



Annual Report

Bedfordshire Pension Fund 2023/24

Registration number: 00328861RF



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The format and content of the Annual Report has been prepared in accordance with the Guidance for Local Government Pension Scheme Funds – Preparing the Pension Fund Annual Report, issued by Department for Levelling Up, Housing & Communities in April 2024, wherever practical.

Section 1: Overall Fund Management

Scheme Management & Advisers as at 31 March 2024

Administering Authority	Bedford Borough Council	www.bedford.gov.uk
Senior Officers		
Fund Administrator	Andy Watkins	andy.watkins@bedford.gov.uk
Chief Officer	Mike Batty	mike.batty@bedford.gov.uk
Asset Pool	Border to Coast Pensions Partnership	www.bordertocoast.org.uk
Investment Managers	Patria	www.patria.com
	BlackRock Advisors	www.blackrock.com/uk
	Border to Coast Pensions Partnership	www.bordertocoast.org.uk
	CBRE Global Investors	www.cbre.co.uk
	Gresham House	www.greshamhouse.com
	Insight Investment Management	www.insightinvestment.com
	Legal & General Investment Management	www.lgim.com/uk/en
	Newton Investment Management	www.newtonim.com
	Pantheon Ventures	www.pantheon.com
	PIMCO	www.pimco.co.uk
	Pyrford	http://www.columbiathreadneedle.com/en/pyrford-international
Custodian	Caceis	www.caceis.com
Fund Actuary	Melanie Durrant	Melanie.Durrant@Barnett-waddingham.co.uk
	Barnett Waddingham	www.barnett-waddingham.co.uk
AVC Providers	Pru (M&G)	www.mandg.com
	Standard Life	www.standardlife.co.uk
External Legal Advisors	Eversheds Sutherland	www.eversheds-sutherland.com
Bankers	National Westminster Bank	www.natwest.com
	Goldman Sachs Asset Management International	www.global-liquidity.gs.com
Fund Accountant / Director of Finance	Julie McCabe	julie.mccabe@bedford.gov.uk
External Auditor	KPMG	http://www.kpmg.com/uk/en/home.html
Investment Consultant	David Walker	David.Walker@hymans.co.uk
	Hymans Robertson	www.hymans.co.uk
Independent Investment Advisor	Elizabeth Carey	elizabeth.carey@btinternet.com

Risk Management

Identifying, Managing and Reviewing Risks

Bedfordshire's Pension Fund's processes for identifying and managing risks are governed by the Administering Authority's Risk Management Strategy. The Fund uses the Risk Register as its key risk management tool, with the Council's Risk Management System (JCAD) used to record and report on risk and control measures in detail.

The Risk Register is maintained by the Pension Fund Committee and is reviewed at each Committee meeting. The Register is also reviewed by the Local Pension Board at each of its meetings.

The risks and controls set out in the Risk Register are reviewed by officers based on timescales set by the Chief Officer for the Fund; they are currently reviewed on a quarterly basis. A copy of the latest risk register can be found in the minutes of the [Pension Fund Committee](#).

The Fund also maintains an Issues Log setting out risks which have materialised. The issues log is reviewed alongside the Risk Register as set out above.

Key Risks

The Fund's risk register considers risks across the following categories:

- Investment
- Funding
- Covenant
- Governance
- Administration

Risks are assigned a risk rating of low, medium or high. 3 ratings are produced for each risk, one indicating the rating with no controls in place, one indicating the rating given current controls, and a further rating assessing the target level of risk if all controls were to be fully operational.

A brief summary of each of the Fund's key risks (those where the uncontrolled risk is rated as high, or the current risk status does not meet the target) and the approach being taken to manage them is set out below.

Investment – Mismatch between liability profile and asset allocation

Status: Uncontrolled risk high, current risk low/medium (on target)

Risk: that a mismatch leads to assets being insufficient to meet liabilities

Controls: asset/liability review, rebalancing of assets against strategic benchmark, cash flow management.

Investment – Pooling and effects on asset allocation

Status: Uncontrolled risk high, current risk low/medium (on target)

Risk: That LGPS pooling could compromise the Fund's asset allocation strategy if the strategies available via the pool do not align with the Fund's investment objectives

Controls: Collaboration with BCPP.

Investment – Exposure to currency fluctuations

Status: Uncontrolled risk medium/high, current risk medium/high (target – low/medium)

Risk: Exposure to currency fluctuations leads to losses and reduced returns

Controls: Consideration of currency hedging strategy, diversification, regular monitoring of currency markets.

Governance – Pension Fund Committee members lack sufficient knowledge and skills

Status: Uncontrolled risk high, current risk medium/high (on target)

Risk: That Committee members have insufficient knowledge and advice to make correct decisions.

Controls: Longer terms of office, training programme, provision of qualified advisors, tPR toolkit.

Governance – Non-compliance with GDPR

Status: Uncontrolled risk high, current risk low/medium (on target)

Risk: Failure to protect personal data in line with legislation

Controls: data processing agreements, ICT security, training.

Governance – McCloud project

Status: Uncontrolled risk high, current risk medium high (target – low/medium))

Risk: The McCloud project impacts performance standards, leads to errors in benefit calculations and/or results in increases in liabilities & employer contributions

Controls: financial impact assessment, project management, member impact assessment, review of policy.

Governance – Administration

Status: Uncontrolled risk high, current risk medium high (target – low/medium))

Risk: Loss of pension records / data due to cyber-attack or fire / flood or unauthorised access

Controls: disaster recovery plan, business continuity plan, use of Cloud Technology.

Governance – Administration

Status: Uncontrolled risk high, current risk medium high (on target)

Risk: The service is affected by a national or local disaster

Controls: Business continuity planning.

The Pension Fund receives assurance from an internal audit programme that covers areas such as pensioner payroll, administration, investments, contributions receivable and governance to ensure the effectiveness of internal controls. In 2023/2024 the Fund received full or substantial assurance in all areas.

Investment managers and custodian also provide reports detailing their internal controls in line with the

AAF01/06 (Audit and Assurance Faculty of the Institute of Chartered Accountants in England and Wales release 01/06), SAS (Statement on Auditing Standards) 70, International Standard on Assurance Engagement no. 3402 and SSAE 16 (U.S. Statement on Standards for Attestation Engagements No. 16). In 2023/2024, each report was reviewed and the conclusion was that the control procedures described were suitably designed and operated with sufficient effectiveness to provide reasonable assurance during the period under review.

Use of Financial Instruments

Note 16 of the Statement of Accounts sets out the nature and extent of the financial instruments employed by the Fund and the associated risks. The Fund is exposed to market risk, credit risk and liquidity risk through its use of financial instruments; the note presents information on the Fund's exposure to each of the above risks and the Fund's policies and processes for managing those risks.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the value of its assets. The Fund uses manager and adviser information to help it identify market risks, such as interest rate, currency and market price risks. The risks are managed primarily through ensuring that the Fund's asset allocation includes a diversity of exposures to different financial markets and market sectors.

Credit Risk

Credit risk is the risk that a counterparty to a transaction involving a financial instrument will fail to discharge an obligation or commitment it has entered into with the Fund. Credit risk is monitored through ongoing reviews of the investment managers' activity. The Fund manages credit risk primarily through avoidance of significant exposures to any single counterparty or industry.

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations when they fall due. The Fund's liquidity is monitored on a daily basis. The Fund manages liquidity risk by:

- Giving careful consideration to the anticipated income and expenditure required for the administration of the Fund and the payment of benefits and by maintaining in-house managed cash balances sufficient to meet day-to-day cash flows.
- Maintaining a significant proportion of the Fund held in highly liquid investments such as actively traded equities and unit trusts.

Section 2: Governance and Training

The Fund Governance Structure

Bedfordshire Pension Fund has a Governance Policy, which describes how Bedford Borough Council fulfils its role as Administering Authority in an effective and transparent manner. The policy covers:

- delegations to the Pension Fund Committee;
- frequency of meetings of the Committee;
- terms of reference and operational procedures;
- representation from other scheme employers and scheme members.

The Governance Policy in place on 31 March 2024 statement can be seen in full on the [Pension Fund's website](#).

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

Pension Fund Committee and sub-committees

Bedford Borough Council's responsibility as the Administering Authority is undertaken via the Pension Fund Committee. The Committee consists of nominated elected members of Bedford Borough Council, Central Bedfordshire Council and Luton Borough Council. A scheme member representative and an academy schools representative are invited to sit on the Committee in an observer role. An independent investment adviser also sits on the Committee in an advisory capacity. The Committee takes advice from Bedford Borough Council officers, principally the Assistant Chief Executive (Finance) and CFO and the Chief Officer for Bedfordshire Pension Fund, and from external professional investment advisers, Hymans Robertson. The membership of the Pension Fund Committee at 31 March 2024 is shown on page 10.

A Pension Fund Panel and a Responsible Investment sub-committee operate in advisory capacity to the Pension Fund Committee. An investment sub-group, comprising the Committee Chairman, Vice-Chairman, Fund administration and Chief Officer for Bedfordshire Pension Fund, with advice from advisers, considers and approves the rebalancing of the Fund's assets to enable timely decisions to be made.

The Local Pension Board

Bedfordshire Pension Fund has a Local Pension Board, in compliance with the requirements of the Public Service Pension Act 2013. The Pension Board is responsible for assisting the Administering Authority and Pension Fund Committee in relation to securing compliance with the scheme regulations and other legislation relating to the governance and administration of the Scheme. The Board is also responsible for securing compliance with requirements imposed by the Pensions Regulator. Bedfordshire Local Pension Board is made up of four employer representatives, four scheme member representatives and an Independent Chairman.

Corporate governance

The Assistant Chief Executive (Finance) and CFO, and the Fund Administrator have delegated authority for the day-to-day management of the Fund. This delegation includes managing the Council’s functions as administering authority, and the power to seek advice and to devolve day-to-day handling of the Fund’s investments to professional advisers within the scope of the Local Government Pension Fund Regulations. The Assistant Chief Executive (Finance) and CFO’s delegation of duties to the Chief Officer for Bedfordshire Pension Fund and the Pensions Administration Manager is set out in the Fund’s Governance Policy.

Oversight and governance of the asset pool

Administration of the Fund is the responsibility of Bedford Borough Council, which also has overall responsibility for the investment of the Fund’s assets.

Bedfordshire Pension Fund has an Investment Strategy Statement, which is reviewed on an annual basis and with a full refresh following each actuarial valuation of the Fund. The strategy can be found on the [pension fund website](#).

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

To satisfy the requirements of the Local Government Pension Scheme: Investment Reform and Guidance the Administering Authority is a shareholder in Border to Coast Pension Partnership Limited (BCPP).

BCPP was created in 2017 as a wholly owned private limited company registered in England and Wales, authorised and regulated by the Financial Conduct Authority (FCA) as an alternative investment fund manager (AIFM). BCPP currently has 11 equal shareholders who comprise of the following Funds:

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

Border to Coast's role is to implement the investment strategies of the partner funds, through a range of investment sub-funds offering internally and externally managed solutions.

The investment performance and capability of BCPP is overseen on a day-to-day basis by senior officers at each partner fund, and more formally on a quarterly basis by the Joint Committee, which is constituted of elected members from each partner fund. BCPP's performance as a company is overseen by shareholder representatives from the eleven administering authorities both on an ongoing basis and formally once a year at its AGM.

Pension Fund Committee membership, voting rights and attendance at meetings in 2023/2024

The Pension Fund Committee is made up of eight councillors from the three local authorities. The table below details the Committee members at 31 March 2024.

Authority	Councillor Name
Bedford Borough Council	Doug McMurdo (Chair)
Bedford Borough Council	Jon Gambold
Bedford Borough Council	David Sawyer
Bedford Borough Council	James Valentine
Central Bedfordshire Council	Richard Wenham (Vice Chair)
Central Bedfordshire Council	David Shelvey
Luton Borough Council	Robert Roche
Luton Borough Council	Fatima Begum

Councillors Yasmin Waheed (Luton Borough Council), Ian Dalgarno (Central Bedfordshire Council) and Abu Sultan (Bedford Borough Council) left the Pension Fund Committee in May 2023/2024. Councillors James Valentine, David Shelvey and Robert Roche joined the Committee during 2023/2024.

Current membership of the Pension Fund Committee can be found on the [Bedford Borough Council website](#).

Pension Fund Committee voting rights 2023/2024

- Four Elected Members of Bedford Borough Council (three voting and one ordinarily non-voting except that s/he has the power to vote at any meetings of the Committee which one or more of the three voting Members is unable to attend);
- Two Elected Members of Central Bedfordshire Council (one voting and one non-voting who is also the substitute voting member);
- Two Elected Members of Luton Borough Council (one voting and one non-voting who is also the substitute voting member).

Attendance at Committee and Pension Fund Panel (Investments) meetings in 2023/2024:

The table below shows the attendance of Councillors at both the Investment Panel and Pension Fund Committee Meetings during 2023/2024.

Committee Member	Pension Fund Committee				Investment Panel					
	20 Jun	19 Sep	14 Nov	5 Mar	6 Jun	25 Aug	20 Oct	12 Jan	23 Jan	9 Feb
Councillor Doug McMurdo (Chair)	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Councillor Richard Wenham (Vice Chair)	N	N	Y	Y	Y	Y	Y	Y	N	Y
Councillor Jon Gambold	N	Y	Y	Y	Y	Y	N	N	Y	Y
Councillor David Sawyer	Y	Y	Y	Y	Y	N	Y	Y	N	Y
Councillor Fatima Begum	N	N	N	N	N	N	N	N	N	N
Councillor James Valentine	N	Y	N	N	Y	Y	Y	Y	Y	Y
Councillor David Shelvey	Y	Y	Y	N	N	N	Y	N	N	N
Councillor Robert Roche	Y	Y	N	Y	Y	Y	N	Y	N	N

Local Pension Board members 2023/2024

The Local Pension Board is made up of four employer representatives, four scheme member representatives and an independent chair. The membership of the Board at 31 March 2024 is shown in the table below.

