Redundancy/Efficiency)	10	5	3	113	103	91%
Total Retirement Estimates		94	45	1,252	1,028	87%
Transfers In	35	37	10	206	204	99%
Transfers in LG	35	74	8	282	274	97%
Transfers Out	10	12	2	43	29	67%
Transfers Out LG	60	24	7	361	357	99%
Preserved Benefits	60	188	90	5,119	4,863	95%
Death entitlement	10	172	27	732	622	85%

Financial Performance (Administrative)

A budget for the administrative cash flows of the Pension Fund is prepared prior to the beginning of each financial year. The Pension Fund Committee formally agreed a budget for 2022/2023 at its meeting on 9 March 2022. The key elements of the budget are shown below together with actual performance. The Committee receives regular reports on progress against the budget during the year.

Administrative cash flows	Budget	Actual	Variance
	£000	£000	£000
Contributions Received	-128,000	-143,695	-15,695
Transfer Values Received	-9,000	-12,862	-3,862
Benefits Paid	110,790	115,466	4,676
Transfer Values Paid	9,000	15,802	6,802
Cost of Administering the Fund	6,699	5,712	-987
Net additions from dealings with members	-10,511	-19,577	-9,066

Contributions are payable by participating employers on a monthly basis, due in arrears by the 7th working day of the following month. During 2022/2023, 82% of contributions were received by the due date. The cash flows shown above include the payment, and subsequent recovery, of compensatory added years benefits which are excluded from the statement of accounts.

During 2022/2023 the average employee contribution rate as a percentage of pensionable pay was 6.45%. The average employer contribution rate was 23%. The Fund has not exercised any interest levy on late contributions.

National Fraud Initiative

The Cabinet Office is responsible for the National Fraud Initiative. Bedford Borough Council as the Administering Authority for Bedfordshire Pension Fund participates in the National Fraud Initiative (NFI) as the Council is required by law to protect the public funds it administers. Since April 2015 the NFI has been conducted using data matching powers bestowed on the Minister for the Cabinet Office by Part 6 of the Local Audit and Accountability Act 2014.

The NFI is a data matching exercise to assist in the prevention and detection of fraud which is undertaken every two years. NFI is primarily used by the Pension Fund to ensure a pension is not continued to be paid after a member has died.

The Pension Fund has access to several methods to eliminate the risk of a pension continuing to be paid after the death of the member. A family bereavement is a challenging time, so in addition to notification by friends and family, the Pension Fund checks mortality of all pensioners and dependents on a monthly basis via an external database and also uses the services of the "Tell Us Once Service" operated by DWP which automatically notifies the Fund when a death is registered.

Following the NFI 2022 bi-annual data matching exercise, there were two cases where a pension had continued to be paid following the member's death. Communications are underway with the next of kin for the deceased to repay the pension.

Bedfordshire Pension Fund Budget Monitoring 2022/2023

	2022/2023 Current Budget	2022/2023 Outturn	2022/2023 Variance
	£000	£000	£000
Investment Management Fees			
Investment Management - Basic Fees	6,131	6,197	66
Investment Management - Underlying Property Fees	2,110	1,204	-906
Investment Management - Performance	0	0	0
Total Investment Management Fees	8,241	7,401	-840
Oversight & Governance			
LGPS Pooling Costs	805	625	-180
Professional Fees	553	507	-46
In-house Pension Team	215	213	-2
Training	25	8	-17
Other Expenses	53	22	-31
Total Oversight & Governance	1,652	1,375	-277
Administration			
Running Expenses	101	96	-5
Technology	419	189	-230
Fund Administration - BBC Recharge	1,410	1,378	-32
Total Administration	1,930	1,662	-268
Total Management Expenses	11,823	10,439	-1,354

Benchmarking

The Fund benchmarks its administrative costs against the SF3 data collected annually by the Office of National Statistics. The most recent data is that for the financial year 2021/2022 and is summarised in the following table:

Cost per Scheme Member (£)	2021/2022		2020/2021	
	Bed PF	All LGPS	Bed PF	All LGPS
Investment management: base fee	99.73		92.37	
Performance fee	0.00		0.00	
Investment advice/ support:	17.56		12.89	
Total Investment Costs	117.29	293.61	105.26	250.12
Administration	23.50	26.75	20.49	24.15

Staffing Levels

Administration staff as reported in the SF3 data for 2021/2022 was 25 Full Time Equivalents (FTE's) with 25 FTE's being reported for 2022/2023. The table below show the number of members to FTE equivalent for the last three years.

Year	2022/2023	2021/2022	2020/2021
Total Membership	78,298	75,827	73,779
FTE's	25	25	25
Membership to FTE's	3,132	3,033	2,951

Communications

The Pension Fund is committed to establishing and maintaining effective communications with its members and other stakeholders. The Fund has a Communications Policy statement formalising the processes by which this will be achieved. This policy statement is available on the Fund's website at www.bedsensionfund.org and is reproduced in full on in the appendices section of this report.

Information Technology

The Pension Fund's records and administration system are computerised, using hardware provided by the Borough Council and *altair* software provided under licence by Aquila Heywood. This licence provides for regular updates to keep up-to-date with changes in regulations and best practice.

The Fund's financial data is collected on the Borough Council's Agresso system. This system is maintained in-house by the Council's IT team. The Council also provides comprehensive contingency and business continuity support.

The payment of pensions is managed in-house by the Pensions team, using *altair* pensions payroll software.

All Pension Fund administration and investment staff have access to the internet and the Council's intranet.

The Fund also maintains its own website for members managed by its own officers and supported by Bedford Borough Council. The web address is www.bedsensionfund.org

The Fund has launched "My Pension Online" a self-service portal. The project was completed during 2019/2020 and is now available to all members of the Fund.

The Fund does not operate a separate Helpdesk function, but support can be obtained by email at pensions@bedford.gov.uk or by phone on 01234 267422.

Equality and Diversity

The Council's policy on Equality & Diversity is available on the Council's website at www.bedford.gov.uk

Training – CIPFA Pensions Finance Knowledge & Skills Framework

Public sector organisations engaged in the financial management of pension schemes face the challenge of the schemes' growing complexity.

Public sector pension scheme financial management demands requisite skills and knowledge, including:

- financial markets and products;
- financial services procurement;
- pensions accounting and auditing;
- actuarial practices; and
- investment performance and risk management and the implications of legal and regulatory requirements.

Public sector organisations should ensure appropriate training, having assessed the professional competence of those involved in pension scheme financial management and those with a governance, management and/or oversight role.

CIPFA has published its Pensions Finance Knowledge and Skills Framework for the training and development of those involved in pension scheme financial management. The framework covers eight key areas:

1. Pensions legislation and guidance
2. Pensions governance
3. Funding strategy and actuarial methods
4. Pensions administration and communications
5. Pensions financial strategy, management, accounting, reporting and audit standards
6. Investment strategy, asset allocation, pooling, performance and risk management
7. Financial markets and products
8. Pension services procurement, contract management and relationship management

The Pension Fund has adopted the CIPFA framework in formulating and implementing its own training plan and, as recommended by CIPFA, makes the following compliance statement:

As the administering authority of Bedfordshire Pension Fund, the Council recognises the importance of ensuring that all staff and members involved in the Pension Fund financial management and decision-making have prerequisite knowledge and skills to discharge the duties and responsibilities allocated to them. Therefore, it seeks to appoint competent individuals who are experienced and will provide training for staff and members to enable them to develop and maintain an appropriate level of expertise.

The Fund's training plan sets out the approach to the development and maintenance of the required knowledge and skills. The plan reflects the recommended knowledge and skills level requirements set out in the CIPFA Pensions Finance Knowledge and Skills Framework.

The Fund has appointed the Fund Administrator to be responsible for ensuring that policies and strategies are implemented. The Fund has conducted a training needs assessment and, based on the outcome, has designed a training plan.

Based on the plan, the following training has been provided during the year. The table shows the training attended by officers and Committee members of the Fund in 2022/2023.

Bedfordshire Pension Fund – 2022/2023 training plan review

The table below shows the key training received by officers and Members in 2022/2023. Compulsory events (unshaded) are for Members who have served less than two years on the Committee. Optional events are shaded.

Event	Length & timing of Training	Legislative Guidance & Governance	Funding Strategy and Actuarial Methods	Pensions Administration and Communications	Pensions Fin Straty, Mgmt, Accounting Reporting and Audit Standards	Investment Strategy, Asset Allocation, Pooling, Performance Risk Mgmt	Pensions Services Procurement, Contract Management & Relationship Management	Attended
Local Event led by Investment Consultant/ investment managers	½ day 27 May 2022, 2 Sept 2022 28 Oct 2022 10 Feb 2023	X	X	X	X	X	X	27 May 2022 5 Mem/ 3 Off 2 Sept 2022 6 Mem/2 Off 28 Oct 2022 3 Mem/ 2 Off 11 Feb 2023 5 Mem/ 3 Off
Local Government Association (LGA) Trustee training	3 days	X	X	X	X	X	X	3 B Total to date 12 Mem/ 5 Off 1 Obs/ 14 B
LAPFF Now more than ever Conference	2 days 7 Dec 2022	X	X		X		X	1 Mem/1B
2022 BCPP Annual Conference	1.5 days 29 Sept 2022		X		X	X		1 Mem/3 B 1 Off/
LGC Conference	2 days 29-30 Mar	X	X		X	X		3 Mem/1 B
LGPS Governance Conference 2022	19 Jan 2023	X	X	X	X	X		3 B
LAPF Strategic Investment Forum	2 days 4-5 July 2022				X	X	X	1 Mem

Conferences were held during the year with some giving the option of virtual or in-person attendance. There continued to be opportunities for shorter virtual training sessions. Members and officers attended a number of virtual events including Preparing the Pension Fund Accounts, Audit and Accounting workshop and a Hymans Robertson webinar on Gender Pensions Gap in the LGPS. Officers and members also attended an Overview of the LGPS course provided by Barnett Waddingham. Officers also attended the Local Authority conference in the Cotswolds with the Committee chairman and Bedfordshire was also represented at the LGPS managers conference. A Board member attended the all day LGPS Board members event run by Barnett Waddingham and the committee chair attended LGC Pension Insight Symposium 2022. In addition, Members have been encouraged to undertake the Pensions Regulator Public Sector toolkit

Risk

The main risks to the Pension Fund are identified as follows:

- Rise in the value of liabilities;
- Fall in the value of investments;
- Inability of individual employers to make contributions; and
- Governance.

There are a number of ways in which these risks may be mitigated and these are detailed in the formal risk register which can be found on the Pension Fund website at

www.bedsensionfund.org. In general, there is reliance on the governance requirements such as the Funding Strategy Statement (risks and counter measures section) and Investment Strategy Statement (approach to risk section) which set out the ways in which risks are measured and managed. The risk register is reviewed by the Pension Fund Committee and Local Pension Board at each meeting.

The Pension Fund receives assurance from an internal audit programme that covers areas such as pensioner payroll, administration, investments, contributions receivable and governance to ensure the effectiveness of internal controls. In 2022/2023 the Fund received full or substantial assurance in all areas.

Investment managers and custodian also provide reports detailing their internal controls in line with the AAF01/06 (Audit and Assurance Faculty of the Institute of Chartered Accountants in England and Wales release 01/06), SAS (Statement on Auditing Standards) 70, International Standard on Assurance Engagement no. 3402 and SSAE 16 (U.S. Statement on Standards for Attestation Engagements No. 16). In 2022/2023, each report was reviewed and the conclusion was that the control procedures described were suitably designed and operated with sufficient effectiveness to provide reasonable assurance during the period under review.

Contributions and Benefits

The Pension Fund provides for the payment of pensions and other benefits to eligible former employees of the participating bodies. Full details of benefits payable are explained in the scheme booklet "A Guide to the Local Government Pension Scheme", available from the administration team or online at www.bedspensionfund.org/active_members/guides_to_the_lgps.aspx. The following summary is an illustrative guide.

Contributions

Under the LGPS regulations, triennial actuarial valuations of the Pension Fund must be undertaken to establish the annual contributions to be made by the employing bodies. The valuation which determined the employer contribution rates for 2022/2023 was carried out as at 31 March 2019. The employer contribution rates resulting from this valuation were implemented from 1 April 2020.

Employers make a contribution to the Fund at a common (or primary) contribution rate, calculated as a percentage of employees' pensionable pay. The Actuary determines the common rate of contribution at the time of valuation, having regard to any statutory requirements in force at the time. A secondary employer's contribution rate is calculated for each employing body to reflect their particular individual circumstances.

Employees' contributions are a percentage of their pay. The LGPS regulations set out nine contribution rates ranging from 5.5% to 12.5%. The rate that an employee pays is determined by the employee's actual annual pensionable pay.

Employees are also able to pay Additional Voluntary Contributions (AVCs) to enhance their pension benefits. The Standard Life Assurance Company (now closed to new members) and Prudential PLC have been appointed to provide this facility. Employees can also choose to pay Additional Pension Contributions (APCs) in order to purchase an additional amount of annual pension.

Pension Benefits

The LGPS is a "defined benefit" scheme, with employees' pensions and benefits determined in accordance with statute and regulation. The annual pension is based on the pensionable pay that the employee receives in each year. For each year that an employee contributes to the scheme, 1/49th of their actual pensionable pay is added to their pension account. For employees who joined before 1 April 2014, part of their benefits will be based on membership built up before 1 April 2014 and their final salary. There is no automatic lump sum included in benefits built up after 31 March 2008 but, on retirement, members can choose to exchange some of their annual pension (commutation) for a lump sum payment.

Pension scheme members can transfer pension rights benefits between pension funds, where regulations allow.

When an employee leaves the scheme having met the 2 years' vesting period (i.e. they have paid into the scheme for more than 2 years or are deemed to have met the vesting period due to previous pension membership) and does not transfer their benefits to another pension scheme, the value of the employee's pension (and lump sum if they have membership built up before 1 April 2008), is calculated and the payment of the pension is deferred until the individual's earliest retirement age. This is known as a deferred benefit.

