

**WEST MIDLANDS PENSION FUND STATEMENT OF ACCOUNTS FOR THE YEAR ENDING 31
MARCH 2022**

Fund Account

2020/21 £m		Note	2021/22 £m
	Contributions & Benefits		
1,184.8	Contributions Receivable	P8	420.1
22.3	Transfers In	P9	19.1
13.9	Other Income	P10	13.2
1,221.0	Total contributions and other income		452.4
(646.8)	Benefits Payable	P11	(673.4)
(31.0)	Payments to and on account of leavers	P12	(34.8)
(0.4)	Other Payments		(0.3)
(678.2)	Total benefits and other expenditure		(708.5)
542.8	Net additions/(withdrawals) from dealings with members		(256.1)
(110.2)	Management Expenses	P13	(117.8)
	Returns on Investments		
84.8	Investment Income	P14	84.4
3,123.8	Changes in Value of Investments	P16	1,719.6
(14.1)	Revaluation of bulk annuity insurance buy-in contract	P17	(11.0)
3,194.5	Net return on investments		1,793.0
3,627.1	Net Increase/(decrease) in the Fund during the year		1,419.1
15,288.1	Net Assets of the Fund at the beginning of the year		18,915.2
18,915.2	Net Assets of the Fund at the end of the year		20,334.4

Net Assets Statement

31 March 2021 £m		Note	31 March 2022 £m
	Investment Assets (at Market Value)	P15	
508.4	Bonds		563.6
27.0	UK Equities		57.2
2,567.5	Overseas Equities		2,539.7
13,640.8	Pooled Investment Vehicles		15,049.1
1,014.0	Property		1,142.8
-	Derivatives - Futures		12.3
	Derivatives - Swaps		2.6
3.1	Derivatives - Forward Foreign Exchange		-
399.6	Foreign Currency Holdings		617.0
498.2	Cash Deposits		136.4
19.2	Other Investment Assets		16.6
7.5	Outstanding Dividend Entitlement and Recoverable With-Holding Tax		6.4
18,685.3	Investment Assets		20,143.8
	Investment Liabilities (at Market Value)	P15	
-	Derivatives - Forward Foreign Exchange		(7.4)
(2.3)	Derivatives - Futures		-
(2.3)	Investment Liabilities		(7.4)
18,683.0	Net Investment Assets		20,136.4
200.0	Bulk annuity insurance buy-in contract	P17	174.0
10.2	Long-Term Debtors	P19	11.4
42.5	Current Assets	P20	45.0
(20.5)	Current Liabilities	P21	(32.5)
18,915.2	Net Assets of the Fund at the end of the year		20,334.4

The accounts summarise the transactions of the Fund and deal with the net assets at its disposal. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at note 6.

The notes form part of these financial statements.

Notes to the Pension Fund Statements

Note P1 - General

The description in this note is a high-level summary of the Fund's activities and more detail is available in the Fund's Annual Report which can be found on its website.

West Midlands Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by the City of Wolverhampton Council on behalf of all local authorities in the West Midlands and other employers who have members in the Fund. Membership of the Fund is available to all local government employees including non-teaching staff of schools and further and higher education corporations in the West Midlands region together with employees of scheduled and admitted bodies. At 31 March 2022, the Fund had 859 actively participating employers and 338,591 members as set out in the following table. A full list of participating employers can be found in the Fund's Annual Report.

31 March 2021		31 March 2022
No.		No.
113,644	Active Members	112,431
106,899	Pensioner Members	114,897
114,558	Deferred Members	111,263
335,101	Total	338,591

The responsibility for administering the Fund is delegated to the Council's Pensions Committee. It meets at approximately quarterly intervals and has members from each of the seven metropolitan district councils in the West Midlands. A Pensions Board was also in operation during 2021/22. Membership of the Committee and Board can be found on the City of Wolverhampton Council website:

<https://wolverhampton.moderngov.co.uk/mgListCommittees.aspx?bcr=1>

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

- (i) The Local Government Pension Scheme Regulations 2013 (as amended)
- (ii) (ii) The Local Government Pension Scheme (Transitional Provisions, Saving and Amendments) Regulations 2014 (as amended)
- (iii) (iii) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

The scheme is a contributory defined benefit pension scheme. Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2022. In addition to employee contributions, employers' contributions are paid as set based on triennial actuarial funding valuations. The valuation in relation to 2021/22 contribution rates was conducted at 31 March 2019. Employer contribution rates during 2021/22 ranged from 15.5% to 38.6% of pensionable pay.

Major changes were introduced to the LGPS from 1 April 2014, in particular, the move from basing pensions on final salaries to career-average revalued earnings (CARE) with an accrual rate of 1/49th and pensions uprated annually in line with the Consumer Price Index. Pension entitlements accrued prior to this date continue to be based on final salary.

Further to direction from the government, local authority investment pools have been created to bring together the investment assets of LGPS pension funds into eight Investment Pools. LGPS Central Limited (LGPSC), the company established to manage investments on behalf of eight LGPS funds including West Midlands Pension Fund (WMPF), received authorisation from the Financial Conduct Authority in 2018 and the LGPS Central regional investment asset pool went live on 1 April 2018.

As at 31 March 2022, WMPF had assets of £8,735m managed in LGPSC sub-funds comprising £8,453m managed through Authorised Contractual Scheme (ACS) sub-funds and a further £283m managed through vehicles.

Work is underway to develop further LGPS Central Limited sub-funds in collaboration with LGPS Central investment asset pool Partner Funds and WMPF will continue to review the decision to transition assets on a case-by-case basis dependent on the sub-fund meeting the strategic requirements of WMPF. The transition of the Fund's remaining assets into products offered by LGPS Central Limited is expected to take several years.

WMPF has a number of advisory arrangements in place with LGPSC to support with advice and sometimes to facilitate execution on the underlying assets of legacy portfolios managed directly by the Fund. It is likely that some of these advisory and execution mandates will remain in place for some time to come due to the illiquid nature of the investments and the cost effectiveness of transition.

Note P2 - Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2021/22 financial year and its financial position as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

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. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note P6 of these accounts.

The accounts have been prepared on a going concern basis.

Note P3 - Statement of Accounting Policies

A. Fund account

In the Fund Account, income and expenditure are accounted for in the year in which they accrue by the creation of payables and receivables at the year-end where necessary.

B. Contribution income

Normal contributions, both from the members and from the employers, are accounted for on an accruals basis. Member contributions are made in accordance with the LGPS (Amendment) Regulations 2018 using common percentage rates for all schemes which rise according to pensionable pay. Employer contributions are set at the percentage rate recommended by the Actuary, in the payroll period to which they relate. Additional contributions (including past service deficit contributions and excluding additional voluntary contributions) as notified by employers for the period have also been included. Past service deficit contributions are accounted for in the year in which they are payable under the schedule of contributions set by the scheme actuary.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset with amounts due after the following year classed as long-term financial assets.

Where employing organisations have not submitted all of the certified returns of contributions payable by the due date for preparation of these accounts, an estimate has been made based on the monthly returns actually received from these bodies.

C. Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who had either transferred benefits in or out of the scheme as at 31 March 2022, calculated in accordance with the Local Government Pension Scheme Regulations (see notes to the accounts). Transfers in respect of individuals are accounted for when received or paid which is normally when the member liability is accepted or discharged. Bulk transfers in and out, where the receiving scheme has agreed to accept the liability prior to receipt and the necessary employee consents have been obtained, are accounted for in accordance with the bulk transfer terms signed by qualified actuaries appointed by the two pension schemes involved in the bulk transfer.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are reported within transfers in.

D. Investment Income

i) Interest Income

Interest income is recognised in the Fund Account as it accrues using the effective interest rate of the financial instrument as at the date of acquisition or origination.

ii) Dividend Income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Distributions from Pooled Funds

Distributions (income) from pooled funds are recognised at the date of issue.

Investment income arising from the underlying investments of pooled investment vehicles is distributed back into the pooled investment vehicles throughout the year.

iv) Property-Related Income

Property-related income (consisting primarily of rental income from operating leases) is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

v) Changes in the Value of Investments

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.

vi) Stock lending income

Stock lending income is accounted for on a cash basis.

E. Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.

F. Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at 31 March 2022. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

G. Financial assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account.

The fair value is established in accordance with IFRS 13 for each category of investment by obtaining sufficient data as follows:

- I. Market-quoted investments are valued on the basis of the bid price (or, if unavailable, most recent transaction) on the relevant stock market. Fixed interest securities are recorded at net market value based on their current yields;
- II. Unquoted securities are valued by the fund managers at the year-end in accordance with generally accepted guidelines. Unquoted private equities are valued by the investment managers in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012) using guidelines of the British Venture Capital Association. This includes the use of discounted cash flow models which are independently valued; and
- III. Pooled investment vehicles are valued at the closing price under single pricing system, or bid price under dual pricing system, as advised by the respective fund manager.

Investment assets are allocated and disclosed within the fair value hierarchy, being within Levels 1, 2 or 3.

The LGPS Central pool trading company, LGPS Central Limited, only became licensed to trade on 1 April 2018. The Pension Fund's view is that for 31 March 2022, cost is still an appropriate estimate of the fair value of shares held in this company.

H. Freehold and leasehold properties

Properties including farmlands and commercial properties are valued annually by independent valuers on a fair value basis in accordance with Royal Institute of Chartered Surveyors (RICS) valuation standards.

I. Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are accounted for as part of the change in market value.

J. Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Purchases and sales of derivatives are recognised as follows: Futures – on close out or expiry the variation margins are recognised as cash receipts or payments depending on whether there is a gain or loss. Forward currency contracts settlements are reported as gross receipts and payments.

K. Movement in the net market value of investments

Any gains or losses arising on translation of investments into sterling are accounted for as a change in the market value of investments.

L. 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 that are subject to minimal risk of changes in value.

M. Financial liabilities

Financial liabilities are included in the Fund Account at fair value if they exist at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

N. Management expenses

The Fund discloses its management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

All administrative expenses are accounted for on an accruals basis. The costs of Fund officers are recharged to the Fund along with all other costs incurred directly on Fund activities for corporate support services provided by the administering authority.

All investment management expenses are accounted for on an accruals basis. External investment management and custodian fees are agreed in management or custody agreements governing the administration of the individual mandates. Fees are generally based on the valuation of the underlying investments either being managed or in safe custody. In addition, performance-related fees are negotiated with a number of managers and the amounts of such fees are provided in a note to the accounts.

O. 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 a note to the Net Assets Statement (see note P5).

P. Additional voluntary contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential Assurance Company Limited and Utmost Life and Pensions as its AVC providers. AVCs are paid to the provider by employers and are specifically for providing additional benefits for individual contributors. Each contributor receives an annual statement showing the amount held in their account and the movements in the year. AVCs are not included in the accounts in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (see note P22).

Note P4 - Critical judgements in applying accounting policies

It has not been necessary to make any material critical judgements in applying the accounting policies in 2021-22.

Note P5 - Assumptions made about the future and other major sources of estimation uncertainty

Actuarial present value of promised retirement benefits

Uncertainties

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries and pensions are projected to increase, changes in retirement

ages, mortality rates and expected returns on pension fund assets. Hymans Robertson, the Fund's consulting Actuaries, are engaged to provide expert advice about the assumptions to be applied.

Effect if actual results differ from assumptions

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability; however, an increase in assumed earnings inflation or assumed life expectancy would significantly increase the pension liability as detailed by the Fund's consulting Actuary below:

Change in assumptions - year ended 31 March 2022	Approx. % increase in liabilities	Approx. monetary value £m
0.1% p.a. decrease in discount rate	2%	526.0
1 year increase in member life expectancy	4%	1,136.0
0.1% p.a. increase in salary increase rate	0%	55.0
0.1% p.a. increase in CPI inflation	2%	467.0

Fair value of investments

Uncertainties

Certain types of investments are not publicly listed and, as such, there is a degree of estimation involved in their valuation.

COVID-19 valuation uncertainty

During the year to 31 March 2021, the impact of COVID-19 led to valuation challenges regarding certain illiquid assets. On 17 March 2020, the Royal Institute of Chartered Surveyors (RICS) recommended that surveyors use a material valuation uncertainty clause in property valuations due to the unprecedented circumstances caused by the pandemic and the corresponding absence of market evidence on which to base judgements. Throughout the year, such clauses applied to fewer and fewer assets as market uncertainty gradually receded and on 9 September 2020, RICS formally lifted its recommendation.

Obtaining timely valuation is a perennial issue with Private Equity and level 3 assets where the valuation of investment vehicles often has to be 'stale' or 'lagged' due to the unavailability of pricing information as at the Fund's year end date (by the time the Statement of Accounts has been prepared and audited). Valuations are by necessity estimated and may not fully reflect the performance of the vehicles underlying portfolio of investments.

Effect if actual results differ from assumptions

The use of estimates for investment values is greatest for those assets classified at Level 3 which means there is a risk that these investments may be over/under stated in the accounts. The total value of Level 3 investments is £3,920.7m at 31 March 2021 (£3,806.1m at 31 March 2020). The assets classified as Level 3 and the sensitivity of the valuation methods employed is described in note 17.

Note P6 - Actuarial valuation of the Fund

The contribution rates applicable to the period 1 April 2020 to 31 March 2023 were determined by the Fund's Actuary, G Muir of Barnett Waddingham LLP as part of the full actuarial valuation of the Fund made as at 31 March 2019.

On the basis of the assumptions adopted, the 2019 valuation revealed that the value of the Fund's assets of £15,634 million represented 94% of the funding target of £16,648 million at the valuation date. The valuation also showed that a primary rate of contribution of 20.4% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

In general, the Fund applies a maximum deficit recovery period of 17 years. The aim is to achieve 100% solvency over the period and to provide stability in employer contribution rates.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report dated 31 March 2020. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Different approaches adopted in implementing contribution increases and deficit recovery periods are as determined through the FSS consultation process.

As a result of the valuation, a revised Rates and Adjustments certificate was prepared for the three years commencing 1 April 2020. For comparison purposes, the figures for the two preceding years are also shown. The minimum payable by the seven councils was certified as follows:

	Future Service Rate (% of pay) plus lump sum (£)				
	2018/19	2019/20	2020/21	2021/22	2022/23
Birmingham City Council	16.8% plus £61.8m (£124.0m)	18.3% plus £61.5m (£124.2m)	21.3% plus £48.2m (£124.2m)	21.3% plus £49.9m (£123m)	21.3% plus £51.8m (£121.9m)
Coventry City Council	16.8% plus £12m (£31.1m)	16.8% plus £12m (£31.1m)	20.4% plus £3.6m (£32.9m)	20.4% plus £3.7m (£32.6m)	20.4% plus £3.9m (£32.3m)
Dudley MBC	17.0% plus £9.7m (£31.3m)	18.6% plus £9.6m (£32.3m)	20.7% plus £3.0m (£31.5m)	20.7% plus £3.1m (£30.6m)	20.7% plus £3.2m (£29.9m)
Sandwell MBC	16.2% plus £17m (£17.0m)	17.7% plus £16.9m (£16.9m)	20.5% plus £10.5m (£10.3m)	20.5% plus £10.9m (£10.2m)	20.5% plus £11.3m (£10.1m)
Solihull MBC	16.5% plus £5.1m (£16.6m)	18.4% plus £5.1m (£17.4m)	20.7% plus £2.9m (£19.9m)	20.7% plus £3.0m (£19.4m)	20.7% plus £3.1m (£19.0m)
Walsall MBC	16.9% plus £14.8m (£30.2m)	18.3% plus £15m (£31.5m)	20.3% plus £9.8m (£30.2m)	20.3% plus £10.1m (£30.0m)	20.3% plus £10.5m (£29.7m)
City of Wolverhampton Council	16.8% plus £14m	18.1% plus £14.6m	20.0% plus £6.8m (£28.8m)	20.0% plus £7.1m	20.0% plus £7.3m

The amounts shown in brackets are due in the year where the Council has opted to make a cash payment in advance. These amounts were received by the Fund in April 2020. The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	2019	2016
Rate of return on investments:	4.6% per annum	4.7% per annum
Rate of pay increases:	3.6% per annum	3.9% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension):	2.6% per annum	2.4% per annum

The assets were assessed at market value.

The 31 March 2019 Actuarial Valuation report can be found on the Fund's website.

Actuarial present value of promised retirement benefits for the purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed and for this purpose, the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, the following financial assumptions have been used:

	31 March 2021	31 March 2022
Rate of return on investments (discount rate)	2.00% per annum	2.70% per annum
Rate of pay increases	3.85% per annum	4.20% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.85% per annum	3.20% per annum

The total value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2021 was estimated as £29,968.5 million. The impact of the changes in actuarial financial assumptions between 31 March 2021 and 31 March 2022 as described above is to decrease the liabilities by £2,080 million. The impact of the change in demographic assumptions between 31 March 2021 and 31 March 2022 is to decrease the actuarial present value by £167 million.

