Staffordshire County Council

Staffordshire Pension Fund
Local Government Pension Scheme

County Buildings, Stafford
DDI (01785) 276133
Please ask for Mike Bradbury
Email: michael.bradbury@staffordshire.gov.uk

Pensions Committee

Friday, 27 September 2019
10.00 am
Oak Room, County Buildings, Stafford

John Tradewell
Director of Corporate Services
19 September 2019

A G E N D A

PART ONE

The Chairman to move:

‘That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part 1 of schedule 12A of the Local Government Act 1972 indicated below'

PART TWO

9. **Exempt minutes of the meeting held on 28 June 2019** (Pages 155 - 158)
   (Exemption paragraph 3)

10. **Exempt minutes of the meeting of the Pensions Panel held on 14 June 2019** (Pages 159 - 166)
    (Exemption paragraph 3)

11. **Additional Voluntary Contributions (AVCs) and the Equitable Life Assurance Society (ELAS)** (Pages 167 - 196)
    (Exemption paragraph 3)

    Report of the Director of Corporate Services

12. **LGPS Regulations - Admission of New Employers to the Fund** (Pages 197 - 202)
    (Exemption paragraph 3)

    Report of the Director of Corporate Services

13. **2019 Actuarial Valuation - Initial Results** (Pages 203 - 220)
    (Exemption paragraph 3)

    Report and Presentation by Hymans Robertson

14. **Draft Funding Strategy Statement** (Pages 221 - 276)
    (Exemption paragraph 3)

    Report of the Director of Corporate Services

15. **LGPS Central Limited**
    (Exemption paragraph 3)

    Presentation by Mike Weston (CEO) and Callum Cambell (Head of Client Services and Stakeholder Relations) from LGPS Central Limited.

Membership

Ben Adams	Peter Noskiw (Co-Optee)
Philip Atkins, OBE	Bob Spencer
Nigel Caine (Co-Optee)	Mike Sutherland
Mike Davies (Vice-Chairman)	Stephen Sweeney
Derek Davis, OBE	Martyn Tittley
Colin Greatorex (Chairman)	Kevin Upton (Co-Optee)
Phil, Jones	Michael Vaughan

Note for Members of the Press and Public

Filming of Meetings

The Open (public) section of this meeting may be filmed for live or later broadcasting or other use, and, if you are at the meeting, you may be filmed, and are deemed to have agreed to being filmed and to the use of the recording for broadcast and/or other purposes.

Recording by Press and Public

Recording (including by the use of social media) by the Press and Public is permitted from the public seating area provided it does not, in the opinion of the chairman, disrupt the meeting.

Minutes of the Meeting of the Pensions Committee held on 28 June 2019

Attendance

Philip Atkins, OBE	Stephen Sweeney (in the Chair)
Mike Davies	Kevin Upton (Co-optee)
Derek Davis, OBE	Michael Vaughan (Co-optee)
Bob Spencer	

Also in attendance: Ian Jenkinson (Pensions Board Member)

Apologies: Ben Adams, Colin Greatorex, Phil, Jones (Co-optee), Mike Sutherland and Martyn Tittley.

PART ONE

1. Declarations of Interest

There were no declarations of interest on this occasion.

2. Minutes of the meeting held on 15 March 2019

RESOLVED – That the minutes of the meeting of the Pensions Committee held on 15 March 2019 be confirmed and signed by the Chairman.

3. Appointment of Pensions Panel

RESOLVED – That the following members be appointed to serve on the Pensions Panel for the 2019/20 municipal year:

- Philip Atkins
- Derek Davis
- Colin Greatorex
- Mike Sutherland
- Stephen Sweeney

4. Minutes of the meeting of the Pensions Panel held on 5 March 2019

RESOLVED – That the minutes of the meeting of the Pensions Panel held on 5 March 2019 be noted.

5. Appointment of Co-opted Member for Smaller Employers Representative

The Committee received a report of the Director of Corporate Services concerning the proposed appointment of a Co-opted Representative on the Pensions Committee representing Smaller Employers within the Staffordshire Pension Fund.

They were informed that this position had been vacant since the resignation of the previous representative, Geoff Locke, which was reported to the Committee in June 2018. The Committee, at their meeting on 18 December 2018, were informed that following difficulties in recruiting an individual interested in taking on the role, the Chairman had spoken to the Staffordshire Parish Council's Association concerning the appointment of the Smaller Employer Representative and that the matter was to be considered at the Associations next meeting which was due to take place on 7 January 2019. Subsequent to that meeting, Cllr Mike Allen indicated that he was interested in taking on the role and he observed the Pensions Committee meeting held on 21 March 2019. Cllr Allen recently confirmed that he was prepared to represent the Fund's Smaller Employers on the Committee and following further discussion with the Chair of the Committee and the Head of Treasury & Pensions, it was their recommendation that the position of non-voting Co-opted Member on the Pensions Committee representing the Smaller Employers in the Fund be offered to Cllr. Mike Allen.

RESOLVED – That Cllr. Mike Allen be appointed as the non-voting Co-opted Representative on the Pensions Committee representing Smaller Employers within the Staffordshire Pension Fund.

6. Pensions Business Plan Outturn 2018/19

The Committee received a report of the Director of Corporate Services concerning the final outturn position for the financial year together with a summary of the key achievements against the 2018/19 Business Plan.

The report covered a range of issues including:

- Key achievements during 2018/19
- Performance Standards
- Pensions Administration Team – Staffing
- Pensions Investment Team
- Pension Fund Budget and Costs
- Cost Benchmarking

The Committee were informed that the final position against the Plan showed that the majority of planned activities had been achieved or were in progress. Of those in progress, some were classed as 'business as usual' activities and these together with several other 'development' activities which required further work or ongoing activity had been carried forward into the 2019/20 Business Plan.

In response to a question from Mr Davis in relation to the Fund's property holdings, the Director confirmed that there had been instances whereby tenants had sought a reduction in the rent payable due to them facing financial difficulties. E.g under a Company Voluntary Arrangement (CVA)

Mr Davis also enquired about the reason for the increase in Investment Management cost when compared to 2016/17 and 2017/18 and was informed that whilst a proportion of this was as a direct result of the growth in Assets Under Management (AUM), the majority (£1.7m) was due to Fund increasing its allocation to Alternative assets (e.g. Private Equity and Private Debt) which were widely accepted to be some of the most expensive asset classes in which to invest. As well as increasing the Fund's allocation to Alternatives, there had been a move across the industry generally for greater accounting transparency of the multiple fee layers. So, whilst in previous years 'incentive' (performance) fees paid on Alternatives were not accounted for, the more transparent reporting regime meant that for 2018/19, this additional layer of cost had also been included.

In response to a question from Mr Sweeney as to whether the staffing levels within the Pensions Team was sufficient to manage the current workload, the Director indicated that it was not and it was therefore proposed to recruit additional staff at a junior level in the Autumn of 2019 and then train them in-house. Mr Spencer enquired whether it was possible to reduce the demand on staff time by increasing the amount of information available on-line. In response, the Director indicated that in an attempt to reduce the demands placed on the team a number of actions had been taken , including working with Employers to improve the data they provide to Pensions Services through the introduction of i-Connect; ongoing improvements to the Pensions website to provide more relevant and understandable information for Employers and Members and there was also the intention to hold a Scheme wide promotion to increase the awareness and opportunities for Member Self-Service.

RESOLVED – That the outturn position of the Staffordshire Pension Fund Business Plan 2018/19 be noted and approved.

7. Risk Register

The Committee considered a report of the Director of Corporate Services on the Fund's Risk Register.

They were informed that CIPFA Guidance recommended the production and monitoring of a Risk Register for Local Government Pension Scheme (LGPS) funds. At their meeting in June 2018, the Pensions Committee noted the contents of the Pension Fund Risk Register at that time and asked the Local Pension Board to continue to undertake a regular detailed review of the identified risks and the process for maintaining the Risk Register and report back on any areas of concern. It was also agreed that the Pensions Committee would continue to carry out an annual review of the high level and emerging risks identified from the Fund's Risk Register.

The Committee noted that the Risk Register brought together all the Fund's risks in a single document. It continued to be based on the 4 key areas of activity within the Fund: Governance, Funding, Administration and Investment. More recently, the impact of LGPS Asset Pooling and the nature of the risks that brought to the Fund had been incorporated across the various areas of activity.

The detailed Risk Register matched high level risks, under each of the 4 areas of activity, to the Fund's high level objectives. Each of the detailed risks had been given an impact score and a likelihood score before any controls were applied. These had then been combined to give an overall pre-control risk score, which had been assigned a Red – Amber - Green (RAG) rating.

Controls that were currently in place to mitigate risks and additional sources of assurance were then considered to provide a post control impact and likelihood score. Again, these had been combined to give an overall post control risk score which had been assigned a RAG rating. All risks were given a review date, risk owner and any future actions to be taken were noted.

Officers reviewed the Risk Register every quarter, focusing in on the detail of one of the 4 areas, along with a review of any emerging risks. As part of their review, Members of the Local Pensions Board had attended the review meetings and taken an active role in the discussions.

The Committee considered a summary of the high-level risks associated with the objectives (Appendix 3 to the report), together with emerging risks (Appendix 4 to the report).

Mr Jenkinson indicated that the Pensions Board had carried out a regular detailed review of the identified risks and the process for maintaining the Risk Register, and they had concluded that:

- The Risk Register was a robust and comprehensive register of risks that the Pension Fund faced.
- The procedure for reviewing the Register was carried out regularly with each risk being evaluated and updated as required.
- The Officer Working Group that conduct these reviews had ownership of the individual risks and the whole Register and took their responsibility seriously.
- The Pension Board continued to recommend that the Register included a time-tracked element such that an Audit Trail could be established of the ways in which risks changed over time.
- The Board also considered that there was value in continuing to attend meetings of the Officer Working Group.

Mr Jenkinson added that the Pensions Board would be content to continue to carry out this, light-touch, scrutiny role if the Pensions Committee so wished.

RESOLVED – (a) That high-level summary and emerging risks from the current Staffordshire Pension Fund Risk Register, as presented in Appendices 3 and 4 to the report, be noted.

(b) That the content and recommendations of the Local Pensions Board‘s review of the Staffordshire Pension Fund Risk Register, Appendix 2 to the report, be noted and that the Local Pensions Board be requested to continue to play an active role in the ongoing review process.

8. Review of Pensions Administration Strategy and Conflicts of Interest Policy

The Committee considered a report of the Director of Corporate Services seeking approval to the revised Pensions Administration Strategy and Conflicts of Interest Policy.

They were informed that regulations required, and best practice dictated, that a Pension Fund should have a range of written policies and procedures in place. Having such, not only proved regulatory compliance, but more importantly demonstrated good governance and provided a range of information to stakeholders. Whilst the Staffordshire Pension Fund was compliant in having the full range of policies in place, following an initial audit by Officers, it was identified that some policies were out of date and in need of review. An ongoing work program was therefore put in place, as part of the Business Plan, to ensure that over the next 12-18 months, the Fund's policies were reviewed and updated. These would be brought to Pensions Committee for approval and consulted on more widely if such was required under regulations or considered appropriate.

The Fund's current Pensions Administration Strategy was a comprehensive document running to 45 pages, which was last updated in December 2016. The revised document (Appendix 2 to the report), was a streamlined document of 16 pages, which clearly outlined the respective roles of Scheme Employers and the Staffordshire Pension Fund, to ensure the Fund met it legal obligations in respect of the LGPS Regulations and the disclosure standards required by the Pensions Regulator. The document was produced collaboratively across the service to ensure it provided a compliant, yet practical, reference guide for all users. Given that the Pensions Administration Strategy effectively acted as a Service Level Agreement between the Fund and its 450+ Employers, wider consultation was a regulatory requirement but also clearly very important. After an initial discussion with the Employer Focus Peer Group, the draft Pensions Administration Strategy was circulated to all Employers for consultation throughout April and all comments received as a result had been incorporated.

The Staffordshire Pension Fund's Conflicts of Interest Policy was deemed to demonstrate best practice and was introduced as part of setting up the Governance arrangements for the Staffordshire Local Pensions Board in 2015. The 2019 version of the Policy (Appendix 4 to the report) had been reformatted slightly and updated to reflect several minor procedural changes. As there had been no significant changes and the document was effectively used for internal control and compliance purposes, wider consultation was considered unnecessary.

RESOLVED – (a) That revised and updated Pensions Administration Strategy (Appendix 2 to the report) be approved.

(b) That the revised and updated Conflicts of Interest Policy (Appendix 4 to the report) be approved.

9. Exclusion of the Public

RESOLVED - That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 indicated below.

PART TWO

The Committee then proceeded to consider reports on the following issues:

10. Exempt minutes of the meeting held on 15 March 2019
(Exemption paragraph 3)

11. Exempt minutes of the meeting of the Pensions Panel held on 5 March 2019
(Exemption paragraph 3)

12. LGPS Regulations - Admission of New Employers to the Fund
(Exemption paragraph 3)

13. LGPS Central Joint Committee
(Exemption paragraph 3)

14. 2019 Actuarial Valuation - Assumption Setting
(Exemption paragraph 3)

Chairman

Minutes of the Pensions Committee Meeting held on 12 July 2019

Attendance

Ben Adams	Tim Legg
Mike Davies	Bob Spencer
Colin Greatorex (Chairman)	Mike Sutherland
Ian Jenkinson	Stephen Sweeney

Apologies: Philip Atkins OBE, Phil Jones (Co-optee), Martyn Tittley and Michael Vaughan (Co-optee).

PART ONE

15. Declarations of Interest

There were no declarations of interest on this occasion.

16. Staffordshire Pension Fund Investment Performance and Benchmarking

Members received a presentation from Nick Kent of Portfolio Evaluation Limited (PEL) giving an overview of the performance of the Staffordshire Pension Fund for the period ending 31 March 2019. The key points arising from the presentation were as follows:

- The Fund had outperformed its benchmark over the one, three, five and ten-year periods.
- The Fund had outperformed the PEL LGPS Information Service average return over the one, three, five year and ten-year periods.
- Markets had provided high returns over the medium term due to, in part, sterling depreciation, Brexit, global economic growth and QE. The outlook remained uncertain.
- The outperformance in 2018 / 2019 was due primarily to the outperformance of Longview (global equities), Insight (bonds) and Alternative assets, specifically Private Equity and Private Debt. Asset allocation had been a drag on excess return.
- The outperformance over the three-year period was primarily due to the outperformance of Private Equity.
- The Fund had begun transitioning assets to LGPS Central.
- Total risk remained low and active risk was at a level that was consistent with the structure of the Fund. Risk had remained stable over the year.

In response to a question from Mr Adams in relation to the recent poor performance of Standard Life, the Director of Corporate Services indicated that their performance had been impacted by their stock selection and that the situation was being closely monitored.

Members also received a presentation from John Simmonds of CEM Benchmarking outlining the results of the 2017/18 CEM survey, where Staffordshire was shown against a peer group of 21 LGPS and international funds ranging in size from £3.2bn to £8.6bn at 31 March 2018. The key points arising from the presentation were as follows:

(a) Returns

- The Staffordshire Pension Fund 5-year net total return was 9.0%. This was above the LGPS median of 8.6% and above the global median of 7.9%.
- The Fund's 5-year strategic asset mix return was 8.8%. This was above the LGPS median of 8.6% and above the global median of 7.6%.

(b) Risk

- The Staffordshire Pension Fund asset risk of 11.7% was above the LGPS median of 11.5%. The asset-liability risk of 11.9% was above the LGPS median of 11.6%.
- The Fund's funding level on the standard GAD basis of 96% was equal to the LGPS median of 96%.

(c) Value added

- The Staffordshire Pension Fund's 5-year net value added was 0.2%. This was above the LGPS median of 0.1% and equal to the global median of 0.2%.

(d) Cost

- The Staffordshire Pension Fund's investment cost of 53.9 bps was below its benchmark cost of 57.2 bps. This suggested that the Fund was slightly lower cost compared to its peers.
- The Fund was slightly lower cost because it had a lower cost implementation style and it paid less than its peers for similar services.
- The cost fell from 58.4 bps in 2013/14 to 53.9 bps in 2017/18.

In response to a question from Mr Sutherland concerning the Fund's likely costs in 2018/19 compared to 2017/18, he was informed that they were likely to be higher due to the Fund investing more in Alternative assets (e.g. Private Equity and Private Debt), which were widely accepted to be some of the most expensive asset classes in which to invest; and also as a result of void costs in the Fund's property portfolio.

Mr Jenkinson commented on the level of returns the Fund had achieved and expressed the view that the Fund's officers should be applauded for their achievements.

RESOLVED – That the presentations from Portfolio Evaluation and CEM Benchmarking be received and noted.

Chairman

Minutes of the Pensions Panel Meeting held on 14 June 2019

Attendance	
Philip Atkins, OBE (Chairman)	Mike Sutherland
Colin Greatorex	Stephen Sweeney

Also in attendance: Carolan Dobson (Independent Adviser), Ian Jenkinson (Observer), Paul Potter (Hymans Robertson) and David Thomas (Independent Advisor)

Apologies: Derek Davis, OBE

PART ONE

1. Declarations of Interest

Carolan Dobson (Independent Advisor) informed the Panel that she had joined the Aberdeen Standard Fund Managers Board and the Legal and General Securities Board.

2. Minutes of meeting held on 5 March 2019

RESOLVED – That the minutes of the Meeting of the Pensions Panel held on 5 March 2019 be confirmed and signed by the Chairman.

3. Pension Fund Performance and Portfolio of Investments as at 31 March 2019

The Director of Corporate Services submitted a summary of the performance of the Staffordshire Pension Fund, together with a portfolio of the Fund's investments, as at 31 March 2019.

The Panel were informed that the Fund had a market value of over £5.1 billion as at 31 March 2019. Over the quarter the Fund returned Fund returned 6.9%, matching its strategic benchmark return target. The best performing asset class relative to its benchmark was the Alternatives portfolio, whilst Global Equities were the main detractors from performance, underperforming their MSCI benchmark by 1.0%.

The Panel noted that the Fund had outperformed its strategic benchmark return over the 1, 3, 5 and 10- year periods. Annualised returns over all these periods were more than 8% per annum, well above the investment return assumptions used by the Actuary as part of the triennial valuation.

RESOLVED – That the Pension Fund Investment performance and the portfolio of investments for the quarter ended 31 March 2019 be noted.

4. Dates of Future Meetings

RESOLVED – That the dates of Future meetings of the Panel, as set out below, be noted:

- 20 September 2019 (Revised date)
- 3 December 2019
- 3 March 2020

(Note: All meetings are scheduled to start at 9.30am at County Buildings, Stafford.)

5. Exclusion of the Public

RESOLVED - That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part One of Schedule 12A of the Local Government Act 1972 (as amended) indicated below.

PART TWO

The Panel then proceeded to consider reports on the following issues:

6. Exempt Minutes of the Meeting held on 5 March 2019
(Exemption paragraph 3)

7. Pension Fund Performance and Manager Monitoring for the quarter ended 31 March 2019
(Exemption paragraph 3)

a) Portfolio Evaluation report for the quarter ended 31 March 2019
b) LGPS Central Global Equity Active Multi Manager Fund report April 2019

8. Strategic Benchmarking Review and Monitoring
(Exemption paragraph 3)

a) Review of Investment Strategy
b) Economic and Market Update
c) Review of Position as at 30 April 2019

9. 2019 Global Equity Transition and Restructure Costs
(Exemption paragraph 3)

10. Property - Confirmation of action taken by the Director of Corporate Services
(Exemption paragraph 3)

11. Responsible Investment (RI) Report Quarter 1 2019
(Exemption paragraph 3)

12. Manager Presentation - JP Morgan Asset Management (Global Equities)
(Exemption paragraph 3)

13. Manager Presentation - Longview Partners (Global Equities)
(Exemption paragraph 3)

Chairman

Item no 6 on Agenda

Local Members Interest	
Nil	

PENSIONS COMMITTEE – 27 SEPTEMBER 2019

Report of the Director of Corporate Services and County Treasurer

Staffordshire Pension Fund Annual Report and Accounts 2018/19

Recommendations of the Chair

1. That the Pensions Committee approve the draft Staffordshire Pension Fund Annual Report and Accounts 2018/19, enclosed as **Appendix 2**, noting the need for minor amendments, including an updated external auditor's statement on page 85. And that the final version be signed off by the Chair prior to publishing the document before 1 December 2019.

2. That the Pensions Committee note the separate report (ISA260) from the Fund's external auditors, Ernst and Young (EY) entitled; Staffordshire Pension Fund Audit Results Report for the Year ended 31 March 2019, attached as **Appendix 3**.

Background

3. Under Regulations, the Pension Fund must publish an annual report which includes the accounts by 1 December. The external auditors are also obliged to issue a statement on the accounts.

4. The Pension Fund accounts are included within the County Council's Statement of Accounts. As a result, EY reported the outcome of their audit to the County Council's Audit and Standards Committee on 30 July 2019.

5. Since then, EY have reviewed a draft copy of the Pension Fund Annual Report and Accounts and will shortly issue a statement, which is included on page 85 of the annual report.

6. EY's statement on the Pension Fund accounts is to confirm that they are consistent with those included within Staffordshire County Council's Statement of Accounts for the year ended 31 March 2019. It also states the accounts were properly prepared in accordance with accounting standards.

Preparing the Annual Report

7. In March 2019, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued Guidance for Local Government Pension Scheme Funds on Preparing the Annual Report. As the guidance was relatively late in being issued and proposed

many changes to the content of the Annual Report, specifically to encompass various information and metrics on Local Government Pools, it was acknowledged that for the 2018/19 report, changes should be done on a ‘best endeavours’ basis.

8. The report is being presented to Pensions Committee today and needs to be published by 1 December 2019. Members are asked to note, therefore, that there are still minor amendments being made to the document, including the Auditors Statement but, given the Committee does not meet again until 17 December 2019, timing has dictated that the Annual Report in its draft form be presented to Members today.

John Tradewell
Director of Corporate Services

Contact: Satwinder Chandla
Telephone No. (01785) 276519
Background Documents: None

Appendix 1

Equalities implications: There are no direct equalities implications arising from this report.

Legal implications: These have been addressed in the report.

Resource and Value for money implications: There are no direct resource or value for money implications arising from this report.

Risk implications: There are no direct risk implications arising from this report.

Climate Change implications: There are no direct climate change implications arising from this report.

Health Impact Assessment screening: There are no health impact assessment implications arising from this report.

Annual Report and Accounts

Staffordshire Pension Fund 2018/2019

Staffordshire Pension Fund
Local Government Pension Scheme

Contents

Welcome

It gives us great pleasure to present the Annual Report and Accounts for the financial year ended 31 March 2019 for the Staffordshire Pension Fund.

Philip Atkins, OBE
Chairman (Pensions Panel)

Colin Greatorex
Chairman (Pension Committee)

The Staffordshire Pension Fund administers the Fund on behalf of over 400 different Employers and once again we are most grateful to the Pensions team for the efficient service they have provided to all of our Employers and their continued professionalism in maintaining the highest standards of service to our scheme members.

The Pensions Team is continually striving to provide the best 'customer' experience for all of our scheme members, whether they are current contributing employees, deferred members awaiting payment of their benefits from a future retirement date or retired members in receipt of their pension benefits. The Fund is working hard to promote the online self-service facility which enables our members to access their pension information through a secure portal from the comfort of their own home or workplace. With the ever evolving Local Government Pension Scheme (LGPS) and the need to communicate information and updates to our members and Employers alike, we are keen to encourage greater use of our online facility going forward.

The Investment Team has continued to help set up the new regional pool 'LGPS Central', where Staffordshire are one of the 8 Partner Funds. Launched on 3 April 2018, LGPS Central Ltd has made significant progress during the year and has already made an initial transfer of Partner Fund assets and is aiming to deliver savings in excess of £250m over the next 16 years.

The Local Pensions Board, established in accordance with the Public Service Pensions Act 2013 and Regulation 106 of the Local Government Pension Scheme, continues to operate. The Board consists of 6 members, 3 from our employer base and 3 from the membership side.

The Board is non- executive and its purpose is to assist the administering authority in securing compliance with the increasingly complex LGPS Regulations, other legislation relating to the governance and administration of the scheme and requirements imposed by the Pensions Regulator.

A link to the Board's annual report can be found on page 8.

We also wish to thank the members of the Pension Committee, Pensions Panel and the Director of Corporate Services and his staff for their invaluable contributions to the work of the Fund during the year.

Fund Governance

Governance

Staffordshire County Council is legally responsible for the Staffordshire Pension Fund. Managing the Fund's affairs effectively is one of our main aims. Under the County Council's constitution, the Pensions Committee and Pensions Panel are delegated to look after the Fund. As a result of the Public Service Pensions Act 2013, a Local Pension Board was also set up to aid effective governance. Details of the three bodies are provided below.

Pensions Committee

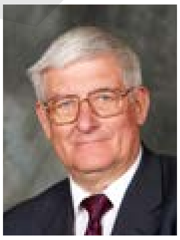
The main tasks of the Pensions Committee are to;

- decide the overall funding strategy
- decide how much of the Fund should be shared out between different types of assets and which countries they should be invested in
- make sure that the Fund invests in different kinds of assets to spread the risk
- review investments to make sure they are suitable for the needs of the Fund
- agree the terms under which bodies (for example, contractors) will be allowed to join the LGPS
- approve the Pension Fund Annual Report and Accounts
- monitor the overall administration of the LGPS.

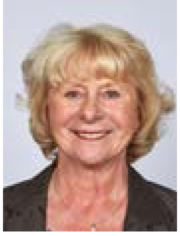
Pensions Committee council members at 31 March 2019

Ben Adams

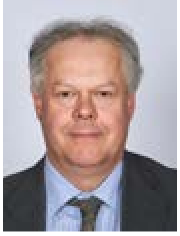
Philip Atkins, OBE



Derek Davis, OBE



Ann Edgeller (Vice Chair)



Colin Greatorex (Chair)

Bob Spencer

Mike Sutherland

Stephen Sweeney

Martin Tittley

During the course of 2018/2019 the Pensions Committee;

- **formally approved the 2017/2018 Pension Fund Annual Report and Accounts.**
- **reviewed the Pensions Business Plan for 2018/2019 and approved the Pensions Business Plan for 2019/2020.**
- **considered the development of an Assurance Framework by Staffordshire County Council's Internal Audit service for the LGPS asset pooling arrangements.**
- **reviewed the high-level risks of the Risk Register and approved the Risk Management Policy for the Staffordshire Pension Fund.**

Involving others in governance

As well as the nine council members shown, the Pensions Committee also has co-opted members. Co-opted members represent the Pensions Consultative Forum, which is made up of representatives from all organisations that are members of the Fund.

The co-opted members cannot vote at meetings and representatives for 2018/2019 are shown below with who they represent.

Nigel Caine (Larger Public Bodies)
Michael Vaughan (Trade Unions)
Vacant (Other Scheduled Employers)
Peter Noskiw (Education Sector)
Kevin Upton (Admitted Bodies)
Phil Jones (Pensioner Representative)

Pensions Panel

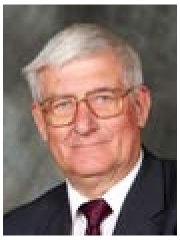
The Pensions Panel helps the Pensions Committee. The Pensions Panel's main tasks are to;

- **decide the appropriate structure of investment management and appoint appropriate investment managers**
- **co-ordinate the activities of the various investment managers to reflect the overall aims of the fund**
- **monitor how the investment managers perform against their investment targets.**

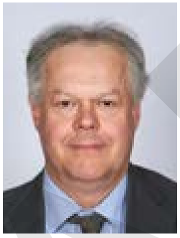
The Director of Corporate Services is responsible for managing the Fund's investments from day to day, in line with the decisions of the Pensions Panel.

Pensions Panel Council members at 31 March 2019

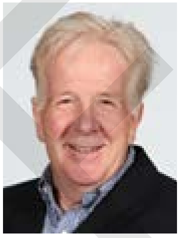
Philip Atkins, OBE (Chair)



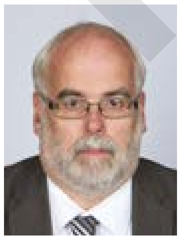
Derek Davis, OBE



Colin Greatorex



Mike Sutherland



Stephen Sweeney

Advisor members:

Carolan Dobson (Independent advisor)

Graeme Johnston (Hymans Robertson)

David Thomas (Independent advisor)

The Pensions Panel during 2018/2019;

- **reviewed and monitored the Pension Fund performance and Portfolio of Investments for 2017/2018**
- **approved the 2019/2020 Annual Investment Strategy for managing the Pension Fund's cash**
- **received presentations from various investment managers and advisors.**
- **received updates on the pooling of LGPS investments.**

Local Pensions Board

The main purpose and role of the Board is to;

- **assist the County Council as the administering authority, to secure compliance with all regulations related to the governance of the LGPS**
- **help ensure the Fund is managed and administered effectively and efficiently**
- **ensure the Fund complies with the Code of Practice issued by the Pensions Regulator.**

Local Pensions Board members at 31 March 2019

Employer representatives:
Gordon Alcott -Cannock Chase District Council
Vacant
Vacant

Scheme Member representatives:
Kate Salter - Trade Union Official
Ian Jenkinson- Retired Scheme Member (Chair)
Tim Legge- Retired Scheme Member

The Local Pensions Board during 2018/2019;

- reviewed Pensions Committee and Pensions Panel meetings held during the year
- considered the governance of the Risk Register including members attending the Risk Committee Working Group
- attended the Local Pension Board Conference in London
- produced their own Annual Report. The full report which covers the last financial year is available by following the attached link:

www *Pension Board Online*

The Executive Summary from the Report is provided below:

" The opinion of the Board is that they currently have no concerns about the Staffordshire Pension Fund, its administration or the LGPS Central arrangements."

Ian Jenkinson – Chair of the Staffordshire Pension Board

More details of the responsibilities of the Pensions Committee, the Pensions Panel and the Local Pension Board are set out in our Governance Policy Statement which is available on our website at ***www.staffspf.org.uk.*** The Governance Policy Statement also contains the 'Statement of Compliance'. This is our assessment of how the Fund's governance arrangements compare to nine best practice principles set by the government.

www

Meeting Attendance

The table below sets out the attendance at the various quarterly meetings in 2018/2019.

Committee Member	15/06/2018	27/09/2018	18/12/2018	15/03/2019
Ben Adams	✓	✓	✓	✓
Philip Atkins, OBE	✗	✗	✗	✓
Derek Davis, OBE	✓	✓	✗	✗
Ann Edgeller	✓	✓	✓	✓
Colin Greatorex	✓	✓	✓	✓
Mike Sutherland	✓	✓	✓	✓
Stephen Sweeney	✗	✓	✓	✓
Martin Tittley	✗	✗	✗	✗
Bob Spencer	✗	✓	✓	✗
Co-opted members				
Nigel Caine	N/A	N/A	✗	✗
Michael Vaughan	N/A	N/A	✓	✓
Phil Jones	N/A	✗	✓	✓
Peter Noskiw	✓	✗	✗	✗
Kevin Upton	✓	✗	✗	✓

Panel Member	05/06/2018	04/09/2018	04/12/2018	05/03/2019
Philip Atkins, OBE	✓	✓	✗	✓
Derek Davis, OBE	✓	✓	✗	✓
Mike Sutherland	✓	✓	✓	✓
Stephen Sweeney	✓	✓	✓	✗
Colin Greatorex	✗	✓	✓	✓
Advisors				
Carolan Dobson	✗	✗	✗	✓
Graeme Johnston	✓	✓	✓	✓
David Thomas	✗	✓	✓	✓

Board Member	15/06/2018	27/09/2018	18/12/2018	15/03/2019
Gordon Alcott	✓	✓	✓	✓
Kate Salter	✗	✗	✓	✗
Ian Jenkinson	✓	✓	✓	✓
Tim Legge	✗	✓	✓	✓

n/a = not a member at the time of meeting.

Administration and Investments

The Director of Corporate Services, the Head of Treasury and Pensions and their staff are responsible for the administration and accounting functions that relate to the investments of the Fund. Details of all transactions carried out by the Funds investment managers are collected and examined.

The Director of Corporate Services, the Head of Treasury and Pensions and their staff are responsible for all administration related to recording each member's years of service, working out benefits and paying pensions.

The Director of Corporate Services is also responsible for providing legal advice.

Advice

The Pensions Committee and Pensions Panel take advice from the Director of Corporate Services and consultants appointed by the Pensions Panel, including a main investment consultant and two independent consultants. The performance of the consultants is reviewed annually.

Training

The Pensions Committee have adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Knowledge and Skills Framework for training members and officers. The training addresses 6 areas of knowledge:

- **Legislative and governance**
- **Accounting and auditing**
- **Financial Services, procurement, and relationship management**
- **Investment performance and risk management**
- **Financial markets and products knowledge**
- **Actuarial methods, standards and practices**

During the year the Pensions Committee and Pensions Board received training covering most of these areas. This included training on Responsible Investing (Financial markets and products knowledge) and on the LGPS Governance structure (Legislative and governance).

Communication

The Fund produces a Communications Policy that it reviews annually and is available at: ***www.staffspf.org.uk***

Full details on how the Fund communicates with its members are available on page 27.