Pension Increases

Deferred benefits and pensions in payment are increased each year in line with cost-of-living increases. The increases are made in accordance with annual Statutory Pensions Increase (Review) Orders. The pension increase is effective from April each year and is determined by the rise in the Consumer Price Index (CPI). The rate is measured by the Office for National Statistics (ONS) in the twelve months to September of each year. The pension accounts of employees contributing to the scheme are revalued at the end of each scheme year. The rate of revaluation is also determined by CPI.

LGPS 2014 reforms

The table below summarises the LGPS 2014 reforms.

	Service pre 1st April 2014	Service post 31st March 2014
Scheme	Final Salary scheme, with pension based on salary at retirement	CARE scheme (career average revalued earnings) where each year builds up a pension pot that is revalued in line with inflation.
Pension	Each year is worth 1/60 x final pensionable salary.	Each year is worth 1/49 x salary earned in that year, revalued in line with inflation.
50/50 Option	Not Applicable	Option for employees to pay half the contributions to accrue half of the pension.

Membership

During 2022/2023 the number of pensioners increased from 19,991 at 31 March 2022 to 20,840 at 31 March 2023; the number of contributors within the fund increased from 22,826 to 23,715.

The majority of contributors are employed in local authorities but the higher education sector and civilian employment in the emergency services also account for a significant proportion of the membership. Schools which are awarded academy status become employers in their own right (scheduled bodies) within the LGPS and an increasing share of the Pension Fund membership is made up of academy employees.

2022	Active Membership by Employer as at 31 March	2023
4,792	Luton Borough Council	4,992
5,225	Central Bedfordshire Council	5,416
3,183	Bedford Borough Council	3,239
5,666	Academies	6,082
1,139	Chief Constable and Police and Crime Commissioner for Bedfordshire	1,168
825	University of Bedfordshire	860
450	Cranfield University	495
1,546	Other Bodies	1,463
22,826	Total	23,715

Participating Employers

Five Year Membership Summary as at 31 March					
	2023	2022	2021	2020	2019
Active members	23,715	22,826	22,849	22,493	22,404
Pensioners	20,840	19,991	18,929	18,160	17,435
Deferred Pensioners	33,743	32,994	32,001	31,452	30,890
Total	78,298	75,811	73,779	72,105	70,729

The following are the employers participating in the Bedfordshire Pension Fund as at 31 March 2023. The contribution rates shown are the percentage of the employees' pensionable pay that each employer paid into the Fund during 2022/2023. Common contribution rate is set at a level so as to bring the Fund to 100% funding over a period of seventeen years. However, some employers may opt to fund the deficit by making additional annual monetary payments and hence have a lower contribution rate. The additional payments in 2022/2023 are included in the table below.

Scheduled Bodies:	Contribution Rate %	Additional payments £000
Academy Of Central Bedfordshire	17.8%	
Active Education Academy Trust	16.5%	
Advantage MAT - Bedford Free School	20.0%	
Advantage MAT – Elstow	37.8%	
Advantage MAT-Houstone	22.1%	
Advantage MAT – Queens Park	22.2%	
Alameda Academy	24.7%	
Aley Green Parish Council	26.8%	
All Saints Academy (Dunstable)	19.2%	
All Saints Lower (Post 01/10/2013) (Clifton)	20.3%	
Amphill Town Council	26.8%	
Arlesey Town Council	26.8%	
Aspley Guise Parish Council	26.8%	
B.C.A.T Wixams Academy	22.8%	
B.C.A.T Wixams Tree Primary	22.8%	
B.I.L.T.T - Grange (formerly Grange Academy)	20.4%	
B.I.L.T.T – Greys	20.4%	
B.I.L.T.T – St Johns	20.4%	
Bedford Borough Council	19.1%	
Bedford College	18.9%	
Bedfordshire & River Ivel Drainage Board	26.8%	
Bedfordshire Fire And Rescue Service	20.5%	274
Beecroft Academy	19.8%	
Biddenham Parish Council	26.8%	
Biggleswade Academy Trust	19.4%	
Biggleswade Town Council	26.8%	
Blunham Parish Council	26.8%	
Bolnhurst Parish Council	26.8%	
Brickhill Parish Council	26.8%	
Bromham Parish Council	26.8%	
Brooklands Middle School	21.3%	
Caddington Parish Council	26.8%	
Campton and Chicksands Parish Council	26.8%	
Campton Academy	22.8%	
Central Bedfordshire College	18.7%	28
Central Bedfordshire Council	18.4%	
Chief Constable	17.7%	1,724
Chiltern Learning - Ardley Hill	26.0%	
Chiltern Learning - Cedars	26.0%	
Chiltern Learning - Challney Girls	26.0%	
Chiltern Learning - Chiltern Academy	26.0%	
Chiltern Learning-Daubeney	26.0%	
Chiltern Learning-Kempston	26.0%	
Chiltern Learning-Lancot	26.0%	

Scheduled Bodies:	Contribution Rate %	Additional payments £000
Chiltern Learning - Lark Rise	26.0%	
Chiltern Learning - Linslade	26.0%	
Chiltern Learning - Marston Vale	26.0%	
Chiltern Learning – Putteridge	26.0%	
Chiltern Learning-Springfield	26.0%	
Chiltern Learning Trust	26.0%	
Cranfield Church of England Academy	19.2%	
D.S.A.M.A.T - Caldecote	31.2%	
D.S.A.M.A.T - Kensworth	31.2%	
D.S.A.M.A.T - Northill	31.2%	
D.S.A.M.A.T - Manshead	31.2%	
D.S.A.M.A.T - Ravensden	31.2%	
D.S.A.M.A.T - Roxton	31.2%	
D.S.A.M.A.T - St James	31.2%	
D.S.A.M.A.T - Studham	31.2%	
D.S.A.M.A.T - Thomas Whitehead	31.2%	
D.S.A.M.A.T - Totternhoe	31.2%	
D.S.A.M.A.T – Ursula Taylor	31.2%	
D.S.A.M.A.T - Wenlock	31.2%	
Dunstable Town Council	26.8%	
Eaton Bray Academy	21.8%	
Etonbury Academy	22.8%	
Eversholt Lower	26.2%	
Everton Heath Primary	29.9%	
Farley Junior Academy	32.1%	
Ferrars Academy	19.8%	
Flitwick Town Council	26.8%	
Fullbrook Academy	22.8%	
Gilbert Inglefield Academy	21.1%	
Goldington Academy	27.1%	
Goldington Green Academy	20.4%	
Gothic Mede Lower Academy	22.8%	
Gravenhurst Academy	22.8%	
Great Barford Parish Council	26.8%	
Greenfield & Pulloxhill Academy	20.9%	
Hadrian Academy	20.6%	
Harlington And Sundon Academy Trust	28.1%	
Harlington Parish Council	26.8%	
HEART Acadamies - Cauldwell	24.3%	
HEART Acadamies - Shackleton	24.3%	
HEART Acadamies - Shortstown	24.3%	
HEART Academies Trust (formerly Bedford Academy)	24.3%	
Holywell Academy	21.9%	
Houghton Conquest Parish Council	26.8%	

Scheduled Bodies:	Contribution Rate %	Additional payments £000
Houghton Regis Academy	25.5%	
Houghton Regis Town Council	26.8%	
Icknield Academy	21.3%	
KST - Doverly Academy	22.1%	
Kempston Burial Joint Board	26.8%	
Kempston Rural Parish Council	26.8%	
Kempston Town Council	26.8%	
Kensworth Parish Council	26.8%	
Langford Lower Academy	22.8%	
Lawnside Academy	22.8%	
Leighton Linlade Town Council	26.8%	
Luton Borough Council	19.4%	
Luton Sixth Form College	20.6%	43
Mark Rutherford School Trust	20.5%	
Marston Moretaine Parish Council	26.8%	
Maulden Parish Council	26.8%	
Middx Learning Trust-Stopsley High	33.0%	
Northill Parish Council	26.8%	
Oak Bank Special School Academy *	17.3%	
Oakley Parish Council	26.8%	
Our Lady Immaculate Catholic Academies Trust	22.0%	
Pioneer LTrust - Chantry	20.0%	
Pioneer LTrust - Southfield	26.2%	
Pioneer LTrust - Whitefield	33.0%	
Pix Brook Academy	22.8%	
Police and Crime Commissioner	17.7%	
Poppy Hill MAT-Henlow	22.8%	
Poppy Hill MAT-Meppershall	35.2%	
Potton Town Council	26.8%	
Putnoe Academy	20.9%	
Pyramid School Trust - Arnold	21.6%	
Pyramid School Trust - Harlington	27.2%	
Pyramid School Trust - Parkfields	40.0%	
Pyramid School Trust - Ramsey Manor	39.2%	
Pyramid School Trust - Westoning	37.6%	
Queensbury Academy	25.7%	
Raynsford Church Of England Academy	23.3%	
Redborne Academy	25.8%	
Robert Bloomfield Academy	22.8%	
S.A.C.A.T – Cardinal Newman	29.3%	
S.A.C.A.T – St Margaret Of Scotland	29.3%	
S.A.C.A.T – St Martin De Porres	29.3%	
S.A.C.A.T - St Marys Caddington	29.3%	
S.A.C.A.T - St Vincents	29.3%	

Scheduled Bodies:	Contribution Rate %	Additional payments £000
Samuel Whitbread Academy	22.8%	
Sandy Town Council	26.8%	
Scholars' Education Trust - Priory	28.1%	
Shared Learning Trust	20.3%	
Sharnbrook Academy Federation	27.4%	
Sharnbrook Parish Council	26.8%	
Sharnbrook Primary (formerly John Gibbard Academy)	21.0%	
Shefford Town Council	26.8%	
Shortstown Parish Council	26.8%	
St Augustine's Academy	22.3%	
St Christopher's Academy	22.8%	
St Mary's School (Stotfold)	23.6%	
Stanbridge Parish Council	26.8%	
Staploe Parish Council	26.8%	
Stotfold Town Council	26.8%	
Stratton Education Trust	27.2%	
Streatley Parish Council	26.8%	
Tennyson Road Primary School	25.7%	
Tennyson - Lime Tree Primary	42.8%	
The Firs Academy	23.3%	
The Hills Academy	22.3%	
The Rushmere Park Academy	20.3%	
Toddington Parish Council	26.8%	
Toddington St George Church Of England School	23.8%	
Turvey Parish Council	26.8%	
UNITY CofE MAT - Great Barford	31.6%	
University of Bedfordshire	17.8%	799
Ursula Taylor Academy	19.6%	
Vandyke Upper School	23.4%	
Weatherfield Academy	21.2%	
Whipperley Infant Academy	21.9%	
Windmill Hill School	21.2%	
Woodland Academy	23.7%	
Wootton Academy Trust	20.0%	
Wootton Parish Council	26.8%	

Admitted Bodies:	Contribution Rate %	Additional payments £000
ABM Catering Ltd (Bushmead)	22.9%	
ABM Catering Ltd (Surrey Street)	22.2%	
abm Catering (Luton Primary cluster)	27.7%	
ABM Catering Ltd (The Meads)	24.3%	
ABM Catering (William Austin Infant)	26.0%	

Admitted Bodies:	Contribution Rate %	Additional payments £000
AiP Ltd (Ramridge)	27.6%	
AiP Ltd (Icknield)	25.3%	
AiP Ltd (Lealands)	20.0%	
AiP (St Joseph's Primary(LBC)	29.6%	
Active Luton Trust	20.3%	
Active Luton Trust (Library Service)	21.3%	
Aragon Housing Association	23.2%	176
Aramark Ltd	21.1%	
Aspens Services (DSAMAT)	27.5%	
Aspens Services (Foxdell)	22.8%	
Aspens Services (Hillborough)	21.8%	
Aspens Services (Leagrave)	21.6%	
Aspens Services (Sharnbrook)	25.2%	
Aspens Services (Tennyson Rd)	20.1%	
Aspens Services (Warden Hill)	24.8%	
Caterlink (Chiltern Learning Trust)	25.0%	
Caterlink (CLT-Ardley Hill)	27.0%	
Caterlink (Somerles Junior)	32.6%	
Caterlink (Warden Hill Infs)	23.4%	
Churchill (Luton Culture Property)	31.8%	
Civica UK Limited	10.0%	
Compass (Shared Learning Trust)	25.8%	
Compass - STCAT	26.3%	
Compass - Tithe Farm	24.1%	
Cranfield University	19.6%	1,642
ELFT Bedfordshire - East London NHS Foundation Trust Bedfordshire	13.8%	
ELFT Luton - East London NHS Foundation Trust Luton	15.1%	
FCC Environment Services	22.2%	
Energy Kidz Ltd (Elstow)	23.7%	
Fusion Lifestyle	24.1%	
Grand Union Housing	23.2%	
Herts Catering Ltd (Ferrars)	22.9%	
The Culture Trust Luton	12.2%	
MiQuill – St Matthews	29.0%	
May Harris Cleaning – BILTT	22.0%	
Mitie	21.8%	
Pathfinder Legal Services Ltd	21.0%	
Kindred-Cedars/Linslade/Larkrise	20.7%	
Kindred (M&D)	23.1%	
Kindred (Putter)	27.2%	
Kindred-SLT-Chalk Hill	31.8%	
NHS Beds, Luton & MK ICB	23.8%	
Partnership Education-CLT	18.6%	
PCS Group (STCAT)	20.8%	

Admitted Bodies:	Contribution Rate %	Additional payments £000
Ringway Jacobs	16.5%	
Schools Catering Support (Relish)	18.8%	
Sector Support Services - KCA	30.1%	
St. Francis Children's Society	26.9%	14
Stevenage Leisure Ltd	10.0%	
Stevenage Leisure Ltd (dunst,grv,tid)	26.6%	
Taylor Shaw (Etonbury)	21.6%	
turn IT on (SLT)	25.8%	
XMA Limited	20.3%	

The following is a summary of the number of employers in the Fund further analysed by Scheduled bodies and Admitted bodies, showing active and ceased where there are still outstanding liabilities.

