



2023/24 Annual Report
**Gloucestershire
Local Government
Pension Fund**

Contents

	Page
Introduction	03
01. Independent Investment Advisor's Report	09
02. Overall Fund Management	13
- Scheme management and advisors	14
- Risk management	16
03. Governance and Training	18
04. Financial Performance	42
05. Fund Account, Net Assets Statement and Notes	50
06. Investments and Funding	105
- Investment performance	109
- Environmental, social and governance issues	112
- Strategic asset allocation	121
- Pooling	122
- Asset table and supplementary table	128
07. Administration	129
- Summary of activity	131
- Key performance indicators	132
- Fund members and employers	139
- Communications policy	146
- Value for money statement	147
- Disputes resolution	148
08. Actuarial Report on Fund	150
09. External Audit Opinion	153
10. Additional Information	156
- Summary of Fund Benefits	157
- Freedom of information requests	159
- Rates & Adjustment Certificate	160
- Glossary of Terms	169





Introduction

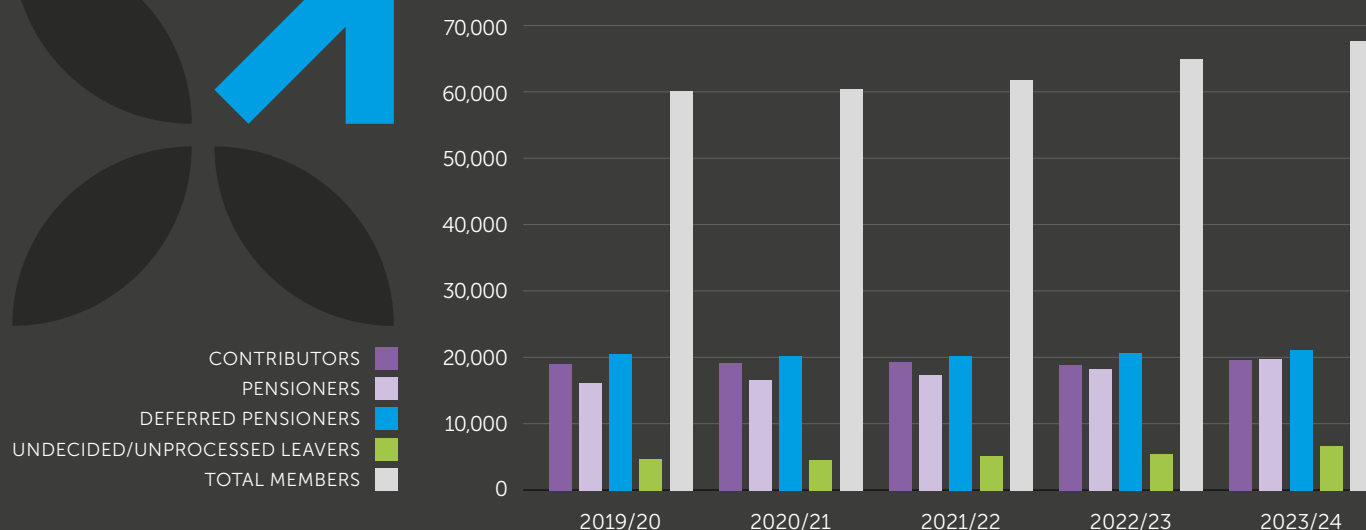
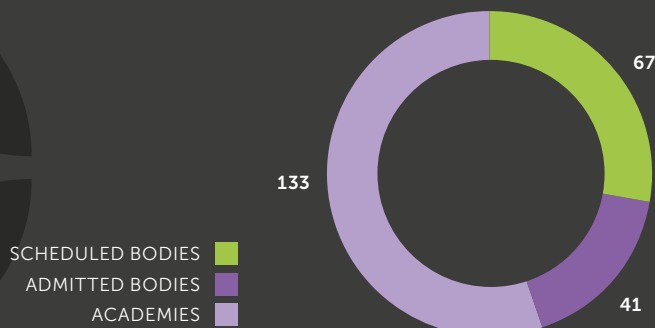
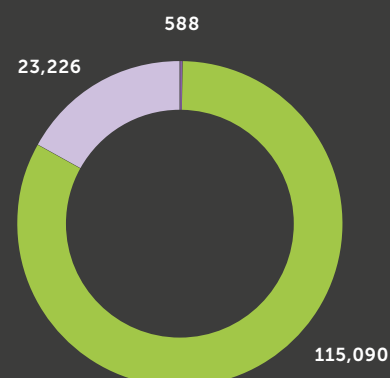
It is with pleasure that we introduce this year's Annual Report of the Gloucestershire Pension Fund. It contains details of the administration of the Fund, together with its investments and accounts for the year to 31st March 2024.

This introductory section provides a summarised version of the key issues set out within the Annual Report, and hence can be read as a standalone report.

The Fund is managed and administered by Gloucestershire County Council on behalf of Gloucestershire local authorities, other bodies providing public services and certain admitted bodies, as part of the national Local Government Pension Scheme (LGPS) Regulations. The Fund collects employer and employee pension contributions in relation to active employees of these organisations and meets the cost of pension benefits due to current and former employees.



MEMBERSHIP SUMMARY

EMPLOYERS SUMMARY
2023/24
TOTAL: 241TOTAL CONTRIBUTIONS
RECEIVED 2023/24
TOTAL: 138,904

FUND MEMBERSHIP & EMPLOYERS

This report is primarily aimed at members and participating employer organisations within the Gloucestershire Pension Fund. In terms of Fund Members, overall membership continues to increase steadily.

Membership at the end of March 2024 stood at approximately 60,899, split between active contributors (19,816), pensioners (19,867) and deferred members (21,216). There were also unprocessed leavers (7,835)

at the end of March 2024, which represented a rise of 1,127 (18.1%) compared with the position at the end of March 2023.

With regards to participating employers, the Pension Fund has seen the overall numbers increase by 19 during 2023/24 to 241 employers. Contributions received from employers and employees during the year totalled £138.9m.

ACTUARIAL ARRANGEMENTS

An actuarial valuation of the Fund is undertaken every three years. This outlines the approach taken to secure Fund solvency while keeping employer contributions stable and also gives details of the actuarial assumptions and methods used to value liabilities at the 2022 triennial valuation. The Fund's assets, as at the 2022 triennial valuation were valued at £3,111 million, which were sufficient to meet 110% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date.

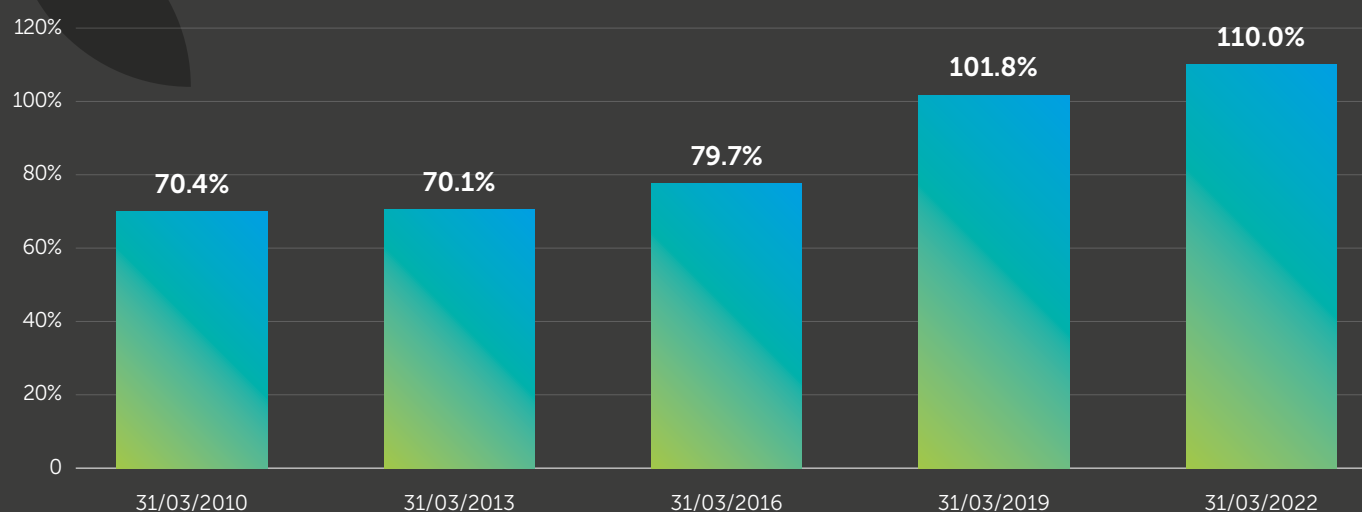
The funding levels at the last five triennial valuations are shown in the graph. Further details of the rationale and assumptions used to calculate these funding levels can be found within the Annual Report.

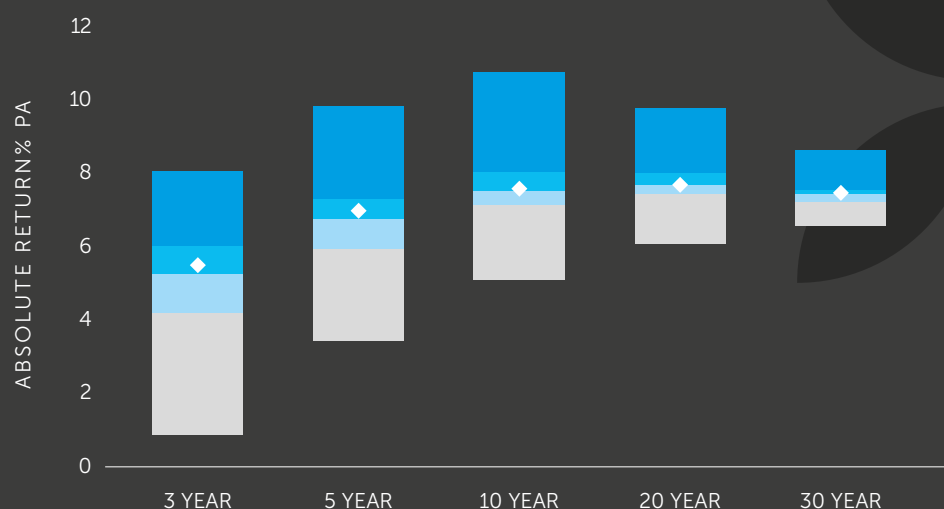
INVESTMENT AND FUND PERFORMANCE

During 2023/24 the Fund's investments increased by 11.3%, placing Gloucestershire 18th out of the 62 LGPS Funds measured by PIRC Local Authority Pension Performance Analytics (who monitor the performance of Pension Funds). The long-term performance of the Fund remains positive with the over ten year, annualised performance being +7.5%, placing the Fund 23rd out of the 62 LGPS Funds measured.

An analysis of the performance of the Fund compared with the other LGPS Funds and its strategic benchmark is shown on page 6. The position of the Gloucestershire Fund is presented as a diamond in each of the relevant bars. The higher the positioning, the higher the Fund scored in comparison to its peers in terms of absolute return over 3, 5, 10, 20 and 30 year periods.