Risk management

The main strategic risk to the Fund is failing to meet its primary objective of having sufficient funds to meet its liabilities when they become due for payment. This particular risk is managed through the Funding Strategy, which models the probability of a range of possible outcomes occurring (known as Monte Carlo Simulation). The primary reason for the high variability (risk) in outcomes derives from the high proportion of the Fund invested in growth assets, in particular equities. However, in the long term this is considered to deliver returns that are commensurate with the risk and this helps to keep employer contributions lower than they would otherwise be. It also relies upon the strong covenant of the major employing bodies in the Fund which allows for a long term perspective to be taken.

Risks are inherently reported to the Pensions Committee/Panel as part of routine reporting. However, there is a separate risk register, which has been developed to categorise risk across 4 main areas of focus: **Funding**, **Administration**, **Governance** and **Investment**. Some key risks from each of the areas, and the way in which they are mitigated, are highlighted in the following paragraphs.

Funding

- **Inflation -** Future payments the Fund has to make to pensioners are linked to inflation. Therefore increases in the rate of inflation will increase the value of payments to pensioners. The Fund invests in assets, such as index linked gilts, which are linked to inflation. This reduces risk as it matches the return on these assets to actual increases in inflation.

- **Longevity -** Future life expectancy is an area which is difficult to forecast accurately but, as people are living longer, the cost to the Fund of paying their pensions increases. The Fund has made assumptions on longevity with allowances for future increases. The Fund Actuary also has access to information on the experiences of other local authority pension funds. A substantial portion of this risk has been transferred to employees under changes to the scheme made in 2014, which links the scheme retirement age to state pension age.

- **Changes in the maturity profile of the Fund -** The Fund will mature as the ratio of pensioners and deferred pensioners to active employees increases. This is growing as an issue as a result of structural changes affecting employers in the Fund. Over time it is possible to amend the investment strategy to better match this change but it may result in higher contribution rates for Fund employers.

Administration

- **Maintaining an appropriate level of staffing and resources -** This risk is managed by monitoring workloads and benchmarking staff numbers. Management also hold performance conversations and monitor customer feedback results and complaints.

- **Maintaining complete and accurate records -** Risks are mitigated through the use of internal contribution control and financial systems. Other controls include actuarial data checks, record keeping checks and actuarial calculations.

Governance

- **Structure -** The Fund must demonstrate key principles of accountability and transparency through clear responsibilities and reporting and an appropriate governance structure. To manage this, the Fund's objectives are defined, reviewed annually and approved by Pensions Committee as part of a comprehensive performance management framework which includes KPI's and review of the Risk Register. Reports on governance arrangements are presented at the Pensions Committee and Local Pensions Board.

- **Training -** Elected Members and Senior Managers need to have the required skills and qualifications to perform their function effectively, and be supported by an ongoing programme of training. This is promoted by the adoption of the CIPFA Training and Skills Framework, the use of a Training policy and Training Log. Assurance is given by review of the training records log, Local Pensions Board, the qualifications and experience of senior officers, performance meetings with staff and through the appointment process..

- **Advice -** The Fund needs to have proper arrangements to receive appropriate financial, investment and actuarial advice in order to make the best possible decisions. This risk is managed by procuring the services of several advisors who attend and report to the Pensions Committee, Pensions Panel and Local Pensions Board, advising them on key decisions.

Investments

- **Investment in equities -** A large proportion of the Fund is invested in equities which are expected to provide better returns than government bonds over the long term. The risk with this strategy is that equity values fall significantly in the short term and they fail to outperform bonds in the long term. This risk is managed through reliance on the funding strategy which monitors the positive cash flows of the Fund and the long term covenant of the main employing bodies. This then allows the Fund to take a long-term investment perspective and maintain a high exposure to equities which, over time are expected to deliver better financial returns.

- **Interest rates -** Changes in interest rates will affect the level of the Fund's liabilities and the value of the Fund's investment in bonds. Little can be done in relation to the change in liabilities; this is a fundamental part of having a Pension Fund. To mitigate the risk of capital loss on bonds from interest rate changes, the Fund's strategic asset allocation allows scope to adjust the bond exposure, should it be necessary.

- **Pension Fund investment managers underperform their target benchmarks - **As the majority of the Fund is invested through external investment managers, this risk is partially managed by keeping a substantial share of the Fund invested passively and by ensuring that the active managers have complementary styles. Each manager has an investment management agreement in place which sets out the relevant investment benchmark, investment performance target, asset allocation ranges and any investment restrictions. This constrains the investment managers from deviating significantly from the intended approach, while permitting sufficient flexibility to allow the manager to reach their investment performance target. All this is allied to regular monitoring.

In terms of investment risks, the Pensions Committee receives an annual report from the Fund's independent performance measurer to show both performance and risk, where risk is measured as the variability of returns, both against liabilities and against equity or other benchmarks. The Pensions Panel receives reports which monitor such risks quarterly.

Scheme management and advisors

Advisors
Carolan Dobson BSc, MSII
David G Thomas BSc, FIA
Hymans Robertson LLP

Actuary
Hymans Robertson LLP

Auditors
Ernst & Young LLP

AVC providers
Clerical Medical
Standard Life Assurance Ltd
The Equitable Life Assurance Society

Bankers
Lloyds Bank plc

Custodian
The Northern Trust Company

Investment managers
Alcentra Limited
Capital Dynamics Ltd
Colliers International UK plc
Goldman Sachs Asset Management
Harbourvest Partners LLC
Hayfin Capital Management
Highbridge Capital Management
Insight Investment
JP Morgan Asset Management
Knightsbridge Advisors LLC
Lazard Technology Partners LP
Legal & General Investment Management
LGPS Central Limited
Longview Partners Limited
Partners Group LP
Russell Investments Limited
Standard Life Investments Limited

Legal adviser
John Tradewell, LLB, MBA
Director of Corporate Services

LGPS Pooling Operator
LGPS Central Limited

Official responsible for the Fund
John Tradewell, LLB, MBA
Director of Corporate Services

Performance measurement
Portfolio Evaluation Ltd

If you need more information, you can find contact names and phone numbers on page 88

Fund Administration

Scheme Administration

The Pensions Team sits within Corporate Services Directorate of Staffordshire County Council. The Pensions Team is accountable to the Pensions Committee, participating employers and scheme members.

The staffing structure of the Team is designed to maximise the services to customers of the Fund, ensure the quality of data held and allow the pension section to adapt to changing work practices such as digital, flexible and mobile working and automation.

The structure is organised across three functional areas.

Finance and Investment Team

Responsible for the management and governance of the financial aspects of the Fund, including:

- The investment of the Fund's assets.
- Monitoring compliance with the Fund's investment strategy.
- Producing the Funds Annual Report Accounts.

Benefits Team

Service Delivery - Responsible for:

- The calculation / accuracy of retirement benefits, and those for early leavers, arranging additional contribution / Additional Voluntary Contribution(AVC) contracts.
- Ensuring the Fund meets its Service Level Agreements and Pension Regulator disclosure requirements.
- Managing and responding to technical questions raised by members and Employers.
- Managing the Internal Dispute Resolution Procedure (IDRP)

Pensioner Payroll – the Fund has circa 33,000 pensioners with a monthly payroll bill of over £11 million. This requires:

- Setting up new pensioners to the payroll which includes new retirees and dependants' pensions.
- Notifying members of changes to their pension, including the issue of annual P60's.
- Sending statutory returns to HM Revenue and Customs (HMRC).

Technical Team

Systems – responsible for:

- Maintaining the pensions administration database (Altair) to ensure the integrity and security of the system and that it remains fully updated.
- Delivery of key reports, servicing of key projects and production of annual Benefit Statements,
- Data cleansing and interfacing Employers, monthly and annual returns, processing of annual Pension Increase, and managing the data improvement plan.

Incoming Data / Correspondence Management - responsible for:

- Indexing incoming post and emails onto members records.
- Creating records for new members.
- Transfers- responsible for the calculation/accuracy of transfers to and from other Local Authority Funds / Pension Schemes, transfer estimates for divorced members, implementation of Pensions Sharing Orders and internal transfers between Employers within the Fund.

Employer Liaison and Communications – responsible for:

- Processing scheme admissions and cessations.
- Notifying new Employers of their responsibilities to the Staffordshire Pension Fund.
- Providing technical support to new Employers.
- attending hosting meetings.
- Providing advice and guidance to Employers on restructures, contract letting, TUPE / Fair Deal issues and new Employer admissions. Creating and maintain factsheets for members and Employers.
- Updating the Fund's website.

Actuarial Reporting

The Pensions Team are also responsible for the submission of required data to the Scheme Actuary, for the triennial actuarial valuation, production of pension liability reports for Employers (IAS19/FRS102) management of monthly Employer Asset Tracking and supporting Scheme Employers on all other actuarial issues.

Collection and Reconciliation of Member and Employer Contributions

Ongoing monitoring and reconciliation of contribution income to the Pension Fund.

Staffing Across Finance, Investment and Administration

There are 43.3 full time equivalent (FTE) posts in the Pension Section with 27.3 staff responsible for pensions administration. This equates to a staff to Fund member ration of one FTE employee to 2,506 based on a total Fund membership of 108,529.

Operational Costs

The Fund's operational financial performance is reviewed by the Pensions Committee, who approves the annual budget.

Actual spend is monitored throughout the year by the Fund's management team and is reported in the Annual Accounts.

Employer Membership Activity

During the year the Fund welcomed 64 new employers into the scheme – 44 schools converted to academies and 20 admitted bodies joined the scheme.

LGPS regulations require admitted bodies carry out, to the satisfaction of the administering authority, an assessment taking into account actuarial advice, of the level of risk arising on the premature termination of the provision of service or assets by reason of insolvency, winding up or liquidation of the admission body.

Such a risk assessment was carried out for each of the 4 new admitted bodies and an admission agreement were put in place for all new admitted bodies.

During the year the Fund had 4 Employers who ceased membership of the Staffordshire Pension comprising of 4 admitted bodies.

Fund Membership Trends

The following table sets out the relevant metrics that demonstrate how the overall membership in the Staffordshire Penson Fund has increased. The increased membership results in increased demands both in terms of individual member casework and wider reporting and monitoring requirements.

Active Members – are employees who currently contribute to the LGPS and the numbers include some employees who have more than one contract of employment, each being treated separately for administration purposes.

Retired Members – are in receipt of a pension, including spouses and dependants in receipt of a pension in respect of a former member.

Deferred Members – are former active members who have elected to retain their rights in the Scheme until they become payable.

	March 2015	March 2016	March 2017	March 2018	March 2019
Actives	36,991	36,785	34,963	33,776	33,807
Retired	28,713	30,051	31,713	33,156	33,333
Deferreds	38,079	38,446	39,362	40,552	41,389
Total	103,783	105,282	106,038	107,484	108,529

Fund Administration

Analysis of Membership as at 31 March 2019

The following table provides a breakdown of the Fund membership of active members, deferred members and pensioners at 31 March 2019.

Age Group	Active	Deferred	Retired	Spouse/Dependant
0-14	0	0	0	67
15-19	344	2	0	88
20-24	1,272	410	0	46
25-29	2,053	1,710	3	2
30-34	2,781	3,547	1	2
35-39	3,441	4,308	4	6
40-44	4,072	5,122	10	16
45-49	5,432	7,249	40	55
50-54	6,096	8,736	114	95
55-59	4,833	7,397	1,398	202
60-64	2,780	2,750	5,612	262
65-69	536	102	7,903	373
70-74	167	56	6,943	566
75-79	0	0	3,853	544
80-84	0	0	2,063	627
85-89	0	0	1,056	492
90+	0	0	507	383
Totals	**33,807**	**41,389**	**29,507**	**3,826**
Total membership	**108,529**			

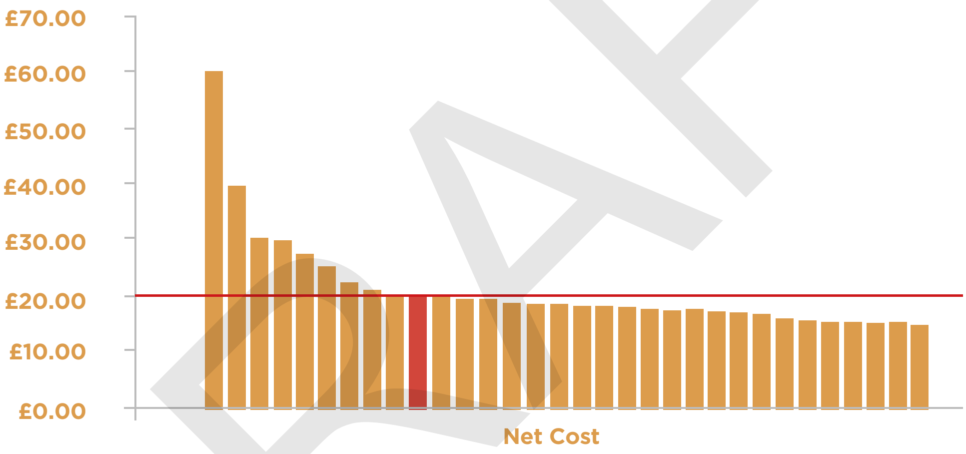
Chartered Institute of Public Finance and Accountancy (CIPFA)

The Fund participates in the CIPFA Benchmarking Club.

Annually data is supplied on cost measures, workload measures, staff related measures and Industry Standard Performance Indicators. Data supplied includes the number of entrants to the scheme, early leavers, retirements and deaths; details of how calculations are processed and staffing experience such as salary and pensions experience.

The most recent figures we hold for cost per scheme member for administering the Staffordshire Pension Fund is £21.30 (2017/18) compared to the national average of £21.16. The graph below illustrates that the service continues to be cost effective and remains in line with the Government's key indicator, as reported in the national benchmark return.

Cost Per Scheme Member 2017/18



Staffordshire
£21.30
Average
£21.16

Administration Performance

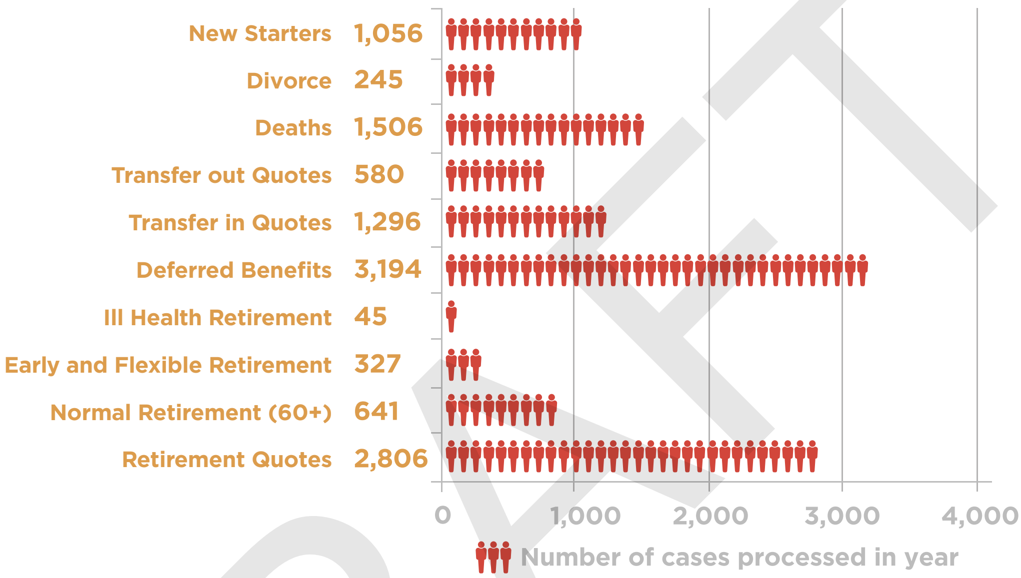
As part of our commitment to continued service improvement we operate a system of performance monitoring.

The pension administration system monitors the key procedures that are performed by the administration team. Each procedure is measured against its target and monitored monthly.

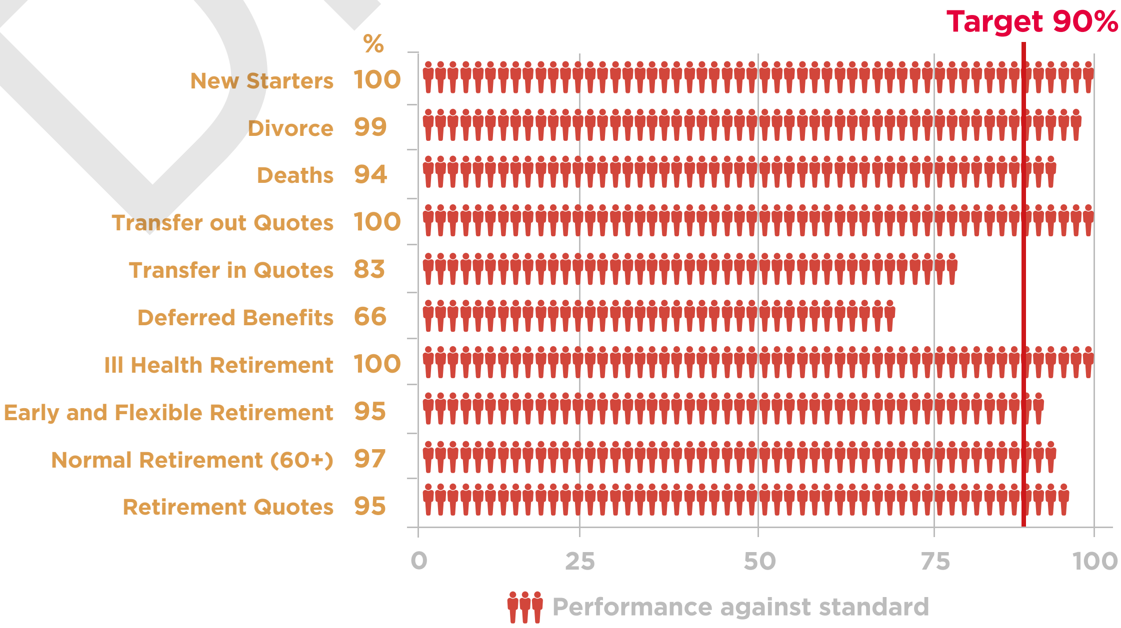
The Pensions Committee also receives regular reports on the administration of the Fund, ensuring that best practice standards are met and to justify to all stakeholders, including members and employers, that the Fund is being run in an efficient and effective way.

The following tables show an analysis of workloads and performance against service standards.

Analysis of Workload 2018/19



Performance Against Standard 2018/19



Administration Strategy

As well as the Pension Fund having clear responsibilities with regards to scheme administration, Employers equally have defined obligations which are set out in the regulations and within the Pensions Regulator Code of Practice. These obligations include the requirement to provide accurate and timely data about members, their pay, personal circumstances and pension choices.

In order to assist with the understanding of these obligations the Fund has an Administration Strategy, defining the responsibilities and levels of expected performance for both the Fund and Employers.

Over the coming year the Fund will develop a monitoring framework which will allow performance against the standards set out in the Administration Strategy to be assessed, and feedback provided at individuals level.

Employer Focus Peer Group

The first meeting of the newly formed Employer Focus Peer Group took place in September 2018 and consists of representatives from across the Fund's Employer base e.g. district councils, educational establishments and other participating organisations.

The Peer Group aims to:

- Enable the Fund to work collaboratively with Employers
- Share best practice
- Discuss current pension issues and their impact on the Fund and Employers
- Ecourage engagement between the Peer Group and the Fund to improve the exchange of data and communication.
- Provide feedback to the Fund to assist us when implementing improvements
- Agree on ideas for future Employer training events

Collaborative Working

The Fund keeps abreast of administration best practice by participating in collaborative groups such as the Local Government Association's Communication Group and attending the Regional Pensions Officer Group.

Representatives from the Fund also sit on a Regional Communications Working Group with other LGPS Funds who meet regularly to discuss communications issues within the LGPS and to share resources for joint communication projects.

We also chair the National Communication Working Group for the LGPS, at which we help produce documentation and assistance to other Funds with the Local Government Association.

Use of Information Technology

Altair

The Pensions Team uses the nationally recognised Aquila Heywood's ''Altair'' pensions software to provide all aspects of pensions administration including, benefit calculations, task management document imaging, workflow production, pensioner payroll, member and Employer self -serve.

The Pensions Team has regular client meetings with Aquila Heywood and engages in user groups to ensure that pensions administration continues to meet the current and future needs of the Fund.

i-Connect

Employers submit members data through a number of sources e.g. spreadsheets, interfacing, paper forms etc. We recognise the significant resource required by the Pensions Team and Employers to ensure members records are accurate and up to date.

As a consequence, the Fund has worked with its software partner to install a system called i-Connect. With i-Connect, data is taken directly from the Employer's payroll system automatically identifying new starters, leavers, opt -outs and generating a data extract to the Fund. This greater efficiency enables the Fund and Employers to improve the accuracy of member data, plus the processing of the administration casework.

Since its introduction, 58 Employers now provide monthly member updates through i-Connect. The Fund is continually working with Employers to increase the number of Employers using i- Connect.

Member Self- Serve

The Fund offers a self -service facility for active and deferred scheme members to view their pension records and perform individual benefit calculations securely via the Fund's website. During the last year the Pensions Team has been working with its software provider to upgrade to the latest version. It is hoped that the latest version will go live later in 2019 and will coincide with member communication promoting the use of member self -serve.

Fund's Website

In October 2018 we launched our new look Pension Fund website. The newly designed home page has quick links to the most popular categories. A further feature is shortcuts to the most popular topics / visited pages for the different types of members.

The website also provides information on all aspects of the LGPS and has dedicated sections for the Fund's customer groups- including active members, deferred members, pensioners and Employers. It also contains key publications such as policy statements and annual reports.

General Data Protection Regulations (GDPR)

GDPR came into effect on 25 May 2018 to harmonise data protection regulations across Europe and give individuals more rights about how their personal data is managed and used. GDPR applies to all personal data and information that can be used to identify a living individual either directly or indirectly.

Under GDPR the Fund is a Data Controller and in the lead up to the introduction of the new regulatory requirements the Fund reviewed its processes, policies, documents and data sharing agreements to ensure the Fund complies with the new GDPR requirements.

Data Quality /Improvement Plan

The Pensions Regulator (TPR) stated that it expected all schemes to undertake an annual data review and put an improvement plan in place (if required) and also include data accuracy scores in the Fund's 2018 scheme reports.

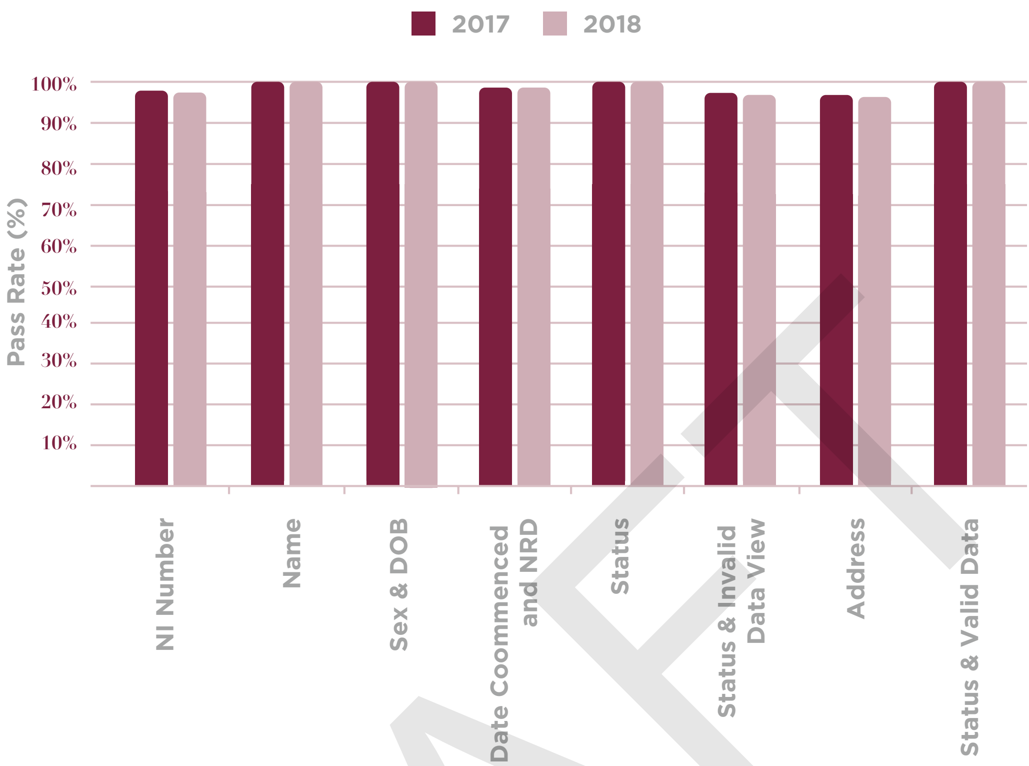
To meet this requirement the Fund undertook a Data Quality Review. This review provided a detailed report on the quality of the Fund's data benchmarked against common and specific data.

Common Data - this is data deemed as common across all schemes as it is data stipulated by the TPR, which includes names, addresses, national insurance number, date of birth, gender etc.

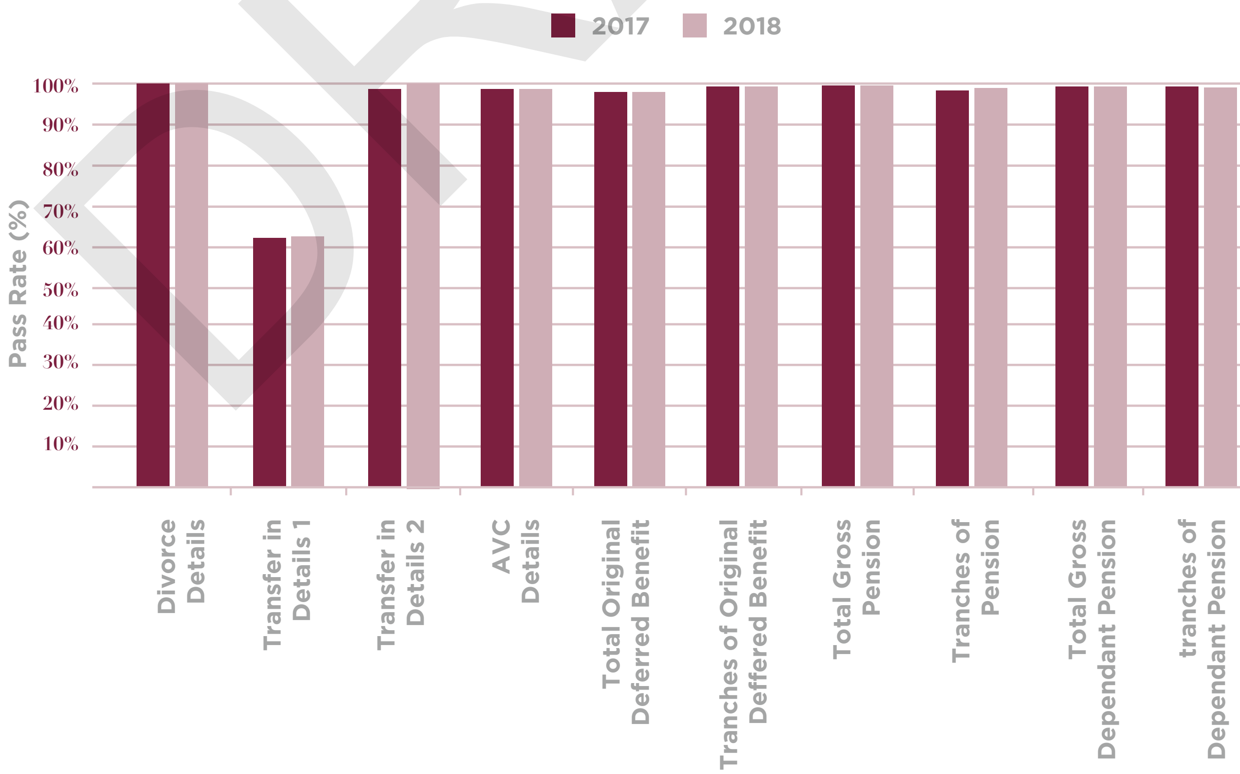
Specific Data - This is data that is essential to calculate benefit entitlement such as member contributions, pensionable pay, service history etc. The data also includes events that occur during an individual's membership, for example, transfers, purchase of additional pension and pension sharing orders.

The following graphs show the Fund's performance against each category reviewed against Common and Specific Data.

Common Data



Specific Data



The review looked at not only the presence of data but also the accuracy of the data held in the Pensions Administration System

The common data score was measured at 93.2%, the quality of the common data is of a high standard and tested against 185,791 pension records.

The specific data score was measured at 70.4%. The report highlighted two areas with a low percentage i.e. transfers in and rolled up contribution rates. On further investigation the members benefits are recorded and calculated correctly, but the data fields failed the criteria test. The Fund's Data Improvement Plan, now sets out the steps we are taking to improve the data.

Guaranteed Minimum Pension (GMP)

With the introduction of the Single tier state pension in 2016, the LGPS will no longer be contracted out of the state second pension. As a consequence, HMRC will no longer track contracted out rights and have issued closure schedules to pension schemes to enable them to compare GMP figures held on their systems to that of HMRC. This is known as GMP reconciliation. The first stage of this exercise needed to complete by December 2018.

All of Staffordshire Pension Fund's queries were raised by the HMRC deadline for queries of 31 October 2018. We are still receiving responses to these queries back from HMRC. As soon as the queries are finalised on a National basis, we will have final confirmation of the GMP liability. Based on the responses received from HMRC date, there may be approximately 1,000 cases that need to be assessed to check if the level of benefits being paid by Staffordshire Pension Fund is correct.

Reporting breaches

With effect from 1 April 2015, the Fund is required to comply with the Pension Regulators Code of Practice no 14; Governance and Administration of Public Service Pension Schemes. The code applies to all scheme managers, Employers and members of Local Pension Boards.

The Code requires Funds to introduce a Breaches Policy, to maintain a Breaches Log and to report any material breaches to the Pensions Regulator. The Breaches Log is updated by Fund Officers and recommendations for whether the individual breaches are reportable are made to the Pensions Committee.

To assist both the Fund and Employers, who each have responsibilities for breaches under the Code, the Fund introduced an Administration Strategy. The Strategy sets out clearly the responsibilities of both parties.

www *Administration Strategy*

Internal Dispute Resolution Procedure

There are times when Scheme members, Employers and the Fund may find themselves in disagreement about a pension issue. The first approach in these situations is for those involved to talk to each other to reach a resolution. However, should this not be possible, the Fund has established an Internal Dispute Resolution Procedure (IDRP).

The IDRP is a two-stage process. When the Fund or an Employer makes a decision about a beneficiary benefit under the LGPS rules, if for any reason a member, pensioner, deferred pensioner or potential beneficiary is not satisfied with a decision they can apply to the Employer or the Fund to have their complaint reviewed under a stage 1 IDRP.

If the beneficiary is dissatisfied with the stage 1 decision, they may mover to a stage 2 of the IDRP within 6 months of the stage 1 decision.

If after the stage 2 decision the member or beneficiary is still dissatisfied, they can contact The Pensions Advisory Service (TPAS) and ask for their assistance. Where the complaint or dispute cannot be resolved after the intervention of TPAS, the member or beneficiary has three years in which to apply to the Pensions Ombudsman for a decision.

Such cases are few and far between. The table below is a summary of the IDRP cases the Fund has received directly, or has been made aware of, that went to an Employer.

	Cases Submitted	Dismissed	Upheld	Ongoing
Stage 1	11	6	4	1
Stage 2	4	3	1	0

Communication Policy

The Staffordshire Pension Fund is committed to delivering a consistently high level of performance and customer service. Excellent communication is core to this commitment.

We try to ensure that all our communication meets the following criteria:

- Provide clear, relevant, accurate, accessible and timely information.
- Carefully listen, consider and respond to communications we receive.
- Use plain English where possible and avoid unnecessary jargon.
- Use the communication method that best suits the audience and the information being passed on.

The Fund's Communications Policy Statement outlines its policy with regard to:

- Information to members, representatives and Employers.
- The format, frequency and method of distributing such information.
- The promotion of the Scheme to prospective members and their employing authorities.

The Fund's Communication Policy can be found at:

www *Communication Policy*

Annual Report and Accounts

Investment Report

Global Economic Review

Following strong growth in early 2018, global economic activity slowed notably in the second half of last year. According to the International Monetary Fund (IMF), global growth remained strong at 3.8% in the first half of 2018 but dropped to 3.2% for the remainder of the year. Conditions then eased at the start of 2019, with forecasts for a period of stabilisation followed by gradual recovery, indicating 3.3% growth for 2019.