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2022 is therefore £28,386 million.

Note P7 – Taxation

1. Value added tax (VAT)

The Fund (as part of the City of Wolverhampton Council) pays VAT collected on income in excess of VAT payable on expenditure to HMRC. The accounts are shown exclusive of VAT.

2. Taxation of overseas investment income

The Fund receives interest on its overseas bonds gross but a variety of arrangements apply for the taxation of dividends on overseas equities in the various markets.

In some markets, a lower-than-standard tax rate is available, either as a result of a double tax treaty in place between the UK and the investment country (e.g. Poland, Canada, Italy, Sweden) or based on favourable domestic legislation (e.g. Australia, Czech Republic, Singapore). Where this is the case, relief may be granted at source based on documentation already on file (e.g. USA, Belgium, Australia, Finland, France and Norway), or ex post via reclaim forms submitted to the local tax authorities (e.g. Austria, Denmark, Germany, Netherlands, Switzerland and Spain).

There are also markets where relief is not possible - either no double taxation agreement exists (e.g. Brazil, Colombia, Lebanon), or a 'subject to tax' clause prevents UK pension funds from benefiting from treaty rates (e.g. Israel, Malaysia, Portugal). In such cases, the full amount of tax is withheld and is final.

Note P8 - Contributions receivable

Contributions receivable by type

2020/21 £m		2021/22 £m
	From employers	
744.2	Contributions	228.1
303.9	Past service deficit	43.3
10.9	Additional cost of early retirement	15.8
1,059.0		287.2
	From members	
125.3	Basic contributions	132.3
0.5	Additional contributions	0.6
125.8		132.9
1,184.8	Total contributions	420.1

Following the actuarial valuation as at 31 March 2019, some employers chose to pay their full three-year future service and past service deficit contributions in advance as a lump sum in 2020/21. The lump sums paid by the seven councils have been accounted for fully in 2020/21 and are listed in the table in note 6. The additional contributions above represent the purchase of added membership or additional benefits under the pension scheme.

Contributions receivable by type of employer

2020/21 £m		2021/22 £m
51.3	Administering authority	32.3
1,089.1	Other scheduled employers	344.4
44.4	Admitted employers	43.4
1,184.8	Total	420.1

Note P9 - Transfers in

2020/21 £m		2021/22 £m
22.3	Individual transfers	19.1
22.3	Total	19.1

Note P10 - Other income

2020/21 £m		2021/22 £m
	Benefits recharged to employers	
7.1	Compensatory added years	6.9
6.8	Pensions increases	6.3
13.9	Total	13.2

Note P11 - Benefits payable

Benefits payable by type

2020/21 £m		2021/22 £m
	Pensions	
499.1	Retirement pensions	510.3
33.8	Widows' pensions	34.8
1.1	Children's' pensions	1.1
6.7	Widowers' pensions	7.2
0.2	Ex-spouses' pensions	0.2
0.2	Equivalent pension benefits	0.2
0.3	Co-habiting partners' pensions	0.4
0.1	Civil Partnership	0.1
0.1	Amounts due to Estate	0.1
541.6	Total pensions	554.4
	Lump sum benefits	
87.5	Retiring allowances	102.9
17.7	Death grants	16.1
105.2	Total lump sum benefits	119.0
646.8	Total benefits payable	673.4

Benefits payable by type of employer

2020/21 £m		2021/22 £m
50.4	Administering authority	52.4
543.2	Other scheduled employers	564.4
53.2	Admitted employers	56.6
646.8	Total	673.4

Note P12 - Payments to and on account of leavers

2020/21 £m		2021/22 £m
29.2	Individual transfers	32.7
1.8	Refunds of contributions	2.1
31.0	Total	34.8

Note P13 - Management expenses

2020/21 £m		2021/22 £m
6.3	Administrative costs	7.3
100.8	Investment management expenses	106.7
3.1	Oversight and governance costs	3.8
110.2	Total	117.8

Included in administrative costs of £6.3m above are external audit fees of £73,486 (2020/21: £70,386). The charge for 2021/22 comprises the current year audit fee of £68,486 and a provision of £5,000 for additional costs arising from the impact of the remote working on Grant Thornton's work in completing the 2021/22 audit.

The guidance requires that external investment management fees that are deducted from asset values (rather than invoiced and paid directly) are shown gross. Wherever possible, the figures are based on actual costs disclosed by the manager; where actual costs were not available, best estimates have been made using other available information.

Note P13 i) - Investment management expenses

2021/22	Total	Management fees	Performance related fees	Transaction costs
	£m	£m	£m	£m
Equities	25.3	16.9	-	8.4
Fixed interest	0.4	0.4	-	-
Pooled investments	24.5	14.7	-	9.8
Pooled property investments	-	-	-	-
Private equity	40.5	14.3	26.0	0.2
Property	5.7	4.7	0.3	0.7
Infrastructure	9.5	7.2	2.3	-
Absolute return	0.1	0.1	-	-
Derivatives	0.4	0.2	-	0.2
Cash, cash equivalents & fx contracts	0.1	0.1	-	-
	106.5	58.4	28.7	19.4
Custody fees	0.2			
Total	106.7			

2020/21	Total	Management fees	Performance related fees	Transaction costs
	£m	£m	£m	£m
Equities	11.9	7.9	-	4.0
Fixed interest	0.5	0.5	-	-
Pooled investments *	24.6	10.0	-	14.6
Pooled property investments	8.2	7.2	(0.8)	1.8
Private equity	38.8	23.2	15.6	-
Property	2.6	1.6	-	1.0
Infrastructure	6.1	4.2	0.7	1.2
Absolute return	6.7	6.6	0.1	-
Derivatives	0.7	0.7		-
Cash, cash equivalents & fx contracts	0.3	0.3		-
	100.4	62.2	15.6	22.6
Custody fees	0.4			
Total	100.8			

Note P14 - Investment Income

2020/21 £m		2021/22 £m
	Dividends and Interest	
	<u>Bonds</u>	
7.9	UK private sector – quoted	9.2
	<u>Equities</u>	
-	UK private sector – quoted	0.6
23.2	Overseas	20.8
	<u>Pooled Investment Vehicles</u>	
1.0	UK private sector – quoted	0.7
4.7	Overseas equities	6.3
1.7	Interest on cash deposits	-
0.8	Stock lending	0.7
5.6	Other investment income	-
44.9	Total dividends and interest	38.3
48.5	Property management income	60.2
(8.6)	Property management expenses	(14.1)
39.9	Total property management	46.1
84.8	Total investment income	84.4

Stock lending

As at 31 March 2022, £583.1 million of stock was on loan to an agreed list of approved borrowers through the Fund's custodian in its capacity as agent lender (31 March 2021: £482.6 million). The loans were covered by non-cash collateral in the form of equities, gilts, Delivery by Values DBVs and G10 sovereign debt totalling £631.5 million and giving a margin of 8.0% (31 March 2021, £521 million, margin of 8.0%).

Collateral is marked to market, adjusted daily and held by a third-party agent on behalf of the Fund. Net income from stock lending amounted to £0.7 million during the year (2020/21: £0.8 million). The Fund retains its economic interest in stocks on loan and their value is included in the Fund valuation. There is, however, an obligation to return collateral to the borrowers and its value is therefore excluded from the Fund valuation. The securities lending programme is indemnified to give the Fund further protection against losses.

There are no liabilities associated with the loaned assets.

Other investment income

"Other investment income includes the following: Class action income, liquidation proceeds and tax refunds."