FUNDING LEVEL

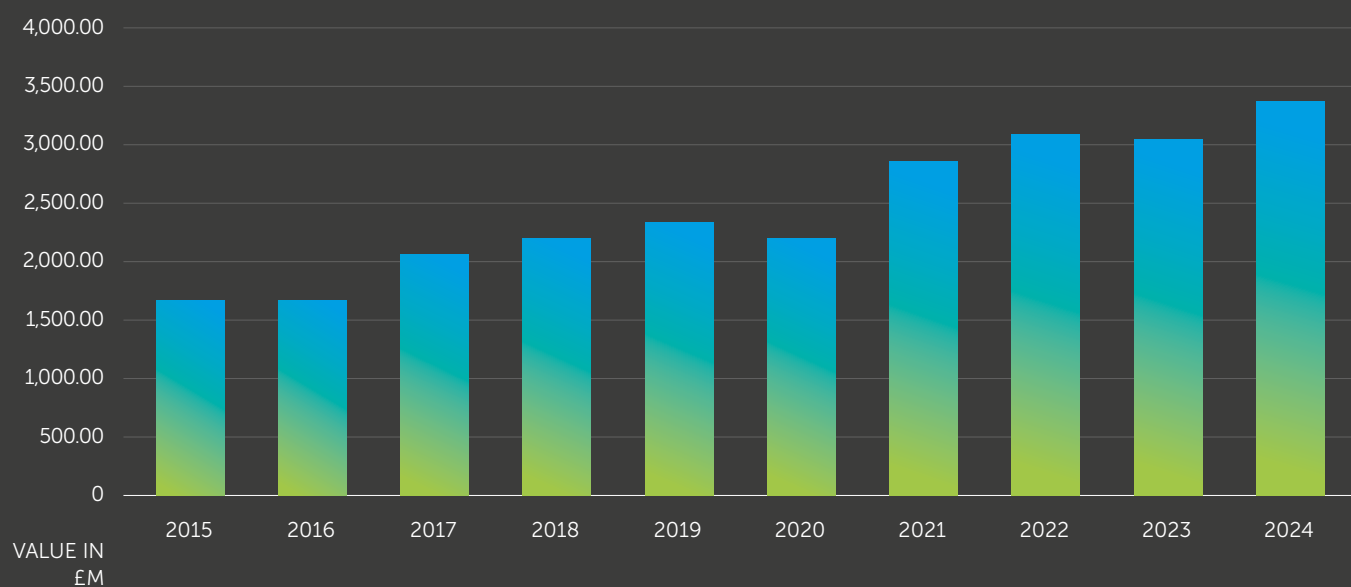




The value of the Fund's assets as at 31st March 2024 was £3,421.6 million. This represented an overall increase of £364.6 million (11.93%) compared with the position at 31st March 2023. The value of the Fund at the end of the last ten financial years is shown in the graph below.

ANNUALISED RETURNS

	3 YEARS	5 YEARS	10 YEARS	20 YEARS
FUND	5.3	6.7	7.5	7.7
UNIVERSAL AVERAGE	5.3	6.5	7.6	7.7
CPI	6.9	4.5	3.0	2.9

MARKET VALUE OF FUND
BY FINANCIAL YEAR

The Fund undertakes its investments in accordance with the Strategic Asset Allocation. This Strategic Asset Allocation was reviewed during 2022/23, with a new allocation being agreed by the Pension Committee which is set out in the Investment Strategy Statement (ISS). A copy of this policy, along with details of the Fund's investment and performance, is available at the following web address:

Finance and investments | Gloucestershire County Council.

STATEMENT OF ACCOUNTS

The full Statement of Accounts of the Fund for the year ended 31st March 2024 and the auditor's report in relation to these accounts can be found on pages 50 and 153 respectively.

SCHEME DETAILS

We remind both existing and future pensioners, that the Local Government Pension Scheme (LGPS) is determined by statutory legislation. This legislation can only be changed by the Government via the Ministry of Housing, Communities and Local Government (MHCLG) and the scheme cannot be changed by the County Council or other scheduled employers of the Gloucestershire Pension Fund.

Following a review by the Public Service Pensions Commission a new LGPS scheme was introduced, commencing from 1st April 2014. The terms of the LGPS scheme only apply to new pensionable service accrued with effect from April 2014. Previously accrued pensionable service and pensions in payment prior to April 2014 are not affected.

Further information on the main features of the 2014 LGPS scheme can be found within the Annual report.

PENSIONS ADMINISTRATION

The Public Service Pensions Act 2013 and LGPS regulations required LGPS Funds to have a Local Pension Board within its governance structure. Their role, which continued in 2023/24, is to assist the administering authority in ensuring compliance with

LGPS and other pension regulations. More details of the membership, meetings and work of the Gloucestershire Pension Board in relation to 2023/24 can be found on pages 25 to 29.

LGPS POOLING

In July 2015 the Government announced their intention for LGPS Funds to set up investment pooling arrangements. This involved a number of LGPS Funds with assets totalling approximately £30 billion jointly investing in the various asset classes, as chosen by each Fund, via an FCA approved organisation. The aim of this approach is to reduce investment manager fees whilst not adversely affecting, or even improving, individual Fund investment performance. During 2016/17 the Government approved and issued new investment regulations for the LGPS Funds to both facilitate and ensure investment pooling took place.

The Gloucestershire Fund is collaborating with nine other LGPS Funds from the South West of England and has established a new FCA regulated investment pooling company called the Brunel Pension Partnership (BPP). This process is ongoing, and the ten Funds are continuing to transfer their investments into Brunel as envisaged by Government. As at 31st March 2024, £3,309m of Gloucestershire investments were under the management of Brunel, this equates to 97% of the total assets of the Fund at 31st March 2024. Further details of our pooling progress can be found within the Annual report.

LOOKING AHEAD

2024/25 is expected to be another busy year for the Fund. Following the change in Government, uncertainties remain on potential future changes in regulation or indeed Fund or Pool structures within the Local Government Pension Scheme. We therefore expect further consultations on LGPS Pooling, and UK based investments, and the long outstanding implementation of the Good Governance Code. The Fund is committed to full engagement and will continue to review and submit responses as appropriate.

The Fund recognises the need for continuous improvement to the services provided to its members.



The Team will continue to build on its resources and use of technology, to develop and implement new and efficient working practises to enhance the member experience.

The approved 2024/25 Business Plan includes a number of key projects, including the development of a member online portal: Transformational Member Experience (TME), now known as Engage, which will allow members to view and update where appropriate their own personal details, produce their own estimates of their benefits, receive documentation electronically, including annual member statements, thus saving time and improve member engagement and the quality of personal information held by the Fund. The Business Plan also includes the introduction of an interactive employer portal (i-Connect) which will assist the Fund in the monthly contributions received reconciliation process together with providing an interactive review and comparison of membership information against employer payroll records, identifying any variations and automatically updating Fund data. Given the size of both projects to essential operational processes we plan to adopt a phased implementation programme from 2024/25 onwards, engaging with employers and members accordingly.

Following the receipt of the new General Code of Practice from the Pensions Regulator, we are undertaking a review of existing practices within the Fund, against this updated guidance and will develop an improvement plan where gaps are identified to ensure full compliance is achieved, going forward.

Regarding investment priorities, The Fund recognises the need for effective stewardship incorporating fully Environmental, Social and Governance (ESG) risk management, in managing long term investments in line with its fiduciary duty. Following the approval of a Responsible Investment (RI) Policy, the Fund is also working towards meeting its aspiration to become a signatory to the Financial Reporting Council 2020 UK Stewardship Code, and the ongoing reporting under the Task Force on Climate-related Financial Disclosures (TCFD) standards, following the first report published for 2023-24.

During 2024/25 the Fund will continue to work in partnership with investment consultants to finalise the appointment of fund managers in relation to its strategic asset allocation to Social & Affordable Housing. The Fund is hopeful that this impactful investment portfolio will be able to assist the availability of suitable housing within Gloucestershire and wider national UK areas whilst delivering appropriate financial returns for the Fund going forward.

OUR THANKS

We express our thanks to all those involved with the investment, accounting and pension administration activities of the Gloucestershire Fund, and the ongoing development of the Brunel Pension Partnership.

In this, we acknowledge the continuing work of the members of the Pension Committee, whose current membership is shown on page 14, in overseeing the Fund's investment management and administration arrangements as well as the support from the Pension Board, whose membership is shown on page 28, in assisting the administering authority to comply with the LGPS and other pension regulations.

COUNCILLOR COLIN HAY
Chairman of the Pension Committee

PAUL BLACKER
Director of Finance

MATTHEW TREBILCOCK
Head of Pensions



01

Independent Investment Advisor's Report

01



Independent Investment Advisor's Report

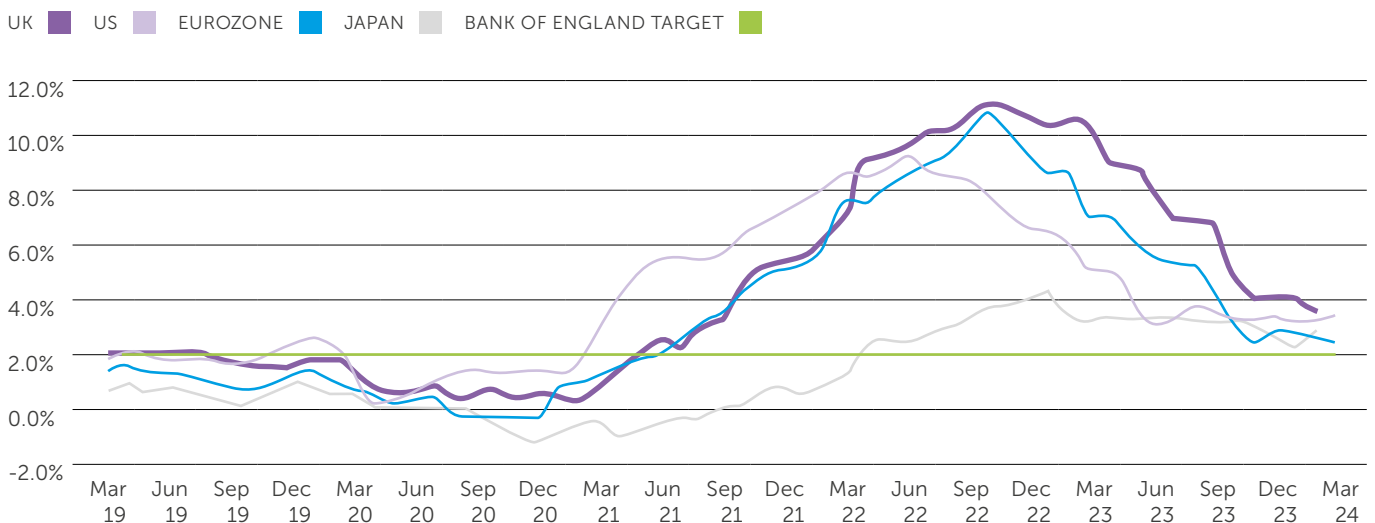
ECONOMIC BACKGROUND

The last financial year to March 2024 was a game of two halves, the first six months to September 2023 saw inflation falling across the developed world but at a slower pace than many hoped. In particular, the US Central Bank, the Federal Reserve (US Fed), who set interest rates for the whole US economy, was concerned that the rapid rise in US interest rates seen since late March 2022, would not be enough to slow a vibrant US economy with wage and service sector inflation, in particular, remaining strong. During this period, Global Equity markets made muted gains and most Government Bond Markets saw yields rise and prices fall slightly. This all changed in September 2023 when the US Fed indicated that they believed that inflation was now under control and would fall back to their target level of 2% per annum allowing them to cut interest rates through 2024. The market response was

to push bond yields down (prices up) in the expectation of future interest rate cuts across the developed world and push equities higher in the belief that the US and many other countries had avoided a prolonged economic recession.

The chart below shows inflation as measured by the Consumer Price Index (CPI) for the major economic areas. It shows how rapidly inflation has picked up following a prolonged period of very low inflation and therefore low interest rates. Because inflation is measured as the change in prices over the preceding twelve months, the rate will naturally peak at some stage as past price rises drop out of the equation. Nonetheless, inflation has risen higher and lasted longer than most economic analysts and central banks expected.

CHART 1: CPI – ANNUAL RATE OF INFLATION - FIVE YEARS TO MARCH 2024



Source: Bloomberg | Notes: UK: UK CPI EU Harmonised YoY NSA (Ticker: UKRPCJYR Index); US: US CPI Urban Consumer YoY NSA (Ticker: CPI YOY Index); Eurozone: Eurostat Eurozone MUICP All Items YoY Flash Estimate (Ticker: ECCPEST Index); Japan: Japan CPI Nationwide YOY (Ticker: JNCPIYOY Index).