Member name	Representing
Ian Coleman	Independent Chair
Councillor Jacqueline Burnett – Luton Borough Council	Scheme employers
Councillor Kenson Gurney – Central Bedfordshire Council	Scheme employers
Councillor Robert Rigby – Bedford Borough Council	Scheme employers
Stuart Goodwin	Scheme employers
Emma Payne	Scheme members
Nafia Baust	Scheme members
John Wallace	Scheme members
Martin Foster	Scheme members

Local Pension Board voting rights and attendance at meetings in 2023/2024

Each employer and member representative of the Board has an individual voting right. The Independent Chair is excluded from having the right to vote in accordance with regulation 106 (7) of the LGPS Regulations.

Attendance at Local Pension Board meetings in 2023/2024

The table below shows the attendance of Board members at meetings during 2023/2024. The May 2023 meeting was cancelled due to local elections taking place.

Local Pension Board member	Meeting 25/05/2023	Meeting 27/07/2023	Meeting 26/10/2023	Meeting 01/02/2024
Ian Coleman (Independent Chair)	Cancelled	Y	Y	Y
Cllr Jacqui Burnett	Cancelled	Y	Y	N
Cllr Kenson Gurney	Cancelled	Y	N	Y
Cllr Robert Rigby	Cancelled	N	Y	N
Stuart Goodwin	Cancelled	Y	N	Y
Emma Payne	Cancelled	Y	Y	N
Nafia Baust	Cancelled	Y	Y	Y
Martin Foster	Cancelled	Y	N	N
John Wallace	Cancelled	N	Y	Y

Representation of scheme employers and scheme members

The Pension Fund Committee has, as voting members, representatives of employers holding more than 10% of the active membership. A scheme member representative and an academy schools representative are invited to sit on the Committee in an observer role.

The Local Pension Board is made up of four employer representatives and four scheme member representatives.

Knowledge and training

Public sector organisations engaged in the financial management of pension schemes face the challenge of the schemes' growing complexity. Public sector pension scheme financial management demands requisite skills and knowledge, including:

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

regulatory requirements.

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

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

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

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

As the administering authority of Bedfordshire Pension Fund, the Council recognises the importance of ensuring that all staff and members involved in the Pension Fund financial management and decision-making have the prerequisite knowledge and skills to discharge the duties and responsibilities allocated to them. Therefore, it seeks to appoint competent individuals who are experienced and will provide training for staff and members to enable them to develop and maintain an appropriate level of expertise. The Fund's training plan sets out the approach to the development and maintenance of the required knowledge and skills. The plan reflects the recommended knowledge and skills level requirements set out in the CIPFA Pensions Finance Knowledge and Skills Framework. The Fund has appointed the Fund Administrator to be responsible for ensuring that policies and strategies are implemented. The Fund conducts training needs assessments and designs a training plan accordingly.

Training 2023/2024

The table below shows the key training received by officers and Members in 2023/2024. Compulsory events (unshaded) are for Members who have served less than two years on the Committee. Optional events are shaded.

Event	Length & timing of training	Knowledge area: Legislation, guidance & governance	Knowledge area: Funding strategy & actuarial methods	Knowledge area: Admin & comms	Knowledge area: financial strategy, management, accounting reporting & audit standards	Knowledge area: Investment strategy, asset allocation, pooling, performance, risk, & financial markets	Knowledge area: Procurement, contract & relationship management	Attended
Annual training day	1 day June 23	X	X	X	X	X	X	7 Cttee members 4 Board members 7 Officers 6 Advisors
LGA Fundamentals Training Programme	3 days Oct/Nov/ Dec 23	X	X	X	X	X	X	2 Cttee members 4 Board members
CIPFA Local Pensions Board annual conference	1 day May 23	X	X	X	X			1 Board member 1 Officer
LAPF Strategic Investment Forum	2 days July 23					X		1 Cttee member
LGC Investment Summit	2 days Sept 23	X			X	X		1 Officer
Border to Coast annual conference	2 days Sept 23					X	X	1 Cttee member 6 Board members 3 Officers
LAPFF annual conference	2 days Dec 23	X				X	X	1 Cttee member 1 Board member
LGPS Governance Conference	2 days Jan 24	X				X	X	2 Officers 2 Board members
LGC – Investment Seminar	2 days Mar 24	X			X	X	X	1 Cttee member 1 Officer

Conferences were held during the year, with some giving a choice between virtual or in-person attendance. Officers and members also attended the PLSA Local Authority Conference, the LGS pensions conference and LGC investment summit, as well as a session on SAB cost transparency. Shorter, virtual training sessions and webinars were also available, with members and officers attending virtual events including sessions on managing risk in the LGPS, pensions dashboards and CIPFA pension board member training. Bedfordshire Pension Fund was represented at the annual Pension Managers' conference.

All members are encouraged to undertake the training offered by the Pensions Regulator Public Sector toolkit and to register for Barnett Waddingham's Enlighten portal, which offers training in key areas.

The work of the Bedfordshire Pension Fund Committee 2023/2024

A report from the Chair of the Pension Fund Committee, Councillor Doug McMurdo

As Chair of Bedfordshire Pension Fund Committee (BPFC), I am pleased to present this overview of the work of the Pension Fund Committee during 2023/2024.

The Committee carried out its duties and completed its work programme for 2023/2024, as set out in the Pension Fund's Business Plan. Key policy documents, including the Funding Strategy Statement, the Governance Policy and the Admissions and Termination Policy were reviewed and updated, in consultation with professional advisers and officers, ensuring ongoing effective governance of the fund.

The Fund value was £3.468 billion at 31 March 2024 compared to £3.014 billion last year.

Throughout the year, Bedfordshire Pension Fund continued to review, reallocate and rebalance its investments through the agreed strategy statement. The Fund worked closely with the pool company, Border to Coast Pension Partnership Ltd (BCPP), and our ten partner funds. Bedfordshire Pension Fund has approximately 25% invested through the pool company and £700 million commitment to its private markets programme. The Fund made further commitments to the alternatives programme and agreed a 4% allocation to the Global Real Estate fund which was launched in November 2023 at BCPP.

Bedfordshire Pension Fund is committed to responsible investment (RI) and has an agreed and adopted RI policy in place. The Fund works with Border to Coast and the other partner funds of the asset pool to agree its approach to RI and stewardship, collectively. Review and the approval of Border to Coast's Responsible Investment Policy took place in March 2024. Talking to companies in which we invest about issues of concern is a key part of being a responsible investor. We do this both through working with Border to Coast and through the Local Authority Pension Fund Forum (LAPFF). Working with others in this area achieves far more than acting alone, as such collaboration is becoming ever more important.

The Fund agreed a net zero target date for investments by 2050 or sooner, with an aspiration to bring that date forward, if possible, in the future. A climate transition action plan will be developed during 2024/2025 to assess the Fund's trajectory towards net zero and biodiversity loss implications.

In February 2024 it was announced that Bedfordshire Pension Fund has remained a successful signatory to the UK Stewardship Code. The code sets high stewardship standards for asset owners and asset managers and for the providers that support them. The Fund retaining its status as a signatory is a testament to the hard work of all those involved in making sure that the Fund meets the Code's high standards.

The Committee manages its responsibility for oversight of the fund through its thorough and effective quarterly meetings, which include a regular review of the Fund's risk register and updates on administration matters. 2023/2024 has presented challenges for the fund's administration team, in no small part due to the new regulations for implementing the McCloud remedy, which came into force in October 2023. There is undoubtedly an increased pressure on the team's resources in dealing with the McCloud remedy, and as a consequence it has stretched our Administration Team's resources significantly. However, through careful management and oversight, they continue to maintain the high standards Bedfordshire Pension Fund has established over many years, in delivering all other aspects of the Fund's administration duties.

The Local Pension Board worked collaboratively with the Pension Fund Committee during the year and maintained a strong relationship. On behalf of the Committee, I would like to thank the Fund Administrator,

the Chief Officer for Bedfordshire Pension Fund, the Pensions Administration Manager, and all the officers for their work during the year 2023/24.

Councillor Doug McMurdo, Chair of Bedfordshire Pension Fund Committee

The work of the Pension Board 2023/2024

The Local Pension Fund participated in the review of the Fund’s key policy documents, including the Funding Strategy Statement, Admissions and Termination policy and the Governance Policy. The Board, through quarterly meetings, received updates from officers on matters including the fund’s introduction of the i-Connect monthly data collection system, the implementation of the McCloud remedy following new regulations coming into force in October 2023 and progress made in planning for the launch of the national Pensions Dashboards. The Board’s comments and observations were reported to the Pension Fund Committee as part of a regular agenda item at the Committee’s quarterly meetings. The annual report of the Board, from the Boards independent Chair, is included below.

Annual Report of Bedfordshire LGPS Pension Board for 2023/2024

1. Constitution, Representation and Attendance

- 1.1 The Bedfordshire LGPS Local Pension Board (“the Board”) was constituted under the Public Service Pensions Act 2013. As such, the Board is not a Committee of Bedford Borough Council (the Council).
- 1.2 The first meeting of the Board took place on 25 June 2015. It consists of four representatives of the Scheme employers, and four representatives of the Scheme members, all of whom are voting members. Nominated substitutes are allowed. A non-voting Independent Chair has been appointed.
- 1.3 The Board met on three occasions during the year, on 27 July 2023, 26 October 2023 and 1 February 2024. Overall attendance during the year was 67%. Individual attendance records are shown on page 12 of the Pension Fund’s annual report.
- 1.4 Board meetings are open to the public, other than when considering exempt items. All of the meetings were held in Borough Hall and were also streamed live on YouTube. The Board is empowered to continue with virtual or hybrid meetings.
- 1.5 To facilitate the operation of the Board, the Chair is invited as an observer to meetings of the Pension Fund Committee (“the Committee”).

2. Functions and Operation of the Board

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

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

- 2.2 Therefore, the Board has a monitor/assist/review/scrutinise purpose, rather than being a decision-making body. It could be seen as being a critical but supportive friend. It sets its own agenda, and has the opportunity to be selective and to probe particular topics in more depth than the Committee, which has a wider range of statutory responsibilities and decision-making. As such, the general approach of the Board is to seek assurances with evidence from the Fund and external bodies, that the Fund is meeting its objectives, producing the required statements and managing risks. The Board can commission its own reports and make recommendations to the Committee and to Officers.
- 2.3 In so doing, the Board is helping to manage the reputational risk of both the Fund and the Administering Authority. This is more critical now that the LGPS in England and Wales has both the Department for Levelling-Up, Housing and Communities (DLUHC) and the Pensions Regulator (TPR) as its regulators. The Administering Authority, and in extreme circumstances Board members, can be fined by TPR, which also has other powers available should breaches of the law and unacceptable standards occur.
- 2.4 The Board is supported by the Administering Authority and operates under Terms of Reference which were initially agreed by Council in March 2015. The Terms of Reference are reviewed annually. On 7 February 2018, the Council accepted recommendations from the Committee to make various revisions, including the desire to appoint an Independent Chair. The Council agreed further revisions on 13 January 2021. The Terms of Reference were most recently reviewed by the Board on 27 July 2023. The current Terms of Reference and other information regarding the Pension Board is located on the [pension fund website](#).
- 2.5 In 2023/24 the direct costs of operating the Board amounted to £12,722, mainly relating to the costs of the provision of an Independent Chair, training fees and expenses for Board members. These costs do not include any indirect costs relating to officer time nor any apportioned costs for the use of premises, systems or services recharged to the Fund by the Council. The Board seeks approval from the Administering Authority for its budget on an annual basis. Mindful of delivering value for money, the Board endeavours to work in a cost-effective manner, as its costs are reflected in employer contribution rates.

3. Detailed Work of the Board

3.1 Overview

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

the Committee and thus are taken into account as part of the decision-making process. The Board takes satisfaction from its role as a sounding board in developing new policies and reviewing existing policies and statements. The Pensions Regulator expects Boards to be in a position, if necessary, to challenge the Administering Authority on any decisions made. There were no such cases during the financial year 2023/2024.

- 3.1.5 The main elements of the work programme of the Board are governance, and oversight of the pensions administration function, which is run by an in-house team. A detailed and wide-ranging quarterly administration performance report is scrutinised at each ordinary meeting of the Board, comparing actual performance against both best practice and regulatory deadlines. Consideration is given to the focus on the priority tasks, and to the adequate resourcing of the Administration Team, including succession planning.
- 3.1.6 Amongst other objectives, the Board endeavours to help manage the reputational risk of the Fund. Such a focus seeks assurances that the Fund is complying with its responsibilities, obligations and expectations. The Board is mindful that all scheme employers have a responsibility to provide complete, accurate, timely and secure information and data. The roll-out of access by scheme employers to the i-Connect facility should further improve data quality and reliability.

3.2 Risk Management

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

3.3 The Pensions Regulator (TPR)

- 3.3.1 The Pensions Regulator examines the Scheme on an ongoing basis and has, for example, highlighted delays across LGPS Funds in producing Annual Benefit Statements (ABS). The Board was pleased to note that Bedfordshire Pension Fund once again produced its ABS by the due date.
- 3.3.2 The Board undertakes an annual review of the Fund against the standards and expectations as reflected in TPR Code of Practice 14, on a red, amber, green basis: RAG. The assessment identifies areas in which the Fund needs to make improvements. From 2024/2025 this assessment will be undertaken against the new TPR General Code which has replaced Code of Practice 14. The Board considers certain areas of the Code at any one time. No areas have red status. The Board studies and makes recommendations on amber items but would also challenge those areas assessed as "green", so seeking on-going assurance that the evidence supports each assessment. An interim review of any area of the Code is undertaken should circumstances so require.
- 3.3.3 The Board monitors TPR's annual review of its priorities, and studies its guidance, intervention reports and the reasons behind any fines it levies, reflecting these issues when setting the Board agenda. A particular focus of TPR is cyber security and pension scams, which have featured appropriately on

Board agendas. An assessment of the implications and requirements of the General Code will be undertaken during 2024.

- 3.3.4 The Board continues to be mindful of TPR's Scheme Annual Return, which is a statutory document which Bedfordshire Pension Fund completed within the statutory deadline. The return shows percentages for the completeness and accuracy of "common data" and "scheme specific data". Using 2018/2019 data as a baseline, TPR measures and seeks annual improvements in data quality. Data quality for Bedfordshire is at a high level and a Data Improvement Plan is in place, which is reviewed by the Board.