	Active	Ceased
Scheduled Body	166	2
Admitted Body	58	5
Administering Authority	1	0
Total	225	7

Below is a table showing the number of active employers, by Scheduled body and Admitted body over a five-year period.

	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Scheduled Body	167	164	159	150	152
Admitted Body	58	44	48	28	23
Total	225	208	207	178	175



SECTION 2

Financial Statements

- *Statement of Responsibilities*
- *Auditors' Report*
- *Critical Judgements in Applying Accounting Policies*
- *Accounting Policies*
- *Five Year Financial Summary*
- *Fund Account*
- *Net Assets Statement*
- *Notes to the Accounts*
- *Actuarial Report – Present Value of Promised Retirement Benefits*

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF BEDFORD BOROUGH COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS

Opinion

We have examined the pension fund financial statements for the year ended 31 March 2023, which comprise the Fund Account, the Net Assets Statement and the related notes.

In our opinion, the pension fund financial statements are consistent with the full annual statement of accounts of Bedford Borough Council for the year ended 31 March 2023 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Respective responsibilities of the Assistant Chief Executive (Finance) & Chief Finance Officer and the auditor

As explained more fully in the Statement of the Responsibilities for the Statement of Accounts, the Assistant Chief Executive (Finance) & Chief Finance Officer is responsible for the preparation of the pension fund's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

Our responsibility is to report to you our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements in the statement of accounts of Bedford Borough Council, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

We also read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists only:

- Section 1: Management Report
- Section 3: Investment Report
- Section 4: Pooling
- Section 5: Bedfordshire Local Pension Board
- Appendices – Policies and Statements
- Contact Points
- Glossary

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the administering authority's full annual statement of accounts describes the basis of our opinion on those financial statements.

Debbie Hanson

Ernst & Young LLP

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
3 December 2024

Bedfordshire Pension Fund 2022/2023

Fund Account for the Year Ended 31 March 2023

2021/2022 £000		2022/2023 £000	See note
Contributions and Benefits			
129,461	Contributions	149,517	7
12,369	Transfers in from other pension funds	12,858	8
27	Other Income	0	
141,857		162,375	
-107,289	Benefits	-112,235	9
-12,977	Payments to and on account of leavers	-15,685	10
21,591	Net additions/(withdrawals) from dealings with members	34,455	
-10,563	Management Expenses	-10,438	11
11,028	Net additions/(withdrawals) including Management Expenses	24,017	
Returns on Investments			
15,230	Investment income	21,596	12
-1	Taxes on income	-16	
229,992	Profit and losses on disposal of investments and changes in value of investments	-29,633	13a
245,221	Net return on investments	-8,053	
256,249	Net increase/(decrease) in the fund during the year	15,964	
2,756,657	Opening Net Assets of the Fund	3,012,906	
3,012,906	Closing Net Assets of the Fund	3,028,870	

Net Assets Statement for the Year Ended 31 March 2023

31 March 2022 £000		31 March 2023 £000	See note
1,182	Long Term Investment Assets	1,182	13.1
1,182	Total Long Term Investment Assets	1,182	
2,953,046	Investment Assets	2,956,536	13.2
0	Investment Liabilities	-2,472	13.3
2,953,046	Total Net Current Investments	2,954,065	
2,954,228	Total Net Investments	2,955,246	
0	Long Term Assets	0	18
61,532	Current Assets	76,990	19
-2,854	Current Liabilities	-3,366	20
3,012,906	Net assets of the fund available to fund benefits at the end of the Reporting Period	3,028,870	

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in Pension Note 17a

I certify that the Net Assets Statement represents a true and fair view of the Pensions Funds financial position as at 31 March 2023. These financial statements replace the unaudited financial statements certified by the s151 officer on 1 August 2023.

Signed: 

Date: 3 December 2024

Julie McCabe, Assistant Chief Executive (Finance) and Chief Finance Officer

Notes to the Accounts

1) Description of the Pension Fund

Bedfordshire Pension Fund (the Fund) is part of the Local Government Pension Scheme and is administered by Bedford Borough Council. The Borough Council is the reporting entity for the Fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Bedfordshire Pension Fund Annual Report & Accounts 2022/2023 and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) Regulations.

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

The LGPS (Administration) Regulations 2013 (as amended)

The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)

The LGPS (Management and Investment of Funds) Regulations 2016 (as amended)

Local Government Pension Funds are required to be funded, being financed by contributions from employees, employers and by earnings from investments. Triennial actuarial valuations are undertaken and employers' contributions are reviewed to ensure that the Fund's assets are sufficient to meet its funding targets.

Membership of the Fund

The Fund is a contributory defined benefit pension scheme providing pensions and other benefits for pensionable employees of Bedford Borough, Central Bedfordshire and Luton Borough Councils and a range of other scheduled and admitted bodies within the Bedfordshire area. Teachers, Police Officers and Firefighters are not included as they come within other national pension schemes.

Organisations participating in the Fund include:

Scheduled bodies - local authorities and similar bodies whose staff are automatically entitled to be members of the Fund;

Admitted bodies - 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.

As at 31 March 2023, the total number of employees (i.e. from Councils within Bedfordshire and the other scheduled and admitted bodies) contributing to the Fund was 23,715 (22,826) (31 March 2022), the number of pensioners was 20,840 (19,991) and the number of deferred pensioners was 33,743 (32,994).

A full list of participating bodies as at 31 March 2023 is included in the Bedfordshire Pension Fund Annual Report.

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

Core Benefits of the Scheme

From 1 April 2014 the scheme became a Career Average Revalued Earnings (CARE) scheme. Benefits earned in the scheme before 1 April 2014 are protected so benefits up to that date will be based on the scheme member's final year's pay.

The benefits payable from the Fund are set out in the Local Government Pension Scheme Regulations 2013, as amended, and in summary are:

- A guaranteed annual pension based on the pay received during the year and revalued in line with earnings.
- An optional tax-free lump sum by commuting part of the pension.
- Life assurance of three times the members' yearly pay from the day they join the scheme.
- 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-proof 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 to qualify for a pension

Full details of the contributions payable by employees and benefits receivable can be found in the Fund's scheme handbook "Guides to the Local Government Pension Scheme", available from Borough Hall and available in full or in summary on the Fund's website.

http://www.bedspensionfund.org/active_members/guides_to_the_lgps.aspx

2) Basis of Preparation

The accounts are compliant with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/2023 (the Code), which is based on International Financial Reporting Standards (IFRS) as amended for the UK public sector. The accounts of the Pension Fund have also been prepared to meet the requirements of the Local Government Pension Scheme (Administration) Regulations 2013 and in accordance with the Statement of Recommended Practice on Financial Reports of Pension Schemes.

The accounts summarise the transactions and net assets of the Fund and do not take account of liabilities to pay pensions and other benefits in the future. They should therefore be read in conjunction with the actuarial reports which take account of future liabilities.

The Administering Authority has carried out an assessment and is satisfied that Bedfordshire Pension Fund is a going concern. The Fund value at 31 March 2023 stood at £3 billion, as at 31 March 2024 £3.4 billion.

All employers during the year paid the contributions set out in the Rates and Adjustment Certificate. It remains the Fund's expectation that employers will continue to pay their contributions.

Cash held by the Fund as at 31 March 2023 was £66.5 million, as at 31 March 2024 £97.3 million, equivalent to 2% of the Fund Assets. In addition, the Fund does not have any external borrowing and held £2.5 billion as at 31 March 2023 in Level 1 and Level 2 investment assets which could be realised within 3 months if required (as at 31 March 2024 £2.8 billion). The fund has forecast its cashflow through to 31 March 2026 and is satisfied it has sufficient resources to meet its obligations to pay pensions throughout the going concern period which is at least 12 months from the date of authorisation of these accounts. For this reason, alongside the statutory guidance, these financial statements have been prepared on a going concern basis.

3) Significant Accounting Policies

Contribution Income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the dates on which they are due under the schedule of contributions set by the actuary or on receipt if earlier than the due date. Employer's augmentation and pension strain contributions are accounted for in the period in which the liability arises. Any amount due in-year but unpaid is classed as a current financial asset.

Benefits Payable

All pensions and lump sum payments have been included on an accruals basis other than some death gratuities. The payment of some death gratuities is dependent upon the receipt of probate or letters of administration. Where death occurs before the end of the year but probate or letters of administration have not yet been received by the balance sheet date, then no accrual is made. The departure from the accruals basis for these death gratuities does not materially affect the reported figure.

Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Only benefits paid under local government pension scheme regulations are included in the Fund account. For administrative ease, the Fund also pays out compensatory added years benefits on behalf of scheme employers; these are refunded in full by the employer. Both the benefits paid and the subsequent reimbursements are excluded from the Fund account.

Refunds of Contributions

Refunds have been included on a cash basis. Accounting for refunds on an accruals basis would not materially alter the reported figure.

Transfer Values

Transfer values to and from other schemes have been included on a cash basis. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Management Expenses

The Code of Practice does not require any breakdown of Pension Fund administrative expenses. However, in the interests of greater transparency, the Fund discloses its management expenses in accordance with CIPFA Guidance on Accounting for LGPS management expenses.

Administrative Expenses

The administration of the Fund is undertaken by the Borough Council in its role as administering authority. The Council's costs of administering the scheme, agreed by the relevant committees of both the Council and the Pension Fund, are charged to the Fund.

Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff 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.

Investment Management Expenses

Fees of the external investment managers and the Fund's custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the assets under their management and therefore increase or reduce as the value of these investments change. In addition, the Fund has negotiated with the following managers that an element of their fee be performance-related.

- Abrdn – Private Equity
- Insight Investment – Absolute Return Bonds
- Pantheon Ventures – Real Assets

Where an investment manager's fee note has not been received by 31 March 2023, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund account.

Following guidance from CIPFA, Accounting for Local Government Pension Scheme Management Expenses, the Fund extracts transactional costs from managers where the information is available to make an estimate or where this is readily available from the Custodian. This is included within the investment management costs. For the Property manager, management costs have been extracted reflecting the unit management costs based on the Net Asset Value (NAV) of each separate fund.

Investments

Investments are shown in the accounts at market value, determined as follows:

- Quoted securities are valued by reference to market bid price at the close of business on 31 March 2023.
- Traded futures are valued by reference to their exchange prices as at 31 March 2023.
- Other unquoted securities are valued having regard to latest dealings, professional valuations, asset values and other appropriate financial information.
- Unit trust and managed fund investments are valued by reference to the latest bid prices quoted by their respective managers prior to 31 March 2023. If bid prices are unavailable, mid prices or net asset value will be used.
- Assets, including investments, denominated in foreign currencies are valued on the relevant basis and translated into sterling at the rate ruling on 31 March 2023. Exchange gains and losses arising from movements in current assets and liabilities are included in the Fund account for the year.

Investment assets include cash balances held by the Fund managers and debtor and creditor balances in respect of investment activities.

Investment Income

- (i) 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 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 is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- (iii) Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- (iv) Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Acquisition Costs of Investments

Where shown, the cost of investments includes direct costs of acquisition.

Additional Voluntary Contribution (AVC) Investments

Bedford Borough Council as the administering authority has arrangements with its AVC providers to enable employees to make AVCs to supplement their pension benefits. AVCs are invested separately from the Fund's main assets and the assets purchased are specifically allocated to provide additional benefits for members making AVCs. The value of AVC assets is not included in the Fund's net asset statement.

Taxation

The Fund is an exempt approved Fund under section 1(1) of Schedule 36 of the Finance Act 2004, and as such is exempt from tax on capital gains and from UK income tax on interest receipts. As the Council is the administering authority for the Fund, VAT is recoverable on all expenditure where appropriate, and all of the Fund's income is outside the scope of VAT.

The Fund is liable to tax at a rate of 20% on small pensions that have been compounded into a lump sum.

The Fund is exempt from United States withholding tax.

Where the Fund is subject to other foreign tax, income is shown as the grossed up figure and the tax withheld as an item of expenditure.

New Accounting Standards

For any new accounting standard or policy introduced, the Pension Fund is required to provide information explaining how these changes have affected the accounts.

There were no new accounting standards introduced in 2022/2023 affecting the Pension Fund.

Accounting Standards that have been issued but have not yet been adopted

The Fund is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that been issued but is not yet required to be adopted by the Pension Fund. There are no such disclosures.

Events after the reporting date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and
- b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

An example of an adjusting event would be if new information came to light regarding the methodology employed in the valuation of an asset.

4) Critical Judgements in Applying Accounting Policies

Pension Fund Liability

The Pension Fund liability is calculated every three years by the Fund Actuary in line with the regulations, with annual updates in the intervening years. The methodology used is in accordance with International Accounting Standard (IAS) 19. Assumptions underpinning the valuations are agreed between the Fund and the Actuary and are summarised in Note 17 Funding Arrangements – Actuary Statement. This estimate is subject to significant variances based on changes to the underlying assumptions.

Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

Unquoted Investments

The fair value of unquoted securities is estimated by the Fund's investment managers and subject to the professional judgement and assumptions used by those managers. It is considered that changes in those assumptions would not produce significant variations in the value of those assets other than normal market fluctuations.

5) Assumptions made About the Future and Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made about the future or events that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the net asset statement at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rates 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 on the assumptions to be applied	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. An increase in assumed earnings would increase the value of liabilities and an increase assumed life expectancy would increase the liability. A Sensitivity Analysis is shown in Note 17a
Pooled Property	Property investments are valued at fair value in accordance with the Royal Institute of Chartered Surveyors (RICS) guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation	There is a risk that these may be over or understated in the accounts
Alternatives (Private Equity, Infrastructure and Private Credit)	Alternatives or unquoted investments are valued at fair value e.g Private equity investments are valued at fair value in accordance with the British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation	There is a risk that these may be over or understated in the accounts. A Sensitivity Analysis on Level 3 assets is shown in Note 14.