My conclusion to all of this is that the economic and market outlook for the future remains highly uncertain with inflation likely to remain volatile and prone to rise.

The rise in inflation was driven by disruption to global supply chains post the Covid pandemic and by the Russian invasion of Ukraine which disrupted the supply of oil and gas, particularly to Europe, pushing up energy costs. However, I do not believe we are about to re-enter a period of subdued inflation because the economic and political background has changed. Until recently the global economy has benefited from a number of long-term global developments which have helped reduce inflation:

- 1. Globalisation and the opening up of China which brought more people into the global workforce and reduced the cost of production. This is now slowing if not reversing as the world seems a more unsettled place and companies are more interested in securing their supply lines in countries nearby than in hunting for the lowest cost of production.
- 2. Demographics and social change which saw more people come of working age in the main developed economies and more women take on employment. However, for almost all of the developed world as well as in China, demographics are now negative with falling birth rates and a greater proportion of the population entering old age. This is reducing the percentage of the population of working age.

In addition, we now need to transition to a de-carbonized global economy, which is a necessity to prevent further damage to the environment but often comes with an upfront cost which will be passed on to the end consumer. All this is set against a backdrop of high Government spending with the US running the highest budget deficit (spending less revenues from taxation etc) than at anytime outside the two world wars. This has to be financed by high levels of borrowing.

FUND RETURNS

The 2023/24 fiscal year was good for most investments, particularly during the second half of the financial year, as markets began to expect interest rates to fall. Global Equities rose 24% in local currency terms over the financial year having been flat over the first six months. This rise was slightly lower in Sterling terms as the UK currency strengthened against both the US Dollar and the Euro over the financial year having been weak previously. UK government bonds (Gilts) returned 3.7% over the year with Index-linked Gilts (UK Government bonds which pay an amount of interest linked to future inflation rates) rising 1%. UK Corporate bonds fared better returning close to 10% for companies rated as Investment Grade as the predicted UK recession proved shallow and short lived.

This beneficial market backdrop and strong investment returns saw your Fund increase in value to £3.422bn having returned 11.3% over the 2023/4 financial year, however, this was below the return of the Fund benchmark at 11.8% over the period. Over the last 5 years the Fund has performed in line with its benchmark returning 6.7% per annum but is behind the benchmark over the last 10 years having returned 7.6% against the benchmark return of 8% per annum.

Nonetheless, this return of 7.6% per annum over the last 10 years is above the rate assumed by the actuary which means the Fund's assets have increased by more than the actuary's calculation of the Fund's liabilities (the accrued pension obligations) leaving the Fund in a strong position to meet these obligations into the future. The Fund does still need to earn an investment return over the long-term to cover the cost of future pension accruals.



97%

Of the fund is now managed by the Brunel Pension Partnership

BRUNEL PENSION PARTNERSHIP – POOLING

97% of the Fund is now managed by the Brunel Pension Partnership (Brunel). The Fund's assets will remain segregated within Brunel and managed purely in the interest of the members of the Gloucestershire County Council Pension Fund. Brunel now manage over £35bn of assets for 10 Local Government Pension Schemes across the South-West of England. This gives them the ability to negotiate better fees with the asset managers and thereby deliver cost savings to the Fund. Brunel have a strong commitment to the environment and investing responsibly. Any members particularly interested in this area should visit the Brunel website for further information.

During the year your Fund invested £42m into a portfolio of renewable energy assets located in the South West of England. Whilst this was done in conjunction with a number of the other LGPS Funds who are members of Brunel, the transaction and future monitoring will be done directly by your Fund officers as Brunel was unable to take on this role at the current time.

Towards the end of the financial year the Pension Fund Committee agreed to invest into a portfolio of social and affordable housing assets, some of which are focused on the Gloucestershire region. Again this was done outside of Brunel as they were unable to take on the management of these assets at the current time. Because of this the percentage of the Fund's assets which are managed within Brunel has dropped slightly and will fall further in the current year. This is driven by the particular assets the Fund wishes to invest into and the Fund, Pensions Committee and officers remain fully engaged and committed to working with Brunel going forward.

During the financial year the Fund continued to place its investments on a more environmentally sustainable footing increasing the percentage of assets directly targeting investments which act in a sustainable

manner and aim to provide solutions to climate change. In addition, the Fund continues to invest further into infrastructure, including renewable energy sources, financing this by reducing the exposure to global and UK equities.

OUTLOOK

Investment markets are likely to remain difficult for the next few years and my expectation is that inflation is not yet beaten and because of this interest rates will remain higher over the medium-term but also more volatile as central banks look to tread a tightrope between containing inflation and securing economic prosperity and full employment. Your Fund is well diversified, across different asset classes as well as by industry and geography which will make it better able to weather this period of potentially lower returns.

The current year will see your Fund make an initial investment into Social and Affordable Housing across the UK but particularly targeting Gloucestershire and I look forward to reporting on the progress of these investments next year.

As an open, Defined Benefit Pension Fund, your Fund has the benefit of having a very long-term investment horizon, this allows the Fund to invest for the long-term, to weather periods of market volatility and invest in the best interests of not just the Fund's membership but also the global environment. Through Brunel, the Fund looks to work with investment managers whose aim is to invest responsibly, taking into account the Environmental, Social and Governance (ESG) background to their investments as well as targeting investment returns.

JOHN ARTHUR
July 2024



02

Overall Fund Management

02



Overall Fund Management

Scheme Management and Advisors

Administering Authority: Gloucestershire County Council Current Pension Committee.

Representing Gloucestershire County Council:



CLLR. C. HAY
Chair from 13.06.24



CLLR.
M. BABBAGE



CLLR.
J. BLOXSOM



CLLR.
D. BROWN



CLLR.
DR. A. MILLER



CLLR.
L. STOWE
Chair to 13.06.24



CLLR.
C. TURNER

Representing Gloucestershire District Councils:



CLLR.
D. GRAY

Representing Scheme Members



MR. P.
CLARK

Representing Scheme Employers



MS. J.
ATKINSON

COUNTY COUNCIL OFFICERS

- N. PHILIPPIDIS
Deputy Chief Executive & Executive Director of
Corporate Resources and Section 151 Officer
Commenced March 2024
- P. BLACKER
Director of Finance & Deputy Section 151 Officer
Acting Section 151 Officer between April 2023 and
March 2024
- M. TREBILCOCK
Head of Pensions

ASSET POOL AND ASSET POOL OPERATOR

- Brunel Pension Partnership Ltd.
www.brunelpensionpartnership.org
E: info@brunelpensionpartnership.org

INDEPENDENT ADVISOR

- J. Arthur, Apex Investment Advisers Ltd.
www.apexgroup.com

FUND ACTUARY

- J. West, Hymans Robertson LLP
www.hymans.co.uk

SCHEME ADMINISTRATOR

- Gloucestershire County Council
www.gloucestershire.gov.uk

INVESTMENT MANAGERS:
AS AT 31ST MARCH 2024

- Arcmont Asset Management Ltd.
www.arcmont.com
- Blackrock Investment Management
(UK) Ltd.
www.blackrock.com
- Brunel Pension Partnership Ltd.
www.brunelpensionpartnership.org
- Golub Capital Partners International LP
www.golubcapital.com

- Schroders Greencoat Wessex Gardens LP
www.schrodersgreencoat.com
- Technology Venture Partners LLP
www.techvp.co.uk

AVC PROVIDER

- Prudential (Part of M&G Plc.)
www.mandg.com/pru
- Phoenix Life Limited
www.phoenixlife.co.uk

AUDITOR

- KPMG LLP
www.kpmg.com/uk

GLOBAL CUSTODIAN

- State Street Bank & Trust Company
www.statestreet.com

PERFORMANCE MEASUREMENT

- State Street Global Services
www.statestreet.com
- PIRC Limited
www.pirc.co.uk

BANKER

- Lloyds Bank Plc.
www.lloydsbank.com

LEGAL ADVISOR

- Gloucestershire County Council in-house
legal team
www.gloucestershire.gov.uk
- Osborne Clarke LLP.
www.osborneclarke.com



POST YEAR-END CHANGES

The following changes were implemented in May 2024:-

Councillor Mackenzie-Charrington re-joined the Pension Committee, replacing Councillor Doctor Miller. Councillor Doctor Miller replaced Councillor Mackenzie-Charrington on the Pension Board. Councillor Hay took over from Councillor Stowe as Chair of the Pension Committee.

ENQUIRIES

For information/contact details for committee members, fund managers and advisors or for details regarding the Fund's investments and accounting activities, please contact the Pension Investment Team at Shire Hall, Gloucester, phone **(01452) 328907**.

For details of Local Government Pension Scheme benefits and administration, please contact the Pension Administration Manager at Shire Hall, Gloucester, phone **(01452) 583733**.

COMPLAINTS

In the event of a complaint members should contact the Pension Administration Manager at Shire Hall, Gloucester, phone **(01452) 583733** in the first instance.

WEBSITE

- Finance and investments Gloucestershire County Council
<https://www.gloucestershire.gov.uk/council-and-democracy/pensions/gloucestershire-local-government-pension-scheme-lgps-fund/>
- Benefits and Administrations
www.gloucestershire.gov.uk/council-and-democracy/pensions/

POLICY DOCUMENTS

The following policy statements together with other Fund documents can be found either at the following web address or by clicking on the below link:

- <https://www.gloucestershire.gov.uk/council-and-democracy/pensions/gloucestershire-local-government-pension-scheme-lgps-fund/>
- **Finance and Investments Gloucestershire County Council**
 - + Communications Policy Statement
 - + Funding Strategy Statement
 - + Governance Compliance and Compliance Statement
 - + Investment Strategy Statement
 - + Pension Administration Strategy
 - + Risk Management Policy Statement

Pension Schemes Registry Number:
PSR 10079170

Risk Management

The Fund recognises that effective risk management is an essential element of good governance. By identifying and managing risks through effective policies and a risk management strategy, the Fund can:

- Demonstrate best practice in governance
- Ensure high quality administration
- Improve financial management
- Minimise the risk and effect of adverse conditions
- Identify and maximise opportunities that might arise
- Minimise threats

The Fund's governance arrangements ensure that risk management is undertaken at the highest levels. The Fund recognises that risk is inherent in many of its activities and makes extensive use of external advisors and industry best practice in assessing and establishing policies to identify and mitigate those risks.



The principal documents relating to risk management and control, which are available on the Fund's website, are:

- Risk Management Policy
- Breaches of the Law Policy
- Communications Policy
- Conflicts of Interest Policy
- Funding Strategy Statement
- Governance Policy & Compliance Statement
- Investment Strategy Statement
- Pensions Administration Strategy
- Training Policy

The Fund maintains a Risk Register which is reviewed and reported to every Pension Committee and Pension Board meeting.

The detailed Risk Register matches high level risks under the three areas of activity; Governance, Funding & Investment; Operational (Administration & Communication). Each of the detailed risks under each activity is then given an impact score and a likelihood score before any controls are applied. These are then combined to give a target risk status which is assigned a Red – Amber – Green (RAG) rating.

The Pension Board is also in place to assist in:

- Securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the Fund
- To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
- Secure the effective and efficient governance and administration of the LGPS for the Gloucestershire Pension Fund

OTHER THIRD PARTY RISK

The receipt and calculation of employer pension contributions is monitored monthly. Employers are required to complete a return which reconciles to the pension payment and verifies the calculation of both employee and employer contributions.

OTHER INVESTMENT RISK

The Pension Fund employs an Independent Investment Advisor to assist and advise the Pension Committee. Investment performance is reviewed by Committee every quarter. In addition, the Independent Advisor and Fund Officers have regular in-depth meetings with investment managers to review performance and report back to the Pension Committee as appropriate. During 2023/24 performance data was provided by the Brunel Pension Partnership and the custodian to the partnership, as well as by an independent specialist company, PIRC Local Authority Pension Performance Analytics. Performance is measured against both a customised fund benchmark and mandate specific benchmarks.