3.4 Reporting and Recording Breaches

- 3.4.1 All breaches of the law are recorded. The Board, and everybody associated with the Fund, other than individual scheme members, have a responsibility to report significant breaches of law to TPR. The Board reviews any breaches of the law as a standing item on the agenda. During 2023/2024, as far as the Board was aware, no breaches were reported to TPR.

3.5 Scheme Advisory Board (SAB)

- 3.5.1 The Board monitors the focus and priorities of the SAB and takes them into account in setting the Work Programme.
- 3.5.2 The SAB commissions periodic surveys of local pension boards, the outcomes of which are reported to the Board.

3.6 Review of Investment Issues

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

3.7 Scheme and Council documents

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

may make recommendations regarding their content.

4. Ensuring Compliance with Regulatory Deadlines

- 4.1 As the regulatory burden imposed on pension schemes continues to increase, so an increasing component of the Board agenda is ensuring compliance with regulatory deadlines, some of which represent an annual requirement, whilst others relate to the effective dates of new legislation and regulations. In all cases timely progress reports are received, so that the Board can consider whether any recommendations are needed to ensure that deadlines are met.
- 4.2 The changing working patterns, which were given added impetus by the pandemic in 2020, have resulted in a significant increase in home working. The Board is keeping the potential implications of home working under review.
- 4.3 In line with the majority of Local Authorities in England, the audit of the Bedford Borough Council Accounts which incorporate the Pension Fund Annual Report and Accounts, continues to be subject to significant delays for reasons beyond the control of the Pension Fund.
- 4.4 The Board continues to review and challenge on-going compliance in areas such as the General Data Protection Regulation (GDPR) and cyber security guidance.

5. Board Self-Assessment

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

6. Training

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

7. Work plan

- 7.1 The work plan for 2024/2025 covers the separate activity areas of:
 - Pension Fund Annual Report and Accounts

- administration, including Key Performance Indicators and the Data Improvement Plan
- audit and risk management, including the Risk Register
- governance; including conflicts of interest, recording and, if appropriate, reporting breaches, and compliance with TPR General Code
- specific training on the implications and requirements of the General Code and consideration of how the Board can continue to monitor compliance
- monitoring guidance from both TPR and SAB
- monitoring delivery and reporting by BCPP which has implications for Administering Authorities
- monitoring developments in responsible investment, including requirements under the new Stewardship Code, and reporting on the likely requirements in line with the recommendations of the Task Force on Carbon-related Financial Disclosures – TCFD.
- oversight of the implications and implementation of the anticipated statutory guidance on the Good Governance proposals which may be implemented during 2024/2025
- compliance with external deadlines
- training
- member communications
- Pension Fund Business Plan.

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

8. Public accountability

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

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

As the Chair of the LGPS Local Pension Board I wish to thank the Vice-Chair Cllr Burnett and fellow Board members who have volunteered their time and energy in their roles. Grateful thanks are also expressed to Claire Cummings, the Board Secretary, the Fund Administrator, the Chief Officer for Bedfordshire Pension Fund, the Pensions Manager, the Chair of the Pension Fund Committee, Democratic Services and other support officers.

Ian Coleman

Independent Chair

Bedfordshire LGPS Local Pension Board 26 April 2024

Conflicts of interest

The fund has a Code of Conduct and Conflict of Interest policy in place for both Pension Fund Committee and Local Pension Board. The policies can be found on the [Pension Fund website](#). Any potential conflict of interest shall be identified and monitored in a register of interests. Any alleged breaches of the Code of Conduct and Conflict of Interest policy will be investigated by the Scheme Manager, or in line with the Council's process for Members. In the event of any adverse findings, appropriate sanctions may be applied.

Section 3: Financial Performance

Overview

The Fund Account shows that the net assets of the fund have increased by £454 million during 2023/2024. This increase is mainly because of increases in value of investments amounting to £372 million. In addition, the Pension Fund is cashflow positive, the contributions received are more than the benefits paid. 2023/2024 has seen a 36% increase in contributions received this significant increase is due to upfront payments of employers' secondary contributions paid by the three main authorities totalling £51 million. Contributions excluding the upfront payments have increased by 4.9% due to an increase in member numbers and their salaries and benefits paid have increased by 5.8% as a result of inflation.

Financial Performance (Administrative cash flows)

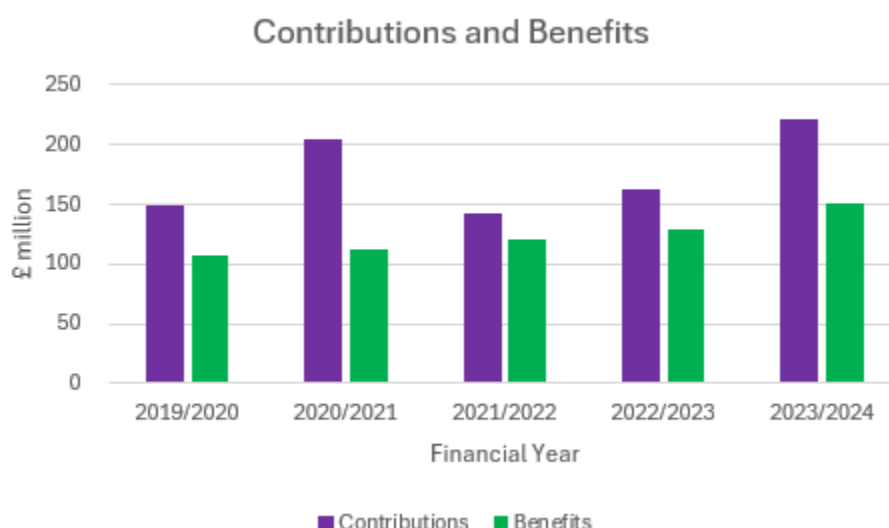
A budget for the administrative cash flows of the Pension Fund is prepared prior to the beginning of each financial year. The Pension Fund Committee formally agreed a budget for 2023/2024 at its meeting on 7 March 2023. The key elements of the budget are shown below together with actual performance. The Committee receives regular reports on progress against the budget during the year. The budget did not include the lump sum payments that the three main authorities paid into the fund in April 2023.

Administrative cash flows	Budget £000	Actual £000	Variance £000
Contributions Received	(135,000)	(207,198)	(72,198)
Transfer Values Received	(12,000)	(17,420)	(5,420)
Benefits Paid	122,100	129,200	7,100
Transfer Values Paid	13,000	20,165	7,165
Cost of Administering the Fund	7,279	6,829	(450)
Net additions from dealings with members	(4,621)	(68,424)	(63,803)

Contributions are payable by participating employers on a monthly basis, due in arrears by the 7th working day of the following month. During 2023/2024, 84% of contributions were received by the due date, this is a slight improvement from 82% reported in 2022/2023. The cash flows shown above include the payment, and subsequent recovery, of compensatory added years benefits which are excluded from the statement of accounts.

The fund account is on an accruals basis and the figures differ slightly to those above which are on a cash basis. The most significant difference being in costs of administering the fund due to investment management fees that are not invoiced. There has been a £12 million increase in investment management fees this year due to changes in disclosure of these fees which predominantly relate to private markets investments.

The chart below shows contributions and benefits over the past five years, the peaks in contributions in 2020/2021 and 2023/2024 being the lump sum payments made by the three main authorities.



During 2023/2024 the average employee contribution rate as a percentage of pensionable pay was 7.5% (2022/2023 – 6.45%). The average employer contribution rate was 24.7% (2022/2023 – 23%). The Fund has not exercised any interest levy on late contributions.

Bedfordshire Pension Fund Budget Monitoring 2023/2024

	2023/2024 Current Budget £000	2023/2024 Outturn £000	2023/2024 Variance £000
Investment Management Fees			
Investment Management - Basic Fees	6,319	18,939	12,620
Investment Management - Underlying Property Fees	2,110	1,472	(638)
Investment Management – Custody Fees	0	63	(63)
Total Investment Management Fees	8,429	20,474	12,045
Oversight & Governance			
Professional Fees	1,461	477	(1,263)
In-house Pension Team	279	148	(131)
Training	40	17	(23)
Other Expenses	59	91	32
Total Oversight & Governance	1,839	733	(1,106)
Administration			
Running Expenses	193	214	21
Technology	577	746	169
Fund Administration - BBC Recharge	1,530	1,413	(117)
Total Administration	2,300	2,373	73
Total Management Expenses	12,568	23,579	11,011

National Fraud Initiative

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

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

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

The NFI matching exercise occurs every two years, with the last exercise having taken place in 2022 and the next one due in 2024.

Section 4: Fund Account, Net Assets Statement and notes

The Pension Fund Financial Statements for 2023/2024 are currently unaudited and have been included on the following pages. There is an expectation that the audit will be completed by the backstop date of 28 February 2025.

Bedfordshire Pension Fund 2023/2024

Fund Account for the Year Ended 31 March 2024

2022/2023 £000		2023/2024 £000	See note
Contributions and Benefits			
149,517	Contributions	203,659	7
12,858	Transfers in from other pension funds	17,421	8
0	Other Income	0	
162,375		221,080	
(112,235)	Benefits	(129,057)	9
(15,685)	Payments to and on account of leavers	(20,799)	10
34,455	Net additions/(withdrawals) from dealings with members	71,224	
(10,438)	Management Expenses	(23,579)	11
24,017	Net additions/(withdrawals) including Management Expenses	47,645	
Returns on Investments			
21,596	Investment income	34,418	12
(16)	Taxes on income	0	
(44,198)	Profit and losses on disposal of investments and changes in value of investments	371,906	13a
(22,618)	Net return on investments	406,323	
1,399	Net increase/(decrease) in the fund during the year	453,968	
3,012,906	Opening Net Assets of the Fund	3,014,305	
3,014,305	Closing Net Assets of the Fund	3,468,273	

Net Assets Statement for the Year Ended 31 March 2024

31 March 2023 £000		31 March 2024 £000	See note
1,182	Long Term Investment Assets	1,182	13.1
1,182	Total Long Term Investment Assets	1,182	
2,941,972	Investment Assets	3,363,276	13.2
(2,472)	Investment Liabilities	(4,158)	13.3
2,939,500	Total Net Current Investments	3,359,117	
2,940,682	Total Net Investments	3,360,299	
0	Long Term Assets	0	18
76,990	Current Assets	109,695	19
(3,366)	Current Liabilities	(1,729)	20
3,014,306	Net assets of the fund available to fund benefits at the end of the Reporting Period	3,468,273	

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

Notes to the Accounts

1) Description of the Pension Fund

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

The following description of the Fund is a summary only. For more detail, reference should be made to the Bedfordshire Pension Fund Annual Report & Accounts 2023/2024 and the underlying statutory powers underpinning the scheme, namely the Superannuation Act 1972 and the Local Government Pension Scheme (LGPS) Regulations.

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

The LGPS (Administration) Regulations 2013 (as amended)

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

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

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

Membership of the Fund

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

Organisations participating in the Fund include:

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

Admitted bodies - other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

As at 31 March 2024, the total number of employees (i.e. from Councils within Bedfordshire and the other scheduled and admitted bodies) contributing to the Fund was 24,359 (23,715 - 31 March 2023), the number of pensioners was 21,720 (20,840) and the number of deferred pensioners was 34,903 (33,743).

A full list of participating bodies as at 31 March 2024 is included in the Bedfordshire Pension Fund Annual Report.

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

Core Benefits of the Scheme

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

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

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

NB scheme members must have a minimum of two years' membership to qualify for a pension

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

2) Basis of Preparation

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

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

The Administering Authority has carried out an assessment and is satisfied that Bedfordshire Pension Fund is a going concern. The Fund value at 31 March 2024 stood at £3.469 billion, in line with the balance at 31 March 2023.

The Fund remains cashflow positive in 2023/2024 despite the significant level of prepayments made in the first valuation year. Cash held at the Balance Sheet date stood at £97.280 million, equivalent to 2.8% of the Fund Assets. In addition, the Fund does not have any external borrowing and held £2.79 billion in Level 1 and Level 2 investment assets which could be realised within 3 months if required. Therefore, the fund is satisfied it has sufficient resources to meet its obligations to pay pensions throughout the going concern period which is at least 12 months from the date of authorisation of these accounts. For this reason, alongside the statutory guidance, these financial statements have been prepared on a going concern basis.

3) Significant Accounting Policies

Contribution Income

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

Benefits Payable

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

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

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

Refunds of Contributions

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

Transfer Values

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

Management Expenses

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

Administrative Expenses

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

Oversight and Governance Costs

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

Investment Management Expenses

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

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

Where an investment manager's fee note has not been received by 31 March 2024, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund account.

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

Investments

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

- Quoted securities are valued by reference to market bid price at the close of business on 31 March 2024.
- Traded futures are valued by reference to their exchange prices as at 31 March 2024.
- Other unquoted securities are valued having regard to latest dealings, professional valuations, asset values and other appropriate financial information.
- Unit trust and managed fund investments are valued by reference to the latest bid prices quoted by their respective managers prior to 31 March 2024. If bid prices are unavailable, mid prices or net asset value will be used.
- Assets, including investments, denominated in foreign currencies are valued on the relevant basis

and translated into sterling at the rate ruling on 31 March 2024. Exchange gains and losses arising from movements in current assets and liabilities are included in the Fund account for the year.

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

Investment Income

- (i) Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.
- (ii) Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- (iii) Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.
- (iv) Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Acquisition Costs of Investments

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

Additional Voluntary Contribution (AVC) Investments

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

Taxation

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

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

The Fund is exempt from United States withholding tax.

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

New Accounting Standards

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

There were no new accounting standards introduced in 2023/2024 affecting the Pension Fund.

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

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

Events after the reporting date

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

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

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

4) Critical Judgements in Applying Accounting Policies

Pension Fund Liability

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

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

Unquoted Investments

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

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

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

The items in the net asset statement at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming year are as follows:

Estimation Uncertainties

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

6) Events after the Reporting Date

There are no disclosable events after the reporting date.