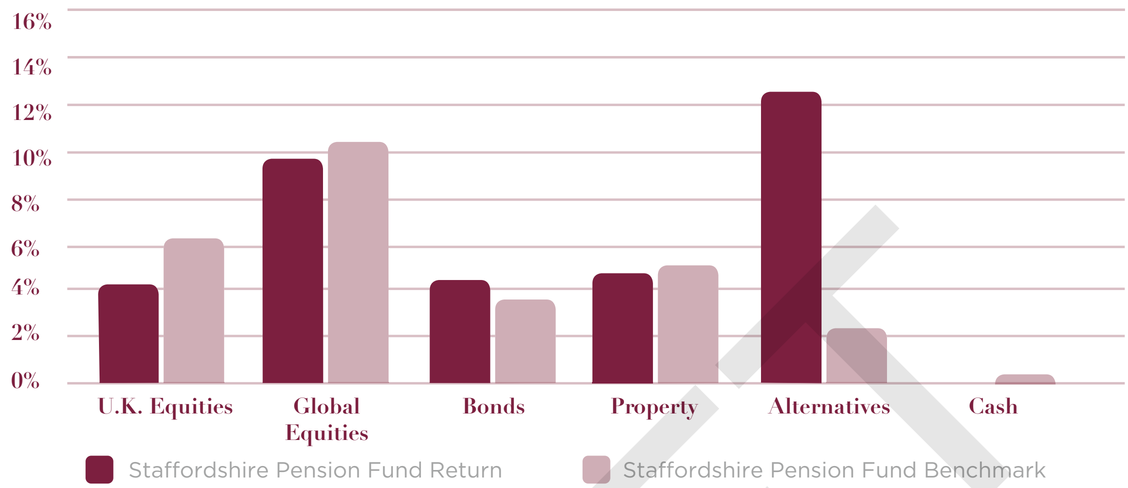
The first quarter of 2018/19 saw gains for global equities, mainly due to positive earnings and economic data in the US. This was despite an unsettled geopolitical backdrop as the Trump administration made moves to impose tariffs on Chinese imports and withdraw from the Iran nuclear accord. UK equities performed strongly in this quarter as the Bank of England moved away from an expected rate rise. However, investor sentiment for the UK economy remained fragile as the Bank reduced 2018 growth forecasts from 1.8% to 1.4%. In Europe, steady economic growth was overshadowed by political risk, as a change in government in Italy raised the threat of their exit from the Euro.

Global equities continued to make gains in the second quarter as the US significantly outperformed the other major regions. Stability in growth and employment figures allowed the Federal Reserve (Fed) to raise rates by 25 basis points with an outlook for further gradual hikes. Growth continued to outweigh the escalating trade war as the US targeted $250 billion of Chinese goods for tariffs. In the UK, fears of a 'no deal' Brexit further depressed equity prices and the value of sterling. However, the near-term outlook for the UK economy improved, and the prospect of domestic inflation prompted the Bank of England to increase interest rates to 0.75% in August 2018. European equities posted modest gains due to concerns over the impact of trade wars and potential US tariffs on cars.

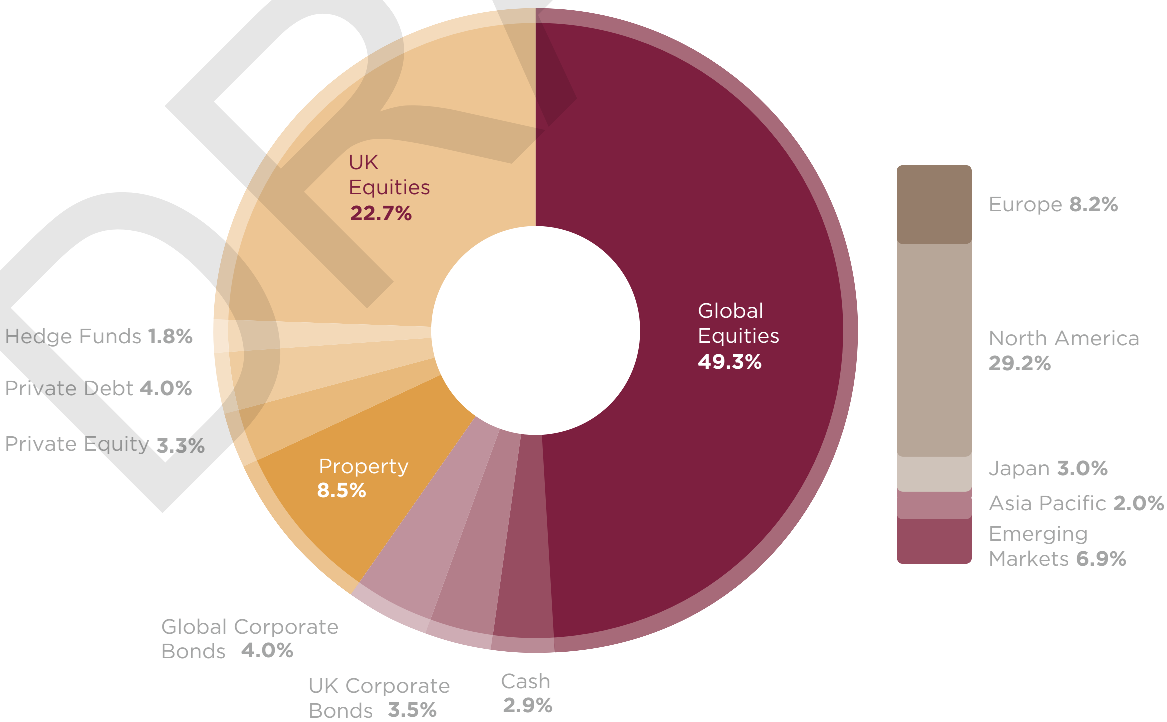
Gains made in global equities during the first half of 2018/19 were wiped out in the third quarter, described as one of the worst quarters in many years with concerns over global trade and slowing economic growth. US equities declined significantly, with the S&P 500 index falling by 13.5%, as fears over economic momentum, slower earnings growth and the US-China trade dispute took hold. Although the Fed raised interest rates in December, it signalled a more cautious view for the coming months. UK equities fell sharply in line with global equities, not helped by worries over a 'no deal' Brexit. The UK's draft EU Withdrawal Agreement triggered another period of intense political uncertainty, as several ministers resigned and Prime Minister May endured a no confidence vote on her leadership by the Conservative Party. European equities also performed poorly due to the global outlook whilst data indicated momentum was slowing in the eurozone economy.

The final quarter of 2018/19 saw a rebound in global equity markets as concerns over the US-China trade dispute eased and major central banks stepped away from tighter monetary policy. The MSCI World index made positive returns of 12.5% in Q1 2019 whereas it had dropped by 13.4 % in Q4 2018. US equities made substantial gains as the US government suspended planned tariff hikes on Chinese goods, and the Fed confirmed no further interest rate hikes were likely in 2019. UK equities rallied alongside global equities and were further boosted by the delay in Brexit to October 2019, fuelling hopes that a disorderly exit from the EU could be avoided. However the outlook for the global economy remained uncertain as global growth projections for 2019 were revised down.

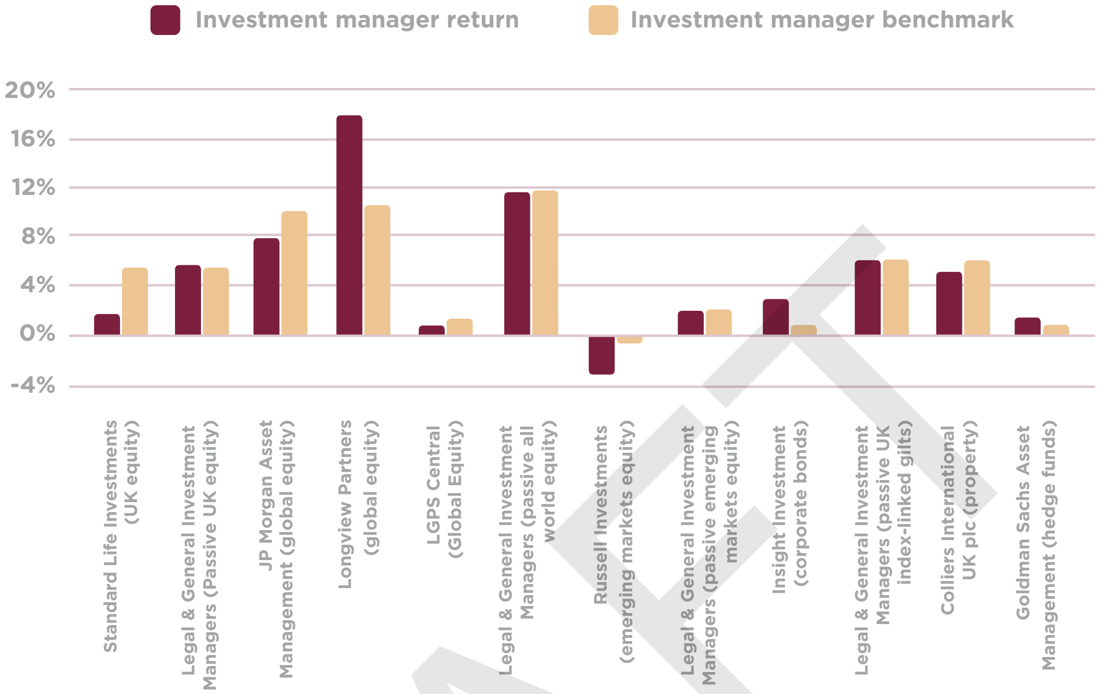
Major asset class returns for year ended 31 March 2019



Percentage breakdown by investment type at 31 March 2019



Investment manager returns for the year ended 31 March 2019



Equities

Equity assets generated strong returns during 2018/19, with the Funds equity portfolio returning 8.8% against a benchmark of 9.6%. Within equities, global equity returns of 9.9% were stronger than those of UK equities at 4.3% (see graph on page 30). Across the Fund, equity assets did not generate the highest returns and also slightly underperformed against the benchmark; this was mainly because the Fund was underweight in global equities.

Top Ten Equity Holdings

Company	Market value at 31 March 2019
HCA Healthcare	£13,296,948
Apple	£12,661,000
Lloyds Banking Group	£11,908,717
Prudential	£11,710,000
Allergan Plc	£11,231,676
W W Grainger	£10,744,612
Rio Tinto	£10,652,422
Parker-Hannifin Corp	£10,512,144
Willis Towers Watson Plc	£10,500,312
Wells Fargo	£10,497,979

Bonds

During 2018/19 the Fund's overall bond holding returned 4.5%, exceeding the benchmark return of 3.3%. The Fund continued its strategy of not holding conventional UK Government bonds as their valuations remained at a premium.

The Fund had previously invested in Corporate Bonds on a 'buy and hold' strategy where bonds would be held to maturity with limited trading taking place. In June 2016, the Pensions Panel agreed to change to an 'evergreen' policy where cash from maturing bonds is reinvested into bonds, thus helping to limit the build-up of a cash surplus in the fund. Corporate bonds returned 3.3% during the year, an improvement against a benchmark of 0.8%.

The Fund also holds an investment of index-linked Gilts; as these are passively held they returned the same as the benchmark of 5.7%.

Property

The Fund's total property investment return for 2018/19 was 4.8%, lower than a benchmark of 5.6%.

Most property sectors in the UK produced positive returns with the industrial sector providing the highest returns at 14.5%. At 31 March 2019, the Fund had a 22.8% weighting in the industrial sector.

During the year, the Fund purchased an NCP car park in Nottingham for £23.7m and an industrial unit in Chorley for £21.6m for its direct property portfolio.

Largest direct property holdings

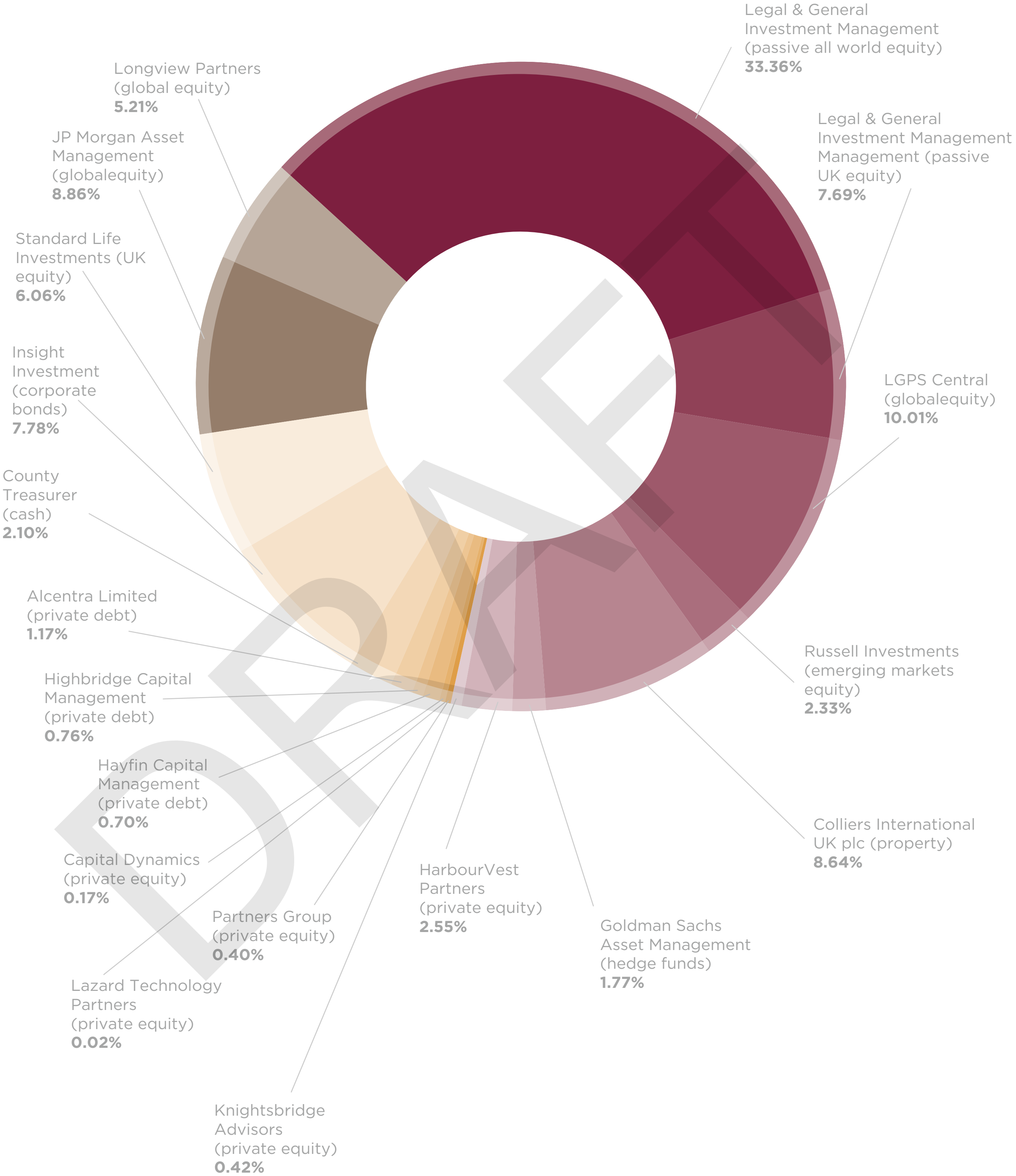
Company	Market value on 31 March 2019
Upper Woburn Place, London	£35,450,000
Stukeley Street, London	£23,400,000
Burwood House, London	£23,400,000
NCP Car Park, Nottingham	£22,750,000
Drum Industrial Estate, Chester-Le-Street	£20,500,000
Revolution Park, Chorley	£20,350,000

Alternative investments

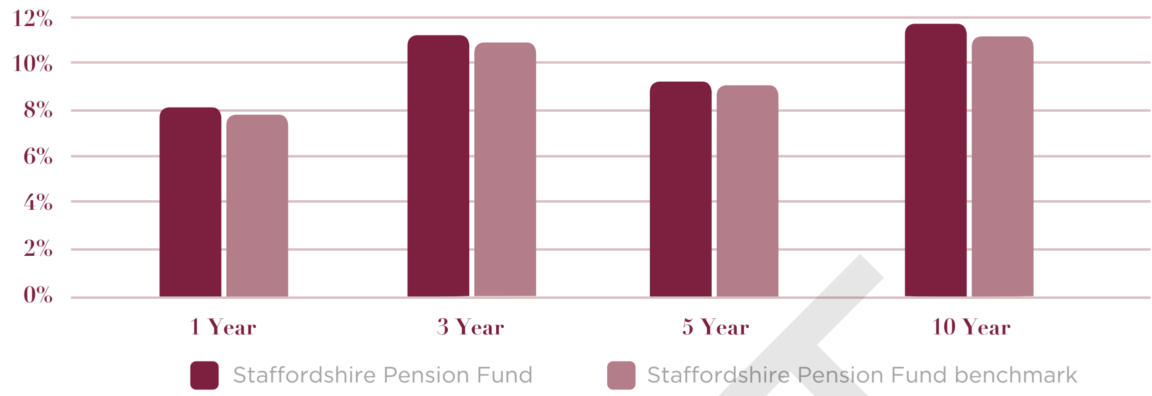
The Fund invests in Alternative investments for diversification as they potentially provide a return uncorrelated to equities, which make up a high proportion of the Fund's investments.

The market for alternative assets is diverse, and depending on asset class and manager selection, investors can be rewarded with varying returns. The Fund's investment in alternative assets returned 13.6% in 2018/19, well in excess of a benchmark of 2.4% (see graph on page 30). Within this asset class, private equity performed well with returns of 25.4%, driven in part by the low value of sterling. The growing private debt portfolio returned 9.5% against a benchmark of 5.8% whilst hedge funds returned 1.3%.

How much of the investments each manager looks after (by market value at 31 March 2019)

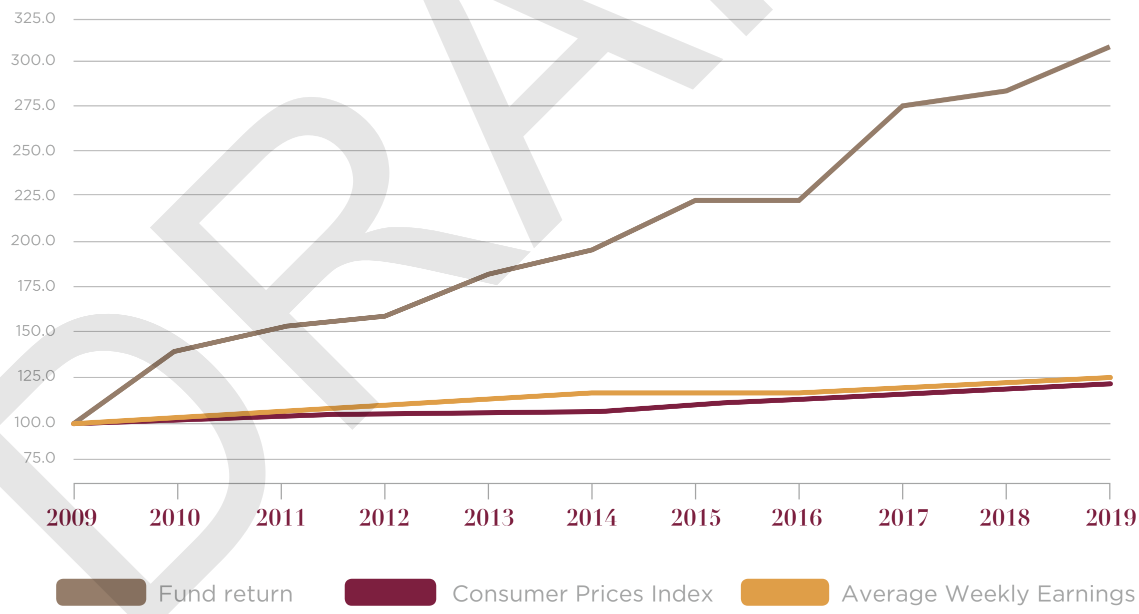


Pension Fund investment returns



For the year ending 31 March 2019, the Fund's total investments earned a return of 8.1%. This outperformed the Fund's benchmark by 0.2% and increased the Fund value to £5,132m. All primary asset classes had significant positive returns for the year. The previous graph shows how the Fund outperformed its own benchmark over the 1, 3, 5 and 10 year periods.

10 year investment performance versus inflation and earnings

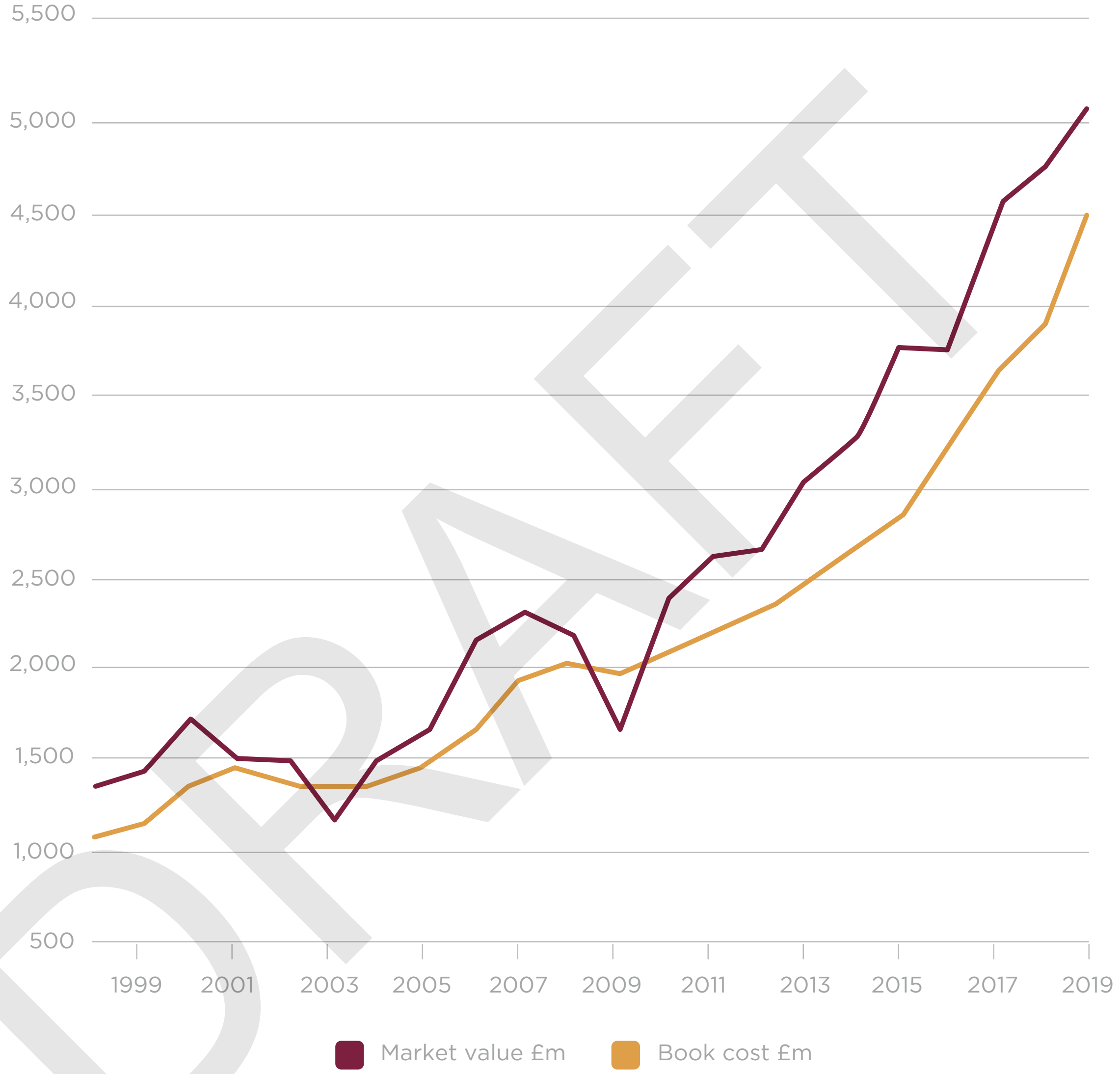


The graph above compares the Fund return over the past 10 years against inflation, in the form of the Consumer Prices Index, and Average Weekly Earnings. The value of all three measures was indexed to 100 at 31 March 2009 and revalued at 31 March every year thereafter.

It can be clearly seen that the Fund has performed well and significantly outperformed the other two measures over the past decade.

Market Value versus book cost

The graph below shows the market value of the Fund over the past 20 years against its book cost (what we paid for the assets). The graph shows the effect of the 2008/09 financial crisis on the market value of the Fund and recovery since.



Investment Report

Responsible Investment report 2018/2019

The Pensions Panel recognises its role in promoting Responsible Investment (RI) and endorses the United Nations Principles of Responsible Investing (UNPRI). The Fund's equity managers are encouraged to sign up to the UNPRI to ensure they incorporate Environmental, Social and Governance (ESG) issues into their investment process. Currently all of the Funds equity managers are signatories to the UNPRI.

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require the Pension Fund to have an Investment Strategy Statement (ISS) that makes reference to the way in which the authority takes RI into account in the selection, non-selection, retention and realisation of investments. The Staffordshire Pension Fund ISS was revised to better reflect RI arrangements for asset pooling and is available on the Pension Fund website ***www.staffspf.org.uk***.

As per the 2016 regulations, the Pension Fund is now a signatory to the Financial Reporting Council's UK Stewardship Code and has been categorised as a tier 1 signatory (providing a good quality and transparent description of their approach to stewardship). The Fund's Statement of Compliance with the UK Stewardship Code is available on the Pension Fund website ***www.staffspf.org.uk.***

Currently all of the Fund's equity managers are signatories of the UK Stewardship Code. Individual investment manager's RI policies, their statements of compliance with the UK Stewardship code and the UNPRI, are also available on the Staffordshire Pension Fund website ***www.staffspf.org.uk***.

Local Authority Pension Fund Forum

To further enhance the commitment to matters of responsible investment the Fund is a member of the Local Authority Pension Fund Forum (LAPFF). LAPFF is a voluntary association of over 79 LGPS funds with total assets under management of over £250bn. Formed in 1990 the forum exists to promote the investment interests of local authority pension funds, and to maximise their influence as shareholders while promoting social responsibility and high standards of corporate governance at the companies in which they invest.

You can find more about LAPFF at their website ***www.lapfforum.org***

During the year LAPFF engaged with a variety of companies. Below is a selection of issues they engaged on to promote RI:

- Royal Dutch Shell (RDS) became the first oil & gas company to set out a strategy for aligning with Paris goals by setting the aim of cutting the net carbon footprint of its products in half by 2050, and around one-fifth by 2035. LAPFF met with RDS, in conjunction with the Institutional Investor Group on Climate Change (IIGCC) resolution working group, to discuss a climate-related shareholder resolution. The objective of the meeting was to get the Company's perspective on the resolution filed by 'Follow-This', which asks RDS to set targets aligned with the 2-degree Paris goal.
- LAPFF's Acting Chair, Councillor Ian Greenwood met with Lloyds Banking Group's Chairman, Lord Blackwell, to discuss the International Financial Reporting Standards and the ongoing response to the HBOS fraud issues in Reading. The meeting also covered cyber risk management, following the 2017 cyberattack that affected Lloyd's customers. The Chair stated that cyberattacks were a top priority and outlined in detail how the risk was being managed.

- LAPFF has progressed work on the topic of plastics, joining a coalition of investors engaging with companies on the overall threats posed by plastic waste and pollution. LAPFF met with two companies to discuss the use of single-use plastic. Additionally, the Forum co-signed a letter to a range of companies on reducing plastic pellet loss.

- LAPFF engaged with Board members of many housebuilders and construction companies on the topic of sustainable cities and climate risk management. These meetings sought to broaden the Forum's understanding of how these companies approach issues around planning and affordability and seek assurance that tackling climate change is integral to the business strategy.

Annual voting summary

The Pensions Panel receives quarterly updates from investment managers on details of votes cast on corporate resolutions for holdings in their relevant portfolios. Below is a summary of their activity in 2018/2019. The managers quarterly voting summaries can be obtained by contacting the Treasury and Pension Fund team at: ***treasury.pensionfund@staffordshire.gov.uk***.

	Total resolutions	Vote with management	Votes against management	Abstain
JP Morgan	5,590	5,243	314	33
Standard Life	1,375	1,339	33	3
Longview	487	453	34	0
Legal & General	47,441	39,798	7,283	360

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LGPS Central

LGPS Central

LGPS Central Pool Reporting 2018/2019

The Staffordshire Pension Fund is one of 8 Partner Funds of the regional pool 'LGPS Central' that launched on 3 April 2018. The information below sets out the costs and performance related to the Staffordshire Pension Fund only. As the pool only launched this year, the information provided reflects the start-up nature of LGPS Central Limited; the level and complexity of the disclosures should increase in later years.

1. Set-Up Costs

	2018/19 Direct £000	2018/19 Indirect £000	2018/19 Total £000	Cumulative Total 2014/15 to 2018/19 £000
Set-up Costs:				
Recruitment	-	-	-	27
Procurement	-	-	-	2
Professional Fees	-	-	-	187
IT	-	-	-	97
Staff Costs	-	-	-	142
Other Costs				
Premises	-	-	-	*49*
Staffing-Related Costs	-	-	-	*5*
Travel and Expenses	-	-	-	*1*
Training and Events	-	-	-	*1*
FCA Fees	-	-	-	*1*
General Admin Costs	-	-	-	*2*
Set-up Costs Before Funding	**-**	**-**	**-**	**514**
Share Capital	-	-	-	1,315
Debt	-	-	-	685
Other Costs	-	-	-	-
Set-up Costs After Funding	**-**	**-**	**-**	**2,514**
Transition Costs*				

Although guidance from CIPFA has not provided a set definition of Indirect Costs, it is likely that the set-up costs captured to date relate to Direct Costs (i.e. either incurred directly by LGPS Central Limited or recharged by Partner Funds to LGPS Central Limited).

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Cumulative Total £000
Set-Up Costs Before Funding	**-**	**-**	**95**	**419**	**-**	**514**
Set-Up Costs After Funding	**-**	**-**	**95**	**2,419**	**-**	**2,514**
Transition Costs*						

*Transition Costs – please see item 8 for a detailed breakdown.

2. Recharges by Staffordshire Pension Fund to LGPS Central Limited for Set-up Costs

	At 1 April-18 £000	Recharges in Year £000	Settled in Year £000	At 31 March-19 £000
Set-Up Cost Recharges	**502**	**-**	**(502)**	**-**

LGPS Central

3. Governance, Operator and Product Development Costs charged by LGPS Central Limited to Staffordshire Pension Fund

	At 1 April-18 £000	Charges in Year £000	Settled in Year £000	At 31 March-19 £000
Governance Costs	-	198	(182)	16
Operator Costs	-	483	(443)	40
IMMC*	-	-	-	-
Product Development Costs	-	121	(111)	10
Total	**-**	**802**	**(736)**	**66**

*Investment Management Monitoring Costs (IMMC) relate to charges for any discretionary/advisory services provided by LGPS Central Limited to a Partner Fund. Any IMMCs (both internal and external charges) which are charged directly to a product (e.g. sub-funds and Private Equity) are disclosed at (5) and (6) below.

4. Other Transactions between Staffordshire Pension Fund and LGPS Central Limited

	At 1 April-18 £000	Charges in Year £000	Settled in Year £000	At 31 March-19 £000
Interest Payable	7	36	-	43

5. LGPS Central Limited Investment Management Expenses charged to Staffordshire Pension Fund

		Direct £000	Indirect £000	Total £000	*Basis Points Charge*
1	Ad Valorem	66		66	11.01
2	Performance	-		-	
3	Research	-		-	
4	PRIIPS Compliance	-		-	
5	Other	-		-	
	Management Fees	**66**		**66**	***11.01***
6	Commissions	7		7	1.11
7	Acquisition/issue costs	-		-	
8	Disposal costs	-		-	
9	Registration/filling fees	-		-	
10	Taxes and Stamp Duty	2		2	0.34
11	Other	-		-	
	Transaction Costs	**9**		**9**	***1.45***
12	**Custody/Depositary**	**5**		**5**	***0.80***
13	**Other**				
	Fund Accounting	1		1	0.15
	Transfer Agent	<1		<1	0.06
	External Audit	<1		<1	0.03
	Total Costs	**81**		**81**	***13.50***

6. Investment Management Expenses By Product / Service

	1	2	3	4	5	6	7	8	9	10	11	12	13	Total 2018/19 Costs £000	AUM at 31 March 2019 £m	2018/19 Basis Points Charge
Global Ex-UK Passive Equity																
UK Passive Equity																
Dividend Growth Fund																
Global Equity Multi-Manager	62					7				2		5	1	77	505	13.24
Sub-Funds	**62**					**7**				**2**		**5**	**1**	**77**	**505**	
Private Equity 2018 Vintage	4													4	10	22.65
Alternative Vehicles	**4**													**4**	**10**	
Discretionary Mandate 1																
Discretionary Mandate 2																
Discretionary Mandates																
Advisory Mandate 1																
Advisory Mandate 2																
Advisory Mandates																
Execution Only 1																
Execution Only 2																
Execution Only																
Other 1																
Other																
Total	**66**					**7**				**2**		**5**	**1**	**81**	**515**	***13.50***

Items 1 – 13 relate to categories at (5).