The Investment Strategy Statement (ISS) contains further details of how the Fund controls risk linked to its investments. There is an additional note on the Nature and Extent of Risks Arising from Financial Instruments within the Notes to the Accounts on pages 81 to 91.

The Internal Audit, Risk and Assurance function regularly undertakes formal audits of the Pension Fund as required, in accordance with their Annual Internal Audit Plan. Any outcomes or recommendations from these reviews are reported to the Pensions Committee at the next available Quarterly Committee meeting, together with any relevant action plans.



03

Governance and Training



Governance and Training

Governance Policy and Compliance Statement

INTRODUCTION AND LEGAL REQUIREMENTS

Gloucestershire County Council is the Administering Authority responsible for managing the Gloucestershire Pension Fund and the administration of the Local Government Pension Scheme (LGPS) on behalf of participating employers and members.

Regulation 55 of the LGPS Regulations 2013 requires Administering Authorities to publish a Governance Policy and Compliance Statement setting out information relating to how the Administering Authority delegates its functions under those regulations and whether it complies with guidance given by the Secretary of State for Housing, Communities and Local Government. It also requires the Administering Authority to keep the statement under review, to make revisions as appropriate and, where such revisions are made, to publish a revised statement.

This document is the Governance Policy and Compliance Statement for the Gloucestershire Pension Fund that has been prepared by the Administering Authority to meet the requirement of the LGPS Regulations.

AIMS AND OBJECTIVES

Gloucestershire County Council recognises the significance of its role as Administering Authority to the Gloucestershire Pension Fund on behalf of its stakeholders, which include:

- Around 60,000 current and former members of the Fund, and their dependants
- over 200 employers within the Fund which includes scheduled bodies, academies and admitted bodies
- local taxpayers within Gloucestershire County Council.

In relation to the governance of the Fund, our objectives are as follows:

- Act in the best interests of the Fund's members and employers
- Strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- Have robust governance arrangements in place to facilitate informed decision making, supported by appropriate advice, policies and strategies

Governance Arrangements and Structure

As per the County Council's Constitution, the Pension Committee provides advice on the proper management of the Fund and carries out some of the functions of the Council in respect of its duties as an Administering Authority. The overall operational responsibility for the running of the Fund has been delegated to the Deputy Chief Executive, Executive Director of Corporate Resources and the Head of Pensions. The Deputy Chief Executive, Executive Director of Corporate Resources and / or the Head of Pensions will consult with the Chair of the Pension Committee for all decisions with financial implications over £250,000. The Deputy Chief Executive, Executive Director of Corporate Resources and the Head of Pensions are supported in their roles by:

- The Director of Finance (Deputy Section 151 officer)
- The Pensions Investment and Accounting Manager

- The Pensions Administration Manager
- The wider pensions team within Council

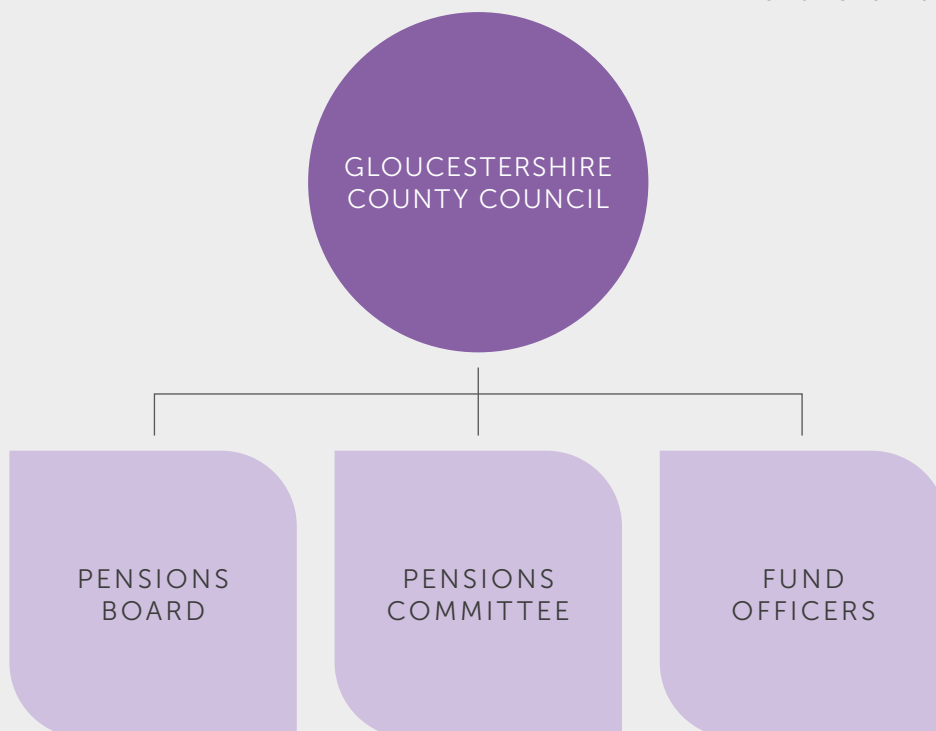
The Pensions Team carries out the day to day running of the Fund including administration, investments and accounting. The Fund participates in the Brunel Pension Partnership (Brunel) who manage some of the Fund's assets on its behalf.

A range of consultants also provide guidance and advice in relation to the management of the Fund.

In line with the Local Government Pension Regulations 2013, a Pensions Board has been established which assists the Administering Authority in ensuring:

- compliance with the regulations and The Pensions Regulator's requirements and
- The effective and efficient governance and administration of the Fund.

The Constitution of the Council sets out the framework under which the Pension Fund is to be administered. This framework is depicted in the diagram below.



ALL SUPPORTED BY VARIOUS ADVISORS

Pension Committee

The Council's Constitution outlines that the purpose of the Pension Committee is to give advice on the proper management of the Gloucestershire Pension Fund and carry out the function of the Council as Administering Authority.

TERMS OF REFERENCE FOR THE PENSION COMMITTEE

The following are the terms of reference for the Pension Committee as agreed by the Council and included in the Constitution:

01

To ensure the Fund is managed, and that pension payments are made, in compliance with the Local Government Pension Scheme Regulations.

02

To approve and keep under review the Investment Strategy Statement of the Fund, drawing upon appropriate professional advice.

03

To approve and keep under review the Funding Strategy Statement of the Fund, drawing upon appropriate professional advice.

04

To ensure robust risk management arrangements are in place.

05

To ensure the Council operates with due regard and in the spirit of all relevant statutory and non-statutory best practice guidance in relation to its management of the Fund.

06

To agree the Administering Authority responses to consultations by Central Government, professional and other bodies.

07

To appoint and review the performance of all Fund Managers.

08

To appoint and terminate the appointment of the Fund's advisers, including actuaries, investment advisers, governance advisers and specialist lawyers (where required) and periodically to review those arrangements.

09

To consider any other matter relevant to the proper operation and management of the Fund.

10

To approve the Fund's annual business plan and budget monitoring progress against it.

11

To approve the Fund's Governance Policy Statement and Governance Compliance Statement within the framework as determined by the Council and make recommendations to the Council about any changes to that framework.

12

To approve the Fund's Administration Strategy determining how the Council will administer the Fund including collecting payments due, calculating and paying benefits, gathering information from, and providing information to scheme members and employers.

13

To approve the Fund's Communications Policy Statement, determining the methods of communications with the various stakeholders including scheme members and employers.

14

To approve the Fund's Conflicts of Interest policy covering the management of actual and perceived conflicts of interest for the Pension Committee, the Local Pension Board, and officers.

15

To agree the Fund's Training Strategy for all Pension Committee and Board members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.

16

To report annually to the full Council.

17

To review the County Council's performance as Administering Authority.

18

To decide upon arrangements for managing the Administering Authority's relationship with employers in the Fund, e.g. agreeing contribution rates, establishing dispute resolution procedures and ensuring employers have established policies as required by regulations.

19

Determining, reviewing, and monitoring the Fund's policy in regard to employer admission and cessation arrangements.

20

To decide upon key pension policy and discretions that is the responsibility of the Administering Authority.

21

To consider advice and recommendations from the Pension Board on areas that may improve the governance of the Pension Fund (the remit of the Pension Board is detailed in its Terms of Reference).

22

To consider the Pension Board's proposed business plan for the forthcoming financial year and annual budget request.

23

To undertake such tasks deemed necessary in order to promote the interests of the County Council with respect to investment pooling, which without limitation shall include agreeing and authorising any documentation, contracts, terms of reference, financial expenditure or investment that may be required consequential upon the County Council's participation in the Brunel Pension Partnership.

MEMBERSHIP OF THE PENSION COMMITTEE

The County Council decides the composition of, and makes appointments to, the Pension Committee. Currently the membership of the Pension Committee comprises 7 County Councillors, all of whom have voting rights.

One employer representative without voting rights is co-opted by the Pension Committee following nomination by the Gloucestershire branch of the Local Government Association to represent the interests of District Councils.

One employer representative without voting rights who can demonstrate their capacity to represent other scheme employers, and their knowledge and understanding of the Local Government Pension Scheme, with applications invited from all employers (excluding GCC and the district councils). An interview process that would include the Chair and Vice-Chair of the Pension Committee and the Head of Pensions would be used to fill the position.

One employee representative without voting rights is co-opted by the Pension Committee following nomination by the unions.

Elected councillors already have legal responsibilities for the prudent and effective stewardship of the Fund, and in more general terms have a clear fiduciary duty in the performance of their functions. Employer and Employee representation owe a duty of care to the fund beneficiaries and are required to act in their best interests at all times.

Although the Employer and Employee representatives do not have voting rights, they are treated as equal members of the Committee and have access to all Committee meeting papers, advisers, officers, meetings and training as if they were Council Members and have the opportunity to contribute to the decision-making process.

Substitutions are not permitted on the Pension Committee.

Employer and Employee representatives serve for a 4-year term from their appointment date and can be removed on grounds of non-attendance, breach of code of conduct and non-participation in training. An employer or employee representative may only be

removed from office during a term of appointment by the unanimous agreement of all voting members in attendance at the Pension Committee meeting where this is being considered.

Other ways of ensuring interests of key stakeholders are represented in the management of the Fund include:

- Bi-lateral discussions and similar forums involving employers and other stakeholders
- An annual meeting for all employers and fund members
- A triennial meeting between all employers and the actuary to discuss the results of the actuarial valuation

PENSION COMMITTEE MEETINGS

The Pension Committee meets at least four times a year in the ordinary course of business and more frequently if formal decisions on fund management are required. Work for the year will be agreed with the Committee. As per the Training Strategy, all Committee members must complete a training requirement self-assessment form annually, and these are used to determine the training to be provided to Committee members. A log of training undertaken is maintained by the Administering Authority.

Agendas for the meetings are agreed with the Chair and circulated with supporting papers to all members of the Committee, officers of the County Council as appropriate and the Fund's Consultants.

A meeting of the Pension Committee is only quorate when there are three voting members present for the duration of the meeting.

At least five clear working days' notice of any meetings are given by posting details of the meeting on the County Council's website. Copies of the agenda and reports open to the public are made available for inspection at least five clear working days before the meeting. If an item is added to the agenda later, the revised agenda will be open to inspection from the time the item was added to the agenda. The reason for lateness will be specified in the report.

There may on occasions, be items which may be exempt from the agenda, reports and minutes of the meetings when it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

Copies of the minutes of the meetings and records of decisions taken are made available for a period of six years after a meeting. Minutes of meetings and records of decisions are available for inspection on the Council's website.

Membership of the Pension Committee showing voting rights, attendance at meetings and training received are shown in the matrix below. Training days shown includes attendance at courses, seminars and conferences. This is in addition to training received ahead of Pension Committee meetings provided by officers and advisors which includes fund manager and performance presentations where appropriate.