Note P15 - Net investment assets

31 March 2021 £m		31 March 2022 £m
	Bonds	
222.4	UK companies – segregated (external)	235.4
286.0	Overseas sovereign - index linked	328.2
508.4		563.6
	UK equities	
25.0	Quoted	55.2
2.0	Unquoted	2.0
27.0		57.2
	Overseas equities	
181.1	Quoted	155.4
2,386.4	Quoted – segregated (external)	2,384.3
2,567.5		2,539.7
	Pooled investment vehicles	
	Managed funds	
659.8	UK fixed interest	668.9
1,876.7	Other fixed interest	2,167.3
961.9	UK quoted, index linked	1,011.2
1,081.7	UK quoted equities (pooled assets)	1,349.4
6,093.1	Overseas quoted equities (pooled assets)	6,801.8
819.7	Infrastructure	830.3
1,315.5	Private equity	1,439.2
356.6	UK absolute returns	257.7
54.1	Overseas absolute returns	82.6
-	Multi asset credit	-
188.3	UK property	208.4
122.0	Overseas property	117.2

	Unit trusts	
111.4	UK property	115.1
13,640.8		15,049.1
	Property	
969.4	UK freehold	1,096.5
44.6	UK leasehold*	46.3
1,014.0		1,142.8
	Derivative contracts	
-	Futures	12.3
	Swaps	2.6
3.1	Forward currency contracts	-
3.1		15.0
	Foreign currency holdings	
0.5	Australian dollars	0.5
0.6	Canadian Dollars	0.6
1.3	Czech Koruna	1.5
0.6	Danish Kroner	0.6
73.6	Euro	133.8
31.3	Hong Kong Dollars	33.8
0.6	Hungarian Forints	0.7
5.2	Japanese Yen	4.9
2.2	Mexican Peso	2.6
0.5	New Zealand Dollars	0.5
0.5	Norwegian Kroner	0.5
0.5	Polish Zloty	0.5
1.4	Singapore Dollars	1.5
2.9	Swedish Kroner	2.9
4.8	Swiss Francs	5.2
0.7	Turkish Lira	0.4
272.4	United States Dollars	426.5
399.6		617.0
	Cash deposits	
491.0	UK	128.8
7.2	US	7.6
498.2		136.3
	Other investments	
19.2	Broker balances	16.6
7.5	Outstanding dividend entitlement and recoverable with-holding tax	6.4
26.7		23.0
18,685.3	Total investment assets	20,143.7
	Investment liabilities	
	Derivative contracts	
-	Forward currency contracts	(7.4)

(2.3)	Futures	
(2.3)		(7.4)
(2.3)	Total investment liabilities	(7.4)
18,683.0	Net investment assets	20,136.4

* All leasehold properties are held on long leases

Segregated accounts are held separately from the main account by the global custodian and contain assets managed by some of the Fund's external managers.

The following investments represent more than 5% of the net assets of the Fund. All of these companies are registered in the UK.

31 March 2021			31 March 2022	
Market value	% of total		Market value	% of total
£m	market value		£m	market value
		Security		
2,532.6	13.6	LGPS Central Global Ex UK Passive Equity Fund	2,754.3	13.7
1,862.7	10.0	LGPS Central All World Equity Climate Multi Factor Fund	2,140.4	10.6
1,075.4	5.8	LGPS Central UK Passive Equity Fund	1,210.7	6.0
1,057.0	5.7	LGPS Central Global Equity Active Multi-Manager Fund	1,195.6	5.9
961.9	5.1	Legal & General - All Stocks Index-Linked Gilts Fund	1,011.2	5.0

The proportion of the market value of investment assets managed in the regional asset pool and by each external manager at the year-end is set out below.

31 March 2021			31 March 2022	
Market value	% of total market value		Market value	% of total market value
£m			£m	
Investments managed by LGPS Central Limited regional asset pool:				
6,010.1	32.2	Authorised Contractual Schemes (ACS) - global equities	6,712.4	33.9
1,075.4	5.8	Authorised Contractual Schemes (ACS) - UK equities	1,210.7	6.1
584.8	3.1	Authorised Contractual Schemes (ACS) - Fixed interest	811.4	4.1
198.9	1.1	Non ACS private equity	283.2	1.4
7,869.2	42.1		9,017.7	45.5
Investments managed outside of LGPS Central Limited regional asset pool:				
2,120.7	11.4	In-house	2,120.7	10.7
117.7	0.6	Managers: UK quoted	117.7	0.6
1,448.3	7.8	Managers: emerging markets	1,448.3	7.3
1,021.1	5.5	Managers: global equities	1,021.1	5.1
3,422.0	18.3	Managers: fixed interest	3,422.0	17.3
310.3	1.7	Managers: indirect property	310.3	1.6
819.7	4.4	Managers: infrastructure funds	819.7	4.1
410.7	2.2	Managers: absolute return	410.7	2.1
1,116.6	6.0	Managers: private equity	1,116.6	5.6
10,787.1	57.7		10,787.1	54.4
26.7		Outstanding dividend entitlement and recoverable withholding tax	23.0	
18,683.0		Net investment assets	19,827.8	

ANALYSIS OF DERIVATIVES

Objectives and policies for holding derivatives

The Fund utilises derivative instruments in line with investment policy and investment management agreements in place with third party investment managers.

a) Futures

In 2018/19, the Fund made a decision to transition assets out of an internal global equity portfolio and into a new sustainable global equities mandate. Recognising that there would be some lead time in implementing this strategy, as and when the existing portfolio was realised, proceeds were invested in global equity futures pending transition to the sustainables mandate. During 2020/21, the Fund made a significant transition into the sustainables mandate and has reduced its exposure to futures accordingly.

The Fund has also invested in gilt futures to help align the weighting in this area with its strategic target and as a tool for risk management. The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

b) Forward foreign currency

To reduce the volatility associated with fluctuating currency rates, the Fund has a passive currency programme in place. The Fund commenced its currency hedging programme in September 2017 following approval by Committee to amend the Strategic Investment Allocation Benchmark to reflect the passive currency management programme. The Fund's hedging programme aims to protect returns in sterling terms and reduce currency risk. The neutral hedge ratio is considered to be 50% based on the strategic weight of each region but actual hedge ratios applied will vary from time to time with a rebalancing taking place on a monthly basis to reflect changing market values.

c) Open forward currency contracts

Settlement	Currency Bought	Local value m	Currency Sold	Local value m	Asset value £m	Liability value £m
One to six months	GBP	429.5	EUR	515.7		(7.5)
One to six months	EUR	28.5	GBP	24		0.1
Open forward currency contracts at 31 March 2022						(7.4)
Net forward currency contracts at 31 March 2022						(7.4)

Prior year comparative:

Open forward currency contracts at 31 March 2021	3.1	
Net forward currency contracts at 31 March 2021	3.1	

d) Open exchange traded futures contracts

Type	Expires	Economic exposure £m	Market value 31 March 2021 £m	Economic exposure £m	Market value 31 March 2022 £m
Assets					
UK equity	Under one year	55.5	(0.4)	55.5	3.6
Overseas equity	Under one year	141.4	(0.1)	141.4	10.0
UK bond	Under one year	148.3	(1.8)	148.3	(1.3)
Total assets			(2.3)		12.3

Note P16 - Investment market value movements analysis

	Value as at 31 March 2021	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Investment Management Fees Deducted at Source	Change in Market Value	Value as at 31 March 2022
	£m	£m	£m	£m	£m	£m
Bonds	508.4	124.1	(88.6)		19.8	563.6
UK equities	27.0		(32.2)		62.4	57.2
Overseas equities	2,567.5				(27.8)	2,539.7
Pooled investment vehicles	13,640.8	643.3	(614.8)	(87.6)	1,467.5	15,049.1
Property	1,014.0	-	(62.3)	-	191.1	1,142.8
	17,757.7	767.4	(797.9)	(87.6)	1,712.9	19,352.5
Derivative contracts						
Swaps					2.6	2.6
Futures	(2.3)				14.6	12.3
Forward foreign exchange	3.1				(10.5)	(7.4)
	17,758.5	767.4	(797.9)	(87.6)	1,719.6	19,360.0
Broker balances	19.2					16.6
Outstanding dividend entitlement and recoverable withholding tax	7.5					6.4
Foreign currency holdings	399.6					617.0
Cash deposits	498.2					136.4
Total Investments	18,683.0					20,136.4

The change in market value of investments comprises both increases and decreases in the market value of investments held at any time during the year and profits and losses realised on the sales of investments during the year.

Purchases also include transfers in of investments, take-over of shares etc. and invested income. Sales proceeds include all receipts from sales of investments, transfers out of investments, take-over proceeds etc. and reductions in cash deposits including profits or losses realised on the sale.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs during the year amounted to £18.9 million (2020/21: £22.6 million). In addition to the transaction costs disclosed below, indirect costs are incurred through the bid-offer spread of investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

The volatility of investment markets is an ever-present and longstanding feature of pension fund management and valuations may vary, either up or down, throughout each day when exchanges are open.