7) Contributions receivable

2022/2023 £000	Contributions	2023/2024 £000
31,762	Employees' normal contributions	34,138
362	Employees' additional voluntary contributions	398
105,310	Employers' normal contributions	114,152
11,707	Employers' deficit funding	54,617
376	Employers' augmentation contributions	354
149,517		203,659
18,032	Administering authority	37,238
111,633	Scheduled bodies	158,617
19,852	Admitted and other bodies	7,804
149,517		203,659

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

8) Transfers In from Other Pension Funds

2022/2023 £000	Transfers in from other pension funds	2023/2024 £000
0	Transfers in from other pension funds - bulk	0
12,369	Individual transfers from other pension funds	17,421
12,369		17,421

9) Benefits Payable

2023/2024 £000		2023/2024 £000
Benefits		
92,012	Pensions	105,636
16,934	Commutations of pensions and lump sum retirement benefits	19,762
3,190	Lump sum death benefits	3,660
112,235		112,235
Further analysed as:		
15,685	Administering authority	17,170
85,292	Scheduled bodies	99,646
11,258	Admitted and other bodies	12,241
112,235		129,057

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

10) Payments To and On Account of Leavers

2022/2023 £000	Payments to and on account of leavers	2023/2024 £000
384	Refunds of contributions	493
0	Transfers to other schemes – bulk	0
14,852	Transfers to other schemes – individuals	20,239
298	Annual Allowance - Tax Charge	68
151	Lifetime Allowance - Tax Charge	0
15,685		20,799

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

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

11) Management Expenses

2022/2023 £000	Management Expenses	2023/2024 £000
1,662	Administrative Costs	2,366
7,401	Investment Management Expenses	20,474
1,375	Oversight and Governance Costs	733
10,438		23,572

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

2022/2023 £000	Investment Management Expenses	2023/2024 £000
6,132	Management Fees	18,939
0	Performance Related Fees	0
1,204	Underlying Property Fees	1,472
65	Custody Fees	63
7,401		20,474

12) Investment Income

2022/2023 £000	Investment Income	2023/2024 £000
0	Dividends from equities	0
20,802	Income from pooled investment vehicles	30,770
2,249	Interest on cash deposits	3,648
23,051	Total Investment Income	34,418

13) Investments

13a Investments 2023/2024

2022/2023 £000	Investments	2023/2024 £000	Note
Long Term Investments			
1,182	Pool Share Capital	1,182	13.1
1,182	Total Long Term Investments	1,182	
Pooled Investment Funds			
797,842	Equities – Unitised Insurance Policies	937,878	
572,104	Equities- ACS/Unit Trust	694,324	
224,125	Equities – Managed Fund	265,089	
153,443	Fixed Income – ACS/Unit Trust	170,567	
330,878	Multi Asset Credit – ACS/Unit Trust	356,316	
271,438	Absolute Return – ACS/Unit Trust	149,785	
185,523	Property Unit Trusts	169,962	
57,651	Private Equity	60,584	
65,382	Private Credit	100,330	
214,547	Infrastructure	323,897	
4,242	Climate Opportunities	10,439	
2,877,174	Total Managed and Unitised Funds	3,240,171	13.2
Cash Deposits & Other Investment Assets			
63,190	Cash deposits	122,254	
1,608	Amount receivable for sales of investments	850	
64,798	Total Cash and Other Investment Assets	123,104	
Investment Liabilities			
(2,472)	Payable for Purchases	(4,158)	
(2,472)	Total Other Liabilities	(4,158)	13.3
2,940,682	Total	3,360,299	

13b - Value of Investments 2023/2024

2023/2024	Market Value at 31 March 2023 £000	Purchases at cost & derivative payments £000	Sale proceeds & derivative receipts £000	Change in Market Value £000	Market Value at 31 March 2024 £000
Long-Term Investments					
Pool Share Capital	1,182	0	0	0	1,182
Total Long-Term Investments	1,182	0	0	0	1,182
Pooled Investment Funds					
Equities – Unitised Insurance Policies	797,842	173,808	(173,808)	140,036	937,878
Equities – ACS/Unit Trust	572,104	0	0	122,220	694,324
Equities – Managed Fund	224,125	0	0	40,964	265,089
Fixed Income – ACS/Unit Trust	153,443	0	0	17,124	170,567
Multi Asset Credit – ACS/Unit Trust	330,878	7,379	0	19,059	357,316
Absolute Return – ACS/Unit Trust	271,438	440	(132,238)	10,145	149,785
Property Unit Trusts	185,523	2,190	(5,835)	(11,916)	169,962
Private Equity	57,651	10,890	(9,719)	1,763	60,584
Private Credit	65,382	32,926	(1,304)	3,327	100,330
Infrastructure	214,547	101,622	(4,792)	12,490	323,897
Climate Opportunities	4,242	6,695	(962)	464	10,439
Total Pooled Investment Funds	2,877,174	335,949	(328,628)	355,677	3,240,171
Derivative Contracts	0	0	19	(19)	0
Total	2,878,356	335,949	(328,610)	355,658	3,241,353
Other Investment Balances					
Cash Deposits	63,190			201	122,254
Amount receivable for sales of investments	1,608				850
Payable for Purchases	(2,472)				(4,158)
Total Net Investments	2,940,682			355,859	3,360,299

13c Investments Analysed by Fund Manager

2022/2023 £000	2022/2023 %	Fund Manager	2023/2024 £000	2023/2024 %
Investments Managed by BCPP				
224,125	7.62%	BCPP – Global Equities	265,089	7.89%
0	0.00%	BCPP – Real Estate	1,334	0.04%
191,281	6.50%	BCPP – Multi Asset Credit	209,210	6.23%
993	0.03%	BCPP – Private Equity	8,698	0.26%
65,382	2.22%	BCPP – Private Credit	100,330	2.99%
4,242	0.14%	BCPP – Climate Opportunities	10,439	0.31%
192,929	6.56%	BCPP Infrastructure	255,184	7.59%
678,951	23.09%	BCPP Total	850,284	25.30%
Investments Managed Outside of BCPP				
563,651	19.17%	Legal & General – Global Equities	684,535	20.37%
234,191	7.96%	Legal & General – UK Equities	253,343	7.54%
481,688	16.38%	BlackRock – Global Equities	599,329	17.84%
90,416	3.07%	BlackRock – Emerging Markets Equities	94,995	2.83%
185,523	6.31%	CBRE – Indirect Property	168,628	5.02%
153,442	5.22%	Insight – Absolute Return Bonds	170,567	5.08%
138,864	4.72%	Newton – Absolute Return Multi-Asset	149,785	4.46%
132,574	4.51%	Pyrford – Absolute Return Multi-Asset	0	0.00%
56,658	1.93%	Patria (was abrdn) – Private Equity	51,886	1.54%
21,618	0.74%	Pantheon – Real Assets	20,248	0.60%
139,597	4.75%	PIMCO – Diversified Income Fund	148,106	4.41%
0	0.00%	Gresham House – Infrastructure	48,466	1.44%
1,182	0.04%	Pool Share Capital – Equities	1,182	0.04%
2,199,404	74.79%	Unpooled Total	2,391,070	71.16%
62,326	2.12%	Cash Deposits, Receivables & Payables	118,946	3.54%
2,940,681	100.00%	Total Net Investments	3,360,299	100.00%

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

2022/2023 £000	% of Total Market Value	Managed and Unitised Investment	2023/2024 £000	% of Total Market Value
797,842	26.35%	Legal & General	937,878	27.91%
695,141	23.07%	Border to Coast	850,284	25.30%
572,104	18.90%	BlackRock Advisers	694,324	20.66%
153,442	5.07%	Insight	170,567	5.08%

13.e Stock Lending

The Fund did not undertake any stock lending during 2023/2024.

14) Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value.

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

Asset Type	Level	Valuation Basis	Observable and Unobservable Inputs	Key Sensitivities
Pooled investments - property funds quoted	2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV - based principal set on a forward pricing basis	Not required
Pooled investments - property funds unquoted	3	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV - based principal set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts
Alternative Assets (Private Equity, Private Credit and Infrastructure)	3	Comparable valuation of similar companies e.g. in accordance with <i>International Private Equity and Venture Capital Valuation Guidelines (2018)</i>	EBITDA multiple revenue multiple discount for lack of marketability control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts

Sensitivity of Assets Valued at Level 3

Based on an analysis of historical data, current market trends, information supplied by the investment managers and the Pension Fund policy documents, the Fund has determined that the valuation methods described below are likely to be accurate to within the following range, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

14a Level 3 Assets

Assets*	Valuation Range +/-	Value at 31 March 2024 £000	Valuation Increase £000	Valuation Decrease £000
Private Equity	10	60,584	69,672	51,497
Infrastructure	15	323,897	372,482	275,313
Property	15	75,379	82,917	67,841
Private Credit	15	100,330	115,380	85,281
Infrastructure	15	10,439	12,005	8,873
		570,630	652,455	488,804

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

Fair Value Hierarchy

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

Level 1

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

Level 2

Assets and liabilities at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

Level 3

Assets and liabilities at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

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

Table 14b(i) - Analysis of Asset Levels at 31 March 2024

	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Inputs Level 3 £000	Total £000
Financial Assets				
Financial assets at fair value through profit and loss	0	2,669,542	571,812	3,241,353
Financial assets at amortised cost	123,104	0	0	123,104
Total Financial Assets	123,104	2,669,542	571,812	3,364,458
Financial Liabilities				
Financial liabilities at fair value through profit and loss	(4,158)	0	0	(4,158)
Financial liabilities at amortised costs	0	0	0	0
Total financial liabilities	(4,158)	0	0	(4,158)
Net financial assets	118,946	2,669,542	571,812	3,360,299

Table 14b(ii) - Analysis of Asset Levels at 31 March 2023

	Quoted Market Price Level 1 £000	Using Observable Inputs Level 2 £000	With Significant Unobservable Inputs Level 3 £000	Total £000
Financial Assets				
Financial assets at fair value through profit and loss	0	2,454,208	435,237	2,889,445
Financial assets at amortised cost	140,356	0	0	140,356
Total Financial Assets	140,356	2,454,208	435,237	3,029,801
Financial Liabilities				
Financial liabilities at fair value through profit and loss	0	0	0	0
Financial liabilities at amortised costs	(1,348)	0	0	0
Total financial liabilities	(1,348)	0	0	(1,348)
Net financial assets	139,008	2,454,208	435,237	3,028,453

The following assets have been carried at cost (£1,182,000 in 2022/23):

Table 14c - Share Capital

Values at 31 March 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Share Capital in Border to Coast Pool	0	0	1,182	1,182
Investments held at cost	0	0	1,182	1,182

Table 14d - Reconciliation of Fair Value Measurement within Level 3

	1 Apr 23 £000	Tsf Into Level 3 £000	Tsf Out of Level 3 £000	Purchases £000	Sales £000	Unrealised Gains/Losses £000	Realised Gains/Losses £000	31 Mar 24 £000
Private Equity	57,651	0	0	10,890	(9,719)	9,047	(7,284)	60,584
Infrastructure	214,547	0	0	101,622	(4,762)	1,416	11,074	323,897
Property	85,312	0	0	2,165	(5,782)	(42)	(6,273)	75,379
Private Credit	65,381	0	0	32,926	(1,304)	219	3,108	100,330
Climate Opportunities	0	4,242	0	6,695	(962)	187	277	10,439
	422,892	4,242	0	154,297	(22,529)	10,826	902	570,630

15) Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading.

2022/2023				2023/2024		
Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000		Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
Financial Assets						
797,842	0	0	Equities – Unitised Insurance Policies	937,878	0	0
572,104	0	0	Equities – ACS/Unit Trust	694,324	0	0
224,125	0	0	Equities- Managed Fund	265,089	0	0
153,443	0	0	Fixed Income – ACS/Unit Trust	170,567	0	0
330,878	0	0	Multi Asset Credit – ACS/Unit Trust	357,316	0	0
271,438	0	0	Absolute Return – ACS/Unit Trust	149,785	0	0
185,523	0	0	Property Unit Trusts	169,962	0	0
57,651	0	0	Private Equity	60,584	0	0
65,382	0	0	Private Credit	100,330	0	0
214,547	0	0	Infrastructure	323,897	0	0
4,242	0	0	Climate Opportunities	10,439	0	0
1,182	0	0	Pool Share Capital	1,182	0	0
2,913,792	63,190	0	Cash held for investment	0	122,254	0
0	1,608	0	Receivable for sales	0	850	0
0	421	0	Sundry Debtors	0	0	0
0	66,622	0	Cash – current assets	0	97,280	0
2,878,356	131,841	0		3,241,353	220,384	0
Financial Liabilities						
0	0	(2,472)	Other investment liabilities	0	0	(4,158)
0	0	(1,348)	Sundry Creditors	0	0	0
0	0	(3,820)		0	0	-3,820
2,914,974	89,588	(3,820)		3,241,353	220,384	-3,820

Net Gains and Losses on Net Gains and Losses on Financial Instruments

2022/2023 £000		2023/2024 £000
Financial Assets		
(32,247)	Designated at fair value through profit and loss	371,906

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

16) Nature of Extent of Risks Arising from Financial Instruments

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

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

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

Market risk

Credit risk

Liquidity risk

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

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

Market Risk

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

Interest Rate Risk

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

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

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

Table 16a - Exposure to Interest Rate Risk

Carrying value at 31/03/2023	Change in year in net assets available to pay benefits		Asset type	Carrying value at 31/03/2024	Change in year in net assets available to pay benefits	
	+100 bps	-100 bps			+100 bps	-100 bps
£000	£000	£000		£000	£000	£000
621,137	6,211	(6,211)	Fixed interest securities	527,883	5,279	(5,279)
129,812	1,298	(1,298)	Cash & cash equivalents	219,534	2,195	(2,195)
750,949	7,509	(7,509)	Total	747,417	7,474	(7,474)

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

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund manages currency risk by instructing investment managers to use hedging techniques with foreign currencies.

The following table summarises the Fund's currency exposure as at 31 March 2024 and also shows the increase/decrease in the value of net assets available to pay benefits arising.