MEETING ATTENDANCE

Pension Committee Member	Voting Rights	15th June 2023	22nd September 2023	7th December 2023	29th February 2023	No. of training sessions received during 2023/24
Cllr. L. Stowe (Chair)	Yes	✓	✓	✓	✓	3
Cllr. M. Babbage	Yes	✓	✗	✓	✓	1
Cllr. D. Brown	Yes	✓	✓	✓	✗	4
Cllr. C. Hay	Yes	✓	✓	✓	✓	3
Cllr. M. Mackenzie Charrington (Transferred to the Pension Board June 2023)	Yes	✓	-	-	-	1
Cllr. Dr. A. Miller	Yes	✓	✓	✓	✓	2
Cllr. C. Turner	Yes	✗	✓	✓	✓	6
Cllr. J. Bloxsom	Yes	✓	✗	✓	✓	6
Scheme Employer Representatives						
Cllr. D. Gray (Gloucestershire County Council and Tewkesbury Borough Council)	No	✓	✓	✓	✓	3
Ms. J. Atkinson	No	✓	✓	✗	✓	5
Scheme Member Representatives						
Mr. P. Clark	No	✓	✗	✓	✗	1

Senior Officers

Under the Council's Constitution responsibility for all other functions relating to pensions, not already delegated to the Pension Committee, are delegated to the Deputy Chief Executive, Executive Director of Corporate Resources (in addition to their role as the Section 151 Officer, whereby they are responsible for ensuring the proper financial administration of the Fund) and the Head of Pensions. As appropriate, the Deputy Chief Executive, Executive Director of Corporate Resources and the Head of Pensions will delegate aspects of the management of the Pension Fund to other officers of the Council, including;

- The Director of Finance (Deputy Section 151 officer)
- The Pensions Investment and Accounting Manager
- The Pensions Administration Manager
- The wider pensions team within the Council

as well as appointing suppliers and consultants to assist as necessary.

OTHER DELEGATIONS OF RESPONSIBILITIES

The Pension Committee has also agreed a further scheme of delegation as included in Appendix B. This includes responsibilities relating to how the ongoing implementation of decisions made by them are carried out, as well as how urgent matters that must be considered outside of the Pension Committee cycle are dealt with.

Pensions Board

Each Administering Authority is required to establish a local Pensions Board to assist them with:

- Securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed in relation to the LGPS by the Pensions Regulator
- Ensuring the effective and efficient governance and administration of the Gloucestershire Pension Fund

The Pensions Board is not a local authority committee; as such the elements of the Constitution of Gloucestershire County Council, such as the procedure rules, do not apply to the Pensions Board unless it is expressly referred to in the Board's terms of reference. The Gloucestershire Pension Board was established by Gloucestershire County Council and the full terms of reference of the Board can be found within the Council's Constitution. The key points are summarised below.

ROLE OF THE PENSIONS BOARD

The County Council has charged the Pensions Board with providing oversight of the matters that the Pension Committee is responsible for. The Pensions Board, however, is not a decision-making body in relation to the management of the Pension Fund. The Pension Fund's management powers and responsibilities which have been delegated by the Council to the Pension Committee and the Deputy Chief Executive, Executive



Director of Corporate Resources remain solely their responsibilities. However, the remit of the Board includes:

- 01 Ensuring the Pension Fund's key strategy and policy documents are in place and have been maintained in accordance with the LGPS Regulations.
- 02 Ensuring the Pension Fund's internal Risk Register is in place and reviewed at least annually.
- 03 Reviewing the Pension Fund's performance in complying with the requirements of the LGPS Regulations and any other legislation relating to the governance and administration of the LGPS.
- 04 Reviewing the Pension Fund's performance in complying with the requirements of the Pension Regulator.
- 05 Providing advice and making recommendations when required, to the Pension Committee, on areas that may improve the governance of the Pension Fund.
- 06 Formulating and agreeing an annual work plan for the Board.
- 07 Carrying out any other activities relating to the efficient governance and administration of the Pension Fund, which the Pension Committee may request the Pension Board to undertake.

MEMBERSHIP OF THE PENSION BOARD

The Pensions Board consists of seven members as follows:

- Three employer representatives
- Three scheme member representatives
- One independent member (non-voting) to act as the Chair of the Pensions Board. The Chair of the Pension Board cannot be a Gloucestershire County Councillor.

The Chair of the Pension Board must be able to demonstrate their knowledge and understanding of the LGPS and will be appointed by the Scheme Manager (the Administering Authority), taking due regard of the Appointment of Other Member guidance, as set out in the LGPS Guidance in the creation and operation of Local Pension Boards.

One of the employer or member representatives should be a County Councillor appointed annually at a meeting of Full Council.

In order to ensure that effective Board Members are appointed who can demonstrate their capacity to represent other scheme employers or members (as appropriate), a direct appointment process will be followed wherever possible, with member representatives being selected through nominations made by recognised trade unions, and employer representatives being selected through nominations made from established employers within the Fund.

Only members of the Pensions Board who are employer or member representatives will have individual voting rights, but it is expected the Pension Board will as far as possible reach a consensus.

No substitutions are permitted on the Pensions Board.



PENSION BOARD MEETINGS

The Pensions Board meets at least twice each calendar year and additional meetings may be arranged as required to facilitate its work. This will be determined by the Chair.

A meeting of the Pensions Board is only quorate when there are three Board members present for the duration of the meeting, one of which must be an employer representative and one of which must be a member representative.

Meetings of the Local Pension Board will always be chaired by the appointed Chair of the Board when in attendance. Where the Chair is not in attendance at a meeting, those members present will elect a temporary chairperson for that meeting.

Each member of the Pensions Board is expected to declare, on appointment, annually, and at each meeting, any interests which may lead to conflicts of interest in the subject area or specific agenda of that Pensions Board.

Members of the public may attend Pensions Board meetings and papers will be made public in the same way as described above for the Pension Committee.

The Gloucestershire Local Government Pension Scheme (LGPS) Pension Board

All Public Sector Pension schemes were required under the Public Service Pensions Act 2013 to set up a Pension Board with effect from 2015/16 to assist the administering authorities of their Pension scheme in ensuring compliance with Local Government Pension Scheme (LGPS) and other pension regulations.

The County Council, as administering authority of the Gloucestershire Pension Fund agreed the terms of reference of the Pension Board in February 2015 and amended them during 2019/20. The terms of reference are included within the Fund's Governance Policy document, which can be found on the Fund's website.

Under the constitution, the Board shall provide an annual report to the Pension Committee and then to a full meeting of Gloucestershire County Council. The report will include information on the business conducted by the Pension Board with any risks or concerns identified. The report will also be published on the Pension Fund's website. This report meets that requirement for the 2023/24 financial year, covering the work from the July 2023, October 2023, January 2024 and April 2024 Board meetings.

BOARD MEMBERSHIP AND ATTENDANCE

During the year Gemma Bell from Cheltenham Borough Council was appointed to the Board with effect from July 2023 as a Scheme Employer Representative. A vacancy for a Scheme Member Representative currently remains. The Scheme Employer Representative nominated by Gloucestershire County Council has also changed as a result of the Council's AGM in May 2024 with Cllr. Dr. Andrew Miller, replacing Cllr. Mark MacKenzie-Charrington on the Board. Cllr. Dr. Miller had previously been a member of the Pensions Committee.

	20th July 2023	19th October 2023	24th January 2024	30th April 2024
Scheme Employer Representatives				
Annette Benson (University of Gloucestershire)	✗	✗	✓	✗
Gemma Bell (Cheltenham Borough Council)	✓	✓	✓	✓
Cllr. Mark Mackenzie-Charrington (Gloucestershire County Council)	✓	✓	✓	✓
Scheme Member Representatives				
John Abbott	✓	✓	✓	✓
Michael Hunt	✓	✓	✓	✗
Vacant Position (since March 2023)	-	-	-	-

Meetings were chaired by the Independent non voting chair, Sean Collins, Head of Pensions from the Oxfordshire Pension Fund, other than the meeting held on 24th January 2024, where the meeting was chaired by Cllr. M. Mackenzie-Charrington, in his absence.

With the agreement of the Independent Chairman and members of the Board, all meetings of the Board during 2023/24 were held virtually. As the Board is constituted under different legislation from the other Council Committees, there are no requirements in that legislation for meetings to be held in person.

In addition to attendance at Board Meetings, members of the Pension Board are provided with training opportunities in accordance with the training strategy and training plan. Members of the Pension Board are also sent all agenda papers for the Pension Committee meetings, which they can attend as observers. The minutes of the Pension Board are reported to the next Pension Committee.

WORK PROGRAMME

The Board receives the following items in respect of its key responsibilities at every meeting:

- Updates on funding levels and investment activities
- Updates on governance and operations
- Risk Register
- Business Plan update

The Board received the following additional reports at its meetings:

- 20th July 2023
 - + Draft Financial Statements for 2022/23
 - + Audit plan for 2022/23
 - + Pension Administration Review
- 19th October 2023
 - + Draft Annual Report 2022/23
 - + Procurement of Pensions Administration ICT System
- 24th January 2024
 - + Draft Responsible Investment Policy
- 30th April 2024
 - + Fund Business Plan 2024/25
 - + Policy Review– Cash Management Policy and Administering Authority Discretions Policy updates.
 - + Cashflow Update

The Board also welcomed the improved engagement in undertaking of the LGPS National Knowledge Assessment by both Board and Committee members to ensure good governance and an informed and appropriate training plan having previously raised a concern in this area.

FUTURE WORK PROGRAMME

The key responsibilities as set out above will continue to be covered by the Board in 2024/25, including the review of the Annual Report and Business Plan. This will include the continued monitoring of the delivery of the agreed improvement workplans in respect of the governance and administration reviews.

Another key area for the Board to consider during 2024/25 will be the monitoring of the Funds compliance and potential workplan in relation to the Pensions Regulators new single Code of Practice.

The Board will also look to support Committee in meeting its statutory duties by reviewing any Government consultations or regulations, we hope to receive in 2024/25 on the future of the LGPS covering the future direction of pooling, climate related reporting and good governance.

Finally, the Board will look to support the Committee in delivering a number of the core projects contained in the Business Plan for 2024/25, which are;

- Implementation of Members Self Service Portal (TME)
- Implementation of Employer Portal (I-Connect)
- The Pensions Regulator – General Code of Practice
- The McCloud judgement.

Board Members Training 2023/24

Annette Benson	LGPS Governance Conference 2024	18th-19th January 2024
Michael Hunt	LGA Fundamentals Training Day 3	5th December 2023
	LGPS Governance Conference 2024	18th-19th January 2024
	Unison Pensions Seminar	14th March 2024
Gemma Bell	LGPS Induction Training	July 2023
	LGPS Governance Conference 2024	18th-19th January 2024
Mark Mackenzie - Charrington	CIPFA Skills & Knowledge Framework - Statement of Accounts and audit Regulations	15th June 2023

Policy Documents

There are a number of key documents which are relevant to the governance and management of the Fund, including various policies and strategies which incorporate the Fund's objectives. Brief details of these are listed below and the full copies of all documents can be obtained on the County Council's website.

ANNUAL REPORT AND ACCOUNTS

As part of the financial standing orders, it is the duty of the Section 151 Officer to ensure that record-keeping and accounts are maintained by the Pension Fund. The Pension Fund accounts are produced in accordance with CIPFA's Code of Practice on Local Authority Accounting. The financial statements within the accounts summarise the transactions of the Fund and detail the net assets of the Fund. The statement of accounts is reviewed by the Pension Committee and the Audit and Governance Committee and incorporated in the Statement of Accounts for the Council. The accounts are incorporated into an Annual Report which provides an update on other key matters during the year such as scheme details, financial performance and administration matters. Full copies of the Fund's Annual Report and Accounts are distributed to employers in the Fund and other interested parties and a copy placed on the County Council's website.