7. Assets Under Management & Performance By Product / Service

	AUM At 1 April-18 £m	AUM At 31 March-19 £m	One Year Gross Performance % (*)	One Year Net Performance % (*)	Passive Benchmark Used	One Year Passive Index % (*)
Global Ex-UK Passive Equity						
UK Passive Equity						
Dividend Growth Fund						
Global Equity Multi-Manager	0	505	2.60	2.59	FTSE: All World	3.43
Sub-Funds	**0**	**505**				
Private Equity 2018 Vintage	0	10**				
Alternative Vehicles	**0**	**10**				
Discretionary Mandate 1						
Discretionary Mandate 2						
Discretionary Mandates						
Advisory Mandate 1						
Advisory Mandate 2						
Advisory Mandates						
Execution Only 1						
Execution Only 2						
Execution Only						
Other 1						
Other						
Total	**0**	**515**				

(*) Inception to 31 March 2019

(**) Committed, not drawn

8. Transition Costs

Partner Funds are currently developing the methodology which will be used to quantify transition costs. To assist Partner Funds, LGPS Central Limited have provided the details below which should reconcile the starting unit price of £100 to the unit price when the assets are handed over to the managers. Based on the Global Equity Multi-Manager transition, this will comprise three elements: 1) Out/under performance between assets entering the sub-fund and the point transition commences; 2) Transition costs/ implementation shortfall as reported by the Transition Manager; and 3) Out/under performance from commencement of transition up to the assets being transferred to the managers.

£000	UK Passive Equities Sub-Fund	Global Ex-UK Passive Sub-Fund	Dividend Growth Sub-Fund	Global Equity Multi-Manager Sub-Fund	Other 1	Other 2
Starting Unit Price (A)				100.00		
Manager Hand-Over Unit Price (B)				98.22		
Change In Unit Price (B-A/A = C)				(1.78%)		
Index Performance (D)				(1.24%)		
Out / (Under) Performance (C-D)				**(0.54%)**		
Total Transition Costs = Financial Impact of Out/Under Performance Calculated Above						
Out/Under Performance Comprised of:						
(1) Out/Under-performance between assets entering sub-fund and point of transition				(0.12%)		
(2) Transition Costs/ implementation Shortfall as reported by the Transition Manager						
- Commissions				(0.016%)		
- Taxes				(0.033%)		
- Market Impact				(0.118%)		
- Spread				(0.024%)		
- Forex				+ 0.011%		
- Opportunity Cost				(0.126%)		
- Transfer Taxes				(0.023%)		
- Other						
(3) Out/Under-performance between transition commencement and manager handover				(0.091%)		
Total Transition Costs Using Above Methodology				**(0.54%)**		

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Financial Statements
2018/19

Pension Fund account

Staffordshire Pension Fund account for the year ended 31 March 2019

	Notes	2017/2018	2018/2019
		£ 000	**£ 000**
Dealing with members, employers and others directly involved in the Fund			
Contributions receivable	7	232,391	157,136
Transfers in	8	12,531	12,737
		244,922	**169,873**
Benefits payable	9	(171,205)	(182,326)
Leavers	10	(15,294)	(19,704)
		(186,499)	**(202,030)**
Net additions/(withdrawals) from dealings with fund members		**58,423**	**(32,157)**
Management expenses	11	(16,750)	(20,443)
Net additions/(withdrawals) including fund management expenses		**41,673**	**(52,600)**
Returns on investments			
Investment income	12	69,221	76,655
Taxes on income	12	(322)	(274)
Profit and losses on disposal of investments and changes in the value of investments	13a	76,688	329,462
Net returns on investments		**145,587**	**405,843**
Net increase in the net assets available for benefits during the year		187,260	353,243
Opening net assets of the Fund		4,590,513	4,777,773
Closing net assets of the Fund		**4,777,773**	**5,131,016**

Net assets statement

Net assets statement at 31 March 2019

	Notes	2017/2018	2018/2019
		£ 000	**£ 000**
Long term investments	13/13c	**1,315**	**1,315**
Investment assets			
Bonds	13/13c	367,682	380,329
Equities	13/13c	919,342	989,998
Pooled investment vehicles	13/13c	2,544,465	2,699,542
Derivatives	13/13c	2,449	1,234
Property	13/13c	386,143	435,955
Other investment balances	13c	386,320	487,987
Cash deposits	13/13c	180,491	139,912
		4,786,892	**5,134,957**
Investment liabilities			
Derivatives	13/13c	(880)	(2,378)
Other investment balances	13/13c	(12,480)	(2,585)
		(13,360)	**(4,963)**
Net investment assets	13/13c	**4,774,847**	**5,131,309**
Long term assets	18a	**2,008**	**1,004**
Current assets	18	**12,265**	**18,451**
Long term Liabilities	19a	**(88)**	**(75)**
Current liabilities	19	**(11,259)**	**(19,673)**
Net assets of the Fund available to fund benefits at the end of the reporting period		**4,777,773**	**5,131,016**

The financial statements summarise the transactions of the Fund and deal with the net assets available to us. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial position on the scheme, which does take account of these obligations, is set out in the actuary's report on page 47.

The notes on pages 52 to 84 also form part of the Pension Fund financial statements.

Staffordshire Pension Fund ("the Fund") Actuarial Statement for 2018/19

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated March 2017 and updated March 2019. In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to return their portion of the Fund to full funding over 20 years if the valuation assumptions are borne out. Asset-liability modelling has been carried out which demonstrates that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is still around a 66% likelihood that the Fund will return to full funding over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2016. This valuation revealed that the Fund's assets, which at 31 March 2016 were valued at £3,753 million, were sufficient to meet 78% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2016 valuation was £1,059 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers' contributions for the period 1 April 2017 to 31 March 2020 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2016 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2016 valuation were as follows: Financial assumptions 31 March 2016

Financial assumptions	31 March 2016
Discount rate	3.8%
Salary increase assumption	2.6%
Benefit increase assumption (CPI)	2.1%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2013 model, assuming the current rate of improvements has reached a peak and will converge to long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.1 years	24.4 years
Future Pensioners*	24.1 years	26.4 years

*Aged 45 at the 2016 Valuation.

Copies of the 2016 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

Experience over the period since 31 March 2016

Since the last formal valuation, real bond yields have fallen placing a higher value on the liabilities and there have been strong asset returns, particularly during 2016/17. Both events are of broadly similar magnitude with regards to the impact on the funding position.

The next actuarial valuation will be carried out as at 31 March 2019. The Funding Strategy Statement will also be reviewed at that time.

Douglas Green FFA

12 April 2019

For and on behalf of Hymans Robertson LLP

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2018/19 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Staffordshire Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

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

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of promised retirement benefits

Year ended	31 March 2019	31 March 2018
Active members (£m)	3,808	3,102
Deferred members (£m)	1,593	1,418
Pensioners (£m)	2,274	2,261
Total (£m)	**7,675**	**6,781**

The promised retirement benefits at 31 March 2019 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2016. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

Note that the above figures include an allowance for the "McCloud ruling", i.e. an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes.

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

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

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2019 and 31 March 2018. I estimate that the impact of the change in financial assumptions to 31 March 2019 is to increase the actuarial present value by £605m. There is no impact from any change in the demographic and longevity assumptions because they are identical to the previous period.

Financial assumptions

Year ended (% p.a.)	31 March 2019	31 March 2018
Pension Increase Rate	2.5%	2.4%
Salary Increase Rate	2.9%	2.8%
Discount Rate	2.4%	2.7%

Longevity assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2013 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.1 years	24.4 years
Future pensioners (assumed to be aged 45 at the latest formal valuation)	24.1 years	26.4 years

Please note that the longevity assumptions have not changed since the previous IAS26 disclosure for the Fund.

Commutation assumptions

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis

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

Sensitivity to the assumptions for the year ended 31 March 2019	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate	9%	659
0.5% p.a. increase in the Salary Increase Rate	2%	129
0.5% p.a. decrease in the Real Discount Rate	11%	839

The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%.

Professional notes

This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2019 for accounting purposes'. The covering report identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions. This paper replaces that dated 12 April, as it include an allowance for the "McCloud ruling".

Douglas Green FFA

25 July 2019
For and on behalf of Hymans Robertson LLP

Notes to the accounts

1. Description of the Fund

The Staffordshire Pension Fund ('the Fund') is part of the LGPS and is administered by Staffordshire County Council. The council is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Staffordshire Pension Fund Annual Report 2018/19 and the underlying statutory powers underpinning the scheme.

a) General

The scheme is governed by the Public Service Pensions Act 2013 (as amended). The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- the Statement of Recommended Practice (SORP) The Financial Reports of Pension Schemes (as amended in 2014).

It is a contributory defined benefit pension scheme administered by Staffordshire County Council to provide pensions and other benefits for pensionable employees of Staffordshire County Council, the district councils in Staffordshire County and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

Staffordshire County Council is legally responsible for the Staffordshire Pension Fund. Under the County Council's constitution, the Pensions Committee and Pensions Panel are delegated to look after the Fund. As a result of the Public Service Pensions Act 2013, a Local Pensions Board was also set up to aid effective governance.

b) Membership

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 the scheme.

Organisations participating in the Fund include the following:

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

There are over 400 employer organisations within the Fund (including the County Council itself), and over 100,000 individual members, as detailed in the following table.

Membership of the Fund

	31 March 2018	31 March 2019
Pensionable employees		
Staffordshire County Council	10,424	9,510
Other employers	23,352	24,297
Total	**33,776**	**33,807**
Pensioners		
Staffordshire County Council	16,579	16,577
Other employers	16,577	16,756
Total	**33,156**	**33,333**
Deferred pensioners (people who no longer pay into the scheme)		
Staffordshire County Council	20,500	20,537
Other employers	20,052	20,852
Total	**40,552**	**41,389**
Total number of members in the pension scheme	**107,484**	**108,529**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2016.

d) Benefits

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

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits as explained on the Staffordshire Pension Fund website at www.staffspf.org.uk.

2. Basis of preparation

The statement of accounts summarises the Fund's transactions for the 2018/19 financial year and its position at year-end as at 31 March 2019. The financial statements follow the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 (the Code) which is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector and issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits.

The accounts have been prepared on a going concern basis.

You can get more information on the Pension Fund, including the Fund Governance Statement, the Investment Strategy Statement and the Funding Strategy Statement at www.staffspf.org.uk.

3. Accounting policies

When preparing the Pension Fund financial statements we have adopted the following significant accounting policies, which we have applied consistently.

Contributions

Normal contributions, both from members and employers, are accounted for in the payroll month they relate to, at the rates given on the rates and adjustments certificate. Additional contributions such as employer deficit funding and actuarial strain are accounted for in line with the agreement under which they are paid, or when they are received if there is no agreement. Amounts not due until future years are classed as long term debtors.

Transfer values

Transfer values represent the amounts either due to the Fund from new members' previous pension funds, or which the Fund is due to pay to the new pension funds of members who have left the Fund. Transfer values are accounted for on a receipts basis.

Investment income

Investment income is recognised as follows:

- Interest income as it accrues.
- Dividend income on the date the shares are quoted ex-dividend.
- Property related income, which primarily consists of rental income, is received in advance and is accrued into the correct year.
- Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.
- Distributions from pooled funds are recognised at the date of issue.

Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

Under pension fund rules, members may receive a lump-sum retirement grant on top of their annual pension. Lump-sum retirement grants are accounted for from the date of retirement.

Other benefits are accounted for on the date the member leaves the Fund or dies.

Taxation

The Fund is a registered public service scheme and as such is exempt from paying tax in the UK on interest received and on the proceeds of investments sold. The Fund may suffer withholding tax on overseas investments in the country of origin, where this is not recoverable it is accounted for as an expense when it arises.

Management expenses

All costs related to managing investments, administration, oversight and governance are reported in one line in the Fund Account called 'Management expenses'.

Investment management expenses, including performance-related fees, are accounted for on an accruals basis and are recognised before any VAT the Fund can recover.

Investment management transaction costs include fees, commissions, stamp duty and other fees (see note 11a).

The fees of external investment managers and the custodian are agreed in their respective mandates governing their appointments. They are broadly based on the market value of investments and can increase or decrease as the value of these investments change.

All administrative expenses and oversight and governance costs are accounted for on an accruals basis. All staff costs of the Pensions Administration team are charged to the Fund. Management, accommodation and other support service costs are charged to the Fund based on Staffordshire County Council policy.

Financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The financial instruments of the Fund have to be classified into the following categories under International Financial Reporting Standards (IFRS):

- Financial assets and liabilities at fair value through profit or loss, these have two categories: Designated, where assets and liabilities are measured at fair value with fair value changes through profit and loss; and Held for trading, where financial assets and liabilities are held for the purpose of selling in the short-term for which there is a pattern of short-term profit making.
- Financial assets at amortised cost; any financial asset with fixed or determinable payments not quoted in the open market such as debtors.
- Held to maturity investments; any financial asset which is intended to be held to maturity at amortised cost.
- Other financial liabilities measured at amortised cost using the effective interest rate.

Investments

The LGPS Central Pool trading company, LGPS Central Limited only became able to trade on 3 April 2018, therefore, reliable trading results and profit forecasts are not yet available. Consequently, the Pension Fund's view is that the market value of this investment at 31 March 2019 cannot be reasonably assessed and that cost is therefore an appropriate estimate of fair value.

Equities traded through the Stock Exchange Electronic Trading Service (SETS), are valued on the basis of the latest bid (buying) price.

Pooled investment vehicles are valued at the bid market price provided by the relevant fund managers, which reflects the market value of the underlying investments.

The value of bonds are recorded at the net market value based on their current market yields. The value does not include interest earned but not paid at the year end, which is included separately within accrued investment income.

UK directly held property investments are stated at their value on the open-market based on an annual independent valuation by Savills, as at 31 March 2019. The valuation report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards issued June 2017 and effective from 1 July 2017 (the "RICS Red Book").

The private equity, private debt and hedge fund valuations are valued based on the Fund's share of the net assets of the underlying funds using the latest financial statements provided by the respective fund managers.
Derivative contracts are valued at bid market price.

Foreign currency transactions

Dividends, interest and the purchase and sale of investments in foreign currencies have been accounted for at the spot rates at the date of transaction. Where forward foreign exchange contracts are in place for assets and liabilities in foreign currencies, the exchange rate set out in the contract is used. Other assets and liabilities in foreign currencies are given in Sterling (£) at the rates of exchange that apply at the end of the financial year.

Surpluses and deficits arising when converting currency are dealt with as part of the change in market value of investments.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

Contingent assets and contingent liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of narrative in the notes.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of an accompanying actuarial report.

4. Critical judgements in applying accounting policies

Pension Fund liability

The Pension Fund liability is calculated every three years by the Fund actuary, Hymans Robertson, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19, the assumptions underpinning the valuation are given in the accompanying Actuarial Statement. The estimate is subject to significant variances based on changes to the underlying assumptions.

Property

The Fund's Indpendant valuers Savills have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property, nor have they allowed for any adjustment to any of the properties' income streams to take into account any tax liabilities that may arise. Their valuation is exclusive of VAT (if applicable). They have excluded from their valuation any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupiers.

No allowance has been made for rights, obligations or liabilities arising in relation to fixed plant and machinery, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant EEC legislation.

Investment in LGPS Central Limited

This investment has been valued at cost on the basis that fair value as at 31 March 2019 cannot be reliably estimated. Management have made this judgement because:

- LGPS Central Limited only became operational on 3 April 2018
- no dividend to shareholders has as yet been declared
- no audited accounts are as yet available which would allow fair value to be calculated on a net asset basis or enable the accuracy of profit and cash flow projections contained in the company's business plan to be assessed with confidence.

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

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The items in the net assets statement at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are shown in the following table.

Item	Uncertainty	Effect if actual results differ from assumptions
Private equity	Private equity funds are valued in accordance with each investment managers valuation policy. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £179.8m. There is a risk that this investment may be under or overstated in the accounts.
Private debt	Private debt funds are valued in accordance with each investment managers valuation policy. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total value of private debt funds in the financial statements is £206.5m. There is a risk that this investment may be under or overstated in the accounts.
Hedge funds	Hedge funds are valued at the sum of the fair values provided by the administrators of the underlying funds plus adjustments that the Funds directors or independent administrators judge necessary. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total value of Hedge funds in the financial statements is £89.6m. There is a risk that this investment may be under or overstated in the accounts.
Freehold/leasehold property and pooled property funds	Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold and leasehold property. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property.	The total value of all property in the financial statements is £436.0m. There is a risk that this investment may be under or overstated in the accounts.

6. Events after the balance sheet date

Since the Statement of Accounts were issued on 31 May 2019 there has been an update regarding a judgement on the McCloud Case.

Impact of McCloud judgement

The McCloud judgement relates to a legal challenge by members of the New Judicial Pension Scheme against the age-based transitional provisions put into place when new pension arrangements were introduced in 2015. The members argued that these transitional provisions were directly discriminatory on grounds of age and indirectly discriminatory on grounds of sex and race, based on the correlation between these two factors reflected in the judicial membership. A Tribunal ruled against the Government, deeming that the transitional provisions were not a proportionate means of achieving a legitimate aim.

Given the uncertainty around this judgement, the Government was awaiting news of its right to an appeal, to understand what the likely impact of the McCloud judgement may be on members' benefits. On 27 June 2019 the Supreme Court denied the Government's request for an appeal.

The Actuary has therefore made an allowance for potential outcomes of this judgement in its disclosure of the actuarial present value of promised retirement benefits in the accompanying actuarial report.

7. Contributions receivable

	2017/2018	2018/2019
	£ 000	£ 000
Employers		
Normal	107,501	114,655
Actuarial strain	5,613	7,286
Deficit recovery contributions	84,099	0
Scheme members		
Normal	35,178	35,195
Total	**232,391**	**157,136**

The deficit recovery contributions in 2017/2018 relate to the prepayment of employer deficit funding made by eleven employing bodies in respect of 2018/2019 and future years, as agreed by the actuary.

Contributions receivable can be analysed by type of member body as follows:

	2017/2018	2018/2019
	£ 000	£ 000
Staffordshire County Council	75,897	39,676
Scheduled bodies	138,852	98,704
Admitted bodies	17,642	18,756
Total	**232,391**	**157,136**

8. Transfers in

	2017/2018	2018/2019
	£ 000	£ 000
Individual transfers in from other schemes	12,531	11,341
Group transfers in from other schemes	0	1,396
Total	**12,531**	**12,737**

9. Benefits payable

	2017/2018	2018/2019
	£ 000	£ 000
Pensions	134,249	143,264
Commutations and lump-sum retirement benefits	33,284	34,804
Lump-sum death benefits	3,672	4,258
Total	**171,205**	**182,326**

Benefits payable can be analysed by type of member body as follows:

	2017/2018	2018/2019
	£ 000	£ 000
Staffordshire County Council	68,945	70,339
Scheduled bodies	86,575	92,404
Admitted bodies	15,685	19,583
Total	**171,205**	**182,326**

10. Payments to and on account of leavers

	2017/2018	2018/2019
	£ 000	£ 000
Individual transfers to other schemes	14,799	18,315
Group transfers to other schemes	0	692
Payments for members joining / (leaving) state scheme	(36)	50
Refunds to members leaving service	531	647
Total	**15,294**	**19,704**

11. Management expenses

	2017/2018	2018/2019
	£ 000	£ 000
Administration expenses	2,383	2,190
Investment management expenses (see note 11a)	13,355	16,512
Oversight and governance costs	1,012	1,741
Total	**16,750**	**20,443**

Included within oversight and governance costs are the Fund's external audit costs of £0.03m for 2018/19 (£0.03m for 2017/2018). The charge for 2018/19 includes the current year audit fee of £0.02m and additional fees in respect of IAS19 assurances for the 2016/17 and 2017/18 audits £0.01m.

11a. Investment management expenses

A breakdown of the costs we had to pay in connection with the investment of the Fund is set out below:

	2017/2018	2018/2019
	£ 000	£ 000
Transaction costs	1,113	831
Management fees	11,736	14,631
Performance related fees	370	920
Custody fees	136	130
Total	**13,355**	**16,512**

The Fund was also charged indirectly through the bid-offer spread (the difference between bid prices and offer prices) on investments.

12. Investment income

	2017/2018	2018/2019
	£ 000	£ 000
Bonds	15,013	15,410
Dividends from equities	23,905	28,208
Income from pooled investment vehicles	1,980	1,355
Rents from property	20,209	18,727
Interest on cash deposits	837	1,233
Stock lending	158	218
Private Debt	6,599	10,637
Other	520	867
	69,221	**76,655**
Withholding tax we cannot recover	(322)	(274)
Total	**68,899**	**76,381**

12a. Directly held property fund account

A summary of the income and expenses associated with the Fund's directly held property is provided below:

	2017/2018	2018/2019
	£ 000	£ 000
Rental income	20,209	18,727
Direct operating expenses	(1,406)	(2,289)
Net income	**18,803**	**16,438**

13. Pension Fund investments 2018/2019

	31 March 2018	31 March 2019
	£ 000	£ 000
Long term investments		
Equities	**1,315**	**1,315**
Investment assets		
Bonds	367,682	380,329
Equities	919,342	989,998
Pooled investment vehicles	2,544,465	2,699,542
Derivatives	2,449	1,234
Property	386,143	435,955
Private equity	141,645	179,829
Private debt	134,475	206,457
Hedge funds	88,147	89,586
Cash	180,491	139,912
Outstanding dividend entitlements and recoverable withholding tax	10,207	11,090
Amount receivable for sales of investments	11,846	1,025
Total Investment assets	**4,786,892**	**5,134,957**
Investment liabilities		
Derivatives	(880)	(2,378)
Amounts payable for purchases of investments	(12,480)	(2,585)
Total Investment liabilities	**(13,360)**	**(4,963)**
Net Investment assets	**4,774,847**	**5,131,309**

All companies operating unit trusts or managed funds are registered in the United Kingdom.

13a. Investment reconciliation

Period 2018/2019	Value at 1 April 2018	Purchases at cost	Sales proceeds	Change in market value	Value at 31 March 2019
	£ 000	£ 000	£ 000	£ 000	£ 000
Bonds	367,682	46,614	(38,340)	4,373	380,329
Equities	920,657	429,157	(407,177)	48,676	991,313
Pooled investment vehicles	2,544,465	2,933,948	(3,008,947)	230,076	2,699,542
Derivatives	1,569	1,830,426	(1,825,920)	(7,219)	(1,144)
Property	386,143	49,991	(283)	104	435,955
Other	364,267	98,579	(31,830)	44,856	475,872
	4,584,783	**5,388,715**	**(5,312,497)**	**320,866**	**4,981,867**
External cash deposits (central cash)	148,685				99,685
Investment manager cash	31,806			8,596	40,227
	4,765,274			**329,462**	**5,121,779**
Outstanding dividend entitlements and recoverable withholding tax	10,207				11,090
Amount receivable for sales of investments	11,846				1,025
Amounts payable for purchases of investments	(12,480)				(2,585)
Net Investment assets	**4,774,847**				**5,131,309**

The previous years data is provided below:

Period 2017/2018	Value at 1 April 2017	Purchases at cost	Sales proceeds	Change in market value	Value at 31 March 2018
	£ 000	£ 000	£ 000	£ 000	£ 000
Bonds	324,582	113,740	(48,275)	(22,365)	367,682
Equities	890,756	530,222	(502,849)	2,528	920,657
Pooled investment vehicles	2,497,325	120,000	(142,000)	69,140	2,544,465
Derivatives	1,180	2,035,618	(2,045,808)	10,579	1,569
Property	370,601	3,277	0	12,265	386,143
Other	307,104	92,443	(35,144)	(136)	364,267
	4,391,548	**2,895,300**	**(2,774,076)**	**72,011**	**4,584,783**
External cash deposits (central cash)	151,500				148,685
Investment manager cash	33,690			4,677	31,806
	4,576,738			**76,688**	**4,765,274**
Outstanding dividend entitlements and recoverable withholding tax	9,061				10,207
Amount receivable for sales of investments	5,618				11,846
Amounts payable for purchases of investments	(8,327)				(12,480)
Net Investment assets	**4,583,090**				**4,774,847**

The Fund holds the following pooled investments that exceed 5% of the total value of net assets at 31 March 2019 (also at 31 March 2018):

- LGIM, passive UK equity - £354.1m or 6.9% (£332.6m or 7.0%)
- LGIM, passive global equity - £1,329.7m or 26.0% (£1,635.4m or 34.2%)
- LGIM, passive index-linked gilts - £388.0m or 7.6% (£367.0m or 7.7%)
- LGPS Central, active global equity - £505.1m or 9.9% (£0.0m or 0.0%)

As at 31 March 2019 (also at 31 March 2018) the Fund was committed to the following contractual commitments:

- £99.6m of contractual commitments for private equity investments (£127.8m)
- Investment in a UK pooled property fund of £14.1m (£7.4m)
- £177.6m of private debt investments (£161.8m)

13b. Investments analysed by Manager

The market value and percentage of assets held by each of the investment managers at the end of the financial year is shown below:

	31 March 2018		31 March 2019	
	£ 000	**%**	**£ 000**	**%**
Investments managed by LGPS Central Limited				
LGPS Central Limited Global Equity Active Multi Manager Fund	0	0%	505,078	10%
LGPS Central Limited	1315	0%	1,315	0%
	1,315	**0%**	**506,393**	**10%**
Investments managed outside of LGPS Central Limited				
Insight Investment (corporate bonds)	380,162	8%	392,621	7%
Standard Life Investments (UK equity)	301,184	6%	306,078	6%
JP Morgan Asset Management (global equity)	414,932	9%	447,396	9%
Longview Partners (global equity)	223,208	5%	263,011	5%
Legal & General Investment Management (passive UK index-linked gilts)	367,007	8%	388,040	8%
Legal & General Investment Management (passive all world equity)	2,050,129	43%	1,683,757	33%
Russell Investments (emerging markets equity)	122,175	3%	117,818	2%
Colliers International UK Plc (property)	386,291	8%	436,281	9%
HarbourVest Partners (private equity)	109,160	2%	128,909	3%
Knightsbridge Advisors (private equity)	15,418	0%	21,010	0%
Partners Group (private equity)	12,148	0%	20,390	0%
Lazard Technology Partners (private equity)	779	0%	862	0%
Capital Dynamics (private equity)	4,140	0%	8,658	0%
Hayfin Capital Management (private debt)	35,211	1%	69,746	1%
Highbridge Capital Management (private debt)	38,145	1%	57,262	1%
Alcentra Limited (private debt)	61,119	1%	79,449	2%
Goldman Sachs Asset Management (hedge funds)	88,147	2%	89,586	2%
County Treasurer (central cash)	154,604	3%	104,512	2%
	4,763,959	**100%**	**4,615,386**	**90%**
	4,765,274	**100%**	**5,121,779**	**100%**

13c. Analysis of Investments

	31 March 2018		31 March 2019	
	£ 000	%	£ 000	%
Long term investments				
UK equities unquoted	**1,315**	**0%**	**1,315**	**0%**
Investment assets				
Bonds				
UK corporate quoted	159,169	3%	176,161	3%
Global corporate quoted	208,513	5%	204,168	4%
	367,682	**8%**	**380,329**	**7%**
Equities				
UK quoted	340,955	7%	341,717	7%
Global quoted	578,387	12%	648,281	12%
	919,342	**19%**	**989,998**	**19%**
Pooled investment vehicles				
UK	445,951	9%	358,901	7%
UK index-linked	367,007	8%	388,040	8%
Global	1,731,507	36%	1,952,601	38%
	2,544,465	**53%**	**2,699,542**	**53%**
Derivatives (see note 14)				
Forward foreign currency	1,015	0%	160	0%
Futures	1,434	0%	1,074	0%
	2,449	**0%**	**1,234**	**0%**
Property				
UK directly held property	352,715	7%	397,550	8%
UK pooled property funds	33,428	1%	38,405	1%
	386,143	**8%**	**435,955**	**9%**
Other				
Private equity	141,645	3%	179,829	3%
Private debt	134,475	3%	206,457	4%
Hedge funds	88,147	2%	89,586	2%
	364,267	**8%**	**475,872**	**9%**
Cash				
External deposits	148,685	4%	99,685	2%
Investment manager cash (Sterling £)	14,292	0%	29,298	1%
Investment manager cash (non Sterling £)	17,514	0%	10,929	0%
	180,491	**4%**	**139,912**	**3%**
	4,766,154	**100%**	**5,124,157**	**100%**

Outstanding dividend entitlements and recoverable withholding tax	10,207	11,090
Amount receivable for sales of investments	11,846	1,025
Total Investment assets	**4,788,207**	**5,136,272**
Investment liabilities		
Derivatives (see note 14)		
Forward foreign currency	(33)	(1,024)
Futures	(847)	(1,354)
	(880)	**(2,378)**
Amounts payable for purchases of investments	(12,480)	(2,585)
Total Investment liabilities	**(13,360)**	**(4,963)**
Net Investment assets	**4,774,847**	**5,131,309**

13d. Stock lending

The Fund lends stock in return for payment. The table below summarises the value of the stock lent out by the Fund at the end of the last two years.

	31 March 2018	31 March 2019
	£ 000	£ 000
Equities - UK	49,366	54,315
Equities - Global	61,938	59,862
Fixed interest - UK	1,089	1,145
Fixed interest - Global	2,200	8,060
	114,593	**123,382**

Securities released to a third party under the stock-lending agreement with Northern Trust are included in the net assets statement to reflect the Fund's continuing economic interest in those securities.

Collateral holdings, supporting the loans, are not identified as individual loans but are kept in a pooled structure. As security for the stocks on loan, as at 31 March 2019 the Fund held £130.6 million (£121.5 million at 31 March 2018) of collateral in the form of government obligations (such as Gilts) and equities.

Income received from stock-lending activities was £0.2 million for the year ending 31 March 2019 (£0.2 million for year ending 31 March 2018). This is included within the investment income figure shown on the Pension Fund account.

13e. Directly held property net asset account

The Fund had investments in property of £436.0m at 31 March 2019 (£386.1m at 31 March 2018), of which £397.6m was in directly held property (£352.7m at 31 March 2018). The account below reconciles the movement in the Fund's investments in directly held property.

The Fund is required to classify its directly held property into a hierarchy by reference to the quality and reliability of information used to determine fair values (See note 15 for more information on the hierarchy). The Fund has classified its directly held property as Level 3, as fair values are based on significant unobservable inputs and estimated using valuation techniques.

Transaction costs for directly held property in 2018/2019 were £2.5m (£0.1m in 2017/2018).

	2017/2018	2018/2019
	£ 000	£ 000
Balance at start of year	340,675	352,715
Purchases at cost	679	46,657
Sale proceeds	0	(283)
Change in market value	11,361	(1,539)
Balance at 31 March	**352,715**	**397,550**

14. Derivative contracts

The holding of derivative contracts is to hedge exposures and reduce risk for the Fund. The use of derivative contracts is managed in line with the investment management agreement between the Fund and the various investment managers who use them.

Forward foreign currency contracts

A significant proportion of the Fund's equity holdings are held in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, some of the Fund's investment managers hold forward foreign currency contracts. The open contracts at 31 March are analysed in Sterling (£) below against other major currencies.

		31 March 2018		31 March 2019
	Assets	Liabilities	Assets	Liabilities
	£ 000	£ 000	£ 000	£ 000
Swiss Franc	0	(19)	0	0
Euro	357	0	160	0
Hong Kong Dollar	0	(4)	0	0
United States Dollar	658	0	0	(1,024)
Swedish Krona	0	(3)	0	0
Turkish Lira	0	(7)	0	0
	1,015	**(33)**	**160**	**(1,024)**

Futures contracts

Futures contracts are used to manage interest rate risk. All are traded on a stock exchange and are listed below at 31 March.

The Fund invests in fixed-rate corporate bonds denominated in Sterling, US dollars and Euros. In order to avoid taking duration risk in relation to movements in US dollar and Euro based interest rates, positions are taken in the corresponding government bond futures.

	Nominal Value	31 March 2018		31 March 2019	
		Assets	Liabilities	Assets	Liabilities
	£ 000	£ 000	£ 000	£ 000	£ 000
Euro Bund Future (Euro €) - June 2018	15,872	0	(229)	0	0
Long Gilt Future (Sterling £) - June 2018	73,363	1,434	0	0	0
US 10 year Note (US $) - June 2018	59,853	0	(542)	0	0
US 5 year Note (US $) - June 2018	16,182	0	(76)	0	0
Euro Bund Future (Euro €) - June 2019	14,416	0	0	0	(311)
Long Gilt Future (Sterling £) - June 2019	63,869	0	0	1,074	0
US 10 year Note (US $) - June 2019	55,745	0	0	0	(862)
US 5 year Note (US $) - June 2019	15,283	0	0	0	(153)
US 10 year Ultra (US $) - June 2019	1,395	0	0	0	(28)
		1,434	**(847)**	**1,074**	**(1,354)**

15. Fair value - basis of valuation

The basis of the valuation of each asset class of investment is set out below. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date. There have been no changes in the valuation techniques used during the year.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments (equities and bonds)	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Bonds are valued at a market value based on current yields	Not required	Not required
Pooled investment vehicles	Level 2	Fair value based on the weekly market quoted prices of the respective underlying securities	When considering the fair value of assets which are not at the reporting date, the price of a recent transaction for an identical asset provides evidence of fair value	Not required
Unquoted Equities	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2012	- (EBITDA) multiple - Revenue multiple - Discount for lack of Marketability - Control premium	Valuations could be affected by post balance sheet events, changes to expected cashflows, or by any differences between audited and unaudited accounts
Freehold and leasehold properties	Level 3	Valued at fair value by Savills in accordance with International Valuation Standards and RICS Valuation Standards	- Existing lease terms rentals - Independent market research - Covenant strength for existing tenants - Assumed vacancy levels - Estimated rental growth - Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices
Pooled property funds	Level 3	The Funds ownership share in property limited partnerships is applied to the partnership net assets. The net assets are based on the fair value of the underlying investment properties in accordance with International Valuation Standards and RICS Valuation Standards	- Existing lease terms rentals - Independent market research - Covenant strength for existing tenants - Assumed vacancy levels - Estimated rental growth - Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices

15. Fair value - basis of valuation (continued)

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Private equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012) Updated	- 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
Private debt	Level 3	Valued at fair value in accordance with International Valuation Standards and investment managers valuation policy	- Comparable valuation of similar assets - EBITDA multiple - Revenue multiple - Discounted cash flows - Enterprise value estimation	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
Hedge funds	Level 3	Closing bid price and offer prices are published	NAV-based pricing 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
Forward foreign currency contracts	Level 2	Market forward exchange rates at the year end	Exchange rate risk	Not Required
Futures	Level 1	Published exchange prices at the year-end	Not required	Not Required

Sensitivity of assets valued at Level 3

In consultation with the Fund's investment advisor, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2019.