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

Currency Risk by Asset Class

Currency Risk by Asset Class 2023/2024

Asset Type	Value £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Equities	1,643,948	6.00%	1,742,585	1,545,311
Overseas Fixed Income	170,567	6.00%	180,800	160,333
Overseas Multi Asset Credit	357,316	6.00%	378,755	335,877
Overseas Absolute Return	149,785	6.00%	158,772	140,798
Overseas Alternatives	446,785	6.00%	473,592	419,977
Total	2,768,400	6.00%	2,934,504	2,602,296

Currency Risk by Asset Class 2022/2023

Asset Type	Value £000	Change %	Value on Increase £000	Value on Decrease £000
Overseas Equities	1,359,880	6.00%	1,441,473	1,278,287
Overseas Absolute Return	424,882	6.00%	450,375	399,389
Overseas Diversified Growth	335,120	6.00%	355,227	315,013
Overseas Alternatives	337,580	6.00%	357,835	317,325
Overseas Cash	0	6.00%	0	0
Total	2,457,462	6.00%	2,604,910	2,310,014

Market Price Risk

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

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

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

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

Sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, and using information available from investment advisers, investment managers, the Custodian, and the Fund's policy documents, the Fund believes the following is reasonable for the 2023/2024 reporting period.

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

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

Table 16c(i) - Exposure to market fluctuations 2023/2024

Asset Type	Value £000	Change %	Value on Increase £000	Value on Decrease £000
Equities	1,897,291	14.00	2,162,912	1,631,670
Fixed income	170,567	12.00	191,034	150,099
Multi Asset Credit	357,316	12.00	400,194	314,438
Absolute Return	149,785	10.00	164,763	134,806
Property	169,962	15.00	195,457	144,468
Private Equity	60,584	25.00	75,731	45,438
Private Credit	100,330	15.00	115,380	85,281
Infrastructure	323,897	25.00	404,871	242,923
Climate Opportunities	10,439	25.00	13,048	7,829
Cash	122,254	1.00	123,477	121,032
Total	3,362,426		3,846,868	2,877,984

Table 16c(ii) - Exposure to market fluctuations 2022/2023

Asset Type	Value £000	Change %	Value on Increase £000	Value on Decrease £000
UK Equities	387,633	14.0	441,902	333,365
Overseas Equities	1,359,880	14.0	1,550,263	1,169,497
Property	186,261	15.0	214,200	158,322
Absolute Return Bonds	424,882	10.0	467,371	382,394
Diversified Growth Funds	335,120	12.0	375,334	294,906
Private Equity	56,658	25.0	70,823	42,494
Private Credit	64,914	15.0	74,651	55,177
Infrastructure	228,000	25.0	285,000	171,000
Cash	59,501	1.0	60,096	58,906
Total	3,102,849		3,539,640	2,666,061

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

Credit Risk

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

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

managers' activity.

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

Liquidity Risk

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

The Fund manages liquidity risk by:

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

17) Funding Arrangements – Actuary Statement

The Fund's Actuary has provided the following updated Statement on the valuation of the retirement benefits as at 31 March 2024 and the assumptions made in the valuation.

Actuary Statement

Introduction

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

Asset value and funding level

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

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

Contribution rates

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

to meet:

- the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due.
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

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

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

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

Assumptions

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

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

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

Updated position since the 2022 valuation

Assets

Investment returns on the whole Fund assets over the year to 31 March 2024 have been strong, estimated to be approximately 14%. The Fund also has a positive cash flow, and so, the market value of assets at 31 March 2024 has increased since the 2022 valuation.

Liabilities

In July 2023, we implemented a change to the funding basis as a result of recent increases in interest rates on the Fund's ongoing basis.

Since the last valuation date of 31 March 2022, we have seen significant changes in the market conditions underlying our financial assumptions. In particular, there has been a significant increase in interest rates which affects the expected return of absolute return funds which formed approximately 21% of the Fund's strategic asset allocation. Accordingly, we believe that the target returns on such asset classes were becoming more difficult for investment managers to achieve.

As a result, we amended our funding approach to assume that the long-term expected return for the absolute return funds is set approximately as 60% to equities and 40% to gilts. This has led to an increase in liabilities over the period to 31 March 2024.

Further, inflation over the two years to 31 March 2024 has been higher than the long-term average assumed at the 2022 valuation. This has also caused an increase in the liabilities at 31 March 2024. However, this was partly anticipated when setting assumptions for the 2022 valuation, and as expected, long-term CPI inflation has fallen since March 2022 reducing the liabilities such that the actual CPI increases applied to members' benefits have been largely offset.

Overall position

Although Fund assets have performed well over the period and, on average, have broadly been in line with the discount rate since March 2022, we estimate that the increase in liabilities has resulted in a reduction to the overall funding position as at 31 March 2024, compared to the previous valuation.

Melanie Durrant FIA

Partner, Barnett Waddingham LLP

17a) Actuarial Present Value of promised Retirement Benefits

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the pension fund liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year but taking account of changes in membership numbers and updating assumptions to the current year.

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

31 March 2023 £000		31 March 2024 £000
(3,284,749)	Present Value of the defined benefit obligation	(3,318,503)
3,006,986	Fair Value of Fund Assets (bid value)	3,458,279
(277,763)	Net Liability	138,776

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see note 17), in particular IAS19 stipulates a discount rate rather than a rate that reflects market rates. The actuary has also used valued ill health and death benefits in line with IAS19.

2022/2023 % pa	Assumptions	2023/2024 % pa
4.80	Discount Rate	4.95
2.85	Pension Increases	2.85
3.85	Salary Increases	3.85

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

Sensitivity to:	£000 +0.1%	£000 -0.1%
Discount Rate	(3,263,879)	(3,374,596)
Long Term Salary Increases	(3,321,886)	(3,315,147)
Pension Increases and deferred revaluation	(3,372,317)	(3,266,082)
	+1 year	-1 year
Life Expectancy Assumptions	(3,443,061)	(3,199,039)

18) Long Term Debtors

As at 31 March 2024 the Fund had no long term debtors (2022/23 nil).

19) Current Assets

2022/2023 £000	Current Assets	2023/2024 £000
1,552	Contributions due from Administering Authority	1,679
8,572	Contributions due from other scheme employers	8,629
0	Civil Service Pensions Scheme	0
0	Bulk Transfer due from other Local Authorities	0
421	Other	2,107
10,545		12,415
66,445	Cash	97,280
76,990	Current Assets	109,695

The cash balance of £97.280 million is held in the Fund's own bank accounts. Cash held by the Fund's managers is included in cash deposits in Note 13.2 above.

20) Current Liabilities

2022/2023 £000	Current Liabilities	2023/2024 £000
710	Administration costs etc. due to Administering Authority	403
2,304	Investment managers' fees	336
127	Other professional fees	188
0	AVCs in transit	0
0	Death grants	0
225	Other	793
3,366		1,720
0	Provision for Tax Reclaims over 1 Year	0
3,366	Current liabilities	1,720

21) Additional Voluntary Contributions

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

2022/2023 £000	Additional Voluntary Contributions	2023/2024 £000
6,209	Value at 1 April	6,247
	Income	
996	Contributions received	
	Expenditure	
(489)	Retirements	
9	Transfers values paid	
(480)		
(478)	Change in market value	
6,247	Value at 31 March	

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

Breakdown of AVC providers

	Prudential £000	Standard Life £000	Total £000
Value at 1 April 2023	5,518	730	6,248
Income			
Contributions received			
Expenditure			
Retirements			
Transfers values paid			
Change in market value			
Value at 31 March 2024			

22) Related Party Transactions

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

- Councillor McMurdo is a member of the Bedfordshire & River Ivel Drainage Board.
- A member of Councillor McMurdo's immediate family is an employee of the Sharnbrook Academy Federation.

- Councillor Sawyer is a Director at Bedford Consulting Limited.
- Councillor Wenham is a Director at Raynsford Church of England Academy, Southeast Midlands Local Enterprise Partnership Limited, Henlow Pavilion Management Limited and Rasear Limited.

There were no material transactions between members and officers and the Fund during 2023/2024.

The only material related party transactions during 2023/2024 were in respect of contributions paid by the employing bodies into the Fund. See Note 7.

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

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

Administration and investment management costs include charges by Bedford Borough Council for providing services in its role as administering authority. For 2023/2024 these amounted to £1.4 million (2022/2023 £1.4 million).

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

The Fund pays compensatory added years benefits on behalf of some of its employers. The costs of these are invoiced to the employer. In 2023/2024, £3.1 million (2022/2023 £2.8 million) was paid and recovered from employers.

Key Management Personnel

There are three senior officers of Bedford Borough Council involved in the financial management of Bedfordshire Pension Fund. They are the Assistant Chief Executive (Finance), the Fund Administrator and the Chief Officer for Bedfordshire Pension Fund. These officers charge a proportion of their time to the Pension Fund as part of Bedford Borough Council's role as administering authority. In 2023/2024, their remuneration was as follows:

2022/2023		2023/2024
£000		£000
102	Short-term benefits	139
26	Post-employment benefits	24
128		162

23) Contingent Liabilities and Contractual Commitments

There were no material contingent liabilities as at 31 March 2024. But there were outstanding capital commitments to investment vehicles of up to £719.2 million (31 March 2023: £397.3 million). These commitments relate to outstanding call payments (including callable distributions) due on unquoted investments in infrastructure, private equity, real assets, private debt and climate opportunities. The amounts drawn down by the managers are irregular in both size and timing over typical periods of up to 6 years from the date of the original commitments.

Section 5: Investments and Funding

Investment Management

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

The Investment Strategy is set by the administering authority and documented within the Investment Strategy Statement (ISS). The ISS sets out the overarching asset allocation and target returns of the various different assets held by the Fund in order to meet the Fund's objectives of:

- Managing employers' liabilities effectively;
- Ensuring sufficient resources are available to meet all liabilities as they fall due;
- Enable primary contribution rates to be kept as nearly constant as possible (subject to risk review); and
- Seek returns on investment within reasonable risk parameters.

The ISS is normally reviewed alongside the [Funding Strategy Statement \(FSS\)](#) and was approved by the Committee on 14 November 2023. It is subject to an annual review and full review every three years in line with the Triennial Valuation, and without delay after any significant change in investment policy. The current FSS was updated and approved by the Pension Fund Committee on 19 September 2023.

The main link between the FSS and the ISS relates to the discount rate that underlies the funding strategy as set out in the FSS, and the expected rate of investment return which is expected to be achieved by the long-term investment strategy as set out in the ISS. As explained above, the ongoing discount rate that is adopted in the actuarial valuation is derived by considering the expected return from the long-term investment strategy. This ensures consistency between the funding strategy and investment strategy.

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

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

The approach is for the specialist portfolios to add value by diversifying from the traditional asset classes. The investment managers and their respective mandates are shown below, the figures in brackets showing the percentage of the Fund's assets within each manager's remit based on market values at 31 March 2024.

CACEIS provides global custody services to the Fund across all asset classes.

Under the LGPS Code of Transparency investment managers are required, in a timely manner, to provide portfolio information in prescribed format to ensure clarity, transparency, consistency and comparability across the LGPS. All investment managers within Bedfordshire Pension Fund are signatories to the Code. The fund uses this information to ensure manager expenses are reflected as accurately as possible.

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

Investment Performance

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

Total return on the Fund's assets for the year to 31 March 2024 was 12.9% overperforming the benchmark of 12.4%. The Fund underperformed the benchmark, over a 5-year period, achieving total return of 6.9% pa, against a benchmark of 7.8% pa.

The returns of the underlying mandates and asset classes over the 12 month period to 31 March 2024 are summarised in the table below:

Asset Class	Fund Manager	Return %	Benchmark Return %	Benchmark
Equities				
BlackRock ACS World Low Carbon Fund	BlackRock	24.5	23.1	MSCI World (BlackRock)
BlackRock iShares Emerging Markets Index Fund	BlackRock	5.1	5.9	MSCI Emerging Markets
LGIM Future World Global Equity	Legal & General Investment Management	N/A	N/A	Solactive L&G ESG Global Markets Index (LGIM)
LGIM UK FTSE 250 Index Fund	Legal & General Investment Management	8.7	8.7	FTSE All Share
LGIM UK Future World Index Fund	Legal & General Investment Management	N/A	N/A	FTSE All Share
BCPP Global Equity Alpha	Border to Coast	18.3	20.6	MSCI All Country World
Private Equity				
Patria Private Equity	Patria	6.2	10	Absolute 10%
BCPP Private Equity	Border to Coast	-6.3	10	Absolute 10%

Asset Class	Fund Manager	Return %	Benchmark Return %	Benchmark
Property				
CBRE UK Property	CBRE	-3	-1.4	AFER/IPD UK QPFI All Balanced Property Fund Index
BCPP Value Add Property	Border to Coast	N/A	N/A	10% p.a. over rolling 10yrs
Infrastructure				
BCPP Infrastructure	Border to Coast	4.9	8	Absolute 8%
Pantheon Infrastructure	Pantheon	0.9	8	Absolute 8%
Gresham House Infrastructure	Gresham House	N/A	N/A	Absolute 8%
BCPP Climate Opportunities	Border to Coast	6	8	Absolute 8%
Private Credit				
BCPP Private Debt	Border to Coast	12.2	6	Absolute 6%
Multi-Asset Credit				
BCPP Multi-Asset Credit	Border to Coast	9.4	8.4	SONIA + 3-4%
Absolute Return Multi-Asset				
Newton Absolute Return	Newton	7.9	9	SONIA 30 Day Compounded + 4%
Liquid Credit				
Insight Responsible Credit Fund	Insight	11.2	8.9	SONIA + 4%
PIMCO - Diversified Income Fund	PIMCO	6.1	7	1/3 Bloomberg Barclays Global Aggregate Credit ex-Emerging Markets; 1/3 Bank of America Merrill Lynch BB-B Rated Developed Markets High Yield Constrained; and 1/3 JP Morgan EMBI Global
Total		12.9	12.4	

Source: Hymans Robertson

Please note that for new investments in year there is no return information for the 12 month period.

Environmental, social and governance issues

The Financial Reporting Council (FRC) confirmed in February 2024 that Bedfordshire Pension Fund has remained a successful signatory to the UK Stewardship Code. The Pension Fund was first confirmed a signatory in February 2023. The Code sets high stewardship standards for asset owners and asset managers, and for providers that support them. The fund is an active member of the Local Authority Pension Fund Forum (LAPFF). LAPFF consists of members from the majority of the LGPS in the UK and seeks to promote the highest standards of corporate governance to protect the long-term value of local authority pension funds. The Chair of Bedfordshire Pension Fund is also the LAPFF Chairman.