6) Events after the Reporting Date

On 22 February 2023, the Pension Fund Committee resolved to allocate up to £50 million for investment in Gresham House British Sustainable Infrastructure Fund II (BSIF II) subject to due diligence. Bedfordshire Pension Fund was closed into BSIF II on 9 June 2023.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by

the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, Bedfordshire Pension Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

7) Contributions receivable

2021/2022		2022/2023
£000	Contributions	£000
29,367	Employees' normal contributions	31,762
261	Employees' additional voluntary contributions	362
89,843	Employers' normal contributions	105,310
7,546	Employers' deficit funding	11,707
2,444	Employers' augmentation contributions	376
129,461		149,517
17,078	Administering authority	18,032
102,094	Scheduled bodies	111,633
10,289	Admitted and other bodies	19,852
129,461		149,517

Employers' augmentation contributions relate to payments for the cost of enhanced benefits and early retirements. Refunded payments from employers in respect of compensatory added years' benefits are excluded from the accounts.

8) Transfers In From Other Pension Funds

2021/2022		2022/2023
£000	Transfers in from other pension funds	£000
0	Transfers in from other pension funds - bulk	0
12,369	Individual transfers from other pension funds	12,858
12,369		12,858

9) Benefits Payable

2021/2022		2022/2023
£000	Benefits	£000
87,190	Pensions	92,012
16,614	Commutations of pensions and lump sum retirement benefits	16,934
3,485	Lump sum death benefits	3,290
107,289		112,235
	Further analysed as:	
14,965	Administering authority	15,685
81,092	Scheduled bodies	85,292
11,232	Admitted and other bodies	11,258
107,289		112,235

Payments to employees in respect of compensatory added years benefits are excluded from the accounts.

10) Payments To and On Account of Leavers

2021/2022		2022/2022
£000	Payments to and on account of leavers	£000
412	Refunds of contributions	384
699	Transfers to other schemes – bulk	0
11,538	Transfers to other schemes – individuals	14,852
161	Annual Allowance - Tax Charge	298
167	Lifetime Allowance - Tax Charge	151
12,977		15,685

The Annual Allowance Tax Charge is on behalf of individual scheme members who exceeded the annual allowance and used the Scheme Pays facility which permits members to opt for the LGPS to pay the tax charge, which is then recovered from the member's pension benefits.

The Lifetime Allowance Tax Charge is on behalf of individual members who exceeded the lifetime allowance and used the Scheme Pays facility which permits members to opt for the LGPS to pay the tax charge, which is then recovered from the member's pension benefits.

11) Management Expenses

2021/2022		2022/2023
£000	Management Expenses	£000
1,460	Administrative Costs	1,662
7,818	Investment Management Expenses	7,401
1,285	Oversight and Governance Costs	1,375
10,563		10,438

The external audit fees paid in 2022/2023 was £0.048 million and £0.032 million in 2021/2022.

A further breakdown of the investment management expenses is shown below:

2021/2022		2022/2023
£000	Investment Management Expenses	£000
5,824	Management Fees	6,132
286	Performance Related Fees	0
1,658	Underlying Property Fees	1,204
50	Custody Fees	65
7,818		7,401

12) Investment Income

2021/2022		2022/2023
£000	Investment Income	£000
0	Dividends from equities	0
13,539	Income from pooled investment vehicles	19,347
1,691	Interest on cash deposits	2,249
15,230	Total Investment Income	21,596

13) Investments

2021/2022		2022/2023	
£000	Investments	£000	Note
Restated			
	Long Term Investments		
1,182	Pool Share Capital	1,182	13.1
1,182	Total Long Term Investments	1,182	
	Managed and Unitised Funds		
1,374,574	Global Equity Funds	1,359,880	
234,799	UK Equity Funds	234,191	
337,924	Multi Asset Credit Funds	330,878	
315,350	Absolute Return Funds	271,438	
202,742	Fixed Income Funds	153,443	
2,465,390	Total Managed and Unitised Funds	2,349,829	13.2
	Property Unit Trusts		
230,116	Property Unit Trusts	185,605	
230,116	Total Property Unit Trusts	185,605	13.2
	Other Assets		
48,767	Private Equity	61,939	
27,335	Private Credit	69,908	
142,182	Infrastructure	220,216	
0	Climate Opportunities	4,242	
218,285	Total Other Assets	356,304	13.2
	Cash Deposits & Other Investment Assets		
39,130	Cash Deposits	63,190	
125	Investment income outstanding	1,608	
39,225	Total Cash and Other Investment Assets	64,798	
2,954,228	Total Investment Assets	2,957,718	13.2
	Investment Liabilities		
0	Payables	-2,472	
0	Total Investment Liabilities	-2,472	13.3
2,954,228	Total	2,955,246	

The classification of investments in 2021/22 has been restated to correct a number of classification errors in prior years. The errors were identified following a change in the Pension Fund custodian in 2022/23 which resulted in changes to investment classifications being made based. As a result of these changes, the Pension Fund undertook a detailed review of all investments to assess their nature and as a result determined that the classifications in the prior year were incorrect. Given the scale of the adjustment and the fact that the changes result in nearly a full reclassification, it is not practicable or meaningful to include a detailed analysis of the movement between the prior year audited and restated balances on a line by line basis.

13.a Value of Investments

2022/2023	Market Value at 31 March 2022	Purchases at cost & derivative payments	Sale proceeds & derivative receipts	Change in Market Value	Market Value at 31 March 2023
	£000	£000	£000	£000	£000
Long Term Investments					
Pool Share Capital	1,182	0	0	0	1,182
Managed Funds	1,498,073	100,641	-95,632	572	1,503,655
Other Unit Trusts	967,317	1,195	-95,737	-26,600	846,174
Total Managed & Unitised Funds	2,465,390	101,836	-191,370	-26,027	2,349,829
Property Unit Trusts	230,116	2,277	-4,315	-42,475	185,605
Other Assets	218,285	142,407	-39,964	35,576	356,305
Total	2,914,974	246,520	-235,648	-32,925	2,892,921
Cash	39,130			3,292	63,190
Receivables	125				1,608
Payables	0				-2,472
	39,255			3,292	62,326
Total	2,954,228			-29,633	2,955,246

13.b Value of Investments (Restated)

2022/2023	Market Value at 31 March 2022	Purchases at cost & derivative payments	Sale proceeds & derivative receipts	Change in Market Value	Market Value at 31 March 2023
	£000	£000	£000	£000	£000
Long Term Investments					
Pool Share Capital	1,182	0	0	0	1,182
Managed Funds	1,430,189	0	-309,472	377,356	1,498,073
Other Unit Trusts	951,971	249,530	-17,400	-216,785	967,317
Total Managed & Unitised Funds	2,382,160	249,530	-326,872	-160,571	2,465,390
Property Unit Trusts	194,969	10,513	-13,627	38,261	230,116
Other Assets	85,802	124,804	-23,627	31,159	218,285
Total	2,664,113	384,847	-363,978	229,991	2,914,974
Cash	29,292				39,130
Receivables	33				125
Payables	0				0
	29,325				39,255
Total	2,693,438				2,954,228

13.c Investments Analysed by Fund Manager

2021/2022		Fund Manager	2022/2023	
£000	%		£000	%
564,228	19.10%	Legal & General - Global Equities	563,651	19.07%
234,799	7.95%	Legal & General - UK Equities	234,191	7.92%
259,317	8.78%	BlackRock – Global Equities	481,688	16.30%
42,433	1.44%	BlackRock – Emerging Markets Equities	90,416	3.06%
292,518	9.90%	BlackRock – Fixed Income and Equities	0	0.00%
216,057	7.31%	BCPP - Global Equities	224,125	7.58%
0	0.00%	BCPP – Private Equity	993	0.03%
126,354	4.28%	BCPP – Infrastructure	197,040	6.67%
197,840	6.70%	BCPP – Multi Asset Credit	191,281	6.47%
27,774	0.94%	BCPP – Private Credit	69,440	2.35%
0	0.00%	BCPP – Climate Opportunities	4,242	0.14%
59,174	2.00%	Abrdn - Private Equity	60,946	2.06%
236,993	8.02%	CBRE – Indirect Property	187,845	6.36%
170,361	5.77%	Pyrford – Absolute Return Multi-Asset	132,574	4.49%
144,988	4.91%	Newton – Absolute Return Multi Asset	138,864	4.70%
202,742	6.86%	Insight – Fixed Income	153,445	5.19%
27,139	0.92%	Pantheon – Infrastructure	22,042	0.75%
140,084	4.74%	PIMCO – Multi Asset Credit	139,597	4.72%
1,182	0.04%	Pool Share Capital – Equities	1,182	0.04%
2,943,983	99.65%	Net Assets Managed by External Bodies	2,893,561	97.91%
10,244	0.35%	Net Assets Managed by the Administering Authority	61,685	2.09%
2,954,228	100.00%	Total Assets	2,955,246	100.00%

13.d Market Value of Investments exceeding 5% of net assets (excluding UK Government Securities)

31/03/2023	% of		31/03/2024	% of Total
£000	Total Fund		£000	Fund
564,228	18.73%	LGIM Future World Global Equity	563,651	18.62%
259,317	8.61%	BlackRock ACS World Low Carbon Equity Fund	481,688	15.91%
216,057	7.17%	Border to Coast Global Equity Alpha	224,125	7.40%
*	*	Border to Coast Infrastructure	197,040	6.51%
197,840	6.57%	Border to Coast Multi Asset Credit	191,281	6.32%
163,309	5.42%	LGIM UK Equity Index	168,254	5.56%
170,361	5.65%	Pyrford Global Total Return Fund	*	*

Note * The market value was less than 5% therefore has not been included.

13.e Stock Lending

The Fund did not undertake any stock lending during 2022/2023.

14) Fair Value – Basis of Valuation

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.

Asset Type	Level	Valuation Basis	Observable and Unobservable Inputs	Key Sensitivities
Market quoted Investments	1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Cash balances, money market funds and investment income due but not yet paid	1	Expected maturity date of less than two months, therefore, Fair Value is the carrying value of these assets and liabilities	Not required	Not required
Non-investment current assets and current liabilities (carried at amortised cost)	1	Short-term transactions and high degree of certainty of settlement value. Fair Value is carrying value at the year-end date	Not required	Not required
Pooled investments - overseas unit trusts	2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV - based principal set on a forward pricing basis	Not required
Pooled investments - property funds quoted	2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV - based principal set on a forward pricing basis	Not required

Asset Type	Level	Valuation Basis	Observable and Unobservable Inputs	Key Sensitivities
Pooled investments - property funds unquoted	3	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV - based principal set on a forward pricing basis	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 cash flows, and by any differences between audited and unaudited accounts
Alternative Assets (Private Equity, Private Credit and Infrastructure)	3	Comparable valuation of similar companies e.g. in accordance with <i>International Private Equity and Venture Capital Valuation Guidelines (2018)</i>	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 cash flows, and by any differences between audited and unaudited accounts

Sensitivity of Assets Valued at Level 3

Based on an analysis of historical data, current market trends, information supplied by the investment managers and the Pension Fund policy documents, the Fund has determined that the valuation methods described below are likely to be accurate to within the following range, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

14a. Level 3 Assets*	Valuation Range	Value at 31 March 2023	Valuation Increase	Valuation Decrease
	+/-	£000	£000	£000
Property	10	85,393	93,932	76,854
Private Equity	15	61,939	71,230	52,648
Infrastructure	15	220,216	253,249	187,184
Private Credit	15	69,908	80,394	59,422
Climate Opportunities	15	4,242	4,878	3,606
		541,698	503,683	379,713

*Note this table excludes equity holdings in Border to Coast as there is no market for these shares.

Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Investments classified as level 1 comprise of quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Assets and liabilities 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.

Level 3

Assets and liabilities 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.

The following table provides the 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.

Table 14.b Analysis of Asset Levels

31 March 2023

	Quoted Market Price	Using Observable Inputs	With significant unobservable inputs	
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial Assets at fair value through profit and loss				
Global Equity Funds		1,359,880		1,359,000
UK Equity Funds		234,191		234,191
Multi Asset Credit Funds		330,878		330,878
Absolute Return Funds		271,438		271,438
Fixed Income Funds		153,443		153,443
Property Unit Trusts		100,211	85,393	185,605
Private Equity			61,939	61,969
Private Credit			69,908	69,908
Infrastructure			220,216	220,216
Climate Opportunities			4,242	4,242
Financial Assets at amortised cost				
Cash held for investment	63,190			63,190
Receivable for sales	1,608			1,608
Total Financial Assets	64,798	2,450,040	441,698	2,956,537
Financial Liabilities at amortised cost				
Payable for purchases	-2,472			-2,472
Total financial liabilities	-2,472	0	0	-2,472
Net financial assets	62,326	2,450,040	441,698	2,954,064

31 March 2022				
	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	Total
	Level 1 £000	Level 2 £000	Level 3 £000	£000
Financial Assets				
Financial Assets at fair value through profit and loss	0	2,600,117	313,519	2,913,636
Financial assets at amortised cost	90,926			90,926
Total Financial Assets	90,926	2,600,117	313,519	3,004,562
Financial Liabilities at Fair Value through profit and loss	0			0
Financial Liabilities at amortised cost	-2,854			-2,854
Total Financial Liabilities	-2,854	0	0	-2,854
Net Financial Assets	88,072	2,600,117	313,519	3,001,708

The following assets have been carried at cost. (£1,182,000 in 2021/22):

Table 14.c Share Capital				
Values at 31 March 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Share Capital in Border to Coast Pool	0	0	1,182	1,182
Investments held at cost	0	0	1,182	1,182

Reconciliation of Fair Value Measurement within Level 3

Table 14.d Reconciliation of Fair Value Measurement within Level 3								
	31/03/22	Transfer Into Level 3	Transfer Out of Level 3	Purchases	Sales	Unrealised Gains/ Losses	Realised Gains/ Losses	31/03/23
	£000	£000	£000	£000	£000	£000	£000	£000
Private Equity	48,767	0	0	10,600	-9,308	8,607	3,272	61,939
Infrastructure	142,182	0	0	79,616	-24,496	19,464	3,449	220,215
Property	113,270	22,822	-25,625	806	-2,752	-23,100	-28	85,393
Private Credit	27,335	0	0	47,651	-6,089	351	661	69,909
Climate Opportunities	0	0	0	4,539	-71	-238	11	4,241
	331,554	22,822	-25,625	143,212	-42,715	5,083	7,365	441,696

15) 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 by category and net assets statement heading.