Asset type	Assessed valuation range	31 March 2019	Value on increase	Value on decrease
	%	£ 000	£ 000	£ 000
UK equities unquoted	18%	1,315	1,552	1,078
Freehold and leasehold properties	14%	397,550	453,207	341,893
Pooled property funds	14%	38,405	43,782	33,028
Private equity	27%	179,829	228,383	131,275
Private debt	7%	206,457	220,909	192,005
Hedge funds	13%	89,586	101,232	77,940
		913,142	**1,049,065**	**777,219**

15a. 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. The three levels are detailed below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Products classified as Level 1 are quoted equities and bonds.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 2 products include pooled investment vehicles, as they are not traded in a market that is considered to be active and where the asset value can be determined by observed values for the underlying assets.

Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs). Examples include private equity, private debt and hedge funds, which are valued using valuation techniques that require significant judgement.

The following table provides an analysis by the three levels based on the level at which the fair value is observable.

31 March 2019	Level 1	Level 2	Level 3	Total
	£ 000	£ 000	£ 000	£ 000
Financial assets				
Designated as fair value through profit and loss	1,371,401	2,699,702	515,592	4,586,695
Non-financial assets at fair value through profit and loss (See note 13e)	0	0	397,550	397,550
Financial liabilities				
Designated as fair value through profit and loss	(1,354)	(1,024)	0	(2,378)
	1,370,047	**2,698,678**	**913,142**	**4,981,867**

The previous years data is provided below:

31 March 2018	Level 1	Level 2	Level 3	Total
	£ 000	£ 000	£ 000	£ 000
Financial assets				
Designated as fair value through profit and loss	1,288,458	2,545,480	399,010	4,232,948
Non-financial assets at fair value through profit and loss (See note 13e)	0	0	352,715	352,715
Financial liabilities				
Designated as fair value through profit and loss	(847)	(33)	0	(880)
	1,287,611	**2,545,447**	**751,725**	**4,584,783**

15b. Reconciliation of fair value measurements within level 3

Period 2018/2019	Market Value 1 April 2018	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains / (Losses)	Realised gains /(Losses)	Market Value 31 March 2019
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
UK equities unquoted	**1,315**	0	0	0	0	**1,315**
Freehold and leasehold properties	**352,715**	46,657	(283)	(275)	(1,264)	**397,550**
Pooled property funds	**33,428**	3,334	0	1,643	0	**38,405**
Private equity	**141,645**	32,451	(28,755)	20,948	13,540	**179,829**
Private debt	**134,475**	66,128	(3,075)	8,929	0	**206,457**
Hedge funds	**88,147**	0	0	1,439	0	**89,586**
	751,725	**148,570**	**(32,113)**	**32,684**	**12,276**	**913,142**

The previous years data is provided below:

Period 2017/2018	Market Value 1 April 2017	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains / (Losses)	Realised gains / (Losses)	Market Value 31 March 2018
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
UK equities unquoted	**0**	1,315	0	0	0	**1,315**
Freehold and leasehold properties	**340,675**	679	0	12,063	(702)	**352,715**
Pooled property funds	**29,926**	2,598	0	904	0	**33,428**
Private equity	**146,080**	24,550	(33,925)	(14,110)	19,050	**141,645**
Private debt	**74,569**	67,893	(1,219)	(8,085)	1,317	**134,475**
Hedge funds	**86,455**	0	0	1,692	0	**88,147**
	677,705	**97,035**	**(35,144)**	**(7,536)**	**19,665**	**751,725**

16. Classification of financial instruments

The net assets of the Fund disclosed in the Net assets statement and in notes 13a to 13e, 18, 18a, 19 and 19a are made up of the following categories of financial instruments. No financial instruments were reclassified during 2018/2019.

The analysis within notes 16, 16b and 17 on financial instruments does not include the Pension Fund's directly held property. This is treated under a different accounting standard (IAS 40 Investment Property) and is disclosed in note 13e - Directly held property net asset account and note 12a - Directly held property fund account.

31 March 2019	Designated as fair value through profit and loss £ 000	Financial Assets at amortised cost £ 000	Financial liabilities at amortised cost £ 000	Total £ 000
Financial assets				
Bonds	380,329	0	0	380,329
Equities	991,313	0	0	991,313
Pooled investment vehicles	2,699,542	0	0	2,699,542
UK pooled property funds	38,405	0	0	38,405
Cash	0	142,325	0	142,325
Other investment balances	475,872	12,115	0	487,987
Derivatives	1,234	0	0	1,234
Long term assets	0	1,004	0	1,004
Current assets	0	16,038	0	16,038
	4,586,695	**171,482**	**0**	**4,758,177**
Financial liabilities				
Derivatives	(2,378)	0	0	(2,378)
Other investment balances	0	0	(2,585)	(2,585)
Long term Liabilities	0	0	(75)	(75)
Current liabilities	0	0	(19,673)	(19,673)
	(2,378)	**0**	**(22,333)**	**(24,711)**
	4,584,317	**171,482**	**(22,333)**	**4,733,466**

16. Classification of financial instruments (continued)

The previous years data is provided below:

31 March 2018	Designated as fair value through profit and loss £ 000	Financial Assets at amortised cost £ 000	Financial liabilities at amortised cost £ 000	Total £ 000
Financial assets				
Bonds	367,682	0	0	367,682
Equities	920,657	0	0	920,657
Pooled investment vehicles	2,544,465	0	0	2,544,465
UK pooled propert funds	33,428	0	0	33,428
Cash	0	177,702	0	177,702
Other investment balances	364,267	22,053	0	386,320
Derivatives	2,449	0	0	2,449
Long term assets	0	2,008	0	2,008
Current assets	0	12,265	0	12,265
	4,232,948	**214,028**	**0**	**4,446,976**
Financial liabilities				
Derivatives	(880)	0	0	(880)
Other investment balances	0	0	(12,480)	(12,480)
Long term Liabilities	0	0	(88)	(88)
Current liabilities	0	0	(8,470)	(8,470)
	(880)	**0**	**(21,038)**	**(21,918)**
	4,232,068	**214,028**	**(21,038)**	**4,425,058**

16b. Net gains on financial instruments

The gains recognised in the accounts in relation to financial instruments are made up as follows:

	31 March 2018 £ 000	31 March 2019 £ 000
Financial assets		
Designated as fair value through profit and loss	60,650	322,405
Amortised cost	4,677	8,596
	65,327	**331,001**

17. Nature and extent of risks arising from financial instruments

The primary objective of the Fund is to ensure that sufficient funds are available to meet all Pension liabilities as they fall due for payment. The Fund aims to do this by adopting an investment strategy that balances risk and return.

The majority of the Fund is invested through external investment managers. Each has an investment management agreement in place which sets out the relevant benchmark, performance target, asset allocation ranges and any restrictions.

Risks are managed through diversification; by investing across asset classes, across managers and styles and ensuring managers maintain a diversified portfolio of investments within their mandate. The majority of the Fund is invested in liquid investments.

Market risk

Market risk is the risk of loss from fluctuations in market prices, interest rates or currencies. The Fund is exposed through its investment portfolio to all these market risks.

Market risk also represents the risk that the value of a financial instrument will fluctuate caused by factors other than those mentioned above. These changes can be caused by factors specific to the individual instrument or those affecting the market in general and will affect each asset class the Fund holds in different ways.

A high proportion of the Fund is invested in equities and therefore fluctuation in equity prices is the largest risk the Fund faces. The Fund relies on the fact that it has positive cash flows and a strong employer covenant to underpin its investment in equities and maintains its high exposure to equities over the long-term as they are expected to deliver higher returns.

The Fund manages market risk through a diversified investment portfolio and instructing individual investment managers to diversify investments within their own individual portfolios in line with their investment strategies and mandate guidelines. The Pensions Panel and Pensions Committee regularly receive reports which monitor such risks.

Market risk – sensitivity analysis

In consultation with the Fund's investment advisor the following movements in market prices have been judged as possible for the 2019/2020 financial year. The potential market movement figures also allow for interest rate and currency rate fluctuations.

Asset type	Possible market movements	
UK equity	+/-	18%
Global equity	+/-	22%
Private equity	+/-	27%
Private debt	+/-	7%
UK fixed interest bonds	+/-	11%
UK index-linked bonds	+/-	9%
Corporate bonds	+/-	7%
Cash	+/-	1%
UK Commercial property	+/-	14%
Hedge funds	+/-	13%

This movement in the market prices would increase or decrease the net assets at 31 March 2019 to the amounts shown below:

Asset type	31 March 2019	Percentage change (+/-)	Value on increase	Value on decrease
	£ 000	**%**	**£ 000**	**£ 000**
UK equities unquoted	1,315	18%	1,552	1,078
UK corporate bonds	176,161	7%	188,492	163,830
Global corporate bonds	204,168	7%	218,460	189,876
UK equities	341,717	18%	403,226	280,208
Global equities	648,281	22%	790,903	505,659
UK pooled investments	358,901	18%	423,503	294,299
UK index-linked pooled investments	388,040	9%	422,964	353,116
Overseas pooled investments	1,952,601	22%	2,382,173	1,523,029
Derivatives	(1,144)	0%	(1,144)	(1,144)
UK pooled property funds	38,405	14%	43,782	33,028
Private equity	179,829	27%	228,383	131,275
Private debt	206,457	7%	220,909	192,005
Hedge funds	89,586	13%	101,232	77,940
Cash	139,912	1%	141,311	138,513
Outstanding dividend entitlements and recoverable withholding tax	11,090	0%	11,090	11,090
Amount receivable for sales of investments	1,025	0%	1,025	1,025
Amounts payable for purchases of investments	(2,585)	0%	(2,585)	(2,585)
Long term assets	1,004		1,004	1,004
Current assets	18,451	0%	18,451	18,451
Long term Liabilities	(75)		(75)	(75)
Current liabilities	(19,673)	0%	(19,673)	(19,673)
	4,733,466		**5,574,983**	**3,891,949**

The previous years data is provided below:

Asset type	31 March 2018	Percentage change (+/-)	Value on increase	Value on decrease
	£ 000	%	£ 000	£ 000
UK equities unquoted	1,315	18%	1,552	1,078
UK corporate bonds	159,169	7%	170,311	148,027
Global corporate bonds	208,513	7%	223,109	193,917
UK equities	340,955	18%	402,327	279,583
Global equities	578,387	22%	705,632	451,142
UK pooled investments	445,951	18%	526,222	365,680
UK index-linked pooled investments	367,007	9%	400,038	333,976
Overseas pooled investments	1,731,507	22%	2,112,439	1,350,575
Derivatives	1,569	0%	1,569	1,569
UK pooled property funds	33,428	14%	38,108	28,748
Private equity	141,645	27%	179,889	103,401
Private debt	134,475	7%	143,888	125,062
Hedge funds	88,147	13%	99,606	76,688
Cash	180,491	1%	182,296	178,686
Outstanding dividend entitlements and recoverable withholding tax	10,207	0%	10,207	10,207
Amount receivable for sales of investments	11,846	0%	11,846	11,846
Amounts payable for purchases of investments	(12,480)	0%	(12,480)	(12,480)
Long term assets	2,008		2,008	2,008
Current assets	12,265	0%	12,265	12,265
Long term Liabilities	(88)		(88)	(88)
Current liabilities	(11,259)	0%	(11,259)	(11,259)
	4,425,058		**5,199,485**	**3,650,631**

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

Changes in market interest rates would affect the value of the Fund's bonds. The amount of income the Fund generates from its cash holdings would also be affected.

The Fund's direct exposure to interest rate movements as at 31 March 2019 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest rate risk - sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. Medium to long-term average rates are expected to move less than 100 basis points from one year to the next and experience suggests that such movements are likely.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 Basis Points (ie 1%) change in interest rates:

Asset type	31 March 2019	Percentage change (+/-)	Value on increase	Value on decrease
	£ 000	**%**	**£ 000**	**£ 000**
Cash and cash equivalents	99,685	0%	99,685	99,685
Cash balances	2,413	0%	2,413	2,413
Bonds	380,329	1%	384,132	376,526
	482,427		**486,230**	**478,624**

Asset type	31 March 2018	Percentage change (+/-)	Value on increase	Value on decrease
	£ 000	**%**	**£ 000**	**£ 000**
Cash and cash equivalents	148,685	0%	148,685	148,685
Cash balances	(2,789)	0%	(2,789)	(2,789)
Bonds	367,682	1%	371,359	364,005
	513,578		**517,255**	**509,901**

Foreign currency risk

Foreign currency risk represents the risk that the fair value of financial instruments when expressed in Sterling (£) will fluctuate because of changes in foreign exchange rates.

A high proportion of the Fund's equity portfolio is held in global stock markets. Any short term volatility associated with fluctuating currencies is balanced by the long term nature of investments in equity markets.

Foreign currency risk - sensitivity analysis

Following consultation with the Fund's investment advisors, the Fund considers the likely volatility associated with foreign exchange movements to be 10%. On the assumption that all other variables, in particular interest rates, remain constant, a 10% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset type	31 March 2019	Percentage change (+/-)	Value on increase	Value on decrease
	£ 000	**%**	**£ 000**	**£ 000**
Global corporate bonds	204,168	10%	224,585	183,751
Global equities	648,281	10%	713,109	583,453
Overseas pooled investments	1,952,601	10%	2,147,861	1,757,341
Private equity	179,829	10%	197,812	161,846
Private debt	206,457	10%	227,103	185,811
Hedge funds	89,586	10%	98,545	80,627
	3,280,922		**3,609,015**	**2,952,829**

Asset type	31 March 2018	Percentage change (+/-)	Value on increase	Value on decrease
	£ 000	**%**	**£ 000**	**£ 000**
Global corporate bonds	208,513	10%	229,364	187,662
Global equities	578,387	10%	636,226	520,548
Overseas pooled investments	1,731,507	10%	1,904,658	1,558,356
Private equity	141,645	10%	155,810	127,481
Private debt	134,475	10%	147,923	121,028
Hedge funds	88,147	10%	96,962	79,332
	2,882,674		**3,170,943**	**2,594,407**

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to meet an obligation and cause the Fund to incur a financial loss. The biggest exposure the Fund has is through its investment in corporate bonds and private debt.

The Fund is also exposed to credit risk through other investment managers that hold assets and the custodian. The Fund minimises credit risk through the careful selection and monitoring of high quality counterparties. Assets and cash held by the custodian are held in individual accounts in the Pension Fund's name, clearly segregated from the assets of other clients and the custodian.

Through the stock lending programme, operated by the Fund's custodian, the Fund is exposed to the collateral provided by the borrower against the securities lent. To manage this risk the collateral permitted is restricted to government obligations (such as Gilts) and equities. Collateral is held in excess of the securities lent.

Foreign exchange contracts are subject to credit risk in relation to the counterparties of the contracts. The maximum credit risk exposure on foreign currency contracts is the full amount of the foreign currency the Fund pays when settlement occurs, should the counterparty fail to pay the amount which it is committed to pay the Fund.

Another source of credit risk for the Fund is the cash it holds to meet short-term commitments. The cash is managed by the Staffordshire County Council Treasury and Pensions Fund team in line with the Pension Fund's Annual Investment Strategy which sets out the permitted counterparties and limits.

Summary	Rating	31 March 2018	31 March 2019
		£ 000	£ 000
Bank current account			
Lloyds Bank	A+	**(2,789)**	**2,413**
Loan			
LGPS Central	N/A	685	685
Money market funds			
Aberdeen Ultra Short Duration Sterling Fund (formerly Standard Life Investments Short Duration Managed Liquidity Fund)	AAA	20,000	20,000
Deutsche Managed Sterling Platinum	AAA	18,000	0
Federated (PR) Short-Term GBP Prime Fund Class 3	AAA	15,000	16,000
Goldman Sachs Sterling Liquid Reserve Institutional Inc	AAA	5,000	5,000
JPMorgan Sterling Liquidity Capital	AAA	7,000	5,000
Morgan Stanley Sterling Liquidity Inst	AAA	3,000	5,000
Royal London Cash Plus Fund	AAA	20,000	20,000
Local Authority Loans			
Birmingham City Council	N/A	20,000	0
Cornwall Council	N/A	0	10,000
Eastleigh Borough Council	N/A	10,000	0
Isle of Wight Council	N/A	0	5,000
Mid Suffolk District Council	N/A	0	3,000
Rhondda Cynon Taff County Borough Council	N/A	5,000	0
Slough Borough Council	N/A	5,000	0
Telford and Wrekin Borough Council	N/A	10,000	0
Thurrock Borough Council	N/A	10,000	5,000
Wirral Metropolitan Borough Council	N/A	0	5,000
		148,685	**99,685**
		145,896	**102,098**

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. To manage this risk the Fund holds an allocation of its assets in cash, the majority of which Staffordshire County Council's Treasury and Pensions Fund team have same day access to. This is to ensure short term commitments can be met.

The majority of the stocks held by the Fund's investment managers are quoted on major stock markets and may be realised quickly if required. Less liquid investments such as property, private equity, hedge funds and private debt currently make up a smaller proportion of the Fund's assets.

In the short-term the Fund can borrow money on the money markets to cover any shortfall that may arise. Overall there is very little risk that the Fund will not be able to raise cash to meet its commitments.

18. Long term assets

	31 March 2018	31 March 2019
	£ 000	£ 000
Contributions due – employers (see note 22)	2,008	1,004
Total	**2,008**	**1,004**

18a. Current assets

	31 March 2018	31 March 2019
	£ 000	£ 000
Short term debtors		
Contributions due – employers	8,030	9,604
Contributions due - members	2,100	2,515
Cash balances	0	2,413
Other	2,135	3,919
Total	**12,265**	**18,451**

19. Long term liabilities

	31 March 2018	31 March 2019
	£ 000	£ 000
Income received in advance (see note 23)	(88)	(75)
Total	**(88)**	**(75)**

19a. Current liabilities

	31 March 2018	31 March 2019
	£ 000	£ 000
Cash overdrawn	(2,789)	0
Investment management expenses	(1,086)	(1,316)
Income received in advance	(2,166)	(1,484)
Benefits payable	(4,365)	(4,016)
Other	(853)	(12,857)
Total	**(11,259)**	**(19,673)**

20. Additional voluntary contributions

As well as joining the Fund, scheme members can pay into an additional voluntary contribution (AVC) scheme run by external providers. Contributions are paid directly from scheme members to the providers.

The contributions are not included within the Fund accounts, in line with regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2017. The table below shows the activity for each AVC provider in the year.

	Scottish Widows	Equitable Life	Standard Life
	£ 000	£ 000	£ 000
Opening value	**799**	**502**	**1,999**
Income	74	12	202
Expenditure	(103)	(47)	(243)
Change in market value	50	0	64
Closing value	**820**	**467**	**2,022**

21. Related-party disclosure

- Staffordshire Pension Fund is administered by Staffordshire County Council. During the reporting period the County Council incurred costs of £2.1m (£2.1m in 2017/2018) in relation to the administration of the Pension Fund. The County Council was subsequently reimbursed by the Fund for these expenses.
- The Pension Fund holds a proportion of its assets in cash to meet short term commitments. This cash is managed by the Staffordshire County Council Treasury and Pension Fund team in line with the Fund's Annual Investment Strategy, which sets out the permitted counterparties and limits. At 31 March 2019 the Fund held £102.1m in cash (£145.9m at 31 March 2018).
- New regulations stopped Staffordshire County Councillors from joining the scheme from 1 April 2014. Only Councillors who were members of the scheme at 31 March 2014 could continue to accrue benefits in the scheme up until the end of their term of office, which occurred when the local elections were held in May 2018. At 31 March none of the members of the Pensions Committee and the Pensions Panel remained members of the scheme.

LGPS Central Limited

- LGPS Central Limited has been established to manage investment assets on behalf of nine Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPS Central Pool, of which Staffordshire County Council, as the administering authority for Staffordshire Pension Fund, is one of the shareholders.

  The Pension Fund incurred no set-up costs in relation to LGPS Central Limited in 2018/19, and the Pension Fund's total share of set-up costs amounted to £0.514m cumulative for the last three years. £0.502m set-up costs were subsequently reimbursed by LGPS Central Limited to the Pension Fund in 2018/19. The Pension Fund invested £1.315m in share capital and £0.685m in a loan to LGPS Central Limited in 2017/18. These are both balances at the year end.

  LGPS Central Limited launched its first products on 1 April 2018. During 2018/19, Staffordshire Pension Fund transferred £502.2m into the LGPS Central Active External Global Equity Multi Manager Sub-Fund from existing passive investments with Legal and General Investment Management. In total, the transition involved the restructuring of ten mandates (from five Partner Funds) to three active global equity mandates within the LGPS Central Authorised Contractual Scheme. The portfolios were funded to the new managers on 12 March 2019 and £0.002m was paid to LGPS Central for oversight of the assets to 31 March 2019.

  The Pension Fund incurred £0.802m in respect of Governance, Operator Running and Product Development in connection with LGPS Central Limited in 2018/19 (£nil in 2017/18). The accounts payable in respect of these services at 31 March 2019 was £0.066m (£nil at 31 March 2018).

21a. Key management personnel

The key management personnel of the Fund are the Staffordshire County Council County Treasurer (Section 151 Officer), Director of Corporate Services, and the Head of Treasury and Pensions. Total remuneration payable to key personnel in respect of the Pension Fund is set out below:

	31 March 2018	31 March 2019
	£ 000	£ 000
Short Term Benefits	72	74
Post-employment Benefits	56	110
	128	**184**

22. Deferred debtor

A transfer was made from the Fund to the Civil Service Pension Scheme on 1 April 2005 in respect of Magistrates Courts. As at 31 March 2011 agreement had been reached that the Fund was due a payment that represented the shortfall between the assets held and the liabilities retained within the Fund. The shortfall of £8.512 million, including an allowance for the delay in receipt of 3.765%, meant ten payments were due to the Fund of £1.004m. At 31 March 2019, the remaining balance was £1.004m as per the long term assets in note 18.

23. Deferred liability

A cash transfer of £0.188m was made to the Fund in 2011/2012 by the Environment Agency. The transfer was in respect of Pre-1974 Water Company Pensions increase recharges and represents income received in advance. £0.013m has been transferred to the revenue account in 2018/2019 and £0.013m will be released per year until 2025/2026. At 31 March 2019 the remaining balance was £0.075m as per the long term liabilities in note 19.

24. Accounting Standards issued but not yet adopted

At the balance sheet date the following interpretations, new standards and amendments to existing standards have been published but not yet adopted by the Code:

- **IAS 40 Investment Property:** Transfers of Investment Property provides further explanation of the instances in which a property can be classified as investment property. This will have no impact on the Fund's accounts.
- **IFRS 9 Financial Instruments:** prepayment features with negative compensation amends IFRS 9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Fund has no loans to which this will apply.
- **IFRS 16 Leases:** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities. Implementation of IFRS 16 has been deferred until 1st April 2020 for Local Government. This will have no impact on the Fund's accounts.
- **IFRIC 22 Foreign Currency Transactions and Advance Consideration:** clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Fund does not have any material transactions within the scope of this amendment.
- **IFRIC 23 Uncertainty over Income Tax Treatments:** provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the Fund's accounts.
- **IFRS 12 Disclosure of Interests in other Entities:** states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified or included in a disposal group that is classified as held for sale. This will have no impact on the Fund's accounts.
- **IAS 28 Investments in Associates and Joint Ventures:** clarifies that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture and that election should be made at initial recognition of the associate or joint venture. This is not expected to impact on the Fund's accounts.

Independent Auditor's Statement

To the Members of Staffordshire County Council on the Pension Fund Financial Statements

Opinion

We have examined the pension fund financial statements for the year ended 31 March 2018, 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 Staffordshire County Council for the year ended 31 March 2018 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

We have not considered the effects of any events between the date we signed our report on the full annual statement of accounts on 31 July 2018 and the date of this statement.

Respective responsibilities of the Director of Finance and Resources and the auditor

As explained more fully in the Statement of the Director of Finance and Resources Responsibilities, the Director of Finance and Resources is responsible for the preparation of the pension fund's financial statements in accordance with applicable United Kingdom law.

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 Staffordshire County Council, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017-18.

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 the Chairman's Report, Reports on Fund Governance, the Investment Report and report on Fund Administration.

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 opinions on those financial statements.

Suresh Patel

Suresh Patel (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
London
13 September 2018

Supporting information

Glossary of Terms

Actuarial valuation
A valuation carried out by an actuary to check what a pension scheme's assets are worth versus its future liabilities. This is then used to work out how much contributions must be so there will be enough money in the scheme for all people to get their pensions.

Actuarial strain
This is a charge paid to the Pension Fund for paying pensions early.

Additional voluntary contributions (AVCs)
This is an extra contribution a member can pay to their own pension scheme to increase future pension benefits.

Alternative investments
Investments considered outside of the traditional asset classes of stocks, bonds and cash.

Benchmarks
These are investment performance standards that we expect our investment managers to achieve and against which we measure their investment return.

Bid-market price
The price a buyer pays for a stock.

Bond
A bond is a written promise to repay a debt at an agreed time and to pay an agreed rate of interest on that debt.

Collateral holdings
Assets pledged to a lender until the loan is repaid. If the borrower does not pay off the loan, the lender has the legal right to seize the asset and sell it to pay off the loan.

Corporate governance
The systems by which companies are directed and controlled.

Derivatives
Investments that derive their value from underlying assets such as currencies or are linked to indices such as a stock market index.

Equities
Stocks representing ownership interest in companies.

Financial instrument
A contract between two parties that involves a monetary exchange for some type of debt or asset.

Fixed-interest investments
Where you loan money to a government or individual company for a fixed rate of income.

Hedge funds
A portfolio of investments that use advanced investment strategies with the goal of generating high returns.

Index-linked securities
Investments in stock where the rate of interest and capital value are linked to the rate of inflation.

Investment management expenses
All expenses relating to managing the Fund's investments.

Investment managers
Firms we appoint to deal with the Fund's investments on a day-to-day basis.

Local Pensions Board
The board assists and supports the management and governance of the Pension Fund in complying with the LGPS and other legal and regulatory requirements.

Pensions Committee
A committee formed under the constitution of the County Council to deal specifically with pension's administration and investment.

Pensions Panel
An independent panel we set up to provide advice on investments and to report to the Pensions Committee.

Pooled investment vehicles
A fund that combines the resources or capital from
a number of investors and pursues a clearly defined investment plan.

Private debt
Loans to private companies from lenders other than banks, often to small or medium sized companies to expand or manage their operations.

Private equity
Ownership in a company that is not publicly-traded.

Property
All buildings and land that the Fund owns including pooled property funds.

Refunds of contributions
2008 Scheme: The amount employees will receive if they stop their pensionable employment within the first three months of working for us.

2014 Scheme: The amount employees will receive if they stop their pensionable employment within the first two years of working for us.

Responsible Investment
Investments which take into consideration environmental, social and governance factors as well as financial factors.

Stock lending
The act of loaning securities to another investor in return for a fee. When a security is loaned the ownership is also transferred to the borrower.

Transfer values
The value of a pension scheme members benefits available to buy benefits in another scheme.

Withholding tax
A tax on dividend income that is charged at source. Some of this may be recoverable and some may not.

How to Contact Us

If you have any questions or need more information about our Pension Fund, please contact the relevant person below.

Investment and Fund Governance

Melanie Stokes – Head of Treasury and Pensions
Phone: 01785 276330
E-mail: treasury.pensionfund@staffordshire.gov.uk

Tim Byford – Senior Accountant
Phone: 01785 278196
E-mail: treasury.pensionfund@staffordshire.gov.uk

Benefits, Contributions and Pensions Payroll

John Wiggins - Pensions Manager
Phone: 01785 276482

Simon Jackson - Pensions Manager
Phone: 01785 276450

Payroll
Phone: 01785 278222 (option 2)
E-mail: pensions.enquiries@staffordshire.gov.uk

Or, you can write to us at:

Staffordshire Pension Fund
Staffordshire County Council
2 Staffordshire Place
Tipping Street
Stafford ST16 2DH.

You can also visit our website at:
www.staffspf.org.uk

If you would like this information in large print, in Braille, on audio tape or CD, in British Sign Language or in any other language, please ring 01785 276070.