The Pension Fund has adopted a pro-active approach to lobby companies and governments on climate change, working through supporting LAPFF, as mentioned above, the [Institutional Investor Group on Climate Change \(IIGCC\)](#) and the [Carbon Disclosure Project \(CDP\)](#).

Bedfordshire Pension Fund is committed to a policy of Responsible Investment. This means considering environmental, social and governance (ESG) issues when making decisions about investments which in turn helps the pension fund to manage risk and generate long-term investment returns. The Pension Fund has a [Stewardship Policy](#) which was approved June 2024.

Investment stewardship includes active ownership, using voting rights, engaging with investee companies, influencing regulators and policy makers, and collaborating with other investors to improve long-term performance.

Examples of when ESG issues play a role in the pension fund's investment decisions:

- Environmental – thinking about a company's approach to climate change and the [Paris Agreement](#) and also whether the company is reliant on fossil fuels and what their plans are for addressing this issue.
- Social – considering whether the company pays their staff the real living wage in the UK or sets standards for staff working in their company and supply chains.
- Governance – finding out how many women are on the Board of the company, whether the workforce is well-represented and what policies are in place in respect of paying bonuses to senior staff.

The Pension Fund believes these matters make a difference, and those companies with good ESG credentials are better managed companies and are more sustainable in the long-term to deliver profits.

The Pension Fund Committee has agreed a set of Responsible Investment Beliefs that are considered when making new investments and managing day to day investments. [Read our Responsible Investment Beliefs](#)

The Border to Coast pool company has a Responsible Investment Policy, Corporate Governance and Voting Guidelines and a Climate Change Policy, which were last approved in January 2024 which align with Bedfordshire Pension Fund values.

Fees and Costs

Management expenses incurred by the fund are set out below:

	2023/2024 Current Budget £000	2023/2024 Outturn £000	2023/2024 Variance £000
Investment Management Fees			
Investment Management - Basic Fees	6,319	18,939	12,620
Investment Management - Underlying Property Fees	2,110	1,472	(638)
Investment Management – Custody Fees	0	63	(63)
Total Investment Management Fees	8,429	20,474	12,045
Oversight & Governance			
Professional Fees	1,461	477	(1,263)
In-house Pension Team	279	148	(131)
Training	40	17	(23)
Other Expenses	59	91	32
Total Oversight & Governance	1,839	733	(1,106)
Administration			
Running Expenses	193	214	21
Technology	577	746	169
Fund Administration - BBC Recharge	1,530	1,413	(117)
Total Administration	2,300	2,373	73
Total Management Expenses	12,568	23,579	11,011

Strategic Asset Allocation

Comparison of the strategic asset allocation in the ISS with the actual allocation of assets at 31 March 2024

The long-term asset allocation has been considered and agreed by the Pensions Committee and is set out in the Investment Strategy Statement. The allocation will be implemented over time and the actual asset allocation in the interim may differ.

The table below shows the actual distribution of assets compared to the long-term strategic allocation set out in the ISS. The table includes investments with Goldman Sachs of £66.34 million which are in Current Assets in the Net Asset Statement.

Asset Class	Strategic Allocation		Actual Assets	
	Target %	Allocation Range	Value £000	%
Listed Equities	50.0%	40% - 60%	1,897,291	55.4%
Private Equity	4.5%	0% - 5%	60,584	1.8%
Growth Assets Sub-Total	54.5%		1,957,875	57.2%
Property	10.0%	5% - 15%	169,962	5.0%
Infrastructure	10.0%	0% - 15%	334,337	9.8%
Private Credit	5.0%	0% - 10%	100,330	2.9%
Multi Asset credit	7.5%	5% - 12.5%	209,210	6.1%
Absolute Return Multi Asset	3.0%	0% - 3%	149,783	4.4%
Income Sub-Total	35.5%		963,624	28.1%
Liquid Credit	10.0%	5% - 15%	318,673	9.3%
Cash and other net assets	<1.0%	0% - 2%	185,286	5.4%
Volatility and Treasury Management Sub-Total	10.0%		503,959	14.7%
Total	100.0%		3,425,458	100.0%

The asset classes which are currently outside of the allocation range are Absolute Return Multi-Asset which has a current 4.4% allocation within the portfolio and cash and other net assets at 5.4%. Both of these are slightly higher than the allocation range. The private market investments take time to deploy capital with money committed but not drawn down immediately and as such there is a higher allocation to absolute return multi-asset and cash.

Pooling

Introduction

In order to satisfy the requirements of the LGPS Investment Reform and Guidance issued by the then Department for Communities and Local Government (DCLG) in November 2015, the Administering Authority elected to become a shareholder in Border to Coast Pension Partnership Limited (BCPP). Bedfordshire Pension Fund is a founding member of BCPP along with 10 other Pension Funds namely:

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

The partner funds submitted their proposal to Government on 15 July 2016 and have written confirmation

from the Secretary of State to confirm that the proposal meets the criteria laid down in the guidance issued in November 2015 namely:

- a) Asset pool(s) that achieve the benefits of scale;
- b) Strong governance and decision making;
- c) Reduced costs and excellent value for money; and
- d) An improved capacity to invest in infrastructure.

BCPP was created in 2017 as a wholly owned private limited company registered in England and Wales, authorised and regulated by the Financial Conduct Authority (FCA) as an alternative investment fund manager (AIFM).

The Pension Fund's intention is to invest its assets via BCPP Ltd as and when suitable sub-funds become available. Currently the Fund has made commitments to the following funds:

- Global Equities
- Infrastructure
- Climate Opportunities Fund
- Private Credit
- Private Equity
- Multi Asset Credit
- Global Real Estate

Pooling costs

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

The table below details the net savings achieved to date for Bedfordshire Pension Fund through the operation of the Border to Coast Pool.

Border to Coast Costs and Savings	Cumulative to 2022/23 £ million	2023/24 £ million	Total Actual £ million
Implementation Costs - pre-incorporation	0.19	0.00	0.19
Implementation Costs - post incorporation	0.24	0.00	0.24
Share Purchase/Subscription Costs	1.18	0.00	1.18
Share Purchase/Subscription Costs (adj)	(1.18)	0.00	(1.18)
Governance Costs	1.19	0.34	1.53
Development Costs	0.28	0.02	0.30
Project Costs	0.61	0.00	0.61
Total Set up and Operating Costs	2.51	0.36	2.87
Transition Costs	0.17	0.00	0.17

Border to Coast Costs and Savings	Cumulative to 2022/23 £ million	2023/24 £ million	Total Actual £ million
Fee savings due to pooling	6.26	0.77	7.03
Fee savings - Private markets	2.83	2.10	4.93
Fee savings - Public markets	1.25	0.61	1.86
Total Fee Savings	10.34	3.48	13.82
Net Position	7.66	3.12	10.78
Cumulative Net Position	7.66	10.78	10.78

Source: Border to Coast

Progress in Pooling and Assets Not Managed by Border to Coast

The asset table below shows that 24.8% of the funds assets are pooled (an increase from 22.6%), 27.4% are under pool management and the remainder 47.8% are not pooled. Within the not pooled assets cash and net current assets for which the plan is to invest in both pooled and not pooled assets over the future years.

Equities

The Pension Fund's equity mandates outside the pool are in low-cost index pooled investment products. There are currently no plans to transition these assets to the pool as the pool cannot compete with the large, low-cost index fund providers. However, as part of annual investment strategy reviews the Fund will consider propositions developed by the pool. The Fund is investigating whether mandates that are Not Pooled can move to Under Pool Management so that the pool provides some level of governance and oversight.

Bonds

Development of propositions by Border to Coast e.g. Green and Social Sustainable Bonds (GSS Bonds) will be considered for transition to the pool in the future.

Property

The Fund committed £120 million (4%) to the Border to Coast Global Real Estate Fund during 2023/2024. The Fund has a strategic underweight to UK Property which is to be met by the Border to Coast UK Property proposition expected to be launched in 2024/2025. It will take a number of years to transition from the current mandate.

Diversified Growth Funds

There are currently no plans to transition these assets to the pool. However, proposition developed by the pool will be considered periodically.

Alternatives (Private Equity, Private Debt and Infrastructure)

During 2023/2024 the Fund agreed commitments to the third vintage year of the Border to Coast Alternatives Series 2 Programme of £137.5 million and plans to continue making commitments to the Series 3 Programme

which will be launched in March 2025. The Fund has made investment directly, where strategies are subscale for consideration by the pool or where the pool does not cover the particular requirements for the Pension Fund.

Cash and Net Current Assets

The Fund has operational cash flow needs which are met by Money Market Fund providers outside the pool. Cash balances held are used to fund net capital drawdowns in relation to private market commitments, the majority of which are pooled.

Asset Table

The table below sets out the investment asset allocation at the 31 March 2024 and includes the investments held with Goldman Sachs which are included in Current Assets in the Fund Account.

Asset values as at 31 March 2024	Pooled £'000	Under pool management £'000	Not pooled £'000	Total £'000
Equities (including convertible shares)	265,089	937,878	694,324	1,897,291
Bonds (Multi Asset Credit & Liquid Credit)	209,210	0	318,673	527,883
Property	1,334	0	168,628	169,962
Diversified growth funds (including multi-asset funds)	0	0	149,785	149,785
Private equity	8,698	0	51,886	60,584
Private debt	100,330	0	0	100,330
Infrastructure	265,623	0	68,714	334,337
Cash and net current assets	0	0	185,286	185,286
Total	850,284	937,878	1,637,296	3,425,458

A further analysis of UK investments is shown in the table below.

Asset values as at 31 March 2024	Pooled £'000	Under pool management £'000	Not pooled £'000	Total £'000
UK Listed Equities	24,375	276,548	40,457	341,379
UK Government Bonds	0	0	9,737	9,737
UK Infrastructure	61,097	0	48,666	109,763
UK Private Equity	1,026	0	0	1,026
Total	86,498	276,548	98,860	461,905

Section 6: Administration

Summary of activity

The administration function concentrates on the end of year data returns during the spring and summer to ensure the annual benefit statements can be issued before the statutory deadline of 31 August each year. Annual benefit statements were issued to deferred members on 10 July 2023 and active members on 24 August 2023.

The introduction of i-Connect will assist with End of Year reconciliation processes and the team started the i-Connect implementation during 2023.

i-Connect is an online portal used by employers to submit monthly pensions data. Data submitted through the portal includes pensionable pay amounts, employee and employer contribution amounts and notifications of people joining and leaving the scheme. The portal allows for members' pension records to be updated with information supplied by the scheme employer, without the involvement pension administrators, which improves efficiency and reduces the chances of human error affecting updates. The system can also be configured to remind employers when data is due, or overdue, again improving efficiency and reducing the administrative burden. By 31 March 2024, 43% of employers were using the i-Connect facility with a project plan in place for the remainder of employers to onboard in the next 18 months.

The Local Government Pension Scheme rules were changed on 1 October 2023. When public service pension schemes changed from final salary schemes to career average schemes in 2014 and 2015, older members were protected from the changes.

In 2018, the Courts found that younger members had been discriminated against because the protections did not apply to them. The 2023 changes are called the McCloud remedy. They remove the age discrimination found in the McCloud court case. Not all LGPS members are affected by the changes.

The administration function has worked with an external provider to collate data provided by employers and payroll providers and reconcile the data onto the pension administration system in preparation for assessment as to whether the McCloud remedy applies to members. This piece of work will continue until 2026.

Members of the administration function attend regular meetings with pension officers from other funds, and also participated in a working party for guidance on the McCloud remedy with the Scheme Advisory Board & MHCLG.

Key performance indicators

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

Table A - Total numbers of casework

Ref	Casework KPI	Open Cases at 31 March 2023	Total no. of new cases created in the year	Total no. of cases completed in the year	Total % of cases completed in the year	Total no. of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	172	747	784	85%	732
A2	New dependent member benefits	6	242	243	98%	240
A3	Deferred member retirements	191	912	928	84%	882
A4	Active member retirements	69	537	516	85%	459
A5	Deferred benefits	874	2,656	2,847	81%	3,009
A6	Transfers in (including interfunds in, club transfers)	111	696	533	66%	488
A7	Transfers out (including interfunds out, club transfers)	36	479	465	90%	404
A8	Refunds	28	565	573	97%	479
A9	Divorce quotations issued	3	153	139	89%	159
A10	Actual divorce cases	0	2	2	100%	3
A11	Member estimates requested either by scheme member or employer	94	1,347	1,327	92%	1,252
A12	New joiner notifications	46	5,627	5,547	98%	5,812
A13	Aggregation cases *	289	3,423	3,073	83%	3,516
A14	Optants out received after 3 months membership	not available				

* Aggregation cases include internal transfers, actual aggregations and concurrent records.

Data for the total % of cases completed in the previous year (22/23) is not available.