2021/2022				2022/2023		
Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000		Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
			Financial Assets			
1,182	0	0	Pool Share Capital	1,182	0	0
2,465,390	0	0	Managed and Unitised Funds	2,349,829	0	0
230,116	0	0	Property Unit Trusts	185,605	0	0
218,825	0	0	Other Assets	356,304	0	0
0	88,841	0	Cash		129,635	0
0	125	0	Receivables		1,608	0
0	622	0	Debtors		421	0
2,914,974	89,588	0		2,892,920	131,664	0
			Financial Liabilities			
0	0	0	Other investment liabilities	0	0	-2,472
0	0	-2,854	Creditors	0	0	-2,431
0	0	-2,854		0	0	-4,903
2,914,974	89,588	-2,854		2,892,920	131,664	-4,903

Net Gains and Losses on Net Gains and Losses on

2021/2022 £000		2022/2023 £000
Financial Assets		
229,992	Designated at fair value through profit and loss	-29,633

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

16) Nature of Extent of Risks Arising from Financial Instruments

The Pension Fund's assets are predominantly managed by external investment managers appointed by the Pension Fund Committee. Each fund manager is required to invest the assets in accordance with the terms of a written Investment Management Agreement (IMA) or fund prospectus. The Pension Fund Committee has determined that the appointment of these managers is appropriate for the Fund and is in accordance with the Funds' Investment Strategy. The Committee receives regular reports from each of the managers on the nature of the investments made on the Fund's behalf and the associated risks.

The allocation of assets between various types of financial instruments is determined by the Committee, in line with the Investment Strategy Statement (ISS). Divergence from benchmark asset allocations and the composition of each portfolio is monitored by the Pension Fund Committee.

The Fund's investment activities expose it to the following risks from the use of financial instruments:

Market risk

Credit risk

Liquidity risk

The nature and extent of the financial instruments employed by the Fund and the associated risks are discussed below. This note presents information on the Fund's exposure to each of the above risks and the Fund's policies and processes for managing those risks.

The Fund's ISS is formulated to identify the risks managed by investment managers, to set appropriate risk limits and to monitor adherence to those limits. The ISS is reviewed regularly to reflect changes in market conditions and the Fund's activities.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the value of its assets. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising returns.

The Fund has used manager and adviser information to help it identify market risks.

Interest Rate Risk

Interest rate risk is the risk that interest rate fluctuations will cause the value of fixed interest securities to deviate from expectations. The Fund manages interest rate risk by:

- The use of specialist external investment managers to manage the Fund's cash and fixed interest assets.
- Ensuring asset allocations include a diversity of fixed interest investments with appropriate durations.

The Fund's direct exposure to interest rate risk, as at the period end, is shown in the table following. The table also shows the effect in the year on the net assets available to pay benefits of a +/- 100 basis points (bps) change in interest rates. Comparatives for the previous year are shown in the table below.

Table 16.a Exposure to Interest Rate Risk

Carrying value at 31/03/2022	Change in year in net assets available to pay benefits		Asset type	Carrying value at 31/03/2023	Change in year in net assets available to pay benefits	
	+100 bps	-100 bps			+100 bps	-100 bps
	£000	£000		£000	£000	£000
711,028	7,110	-7,110	Fixed interest securities	484,321	4,843	-4,843
90,180	902	-902	Cash & cash equivalents	129,635	1,296	-1,296
801,208	8,012	-8,012	Total	613,955	6,140	-6,140

NB. The Fund's direct exposure includes managed fund assets.

Currency Risk

Currency risk is 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 manages currency risk by instructing investment managers to use hedging techniques with foreign currencies.

The following table summarises the Fund's currency exposure as at 31 March 2023 and also shows the increase/decrease in the value of net assets available to pay benefits arising.

Using information available from investment advisers, investment managers, the Custodian and the Fund's policy documents, the Fund believes the following are reasonable.

Currency Risk by Asset Class

Asset Type	Value £000	Change %	2022/2023	
			Value on Increase £000	Value on Decrease £000
Overseas Equities	1,359,880	6.00%	1,441,473	1,278,287
Overseas Fixed Income	153,443	6.00%	162,649	133,236
Overseas Multi Asset Credit	330,878	6.00%	350,731	311,025
Overseas Absolute Return	271,438	6.00%	287,724	255,152
Overseas Alternatives	341,822	6.00%	362,331	321,313
Total	2,457,460	6.00%	2,604,908	2,310,012

Asset Type	2021/2022			
	Value £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Equities	1,103,371	6.00%	1,169,574	1,037,169
Overseas Absolute Return	540,666	6.00%	573,106	508,226
Overseas Diversified Growth	315,350	6.00%	334,271	296,429
Overseas Alternatives	201,396	6.00%	213,479	189,312
Overseas Cash	23,512	6.00%	24,923	22,101
Total	2,184,295	6.00%	2,315,353	2,053,237

Market Price Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether from factors specific to individual assets or those applying to the market as a whole.

As the Fund's assets are valued at market value, with changes to that value reflected in the Fund account, all changes in market conditions will directly affect the Fund's income.

- The Fund manages market risk by the application of the following principles:
- Ensuring a diversity of exposures to different financial markets and market sectors

By ensuring that investments have the sufficient liquidity to enable the appropriate response to changing market conditions.

Sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, and using information available from investment advisers, investment managers, the Custodian, and the Fund's policy documents, the Fund believes the following is reasonable for the 2022/2023 reporting period.

Asset Type	% Change
UK Equities	14.0%
Overseas Equities	14.0%
Property	15.0%
Absolute Return Bonds	10.0%
Diversified Growth Funds	12.0%
Gilts	10.0%
Private Equity	25.0%
Private Credit	15.0%
Infrastructure	25.0%
Cash	0.5%

If the market price of the Fund's investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as shown in the following table. Comparatives for the previous year are also shown.

Table 16.c Exposure to market fluctuations

Asset Type	2022/2023			
	Value £000	Change %	Value on Increase £000	Value on Decrease £000
Equities	1,594,071	14.00	1,817,241	1,370,901
Fixed Income	153,443	14.00	171,856	135,029
Multi Asset Credit	330,878	15.00	370,583	291,173
Absolute Return	271,438	10.00	298,582	244,294
Property	185,604	12.00	213,445	157,763
Private Equity	61,939	25.00	77,424	46,454
Private Credit	69,909	15.00	80,395	59,422
Infrastructure	220,216	25.00	275,270	165,162
Climate Opportunities	4,242	25.00	5,302	3,181
Cash	63,190	1.00	63,822	62,558
Total	2,954,929		3,373,919	2,535,939

Asset Type	2021/2022			
	Value £000	Change %	Value on Increase £000	Value on Decrease £000
UK Equities	506,002	14.0	576,843	435,162
Overseas Equities	1,103,372	14.0	1,257,844	948,898
Property	230,116	15.0	264,633	195,599
Absolute Return Bonds	540,666	10.0	594,733	486,600
Diversified Growth Funds	315,350	12.0	353,192	277,508
Private Equity	48,767	25.0	60,959	36,575
Private Credit	27,335	15.0	31,436	23,235
Infrastructure	141,144	25.0	176,430	105,858
Cash	89,880	1.0	90,631	89,729
Total	3,002,632		3,406,701	2,599,164

The % change for Total Assets includes the impact of correlation across asset classes.

Credit Risk

Credit risk is the risk that a counterparty to a transaction involving a financial instrument will fail to discharge an obligation or commitment it has entered into with the Fund.

The net market value of the Fund's assets, as shown in the Net Assets Statement, represents the Fund's maximum exposure to credit risk in relation to those assets. The Fund does not have any significant exposure to any individual counter-party or industry. Credit risk is monitored through ongoing reviews of the investment managers' activity.

Apart from a small number of outstanding tax reclaims represented by the provision for tax reclaims over 1 year in the Net Assets Statement, the Fund has no assets that are past due or impaired.

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations when they fall due. The Fund's liquidity is monitored on a daily basis and the Fund seeks to ensure that it will always have sufficient liquid funds to pay benefits to members and liabilities when due, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund manages liquidity risk by:

- giving careful consideration to the anticipated income and expenditure required for the administration of the Fund and the payment of benefits and by maintaining in-house managed cash balances sufficient to meet day-to-day cash flows.
- Maintaining a significant proportion of the Fund held in highly liquid investments such as actively traded equities and unit trusts. The level 1 highly liquid funds total £140 million representing 4.5% of the Fund.

17) Funding Arrangements – Actuary Statement

The Fund's Actuary has provided the following updated Statement on the valuation of the retirement benefits as at 31 March 2023 and the assumptions made in the valuation.

Introduction

The last full triennial valuation of the Bedfordshire Pension Fund (the Fund) was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2023.

Asset value and funding level

The results for the Fund at 31 March 2022 were as follows:

- The smoothed value of the Fund's assets for funding purposes as at 31 March 2022 was £2.95bn.
- The Fund had a funding level of 92% i.e. the value of assets for funding purposes was 92% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a deficit of £273m.

Contribution rates

The employer contributions rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due.

- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 19.6% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023.

In addition each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in the triennial valuation report.

Assumptions

The key assumptions used to value the liabilities at 31 March 2022 are summarised below:

Assumptions	Assumptions used for the 2022 valuation
Financial assumptions	
Market date	31 March 2022
CPI inflation	2.9% p.a.
Long-term salary increases	3.9% p.a.
Discount rate	4.6% p.a.
Demographic assumptions	
Post-retirement mortality	
	<div> <div>Base tables</div> <div>Based on Club Vita analysis</div> </div>
	<div> <div>Projection model</div> <div>CMI 2021</div> </div>
Long-term rate of improvement	1.25% p.a.
Smoothing parameter	7.0
Initial addition to improvements	0.5% p.a.
2020/21 weighting parameter	5%

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2022 valuation report.

Updated position since the 2022 valuation

Assets

Returns over the year to 31 March 2023 have been low, particularly in the first quarter. As at 31 March 2023, in market value terms, the Fund assets were less than they were projected to be at the previous valuation.

Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As at 31 March 2023, the real discount rate is estimated to be higher than at the 2022 valuation due to a reduction in the long term rate of inflation from 31 March 2023 onwards.

The value of liabilities will also have increased due to the accrual of new benefits net of benefits paid.

In addition, benefits will increase by 10.1% in line with the 2023 LGPS pension increase which is higher than the pension increase assumed at the previous valuation.

Overall position

On balance, we estimate that the funding position has slightly weakened when compared on a consistent basis to 31 March 2022.

The change in the real discount rate since 31 March 2022 is likely to place a lower value on the cost of future accrual which results in a lower primary contribution rate. The impact on secondary contributions will vary by employer.

However, the next formal valuation will be carried out as at 31 March 2025 with new contribution rates set from 1 April 2026. As part of the 2025 valuation, the Fund and us as the Fund Actuary will work together in setting the assumptions for the valuation.

Graeme Muir FFA
Partner, Barnett Waddingham LLP

17a) 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 IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year but taking account of changes in membership numbers and updating assumptions to the current year.

The actuarial (IAS19) present value of promised retirement benefits of the Pension Fund are set out in the following table. This reflects the underlying commitment of the Pension Fund in the long term to pay retirement benefits to its active (employee members), deferred and pensioner members. The liabilities include an allowance for the potential impact of the McCloud judgement. The value of the Fund’s Assets in the table below is the net assets as per the pension fund’s Net Asset Statement.

31 March 2022		31 March 2023
£000		£000
(4,858,955)	Present Value of the defined benefit obligation	(3,284,749)
3,012,906	Fair Value of Fund Assets (bid value)	3,028,870
(1,846,049)	Net Liability	(255,879)

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 17), in particular IAS19 stipulates a discount rate rather than a rate that reflects market rates. The actuary has also used valued ill health and death benefits in line with IAS19.

2021/2022		2022/2023
% pa	Assumptions	% pa
2.60	Discount Rate	4.80
3.20	Pension Increases	2.85
4.20	Salary Increases	3.85

The sensitivity of the assumptions on the value of liabilities have been calculated in the tables below:

	£000	£000
Sensitivity to:	+0.1%	-0.1%
Discount Rate	(3,229,882)	(3,341,108)
Long Term Salary Increases	(3,288,324)	(3,281,202)
Pension Increases and deferred revaluation	(3,338,560)	(3,232,349)
	+1 year	-1 year
Life Expectancy Assumptions	(3,411,094)	(3,163,664)

18) Long Term Debtors

As at 31 March 2023 the Fund had no long term debtors (2021/22 nil).

19) Current Assets

2021/2022 £000	Current Assets	2022/2023 £000
1,657	Contributions due from Administering Authority	1,552
10,119	Contributions due from other scheme employers	8,572
0	Civil Service Pensions Scheme	0
0	Bulk Transfer due from other Local Authorities	0
45	Other	421
11,821		10,545
49,711	Cash	66,445
61,532	Current Assets	76,990

The cash balance of £66.5 million is held in the Fund's own bank accounts. Cash held by the Fund's managers is included in cash deposits in Note 13.2 above.

20) Current Liabilities

2021/2022 £000	Current Liabilities	2022/2023 £000
290	Administration costs etc. due to Administering Authority	710
2,211	Investment managers' fees	2,304
145	Other professional fees	127
4	AVCs in transit	0
0	Death grants	0
204	Other	225
2,854		3,366
0	Provision for Tax Reclaims over 1 Year	0
2,854	Current liabilities	3,366

21) Additional Voluntary Contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. These contributions are invested separately from the Fund's assets with Prudential and the Standard Life Assurance Company.