The change in the value of investments during 2020/21 is set out below:

Value as at 31 March 2021	Transfer of assets from WMITA fund	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Investment management fees deducted at source	Change in market value	Value as at 31 March 2022
£m	£m	£m	£m	£m	£m	£m
Bonds	494.0	28.6			(14.2)	508.4
UK equities	28.9				(1.9)	27.0
Overseas equities	1,408.8	450.0			708.7	2,567.5
Pooled investment vehicles	10,869.9	1,314.9	(839.0)	(80.6)	2,375.6	13,640.8
Property	965.1	63.0	(18.3)	-	4.2	1,014.0
	13,766.7	1,856.5	(857.3)	(80.6)	3,072.4	17,757.7
Derivative contracts						
Futures	11.7	-	(23.1)	-	9.1	(2.3)
Forward foreign exchange	(76.8)	-	37.6	-	42.3	3.1
	13,701.6	1,856.5	(842.8)	(80.6)	3,123.8	17,758.5
Broker balances	75.8					19.2
Outstanding dividend entitlement and recoverable withholding tax	7.0					7.5
Foreign currency holdings	582.5					399.6
Cash deposits	569.6					498.2
Total Investments	14,936.5					18,683.0

16 i) Property Holdings

The Fund's investment property portfolio comprises a number of directly owned properties which are leased commercially to various tenants. Details of these directly owned properties are as follows:

2020/21		2021/22
£m		£m
965.1	Opening balance	1,014.0
63.0	Additions	
(18.3)	Disposals	(62.3)
4.2	Net change in market value	191.1
1,014.0	Closing balance	1,142.8

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligation to purchase, construct or develop any of these properties nor does it have any responsibility for any repairs, maintenance or enhancements.

The future minimum lease payments receivable by the Fund are as follows:

31 March 2021		31 March 2022
£000		£000
43,892	Within one year	40,028
152,740	Between one and five years	140,018
179,918	Later than five years	182,744
376,550	Total future lease payments due under existing contracts	362,790

The receivables above have been reduced by a credit loss allowance of 1% per annum reflecting the Fund's expected loss from late or non-recovery of rents from tenants. This deduction is based on advice from the Fund's property letting agents.

Note P17 - Fair value - basis of valuation

The basis of the valuation of each class of investment assets is detailed below. There has not been any change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Asset type	Valuation level	Basis of valuation	Observable and unobservable inputs	Key sensitivity
Market quoted investments	1	Published bid market price ruling on 31 March 2022.	n/a	n/a
Quoted bonds	1	Market bid price based on current yields.	n/a	n/a
Futures	1	Published exchange prices at 31 March 2022.	n/a	n/a
Unquoted bonds	2	Average of broker prices.	Evaluated price feeds.	n/a
Pooled Investment vehicles- unit trusts and property funds	2	PIV are stated at the bid price quoted or the closing single market prices.	Net asset value (NAV) based pricing set on a forward pricing basis.	n/a
Forward foreign exchange derivatives	2	Market forward exchange rates at 31 March 2022.	Exchange rate risk.	n/a
Freehold and leasehold properties	3	Valued at fair value at the year-end using the investment valuation reports of Savills Plc. One third of the commercial property portfolio is valued fully in March each year, with the remaining two thirds being a 'desktop'	Existing lease terms and rentals, independent market research, tenant covenant strength, estimated vacancy levels, estimated rental growth, discount rate.	Significant changes in rental growth, vacancy levels or discount rate could affect valuations

		valuation. Agricultural properties are valued by Browns at the year end.		
Unquoted equity (includes Private Equity, Infrastructure and Absolute Return/Diversified Growth Funds)	3	Value is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Bulk annuity insurance buy-in	3	Provided by the Fund's Actuary based on a roll-forward of the value placed on the buy-in as part of the WMITA Fund 2019 triennial actuarial valuation, allowing for estimated level pensions paid and the change in the discount rate used to value the buy-in.	Key underlying inputs for the valuation are the discount rate and life expectancy. Discount rate has been set at 1.68% with reference to the 11 year point of the Bank of England nominal gilt yield curve, consistent with the 2019 valuation of the WMITA Fund.	Adjustments to discount rate and life expectancy.

Sensitivity of assets valued at level 3

The table below details the Fund's review of financial information as provided by independent advisors. The valuation methods detailed above are likely to be accurate to within the ranges and, as set out below, the consequent potential impact on the closing value of investments at 31 March 2022 and 31 March 2021.

Level 3 assets	Valuation range	Valuation at 31 March 2022	Valuation Increase	Valuation Decrease
	% (+/-)	£m	£m	£m
Freehold and Leasehold Property	11.8	1,142.8	1,277.7	1,088.1
Private Equity	31.2	1,439.2	1,888.3	990.0
Infrastructure	13.3	734.4	836.7	637.0
Absolute Return/Diversified Growth	14.0	414.0	471.9	356.1
Unit Trusts - UK Property	11.8	145.3	162.5	128.2
Fixed Interest	12.1	206.5	231.5	181.5
Total		4,082.2	4,863.6	3,300.8

Level 3 assets	Valuation range	Valuation at 31 March 2021	Valuation Increase	Valuation Decrease
	% (+/-)	£m	£m	£m
Freehold and Leasehold Property	11.8	1,014.0	1,134.0	894.1
Private Equity	31.7	1,269.8	1,672.6	867.0
Infrastructure	13.2	819.8	928.3	711.1
Absolute Return/Diversified Growth	14.1	410.8	468.6	353.0
Unit Trusts - UK Property	11.8	140.5	157.2	123.9
Fixed Interest	9.8	65.8	72.3	59.4
Total		3,720.7	4,433.0	3,008.5

The key underlying inputs for the annuity insurance buy-in level 3 valuation are the discount rate and life expectancy. The impact of changes as calculated by the Fund's Actuary is shown below:

Change in assumptions - year ended 31 March 2022	Adjustment	Valuation at 31 March 2022	Valuation Increase	Valuation Decrease
		£m	£m	£m
Adjustment to discount rate	(-/+) 1%	174.0	181.0	167.0
Adjustment to life expectancy assumptions	(+/-) 1 year	174.0	197.0	151.0

Change in assumptions - year ended 31 March 2021	Adjustment	Valuation at 31 March 2021	Valuation Increase	Valuation Decrease
		£m	£m	£m
Adjustment to discount rate	(-/+) 0.5%	200.0	209.9	190.4
Adjustment to life expectancy assumptions	(+/-) 1 year	200.0	214.6	186.2

17 i) Fair value hierarchy

The valuation of financial instruments has been classified into three levels according to the quality and reliability of information used to determine fair values. Criteria utilised in the instrument classifications are detailed below:

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in the determining appropriate assumptions.

The values of the investments in private equity, infrastructure and absolute return/diversified growth funds are based on the latest investor reports and financial statements provided by the fund managers of the underlying funds. Valuations are undertaken quarterly, and an adjustment is made to roll forward the latest available valuation to 31 March as appropriate.

The values of the investments in hedge funds are based on the net asset value provided by the fund manager. Fund valuations are obtained through external experts with assurance provided via the audit opinion. The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which fair value is observable.

Value at 31 March 2022	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial assets				
Financial assets at fair value through profit and loss	10,589.6	4,695.7	2,939.4	18,224.6
Non- financial assets at fair value through profit and loss			1,142.8	1,142.8
Financial liabilities at fair value through profit and loss		(7.4)		(7.4)
	10,589.6	4,688.2	4,082.2	19,360.0
Bulk annuity insurance buy-in at fair value through profit and loss			174.0	174.0
Net financial assets	10,589.6	4,688.2	4,256.2	19,534.0

Value at 31 March 2021	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial assets				
Financial assets at fair value through profit and loss	9,755.7	4,284.4	2,706.7	16,746.8
Non- financial assets at fair value through profit and loss			1,014.0	1,014.0
Financial liabilities at fair value through profit and loss	(2.3)			(2.3)
	9,753.4	4,284.4	3,720.7	17,758.5
Bulk annuity insurance buy-in at fair value through profit and loss			200.0	200.0
Net financial assets	9,753.4	4,284.4	3,920.7	17,958.5

Note 17 ii) - Reconciliation of fair value measurements within level 3

	Market value 31 March 2021 £m	Purchases during the year £m	Sales during the year £m	Unrealised gains / losses £m	Realised gains/losses £m	Market value 31 March 2022 £m
Freehold and Leasehold Property	1,014	-	62	66	-	1,143
Private Equity	1,270	106	382	(366)	48	1,439
Infrastructure	820	22	81	(200)	11	734
Absolute Return/Diversified Growth	411	54	62	(123)	10	414
Unit Trusts - UK Property	141	-	11	(6)	-	145
Bonds	66	131	5	4	-	206
Total	3,721	314	603	(625)	69	4,082

Bulk annuity insurance buy-in contract

"The transfer of assets from the former WMITA Fund included a bulk annuity insurance buy-in contract with Prudential Retirement Income Limited. The insurance cover provides that the insurer underwrites the risk for meeting the liabilities of a specified group of pensioners on the former West Midlands Travel Limited pensions payroll as at 11 August 2011. The insurance provider will pay the cost of the monthly pension payments for this group whilst they or their dependants are entitled to a pension.