Annual Report and Accounts

Appendices

Appendix 1

List of participating Employers at 31 March 2019

Employer Name	Employee Contributions	Employer Contributions
Academy Enterprise Trust - Anglesey	£37,526.80	£150,450.62
Academy Enterprise Trust - Belgrave High	£23,052.04	£86,233.65
Academy Enterprise Trust - Rawlet	£34,641.37	£134,088.88
All Saints Catholic Collegiate - Our Lady's Academy	£17,882.01	£72,877.51
All Saints Catholic Collegiate - St. Augustine's Academy	£16,850.96	£68,239.52
All Saints Catholic Collegiate - St. Gregory's Academy	£37,079.29	£144,640.52
All Saints Catholic Collegiate - St. Maria Goretti Academy	£18,011.66	£74,320.62
All Saints Catholic Collegiate - St. Thomas Moore Academy	£38,204.95	£225,679.61
Alleyne's High School	£27,452.86	£102,697.85
Alpha Academies Trust - Maple Court Primary	£27,584.00	£112,296.04
Alpha Academies Trust - Sneyd Academy	£6,248.33	£25,767.33
Alpha Academies Trust - The Discovery Academy	£79,292.42	£295,044.56
Alpha Academies Trust - The Excel Academy	£40,750.59	£161,209.46
Alpha Academies Trust LTD Studio School	£34,967.95	£116,396.73
Belgrave Academy (not part of the St Barts MAT)	£45,369.67	£168,594.48
Birds Bush Community School	£10,637.23	£42,621.01
Burton and South Derbyshire Education Trust - King Fisher Academy	£10,196.56	£41,074.60
Carmountside Academy	£19,749.90	£79,463.30
Central Co-operative Learning Trust - Grange Infants	£14,236.44	£55,418.45
Central Co-operative Learning Trust - John of Rolleston Primary School	£21,538.13	£82,194.71
Central Co-operative Learning Trust - Outwoods Primary School	£30,433.55	£122,989.42
Central Co-operative Learning Trust - William Shrewsbury Primary School	£40,579.69	£163,555.68
Cheslyn Hay Academy	£17,115.99	£65,722.70
Christ The King Catholic Collegiate - Our Lady & St Werburghs	£6,969.81	£29,405.79
Christ The King Catholic Collegiate - St John Fisher Catholic College	£52,888.14	£202,567.19
Christ The King Catholic Collegiate - St Mary's Catholic Primary School	£20,722.84	£83,190.63
Christ The King Catholic Collegiate - St Teresa's Catholic Primary	£17,847.11	£73,745.45
Christ The King Catholic Collegiate - St Thomas Aquinas Catholic Primary School	£14,478.57	£59,561.70
Christ The King Catholic Collegiate - St Wulstan's Catholic Primary	£27,562.04	£114,818.19
City Learning Trust - Haywood Engineering College	£70,150.98	£249,304.29
City Learning Trust - Mill Hill Primary	£26,897.68	£107,128.88
City Learning Trust - Smallthorne Primary Academy	£14,855.94	£61,423.98
City Learning Trust -Trentham Academy	£27,349.49	£108,500.23
Codsall MAT - Birches First School	£15,019.29	£60,637.85
Codsall MAT - Codsall Middle School	£26,220.70	£104,404.59
Codsall MAT - St. Nicholas CE(VC) First School, Codsall	£21,463.46	£86,550.74
Collective Vision Trust - Chesterton Community Sports College	£37,458.24	£142,263.28

Appendices

Employer Name	Employee Contributions	Employer Contributions
Collective Vision Trust - Chesterton Primary School	£17,023.02	£67,246.98
Collective Vision Trust - Churchfield Primary	£16,340.27	£64,894.10
Collective Vision Trust - Crackley Bank Primary School	£15,332.39	£61,115.09
Community Academies Trust - Stoneydelph Primary	£10,755.48	£41,006.60
Community Academies Trust - The Chadsmead Academy	£18,402.01	£74,823.18
Community Academies Trust - Wilnecote	£37,523.82	£145,919.61
Congleton Multi Academy Trust - Castle Primary	£5,526.32	£22,850.50
Co-operative Academy	£72,207.92	£261,678.06
Creative Education Academies - Harpfield	£12,081.70	£47,414.81
Creative Education Academies - The Hart School	£58,039.03	£221,026.82
Creative Education Academies - Thistley Hough Academy	£32,599.48	£119,646.19
Creative Education Academies - Three Peaks Academy	£18,490.86	£74,011.42
Creative Learning Partnership - Hempstall's Primary School	£43,647.54	£172,439.64
Creative Learning Partnership - Parkside	£25,784.42	£103,790.88
Creative Learning Partnership - Thursfield Primary	£19,453.35	£50,679.75
De Ferrers Academy	£118,833.29	£434,399.11
De Ferrers Academy - Eton Park	£18,529.13	£74,912.47
De Ferrers Academy - Horninglow	£18,753.39	£75,936.73
De Ferrers Academy - Lansdowne	£16,106.97	£65,482.41
De Ferrers Academy - Richard Wakefield	£8,049.63	£32,597.55
Education Central Multi Academy Trust - Featherstone Academy	£15,951.75	£65,206.20
Education Central Multi Academy Trust - Pye Green Academy	£20,702.98	£82,798.35
Endeavor Academy Trust - Cherry Trees	£15,099.24	£61,294.23
Endeavor Acaemy Trust - Wightwick Hall School	£25,636.98	£99,244.11
Esprit Multi Academy Trust - Grove Junior	£28,251.09	£115,656.27
Esprit Multi Academy Trust - Hamilton Infants	£17,237.16	£70,541.26
Esprit Multi Academy Trust - Northwood Broom	£28,141.01	£110,056.13
Esteem MAT - Fountains High School	£37,650.37	£146,819.52
Esteem MAT - Fountains Primary School	£27,461.99	£110,637.24
Fierte MAT - Ankermoor Primary School	£13,125.32	£36,173.63
Fierte MAT - Dosthill Primary Academy	£27,153.44	£106,871.65
Fierte MAT - Glascote Heath Academy	£18,088.68	£72,489.01
Fierte MAT - The Violet Way Academy	£26,476.84	£99,010.07
Friarswood Co-op Academy	£3,815.12	£15,426.01
Future Generation Trust - Gentleshaw Primary	£7,521.39	£27,769.12
Future Generation Trust - St Johns Primary	£35,586.64	£141,766.57
Future Generation Trust - St Peters	£13,661.46	£58,709.26
Glebe Primary School	£21,163.65	£82,776.40
Great Wyrley High	£15,447.07	£60,914.34
Holy Rosary Academy	£8,108.15	£34,433.15
Holy Trinity MAC - Blessed Mother Teresa's Catholic Primary	£10,498.07	£42,402.06
Holy Trinity MAC - Blessed William Howard Catholic High School	£30,307.70	£114,991.45
Holy Trinity MAC - St. Mary's Catholic Primary	£7,905.39	£31,851.29
Holy Trinity MAC - St. Patricks Catholic Primary	£10,952.90	£43,947.44
Holy Trinity MAC - St.Anne's Catholic Primary	£9,715.61	£38,995.46
Holy Trinity MAC - St.Austin's Catholic Primary	£10,175.89	£41,299.49
Holy Trinity MAC - St.Dominic's Catholic Primary	£10,069.54	£40,907.15

Employer Name	Employee Contributions	Employer Contributions
Holy Trinity MAC - St.John's Catholic Primary	£3,897.46	£17,242.28
Inspirational Learning Academies Trust - Newstead Primary	£26,933.08	£101,368.12
Inspirational Learning Academies Trust - Norton Le Moors Primary Academy	£14,010.85	£47,633.37
Inspirational Learning Academies Trust - Whitfield Valley Primary Academy	£31,409.69	£90,838.21
Invictus Trust - Kinver High School	£18,166.65	£74,071.23
Invictus Trust - Ounsdale High School	£28,255.03	£111,455.78
JCB Academy	£61,884.47	£184,083.34
John Taylor Multi Academy Trust - All Saints CofE (Rangemore)	£1,527.51	£6,427.38
John Taylor Multi Academy Trust - John Taylor Academy	£74,905.08	£275,265.13
John Taylor Multi Academy Trust - John Taylor Free School	£4,338.04	£16,867.73
John Taylor Multi Academy Trust - Kingsmead School Academy	£43,886.95	£172,331.87
John Taylor Multi Academy Trust - Needwood CofE VA Primary	£1,371.75	£5,612.21
John Taylor Multi Academy Trust - Rykneld Primary School	£18,775.71	£78,464.39
John Taylor Multi Academy Trust - Shobnall Primary School	£11,823.93	£47,446.57
John Taylor Multi Academy Trust - Thomas Russell Infants	£7,175.76	£29,858.50
John Taylor Multi Academy Trust - Winshill Village Primary	£14,203.85	£57,659.70
John Taylor Multi Academy Trust - Yoxall St Peters	£9,691.40	£39,033.21
Landau Forte Academy Trust - Greenacres	£24,782.89	£94,161.91
Landau Forte Academy Trust - QUEMS	£47,786.33	£185,305.34
Landau Forte Acadmey Trust - Woodhouse Academy/Post 16	£68,448.09	£244,589.70
Lichfield Diocese/Woodard Academy	£55,080.44	£212,328.91
Manor Hall Academy Trust - Cicely Haughton Academy	£36,429.07	£132,085.71
Manor Hall Academy Trust - Loxley Hall Academy	£62,089.12	£210,009.10
Manor Hall Academy Trust - Merryfields School	£37,290.51	£142,405.69
Manor Hall Academy Trust - Rocklands School	£41,413.95	£166,722.82
Manor Hall Academy Trust - Springfield Community Special School	£27,189.10	£106,196.63
Manor Hall Academy Trust - The Meadows Special School	£39,895.25	£156,852.48
Mercia Primary Academy Trust - Flax Hill Academy	£13,621.18	£53,609.91
Mercia Primary Academy Trust - Lakeside	£11,125.10	£44,002.79
Mercia Primary Academy Trust - Lark Hall Academy	£11,713.99	£43,125.49
Mid Trent Academy Trust - Colwich CE Primary	£8,508.95	£34,646.08
Mid Trent Academy Trust - St Andrews CE Primary	£6,693.24	£28,010.52
Mid Trent Academy Trust - St Peters CE Primary	£5,757.21	£24,194.63
Moorlands Primary Federation - Bishop Rawle	£5,232.71	£21,500.04
Moorlands Primary Federation - Dilhorne	£10,290.85	£38,432.61
Moorlands Primary Federation - Great Wood School	£2,653.92	£10,958.48
Moorlands Primary Federation - St Werbergh's	£7,492.02	£30,542.62
Moorlands Primary Federation - Valley Primary	£3,705.85	£15,236.48
Newman Catholic Collegiate - Our Lady & St. Benedict Catholic	£13,829.27	£57,207.60
Newman Catholic Collegiate - Our Lady of Grace	£7,857.46	£31,507.42
Newman Catholic Collegiate - St. George & St. Martin's Catholic	£17,241.50	£70,525.00
Newman Catholic Collegiate - St. John Evangelist Catholic Primary School	£13,668.56	£56,023.86
Newman Catholic Collegiate - St. Joseph Catholic Primary School	£11,794.25	£48,730.19
Newman Catholic Collegiate - St. Margaret Ward	£60,290.55	£239,407.98
Newman Catholic Collegiate - St. Mary's Catholic Primary School	£15,766.25	£65,223.04

Employer Name	Employee Contributions	Employer Contributions
Newman Catholic Collegiate - St. Peters Primary School	£14,534.63	£59,407.03
Newman Catholic Collegiate - St. Wilfrid's Catholic Primary School	£22,408.42	£91,822.12
Ormiston - Meridian Academy	£53,672.73	£210,753.37
Ormiston - Packmoor	£30,260.37	£121,639.75
Ormiston - Sir Stanley Matthews Academy	£79,415.80	£295,916.39
Ormiston - The Ormiston Horizon Academy	£59,113.81	£224,549.26
Penk Valley Academy Trust - Marshbrook First	£13,476.04	£55,922.15
Penk Valley Academy Trust - Penkridge Middle	£12,163.28	£50,471.68
Penk Valley Academy Trust - Princefield First	£14,572.15	£60,010.81
Penk Valley Academy Trust - St Johns CofE	£5,472.29	£22,348.46
Penk Valley Academy Trust - Wolgarston	£32,949.22	£124,832.20
Queen Elizabeth Grammar School MAT - Waterhouses Primary	£9,673.08	£38,999.72
REACH2 - Five Spires Academy	£7,828.27	£29,685.95
REACH2 - Heath Hayes Primary School	£12,996.55	£52,581.76
REACH2 - Henhurst Ridge	£2,601.54	£9,586.56
REACH2 - Norton Canes Community Primary School	£19,496.45	£79,000.04
REACH2 - Scientia Academy	£17,713.38	£51,555.81
REACH2 - Silkmore Academy	£23,673.77	£85,373.31
REACH2 - Springhill	£15,533.51	£51,794.18
REACH2 - Veritas Academy	£18,997.35	£55,393.30
Redbrook Hayes Primary	£2,982.57	£12,255.60
Sandon Primary Academy	£25,108.75	£99,080.38
Sir Graham Balfour MAT - Sir Graham Balfour	£38,881.43	£145,647.73
Societas MAT - Ash Green Primary Academy	£28,575.11	£117,641.93
Societas MAT - Ellison Primary School	£30,531.17	£110,973.34
Societas MAT - Gladstone Primary	£37,421.13	£151,986.24
Societas MAT - Goldenhill Primary Academy	£15,380.33	£63,169.22
Societas MAT - Summerbank Primary	£33,346.96	£134,735.66
South East Stafford MAT - Barnfields Primary School	£23,875.49	£91,940.80
South East Stafford MAT - Leasowes Infant and Junior	£18,904.90	£77,106.34
St Bartholomew's CE MAT - St Benedict Biscop CE Primary	£7,755.53	£32,229.92
St Barts MAT - Hazel Slade Primary	£8,196.73	£32,355.21
St Barts MAT - Kingsland CE Academy	£32,593.95	£130,528.88
St Barts MAT - Knutton, St Mary's CE(VC) Primary School	£14,215.94	£56,449.17
St Barts MAT - Longford Primary	£14,194.77	£58,053.49
St Barts MAT - Meir Heath Primary	£12,135.81	£49,939.87
St Barts MAT - Park Hall	£25,605.78	£104,861.51
St Barts MAT - St Nathaniels Academy	£34,563.05	£138,157.65
St Barts MAT - St Saviours CE Academy	£11,693.33	£47,178.17
St Barts MAT - Weston Infant Academy	£13,275.83	£54,720.14
St Chads Academy Trust - Bishop Lonsdale CofE Primary	£11,106.95	£45,568.40
St Chads Academy Trust - Christ Church CE Primary	£5,651.96	£22,893.38
St Chads Academy Trust - Churchfields Primary	£14,744.21	£61,729.59
St Chads Academy Trust - Havergal Primary Academy	£8,077.65	£32,706.01
St Chads Academy Trust - St James CofE Primary	£6,412.41	£26,889.45
St Chads Academy Trust - St Johns Primary	£20,917.71	£83,389.07
St Chads Academy Trust - St Matthews Primary	£4,327.14	£16,752.52

Appendices

Employer Name	Employee Contributions	Employer Contributions
St Chads Academy Trust - St. Peter's CE(VC) Primary School, Stonnal	£7,972.50	£32,040.29
St Chads Academy Trust - Stoke Minster Primary	£27,112.30	£110,814.69
St Edwards	£30,741.03	£116,948.57
St Giles and St George Academy	£23,219.69	£89,753.79
St Marys CofE Primary School	£33,904.53	£133,595.80
St Ralph Sherwin Catholic MAT - Blessed Robert Sutton Academy	£18,636.21	£73,178.58
St. Joseph's College Edmund Rice Academy	£50,036.00	£195,392.13
Staffordshire University MAT - All Saints	£3,196.10	£12,977.56
Staffordshire University MAT - Boney Hay Primary	£9,838.90	£40,123.49
Staffordshire University MAT - Charnwood	£11,881.76	£54,678.59
Staffordshire University MAT - Horton St Michaels	£3,519.56	£13,863.78
Staffordshire University MAT - John Wheeldon Academy	£20,893.03	£85,986.40
Staffordshire University MAT - Littleton Green Community Primary	£17,360.57	£65,036.81
Staffordshire University MAT - Moorgate Primary Academy	£17,941.06	£70,603.99
Staffordshire University MAT - Perton Sandown First School	£18,214.43	£75,230.72
Staffordshire University MAT - St Augustine	£2,539.38	£10,314.68
Staffordshire University MAT - St Edwards First	£8,873.04	£37,378.54
Staffordshire University MAT - St Lukes Primary	£9,124.38	£37,915.01
Staffordshire University MAT - St Peters	£3,503.63	£13,685.03
Staffordshire University MAT - Staffordshire University Academy	£63,314.79	£222,349.26
Staffordshire University MAT - Tynsel Parkes First	£6,398.35	£26,782.40
Stephen Sutton MAT - Chase Terrace Tec College	£47,817.58	£180,401.11
Talentum - Churnet View	£25,228.56	£95,120.65
Talentum - Leek High School	£14,882.69	£59,202.45
Talentum - Westwood College	£32,785.98	£124,669.33
The Academy Transformation Trust - Star Academy	£14,613.63	£59,624.83
The Academy Transformation Trust - Sun Academy	£11,240.54	£45,650.40
The Arthur Terry Learning Partnership - Nether Stowe School	£9,952.22	£39,826.22
The Arthur Terry Learning Partnership - Scotch Orchard Primary School	£9,743.10	£39,455.27
The Arthur Terry Learning Partnership - Two Gates Primary	£5,744.77	£23,712.48
The Arthur Terry Learning Partnership - William MacGregor Primary	£7,391.28	£29,351.91
The Biddulph Academy	£47,718.32	£184,892.18
The Cannock Chase Academy	£39,532.53	£149,917.48
The Cheadle Academy	£20,098.53	£75,436.00
The Crescent Academy	£51,500.64	£203,603.45
The Eaton Park Academy	£42,694.31	£161,534.13
The Erasmus Darwin Academy	£54,498.90	£201,531.78
The Key Educational Trust - Oulton CE	£3,334.07	£13,717.66
The Key Educational Trust - The Christchurch Academy	£20,600.97	£78,322.45
The Key EducationalTrust - Christ Church First School	£8,332.18	£32,293.60
The Learning Village Academy Trust - Greenways Primary	£13,373.80	£54,040.73
The Learning Village Academy Trust - Milton Primary Academy	£23,749.00	£96,136.55
The Lighthouse Trust - Newford Primary Academy	£32,768.59	£131,571.02
The Mosely Academy	£5,818.99	£24,062.53
The New Guild Trust - Alexandra Infants	£8,894.05	£36,274.02
The New Guild Trust - Alexandra Junior	£11,515.97	£48,174.04

Employer Name	Employee Contributions	Employer Contributions
The New Guild Trust - Jackfield Infants	£14,863.80	£60,263.15
The New Guild Trust - Moorpark Junior	£14,271.24	£58,513.71
The Painsley Catholic College	£76,156.60	£284,768.81
The Painsley Catholic College - Faber	£4,376.08	£17,739.43
The Painsley Catholic College - St Filumenas	£10,754.80	£43,508.44
The Painsley Catholic College - St Giles	£11,026.51	£41,954.71
The Painsley Catholic College - St Josephs	£14,370.28	£57,438.67
The Painsley Catholic College - St Mary's	£13,642.62	£55,328.67
The Painsley Catholic College - St Thomas	£12,219.52	£54,467.91
The Praxis - Hollinsclough Primary School	£1,383.55	£6,458.90
The Praxis Trust - Bursley Academy	£12,687.15	£50,829.39
The Praxis Trust - Manifold Primary School	£3,411.25	£14,396.44
The Rural Enterprise Academy	£7,851.20	£26,455.42
The Shaw Trust - Blackfriars Academy	£105,675.71	£403,322.50
The Shaw Trust - Madeley High School	£27,364.77	£105,927.38
The Shaw Trust - Meadows Primary	£4,180.67	£17,634.92
The Shaw Trust - Saxon Hill Academy	£64,665.83	£248,616.89
The Shaw Trust - Seabridge Primary	£29,608.75	£119,341.25
The Shaw Trust - The Coppice Academy	£22,416.93	£89,362.15
The Shaw Trust - Walton Hall Academy	£53,575.63	£186,994.38
The Shaw Trust - Wolstanton High School (The Shaw Trust)	£36,080.87	£137,444.67
The Small Schools Multi Academy Trust - Howard Primary Academy	£5,774.66	£22,702.25
The Small Schools Multi Academy Trust - Richard Crosse Primary Academy	£9,005.85	£36,061.14
The Small Schools Multi Academy Trust - St Mary's Primary Academy Colton	£5,489.36	£16,535.51
The Sutherland Academy	£32,739.47	£126,631.38
United Endeavor Trust - Sir Thomas Boughey High	£22,429.17	£88,151.47
United Endeavour Trust - Clayton Hall Academy	£28,530.28	£106,631.01
United Endeavour Trust - Newcastle Academy	£41,224.43	£155,763.45
United Learning Trust - Silverdale Primary Academy	£14,161.52	£57,101.41
University Of Chester Academy Trust - Maryhill Primary	£11,121.58	£41,858.14
Uttoxeter Learning Trust MAT	£147,949.57	£405,962.86
Victoria Academy Trust - Rowley Park Primary Academy	£19,031.35	£74,655.81
Walton MAT - Walton High School	£44,369.39	£170,750.12
West Stafford Multi Academy Trust - Haughton St Giles	£5,675.63	£23,411.72
West Stafford Multi Academy Trust - St Lawrence	£22,556.00	£91,029.04
West Stafford Multi Academy Trust - Woodseaves	£4,401.54	£32,488.77
Weston Junior Academy	£13,918.49	£58,357.57
Weston Road Academy	£33,511.94	£127,881.31
Woodhouse Academy	£20,128.03	£80,826.77
Burton on Trent Technical College	£256,058.02	£603,425.62
Keele University	£6,899.77	£234,866.22
Newcastle and Stafford Colleges Group	£453,494.48	£1,525,370.21
Sixth form College - Stoke on Trent	£61,581.18	£215,698.44
South Staffordshire College	£315,285.82	£1,190,352.77
Staffordshire University	£923,424.84	£4,042,476.66
Stoke on Trent College	£236,242.83	£1,047,009.53

Employer Name	Employee Contributions	Employer Contributions
Abbots Bromley Parish Council	£331.36	£1,412.72
Alrewas Parish Council	£682.82	£2,827.75
Anglesey Parish Council	£486.24	£2,068.56
Audley Parish Council	£1,335.70	£5,388.63
Biddulph Town Council	£5,144.88	£18,565.57
Bilbrook Parish Council	£532.08	£2,263.92
Branston Parish Council	£841.44	£3,394.92
Brereton and Ravenhill Parish Council	£1,986.93	£7,453.58
Brewood & Coven Parish Council	£3,678.82	£14,591.68
Bridgtown Parish Council	£125.28	£533.04
Burntwood Town Council	£5,088.76	£19,078.64
Cannock Chase District Council	£646,802.43	£1,727,830.97
Cheadle Town Council	£2,866.75	£10,759.51
Cheddleton Parish Council	£472.14	£1,699.72
Cheslyn Hay Parish Council	£4,974.70	£19,437.05
Codsall Parish Council	£2,459.23	£9,272.62
Colwich Parish Council	£2,890.15	£11,000.14
Draycott in the Clay Parish Council	£358.78	£1,526.41
East Staffordshire Borough Council	£464,255.12	£1,108,720.47
Eccleshall Parish Council	£854.78	£3,489.91
Essington Parish Council	£1,467.36	£5,282.69
Forsbrook Parish Council	£545.53	£4,078.87
Fradley and Streethay Parish Council	£1,200.20	£4,841.97
Gnosall Parish Council	£2,052.47	£7,389.18
Great Wyrley Parish Council	£2,525.22	£9,532.30
Heath Hayes & Wimblebury Parish Council	£1,127.52	£4,548.96
Hednesford Town Council	£3,031.63	£11,666.70
Horninglow and Eaton Parish Council	£678.24	£2,897.97
Kidsgrove Town Council	£1,795.11	£6,556.95
Kinver Parish Council	£4,471.38	£17,428.82
Lapley, Stretton & Wheaton Aston PC	£1,291.44	£5,250.19
Leek Town Council	£1,994.18	£7,175.31
Lichfield City Council	£19,258.61	£71,258.83
Lichfield District Council	£484,826.15	£1,187,648.54
Newcastle Under Lyme Borough Council	£649,443.88	£1,729,726.88
Norton Cane Parish Council	£846.00	£3,413.28
Penkridge Parish Council	£7,154.99	£26,805.83
Perton Parish Council	£6,788.37	£25,807.69
Rugeley Town Council	£6,936.84	£25,381.04
SCC Schools (Capita/Entrust)	£1,912,569.78	£7,788,420.66
SCC Schools (Dudley MBC)	£26,890.09	£98,717.62
SCC Schools (Stoke City Council)	£1,264,984.34	£5,078,494.69
Silverdale Parish Council	£447.33	£1,903.24
South Staffordshire Council	£365,133.22	£916,591.04
Stafford Borough Council	£408,458.73	£1,035,182.98
Staffordshire County Council	£6,194,868.16	£15,112,822.32

Employer Name	Employee Contributions	Employer Contributions
Staffordshire Moorlands District Council	£263,012.35	£625,734.72
Stoke and Staffs Combined Fire Authority	£324,869.38	£831,109.60
Stoke City Council	£6,825,227.12	£16,632,745.41
Stone Town Council	£6,136.62	£23,384.85
Swinfen & Packington	£111.60	£474.60
Tamworth Borough Council	£532,252.39	£1,326,211.75
Tattenhill Parish Council	£180.69	£768.69
The Office of the Chief Constable Staffordshire	£2,511,819.56	£9,729,060.23
The Office of the Police and Crime Commissioner Staffordshire	£69,895.12	£140,433.88
Tutbury Parish Council	£1,761.71	£3,233.07
Unitas	£701,171.85	£1,897,235.40
Uttoxeter Town Council	£7,881.24	£29,648.89
Wombourne Parish Council	£796.81	£3,374.37
ABM Catering Ltd - Kingfisher	£633.12	£2,636.16
Accord Housing Association	£86,902.71	£314,874.11
Alliance Enviro - Staffs Moorland	£47,679.93	£132,780.16
Alliance in Partnership Ltd - Seabridge	£985.04	£4,513.31
Alliance in Partnership Ltd - St.Giles	£417.73	£1,913.83
Alliance In Partnership Ltd Endon	£716.10	£2,695.12
Alliance In Partnership Ltd Marshland	£297.09	£1,118.17
Alliance in Partnership Ltd Norton Canes	£1,106.76	£4,165.39
Alliance In Partneship Ltd - Hugo Meynell	£661.12	£2,488.23
Alliance In Partneship Ltd - Langdale	£1,359.45	£5,116.48
Alliance In Partneship Ltd - Sir John Offley	£658.82	£2,479.61
Alliance In Partneship Ltd Hempstalls	£1,207.10	£5,530.70
Alliance In Partneship Ltd Thursfield Primary	£881.18	£4,197.74
Amey Services Ltd	£253,232.38	£757,149.61
Aspens - Blythe Bridge	£1,324.20	£6,432.81
Aspens – Churnet View	£1,711.33	£6,310.21
Aspens - Horton Lodge Special School	£971.48	£3,656.36
Aspens – Leek High	£1,497.19	£6,036.25
Aspens - Madeley High School	£539.90	£2,246.23
Aspens - Sir Graham Balfour	£660.82	£2,999.18
Aspens – St.Edwards Academy	£1,086.09	£3,288.06
Aspens – The Hart School	£1,312.33	£2,916.25
Aspens - Uttoxeter Trust	£393.77	£1,867.32
Aspens – Westwood College	£2,043.88	£8,477.99
Aspens Services – Cannock Chase High	£608.71	£2,505.96
Aspens Services – Excel Academy	£1,492.25	£5,779.33
Aspens Services – Great Wyrley	£3,780.55	£13,931.44
Aspens Services Ltd	£356.96	£1,416.77
Aspens Services Ltd – The Shaw Academy Trust	£1,624.30	£6,741.08
Aspire Housing	£244,425.25	£1,110,299.07
Biffa	£18,655.78	£69,573.14
Boeing	£84,523.37	£275,902.60
Bromford Housing	£0.00	£132.35

Employer Name	Employee Contributions	Employer Contributions
Busy Bee Catering Services - CET	£2,602.66	£10,410.76
Catch 22	£785.09	£2,969.05
Catering Academy Ltd UCAT	£2,108.32	£8,861.04
Caterlink - De Ferrers Trust	£764.60	£3,035.80
Central Borders Housing Group	£260,730.85	£1,237,988.47
Chartwells	£289,132.04	£931,469.24
Chartwells - Christ The King	£111.09	£365.63
Chartwells - Glebe Primary School	£377.66	£1,352.83
Chartwells - Gorsemoor	£155.56	£646.30
Chartwells - Hazel Slade	£597.10	£2,486.52
Chartwells - Horninglow	£227.95	£1,252.53
Chartwells - JCB	£2,071.15	£9,065.06
Chartwells - Kingsmead School	£2,903.44	£11,714.69
Chartwells - Moorgate Primary Academy	£58.53	£243.82
Chartwells - Nether Stowe School	£1,262.29	£4,892.35
Chartwells - St Mary's	£1,652.24	£7,610.22
Chartwells - St.John's Primary School	£424.66	£1,397.63
Chartwells - St.Matthews Academy	£310.91	£1,031.00
Chartwells - UET Clayton Hall	£3,044.60	£13,722.34
Chartwells - UET Newcastle	£1,690.04	£7,610.46
Choices Housing Association	£515.75	£2,042.60
Churchill Services - United Endeavour Trust	£6,855.56	£34,397.13
Cleantec Services Ltd - AET	£1,425.95	£6,583.85
Community Council of Staffordshire	£2,732.45	£10,597.63
Entrust	£556,421.56	£1,465,788.37
Fidelis - Two Rivers	£865.64	£3,257.80
Freedom Leisure - Lichfield	£49,413.59	£225,198.04
Freedom Leisure - Stafford Borough Council	£98,807.25	£422,526.78
KGB New Castle College	£2,979.66	£3,182.99
Kier - OPCC	£12,085.76	£51,594.38
Kier Facilities Services Limited	£1,213.50	£4,897.36
Landscape Group Ltd	£1,068.19	£3,945.08
Lichfield Garrick Academy	£1,051.84	£4,461.28
Lovell's Partnership	£148.16	£167.72
Make Some Noise	£2,482.08	£8,613.96
Mellors - Academies Enterprise Trust	£6,474.65	£37,492.72
Mellors - Burton	£6,431.62	£23,398.23
Mellors - Grange Infants	£279.07	£5,209.38
Mellors – Holy Trinity Primary	£188.37	£790.41
Mellors - Shobnall Primary	£552.89	£2,080.72
Mellors – Thomas Russell Infants	£1,165.19	£5,126.98
Mellors – Thomas Russell Jr	£1,110.82	£4,625.09
Mellors - Victoria Community School	£2,307.11	£8,683.01
Midland Heart Ltd	£8,335.27	£34,952.09
Millbrook Healthcare Ltd	£771.45	£2,456.85
Moorland Contract Cleaning - Silverdale	£511.20	£2,342.09

Employer Name	Employee Contributions	Employer Contributions
North Gate (Lichfield)	£597.63	£2,534.74
North Gate (Moorlands)	£5,316.60	£24,102.30
North Staffs Combined Health Care	£3,238.75	£37,190.76
North Staffs Combined Healthcare Trust	£4,467.14	£19,827.87
Northgate IS Ltd	£4,009.32	£17,763.87
RM Education Ltd - Ormiston Horizon	£689.60	£1,920.30
RM Education Ltd - Sir Stanley Matthews	£689.60	£1,920.30
RM Education Ltd - St.Peter's	£1,838.21	£5,118.78
RM Education Ltd - Thistley Hough	£551.68	£1,536.24
Service Master – Oaklands Nursery	£211.44	£881.43
Service Master – St.Giles & St.Georges	£724.85	£3,321.54
Service Master – The College Academies Trust	£1,738.02	£7,898.91
Servicemaster - Eaton Park Academy	£773.05	£3,682.55
ServiceMaster Mercia - Charnwood	£322.78	£1,215.51
ServiceMaster Mercia - Woodlands	£937.86	£3,530.52
Silvertree Cleaning	£845.72	£3,383.06
South Staffordshire Housing Association	£31,492.21	£86,024.04
South Staffs and Shrops Health Care	£20,137.80	£83,298.61
St Thomas More Catholic Academy	£3,581.25	£15,887.68
Stafford and Rural Homes	£201,086.58	£505,837.65
Staffs & Stoke Partnership Trust	£393,982.67	£1,232,324.98
Superclean Services Wothorpe Ltd	£232.69	£968.88
T(n)S Catering - Rowley Park	£934.03	£4,240.38
Taylor Shaw - Pye Green Academy	£225.32	£1,032.40
Tiny Toez	£7,517.32	£29,785.49
Veolia	£20,558.71	£66,058.25
Wates	£1,052.76	£5,372.76
Wates Housing Repairs	£9,001.70	£37,153.57
Wigan Leisure and Culture Trust	£41,648.09	£163,611.54

PARTNERSHIP IS
OUR POWER...

PARTNERSHIP IS
OUR PURPOSE...

PARTNERSHIP IS
OUR POINT...

ANNUAL REPORT AND **FINANCIAL STATEMENTS** FOR THE YEAR ENDED **31 MARCH 2019**

LGPS Central Limited

CONTENTS

ABOUT LGPS CENTRAL LIMITED

LGPS Central Limited has been established to manage the pooled investment assets of eight Local Government Pension Scheme (LGPS) funds across the centre of England (our Partner Funds). Our Partner Funds are Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. The West Midlands Integrated Transport Authority (ITA) Pension Fund is also an investor. The Company is jointly owned on an equal shares basis by the eight Partner Funds. West Midlands ITA Pension Fund is not a shareholder, but its rights are represented by West Midlands Pension Fund. The Partner Funds will also be the client base. The combined assets of these funds are approximately £45 billion, managed on behalf of around one million LGPS members and some 2,000 participating employers.

The Company is authorised and regulated by the Financial Conduct Authority (the FCA) to operate as an Alternative Investment Fund Manager (AIFM). In this capacity the Company acts as the operator of a collective investment vehicle called an Authorised Contractual Scheme (ACS) and may run additional collective investment vehicles, in addition to discretionary and advisory services under our MiFID II authorisation to meet our Partner Funds' needs.

LGPS Central Limited is authorised and regulated by the Financial Conduct Authority. Registered in England Registered No: 10425159. Registered Office: Floor 5 Mander House, Wolverhampton, WV1 3NB

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KEY ADVISORS AND SERVICE PROVIDERS

External Auditor
Deloitte LLP

Internal Auditor
KPMG LLP

Banker
Lloyds Bank

Tax Advisor
PwC LLP

Legal Advisor
Eversheds Sutherland (International) LLP

Depositary and Asset Servicer to the ACS
Northern Trust Global Services SE UK Branch

REPORT FROM THE CHAIR

Joanne Segars OBE
Chair and Non-Executive Director, Chair of the Nominations Committee and Member of the Audit, Risk and Compliance and Remuneration Committees.

I am pleased to introduce the Annual Report and Accounts for LGPS Central Limited for the financial year ending 31 March 2019.

This has been our first full year of operation, and it has been quite a year. In the twelve months since our launch in April 2018 we have become responsible for over £17bn of Partner Funds' assets, with £7bn managed through four LGPS Central Limited ACS sub-funds and a further £9.2bn managed through a range of discretionary and advisory mandates. As we have built our fund management capability our focus has been on long-term performance and value for money. We understand that our Partner Funds' liabilities extend over many decades and so long-term performance with superior investment returns after costs, and not simply a low-cost solution, is what matters. This approach is already delivering significant cost savings for Partner Funds investing through LGPS Central Limited. Together we have achieved a lot in a short space of time. But there is much more to do.

We have worked closely with Partner Funds on the development of our initial ACS sub-funds to ensure they meet the identified investment needs. We will continue to work with and listen to Partner Funds and refine our processes in light of experience and Partner Funds' needs.

Over the past year I have particularly valued the opportunity to speak to Partner Funds' Pensions Committees. I am grateful for the welcome I have been given and for the open and honest dialogue. I hope to continue these meetings over the coming year. This will help us ensure that we are meeting Partner Funds' needs as we continue to develop the business.

During the year we have grown to an organisation of almost 50 people. Our staff bring together experience from across the public and private sectors. They provide us with a great blend of private sector know-how and public sector ethos. In March this year, we welcomed Mike Weston to LGPS Central Limited as our new Chief Executive Officer. Mike joins with a wealth of experience in the Pensions and investment industry. He brings a new focus and new energy to the organisation as we move beyond our initial set-up phase. As we welcome Mike, I would like to place on record our thanks to Andrew Warwick-Thompson who was instrumental in the launch of the Company.