2021/2022 £000	Additional Voluntary Contributions	2022/2023 £000
5,381	Value at 1 April	6,209
	Income	
794	Contributions received	996
	Expenditure	
-215	Retirements	-489
-4	Transfers values paid	9
-219		-480
253	Change in market value	-478
6,209	Value at 31 March	6,247

In accordance with Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, additional voluntary contributions are excluded from the Fund Account and Net Assets Statement.

Breakdown of AVC Providers			
	Prudential £000	Standard Life £000	Total £000
Value at 1 April 2022	5,447	762	6,209
Income			
Contributions received	990	6	996
Expenditure			
Retirements	-418	-71	-489
Transfers values paid	13	-4	9
	-405	-75	-480
Change in market value	-514	37	-478
Value at 31 March 2023	5,518	730	6,248

22) Related Party Transactions

Pension Fund Committee members and relevant senior officers are required to declare any interests in related party transactions and relationships between themselves, and their related parties, and the Pension Fund. Some of the Committee members also act as councillors or board members of the Fund’s scheduled or admitted bodies, who maintain a conventional employer relationship with the Fund. Committee Members are also required to declare any company directorships. These are listed below but do not include representation of their respective bodies as Committee members:

- Councillor McMurdo is a member of the Bedfordshire & River Ivel Drainage Board.
- Councillor Wenham is a Director at Raynsford Church of England Academy, Southeast Midlands Local Enterprise Partnership Limited, Henlow Pavilion Management Limited and Rasear Limited.
- Councillor Nicholls is a Non-executive Director of London Luton Airport Limited (Luton Rising).

There were no material transactions between members and officers and the Fund during 2022/2023.

The only material related party transactions during 2022/2023 were in respect of contributions paid by the employing bodies into the Fund. See Note 7.

Amounts owed to and from the administering authority can be seen in Notes 19 and 20.

The disclosures required by the above legislation can be found in the main accounts of Bedford Borough Council.

Administration and investment management costs include charges by Bedford Borough Council for providing services in its role as administering authority. For 2022/2023 these amounted to £1.521 million (2021/2022 £1.4 million).

The Administration team provide the legacy payroll for Teachers pension added years.

The Fund pays compensatory added years benefits on behalf of some of its employers. The costs of these are invoiced to the employer. In 2022/2023, £2.8 million (2021/2022 £2.9 million) was paid and recovered from employers.

Key Management Personnel

There are three senior officers of Bedford Borough Council involved in the financial management of Bedfordshire Pension Fund. They are the Assistant Chief Executive (Finance), the Fund Administrator and the Chief Officer for Bedfordshire Pension Fund. These officers charge a proportion of their time to the Pension Fund as part of Bedford Borough Council’s role as administering authority. In 2022/2023, their remuneration was as follows:

2021/2022		2022/2023
£000		£000
108	Short-term benefits	102
19	Post-employment benefits	26
127		128

23) Contingent Liabilities and Contractual Commitments

There were no material contingent liabilities as at 31 March 2023. But there were outstanding capital commitments to investment vehicles of up to £397.3 million (31 March 2022: £362.9 million). These commitments relate to outstanding call payments (including callable distributions) due on unquoted investments in infrastructure £177.2 million; private equity £74.0 million; real assets £3.7 million; private debt £109.6 million and climate opportunities £32.8 million. The amounts drawn down by the managers are irregular in both size and timing over typical periods of up to 6 years from the date of the original commitments.

A close-up photograph of a person's hands holding a pink piggy bank. The person is wearing a yellow sweater. One hand is holding the piggy bank, and the other is inserting a coin into the slot on its back. The background is blurred, showing what appears to be a bookshelf.

SECTION 3

Investment Report

- *Investment Management*
- *Investment Activity and Performance*

Investment Management

Investment Powers

The principal powers to invest are contained within the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended). These regulations permit a wide range of investments, subject to specific restrictions limiting the proportion that may be invested in any one holding. In undertaking investment, the regulations require that the administering authority shall obtain and take account of proper advice. It must also consider the suitability of investments and the need for diversification. The Pension Fund Committee is satisfied that these requirements are fully met.

Myners' Principles for Institutional Investment Decision Making

Legislation requires Administering Authorities to publish a written Investment Strategy Statement, including the extent to which the administering authority has complied with the Myners' principles. The authority complies fully with all six principles as demonstrated in section 5 of the Fund's Investment Strategy Statement, reproduced in full on in the Appendices section of this report.

Investment Management

The Pension Fund Committee is responsible for the strategic management of the Fund including the appointment of external investment managers. Day-to-day management of the Fund's investments is delegated to fund managers per guidelines agreed with the Committee and specified in the Investment Management Agreement. Managers have discretion in the selection of investments, within the parameters of their mandate.

The current investment structure comprises a passively managed portfolio, together with actively managed specialist portfolios for bonds, property, absolute return multi asset funds, private equity and infrastructure.

The approach is for the specialist portfolios to

add value by diversifying from the traditional asset classes. The investment managers and their respective mandates are shown below, the figures in brackets showing the percentage of the Fund's assets within each manager's remit based on market values at 31 March 2023.

Custody Arrangements

Northern Trust Company and CACEIS provide global custody services to the Fund across all asset classes.

Stock lending

There were no direct stock lending arrangements in place during 2022/2023.

The LGPS Code of Transparency

The Scheme Advisory Board (SAB) launched the LGPS Code of Transparency in 2017. The objectives of the Code are consistent with CIPFA's accounting standards for administering authorities' statutory annual reporting and the government's criteria for LGPS investment pooling.

Under the Code, investment managers are required, in a timely manner, to provide portfolio information in prescribed format to ensure clarity, transparency, consistency and comparability across the LGPS. All investment managers within Bedfordshire Pension Fund are signatories to the Code.

Funding Strategy Statement (FSS)

The current FSS was updated and approved by the Pension Fund Committee on 19 September 2023. It is included in this report within the Appendices section.

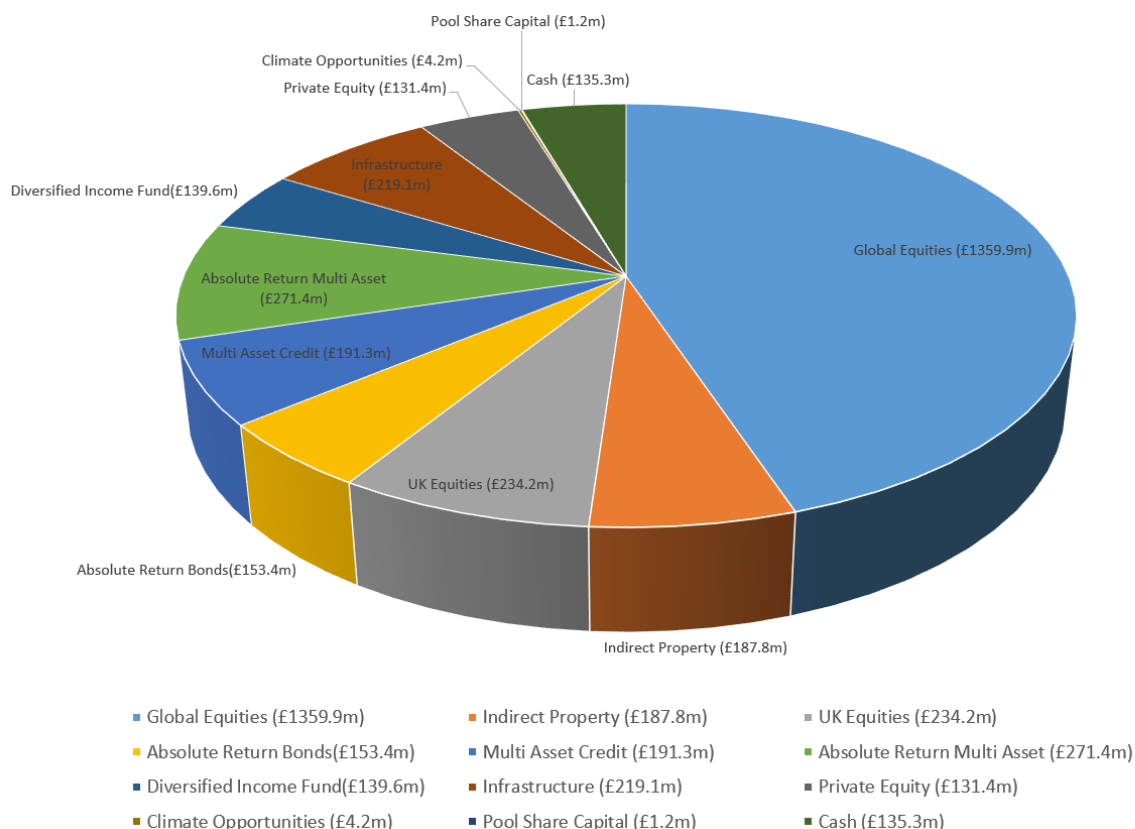
Monitoring and Review

The Pension Fund Committee holds quarterly meetings to monitor and review investment performance at total Fund and individual fund manager level. Also, regular and ad hoc business meetings are held to consider pertinent issues. In addition, the Committee conducts annual review in November to evaluate the activity and performance of fund managers over the previous calendar year and rolling periods. An Annual General Meeting of the Pension Fund is held and scheme employers are invited to raise questions and interact with the Committee, Fund advisers and officers.

Manager	Asset Class	2022/2023	
		£ million	%
Legal & General	Global Equities	563.7	18.6%
Blackrock	Global Equities	481.7	15.9%
CBRE	Indirect Property	187.8	6.2%
Legal & General	UK Equities	234.2	7.7%
Border to Coast	Global Equities	224.1	7.4%
Insight Investment	Absolute Return Bonds	153.4	5.1%
Border to Coast	Multi Asset Credit	191.3	6.3%
Pyrford	Absolute Return Multi-Asset	132.6	4.4%
Newton	Absolute Return Multi-Asset	138.9	4.6%
PIMCO	Multi Asset Credit	139.6	4.6%
Border to Coast	Infrastructure	197.0	6.5%
Blackrock	Emerging Markets	90.4	3.0%
Abrdn	Private Equity	60.9	2.0%
Border to Coast	Private Equity	1.0	0.0%
Border to Coast	Private Credit	69.4	2.3%
Border to Coast	Climate Opportunities	4.2	0.1%
Pantheon	Infrastructure	22.0	0.7%
Pool Share Capital	Equities	1.2	0.0%
Net Assets Managed by the Administering Authority		135.3	4.5%
Total Assets		3,028.7	100.0%

The benchmarks and target return for these portfolios are detailed in the Investment Strategy Statement, included in full within this report. The net assets managed by the administering authority are cash held internally at the Fund's banks less any Fund debtors and creditors.

Composition of the Fund by portfolio as at 31 March 2023



Investment Activity and Performance

Investment Activity

The Committee, in consultation with its advisers, considers the trade-offs between potential reward and risk, long-term objectives of the Fund, need for diversification and impact of implementation costs. The Committee's risk budget helps to determine the strategic asset allocations.

Passive managers track specified indices and active managers have full discretion to search and select investments within the parameters of their mandate.

During the year to 31 March 2023, the Committee reviewed and monitored the Pension Fund investment strategy to ensure appropriateness and consistency with the Fund's long-term funding and investment objectives and compliance from a pooling perspective.

Investment Performance

Investment performance service is provided by CACEIS, the Fund's global custodian. Total performance is measured against a blended benchmark set out in the Investment Strategy Statement.

Total return on the Fund's assets for the year to 31 March 2023 was -0.3% underperforming the benchmark of 1.2%. Over the 3-year period to 31 March

2023, the Fund delivered overall return of 9.3% pa, compared to the benchmark return of 9.9% pa. The Fund underperformed the benchmark, over a 5-year period, achieving total return of 5.4% pa, against a benchmark of 6.1% pa.

The returns of the underlying mandates and asset classes over 1-year, 3-year and 5-year periods are summarised in the table below.

	Last 12 months (%)			Last 3 years (% p.a.)			Last 5 years (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth									
BlackRock ACS World Low Carbon Fund	-4.2	-4.7	0.5	-	-	-	-	-	-
BlackRock iShares Emerging Markets Index Fund	-5.1	-4.5	-0.6	-	-	-	-	-	-
LGIM Global Equity	0.6	0.9	-0.4	15.8	16.0	-0.2	7.2	7.4	-0.1
BCPP Global Equity Alpha	3.7	-0.9	4.7	18.6	16.0	2.2	-	-	-
abrdn Capital Partners Private Equity	19.0	10.0	8.2	23.0	10.0	11.8	23.2	10.0	12.0
BCPP Private Equity	-	-	-	-	-	-	-	-	-
Income									
CBRE UK Property	-16.9	-14.4	-2.9	1.1	2.6	-1.5	1.3	2.5	-1.2
Newton Absolute Return	-3.8	6.4	-9.6	5.6	4.9	0.7	4.5	4.8	-0.3
Pyrford Absolute Return	1.5	18.5	-14.4	4.7	12.9	-7.2	3.0	10.7	-7.0
BCPP Infrastructure	25.6	8.0	16.3	0.8	8.0	-6.7	-	-	-
BCPP Climate Opportunities	-	-	-	-	-	-	-	-	-
Pantheon Infrastructure	18.7	8.0	9.9	10.7	8.0	2.6	-	-	-
BCPP Private Debt	4.6	6.0	-1.3	-	-	-	-	-	-
BCPP Multi-Asset Credit	-3.3	5.9	-8.7	-	-	-	-	-	-
Volatility and treasury management									
Insight Responsible Credit Fund	2.6	5.5	-2.7	-	-	-	-	-	-
PIMCO - Diversified Income Fund	-0.3	1.7	-1.9	-	-	-	-	-	-
Total	-0.3	1.2	-1.4	9.3	9.9	-0.5	5.4	6.1	-0.7

Source: Hymans Robertson

Market review – Year to 31 March 2023

In 2022, extreme volatility plagued global markets. Equity markets were about 20% adrift, making it perhaps the worst year in over a decade. Bond markets tumbled in response to rising interest rates. The war in Ukraine and hikes in interest rates caused significant fluctuation in the prices of commodities. The war in Ukraine and heightened inflation impacted global economies as they emerged from the global pandemic. In the currency markets, the Turkish Lira fell by nearly 30% but rebounded strongly to finish the year around 80% up.