Benefits recharged to Prudential during the year have been credited to the Fund account and the value of the buy-in recalculated at year end by the Fund Actuary and recognised in the Net Assets Statement as follows:"

31 March 2021		31 March 2022
£m		£m
229.4	Bulk annuity insurance buy-in contract value at start of year	200.0
	Actuarial revaluation of insurance contract:	
1.0	Interest on buy-in	2.0
(3.3)	Change in demographic assumptions	(2.0)
-	Actuarial experience	-
(14.1)		(11.0)
(15.3)	Level pensions paid by insurer	(15.0)
200.0	Bulk annuity insurance buy-in contract value at end of year	174.0

The change in demographic assumptions results from updating mortality assumptions to use the latest CMI_2021 Model. The change in actuarial assumptions is a result of increasing the discount rate from 1.02% at 31 March 2021 to 1.62% at 31 March 2022 consistent with the rate used in the 2019 valuation of the former WMITA Fund.

Note P18 - Investment capital commitments

Investment commitments at the end of the financial year in respect of future payments were:

31 March 2021		31 March 2022
£m		£m
948.8	Non-publicly quoted equities and infrastructure	1,469.6
58.5	Property	55.4
1,007.3	Total	1,525.0

These amounts relate to outstanding commitments due on funds held in the private equity, fixed interest, absolute return and alternative investment portfolios.

Note P19 - Long term debtors

31 March 2021		31 March 2022
£m		£m
6.4	Early retirement costs	6.4
3.8	Reimbursement of lifetime tax allowances	5.0
10.2	Total	11.4

The Fund has agreed for certain employers to defer payment of amounts due to meet early retirement costs and £6.4m is due after the following financial year (2020/21: £6.4m). The instalments due in 2021/22 are reported in Current Assets.

Note P20 - Current Assets

31 March 2021 £m		31 March 2022 £m
	Receivables and prepayments	
	Contributions Receivable	
15.4	- Employers' future service	20.7
4.9	- Employers' past service deficit	3.7
10.0	- Members	12.5
10.3	Other Receivables	8.1
40.6	Total Receivables and Prepayments	45.0
1.9	Cash at bank	-
42.5	Total Current Assets	45.0

Note P21 - Current liabilities

31 March 2021 £m		31 March 2022 £m
	Payables and receipts in advance	
(4.3)	Pensions and lump sum benefits	(3.5)
(0.7)	Receipts in advance	(0.7)
(15.5)	Other payables	(23.9)
-	Cash at bank	(4.4)
(20.5)	Total	(32.5)

Note P22 - Additional voluntary contributions

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

The contributions are not included within the Fund accounts, in line with regulation 4 (2) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009. The table below shows the activity for each AVC provider in the year.

31 March 2021			31 March 2022	
Utmost Life £m	Prudential £m		Utmost Life £m	Prudential * £m
1.8	37.6	Opening value of the fund	1.7	37.2
0.1	6.0	Income	0.1	6.0
(0.2)	(6.6)	Expenditure	(0.3)	(6.1)
-	0.2	Change in market value	-	(0.5)
1.7	37.2	Closing value of the fund	1.5	36.6

* At the time of publishing this Statement of Accounts in [Draft - May 2022], Prudential Assurance Company was experiencing delays resulting from its ongoing migration to a new administration platform and was not able to provide annual AVC financial statements for 2021/22. The table above therefore contains estimates for movements in Prudential AVCs for the year to 31 March 2022.

Note P23 Financial instruments

Net gains and losses on financial instruments

31 March 2021		31 March 2022
£m		£m
	Financial assets	
3,110.5	Fair value through profit and loss	1,731.3
	Financial liabilities	
9.1	Fair value through profit and loss	(10.5)
3,119.6	Total	1,720.8

Classification of financial instruments

The following table analyses the carrying amounts of financial instruments by category. No financial instruments were reclassified during the accounting period.

31 March 2021			31 March 2022		
Fair value through profit and loss £m	Assets at amortised cost £m	Financial liabilities at amortised cost £m	Fair value through profit and loss £m	Assets at amortised cost £m	Financial liabilities at amortised cost £m
			Financial assets		
508.4			Bonds	563.6	
27			UK equities	57.2	
2,567.5			Overseas equities	2,539.7	
13,640.8			Pooled investment vehicles	15,049.1	
3.1			Derivative contracts	15.0	
200			Bulk annuity Insurance buy-in	174.0	
	899.7		Cash		753.3
	26.7		Other investment balances		23.0
	50.8		Debtors		45.8
16,946.8	977.2			18,398.6	822.1
			Financial liabilities		
(2.3)			Derivative contracts	(7.4)	
		-	Other investment balances		-
		(20.5)	Creditors		(31.0)
16,944.5	977.2	(20.5)		18,391.2	(31.0)
	17,901.2			19,182.3	

Note P24 - The nature and extent of risks arising from financial instruments

Risk management

The main investment objective of the Fund is to optimise return whilst managing market risk exposure within an acceptable tolerance. This is achieved by investing assets across a diversified portfolio. The Fund also manages its liquidity risk to ensure there is sufficient liquidity to meet forecasted cash flows.

The Fund's activities expose it to a variety of financial risks, including:

- **Investment risk** - the possibility that the Fund will not receive the expected returns.
- **Counterparty and credit risk** - the possibility that other parties might fail to pay amounts due to the Fund.
- **Liquidity risk** - the possibility that the Fund might not have funds available to meet its commitments to make payments as they fall due.
- **Valuation risk** – the possibility that the value of an illiquid asset, when realised upon sale, differs from the valuation placed on it based on a valuer's opinion.
- **Market risk** - the possibility that financial loss might arise as a result of market movements. This is split into the following subsections:
 - **Currency risk** – the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
 - **Interest Rate risk** - the risk that future cash flows will fluctuate because of changes in market interest rates.
 - **Other Price risk** - the risk that the value of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Investment risk

To achieve its statutory obligations to pay pensions, the Fund invests its assets, including employer and employee contributions, in a way that allows it to meet its liabilities as they fall due for payment. It does this by investing with regard to its liabilities assessed through the triennial actuarial valuation followed by an appropriate asset allocation, which is monitored on an ongoing basis to ensure it remains appropriate.

Counterparty risk

In deciding to effect any transaction for the Fund, steps are taken to ensure that the respective counterparty is suitable and reliable, that the transaction is in line with the Fund's strategy and that the terms and circumstances of the transaction are the best available in the relevant market at the time. Comprehensive due diligence processes are in place to ensure that any potential counterparty is authorised and regulated, competent to deal in investments of the type and size contemplated and has appropriate administration arrangements with regard to independent auditors, robust administration and accounting, relevant legal structure and experienced staff.

Credit risk

The Fund's credit risk is largely associated with its Fixed Income investments. This risk stems from third parties potentially failing to meet interest payments or failing to return the Fund's principal at the end of the investment period. There is also credit/counterparty risk associated with derivative instruments within the Fund's Alternatives investments and those used to hedge certain risks, such as foreign currency exposures as well as with rental income earned within the Fund's property portfolios.

The Fund's surplus cash may be placed with an approved financial institution on a short-term basis and in accordance with the cash management policy and restrictions set out in the Treasury Policy. The policy specifies the cash deposit limit with each approved counterparty, as determined by a comprehensive scoring exercise undertaken by Fund officers using specialist rating and market research data, which is reviewed on a regular basis. Due diligence is conducted on potential money market funds with criteria such as AAA rating, same-day access and minimum assets under management being prerequisite.