Finally, I would like to take this opportunity to thank my fellow Board directors for their hard work and dedication over the past year as well as Mike Weston and all the staff at LGPS Central Limited for their tireless work on behalf of Partner Funds. I would also like to express all our thanks to our Partner Funds, to their fund officers and elected members, who have contributed to our achievements over the past year. LGPS Central is, at its core, a partnership between Partner Funds and LGPS Central Limited as the pool operator and our collective future success relies on a continuation of that strong partnership.

I look forward to working with Partner Funds over the coming years.

STRATEGIC REPORT FROM THE CHIEF EXECUTIVE OFFICER

Mike Weston
Executive Director, Chief Executive Officer (CEO)

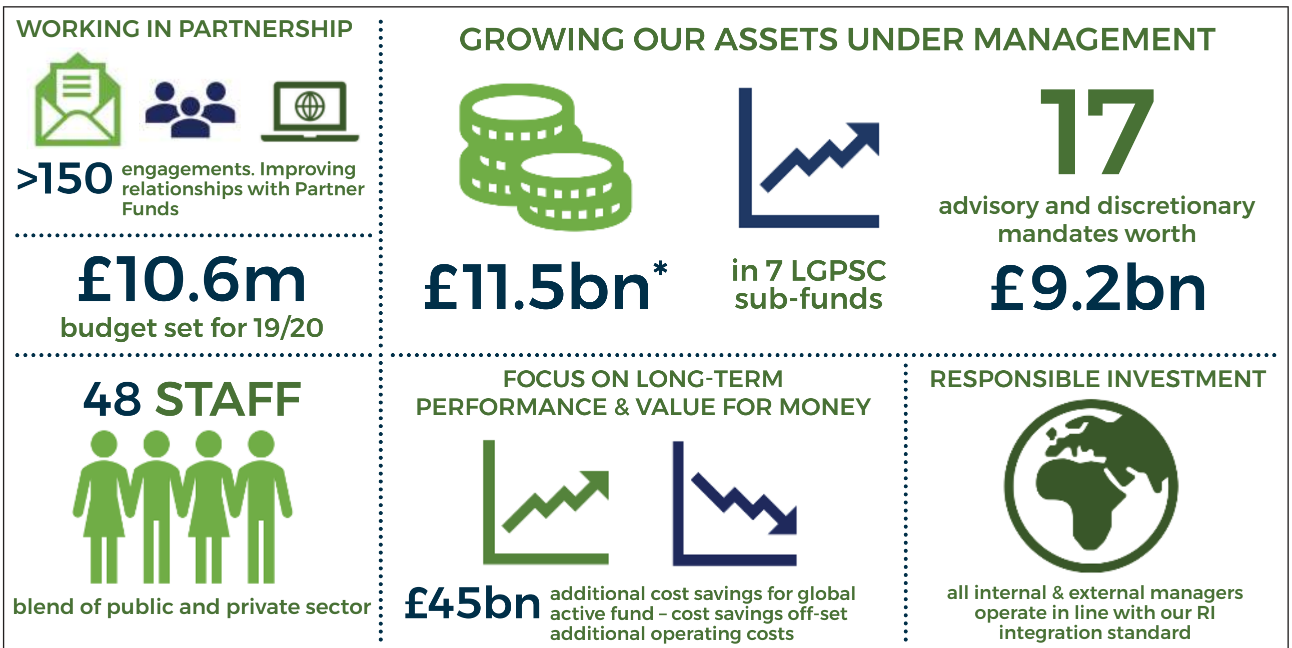
I am very pleased to be writing my first CEO report since joining LGPS Central Limited in March 2019. I have joined a dedicated team of colleagues who are wholly focussed on delivering the investment returns our Partner Fund investor clients need to secure the payment of pensions to their members and dependents over the long-term.

I've also joined a group of Partner Fund shareholders and investor clients who are committed to the successful development of the LGPS Central Pool and to capturing the long-term economic and governance gains from pooling the management of their pension scheme assets.

This is a business that has achieved a huge amount during its first year of operation, but a business that still has much more to do to deliver the full potential envisaged by Partner Funds during its design and creation.

Since its formal launch on 1 April 2018 there has been major growth in the scale of Partner Fund assets managed or advised by LGPS Central Limited, the scale of the Company itself and the complexity of the business. There has also been significant internal change as we move from our start-up phase into ongoing operations, and from a focus on establishing the processes and procedures required of an FCA regulated investment manager towards a focus on client service and investment performance delivery for our Partner Fund investor clients.

The Company's financial performance for the year was a net profit before tax of £378,000. This was the Company's first year of operation and income from Partner Funds of £9.9m was receivable during the year, whilst operating expenditure stood at £9.3m. Net assets at the year-end stood at £6.5 million, up from £6.1 million. These numbers are broadly



*Includes estimated Partner Fund investments in Emerging Markets, Corporate Bonds and Climate Factor funds that are scheduled to be launched in 2019

Our Shared Objectives

LGPS Central Limited and our Partner Funds have the following Shared Objectives. These form part of the Pool's founding documents (the Inter Authority Agreement and Shareholders' Agreement) and remain the cornerstone aims and principles to which we remain committed, and which have informed our Strategic Business Plan for 2019/20.

1. To meet the investment objectives of the participating LGPS funds.
2. To establish a collaborative platform through which administering authorities of the participating LGPS funds can aggregate their pension assets with a view to providing scale economies and improved investment efficiency.
3. To develop internal investment management capabilities for the collective benefit of the participating LGPS funds, to provide wider investment choice and market competition.
4. To create capacity to invest in asset classes which individual funds may find difficult to access.
5. To stimulate innovation and provide an opportunity for funds to engage with the investment industry in finding new and creative approaches to the funding challenges faced by the LGPS (and the wider pensions sector).
6. To act as a responsible, long-term investor, using its influence as a shareholder to promote the highest standards of corporate stewardship.
7. To create a regional centre of excellence for investment management, able (in the long term) to offer services to other pension funds, charities and endowments.
8. Following transitioning arrangements, to invest each Shareholder's pension assets either through the ACS operated by LGPS Central Limited, as the primary and exclusive collective investment vehicle for all eligible pension assets, or by appointing LGPS Central Limited to manage any non-eligible assets outside of such ACS.

consistent with the Company's Business Plan approved prior to the year, in February 2018.

The Company's principal risks include liquidity, credit and counter-party risk. A discussion of the nature of these risks and the steps the Company has taken to manage and mitigate them is included in the Directors' Report on page 14.

We are still very much in the early stages of the LGPS pooling journey. To guide our journey at LGPS Central Limited, eight shared objectives were agreed during the establishment of the pool and they continue to direct our efforts today.

Compared to many investment managers, the LGPS Central Limited business is unusual. Our owners and shareholders are also our only investor clients. This provides total alignment of interest for two of the Company's three major stakeholder groups. The alignment of the third stakeholder group, the employees, is generally strong during the start-up phase of a business. The challenge is to maintain the momentum as the business moves from start-up into business as usual.

LGPS Central Limited will rely absolutely on the quality of its people to deliver on our long-term objectives. I am focussed on retaining and developing my existing colleagues and recruiting the new talent we need to grow the range of investment vehicles we provide to our Partner Fund clients.

Transparency and communication are essential for all our stakeholders, but especially for those we serve in the local communities across the Midlands and those external to the business in both local and national Government.

When LGPS Central Limited equity portfolio managers are analysing a potential investment, they focus on its People, Processes and Performance. It is no different when I consider LGPS Central Limited as an investment manager. We will only be able to deliver the returns on the assets we are entrusted to manage by our Partner Funds - which they need to secure the payment of pensions to their members and dependents over the long-term - if we recruit, retain and develop high quality people and we operate efficient internal processes to deliver the economies of scale and cost savings that are the fundamental rationale behind LGPS pooling.

With the right people, processes and performance, LGPS Central Limited will be demonstrably putting our Partner Funds first and will become the positive choice as investment manager for the LGPS schemes across the Midlands.

LGPS Central Limited has a set of Key Performance Indicators for 2019/20 against which we are measuring our progress. We have specific KPIs for our shareholders, separate KPIs for our Partner Fund investor clients and internal KPIs for the business itself.

Key Performance Indicators 2019/20

LGPS Central Limited Performance for Our Shareholders

High Quality Staff. Effective retention, development and succession planning combined with external recruitment

£22bn AuM, with the majority being invested in ACS funds

Cost savings in excess of regulatory business plan

Deliver within budget that is agreed by Partner Funds, reflects the stage of development of LGPS Central and is externally reported under CIPFA guidelines

AAF report produced which does not highlight any material exceptions that would indicate that operational processes and controls are not sufficiently robust

LGPS Central Limited Performance for Our Partner Fund Investor Clients

Deliver superior returns net of costs by selecting the best managers and **reducing average annual management charges for each asset class**

Timely performance reporting in line with each mandate, the SAB transparency code and industry peer group standards

Client service

Meet agreed product delivery schedule to ensure availability of well-resourced sub-funds across the range of asset classes needed by Partner Fund Clients

RI integrated status for all products, supported by a bespoke ongoing responsible investing strategy

High Quality Staff. Effective retention, development and succession planning combined with external recruitment

AAF report produced which does not highlight any material exceptions that would indicate that operational processes and controls are not sufficiently robust

The current economic uncertainties linked to Brexit are having a limited direct impact on the operations of the Company. Our mission is to develop, launch and manage investment vehicles for our Partner Fund clients which will deliver the target levels of risk adjusted investment returns they need over future decades; the long-term. In the short-term, our focus is ensuring we understand the potential investment market volatility which may occur and that it is within the risk tolerances which have been agreed with our Partner Fund clients.

LGPS Central Limited is committed to being a responsible investor in everything we do for our Partner Fund clients. This is discussed later by my colleague Michael Marshall. A similar mindset applies to our internal activities. There is no corporate provision of single use plastics, we actively recycle paper, cardboard and coffee grounds and as far as possible we utilise natural heating and ventilation for the LGPS Central Limited offices.

It was a major challenge to develop the LGPS Central Pool and successfully launch LGPS Central Limited on schedule on 1 April 2018. There will undoubtedly be more challenges to overcome as we move forward from here. Some will naturally arise as we seek to balance the needs of eight different Partner Fund pension schemes, each with their own particular liability profile and therefore optimum strategic asset allocation. Some will be due to external forces, which by their very nature are difficult to plan for.

But whatever the challenges, the common goal of providing a secure retirement income to a combined scheme membership of approximately one million people, at a cost which is supportable by about 2,000 local employers, will help LGPS Central Limited and our Partner Fund owners/clients move forward together, in partnership.

12 July 2019

LGPS Central Limited is proud to be a member of the following bodies, and we support the excellent work that they do:

GOVERNANCE STRUCTURE

John Burns Joanne Segars Eithne McManus John Nestor Mike Weston

The Board

We take governance seriously. It is key to the effective operation and success of the Company, and to our legal and regulatory compliance. The Board has invested time and effort to establish a robust governance framework and this has operated effectively during 2018/19.

The Company Board comprises a non-executive Chair and two further non-executive directors. The Chief Executive Officer (CEO) and the Deputy Chief Executive/Chief Operating and Financial Officer (COFO) are executive Board members.

Joanne Segars OBE

Chair and non-executive director, chair of the Nominations Committee and member of the Audit, Risk and Compliance and Remuneration Committees.

Joanne was appointed as the first Chair of LGPS Central Limited, the asset manager for nine Midlands-based local authority pensions funds, May 2017. In December 2017 Joanne became a Trustee Director of NOW: Pensions, one of the UK's largest auto-enrolment pension providers and is currently its interim Chair. She is a member of the Legal and General Independent Governance Committee which is charged with acting in the interests of the members of L&G's DC workplace pensions. Joanne is Chair of the Joint Expert Panel on the Universities Superannuation Scheme. She is a Director of the Pensions Policy Institute.

Joanne was the Chief Executive of the Pensions and Lifetime Savings Association (formerly the NAPF) from 2006 June 2017 having been its first Policy Director from 2005-2006. She joined the organisation from the Association of British Insurers where she was Head of Pensions and Savings. Joanne held the pensions brief at the Trades Union Congress from 1988-2001 and started her career as a pensions researcher and journalist at Incomes Data Services. She was a member of the Board of the Environment Agency in March and chaired its pension funds from 2017-2018.

She was a Board member of PensionsEurope, the EU trade association for pensions, from 2010-2017 and its Chair from 2012-2015 and a Board member of the Pensions Infrastructure Platform and Chair from 2013-2016.

Joanne has a degree in economics from John Moores University and an MA in Industrial Relations from the University of Warwick. She was awarded the OBE for services to pensions in the 2003 Queen's Birthday Honours.

Eithne McManus

Non-executive director, chair of the Audit, Risk and Compliance Committee and member of the Remuneration and Nomination Committees.

Eithne has worked in regulated financial services companies for over 30 years. She is an experienced non-executive director and currently sits on the board of Countrywide Assured and UIA

(Insurance) Ltd which is a mutual insurer. Eithne is currently chair of the Audit Committee and a member of both the Risk Committee and the Nominations and Remuneration Committee at UIA Insurance. She is a member of the Audit and Risk Committee and Investment Committee at Countrywide Assured where she also sits on the Board Panel which provides advice on customer strategy. In her executive career she was a Director of Countrywide Assured and CEO of City of Westminster Assurance, having previously been its CFO. She is a qualified actuary.

John Nestor

Non-executive director, chair of the Remuneration Committee and member of the Audit Risk and Compliance and Nominations Committees.

John has worked in asset management for over 30 years. Over the course of his executive career, where he held FCA-approved control functions, he was responsible for a large number of LGPS investment mandates. John was CEO and Director for the UK Institutional, Retail and Chair of the Life Company at UBS Global Asset Management, CEO at Citi Group Asset Management, and Director of Institutional Marketing and Client Service at Henderson Global Investors. He is currently an Independent Member of the Independent Governance Committee for Prudential and Chairman of the Prudential Corporate Pension Trustee Limited, and Chairman of the staff pension scheme for the Marylebone Cricket Club.

Mike Weston

Executive Director, Chief Executive Officer (CEO)

Mike has spent almost 30 years managing or investing on behalf of both public and private sector pension schemes. For the last four years, he has been the CEO of Pensions Infrastructure Platform (PiP). PiP is the UK infrastructure investment manager created by pension schemes, for pension schemes. Mike joined PiP in 2014 and successfully built the investment and management team, achieved FCA authorisation, launched the PiP Multi-Strategy Infrastructure Limited Partnership and acquired 16 UK infrastructure assets across renewable energy, transport, health and social housing. During Mike's management of PiP, the business mobilised almost £2bn of investment into UK infrastructure.

Prior to PiP, Mike spent five years as Chief Investment Officer for the £2bn pension schemes of DMGT plc, the UK-based global media business. Mike was responsible for investment strategy, portfolio management, oversight of external investment managers and the management of the in-house investment team.

Between 2001 and 2008, Mike was Deputy Managing Director of Hermes Focus Asset Management (HFAM). As a board member at HFAM, Mike led the UK investment team, managed relationships with the global pensions scheme investor base and helped build a profitable third-party client business.

Since 2010, Mike has served as an independent trustee of the Institute of Cancer Research Pension Scheme.

Mike has a Natural Sciences degree from Cambridge University and an MBA from Cranfield University Business School.

John Burns

Executive Director, Deputy Chief Executive and Chief Operating and Financial Officer (COFO)

John joined the Board of LGPS Central Limited in September 2017. He is responsible for the oversight of the infrastructure functions and for the financial management of the Company.

John was previously Group Chief Operating Officer with Baring Asset Management, a London based global asset manager. He has extensive international COO experience in developed, emerging and frontier markets across both institutional and wholesale sectors.

Prior to this John had various COO, finance and risk management positions with Schroders, Fidelity and Visor Capital in London and in Asia. His previous experience as an Executive Management Committee member encompasses leadership, strategic business development and oversight of many aspects of asset management, together with practical knowledge of global regulatory and governance regimes.

John is a Chartered Accountant and holds a Bachelor of Commerce degree from The University of Birmingham.

To support its work, the Board has established three sub-committees. In line with FCA guidance, membership of these committees is limited to the NEDs:

1 **Remuneration Committee**
The responsibilities of the Remuneration Committee are to approve the Company's remuneration strategy and policy, to review pensions arrangements for staff, succession planning and to approve performance objectives for senior management. The members of the Committee are John Nestor (Chair), Eithne McManus and Joanne Segars, all of whom are Non-Executive Directors. The Committee met twice during 2018/19.

The activities of the Committee during 2018/19 included the development and approval of the Company's first performance and recognition framework, the recommendation to Shareholders of remuneration packages for Executive Directors, the approval of remuneration packages for all other staff and a review of all Code staff.

2 **Audit, Risk and Compliance Committee**
The responsibilities of the Audit, Risk and Compliance Committee are to ensure the effectiveness of systems of effective control. It provides leadership and oversight of the Company's risk management system and compliance policies and procedures. The members of the Committee are Eithne McManus (Chair), Joanne Segars and John Nestor, all of whom are Independent Non-Executive Directors. The Committee met four times during 2018/19.

The activities of the Committee during 2018/19 included the approval of a number of key elements of the control environment, discussion and approval of the Company's risk register and risk appetite statement, and review of the draft ICAAP report. It also oversaw the work of the internal and external auditors.

3 **Nominations Committee**
The responsibilities of the Nominations Committee are to recommend to Shareholders the appointment/re-appointment of Executive and Non-Executive Directors, the evaluation of the performance of the Board and succession planning. The members of the Committee are Joanne Segars (Chair), Eithne McManus and John Nestor, all of whom are Non-Executive Directors. The Committee met six times during 2018/19.

The activities of the Committee during 2018/19 included putting in place an organisational succession planning strategy, reviewing the performance of the Board and the recruitment of Mike Weston as the Chief Executive Officer from March 2019.

Attendance at Board and Committee meetings throughout the year has been high, demonstrating the NEDS' commitment to the Company and its governance. The following table provides details of meeting attendance for 2018/19.

Name	Board	Rem Co	ARCC	Nom Co
Joanne Segars	13/13	2/2	4/4	6/6
Eithne McManus	13/13	2/2	4/4	6/6
John Nestor	12/13	2/2	4/4	6/6
Andrew Warwick-Thompson*	8/8			
Mike Weston**	1/1			
John Burns	13/13			

* Left 10 December 2018
** Started 7 March 2019

The Board has created an Executive Committee (ExCo) which is chaired by the CEO. In addition to the COFO, ExCo members are the Chief Investment Officer (CIO), Chief Compliance and Risk Officer (CCRO) and General Counsel (GC). The ExCo has primary authority and responsibility for the day-to-day management of the Company's asset management business, all operational and financial functions, the risk, compliance and legal functions, and for the formulation and implementation of the Company's strategy and budget, subject to the strategy, budget, policies and delegations approved by the Board from time to time.

The Board has also created an Investment Committee (IC) which is subordinate to ExCo and is chaired by the CIO. In addition to the CIO, IC members are the Deputy Chief Investment Officer (DCIO), six Investment Directors, the Director of Responsible Investment and Engagement and the CCRO. The IC has primary authority for the day-to-day management of the Company's investment management function, and for the formulation and implementation of the Company's investment strategy and product development, under the direction and oversight of the ExCo, and subject to the investment strategy and products approved by the Board from time to time.

In addition, the Company operates an Operations, Risk, Compliance and Administration Committee (ORCA) which has primary authority for the day-to-day management of LGPS Central Limited's support functions, and for the formulation and implementation of the Company's operations and support strategy. The ORCA is responsible for ensuring the effective and efficient operation of the Company's infrastructure, operational oversight of key outsourcing arrangements, procurement and risk, as well as valuations and pricing and counterparty credit through two sub-committees.

RESPONSIBLE INVESTMENT & ENGAGEMENT

Michael Marshall
Investment Director,
Responsible Investment & Engagement

Our approach

Responsible Investment & Engagement (RI&E) has been identified by our Partner Funds as an area of priority for the Company. We have a shared belief that RI&E is an ordinary part of fiduciary duty, not something separate. With that belief in mind we approved, prior to going live in April 2018, an RI&E Framework with two main objectives:

1. primarily, to support the Company's investment objectives;
2. secondarily, to be an exemplar for RI&E within the financial services industry and raise standards across the marketplace.

As standards of investment stewardship continued to evolve in 2018-19, we continued to deliver against these objectives by integrating RI&E into all major asset classes. This integration includes our selection of assets, our stewardship of assets, and our commitment to transparency & disclosure. Every investment mandate overseen by LGPS Central Limited incorporates RI&E.

Thematic engagement

In 2018-19 we conducted thematic stewardship against three themes: climate change, diversity, and cyber security. Our stewardship provider engaged 593 companies on 1,816 issues and objectives and milestone progress was made in 47% of cases. This does not include engagement undertaken directly by our internal RI&E team, whose engagement successes have been wide and varied, for example improving the diversity balance at investee companies, engaging energy companies to pursue a business strategy aligned with the goals of the Paris Agreement on climate change, and holding risk committees to account for cyber resilience, a threat of increasing magnitude. We have disclosed our ongoing commitment to investment stewardship through our Quarterly Stewardship Reports.

Shareholder voting

On behalf of our clients, we take voting rights very seriously. In 2018-19 we voted to oppose management on at least one resolution at around 47% of meetings. In most instances, votes against companies were cast to improve board composition, or to oppose executive remuneration packages that we felt were poorly structured, or excessive. In casting shareholder votes, we are implementing a set of Voting Principles that we have agreed with our Partner Funds. We disclose the outcome of each and every vote on our website, for full transparency.

Climate change and TCFD

Financial markets could be materially impacted by climate change and by the response of climate policymakers. We continue to work with Transition Pathway Initiative, Institutional Investor Group on Climate Change, Climate Action 100+, the Green Finance Initiative, and others, to maximise our influence on the climate agenda. During the year we were part of notable engagement successes at Royal Dutch Shell, BP, Glencore, Centrica, and Rio Tinto. We recognise, however, that there is much more to do. We are a public supporter of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), and have called for its widespread adoption. We have issued an Interim TCFD Report on our website, and provide an abridged version below:

Governance

The Board is responsible for approving and monitoring LGPS Central Limited's approach to climate change, as part of Board approval of the Responsible Investment & Engagement Policy (RI&EP). The RI&EP contains a specific Responsible Investment Belief on climate change, which is based on the investment beliefs of our Partner Funds. RI&E, which includes climate change, is part of every LGPS Central Limited investment product, and all product business cases are approved by the Board.

Day-to-day management of climate change strategy is delegated to the Investment Team, with oversight from the Investment Committee (IC) and the Chief Investment Officer (CIO). The Director of Responsible Investment & Engagement is accountable to the IC for the implementation of the RI&EP, which includes climate change.

Strategy

LGPS Central Limited's investment managers consider climate-related issues across the short-, medium- and long-term as relevant for the investment time horizon in question. Risks - and risk management strategies - vary significantly by asset class. LGPS Central Limited identifies climate-related issues through research (e.g. in building investment cases for a particular stock or in performing due diligence before an investment decision) and collaboration (notably with the TPI, IIGCC, PRI, CA100+, and LAPFF). LGPS Central Limited has made use of the TPI Toolkit to observe climate risk management in large listed equity stocks.

We understand the value of climate scenario analysis, but also note the limitations with current methodologies and data sets. As a first step, we used the Paris Agreement Capital Transition Assessment (PACTA) tool to analyse our listed equity portfolios to transition risks over several scenarios. The outputs from the PACTA tool are described in our online Interim TCFD Report.

Risk management

Depending on the asset class in question, risk identification is either a bottom-up or a top-down process. For index-tracking funds (other than climate-factor funds), a top-down process is employed to identify which sectors and constituents should be prioritised for engagement. For actively managed funds, including funds of funds, a bottom-up process is employed to understand the inherent risk and any mitigants in place at a stock or fund level.

LGPS Central Limited manages climate risk in different ways according to the nature, duration, magnitude and time horizon of the risk itself. The predominant management technique is investment stewardship. We have a pro-active shareholder voting programme, and link some voting decisions to climate change analysis provided by the TPI.

Metrics and targets

The use of quantified metrics and targets is under review. In undertaking this review, we value the usefulness of numerical targets but are conscious of the nascence and complexity of climate risk models, and share some concern that focussing on one particular metric or target could be overly reductionistic, or give a false impression of accuracy. Any targets we do set will be established in collaboration with our Partner Funds. We provide here the carbon footprints of our ACS listed equity funds. These funds track an index, so the carbon footprint of the benchmark is in each case the same as that of the fund.

- Global Ex-UK Passive Equities: 232.13 tCO2e/$m revenue
- UK Passive Equities: 179.34 tCO2e/$m revenue
- Dividend Growth Equities: 257.24 tCO2e/$m revenue

Data from Bloomberg, as of 31/03/2019. We have used the weighted average method, as recommended by the TCFD.

COMPLIANCE AND RISK MANAGEMENT

The Company is committed to maintaining a robust risk and compliance framework and culture.

During 2018/19, the Company has continued to build up our Risk and Compliance team to reflect the complex business of LGPS Central Limited.

Over the course of 2018/19 the Compliance and Risk Function developed and delivered Risk Frameworks which are appropriate for the size and complexity of the business and were approved by the Board. These frameworks are the Company's organisational arrangements which underpin the governance model and demonstrate that the Company is identifying, monitoring and managing its regulatory and risk environment.

In the first year of the Company, Compliance focussed on the delivery and embedding of an appropriate Compliance Framework. This included the development of the Compliance Manual and training being provided to all relevant staff, particularly emphasising the need for the correct behaviours and conduct, highlighting the need for an open and honest culture. Training was provided to all staff, including a focus on ensuring that threshold competency for all Approved Persons is appropriately assessed and continuing professional development requirements are fulfilled.

A Compliance Monitoring Plan, designed to test compliance with regulations was approved by the Audit Risk and Compliance Committee and was completed during the period with reports being delivered to the appropriate committees A breach and error reporting process and a register have been established for recording all such instances of breaches/errors. Registers are also maintained for Personal Account Deals, Gifts, Conflicts and Outside Interests.

The Risk Framework has been designed to meet the expectations created by the risk appetite articulated by the Board. The Company's risk appetite is a statement of the baseline risk it is willing to accept in meeting its strategic goals before further action is taken. The ICAAP (internal capital adequacy assessment process), which is a measure of the amount of capital required for the risks the Company faces, was prepared and approved by the Audit Risk and Compliance Committee. This is designed to ensure that all the business risks of the Company are adequately and appropriately considered and stress tested.

The Company's capital held for regulatory purposes is made up of equity and debt capital provided by its Partner Funds (net of cumulative losses). At year-end, the Company's available capital exceeded the amount required by its ICAAP. The Company did not have any externally-imposed capital requirements during the year. There were no changes in the Company's regulatory capital during the year.

The Company's objectives for the management of regulatory capital are to ensure that the capital is held in a form which is secure and liquid and therefore readily accessible by the Company in the event of a significant risk event manifesting. Monitoring of regulatory capital is integrated with the monitoring of expenditure, income and the Company's balance sheet position, and is subject to regular reporting to senior management. The ICAAP is subject to regular review and approval by the Audit, Risk and Compliance Committee.

A Risk Monitoring Suite was embedded to monitor and test the risks within the client portfolios including adherence with the agreed guidelines and parameters of each mandate. Risk registers and a Risk Control Framework have been established to record, assess and highlight inherent risks and ensure that controls are appropriate in design and effectiveness.

Created by mindandi

DIRECTORS' REPORT

The Directors present their annual report on the affairs of LGPS Central Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 March 2019.

Future developments

Details of future developments can be found in the Chief Executive's Strategic Report on pages 5 to 7.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in the Strategic Report on pages 5 to 7 and in note 19 to the financial statements. Following the balance sheet date, the Company secured approval for its Corporate Bonds sub-fund (in addition to Emerging Markets Active Equity, which is approved but still to be funded). The Company also began to make the first investments of the Private Equity 2018 Partnership.

Existence of branches outside the UK

The Company has no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

The UK leaving the European Union

The Company has considered the potential impact on its operations of the forthcoming departure of the UK from the European Union ('Brexit'), currently anticipated to take place in 2019. In summary, the Company has identified no significant issues arising from Brexit that it believes will affect its ability to continue as a going concern, or upon its operational performance or profitability. Being based in the UK, with solely UK customers, the company is not exposed to the risk of increased friction in cross-border transactions with its customers, and has no plans to transfer operations outside of the UK.

The Company has also worked with its key suppliers to ensure that there should be no adverse impact of Brexit, including understanding the location from which services are delivered, ensuring that the appropriate authorisations are in place for the post-Brexit situation, and where appropriate reviewing suppliers' Brexit plans. The only significant potential impact relating to the funds under the company's management relates to the taxation of investments in certain EU countries (on income arising post-Brexit), which may reduce the amount of net income receivable by the ACS, but the Company is working with its tax advisor on efficient tax planning.

Financial risk management objectives and policies

The nature of the shareholder structure and the client relationship mitigates much of the Company's financial risk exposure. The Company does not use derivative financial instruments.

Cash flow risk

The Company's activities expose it primarily to the financial risks of delayed or disputed trade receivables. However, this is mitigated by the joint and several obligations of shareholders to bear the costs of the Company. The Company invoices Partner Funds monthly in arrears, and standard payment terms are 30 days. The Company has not experienced any difficulties in collecting income due from Partner Funds during the year.

Credit risk

The Company's principal financial assets are bank balances, trade and other receivables.

The Company's credit risk against its trade receivables is considered to be minimal as at 31 March 2019 as the only trade receivables were income due from Partner Funds, and therefore Government-backed.

The credit risk on liquid funds is limited because the counterparty at the year-end is a UK bank and a small number of Money Market Funds (MMFs) with high credit-ratings assigned by international credit-rating agencies.

The Company has in place a treasury policy which sets out the parameters which it will apply in determining how to invest cash balances, including the credit criteria which it will use in selecting counter-parties, and a limit on the total amount to be placed with any one organisation. The credit criteria are generally based on ratings published by the major credit ratings agencies, with additional criteria around countries.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term capital and medium-term debt finance.

Directors

The Directors, who served throughout the year except as noted, were as follows:

	Position	Date of Appointment	Date of Resignation
Joanne Segars	Chair, Non-Executive Director	1 May 2017	
Andrew Warwick-Thompson	Director and Chief Executive Officer	17 July 2017	10 December 2018
Mike Weston	Director and Chief Executive Officer	7 March 2019	
Eithne McManus	Non-Executive Director	11 August 2017	
John Nestor	Non-Executive Director	11 August 2017	
John Burns	Director and Chief Operating and Financial Officer	21 September 2017	

John Nestor was formally re-appointed to the Board on 12 February 2019.

Indemnity cover was in place in respect of the directors during the 2018/19 financial year and up to and including the date of authorisation of these accounts.

The Company's cash balances stood at £13.4 million at the end of the year. Cash flow during the year consisted entirely of operating revenue and expenditure. There was a net cash out flow from operating activities of £2.6m, which included the one-off reimbursement of £4.4m of 2017/18 set-up costs to Partner Funds. Cash balances are held primarily in Money Market Funds, all of which allow daily withdrawals without notice. As referred to under credit risk, the Company has a treasury policy which includes detailed criteria regarding liquidity, ie, the amounts which must be available immediately, or which may be invested for longer periods (of up to one year, although the company has not yet made any such term investments).

The Company's cash flow is generally regular on a monthly cycle, comprising employee, supplier and HMRC payments on the expenditure side and income from partner funds (invoiced monthly) on the revenue side. Standard payment terms for both creditors and debtors are 30 days. The Company anticipates that for the 2019/20 financial year cash balances will be in the range of approximately £12m to £14m throughout the year.

Further details regarding liquidity risk can be found in the Statement of Accounting Policies in the financial statements.

Dividends

The Directors do not recommend a final dividend in relation to the year 2018/19 (2017/18: nil).

Political contributions

No political donations were made during the year (2017/18: nil).