Global growth slowed over 2022 amid soaring inflation and interest rates, but falling energy prices, strong labour markets, and firm consumption led to an unexpected resilience.

Year-on-year headline CPI inflation peaked over the year at 11.1% in the UK. Despite an easing in inflation, largely owing to falling energy prices, headline CPI remained elevated in March 2023, at 10.1%, while core inflation measures (which exclude volatile energy and food components) remained well in excess of the central bank target, standing at 6.2% in March 2023. US and eurozone inflation followed a similar pattern over the year.

In response, the major central banks embarked on one of the most aggressive rate hiking cycles on record amidst concerns that core inflation might become ingrained. Interest rates were raised from historically low levels and reached 5.0% p.a., 4.25% p.a., and 3.0% p.a., in the US, UK, and eurozone, respectively.

High inflation and interest rate rises saw yields and volatility rise sharply in government bond markets. Additionally, the UK saw further volatility in gilt yields following a government mini-budget in September, with yields only falling back from their September peak following intervention by the Bank of England. UK 10-year yields increased from 1.6% p.a. to 3.5% p.a.

UK 10-year implied inflation, as measured by the difference between conventional and inflation-linked bonds of the same maturity, fell 0.8% p.a. to 3.6% p.a.

Despite recent tightening, inflation and growth concerns weighed on credit markets over the past year, with global investment grade credit spreads widening 0.3% p.a. to 1.5% p.a. and speculative-grade credit spreads widening 0.9% p.a., to 5.1% p.a.

Despite rallying strongly since its low in October 2022, the FTSE All World Index Total Return Index fell 5.0% over the period. Energy was the best performing sector, boosted by surging oil and gas prices. Consumer discretionary and technology were among the worst performing sectors over the year amidst cost-of-living pressures and rising rates, while recent banking stresses resulted in a significant hit to financial stocks.

The improvement in consumer and business sentiment in Europe, on the back of falling gas prices, led European equities to outperform. UK equities also experienced an outperformance due to above average exposure to the energy sector and sterling weakness for the most part of 2022, particularly against the dollar, which flattered the large proportion of overseas earnings in the index.

The UK sterling and Japanese Yen fell 2.7% and 4.2% respectively over the past 12 months in trade-weighted terms while equivalent dollar and euro measures rose 4.2% and 2.9%, respectively.

The MSCI UK Monthly Property Total Return Index declined 14.7% year-on-year primarily due to a 18.8% fall in capital values. Values fell across the three main commercial sectors and were most pronounced in the industrial sector.

SECTION 4

Pooling

- *Partner Funds*
- *Costs*
- *Risks*

Introduction

Bedfordshire Pension Fund is a founding member of the Border to Coast Pensions Partnership (BCPP) along with 10 other Pension Funds namely:-

Cumbria Pension Fund	South Yorkshire Pension Fund
Durham Pension Fund	Surrey Pension Fund
East Riding Pension Fund	Teesside Pension Fund
Lincolnshire Pension Fund	Tyne and Wear Pension Fund
North Yorkshire Pension Fund	Warwickshire Pension Fund

Border to Coast's contact details are: 5th Floor, Toronto Square, Leeds, LS1 HJ

Telephone 0113 487 2550 Company Registration Number 10795539 BCPP is regulated by the Financial Conduct Authority (FRN 800511)

Key personnel include Rachel Elwell (Chief Executive Officer) and Chris Hitchen (Chairman).

Pooling Costs

The table below shows the costs Bedfordshire Pension Fund expects will be incurred in running BCPP in 2022/2023:

Pool Operating Costs	Governance	AUM Charge	Development	Global Real Estate	Alternatives	Projects	Real Estate	2022/2023 Total
	£000	£000	£000	£000	£000	£000	£000	£000
Partner Fund								
Bedfordshire	304	186	79	18	234	54	350	1,225
Cumbria	304	280	94	37	288	54	350	1,407
Durham	304	764	82	10	148	55	350	1,713
East Riding	304	1,751	143	20	129	55	350	2,752
Lincolnshire	304	446	36	13	0	54	350	1,203
North Yorkshire	304	845	90	19	283	54	350	1,945
South Yorkshire	305	4,422	200	47	722	55	350	6,101
Surrey	304	843	152	26	418	55	350	2,148
Teesside	304	2,207	71	0	219	55	350	3,206
Tyne & Wear	304	1,025	319	62	746	55	350	2,861
Warwickshire	304	308	43	15	154	54	350	1,228
Total Operating Costs	3,345	13,077	1,309	267	3,341	600	3,850	25,789

Bedfordshire Pension Fund owns £1 Type A Shares and Regulatory Capital Type B Shares of £1,182,000 in Border to Coast.

During 2022/23, Bedfordshire Pension Fund transitioned assets valued at £145.8m into the FCA approved private markets vehicles.

Risks Relating to Pooling

Bedfordshire Pension Fund has a risk register which is reviewed regularly to reflect the current risks. There has been significant progress with pooling, including the strategic objective to accelerate the development and enhancement of the internal Border to Coast team. The focus of the last review in 2022/2023 has been to ensure that Border to Coast's process for new product development continues to take proper account of the Fund's views and that investment offerings (sub funds) are timely and suitable for the Fund to access. The risks previously identified are maintained with appropriate control measures in place.

These risks can be reviewed within the Risk Register which is available on the Fund's website.

	Cumulative to 2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Total Set up and Operating Costs	-0.60	-0.38	-0.43	-0.53	-0.59
Transition Costs	0.00	-0.13	0.00	-0.04	0.00
Total Fee Savings	2.67	0.74	1.32	2.36	3.26
Net Position	2.07	0.22	0.89	1.79	2.67
Cumulative Net Position	2.07	2.30	3.19	4.98	7.65

Source: Border to Coast



SECTION 5

Bedfordshire Local Pension Board

- *Annual Report of the Bedfordshire Local Pension Board*

Annual Report of Bedfordshire LGPS Pension Board for 2022/2023

1 Constitution, Representation and Attendance

- 1.1 The Bedfordshire LGPS Local Pension Board (“the Board”) was constituted under the Public Service Pensions Act 2013. As such, the Board is not a Committee of Bedford Borough Council (the Council).
- 1.2 The first meeting of the Board took place on 25 June 2015. It consists of four representatives of the Scheme employers, and four representatives of the Scheme members, all of whom are voting members. Nominated substitutes are allowed. A non-voting Independent Chair has been appointed.
- 1.3 The Board met on four occasions during the year, on 12 May 2022, 28 July 2022, 20 October 2022 and 8 February 2023. Overall attendance during the year was 86%. Individual attendance records are shown in the Appendix.
- 1.4 Board meetings are open to the public, other than when considering exempt items. During the year, the meetings on 12 May and 28 July were held virtually and streamed live on YouTube to facilitate public participation. The meetings on 20 October and 8 February were held in Borough Hall, and were also streamed live on YouTube. The Board is empowered to continue with virtual or hybrid meetings.
- 1.5 To facilitate the operation of the Board, the Chair is invited as an observer to meetings of the Pension Fund Committee (“the Committee”).

2 Functions and Operation of the Board

- 2.1 The two primary functions of a Local Pension Board (LPB) are to assist the Administering Authority to:
 - ensure effective and efficient governance and administration of the LGPS;
 - ensure compliance with relevant laws and regulations.

To help achieve this, under Regulation 106 (8) of the LGPS regulations 2013, “a local pension board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions”.

- 2.2 Therefore, the Board has a monitor/assist/review/scrutinise purpose, rather than being a decision-making body. It could be seen as being a critical but supportive friend. It sets its own agenda and has the opportunity to be selective and to probe particular topics in more depth than the Committee, which has a wider range of statutory responsibilities and decision-making. As such, the general approach of the Board is to seek assurances with evidence from the Fund and external bodies, that the Fund is meeting its objectives, producing the required statements and managing risks. The Board can commission its own reports and make recommendations to the Committee and to Officers.
- 2.3 In so doing, the Board is helping to manage the reputational risk of both the Fund and the Administering Authority. This is more critical now that the LGPS in England and Wales has both the Department for Levelling-Up, Housing and Communities (DLUHC) and the Pensions Regulator (TPR) as its regulators. The Administering Authority, and in extreme circumstances Board members, can be fined by TPR, which also has other powers available should breaches of the law and unacceptable standards occur.

- 2.4 The Board is supported by the Board Secretary and operates under Terms of Reference which were initially agreed by Council in March 2015. The Terms of Reference are reviewed annually. On 7 February 2018, the Council accepted recommendations from the Committee to make various revisions, including the desire to appoint an Independent Chair. The Council agreed further revisions on 13 January 2021. The current Terms of Reference and other information regarding the Pension Board can be located on the website.
- 2.5 In 2022/23 the direct costs of operating the Board amounted to £10,362, mainly relating to the costs of the provision of an Independent Chair, training fees and expenses for Board members. These costs do not include any indirect costs relating to officer time nor any apportioned costs for the use of premises, systems or services recharged to the Fund by the Council. The Board seeks approval from the Administering Authority for its budget on an annual basis. Mindful of delivering value for money, the Board endeavours to work in a cost-effective manner, as its costs are reflected in employer contribution rates.

3 Detailed Work of the Board

3.1 Overview

- 3.1.1. This is the eighth Annual Report produced by the Board. Since their inception, Local Pension Boards have become increasingly visible, as have the expectations of both TPR and the Scheme Advisory Board (SAB), who may make direct contact with Board Chairs.
- 3.1.2. As such, Boards are in a continuous state of evolution. This has manifested itself in a closer working relationship between the Committee and the Board. There are also half yearly meetings between the Board Chairs of the Pensions Funds who are members of the Border to Coast Pension Partnership (BCPP).
- 3.1.3. As Board Chair, I attend the Committee to discuss any recommendations from the Board.
- 3.1.4. Board meetings are scheduled before Committee meetings to enable the Board to give detailed consideration of the process and procedure of proposed new policies, or with reviews of existing policies, such that observations and recommendations from the Board are then integrated into the final report to the Committee and thus are taken into account as part of the decision-making process.

The Board takes satisfaction from its role as a sounding board in developing new policies and reviewing existing policies and statements.

The Pensions Regulator expects Boards to be in a position, if necessary, to challenge the Administering Authority on any decisions made. There were no such cases during the financial year 2022/2023.

- 3.1.5. The main elements of the work programme of the Board are governance, and oversight of the pensions administration function, which is run by an in-house team. A detailed and wide-ranging quarterly administration performance report is scrutinised at each ordinary meeting of the Board, comparing actual performance against both best practice and regulatory deadlines. Consideration is given to the focus on the priority tasks, and to the adequate resourcing of the Administration Team, including succession planning.
- 3.1.6 Amongst other objectives, the Board endeavours to help manage the reputational risk of the Fund.

Such a focus seeks assurances that the Fund is complying with its responsibilities, obligations and expectations. The Board is mindful that all scheme employers have a responsibility to provide complete, accurate, timely and secure information and data. The roll-out of access by scheme employers to the i-Connect facility should further improve data quality and reliability.

3.2 Risk management

- 3.2.1 The Pension Fund Committee owns the Risk Register. The Board's views on the Risk Register are sought as part of the governance of Pension Fund risks. The detailed assessment of the likelihood of each risk occurring and its impact is assessed in the light of the existence of the Board as an additional scrutiny resource. Review of the Risk Register is a standing item at Board meetings and the Board can make recommendations to the Committee to amend the Risk Register. Any recommendations from the Board are usually accepted by the Committee. The Board endeavours to identify new risks and the Risk Register is seen as a working document.

3.3 The Pensions Regulator (TPR)

- 3.3.1 The Pensions Regulator examines the Scheme on an ongoing basis and has, for example, highlighted delays across LGPS Funds in producing Annual Benefit Statements (ABS). The Board was pleased to note that BFP once again produced its ABS by the due date.
- 3.3.2. The Board undertakes an annual review of the Fund against the standards and expectations as reflected in TPR Code of Practice 14, on a red, amber, green basis: RAG. The assessment identifies areas in which the Fund needs to make improvements. The Board considers certain areas of the Code at any one time. No areas have red status. The Board studies and makes recommendations on amber items but would also challenge those areas assessed as "green", so seeking on-going assurance that the evidence supports each assessment. An interim review of any area of the Code is undertaken should circumstances so require.
- 3.3.3 The Board monitors TPR's annual review of its priorities, and studies its guidance, intervention reports and the reasons behind any fines it levies, reflecting these issues when setting the Board agenda. A particular focus of TPR is cyber security and pension scams, which have featured appropriately on Board agendas.
- 3.3.4. The Board continues to be mindful of TPR's Scheme Annual Return, which is a statutory document which Bedfordshire Pension Fund completed within the statutory deadline. The return shows percentages for the completeness and accuracy of "common data" and "scheme specific data". Using 2018/2019 data as a baseline, TPR measures and seeks annual improvements in data quality. Data quality for Bedfordshire is at a high level and a Data Improvement Plan is in place, which is reviewed by the Board.

3.4 Reporting and Recording Breaches

All breaches of the law are recorded. The Board, and everybody associated with the Fund, other than individual scheme members, have a responsibility to report significant breaches of law to TPR. The Board reviews any breaches of the law as a standing item on the agenda. During 2022/2023, as far as the Board was aware, no breaches were reported to TPR.