FUNDING STRATEGY STATEMENT

The Funding Strategy Statement is one of two key parts of the framework which ensures there are sufficient assets in the Fund to pay its liabilities (mainly pension benefits) and sets out how the contribution rates that are required to be paid by the employers participating in the Fund are calculated. The Funding Strategy Statement (FSS) is developed in collaboration with the Fund's actuary and, after consultation with the Fund's employers, it is formally approved by the Pension Committee.

INVESTMENT STRATEGY STATEMENT

The Investment Strategy Statement is the second key part of the framework for ensuring appropriate assets are in the Fund to meet the liabilities. The strategy sets out:

- The Fund's approach to investment risk including ways in which risks are measured and managed
- The Fund's approach to pooling of assets (which is done through the Brunel Pension Partnership)
- How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments
- The exercise of voting rights attached to investments.

The Investment Strategy Statement also sets out the target percentage of the total value of all Fund money that should be invested in particular asset classes, including any restrictions on those investments.

GOVERNANCE COMPLIANCE STATEMENT

This sets out our compliance with the Secretary of State's Statutory Guidance on Governance in the LGPS. The Gloucestershire Pension Fund's Governance Compliance Statement is attached as Appendix A and shows where the Fund is compliant or not compliant with the expectations in the statutory guidance and the reasons why the Fund may not be compliant.



TRAINING STRATEGY

The training strategy provides Pension Committee members, Pensions Board members and senior officers with a clear framework setting out how they acquire and retain the knowledge and skills required to perform their individual roles. The aim of this policy is to ensure that those responsible for the management, delivery and governance and decision making in the Fund have the appropriate levels of knowledge and skills.

As part of this policy, the Fund aims to comply with the requirements of:

- The CIPFA Code of Practice and Knowledge and Skills Framework
- The knowledge and skills elements of the Public Service Pensions Act 2013 and the Pensions Regulator's (TPR) Code of Practice for Public Service Schemes / the new TPR Single Code due to be introduced in 2022
- MiFID II (Markets in Financial Instruments Directive).

Members of the Pension Committee, Pensions Board and officers involved in the management of the Fund receive training following completion of a Training Needs Assessment (TNA) to ensure that they meet the aims of the Knowledge and Skills Policy. Specific TNAs on particular subjects will also be carried out as and when required by the appropriate officer and will be used to inform subsequent training requirements.

CONFLICTS OF INTEREST POLICY

Conflicts of interest have always existed for those with LGPS Administering Authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds have a variety of other roles and responsibilities, and may also have individual personal, business or other interests which might conflict, or be perceived to conflict, with their role managing or advising a LGPS fund. It is generally accepted that LGPS Administering Authorities have both fiduciary and public law duties to

act in the best interest of both the scheme beneficiaries and participating employers.

The Fund's Conflict of Interest Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Fund whether directly or in an advisory capacity. The policy is established to guide Pension Committee members, Pensions Board members, officers and advisers, ensuring that those individuals do not act improperly or create a perception that they may have acted improperly.

BREACHES POLICY

The Breaches Policy sets out how the Fund monitors, records and takes action where breaches of the law occur. The policy sets out the responsibility of Pension Committee members, Pensions Board members, Fund officers and advisers to report breaches of the law to The Pensions Regulator where they are deemed material (as set out in the Policy). A log is maintained of all breaches of the law, whether reported to The Pensions Regulator or not.

RISK MANAGEMENT POLICY

We recognise that effective risk management is an essential element of good governance in the LGPS. The Risk Policy details the risk management strategy for the Gloucestershire Pension Fund, including:

- The risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for, risk
- How risk management is implemented
- Risk management responsibilities
- The procedures that are adopted in the risk management process

The Fund recognises that it is not possible, or even desirable, to eliminate all risks. Accepting and actively managing risk is therefore a key part of the risk management strategy for Gloucestershire Pension Fund. A key determinant in selecting the action to be taken in relation to any risk will be its potential impact on the Fund's objectives in light of the Fund's risk appetite, particularly in relation to investment matters. Equally important is striking a balance between the cost of risk control actions against the possible effect of the risk occurring.

COMMUNICATIONS POLICY STATEMENT

This document sets out the communications strategy for the Fund. The aim of the strategy is to ensure that all stakeholders are kept informed of developments in relation to the Fund. This helps to ensure transparency and an effective communication process for all interested parties.

PENSION ADMINISTRATION STRATEGY

The Pension Administration Strategy is key to the administration and efficient running of the Pension Fund. It encompasses administrative procedures and responsibilities for the County Council (as the Administering Authority for the Fund) and employing authorities participating in the Fund. It includes quality and performance standards. It is distributed to employers within the Fund following regular review and consultation. This represents part of the process for ensuring the ongoing efficient management of the Fund and maintenance of accurate data and forms part of the overall governance procedures for the Fund.

DISCRETIONS POLICIES

Under the Local Government Pension Scheme regulations, the Administering Authority has a level of discretion in relation to a number of areas. The approaches to these areas of discretion are outlined in the Administering Authority's Discretions Policy. This policy is reviewed as appropriate and interested parties are notified of any significant changes. Employing Authorities are also required to set out their discretions policies in respect of areas under the Regulations where they have a discretionary power.

Key Risks

The main governance risks that Pension Committee members monitor on an ongoing basis include:

- **Recruitment and Retention**
Insufficient experienced staff to meet Fund objectives
- **Knowledge and Skills**
Insufficient knowledge and skills amongst those charged with Fund Management
- **Conflicts of Interest**
Actual conflicts of interest permitted to materialise
- **Internal Fraud**
Financial loss resulting from actions of employee
- **Data Protection**
Failure to adequately protect data results in potential financial or personal impact on members
- **Reliance on external systems**
The Fund's assets, systems or data are compromised including financial/data loss or systems downtime
- **Business continuity failure**
- **External factors including regulatory changes impact the governance of the Fund**
- **Incorrect advice/guidance received from third parties**
- **Failure to comply with relevant legislation / best practice / guidance.**



Monitoring Governance Objectives

Objective	Monitoring Arrangements
We will aim to act in the best interests of the Fund's members and employers	<ul style="list-style-type: none"> ➤ Fund specific conflicts of interest policy in place. ➤ Training undertaken on role in managing the Fund on behalf of members/ employers as part of induction.
We will strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance	<ul style="list-style-type: none"> ➤ Governance of the Fund is considered by both the External and Internal Auditors. ➤ A log of all breaches of the law is maintained in accordance with the Fund's breaches procedure which is reported on and monitored as outlined in that procedure. ➤ Pensions Board prepares and publishes an annual report which should include comment on compliance matters. ➤ Regular reviews of the Fund's compliance with the Pensions Regulator's Code of Practice.
We will act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based	<ul style="list-style-type: none"> ➤ Employers within the Fund are invited to an Annual Employers' Forum. Attendees receive presentations and have the opportunity to ask questions on the governance of the Fund. ➤ Pension Committee includes representatives from scheme members and employers in the Fund. ➤ Pensions Board includes representatives from scheme members and employers in the Fund. ➤ Pension Committee receive advice from officers, and a range of consultants are in place to provide advice across all fund aspects, and members are given sufficient time to consider any recommendations.
We will have robust governance arrangements in place to facilitate informed decision making in a transparent manner, supported by appropriate advice, policies and strategies	<ul style="list-style-type: none"> ➤ Pension Committee carry out regular effectiveness of governance surveys. ➤ Ongoing monitoring against key objectives at Pension Committee meetings. ➤ Ongoing monitoring of business plan targets at Pension Committee meetings.



Approval, Review and Consultation*

This Governance Policy and Compliance Statement was approved at the Gloucestershire Pension Committee meeting on 23rd September 2022 and will be formally reviewed and updated at least every three years or sooner if the governance arrangements or other matters included within either of them merit reconsideration.

* In addition to the above at the June 2023 meeting the Pension Committee approved a Cash Management Policy for the Fund. This document sets out the cash management strategy, providing a framework that ensures that the Pension Fund has an effective process in managing its cash balances and that these are maintained at the appropriate levels to meet future financial obligations and commitments both for the payment of pension benefits and external investments.



Appendix A:

Governance Best Practice Compliance Statement

Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires Local Government Pension Scheme (LGPS) Administering Authorities to measure their governance arrangements against the standards set out in the Statutory Guidance issued by the Secretary of State for Communities and Local Government.

The following compliance statement has been approved by the Pension Committee. This sets out where the Fund is compliant with the guidance and where it is not compliant, an explanation is provided for non-compliance.

Structure			
a)	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Fully compliant	Council Constitution delegates responsibility for the Pension Fund to the Pension Committee in respect of these matters.
b)	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Fully compliant	Employer and Scheme member representatives are appointed to the Pension Committee.
c)	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Fully Compliant/not applicable	No secondary committee.
d)	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Fully Compliant/not applicable	No secondary committee.



Representation

<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: -</p> <p>a) i) employing authorities (including non-scheme employers, e.g., admitted bodies);</p> <p>ii) scheme members (including deferred and pensioner scheme members);</p> <p>iii) where appropriate, independent professional observers; and</p> <p>iv) expert advisers (on an ad-hoc basis).</p>	Fully compliant	<p>(i) Employing authorities are represented by an employer representative.</p> <p>(ii) Scheme members are represented by a scheme member representative.</p> <p>(iii) At this stage the Pension Committee has determined that there is no requirement for an independent professional observer.</p> <p>(iv) Expert advisers – investment consultant participates at all meetings of the Pension Committee and other expert advisors are invited to attend as and when required.</p>
<p>b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to advisers, meetings and training and are given full opportunity to contribute to the decision-making process, with or without voting rights.</p>	Fully compliant	<p>All members are sent Pension Committee papers ahead of meetings, are invited to training and are able to fully contribute to the decision-making process.</p>

Selection and role of lay members

<p>a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p>	Fully compliant	<p>See Governance Policy and members made fully aware of this during induction training.</p>
<p>b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>	Fully compliant	<p>Members of the Pension Committee declare interests at the start of each meeting.</p>

Voting

a)	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Fully compliant	See the Council's Constitution and the Fund's Governance Policy.
----	--	-----------------	--

FURTHER INFORMATION

Whilst the co-opted employer and scheme member representatives do not have voting rights, they are encouraged to fully participate in the meetings and decision-making discussions.

Training/Facility Time/Expenses

a)	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Fully compliant	See Training Strategy, Governance Policy and Members allowances scheme within the Council's Constitution.
b)	That where such a policy exists, it applies equally to all members of committees, advisory panels or any other form of secondary forum.	Fully compliant	See Training Strategy and Governance Policy.
c)	That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	Fully compliant	See Governance Policy and Training Needs Assessments (TNAs) are regularly completed by all Committee Members.

Meetings (frequency/quorum)

a)	That an administering authority's main committee or committees meet at least quarterly.	Fully compliant	
b)	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Fully Compliant/ not applicable	No secondary committee.
c)	That an administering authority that does not include lay members in their formal governance arrangements must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Not applicable	See Governance Policy for other ways of engaging stakeholders. Employer and scheme member representatives are on the main Pension Committee.