The tables below outline the Fund's money market and bank deposit holdings, by long-term Fitch rating, as at 31 March 2021 and 31 March 2022:

Credit rating sensitivity analysis			
Fund/Account	Long term Fitch rating¹	Value at 31 March 2021 £m²	Value at 31 March 2022 £m³
Money market funds			
HSBC GBP Liquidity Fund Class H	Aaa-mf	106.5	5.8
HSBC USD Liquidity Fund Class H	Aaa-mf	7.2	7.6
LGIM GBP Liquidity Fund	AAAmmf	134.7	4.0
Insight GBP Liquidity Fund	AAAmmf	142.5	8.0
Invesco GBP Liquidity Fund	AAAmmf	2.3	2.4
Custody and deposit accounts			
CBRE Client Account West Midlands Met Authority		21.1	21.2
HSBC GBP Cash	AA-	83.9	87.3
HSBC Non-GBP Cash ⁴	AA-	399.6	493.4
Total		897.8	629.7

¹ Moody's rating used if no Fitch rating available. Sourced as at 31 March 2022.

² Sourced from the West Midlands Pension Fund's and Integrated Transport Authority's Q4 2020/2021 Net Asset Statements.

³ Sourced from the West Midlands Pension Fund's and Integrated Transport Authority's Q4 2021/2022 Net Asset Statements.

⁴ Includes USD, EUR and HKD balances. Total value expressed in GBP.

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due, especially pension payments to its members. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The appropriate strategic level of cash balances to be held forms part of the Fund's investment strategy and the Fund carries out cash flow planning in respect of contributions, benefit payments, investment income and capital calls/distributions on an ongoing basis.

The risk that the Fund will be unable to raise cash to meet its liabilities is considered low. Due to having cashflow management procedures in place, the Fund is able to invest in illiquid asset classes and take advantage of the illiquidity premium that can be found in these investments where appropriate.

Valuation risk

Valuation risk represents the risk that the value of an illiquid asset, when realised upon sale, differs from the valuation placed on it based on a valuer's opinion. The valuation of assets, and thus the management of valuation risk, is delegated to the Fund's appointed investment managers.

IFRS 13, Fair Value Measurement, seeks to increase consistency and comparability in fair value measurements through a 'fair value hierarchy', which categorises the inputs used in valuation techniques into three levels. Level 1 assets are those for which fair value can be measured via quoted prices in active markets for identical assets (such as those traded on stock exchanges). Level 2 assets require inputs other than quoted market prices falling under level 1 for fair value assessment (such as prices quoted in inactive markets, interest rates or credit spreads, for example). Level 3 assets require unobservable (non-public) inputs for fair value assessment and in practical terms, are those considered to be the most illiquid and difficult to value.

The majority of the Fund's underlying investments are in liquid quoted assets, representing minimal valuation risk (falling under level 1 and 2 of IFRS 13's fair value hierarchy). The Fund has investments in Property, Infrastructure and certain other illiquid assets that are classified as level 3 assets with a fair value of £4,082.2m as at 31 March 2022 (2021: £3,720.7m), which represents 21% of total assets (2021: 21%). The guidance of IFRS 13 includes additional disclosures for level 3 measurements that include the reconciliation of opening and closing balances and quantitative information about unobservable inputs and assumptions used. Valuation of the Fund's investments falling under the scope of this guidance is conducted by their respective appointed investment managers.

Market risk - currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any financial instruments not denominated in GBP sterling, the functional currency of the Fund. The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP. The table below indicates a measure of the sensitivity of the investment assets and cash balances within each asset class to currency market movements, based on the expected 1-year standard deviations of each of the underlying foreign currency exposures within the respective asset classes.

The calculations behind these potential market movements account for the diversification effects between currencies within each holding. However, the calculations do not account for the Fund's use of foreign currency forwards and exchange traded futures contracts, which are held to hedge certain currency exposures for the purpose of risk reduction. The extent of this hedging activity is subject to change over time.

Currency risk sensitivity analysis

Asset Type	Asset value as at 31 March 2022 £m ¹	Potential market movement £m ²	Value on Increase £m	Value on Decrease £m
Equities ³	10,679.2	715.9	11,395.1	9,963.3
Property	1,520.8	10.8	1,531.6	1,510.0
Fixed Interest ⁴	4,469.0	100.2	4,569.2	4,368.8
Private Equity	1,439.2	76.8	1,516.0	1,362.3
Alternatives ⁵	1,244.3	38.4	1,282.7	1,205.9
Liquid Assets	776.2	52.7	828.9	723.6
Total⁶	20,128.7		21,123.6	19,133.9

¹ Sourced from the West Midlands Pension Fund's and Integrated Transport Authority's Q4 2021/2022 Net Asset Statements.

² Accounts for diversification between currencies but not currency hedging via derivatives.

³ Currency exposures of the overseas equity holdings have been calculated using generic indices.

⁴ Includes exposure to fixed interest gilts, index-linked gilts, overseas government bonds, US TIPS, corporate bonds, emerging market debt, multi-asset credit and private credit.

⁵ Includes exposure to absolute return and infrastructure investments.

⁶ Excludes exposure to futures and forwards.

Asset Type	Asset value as at 31 March 2021 £m	Potential market movement £m	Value on Increase £m	Value on Decrease £m
Equities*	9,828.5	686.1	10,514.6	9,142.4
Property	1,376.5	11.3	1,387.8	1,365.2
Fixed Interest**	4,006.8	90.7	4,097.5	3,916.1
Private Equity	1,315.5	72.4	1,387.9	1,243.1
Alternatives***	1,230.4	41.7	1,272.1	1,188.7
Liquid Assets	924.5	35.6	960.1	888.9
Total****	18,682.2		19,620.0	17,744.4

* Currency exposures of the overseas equity holdings have been calculated using generic indices.

** Includes exposure to fixed interest gilts, index-linked gilts, overseas government bonds, US TIPS, corporate bonds, emerging market debt, multi-asset credit and private credit.

***Includes exposure to absolute return and infrastructure investments.

****Excludes exposure to futures and forwards.

Market risk - interest rate risk

The Fund recognises that movements in interest rates can affect both income to the Fund and the value of the Fund's assets, both of which affect the value of the assets available to pay benefits. The tables below estimate the impact of a 100 basis points (bps) interest rate movement on the value of the Fund's Fixed Income assets, using the duration of the underlying positions in each asset class which have been obtained from the fund managers, to approximate the sensitivity to interest rate movements. This analysis assumes that all other variables (such as exchange rate movements) are constant, assessing only the impact of interest rate movements in isolation.

Interest rate risk - sensitivity analysis

Asset Type	Carrying amount as at 31 March 2022 £m	Change in year in the net assets available to pay benefits	
		+100BPS £m	-100BPS £m
Index-linked Gilts	1,034.5	(210.1)	210.1
Gilts*	206.2	(28.5)	28.5
Gilt Future	(1.3)	(11.7)	11.7
Overseas Government Bonds	99.6	(7.6)	7.6
US TIPS	328.2	(36.9)	36.9
Corporate Bonds	1,129.1	(70.8)	70.8
Emerging Market Debt	717.2	(43.4)	43.4
Multit-Asset Credit	683.3	(24.2)	24.2
Private Credit**	206.5	(0.2)	0.2
Swaps	2.6		
Total	4,405.9	(433.3)	433.3

* The impact of a 100bps increase/decrease has been calculated using the exposure provided by the Future (£140.9m).

** Excludes legacy and immaterial positions (total: £6.4m).

Note: Durations are as at 31 March 2022.

Asset Type	Carrying amount as at 31 March 2021 £m	Change in year in the net assets available to pay benefits	
		+100BPS £m	-100BPS £m
Index-linked Gilts	994.0	(214.7)	214.7
Gilts*	179.4	(21.3)	21.3
Gilt Future	(1.8)	(11.9)	11.9
Overseas Government Bonds	101.9	(8.1)	8.1
US TIPS	286.0	(33.3)	33.3
Corporate Bonds	1,179.6	(80.2)	80.2
Emerging Market Debt	750.1	(52.0)	52.0
Multit-Asset Credit	443.6	(6.5)	6.5
Private Credit**	65.8	(0.8)	0.8
Total	3,998.6	(428.8)	428.8

* The impact of a 100bps increase/decrease has been calculated using the exposure provided by the Future (£148.3m).

** Excludes legacy and immaterial positions (total: £6.3m).

Note: Durations are as at 31 March 2021.

Market risk - other price risk

The Fund is exposed to other market risks, such as share and derivative price risks, which arises from investments held by the Fund of which the future price is uncertain. The Fund aims to reduce the exposure to this price risk by ensuring appropriate levels of diversification in its asset allocation. The asset allocation is monitored on an ongoing basis to ensure it remains in line with the limits specified in the Fund's investment strategy.