3.5 Scheme Advisory Board (SAB)

- 3.5.1. The Board monitors the focus and priorities of the SAB and takes them into account in setting the

Work Programme.

- 3.5.2. The SAB commissions periodic surveys of local pension boards, the outcomes of which are reported to the Board.

3.6 Review of Investment Issues

Whilst the majority of the Board work programme focuses on administration and governance issues, there is some involvement in investment issues.

- 3.6.1. As is expected under the Investment Regulations, the Board continues to monitor the on-going process for developing strategies for responsible investment, and the reporting of delivery against those strategies.
- 3.6.2. The Board continues to receive updates on progress by Border to Coast Pension Partnership (BCPP) regarding the pooling of investment assets. Representatives of the scheme members of the partner Funds observe the Joint Committee of BCPP and report back to scheme member representatives on partner Boards. The Pool has been accepted as a signatory of the Financial Reporting Council Stewardship Code.
- 3.6.3 The Board Chair participates, along with the other Board Chairs of the partner Funds, in half yearly discussion regarding aspects of governance and procedures within BCPP and the Joint Committee.

3.7 Scheme and Council documents

- 3.7.1. The Board examines the range of scheme documents expected to be in place. It has reported where it found gaps or a need to update. The Board also checks that appropriate information regarding the Board is shown on the website.
- 3.7.2 The Board pays particular regard to those standard documents which are sent to scheme members and may make recommendations regarding their content.

4. **Ensuring Compliance with Regulatory Deadlines.**

- 4.1 As the regulatory burden imposed on pension schemes continues to increase, so an increasing component of the Board agenda is ensuring compliance with regulatory deadlines, some of which represent an annual requirement, whilst others relate to the effective dates of new legislation and regulations. In all cases timely progress reports are received, so that the Board can consider whether any recommendations are needed to ensure that deadlines are met.
- 4.2 The changing working patterns, which were given added impetus by the pandemic in 2020, have resulted in a significant increase in home working. The Board is keeping the potential implications of home working under review.
- 4.3 In line with the majority of Local Authorities in England, the Bedford Borough Council Accounts for 2021/2022, which incorporate the Pension Fund Annual Report and Accounts, have not yet been signed off by the Auditors, for reasons beyond the control of the Pension Fund.
- 4.4 The Board continues to review and challenge on-going compliance in areas such as the General

Data Protection Regulation (GDPR) and cyber security guidance.

5 Board Self-Assessment

- 5.1 Following a dedicated training event, the Board has previously undertaken a self-assessment of its performance as a means of identifying how it could optimise the use of its time and add more value to Officers and to the Pension Fund Committee. In overall terms the Board felt that it was achieving its objectives. The Board will look to repeat this exercise.

6. Training

- 6.1 Each Board member must be conversant with the details of the Scheme, which translates as having a good working knowledge. The training policy for Board members is based on an individual training needs analysis and is therefore being individually tailored. This allows use of both the CIPFA Framework and TPR Toolkit. In addition, Board members are informed of external training opportunities such as CIPFA Pensions Network events and the annual LGA/LGPS Trustees Conference.
- 6.2 Board members are encouraged to attend at least two LGPS-focussed seminars/conferences each year.
- 6.3 On occasions Board members are invited to training provided for Committee members. New Board members are offered the opportunity to receive one to one training with the Board Chair on appointment. In addition, all new Board members are offered the opportunity to attend the three-day LGA Fundamentals course.
- 6.4 A specific training session is sometimes provided immediately before the Board meeting to consider a particular topic.

7. Work plan

- 7.1 The work plan for 2023/2024 covers the separate activity areas of:
- Pension Fund Annual Report and Accounts
 - administration, including Key Performance Indicators and the Data Improvement Plan
 - audit and risk management, including the Risk Register
 - governance; including conflicts of interest, recording and, if appropriate, reporting breaches, and compliance with TPR Code of Practice 14
 - specific training on the General Code, expected to be introduced by TPR during 2023, and consideration of how the Board continues to monitor compliance
 - monitoring guidance from both TPR and SAB
 - monitoring delivery and reporting by BCPP which has implications for Administering Authorities
 - monitoring developments in responsible investment, including requirements under the new Stewardship Code, and reporting requirements in line with the recommendations of the Task Force on Carbon-related Financial Disclosures – TCFD, which are likely to be implemented during 2023/2024.
 - oversight of the implications and implementation of the anticipated statutory guidance on the Good Governance proposals which may be implemented during 2023/2024
 - compliance with external deadlines
 - training
 - member communications

- Pension Fund Business Plan

7.2 There is flexibility to allow for any additional reviews and developments.

8. Public accountability

8.1 As well as being open to the public, other than for occasional excluded items, the agendas, minutes and the Board Terms of Reference are available on the Bedford website at the following address:

https://www.bedspensionfund.org/Fund_information/pension_board/pension_board.aspx

As the recently appointed Chair of the LGPS Local Pension Board I wish to thank the Vice-Chair Cllr Blair and fellow Board members who have volunteered their time and energies in their roles. Grateful thanks are also expressed to the Board Secretary, the Chief Officer for Bedfordshire Pension Fund, the Pensions Manager, the Chair of the Pension Fund Committee, Democratic Services and other support officers. I also wish to thank my predecessor as Chair, Gerard Moore, for the exemplary service he has provided to the Board for the previous four years.

Ian Coleman
Independent Chair
Bedfordshire LGPS Local Pension Board

8 May 2023

APPENDIX

Attendance at Pension Board Meetings 2022/2023

Board Member	12 May 2022	28 July 2022	20 Oct 2022	08 Feb 2023
Hilde Hendrickx: (Employer Representative, Bedford Borough Council)	√	√	X	√
Mike Blair (Employer Representative - Central Bedfordshire Council)	X	√	√	√
Jacqui Burnett (Employer Representative - Luton Borough Council)	√	√	√	√
Stuart Goodwin (Employer Representative – Bedfordshire Police)	X	√	√	√
Martin Foster (Member Representative - GMB)	X	√	X	√
Kiran Mal (Member Representative - UNISON) – maternity leave from end of May 2022	√	N/A	N/A	N/A
John Wallace (Member Representative)	√	√	√	√
Emma Payne (Member Representative)	X	√	√	√
Nafia Baust (Member Representative Sub) from end of May 2022	N/A	√	√	√
Ian Coleman (Independent Chair)	√	√	√	√
Overall attendance, including non-voting Chair 86%	63%	100%	78%	100%

All meetings were attended by the Independent Chair.



APPENDICES

Policies and Statements

- *Investment Strategy Statement*
- *Funding Strategy Statement*
- *Communications Policy Statement*
- *Pensions Administration Strategy*

Contact Points

Further information regarding the Pension Fund or the report and accounts may be obtained from the following contacts:

Accounts, Investments and Contributions

Mike Batty
Chief Officer Bedfordshire Pension
Fund: Governance & Investments
Telephone: 01234 718396

Benefits

Claire Bennett
Pensions Administration Manager
Telephone: 01234 228873

The Pensions Ombudsman

10 South
Colonnade
Canary Wharf
London E14 4PU
www.pensions-ombudsman.org.uk
Telephone: 0800 917 4487

The Money and Pensions Service

www.moneyandpensionsservice.org.uk
Telephone: 08000113797



Glossary

2014 Scheme

Regulations introduced in 2013, effective from 1 April 2014, changed the LGPS from a Final Salary scheme to a Career Average Revalued Earnings (CARE) Scheme.

This has resulted in increased complexity in benefit membership calculations. More information on the changes to the scheme can be found on our website at:

https://www.bedspensionfund.org/Active_members/guides_to_the_lgps.aspx

50/50 Option

The LGPS offers the flexibility to pay half of the normal contribution rate and build up half of the normal pension whilst retaining full life and ill-health cover.

Absolute Return

This is an approach to active investment management that focuses on an absolute return rather than a traditional index-based benchmark. Freed from following an index, absolute return managers have the flexibility to pursue a range of strategies and are not pushed into holding certain assets just because they are in the benchmark.

Actuarial valuation

Every three years the Fund undergoes an actuarial valuation. An actuary assesses whether the Fund has enough money to pay everyone, and how much will need to be paid into the Fund in future to make sure all the benefits can be paid.

Actuary

An actuary is a business professional who analyses the financial consequences of risk. Actuaries use mathematics, statistics and financial theory to study uncertain future events, especially those relating to pensions and insurance.

Annual allowance

The annual allowance is set by HM Revenue and Customs (HMRC) and is the amount that an individual's pensions savings can increase in any one year before the individual has to pay a tax charge. If the value of pension benefits increases by more than the annual allowance in one year, then the excess growth may be taxed. There is 'carry forward' which allows allowance from the three previous years to be offset against any excess in the current year. The annual allowance was set at £40,000 for 2022/23. This is set to rise to £60,000 for 2023/2024.

Assets

The Fund's investments.

Bonds

Governments issue bonds in order to borrow money. The purchaser gets a fixed annual interest payment as well as eventual repayment of the purchase price.

The Fund has some bonds from many of the largest governments, as well as "company bonds", which are similar but are issued by companies not governments.

CIPFA/LASSAC

The Chartered Institute of Public Finance and Accountancy and the Local Authority Scotland Accounts Advisory Committee.

Consumer Price Index (CPI)

The Consumer Price Index measures the change in the cost of living by assessing the changes in prices of a cross-section of goods and services over time.

Public service pensions increase by the rise in the Consumer Price Index (CPI). The rate is measured by the Office for National Statistics (ONS) in the twelve months to September of each year. The rate is then confirmed by the Treasury, and the increase to pensions applies from the following April, effective from the first Monday in the new tax year.

Deficit

If assets are less than liabilities, the Fund is said to be in deficit - there isn't enough money in the Fund to pay all future pension payments, so contributions may need to increase.

Discretion

This is the power given by the LGPS to enable employers or administering authorities to choose how they will apply the scheme in respect of certain provisions. Under the LGPS, employers or administering authorities are obliged to consider how to exercise their discretion and, in respect of some (but not all) of these discretionary provisions, to have a written policy on how they will apply their discretion.

Equities

Equities are shares in companies. The owner shares the profits (or losses) and growth (or fall) in the value of the company. The Fund owns shares in all the major markets in the world as well as some smaller, emerging markets.

ESG

Environmental, Social and Governance refers to the three main areas of concern that have developed as central factors in measuring the sustainability and ethical impact of an investment in a company or business. There is growing evidence that suggests that ESG factors, when integrated into investment analysis and decision making, may offer investors potential long-term performance advantages.

Final pay / final salary

This figure is used to calculate LGPS pension benefits built up before 1 April 2014. It's normally the pensionable pay that the employee received over the last year before leaving the scheme or retiring. If they employee's pay decreased in the last year, it could be the pay from one of the two previous years.

Funding level

The percentage of the Fund's liabilities which can be paid out of the Fund. If the funding level falls below 100%, more will need to be paid into the Fund.

Global equity

Investors in global equity can invest in equities from anywhere in the world, although they are limited by other aspects of their mandate. They are expected to give better returns than standard indices like the FTSE 100 or the local equivalent.

IAS 19

International Account Standard number 19 concerning "employee benefits"

Index-linked bonds

A type of bond where the annual interest payment varies with inflation.

Liabilities

The total expected value of future pension payments from the Fund to its members.

Lifetime Allowance

The lifetime allowance is the maximum amount of pension and/or lump sum that you can get from your pension schemes that benefit from tax relief. The current lifetime allowance is £1.073 million. The charge for breaching the LTA will be removed from 6 April 2023, with the allowance abolished entirely from April 2024.

Managed Funds

Managed Funds are defined as Insurance Managed Funds.

Multi-asset passive investment

Multi-asset passive investors can invest in global markets and need only match the returns given by indices like the FTSE 100 (or the local equivalent)

Net Asset Value

The value of the Fund's assets minus the value of its liabilities

Overseas Unit Trusts

Overseas Unit Trusts are categorised as all unitised funds that are not included within the Managed Fund category.

Pension Account

Employees contributing to the LGPS on or after 1 April 2014 have a pension account. Each scheme year the amount of pension the employee has built up during the year is worked out and this amount is added into the employee's active pension account.

Pensionable pay

This is an employee's salary or wages plus shift allowance, bonuses, contractual and non-contractual overtime, maternity pay, paternity pay, adoption pay and any other taxable benefit specified in a contract as pensionable. An employee's pension contributions are deducted as a percentage of pensionable pay.

Pensionable pay doesn't include expenses, payment in lieu of notice, pay in lieu of lost holidays, any payment as inducement not to leave ("golden handcuffs") or company cars or payment in lieu of a company car.

Policy statement

Employers must produce a policy statement. It sets out how they will treat discretionary items within the pension scheme.

Property

In investment, property can refer to offices, shops, shopping centres, retail parks and warehouses. Returns from property can include rental income and growth in value (capital growth).

Retail Prices Index (RPI)

The Retail Price Index is a measure of inflation.

It measures the changes in prices of a cross-section of goods and services over time.

The annual increase to LGPS pensions used to be based on the Retail Prices Index but from April 2011 increases have been based on the Consumer Prices Index.

Specialist mandate

An investor with a specialist mandate will invest only in a particular geographical area, industry sector, or other limited field.

State Pension Age

This is the earliest age that someone can receive the state basic pension. You can use the Government's State Pension Age calculator (www.gov.uk/state-pension-age) to find out your State Pension Age.

Surplus

If assets are greater than liabilities, the Fund is said to have a surplus - there's enough to pay all future pensions to fund members, with some to spare. This is the ideal situation to be in.

Finding out more

If you would like further copies, a large-print copy or information about us and our services, please telephone or write to us at our address below.

Për Informacion

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المعلومات

Informacja

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Za Informacije

برای اطلاع

তথ্যের জন্য

Per Informazione



01234 267422



Bedfordshire Pension Fund

Bedford Borough Council
Borough Hall
Cauldwell Street
Bedford
MK42 9AP



pensions@bedford.gov.uk www.bedspensionfund.org



www.bedspensionfund.org