Access

a)	That subject to any rules in the Council's Constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Fully compliant	Committee papers are dispatched 5 clear working days prior to a Committee meeting.
----	--	-----------------	--

Scope

a)	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Fully compliant	The Pension Committee reviews all aspects of Pension Fund management. The finance and operational arrangements of the Fund are subject to review and audit by both external and internal auditors.
----	---	-----------------	--

Publicity

a)	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	Fully compliant	Governance Policy and Compliance Statement published in full in the Pension Fund Annual Report & Accounts and on the County Council's website. The Annual Report is also discussed at the Fund's AGM which is open to all Fund members and employers.
----	--	-----------------	---

Appendix B:

Delegation of Functions by Pensions Committee

Key:

PC – Pensions Committee
 EDCR – Executive Director of Corporate Resources (S151 Officer)
 DoF – Director of Finance (Deputy S151 Officer)
 HoP – Head of Pensions

PIAM – Pensions Investment and Accounting Manager
 PAM – Pensions Administration Manager
 FA – Fund Actuary
 Advisors – Investment, actuarial, governance and/or benefits consultants as appropriate

Function delegated to PC	Further Delegation to Officer(s)	Delegated Officer(s)	Communication and Monitoring of Use of Delegation
To formulate and publish an Investment Strategy Statement and to monitor performance and effectiveness of investment managers	Implementation of strategic allocation including use of both rebalancing and conditional ranges	HoP (in consultation with the Fund's independent investment advisor)	Monitored at PC as a regular standing agenda item
To formulate and publish a Funding Strategy Statement in order to manage the Fund's approach to funding its liabilities and to determine all policy matters relating to employer admission and cessations	Making decisions in line with policy with regards to individual employer admissions and cessations, i.e. to determine the amount of any cessation surplus or deficit. Agreeing (in conjunction with the FA) the terms and payment of bulk transfers into and out of the Fund where there is a bulk transfer of staff	HoP (in consultation with the FA)	Monitored at PC as a regular standing agenda item
To agree the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders	Agreeing the Administering Authority responses where the consultation timescale does not provide sufficient time for a draft response to be approved by PC	HoP (or PAM or PIAM) and in consultation with relevant advisors, subject to agreement with Chair of PC	PC advised of consultation via e-mail (if not already raised previously at PC) to provide opportunity for other views to be fed in. Copy of consultation response provided at following PC for noting

To set the overall strategic objectives for the Pension Fund and ensure these are reflected in the annual business plan, delivered on budget and to review the Administering Authority's performance	Regular day to day operational delivery of objectives	HoP (in conjunction with PAM and / or PIAM)	Regularly monitored at PC with further monitoring by EDCR and DoF via Administering Authority's Corporate Service Plan
To approve / agree the Pension Fund's policy and strategy documents on a regular cycle	<p>Changes to policy and strategy documents - authority to make minor amendments or required regulatory changes (i.e., where no impact on strategy and having no significant financial implications).</p> <p>Changes to Administering Authority discretionary policies necessitated by changes to regulations - authority to amend the policies to reflect the requirements of such new regulations, subject to those decisions having no significant financial implications. Note that the discretionary policy itself contains a number of specific delegated responsibilities to various Fund officers</p>	HoP (in conjunction with PAM and / or PIAM after taking appropriate advice from advisers)	Copy of policies to be provided to PC members at next available PC meeting following changes being made.
To determine arrangements for managing the Fund's relationships with its employers	Ensuring employers have established policies as required by Regulations (for example Employing Authority Discretions policy and a nominated person to consider Internal Dispute Resolution Procedure) cases	HoP and/or PAM and PIAM (having regard to advisers)	Ongoing reporting to PC for noting, where applicable
To determine the Fund's risk management strategy and arrangements	Ensuring the processes outlined in the Fund's Risk Management Strategy are carried out and that risks are recorded and monitored on the Risk Register on an ongoing basis	HoP and/or PAM and PIAM (having regards to advisers)	Ongoing reporting to PC for noting
To select, appoint and dismiss the Fund's advisers, including actuary, benefits consultants, governance consultants, investment consultants and global custodian	Ongoing monitoring of suppliers	HoP	Ongoing reporting to PC for noting
	Selection, appointment, and termination of suppliers following approval by PC	HoP (having regard to ongoing advice of legal and procurement advisers) and subject to ratification by PC	Notified to PC via ratification process.

The Committee may delegate a limited range of its functions to one or more officers of the Authority. The Pension Committee will be responsible for outlining expectations in relation to reporting progress of delegated functions back to the Pension Committee	Other urgent matters as they arise	HoP or PAM / PIAM / DoF, subject to agreement with Chair of PC	PC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PC
	Other non-urgent matters as they arise	HoP or PAM / PIAM, subject to agreement to Chair of PC	PC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PC.

Oversight and Governance of the Asset Pool

INVESTMENT POOLING – BRUNEL PENSION PARTNERSHIP

In 2015 the Department of Communities and Local Government (as it then was) issued LGPS: Investment Reform Criteria and Guidance which set out how the Government expected funds to establish asset pooling arrangements. The objective was to deliver:

- Benefits of scale
- Strong governance and decision making
- Reduced costs and excellent value for money, and
- An improved capacity and capability to invest in infrastructure

This led to the creation of eight asset pools which significantly changed the previous approach to investing, although it should be stressed that the responsibility for determining asset allocations and the investment strategy remains with individual pension funds.

The Brunel Pension Partnership, formed in 2016, oversees the investment of pension fund assets for Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire Funds.

GOVERNANCE ARRANGEMENTS OF THE POOL

The governance arrangement in place between the pool and the ten funds involves three types of representation:

- 01 Oversight Board made up of one representative from each Pensions Committee and two member-representative observers
- 02 Client Group made up of senior officers from each of the ten funds
- 03 Senior officers from each of the ten funds also attend the following specialist sub-groups:
 - i. Operations Sub-Group
 - ii. Financial Sub-Group
 - iii. Responsible Investment Sub-Group

Further details of the role and involvement of administering authorities in the governance arrangements of the pool can be found within Brunel's Annual Report & Financial Statements for the year ended 30th September 2023; a copy of which can be found at the following address:

[Brunei-Pension-Partnership-Annual-Report-Financial-Statements-2024.pdf \(brunelpensionpartnership.org\)](https://brunelpensionpartnership.org/Brunei-Pension-Partnership-Annual-Report-Financial-Statements-2024.pdf)

04

7

Financial Performance

04



Financial Performance



The Fund Account (page 52) indicates an increase in the net assets of the scheme available to fund benefits during the year of £364.6m for 2023/24; this follows a decrease of £53.9m in 2022/23. The summarised figures are shown in the table below.

FINANCIAL SUMMARY

	2019/20 £M	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M
Contributions and investment income	140.7	173.6	129.8	133.7	172.5
Realised profit/(loss)	350.3	196.9	203.5	62.7	47.2
Less benefits and other expenses	-106.6	-106.4	-119.0	-136.7	-152.5
Annual surplus/(shortfall)	384.4	264.1	214.3	59.7	67.2
Increase/(decrease(-)) in market value of investments	-518.5	393.8	-6.0	-113.5	297.4
Increase/(decrease(-)) in Fund during year	-134.1	657.9	208.3	-53.8	364.6
Market Value of net assets at 31st March	2,244.6	2,902.5	3,110.8	3,057.0	3,421.6



FUND ACCOUNT - (INFLOWS) AND OUTFLOWS

The following table shows the income and expenditure of the Pension Fund over the last five years together with an estimate for 2024/25.

	2019/20 Actual £000	2020/21 Actual £000	2021/22 Actual £000	2022/23 Actual £000	2023/24 Actual £000	2024/25 Budget £000
Contributions: Employers	-84,158	-123,689	-82,992	-88,045	-113,954	-104,210
Contributions: Employees	-18,962	-20,110	-21,119	-22,895	-24,950	-25,304
Transfers in	-12,575	-5,883	-6,928	-7,639	-6,502	-6,360
Bulk transfer values in	-	-	-	-	-	-
Other income	-136	-94	-89	-133	-251	-250
Benefits payable	88,290	88,299	92,236	98,814	111,065	118,545
Payments to and on account of leavers	372	225	333	277	426	586
Transfers out	7,929	5,706	6,867	9,941	10,799	11,200
Bulk transfer values out	-	-	1,069	-	-	-
Net (additions)/ withdrawals from dealings with members	-19,240	-55,546	-10,623	-9,680	-23,367	-5,793
Investment management expenses	7,797	10,146	16,306	24,991	26,732	*
Administration expenses	1,509	1,556	1,553	1,845	2,346	2,780
Oversight & Governance expenses	722	500	671	820	1,143	1,152
Investment income	-25,042	-23,931	-18,776	-14,965	-26,803	-27,000
Profit, loss and change in market value	168,409	-590,652	-197,484	50,862	-344,711	*
Net increase (-) / decrease in the Fund	134,155	-657,927	-208,353	53,873	-364,660	-28,861

* These costs cannot be accurately forecast in advance and hence are not budgeted for but are fully reviewed and monitored by the Fund.

INCOME

Contributions from employers and employees increased by £27.9m during 2023/24 due to increased numbers of staff and the effect of pay awards granted, together with the receipt of one-off secondary contributions from a number of scheduled bodies as agreed under the triennial valuation. Consequently, these scheduled bodies will pay reduced secondary contribution payments in 2024/25 and 2025/26.

The income received from transfers into the Fund in 2023/24 reduced by £1.4m from 2022/23, following a reduction in the number of high value transfers.

Investment income increased by £11.8m during 2023/24. This was primarily due to the receipt of additional income now being received from Brunel managed Private Market Funds (£8.6m), together with additional income from the Golub investment fund (£1.8m) and additional interest from the day to day treasury management of operational cashflows (£0.6m).

The change in Profit(-), Loss and Change in Market Value to a profit of -£364.7m in 2023/24 from a £50.9m loss in 2022/23 is due to a significant rise in market values during the year. In 2023/24 the Fund returned performance of 11.8% (2022/23-2.0%).

EXPENDITURE

Investment management expenses in 2023/24 increased by £1.7m. The Fund has again adopted all costs disclosed within the Cost Transparency Initiative (CTI) reporting template to account for all management expenses incurred. This has a zero net effect overall, with an offsetting increase in reported profit in year. The increase is largely as a result of additional costs associated within the Fund's property portfolio.

Benefits Payable increased by £12.2m during 2023/24 due to an increased number of members retiring during the year together with the additional costs associated with the pensioners increase award, which is based on CPI and resulted in an increase of £6.3m.

In 2023/24 there was an increase of £858k of transfer values going out of the Fund compared to 2022/23. There were no bulk transfer values paid out of the Fund in 2023/24 (Nil in 2022/23).

CASH FLOW

For 2023/24 the inflow of cash to the Fund continued to exceed the outflow. Details of the net cash inflow to the Fund for the past 5 years together with their respective forecasts and a forecast for the following year are shown below:

There are a number of factors that affect the size of the net cash inflow. These factors include changes in the levels of retirements and pensioner numbers, contribution levels, dividend income and transfers into and out of the scheme. 2023/24 saw an increase in employee and employer contributions of £28.0m which included £15.5m in one-off lump sum deficit contributions received from three scheduled bodies to enable them to benefit from earning greater investment returns in the short-term resulting in reduced contribution payments owing in future years. In addition, benefit payments increased by £12.2m and investment income increased by £11.8m mainly due to increased income from private equity, infrastructure and private debt investments and interest on cash and money market deposits. Net transfer values into and out of the Fund fell by £2.0m and total management costs increased by £2.6m.

	2019/20		2020/21		2021/22		2022/23		2023/24		2024/25
	Forecast £000	Actual £000	Forecast £000	Actual £000	Forecast £000	Actual £000	Forecast £000	Actual £000	Forecast £000	Actual £000	Forecast £000
Net cash Inflow	43,846	37,755	37,716	73,705	35,894	20,116	25,948	8,089	23,433	26,349	4,153

OPERATIONAL EXPENSES

The following tables show budgeted and actual figures of the three constituent parts that make up the operating expenses of the Pension Fund.