Table B - Time taken to process casework

Ref	Casework KPI	Bedfordshire Pension Fund Target	% completed within fund target 23/4	% completed in 22/23
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	100%	100%
B2	Communication issued confirming the amount of dependents pension	10 days	98%	95%
B3	Communication issued to deferred member with pension and lump sum options (quotation)	10 days	76%	87%
B4	Communication issued to active member with pension and lump sum options (quotation)	10 days	76%	87%
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	10 days	85%	89%
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	10 days	85%	89%
B7	Payment of lump sum (both actives and deferreds)	10 days	85%	89%
B8	Communication issued with deferred benefit options	30 days	56%	56%
B9	Communication issued to scheme member with completion of transfer in	35 days	96%	98%
B10	Communication issued to scheme member with completion of transfer out	10 days	77%	83%
B11	Payment of refund	10 days	76%	65%
B12	Divorce quotation	15 days	98%	99%
B13	Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	30 days	100%	100%
B14	Communication issued to new starters	10 days	78%	45%
B15	Member estimates requested by scheme member and employer	10 days	76%	87%

Table C - Communications and Engagement

Ref	Engagement with online portals	Percentage at 31 March 2024
C1	% of active members registered	37%
C2	% of deferred members registered	29%
C3	% of pensioner and survivor members	21%
C4	% total of all scheme members registered for self-service	27%
C5	Number of registered users by age	
C6	% of all registered users that have logged onto the service in the last 12 months	Not available
Ref	Communication	Number
C7	Total number of telephone calls received in year	20,090
C8	Total number of email and online channel queries received	Not available
C9	Number of scheme member events held in year (total of in-person and online)	Not available
C10	Number of employer engagement events held in year (in-person and online)	8
C11	Number of active members who received a one-to-one (in-person and online)	Not available
C12	Number of times a communication (i.e newsletter) issued to:	
	a) Active members	1
	b) Deferred members	1
	c) Pensioners	2

Table D - Resources

Ref	Resources	Number
D1	Total number of all administration staff (FTE)	26.1
D2	Average service length of all administration staff	12.5 years
D3	Staff vacancy rate as % (31 March 2024, agency cover)	21.8%
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	3,103
D5	Ratio of administration staff (excluding management) to total number of scheme members	3,279

Table E - Data Quality

Ref	Annual Benefit Statements	Percentage
E1	Percentage of annual benefit statements issued as at 31 August	100%
E2	Give commentary if < 100%	N/A
Ref	Data Category	Percentage
E3	Common data score	95%
E4	Scheme specific data score	97.3%
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	4.8%
E6	Percentage of active, deferred and pensioner members with an email address held on file	46%
Ref	Employer Performance	Percentage
E7	Percentage of employers set up to make monthly data submissions	43%
E8	Percentage of employers who submitted monthly data on time during the reporting year	100%

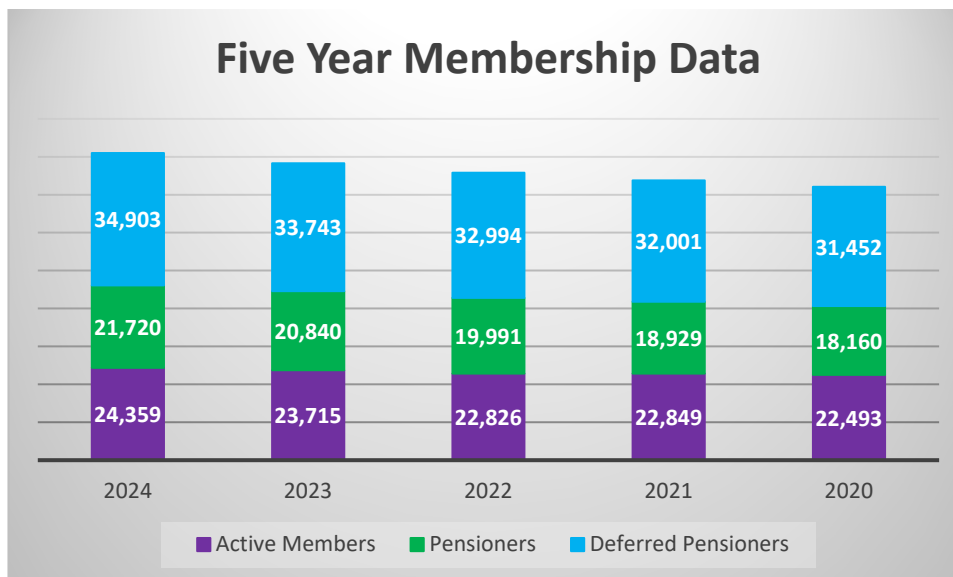
Fund members and employers

During 2023/2024 the number of pensioners increased from 20,840 at 31 March 2023 to 21,720 at 31 March 2024; the number of contributors within the fund increased from 23,715 to 24,359. The active members have remained between 30 and 31% over the five year period.

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

Five Year Membership Summary as at 31 March

Membership category	2024	2023	2022	2021	2020
Active members	24,355	23,715	22,826	22,849	22,493
Pensioners	21,719	20,840	19,991	18,929	18,160
Deferred Pensioners	34,905	33,743	32,994	32,001	31,452
Total	80,981	78,298	75,811	73,779	72,105
Undecided Leavers	876	704	841	584	559



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

Employer type	Active	Ceased
Scheduled Body	167	0
Admitted Body	44	2
Administering Authority	1	0
Total	212	2

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

Employer type	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
Scheduled Body	168	167	164	159	150
Admitted Body	44	58	44	48	28
Total	212	225	208	207	178

Contributions are made by active Employees' and are a percentage of their pay. The LGPS regulations set out nine contribution rates ranging from 5.5% to 12.5%. The rate that an employee pays is determined by the employee's actual annual pensionable pay. The Employer contributions are based on the triennial valuation and set at a level so as to bring the Fund to 100% funding over a period of fourteen years. However, some employers may opt to fund the deficit by making additional annual monetary payments and hence have a lower contribution rate.

Appendix A sets out the employers who participated in the Bedfordshire Pension Fund during the year ended 31 March 2024. The contribution rates shown are the percentage of the employees' pensionable pay that each employer paid into the Fund during 2023/2024. The additional payments made in 2023/2024 are also included.

Pension Increases

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

Communications Policy

The communications policy sets out how the fund will communicate with scheme members, prospective members, scheme employers, representatives of members and other interested parties. It details the frequency of the provision of the communications and in what form the communication takes place.

The key information provided to active and deferred members is the Annual Benefits statement which was sent by post by the 31 August 2024.

Pensioner members receive a guide for new pensioners in paper format at the point of retirement and an annual pensions increase letter.

The My Pension Online website is always available to all scheme members.

Scheme employers are able to attend a face to face annual general meeting and they always have forms and guides which are available online or can be emailed on request.

Promotion of the scheme is via the scheme employers who are given a brief guide to the LGPS which they can share with employees as appropriate.

Value for money statement

Bedfordshire Pension Fund has a [business plan](#) covering 2024-2028 which also outlines the Fund's aims, objectives and actions over the longer term in order to provide a high-quality value for money service. One of the aims of pooling investments within BCPP is to reduce investment management costs.

Benchmarking

The Fund benchmarks its administrative costs against the SF3 data collected annually by the Office of National Statistics for the 87 Local Government Pension Schemes. The most recent data is that for the financial year 2022/2023 and is summarised in the following table:

Cost per member 2022 / 2023	Position	Bedfordshire Pension Fund	LGPS Lowest	LGPS Highest	LGPS Average
Investment Cost	6 th	£94.52	£4.49	£1,276.17	£289.58
Administration	16 th	£21.23	£7.63	£142.11	£36.79
Oversight and Governance	53 rd	£17.56	£0.77	£93.37	£19.24
Total Cost per Member	6th	£133.31	£42.68	£1,342.64	£345.61

The cost per member from the 2023 / 2024 financial statements is set out below:

Cost per member 2023 / 2024	Bedfordshire Pension Fund
Investment Cost	£252.82
Administration	£29.30
Oversight and Governance	£9.05
Total Cost per Member	£291.18

There has been re-analysis of some costs which has resulted in an increase in investment costs and a decrease in oversight and governance costs. In addition, an improvement to the transparency of

investment costs has resulted in more accurate disclosure in 2023/2024.

Dispute resolution

The Internal Disputes Resolution Procedure (IDRP) is a formal two stage procedure for settling complaints and disputes under the LGPS. The IDRP is set out within the LGPS regulations with first instance decisions (Stage One) generally made by either the employer or the administering authority; depending on the nature of that decision. The summary below shows some of the different decisions that the employer and the administering authority make:

Employer:

Any question concerning:

- An employee's eligibility for membership
- An employee's pensionable pay to be used to calculate benefits
- An employee's final pay to be used to calculate benefits
- An employee's contribution rate
- Any entitlement to benefit on termination of membership
- Any entitlement to early release of pension benefits including ill health early retirement

Administering Authority:

Any question concerning:

- The amount of any benefit, or return of contributions, a member is entitled to under the LGPS regulations
- The person's previous service or employment
- Counting additional periods as membership or crediting additional pension
- The payment of death grants

If the member is unhappy with the decision at Stage One, the decision can be appealed under Stage Two of the IDRP by applying to the administering authority. No person involved in the Stage One decision can be involved in the Stage Two consideration.

A requirement from The Pensions Regulator is to publish the number of cases under the Internal Disputes Resolution Procedure (IDRP) and these cases are reported to the Pension Fund Committee and Local Pension Board on a quarterly basis. During 2023/2024 there were 2 cases under Stage One of the process and none under Stage Two.

Section 7: Actuarial report on funds

Actuaries statement

The Fund's Actuary has provided the following updated Statement on the valuation of the retirement benefits as at 31 March 2024 and the assumptions made in the valuation.

Introduction

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

Asset value and funding level

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

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

Contribution rates

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

- the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due.
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

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

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

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

Assumptions

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

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

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2022 valuation report [2022 Valuation Report](#)

Updated position since the 2022 valuation

Assets

Investment returns on the whole Fund assets over the year to 31 March 2024 have been strong, estimated to be approximately 14%. The Fund also has a positive cash flow, and so, the market value of assets at 31 March 2024 has increased since the 2022 valuation.

Liabilities

In July 2023, we implemented a change to the funding basis as a result of recent increases in interest rates on the Fund's ongoing basis.

Since the last valuation date of 31 March 2022, we have seen significant changes in the market conditions underlying our financial assumptions. In particular, there has been a significant increase in interest rates which affects the expected return of absolute return funds which formed approximately 21% of the Fund's strategic asset allocation. Accordingly, we believe that the target returns on such asset classes were becoming more difficult for investment managers to achieve.

As a result, we amended our funding approach to assume that the long-term expected return for the absolute return funds is set approximately as 60% to equities and 40% to gilts. This has led to an increase in liabilities over the period to 31 March 2024.

Further, inflation over the two years to 31 March 2024 has been higher than the long-term average assumed at the 2022 valuation. This has also caused an increase in the liabilities at 31 March 2024. However, this was partly anticipated when setting assumptions for the 2022 valuation, and as expected, long-term CPI inflation has fallen since March 2022 reducing the liabilities such that the actual CPI increases applied to members' benefits have been largely offset.

Overall position

Although Fund assets have performed well over the period and, on average, have broadly been in line with the discount rate since March 2022, we estimate that the increase in liabilities has resulted in a reduction to the overall funding position as at 31 March 2024, compared to the previous valuation.

Melanie Durrant FIA

Partner, Barnett Waddingham LLP

Section 8: External Audit Opinion

Independent auditor's statement to the members of Bedford Borough Council on the pension fund financial statements

To be Updated

Section 9: Additional Information

Supporting policies and documents

The following policies, which were in place at 31 March 2024, can be found on the Pension Fund website:

- [Investment Strategy Statement](#)
- [Funding Strategy Statement](#)
- [Communications Policy Statement](#)
- [Pensions Administration Strategy](#)

Contact Points

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

Accounts, Investments and Contributions

Mike Batty

Chief Officer Bedfordshire Pension Fund

Telephone: 01234 718396

Benefits

Claire Bennett

Pensions Administration Manager

Telephone: 01234 228873

The Pensions Ombudsman

10 South Colonnade Canary Wharf London E14 4PU

www.pensions-ombudsman.org.uk

Telephone: 0800 917 4487

The Money and Pensions Service

www.maps.org.uk

Telephone: 0800 011 3797

Appendix A

Contribution rates and amounts for the year ended 31 March 2024 – Scheduled bodies

Scheduled Bodies:	Contribution Rate %	Employee £000	Employer £000	Additional Employer £000	Total £000
Academy Of Central Bedfordshire	19.3%	42	136	0	178
Active Education Academy Trust	18.0%	65	202	0	267
Advantage MAT - Bedford Free School	21.5%	49	167	0	216
Advantage MAT – Elstow	35.2%	26	159	0	185
Advantage MAT - Houstone	22.1%	21	80	0	101
Advantage MAT – Laburnum (c)	22.1%	2	7	0	9
Advantage MAT – Queens Park	22.1%	43	165	0	208
Alameda Academy	23.2%	43	173	0	216
Aley Green Parish Council	26.8%	0	1	0	1
All Saints Academy (Dunstable)	20.7%	63	201	0	264
All Saints Lower (Post 01/10/2013) (Clifton)	21.8%	15	61	0	76
Amphill Town Council	26.8%	15	57	0	72
Arlesey Town Council	26.8%	6	26	0	32
Aspley Guise Parish Council	26.8%	1	4	0	5
B.C.A.T Wixams Academy (b)	22.1%	56	199	0	255
B.C.A.T Wixams Tree Primary (b)	22.1%	23	88	0	111
B.I.L.T.T - Grange (formerly Grange Academy)	21.9%	48	226	0	274
B.I.L.T.T – Greys	21.9%	50	178	0	228
B.I.L.T.T – St Johns	21.9%	101	382	0	483
Bedford Borough Council	19.9%	4,867	15,712	16,891	37,470
Bedford College	18.8%	519	1,556	9	2,084
Bedfordshire & River Ivel Drainage Board	26.8%	56	211	0	267
Bedfordshire Fire and Rescue Service	20.6%	473	1,444	148	2,065
Beecroft Academy	21.3%	33	126	0	159
Biddenham Parish Council	26.8%	2	7	0	9
Biggleswade Academy Trust	20.9%	104	385	0	489
Biggleswade Town Council	26.8%	38	158	0	196
Blunham Parish Council	26.8%	1	3	0	4
Bolnhurst Parish Council	26.8%	0	2	0	2
Brickhill Parish Council	26.8%	2	9	0	11
Bromham Parish Council	26.8%	3	11	0	14
Brooklands Middle School	22.1%	40	153	0	193
Caddington Parish Council	26.8%	2	8	0	10
Campton Academy	22.1%	12	47	0	59
Campton and Chicksands Parish Council	26.8%	0	2	0	2
Central Bedfordshire Council	18.4%	8,546	29,045	22,001	59,592
Chief Constable	18.3%	3,044	8,189	585	11,818