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting. Approved by the Board and signed on its behalf by:

Mike Weston
Chief Executive Officer
12 July 2019

Mander House
Mander Centre
Wolverhampton
WV1 3NB

DIRECTORS' RESPONSIBILITIES STATEMENT

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The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LGPS CENTRAL LIMITED

Report on the Audit of the Financial Statements

Opinion

In our opinion the financial statements of LGPS Central Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit and loss and other comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Going Concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on Which We Are Required to Report by Exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of This Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Partridge
Senior Statutory Auditor
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 March 2019

	Notes	2019 £000	2018 £000
Continuing operations			
Revenue	5	**9,890**	-
Expenses	6		
- Staff costs		(5,525)	(1,130)
- Other operating expenses		(3,740)	(3,223)
Total expenses		**(9,265)**	**(4,353)**
Operating profit/(loss)		**625**	**(4,353)**
Interest receivable		92	-
Interest payable	12, 13	(339)	(61)
Profit/(loss) before taxation		**378**	**(4,414)**
Taxation	7	-	-
Profit/(loss) for the year		**378**	**(4,414)**
Other comprehensive income			
Net actuarial gain/(loss) on defined benefit schemes	14	18	13
Total comprehensive income for the year		**396**	**(4,401)**

Statement of Financial Position as at 31 March 2019

	Notes	31 March 2019 £000	31 March 2018 £000
Assets			
Non-current assets			
Right-of-use assets	8	207	-
Total non-current assets		**207**	**-**
Current assets			
Trade and other receivables	9	2,080	132
Cash and cash equivalents	10	13,404	16,000
Total current assets		**15,484**	**16,132**
Total assets		**15,691**	**16,132**
Liabilities			
Current liabilities			
Trade and other payables	11	(1,903)	(4,148)
Borrowing	12, 13	(404)	(52)
Other financial liabilities	15	(43)	(7)
Total current liabilities		**(2,350)**	**(4,207)**
Non-current liabilities			
Borrowing	12, 13	(4,908)	(4,795)
Other financial liabilities	15	(685)	(685)
Post-employment benefits	14	(1,233)	(326)
Total non-current liabilities		**(6,826)**	**(5,806)**
Total liabilities		**(9,176)**	**(10,013)**
Net assets		**6,515**	**6,119**
Capital and reserves			
Called-up share capital	15	10,520	10,520
Retained losses		(4,005)	(4,401)
Total capital and reserves		**6,515**	**6,119**

The financial statements on pages 19 to 38 were approved by the Board of Directors and authorised for issue on 12 July 2019 and were signed on their behalf by:

John Burns
Director

Company Registration Number 10425159

Statement of Total Changes in Equity for the Year Ended 31 March 2019

	Share capital £000	Profit and loss reserve £000	Total £000
Balance at 1 April 2018	10,520	(4,401)	**6,119**
Total comprehensive income for the year	-	396	**396**
Balance at 31 March 2019	**10,520**	**(4,005)**	**6,515**

	Share capital £000	Profit and loss reserve £000	Total £000
Balance at 1 April 2017	-	-	-
Loss for the year	-	(4,401)	**(4,401)**
Issue of share capital	10,520	-	**10,520**
Balance at 31 March 2018	**10,520**	**(4,401)**	**6,119**

Statement of Cash Flows for the Year Ended 31 March 2019

	Notes	2019 £000	2018 £000
Net cash flows from operating activities	**16**	**(2,596)**	**-**
Net cash flows from investing activities		**-**	**-**
Net cash flows from financing activities			
Proceeds from issue of equity in the Company	15	-	10,520
Proceeds from borrowings and issue of preference shares	12, 15	-	5,480
Total net cash flows from financing activities		**-**	**16,000**
Net (decrease)/increase in cash and cash equivalents		**(2,596)**	**16,000**
Cash and cash equivalents at the beginning of the year		16,000	-
Cash and cash equivalents at the end of the year		**13,404**	**16,000**

Notes to the Financial Statements for the Year Ended 31 March 2019

1. Company Information

LGPS Central Limited is a private Company limited by shares and incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. Its registered office is Mander House, Mander Centre, Wolverhampton, WV1 3NB.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 5 to 7.

2. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as endorsed by the European Union and the requirements of the Companies Act applicable to companies reporting under IFRS. In adopting IFRS, LGPS Central Limited is consistent with its Partner Funds.

The financial statements have been prepared on the historical cost basis. The significant accounting policies adopted by the Company are set out in Note 4.

Basis of Consolidation

LGPS Central Limited has control over the assets held by LGPS Central ACS. However, since these are held on behalf of investors, and LGPS Central Limited has no right to the economic benefits arising from these assets, the assets, and the investment income and costs associated with them, have not been consolidated into the Company's accounts.

Similarly, LGPS Central Limited has control over the assets held by LGPS Central GP LLP, and in turn the underlying Limited Partnerships in which that LLP is a partner, which were set up to manage alternative investments through partnerships. However, since these are held on behalf of investors, and LGPS Central Limited has no right to the economic benefits arising from these assets, the assets, and the investment income and costs associated with them, have not been consolidated into the Company's accounts.

The Company is also the sole owner of a subsidiary entity, LGPS Central (Feeder) Limited, which was established for the same purpose of managing alternative investments. However, this entity had no assets, liabilities, income or expenditure during the financial year and therefore has not been consolidated into the Company's accounts.

There are no other entities whose relationship with LGPS Central Limited would require consolidation with the Company's accounts.

The Company has applied the dormant companies exemption under the Companies Act 2006 in respect of LGPS Central (Feeder) Limited.

Going Concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Standards in Issue Not Yet Effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS standards that have been issued but are not yet effective.

- IFRS 17 – Insurance Contracts
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures
- Annual improvements to IFRS standards 2015-2017 cycle – amendments to IFRS 13 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits (plan amendment, curtailment or settlement)

- IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) (sale or contribution of assets between an investor and its associate or joint venture)
- IFRS 23 – Uncertainty over Income Tax Treatments

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the process of applying the Company's accounting policies, which are described in Note 4, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Pensions Liability

Estimates of the net pension obligation to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Because these judgements cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Further detail about the potential impact of these assumptions is included in Note 14 (Pension Benefits).

4. Principal Accounting Policies

Revenue

Revenue from the sale of services is recognised in the period in which services are delivered, provided that the amount of revenue can be measured reliably, and it being considered probable that the Company will receive the consideration due. The Company did not begin trading until April 2018, and in accordance with this policy, no revenue was recognisable during the previous year (2017/18).

The Company's principal source of revenue is from its Partner Funds. The Company and the Partner Funds have entered into a Cost-Sharing Agreement, which provides a commitment by the Partner Funds to meet the Company's costs (subject to the annual budgetary approval process) and sets out how those costs will be shared between the Partner Funds. This is supplemented by the Pricing Schedule, which sets out the exact prices which apply to each product or service line at a particular time, and which is subject to quarterly review to reflect changes in costs, the make-up of products and services and the value of assets under management during the course of the financial year.

The Company adopted IFRS 15 in the current year, however due to the nature of its revenue stream, it has had no impact on the amount or timing of revenue recognised.

In preparing for the adoption of IFRS 9 and IFRS 15, the Company reviewed the principles and applications of the standards, and considered them in the context of the Company's operating model and its transactions and balances. While the standards applied to the Company's activities, their adoption did not result in any significant impact on the Company's performance or position for the year (or for the prior year). For IFRS 9, there were changes to the classification of assets and liabilities, but no changes in the valuation of any of them. The Company's financial instruments comprise cash, trade debtors and creditors and borrowing provided by Partner Funds for regulatory capital purposes; it does not deal in sophisticated financial instruments such as derivatives. For IFRS 15, since the Company's revenue is closely linked to time periods, and invoices are issued following the conclusion of the time period to which they relate, there are no considerations around partial completion of performance obligations or the Company's right to receive the income.

Foreign Currency
Transactions entered into by the Company in a currency other than sterling are recorded at the rates ruling when those transactions occurred.

Financial Instruments
The Company has adopted IFRS 9 for the first time in 2018/19, and accordingly has classified its assets in accordance with the standards as set out in the following paragraphs.

Financial Assets
LGPS Central Limited classifies its financial assets as set out below, based on the purpose for which the asset was acquired.

Trade Receivables
Trade receivables are classified as financial assets at amortised cost and are initially recognised at transaction price. They are subsequently measured at their amortised cost using the effective interest method, less any allowance for credit losses.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash at bank and in hand and other highly-liquid short-term deposits held by the Company with maturities of less than three months. Bank overdrafts, where applicable, are presented within loans and borrowings in current liabilities.

Financial Liabilities
LGPS Central Limited classifies its financial liabilities as set out below, based on the purpose for which the liability was acquired.

Trade Payables
Trade payables are classified as financial liabilities at amortised cost and are accordingly recognised at fair value and subsequently measured at amortised cost.

Borrowings
Borrowings are classified as financial liabilities at amortised cost and are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Preference Shares
Preference shares issued by the Company are classified as financial liabilities at amortised cost and are measured at amortised cost using the effective interest method.

Share Capital
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity investments.

Defined Contribution Pension Schemes
Contributions to defined contribution pension schemes are charged to the Statement of Comprehensive Income in the year to which they relate.

Defined Benefit Pension Schemes
Defined benefit pension scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less:
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high-quality corporate bonds that have maturity dates approximating to the terms of the liabilities and are denominated in the same currency as the post-employment benefit obligations; less:

The effect of minimum funding requirements agreed with scheme trustees. Re-measurements of the net defined benefit obligation are recognised directly within equity. The re-measurements include:

- Actuarial gains and losses;
- Return on plan interests (excluding interest);
- Any asset ceiling effects (excluding interest).

Service costs are recognised in the Statement of Other Comprehensive Income and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (or income) is recognised in the Statement of Comprehensive Income and is calculated by applying the discount rate used to measure the defined benefit obligation (or asset) at the beginning of the year to the balance of the net defined benefit obligation (or asset), considering the effects of contributions and benefit payments during the year.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in the Statement of Comprehensive Income.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the Shareholders at the Annual General Meeting.

Dividends on the preference shares are recognised on an accruals basis when an obligation exists at the reporting date.

Taxation

The Company incurs irrecoverable Value-Added Tax (VAT) on some of its expenses, which is shown as an operating cost in the Statement of Comprehensive Income. The actual amount of irrecoverable VAT incurred is subject to an agreement with Her Majesty's Revenue and Customs (HMRC), and the amounts shown in the Statement of Comprehensive Income have been calculated in accordance with this agreement.

Leases

The Company has adopted IFRS 16 for the first time in 2018/19 (a year earlier than required by the standard) and has accounted for leases in accordance with the standard. The effect of adopting IFRS 16 has been to recognise four right-of-use assets with a combined value of £207,000 as at 31 March 2019, and corresponding lease liabilities with a combined value of £216,000. As a result of changes to the nature of expenditure from adopting the standard, i.e. lease payments being replaced by depreciation and interest payable, net profits for the year were reduced by £8,000. Further details of the assets can be found at Note 8, and details of the lease liabilities can be found at Note 13.

In calculating the net present value of the Company's future obligations under lease agreements, the Company has applied a discount rate equal to the rate of interest payable on the loans provided by its Partner Funds.

All items classified as Right of Use assets within the Statement of financial position are carried at the present value of the minimum lease payments less accumulated depreciation and any provision for impairment.

Depreciation is calculated using the straight-line method over the life of the lease. Whenever the Company incurs an obligation for costs to restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset.

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made in the period.

The nature of the leases included within the Right of Use assets are for premises and IT equipment, as detailed in Note 8.

5. Revenue

The Company's principal source of income is fees payable by its Partner Funds. Income due for the year ended 31 March 2019 is analysed as follows. The Company did not begin trading until 1 April 2018, and therefore did not generate any revenue in the period ending 31 March 2018.

All of the Company's income streams are linked to a particular time period, meaning that benefits are received and consumed simultaneously by its customers, which in turn means that there are no income streams for which performance obligations are partially-complete. Furthermore, invoices are only issued after the end of the time period to which they relate and the Company therefore has an unconditional right to such income. In light of these factors, the Company has not identified any contract assets or contract liabilities.

	2019 £000	2018 £000
Investment management and monitoring		
- Authorised contractual scheme	929	-
- Limited partnership	97	-
- Discretionary	732	-
- Advisory and advisory-with-execution	812	-
- Execution-only	17	-
- Product development	1,094	-
Governance	1,581	-
Operator running costs	4,370	-
Pensions entry debt	191	
Other recharges	67	-
Total	**9,890**	**-**

6. Expenses

The Company's expenses for the year ended 31 March 2019 are analysed as follows:

	2019 £000	2018 £000
Staff costs		
- Salaries	3,702	696
- Social security contributions	393	90
- Pension contributions	1,430	344
Audit fees (financial statements)	23	15
Audit fees (client assets assurance report)	9	8
Recharges from Partner Funds for set-up costs	-	3,199
Irrecoverable VAT	30	1
Depreciation	100	-
Other administrative expenses	3,578	-
Total	**9,265**	**4,353**

The Company did not incur any research and development costs during the year.

Employees of LGPS Central Limited are members of one of two pension schemes: the Local Government Pension Scheme (LGPS), administered by West Midlands Pension Fund, and a Defined Contribution (DC) scheme operated by Aviva. Further details about the pension schemes can be found in Note 14.

The number of employees rose from 17 at the beginning of the year to 48 at 31 March 2019 (2017/18: nil to 17). The monthly average number of employees over the course of the 2018/19 year was 43. The following table provides a breakdown of the number of employees.

	31 March 2018	31 March 2019	Average 2018/19
Board	5	5	**5**
Investments	6	22	**20**
Support services	6	21	**18**
Balance at 31 March 2019	**17**	**48**	**43**

No fees were payable to the external auditor other than for the audit of the financial statements and client assets assurance report requirements.

Details of directors' remuneration is included in Note 18.

7. Taxation

Since the Company brought forward cumulative losses in the form of pre-trading expenditure during 2017/18, which more than offset the net profit for 2018/19, no corporation tax was payable for the year.

8. Property, Plant and Equipment

The Company does not own any property, plant and equipment directly, but has recognised assets arising from leases under IFRS 16 (details of commitments under those leases are provided in Note 13). These assets are depreciated on a straight line basis over the life of the lease contract (the useful life of the asset being at least as long as the life of the lease in each case). There was no impairment of assets during 2018/19.

	Premises £000	IT equipment £000	Total £000
Cost			
Balance at 1 April 2018	-	-	-
Additions	207	100	307
Balance at 31 March 2019	**207**	**100**	**307**
Accumulated depreciation			
Balance at 1 April 2018	-	-	-
Depreciation	(61)	(39)	(100)
Balance at 31 March 2019	**(61)**	**(39)**	**(100)**
Net book value			
Balance at 1 April 2018	-	-	-
Additions	207	100	307
Depreciation	(61)	(39)	(100)
Balance at 31 March 2019	**146**	**61**	**207**

9. Trade and Other Receivables

	31 March 2019 £000	31 March 2018 £000
Trade debtors	2,028	132
Prepayments	52	-
Total	**2,080**	**132**

The trade debtors above all fall due within one year. The Company has not experienced any credit losses to date and all of its trade debtor balances relate to its Partner Funds; therefore, it is considered extremely unlikely that a credit loss would arise and accordingly no allowance for credit losses has been made with regard to trade debtors.

10. Cash at Bank

	31 March 2019 £000	31 March 2018 £000
Cash at bank	13,404	16,000
Total	**13,404**	**16,000**

11. Trade and Other Payables

	31 March 2019 £000	31 March 2018 £000
Trade creditors	1,605	4,016
Social security contributions	52	-
VAT	246	132
Total	**1,903**	**4,148**

The trade creditors figure for March 2018 is made up of amounts due to Partner Funds for set-up costs incurred by them in the pre-trading period, which are rechargeable to the Company. The amounts above are all due within one year.

12. Borrowing

	31 March 2019 £000	31 March 2018 £000
Loans	4,795	4,795
Accrued interest payable on borrowing	301	52
Sub total loans	**5,096**	**4,847**
Finance leases	216	-
Total	**5,312**	**4,847**

Total borrowing is analysed as £404,000 current (ie, payable within 12 months) (2017/18: £52,000) and £4,908,000 non-current (2017/18: £4,795,000)

In January 2018, the Company entered into loan agreements with seven of its Partner Funds amounting to £4.795 million. These loans, all of which were entered into on identical terms, have a life of ten years and bear interest of LIBOR plus 4.5% per year, with the first payment being due on 31 March 2019, and payments annually thereafter. Interest of £248,000 (2017/18: £52,000) has been accrued in respect of the 2018/19 year. Interest payable is analysed as follows:

	2019 £000	2018 £000
Interest payable on borrowing	249	52
Interest payable on finance leases	17	-
Net interest payable on net defined benefit liabilities	37	2
Preference dividends payable	36	7
Total	**339**	**61**

13. Leases and Lease Commitments

The following table summarises LGPS Central Limited's payments under leases during 2018/19, and the year-end balance.

	Premises £000	IT Equipment £000	Total £000
Balance at 1 April 2018	-	-	-
Additions	207	100	**307**
Interest payable	11	6	**17**
Amounts payable under leases	(59)	(49)	**(108)**
Balance at 31 March 2019	**159**	**57**	**216**

The Company has another lease agreement, relating to IT equipment, which it has deemed to be low value and has therefore not included in the table above. The total amount payable under this lease for 2018/19 was £1,000.

At the end of the year, LGPS Central Limited had the following commitments under lease agreements:

	2019 £000	2018 £000
Within one year	115	-
Between one and five years	123	-
More than five years	-	-
Total	**238**	**-**

14. Pension Benefits

Defined Benefit Pension Scheme

LGPS Central Limited is an employer member of West Midlands Pension Fund, a fund of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme for employees of local authorities and other related organisations. Benefits are defined by statute and are based on the length of membership and final salary (until March 2014) and on revalued career-average salary (from April 2014).

Employees make contributions according to a tiered structure which ranges from 5.5% to 12.5% of pensionable pay, and in addition LGPS Central Limited makes a contribution of 20.2% of pensionable pay.

Some of the Company's employees were members of the LGPS before joining the Company and transferred their membership on a continuing service basis. At the time of their joining the Company, LGPS Central Limited was allocated notional shares of the Fund assets equal to 100% of the value of the associated liabilities. As such, the Company's pension liabilities were fully-funded at the date of transfer.

LGPS Central Limited has not yet undertaken a full actuarial valuation at this time. Depending on the outcome of the valuation, future contributions to the scheme may vary from the amounts shown and lump sum deficit funding may become due.

The LGPS is accounted for as a defined benefit scheme. The liabilities of the fund attributable to LGPS Central Limited are included in the Balance Sheet on an actuarial basis using the projected unit method – that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of earnings for current employees.

As at 31 March 2019, the net pensions liability was £1.2 million (31 March 2018: £326,000). The following table sets out the movements in the net liability during 2018/19.

	Assets £000	Liabilities £000	Net £000
Balance as at 31 March 2018	**382**	**(708)**	**(326)**
Amounts recognised in profit and loss			
Liabilities assumed on settlements	-	(1,720)	(1,720)
Settlement prices received	971	-	971
Current service cost	-	(330)	(330)
Contributions by employer	191	-	191
Contributions by employees	77	(77)	-
Interest on assets	27	-	27
Interest cost	-	(64)	(64)
Total amounts recognised in profit and loss	**1,266**	**(2,191)**	**(925)**
Amounts recognised in other comprehensive income			
Return on assets less interest	67	-	67
Change in financial assumptions	-	(207)	(207)
Change in demographic assumptions	-	158	158
Total amounts recognised in other comprehensive income	**67**	**(49)**	**18**
Balance as at 31 March 2019	**1,715**	**(2,948)**	**(1,233)**

As at 31 March 2018, the net pensions liability was £326,000 (31 March 2017: nil). The following table sets out the movements in the net liability during 2017/18.

	Assets £000	Liabilities £000	Net £000
Balance as at 31 March 2017	-	-	-
Amounts recognised in profit and loss			
Liabilities assumed on settlements	-	(724)	(724)
Settlement prices received	387	-	387
Current service cost		(4)	(4)
Contributions by employer	4	-	4
Contributions by employees	2	(2)	-
Interest on assets	2	-	2
Interest cost	-	(4)	(4)
Total amounts recognised in profit and loss	**395**	**(734)**	**(339)**
Amounts recognised in other comprehensive income			
Return on assets less interest	(13)	-	(13)
Change in financial assumptions	-	26	26
Total amounts recognised in other comprehensive income	**(13)**	**26**	**13**
Balance as at 31 March 2018	**382**	**(708)**	**(326)**

The amount included in the Balance Sheet arising from the Company's obligations in respect of its defined benefit retirement schemes is as follows:

	31 March 2019 £000	31 March 2018 £000
Present value of defined benefit obligations	(2,948)	(708)
Fair value of plan assets	1,715	382
	(1,233)	**(326)**
Funded status	-	-
Restrictions on asset derecognised	-	-
Net liability arising from defined benefit obligation	**(1,233)**	**(326)**

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

Asset class	31 March 2019 £000	31 March 2019 %	31 March 2018 £000	31 March 2018 %
Equities	993	57%	244	64%
Gilts	129	8%	28	7%
Other bonds	66	4%	15	4%
Property	153	9%	29	8%
Cash	89	5%	9	2%
Other	285	17%	57	15%
Total	**1,715**	**100%**	**382**	**100%**

Almost all equity and debt instruments have quoted prices in active markets. The plan's investments in quoted equities, quoted fixed securities, index-linked securities and unit trusts are classified as level 1 instruments. Level 2 instruments are those for which quoted market prices are not available, and valuation techniques based on observable market data are used. Level 3 instruments, which include private equity, are valued using valuation techniques that require significant judgement in determining appropriate assumptions. The following table sets out the proportion of assets which have a quoted market price, and those which do not (based on 31 December 2018/2017 valuations):

		Dec 2018 Quoted %	Dec 2018 Unquoted %	Dec 2017 Quoted %	Dec 2017 Unquoted %
Fixed interest Government securities	UK	-	1.1%	-	1.1%
	Overseas	-	0.7%	-	0.6%
Index-linked Government securities	UK	5.8%	-	5.6%	-
	Overseas	-	-	-	-
Corporate bonds	UK	-	3.8%	-	3.8%
	Overseas	-	-	-	-
Equities	UK	7.8%	0.0%	7.9%	0.3%
	Overseas	12.2%	29.2%	42.2%	5.4%
Property	All	8.9%	-	7.7%	-
Others	Absolute return	-	4.2%	-	3.3%
	Private equity	8.5%	-	8.1%	-
	Infrastructure	0.4%	5.3%	0.1%	3.8%
	Other fixed income	-	6.6%	-	4.8%
	Futures	-	-	2.8%	-
	Forward currency contracts	-	(0.1%)		
	Other long-term assets	-	0.2%		
	Cash/temporary investments	-	4.4%	-	2.4%
Net current assets	Debtors	-	1.1%	0.1%	-
	Creditors	-	(0.1%)	0.0%	-
Total		**43.6%**	**56.4%**	**74.5%**	**25.5%**

The scheme exposes LGPS Central Limited to a number of risks, including the following:

- Investment risk – the present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high-quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently, the plan has well-diversified investments in equity securities, fixed income and a range of alternative assets. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and other return-seeking investments in order to leverage the return generated by the fund.
- Interest risk – a decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's fixed income investments.
- Longevity risk – the present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Salary risk – the present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
- 'Last man standing' risk – as many unrelated employers participate in West Midlands Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

- Inflation risk – the benefits payable under the Scheme are linked to inflation, and therefore there is a risk that deficits may emerge to the extent that assets are not linked to inflation.

The Company has entered into an agreement regarding LGPS matters with its Partner Funds known as the 'Supplementary Agreement'. The Supplementary Agreement, amongst other matters, includes an undertaking from each Partner Fund to pay to the Company its share of an amount equal to the employer contributions and expenses due from the Company to West Midlands Pension Fund (WMPF), and sets out the actions to be taken in the event that the Company is unable to pay any amount due to WMPF.

There are a number of assumptions to which the value of the net pensions liability is particularly sensitive, as set out below. To illustrate the impact of changes in these assumptions, each assumption is changed in isolation with all other assumptions unchanged. The resulting impact is the impact of that assumption on the calculation of the net pensions liability.

	Assumption Used £000	Change in assumption £000	Effect of increase £000	Effect of decrease £000
Discount rate	2.45%	+ / - 0.1%	(85)	88
Long-term salary increases	3.85%	+ / - 0.1%	18	(18)
Pensions increases	2.35%	+ / - 0.1%	70	(68)
Life expectancy (from age 65)	Retiring today Male: 20.9 yrs Female: 23.2 yrs			
	Retiring in 20 years Male: 22.6 yrs Female: 25.0 yrs	+ / - 1 year	94	(91)

Other assumptions made by the directors and used by the Scheme Actuary are as follows:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension-weighted average tranche retirement age;
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occuring at the end of the reporting period while holding all other assumptions constant.

Transfer of Staff from Derbyshire and Wolverhampton Councils
During 2018/19, 19 employees joined the company who were previously employees of Derbyshire County Council or Wolverhampton City Council and members of the LGPS, transferring with them existing past service benefits. The transfer of these staff was on a fully-funded basis as calculated on a funding basis. However, it gave rise to a liability when calculated on an accounting basis. The effect of the transfer was therefore to increase the IAS 19 net pension liability reported on the balance sheet as at 31 March 2019 by £749,000. This was largely as a result of the transfer of staff on company start-up, and it is not anticipated that a similar transfer of significant number of employees will occur in the future.

Defined Contribution Pension Scheme
LGPS Central Limited also provides defined contribution (DC) pension benefits to some of its employees through a scheme administered by Aviva. LGPS Central Limited contributes 15% of pensionable pay, while the scheme is non-contributory for employees, although voluntary contributions may be made. The cost to the Company of employer contributions during the year have been recognised in full in the profit and loss account (2018/19: £146,000; 2017/18: £4,000).

15. Share Capital

	'A' Shares Ordinary £	'B' Shares Ordinary £	Total £
Balance as at 13 October 2017	1	-	1
Issue of shares	7	10,520,000	10,520,007
Balance as at 31 March 2018	**8**	**10,520,000**	**10,520,008**
Balance as at 31 March 2019	**8**	**10,520,000**	**10,520,008**

All shares have been authorised, issued and are fully-paid.

'A' shares carry voting rights and dividend entitlements and are held in equal share by LGPS Central Limited's eight Partner Funds (excluding the West Midlands Integrated Transport Authority Fund, whose shareholder rights are exercised by West Midlands Pension Fund). There are eight 'A' shares, each with a par value of £1.

'B' shares are held in equal share by LGPS Central Limited's eight Partner Funds. There are 10,520,000 'B' shares, each with a par value of £1.

'C' shares are preference shares and are held by West Midlands Pension Fund only, paying a dividend of 4.5% above LIBOR per year. The preference shares are classified in the Statement of Financial Position as other financial liabilities; the table below shows movements in these during the year. There are 685,000 'C' shares, each with a par value of £1.

Dividends of £43,000 in respect of the 'C' shares have been accrued for the period from 12 January 2018 (the date of receipt of the funds) to 31 March 2019. No other dividends were payable for 2017/18 or 2018/19.

	'C' Shares Preference £
Balance as at 31 March 2017	-
Issue of shares	685,000
Accrued dividends	7,000
Balance as at 31 March 2018	**692,000**
Accrued dividends	36,000
Balance as at 31 March 2019	**728,000**

16. Reconciliation of Net Cash from Operating Activities

	2019 £000	2018 £000
Profit/(loss) before taxation	378	(4,414)
Movement in trade and other receivables	(1,948)	(132)
Movement in trade and other payables	(2,245)	4,148
Movement in interest payable	285	59
Net defined benefit pensions costs	925	339
Depreciation	100	-
Interest payable for leases recognised under IFRS 16	17	-
Contractual amounts payable for leases recognised under IFRS 16	(108)	-
Net non-cash items	**(2,974)**	**4,414**
Net cash from operating activities	**(2,596)**	**-**

17. Contingent Assets, Contingent Liabilities and Capital Commitments

LGPS Central Limited had no contingent assets, contingent liabilities or capital commitments at the end of the year.

18. Related Party Transactions

LGPS Central Limited is a joint venture, owned in equal share by eight local authorities who are administering authorities of LGPS pension funds:

- Cheshire West and Chester Council
- Derbyshire County Council
- Leicestershire County Council
- Nottinghamshire County Council
- Shropshire Council
- Staffordshire County Council
- Wolverhampton City Council
- Worcestershire County Council

Those eight authorities, with the addition of the West Midlands Combined Authority, are also LGPS Central Limited's investors (known as the 'Partner Funds'). They are therefore the source of all of the Company's revenue.

The Company's Matlock office is rented from Derbyshire County Council. Wolverhampton City Council provide a number of services to the Company, including the Wolverhampton office and associated running costs, IT infrastructure, payroll services and procurement support.

During 2017/18, the Partner Funds incurred set-up costs on behalf of the Company, which were subsequently paid during 2018/19. This charge amounted to £4.014 million.

Seven of the eight local authorities listed above (excluding Wolverhampton City Council) have provided loan capital to LGPS Central Limited. The balance of principal outstanding at 31 March 2019 was £4.795 million, and accrued interest on these loans stood at £301,000 (see Note 12).

At 31 March 2019, preference dividends of £43,000 were accrued in respect of Wolverhampton City Council's holding of 'C' shares (see Note 15).

The following tables show the amounts receivable from and payable to each authority, as recognised in the Profit and Loss Account or the Balance Sheet as appropriate.

Administering authority	2019 Income £000	2019 Expenditure £000	2018 Income £000	2018 Expenditure £000
Cheshire West and Chester Council	898	(36)	-	(509)
Derbyshire County Council	1,562	(55)	-	(509)
Leicestershire County Council	756	(36)	-	(509)
Nottinghamshire County Council	883	(36)	-	(509)
Shropshire Council	460	(36)	-	(509)
Staffordshire County Council	839	(36)	-	(509)
Wolverhampton City Council	3,895	(368)	-	(509)
West Midlands Combined Authority	31	-	-	-
Worcestershire County Council	566	(36)	-	(509)
Total	**9,890**	**(639)**	**-**	**(4,072)**

Administering authority	2019 Debtor £000	2019 Creditor £000	2018 Debtor £000	2018 Creditor £000
Cheshire West and Chester Council	226	(43)	-	(509)
Derbyshire County Council	409	(43)	-	(509)
Leicestershire County Council	200	(43)	-	(509)
Nottinghamshire County Council	202	(43)	-	(509)
Shropshire Council	64	(43)	-	(509)
Staffordshire County Council	103	(43)	-	(509)
Wolverhampton City Council	726	(76)	-	(509)
West Midlands Combined Authority	6	-	-	-
Worcestershire County Council	69	(43)	-	(509)
Total	**2,005**	**(377)**	**-**	**(4,072)**

Key Management Personnel

Key management personnel are defined as members of the Board or the Executive Committee. The total payments made to and on behalf of key management personnel during the year were £1.3 million (2017/2018: £643,000 - this figure represents a part-year cost as directors joined the Company part-way through the year). No bonuses or termination payments were payable during the year.

The directors' remuneration, analysed under the headings required by Company Law, is set out below.

Remuneration	2019 £000	2018 £000
Emoluments	585	386
Employer's national insurance contributions	75	49
Amounts receivable (other than shares and share options) under long-term incentive schemes	-	-
Company contributions to money purchase pension schemes	-	-
Compensation for loss of office	-	-
Sums paid to third parties in respect of directors' services	-	-
Excess retirement benefits of directors and past directors	-	-
Total	**660**	**435**

Number of Directors who:	2019 £000	2018 £000
Are members of a defined benefit pension scheme	0	0
Are members of a money purchase pension scheme	0	0
Exercised options over shares in the parent company	0	0
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	0	0
Total	**0**	**0**

Remuneration of the highest-paid Director	2019 £000	2018 £000
Emoluments	231	177
Employer's national insurance contributions	31	23
Company contributions to money purchase pension schemes	-	-
Total	**262**	**200**

The Company does not make share options available to any individuals, and shares are not available under any long-term incentive scheme. Accordingly, the highest-paid director did not exercise any share option in the year and had no shares receivable under long-term incentive schemes.

The highest-paid Director did not exercise any share options (no share options were available to any individual) in the year and had no shares receivable under long-term incentive schemes.

19. Post Balance Sheet Events

No post balance sheet events have occurred which impact upon the balances and transactions reported for the year.

Following the balance sheet date, the Company secured approval for its Corporate Bonds and Climate Factor sub-funds (in addition to Emerging Markets Active Equity, which is approved but still to be funded). The Company also began to make the first investments of the Private Equity 2018 Partnership, making calls with a total value of £38.9m from the investing Partner Funds.

20. Financial Instruments

LGPS Central Limited did not have any gains or losses arising from financial instruments during the year. The only expenditure in relation to financial instruments was interest payable of £285,000 (2017/18: £59,000) as analysed in Note 12 (excluding interest payable on leases and in relation to defined benefit pension liabilities). The fair value of balances as at the year-end are set out in the following table.

	31 March 2019 £000	31 March 2018 £000
Financial assets		
Financial assets measured at amortised cost		
- Trade debtors	2,080	132
- Cash	13,404	16,000
Total financial assets	**15,484**	**16,132**
Financial liabilities		
Financial liabilities measured at amortised cost		
- Trade creditors	(1,903)	(4,148)
- Borrowing	(5,096)	(4,847)
- Preference shares	(728)	(692)
Total financial liabilities	**(7,727)**	**(9,687)**
Net total	**(7,757)**	**(6,445)**

Classification of Assets Measured at Amortised Cost

Trade debtors are amounts due from the Company's Partner Funds for investment management and monitoring services or under the Cost-Sharing Agreement. They are due for settlement within 30 days and are therefore classed as current. They are recognised at the amount of consideration due and, due to their short-term nature, their fair value is considered to be equal to their carrying amount.
The Company holds trade debtors solely for the purpose of collecting contractual cash flows and therefore has classified them as measured at amortised cost.

Liabilities Measured at Amortised Cost

All of the Company's financial liabilities are measured at amortised cost. Trade creditors are generally payable within 30 days and are therefore classified as current. Due to their short-term nature, their fair value is considered to be equal to their carrying amount.

The following table analyses financial liabilities by maturity:

	31 March 2019 £000	31 March 2018 £000
Within one year	2,247	4,207
Between one and five years	-	-
More than five years	5,480	5,480
Net total	**7,727**	**9,687**

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