The tables below indicate a measure of sensitivity of the returns of each major asset class in which the Fund is invested, based on the 1-year standard deviation of returns within the respective asset classes, excluding the effects of interest rate risk and currency risk which are disclosed separately above. The tables also show an estimate of the impact of this potential volatility on asset values.

Other price risk - sensitivity analysis

Asset Type	Value as at 31 March 2022 £m	Assumed 1 Year Volatility of Asset Class	Value on increase £m	Value on decrease £m
UK equities	1,337.6	19.0%	1,591.9	1,083.4
Global equities (ex UK)	9,341.5	16.2%	10,851.7	7,831.3
Property	1,520.8	11.8%	1,700.3	1,341.3
Fixed interest*	4,469.0	5.1%	4,696.9	4,241.1
Private equity	1,439.2	31.2%	1,888.3	990.0
Alternatives**	1,244.3	12.8%	1,403.7	1,084.9
Total Fund *** (See note below)	19,352.5		21,752.2	16,952.8

*includes exposure to fixed interest gilts, index-linked gilts, overseas government bonds, US TIPS, corporate bonds, emerging market debt, multi-asset credit and private credit.

**includes exposure to absolute return and infrastructure investments.

***excludes futures, forwards, cash deposits, foreign currency holdings, broker balances and the outstanding dividend entitlement.

The total Fund volatility taking into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory is 12.4%. On this basis, the total value on increase is £21,752.2 million and the total value on decrease is £16,952.8 million. Due to the approach taken to determine the total Fund volatility (in which the beneficial impact of diversification is recognised), the monetary impact on the total Fund assets is determined using the total Fund volatility, which is lower than the sum of the monetary impact for each asset class.

Asset Type	Value as at 31 March 2021 £m	Assumed 1 Year Volatility of Asset Class	Value on increase £m	Value on decrease £m
UK equities	1,167.9	18.8%	1,387.5	948.3
Global equities (ex UK)	8,660.6	16.3%	10,072.3	7,248.9
Property	1,376.5	11.8%	1,538.9	1,214.1
Fixed interest*	4,006.8	4.2%	4,175.1	3,838.5
Private equity	1,315.5	31.7%	1,732.5	898.5
Alternatives**	1,230.4	13.1%	1,391.6	1,069.2
Total Fund *** (See note below)	17,757.7		20,297.9	15,217.5

*includes exposure to fixed interest gilts, index-linked gilts, overseas government bonds, US TIPS, corporate bonds, emerging market debt, multi-asset credit and private credit.

**includes exposure to absolute return and infrastructure investments.

***excludes futures, forwards, cash deposits, foreign currency holdings, broker balances and the outstanding dividend entitlement.

The total Fund volatility taking into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory is 12.4%. On this basis, the total value on increase is £19,959.6 million and the total value on decrease is £15,555.7 million. Due to the approach taken to determine the total Fund volatility (in which the beneficial impact of diversification is recognised), the monetary impact on the total Fund assets is determined using the total Fund volatility, which is lower than the sum of the monetary impact for each asset class.

Reputational risk

The Fund's prudent approach to the collective risks listed above and compliance with best practice in corporate governance ensures that reputational risk is kept to a minimum.

Note P25 - Impairment for bad and doubtful debts

The following additions and write offs of pension payments were reported in this financial year, in line with the Fund's policy:

Additions analysis 2021/22		
Individual Value	Number	Total £
Less than £100	40	1,456
£100 - £500	5	937
Over £500	1	1,592
TOTAL	46	3,985

Write off analysis 2021/22		
Individual Value	Number	Total £
Less than £100	1	58
£100 - £500	83	14,158
Over £500	27	89,913
TOTAL	111	104,129

Note P26 - Related parties

Pensions administration and certain investment functions are performed by the City of Wolverhampton Council and the costs shown in Note P13 above are recharged to the Fund. Contributions of £32.8 million were receivable from the City of Wolverhampton Council for 2021/22 (2020/21: £49.8 million) - City of Wolverhampton Council had paid its 2020/21 future service contributions in advance as part of a lump sum payment of £57.3m on 30 April 2018, a revaluation balance of £0.3m in respect of future service contributions 2020/21 was paid on 21 September 2021. Balances owed by and to the Council at the year end are shown in Notes P19, P20 and P21.

Pensions Committee

Nine members of the Pensions Committee are also members of the Fund as set out below:

Pensioner:	Councillors: K Inston, M Jaspal, P Page, P Davis, and T Singh. Trade Union Representatives: M Clift and M Cantello
Deferred:	Councillor: S Simkins
Active:	Trade Union Representative: J Wadrup

Each member of the Pensions Committee is required to declare any interests relevant to the matters being discussed at each meeting.

There are four employing bodies of the Fund in which a member of the Committee has declared an interest for 2021/22. Contributions from each of these employers are set out below:

Contributions receivable 2020/21 £000		Contributions receivable 2021/22 £000	
345	Birmingham Museums Trust	-	-
534	Heath Park Academy - Central Learning Partnership Trust	-	-
17	Kingswood Trust	27	27
-	Sandwell Children's Trust	4,624	4,624
12,672	University of Wolverhampton	-	-
11,727	West Midlands Combined Authority	2,239	2,239
5,102	Wolverhampton Homes	4,953	4,953

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 City of Wolverhampton Council, as the administering authority for West Midlands Pension Fund, is one of the shareholders. Each authority has one Class A voting share in LGPS Central Limited.

The Fund has agreed a number of advisory agreements covering a range of asset classes within the fixed income portfolio and wider illiquid portfolios. LGPS Central Limited has also provided the Fund with execution only services in the management of forward currency hedging positions. The charges in respect of these services totalled £2.085m in 2021/22 (2020/21: £2.112m). The amount outstanding in respect of these services at 31 March 2022 was £0.958m (31 March 2021: £0.516m).

The Pension Fund was invoiced £2.017m in respect of Governance, Operator Running and Product Development costs by LGPS Central Limited for 2021/22 (2020/21: £2.706m). The amount outstanding in respect of these services at 31 March 2022 was £0.633m (31 March 2021: £0.643m).

LGPS Central Limited has let office space from City of Wolverhampton Council since 1 April 2018 on a sub leasing arrangement. The rental income and rates receivable by City of Wolverhampton Council from LGPS Central Limited in 2021/22 totalled £68,548.67 (2020/21: £102,595) and the reimbursement of associated utilities and maintenance charges for 2021/22 totalled £13,454.87 (2020/21: £16,078).

LGPS Central Limited is an admitted body and employs staff that are active members of the West Midlands Pension Fund. Normal contributions receivable from LGPS Central Limited for the year to 31 March 2022 were £519,800 (2020/21: £518,500).

City of Wolverhampton Council (via the Pension Fund) has invested £1.315m in LGPS Central Limited class B shares and £0.685m in class C shares in 2017/18 and these are both carried as balances in net investment assets at this yearend.

Key management personnel

The Fund has identified the Director of Pensions, West Midlands Pension Fund and the Chief Executive, City of Wolverhampton Council as key management personnel with the authority and responsibility to control or exercise significant influence over the financial and reporting decisions of the Fund. The combined compensation for these officers attributable to West Midlands Pension Fund is shown in the table below:

2020/21 £000		2021/22 £000
143	Short-term benefits	146
30	Post-employment benefits	35
173		181

Note P27 - Events after the reporting date

No post balance sheet events have occurred which impact upon the balances and transactions reported for the year.

The Fund remains alert to potential challenges from ongoing developments in relation to the Russian invasion of Ukraine. This has not impacted the underlying assumptions on which the Statement of Accounts is based nor the recognition or measurement of balances and transactions therein. No adjustments in respect of post balance sheet events have therefore been made.

The "McCloud" Court Judgement will have significant impact for all public sector pension schemes. When reforms were introduced in 2014 and 2015, protections were put in place for older scheme members. In December 2018, the Court of Appeal ruled that younger members of the Judges and Firefighters Pension schemes were discriminated against because the protections did not apply to them also. In July 2020, the Government published a consultation on draft regulations to remove this age discrimination. The consultation closed on 8 October 2020 and Government's decision is to implement the recommendations in two phases. Phase one involves moving all remaining active members of legacy schemes (members with protection) into the new schemes on 1 April 2022 so that, going forward, all accruals will be in the new schemes (and so all active members will be treated equally). Phase two is implementation of the deferred choice underpin. That is, giving eligible members a choice between legacy scheme and new scheme benefits for service between 1 April 2015 and 31 March 2022.