Scheduled Bodies:	Contribution Rate %	Employee £000	Employer £000	Additional Employer £000	Total £000
Chiltern Learning - Ardley Hill	24.5%	44	190	0	234
Chiltern Learning - Cedars	24.5%	47	194	0	241
Chiltern Learning - Challney Girls	24.5%	51	207	0	258
Chiltern Learning - Chiltern Academy	24.5%	61	251	0	312
Chiltern Learning - Daubeney	24.5%	31	131	0	162
Chiltern Learning - Kempston	24.5%	48	199	0	247
Chiltern Learning - Lancot	24.5%	33	147	0	180
Chiltern Learning - Lark Rise	24.5%	25	109	0	134
Chiltern Learning - Lea Manor	24.5%	56	220	0	276
Chiltern Learning - Linslade	24.5%	33	137	0	170
Chiltern Learning - Marston Vale	24.5%	31	130	0	161
Chiltern Learning – Putteridge	24.5%	77	315	0	392
Chiltern Learning - Springfield	24.5%	28	119	0	147
Chiltern Learning Trust	24.5%	269	1,060	0	1,329
Cranfield Church of England Academy	20.7%	52	197	0	249
D.S.A.M.A.T - Caldecote	29.7%	7	37	0	44
D.S.A.M.A.T - Kensworth	29.7%	9	50	0	59
D.S.A.M.A.T - Manshead	29.7%	101	486	0	587
D.S.A.M.A.T - Northill	29.7%	4	23	0	27
D.S.A.M.A.T - Ravensden	29.7%	12	65	0	77
D.S.A.M.A.T - Roxton	29.7%	6	32	0	38
D.S.A.M.A.T - St James	29.7%	9	48	0	57
D.S.A.M.A.T - Studham	29.7%	7	36	0	43
D.S.A.M.A.T - Thomas Whitehead	29.7%	17	88	0	105
D.S.A.M.A.T - Totternhoe	29.7%	15	81	0	96
D.S.A.M.A.T – Ursula Taylor	29.7%	24	128	0	152
D.S.A.M.A.T - Wenlock	29.7%	32	164	0	196
Dunstable Town Council	26.8%	92	388	0	480
Eaton Bray Academy	22.1%	18	68	0	86
Etonbury Academy	22.1%	46	179	0	225
Eversholt Lower	24.7%	7	33	0	40
Everton Heath Primary	28.6%	9	45	0	54
Farley Junior Academy	30.4%	31	161	0	192
Ferrars Academy	21.3%	40	146	0	186
Flitwick Town Council	26.8%	31	128	0	159
Fullbrook Academy	22.1%	28	105	0	133
Gilbert Inglefield Academy	22.1%	48	184	0	232
Goldington Academy	26.3%	62	270	0	332
Goldington Green Academy	21.9%	66	256	0	322
Gothic Mede Lower Academy	22.1%	32	130	0	162
Gravenhurst Academy	22.1%	6	26	0	32

Scheduled Bodies:	Contribution Rate %	Employee £000	Employer £000	Additional Employer £000	Total £000
Great Barford Parish Council	26.8%	2	8	0	10
Greenfield & Pulloxhill Academy	22.1%	14	53	0	67
Hadrian Academy	22.1%	32	124	0	156
Harlington And Sundon Academy Trust (a)	27.1%	15	67	0	82
Harlington Parish Council	26.8%	3	14	0	17
HEART Academies - Cauldwell	22.8%	32	131	0	163
HEART Academies - Shackleton	22.8%	44	182	0	226
HEART Academies - Shortstown	22.8%	42	174	0	216
HEART Academies Trust (formerly Bedford Academy)	22.8%	165	589	0	754
Holywell Academy	22.1%	45	173	0	218
Houghton Conquest Parish Council	26.8%	1	3	0	4
Houghton Regis Town Council	26.8%	31	129	0	160
Icknield Academy	22.1%	92	336	0	428
Kempston Burial Joint Board	26.8%	4	18	0	22
Kempston Rural Parish Council	26.8%	0	2	0	2
Kempston Town Council	26.8%	6	24	0	30
Kensworth Parish Council	26.8%	1	5	0	6
Kingsbridge - Hockliffe	22.1%	2	7	0	9
KST - Bedford Road Primary	22.1%	8	30	0	38
KST - Doversy Academy	22.1%	19	76	0	95
KST - Wixams Academy	22.1%	5	19	0	24
KST - Wixams Tree Primary	22.1%	2	8	0	10
Langford Lower Academy	22.1%	27	109	0	136
Lawnside Academy	22.1%	19	75	0	94
Leighton Linlade Town Council	26.8%	67	270	0	337
Luton Borough Council	20.2%	7,545	24,799	12,390	44,734
Luton Sixth Form College	20.6%	160	504	64	728
Mark Rutherford School Trust	22.0%	96	359	0	455
Marston Moretaine Parish Council	26.8%	4	17	0	21
Maulden Parish Council	26.8%	1	3	0	4
Middx Learning Trust-Stopsley High	31.2%	82	432	0	514
Northill Parish Council	26.8%	1	6	0	7
Oak Bank Special School Academy	18.8%	88	273	0	361
Oakley Parish Council	26.8%	1	5	0	6
Our Lady Immaculate Catholic Academies Trust	22.1%	114	443	0	557
Pioneer L Trust - Chantry	21.5%	111	411	0	522
Pioneer L Trust - Southfield	24.7%	39	169	0	208
Pioneer L Trust - Whitefield	31.2%	51	286	0	337
Pix Brook Academy	22.1%	47	182	0	229

Scheduled Bodies:	Contribution Rate %	Employee £000	Employer £000	Additional Employer £000	Total £000
Police and Crime Commissioner	18.3%	84	211	0	295
Poppy Hill MAT-Henlow	22.1%	53	206	0	259
Poppy Hill MAT-Meppershall	33.0%	10	58	0	68
Potton Town Council	26.8%	9	34	0	43
Putnoe Academy	22.1%	55	205	0	260
Pyramid School Trust - Arnold	22.1%	58	228	0	286
Pyramid School Trust - Harlington	22.1%	65	233	0	298
Pyramid School Trust - Harlington & Sundon	27.1%	2	12	0	14
Pyramid School Trust - Parkfields	36.4%	24	155	0	179
Pyramid School Trust - Ramsey Manor	37.0%	25	164	0	189
Pyramid School Trust - Westoning	35.0%	5	33	0	38
Queensbury Academy	24.2%	74	296	0	370
Raynsford Church Of England Academy	22.1%	27	106	0	133
Redborne Academy	24.3%	107	433	0	540
Robert Bloomfield Academy	22.1%	58	226	0	284
S.A.C.A.T – Cardinal Newman	28.1%	137	622	0	759
S.A.C.A.T – St Margaret of Scotland	28.1%	35	167	0	202
S.A.C.A.T – St Martin De Porres	28.1%	37	177	0	214
S.A.C.A.T - St Marys Caddington	28.1%	25	122	0	147
S.A.C.A.T - St Vincents	28.1%	16	82	0	98
Samuel Whitbread Academy	22.1%	112	401	0	513
Sandy Town Council	26.8%	15	64	0	79
Scholars' Education Trust - Priory	27.1%	38	178	0	216
Shared Learning Trust	21.8%	300	1,051	0	1,351
Sharnbrook Academy Federation	26.5%	186	839	0	1,025
Sharnbrook Parish Council	26.8%	1	5	0	6
Sharnbrook Primary (formerly John Gibbard Academy)	22.1%	17	66	0	83
Shefford Town Council	26.8%	4	19	0	23
Shortstown Parish Council	26.8%	1	5	0	6
St Augustine's Academy	22.1%	19	72	0	91
St Christopher's Academy	22.1%	25	101	0	126
St Mary's School (Stotfold)	22.1%	33	129	0	162
Stanbridge Parish Council	26.8%	0	2	0	2
Staploe Parish Council	26.8%	0	1	0	1
Stotfold Town Council	26.8%	9	37	0	46
Stratton Education Trust	26.4%	47	216	0	263
Streatley Parish Council	26.8%	1	3	0	4
Tennyson - Lime Tree Primary	39.4%	27	183	0	210
Tennyson Road Primary School	24.2%	56	237	0	293

Scheduled Bodies:	Contribution Rate %	Employee £000	Employer £000	Additional Employer £000	Total £000
The Firs Academy	22.1%	29	114	0	143
The Hills Academy	22.1%	35	135	0	170
The Rushmere Park Academy	21.8%	28	104	0	132
Toddington Parish Council	26.8%	5	22	0	27
Toddington St George Church Of England School	22.3%	21	85	0	106
Turvey Parish Council	26.8%	0	2	0	2
Unity C of E MAT - Great Barford	30.0%	17	90	0	107
University of Bedfordshire	17.8%	1,399	3,800	956	6,155
Vandyke Upper School	22.1%	123	459	0	582
Weatherfield Academy	22.1%	48	181	0	229
Whipperley Infant Academy	22.1%	36	136	0	172
Windmill Hill School	22.1%	33	125	0	158
Woodland Academy	22.2%	50	188	0	238
Wootton Academy Trust	21.5%	94	328	0	422
Wootton Parish Council	26.8%	3	14	0	17

(a) Changed to Pyramid in year

(b) Changed to KST in year

(c) New in year

Contribution rates and amounts for the year ended 31 March 2024 – Admitted bodies

Admitted Bodies	Contribution Rate %	Employee £000	Employer £000	Additional Employer £000	Total £000
ABM Catering Ltd (Bushmead)	24.3%	1	3	0	4
ABM Catering Ltd (Luton Primary cluster)	19.6%	6	21	0	27
ABM Catering Ltd (Stopsley)	29.9%	0	2	0	2
ABM Catering Ltd (Surrey Street)	22.7%	2	10	0	12
ABM Catering Ltd (William Austin Infant)	18.6%	0	1	0	1
Active Luton Trust	17.5%	166	469	0	635
Active Luton Trust (Library Service)	15.0%	45	112	0	157
AiP Ltd (Icknield) *	21.7%	1	3	0	4
AiP Ltd (Ramridge)	28.4%	1	8	0	9
AiP Ltd (St Joseph's Primary)(LBC)	24.8%	4	16	0	20
Aragon Housing Association	23.6%	90	315	0	405
Aramark Ltd	16.0%	4	11	0	15
Aspens Services (CLT) **	25.0%	7	31	0	38
Aspens Services (DSAMAT)	19.3%	1	3	0	4
Aspens Services (Foxdell)	32.1%	2	14	0	16
Aspens Services (Hillborough)	26.9%	2	8	0	10
Aspens Services (Sharnbrook)	20.4%	4	13	0	17

Admitted Bodies	Contribution Rate %	Employee £000	Employer £000	Additional Employer £000	Total £000
Aspens Services (Tennyson Rd)	25.7%	4	16	0	20
Aspens Services (Warden Hill) *	36.4%	0	5	0	5
Atlas Cleaning (Luton VI Form) *		0	6	0	6
Avalon Cleaning (Tennyson) **	21.1%	1	5	0	6
Caterlink (Chiltern Learning Trust) *	16.0%	8	24	0	32
Caterlink (CLT-Ardley Hill) *	20.1%	1	3	0	4
Caterlink (Somerles Junior) *	31.7%	0	1	0	1
Churchill (Luton Culture Property)	38.5%	0	3	0	3
Civica UK Limited	10.0%	45	62	0	107
Compass – STCAT	19.3%	1	4	0	5
Compass (Shared Learning Trust)	21.3%	4	14	0	18
Compass (Tithe Farm) *	18.6%	7	27	0	34
Cranfield University	19.6%	892	2,775	1,409	5,076
Easy Clean - OLICAT	21.9%	3	14	0	17
ELFT Bedfordshire - East London NHS Foundation Trust Bedfordshire	10.9%	43	53	0	96
ELFT Luton - East London NHS Foundation Trust Luton	10.0%	5	8	0	13
FCC Environment Services	24.5%	8	31	0	39
Fusion Lifestyle *	23.0%	6	21	0	27
Grand Union Housing	23.6%	94	277	164	535
Kindred - Kempston (CLT) **	38.0%	0	3	0	3
Kindred (M&D)	22.1%	3	10	0	13
Kindred-Cedars/Linslade/Larkrise	18.8%	1	2	0	3
Kindred-SLT-Chalk Hill **	29.4%	5	28	0	33
May Harris Cleaning – BILLT * **	22.0%	2	8	0	10
Milestone Infrastructure (CBC) **	26.8%	14	52	0	66
MiQuill - St Matthews *	21.7%	5	18	0	23
Mitie	10.0%	2	3	0	5
NHS Beds, Luton & MK ICB	23.8%	3	6	0	9
Partnership Education – Pyramid **	27.2%	1	6	0	7
Partnership Education-CLT	18.6%	12	36	0	48
Pathfinder Legal Services Ltd	17.8%	125	302	0	427
PCS Group (STCAT)	20.8%	3	13	0	16
Schools Catering Support (Relish)	15.5%	2	4	0	6
Sector Support Services – KCA *	29.0%	3	17	0	20
St. Francis Children's Society *		1	2	0	3
Taylor Shaw (Etonbury)	21.1%	1	5	0	6
Taylor Shaw (Stratton) **	28.5%	12	61	0	73
The Culture Trust Luton	10.0%	86	131	0	217
turn IT on (SLT)	17.3%	7	18	0	25

* Ceased membership during the year ** New member during the year

Glossary

Absolute Return

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

Actuarial valuation

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

Actuary

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

Annual allowance

The annual allowance is set by HM Revenue and Customs (HMRC) and is the amount that an individual's pensions savings can increase in any one year before the individual has to pay a tax charge. If the value of pension benefits increases by more than the annual allowance in one year, then the excess growth may be taxed. There is 'carry forward' which allows allowance from the three previous years to be offset against any excess in the current year. The annual allowance was set at £60,000 for 2023/24.

Assets

The Fund's investments.

Bonds

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

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

CIPFA

The Chartered Institute of Public Finance and Accountancy.

Consumer Price Index (CPI)

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

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

Deficit

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

Equities

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

ESG

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

Final pay / final salary

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

Funding level

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

Global equity

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

IAS 19

International Account Standard number 19 concerning "employee benefits"

Index-linked bonds

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

Liabilities

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

Lifetime Allowance

The lifetime allowance used to limit the amount of pension that people could build up in UK pension schemes before having to pay extra tax. The lifetime allowance in 2023/2024 was £1.073 million. The charge for breaching the LTA was removed from 6 April 2023 and from April 2024, the lifetime allowance is no longer in force.

Managed Funds

Managed Funds are defined as Insurance Managed Funds.

Multi-asset passive investment

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

Net Asset Value

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

Overseas Unit Trusts

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

Pension Account

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

Pensionable pay

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

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

Property

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

Surplus

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

Finding out more

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

Për Informacion

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المعلومات

Informacja

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Za Informacije

برای اطلاع

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