Administrative costs	2020/21		2021/22		2022/23		2023/24		2024/25
	Budget £000	Actual £000	Budget £000	Actual £000	Budget £000	Actual £000	Budget £000	Actual £000	Budget £000
Staff costs	960	803	1,021	748	1,041	910	1,513	1,162	1,583
Premises	70	48	75	40	75	51	75	76	75
IT	400	375	460	395	460	468	500	596	600
Supplies & Services	260	275	270	309	320	335	350	380	412
Other central costs	60	55	63	61	70	81	70	132	110
Cost of democracy	-	-	-	-	-	-	-	-	-
Other	-	-	15	-	15	-	15	-	-
	1,750	1,556	1,904	1,553	1,981	1,845	2,523	2,346	2,780

Oversight & governance costs	2020/21		2021/22		2022/23		2023/24		2024/25
	Budget £000	Actual £000	Budget £000	Actual £000	Budget £000	Actual £000	Budget £000	Actual £000	Budget £000
Staff costs	230	159	235	177	240	214	251	249	262
Audit fees	30	23	30	45	50	81	65	66	95
Actuarial fees	400	173	350	248	400	363	300	470	320
Pension Committee/Board	10	-	20	6	20	2	40	8	40
Performance monitoring service	117	79	120	64	120	65	135	60	135
Investment consultancy	30	26	130	23	150	37	150	157	150
Other professional fees	200	40	200	108	150	58	200	133	150
	1,017	500	1,085	671	1,130	820	1,141	1,143	1,152

The increase in staffing costs reflects the Fund's additional investment in resources to improve administrative services provided to enhance the member experience. Whilst IT costs increased by £128k as a result of higher licenses charges from third party suppliers and IT overheads, reflecting the additional staff utilising these services. Investment Consultancy increased by £120k as a result of the development of the Fund's Social & Affordable Housing Portfolio during the year. Other Professional fees increased by £75k following the commissioning of external consultancy services to assist the Fund in the development of a Responsible Investment Policy and Net Zero target setting and monitoring process.

Actuarial fees within Oversight & Governance contain actuarial expenses of £217,000 (2022/23 £96,000) which arose as a result of employer requests and was therefore recharged back to them. Net actuarial fees for 2023/24 were £217,000 (2022/23 £267,000). Additional actuarial costs were incurred in 2022/23 in relation to the triennial valuation which was concluded in 2022/23 by the Fund actuary.

Investment management expenses	2020/21		2021/22		2022/23		2023/24		2024/25
	Budget £000	Actual £000	Budget £000	Actual £000	Budget £000	Actual £000	Budget £000	Actual £000	Budget £000
Management fees	-	8,312	-	10,443	-	15,925	-	18,397	-
Performance fees	-	-	-	1,325	-	706	-	1,187	-
Transaction costs	-	696	-	3,495	-	7,163	-	5,831	-
Sub Total	-	9,008	-	15,263	-	23,794	-	25,415	-
Brunel contract costs	1,040	1,049	1,065	969	1,120	1,136	1,260	1,250	1,362
Custody fees	140	89	75	71	75	53	75	64	80
Tax & legal costs	-	-	25	3	25	8	25	3	25
Sub Total	1,180	1,138	1,165	1,043	1,220	1,197	1,360	1,317	1,467
Total	1,180	10,146	1,165	16,306	1,220	24,991	1,360	26,732	1,467

The increase on investment management expenses during the period of £1.7m was mainly due to an increase in amounts invested in private equity, infrastructure and private debt, asset classes which have a higher fee structure. Together with an increase in the market value on which some management fees are calculated and an increase in property fund expenses.

In 2022-23 the Fund fully adopted the Cost Transparency Initiative (CTI) reporting template to account for all management expenses incurred on funds invested during the year which includes direct, indirect and implicit costs. This has a zero net effect overall, with an offsetting increase in reported profit in year.

Management, Performance and Transaction costs cannot be accurately forecast in advance and hence are not budgeted for but are fully reviewed and monitored by the Fund.

EMPLOYEE CONTRIBUTIONS

Employee contributions are prescribed by statute and are based on pay bands. The pay bands and rates applicable from April 2023 are detailed right:

Pensionable Pay	Employee Contribution Rate %
Up to £16,500	5.5
£16,501 to £25,900	5.8
£25,901 to £42,100	6.5
£42,101 to £53,300	6.8
£53,301 to £74,700	8.5
£74,701 to £105,900	9.9
£105,901 to £124,800	10.5
£124,801 to £187,200	11.4
More than £187,201	12.5

Whilst these same rates will apply to the 2024/25 financial year, the pensionable pay banding levels have increased. Employees can opt to pay 50% of the relevant contribution rate to accrue 50% of the normal pension.

EMPLOYER CONTRIBUTIONS

Employer contributions are assessed every three years by the Scheme Actuary. The contributions are required to be sufficient to maintain the long-term solvency of the Fund.



The most recent actuarial valuation of the Fund, as at 31st March 2022, was undertaken to calculate the employers' contribution rates payable for the three year period commencing 1st April 2023. The next actuarial valuation is due as at 31st March 2025, which will prescribe the employer rates from 1st April 2026.

The table below summarises the whole fund Primary and Secondary Contribution rates at the 2019 and 2022 valuations. Primary rates relate to future service liabilities whilst the secondary rate relates to past service deficit payments. The Primary rate is the payroll weighted average of the underlying individual employer primary rates and the secondary rate is the total of the underlying individual employer secondary rates calculated in accordance with the regulations and the Chartered Institute of Public Finance & Accountancy (CIPFA) guidance.

	Valuation as at 31 March 2019		Valuation as at 31 March 2022 Revised	
Primary Rate (% of pay)	20.9%		21.8%	
Secondary Rate (£)	2020/21	30,652,000	2023/24	20,702,000
	2021/22	26,850,000	2024/25	20,077,000
	2022/23	24,353,000	2025/26	19,459,000

Further information regarding the valuation and the scheme's funding position is included in the Actuarial Report on the Fund on pages 150 to 152.

Details of benefits payable under the LGPS and how they are calculated are contained in a scheme booklet that is issued to new employees. A general guide to the benefits payable is contained on pages 157 to 158 of this report. In accordance with the Pensions (Increase)

Act 1971 pensions payable are increased in relation to the movement in the Consumer Price Index.

Contribution rates paid by individual employers can be found in the Rates & Adjustment Certificate in the Additional Information Section of the Annual Report. Details of actual contribution amounts paid can be found in the Participating Employers and Contributions Receivable table on pages 140 to 146.

ANALYSIS OF PENSION CONTRIBUTIONS

The timeliness of employee and employer pension contributions to be paid to the Pension Fund no later than 19 days after the end of the month in which they were deducted from pay is shown below.

Employee and Employer contributions	Total	On time		Late	
	£000	£000	%	£000	%
2019/20	100,913	100,671	99.76	242	0.24
2020/21	143,936	143,249	99.52	687	0.48
2021/22	103,199	102,669	99.49	530	0.51
2022/23	109,054	108,452	99.45	602	0.55
2023/24	136,581	136,271	99.77	310	0.23

In total 39 (40 2022/23) monthly payments were received late; 35 outstanding payments were received within one month, 3 within two months and one within four months. (2022/23, all outstanding payments paid within one month).

During 2023/24 the option to levy interest on overdue contributions was not exercised (2022/23 £0 was charged).



ANALYSIS OF PENSION OVERPAYMENTS

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Pension overpayments b/fwd.	33.2	7.1	21.8	22.2	68.1
Pension overpayments in the current year	20.0	56.0	35.3	126.0	57.3
Overpayment recovered	(34.2)	(44.5)	(24.4)	(79.8)	(50.1)
Overpayments written off	(11.9)	3.2	(10.5)	(0.3)	(17.2)
Pension overpayments c/fwd	7.1	21.8	22.2	68.1	58.1

Gloucestershire Pension Fund participates in the National Fraud Initiative (NFI) which is a biennial data matching exercise administered by the Cabinet Office.

Pension data was submitted through the web portal and data match reports were produced matching:-

- Active pensioners with Department of Works and Pensions (DWP) deceased records, to identify cases where we might be continuing to pay someone who has died;
- Pensioners with payroll records for public sector bodies to identify cases where pensions should be abated; and
- Pensioners receiving an enhanced injury pension with individuals receiving relevant state benefits to identify cases where they have failed to declare relevant state benefits that may remove or reduce entitlement to the enhanced pension.

During the 2022/23 exercise Match all reports were reviewed and additional information sought, as necessary. The reports identified 24 pensioners who had died where the Pensions Section had not been

informed of their death and total overpayments amounted to £63,715. As at August 2024 £25,104 has been recovered and £5 written off. A further £24,410 has been invoiced, but we are awaiting payment. None of the cases identified were suspected of fraud. This Fund participates in the 'tell us once' service and the tell us once database is checked daily to identify any deceased GCC LGPS pensioner members.

There were no cases of abatement or LGPS injury cases identified as part of the NFI.

The pension abatement policy was suspended on the 30th March 2020, due to the covid pandemic (the Government were trying to get recently retired NHS and Social Worker staff to come back to work to help during the crisis and to remove one of the hurdles that may stop a person considering a return to work, the Government asked the NHS Pension scheme and LGPS funds to alter or suspend their "abatement" policies during this time) and has now been removed completely. Therefore, any employment that a pensioner member took up on or after the 30th March 2020 would not be subject to an abatement check.



05

Fund Account, Net Assets Statement and Notes



Fund Account, Net Assets Statement and Notes

Statement of Accounts 2023/24

STATEMENT OF RESPONSIBILITIES AND FOREWORD TO ACCOUNTS

The audited accounts and notes following on pages 52 to 104, summarise the transactions and net assets of the Fund.

AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs (the Chief Financial Officer).
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the statement of accounts.

THE CHIEF FINANCIAL OFFICER'S RESPONSIBILITIES

The Chief Financial Officer is responsible for the preparation of the Fund's statement of accounts in accordance with proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this statement of accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code of Practice on Local Authority Accounting.
- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

NINA PHILIPPIDIS
Deputy Chief Executive & Executive Director of
Corporate Services and Section 151 Officer

20th November 2024

FUND ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2024

2022/23		2023/24	Note
£000		£000	
Contributions			
-88,045	employer contributions	-113,954	N18
-22,895	member contributions	-24,950	N18
-110,940	Total	-138,904	N7
Transfers in from other pension funds			
-7,639	individual transfers from other schemes or funds	-6,502	
-	group transfers from other schemes or funds	-	
-7,639	Total	-6,502	N28
Other income			
-133	recoveries for services provided	-251	N20
Benefits			
81,628	pensions	91,368	N30
14,195	commutation of pensions and lump sum retirement benefits	17,447	
2,991	lump sum death benefits	2,250	
98,814	Total	111,065	N7
Payments to and on account of leavers			
278	refunds to members leaving scheme or fund	432	
-1	payments for members joining state scheme or fund	-6	
9,941	individual transfers to other schemes or funds	10,799	
-	group transfers to other schemes or funds	-	N28
10,218	Total	11,225	
-9,680	Net (additions) / withdrawals from dealings with members	-23,367	
27,656	Management Expenses	30,221	N20
17,976	Net (additions) / withdrawals including fund management expenses	6,854	
Returns on investments			
14,965	Investment income	-26,803	N13
-	Taxes on income	-	N3 & N13
50,862	Profit(-) and losses on disposal of investments and changes in market value of investments	-344,711	N4
35,897	Net returns on investments	-371,514	
53,873	Net increase (-) / decrease in the net assets available for benefits during the year	-364,660	
3,110,843	Opening net assets of the scheme	3,056,970	
3,056,970	Closing net assets of the scheme	3,421,630	

NET ASSETS STATEMENT AS AT 31ST MARCH 2024

2022/23		2023/24	Note
£000		£000	
Investment assets			
2,738,503	Pooled investment vehicles	3,118,600	N10
262,294	Pooled property investments	264,246	
11,873	Derivative contracts	3,351	N2 & N15
3,428	Other investments - Venture Capital/Private Equity	2,695	
29,982	Cash held on behalf of the investment managers	24,912	N25
926	Other investment balances	823	
3,047,006	Total	3,414,627	N12
Long term investment assets			
697	Brunel Pension Partnership Ltd.	722	
697	Total	722	
Investment liabilities			
-3,747	Derivative contracts	-4,507	N2 & N15
-	Other investment balances	-3,392	
-3,747	Total	-7,899	N12
3,043,956	Total net investments	3,407,450	
Long term assets			
184	Contributions due from employers	109	
184	Total	109	N12 & N22
Current assets			
5,180	Contributions due from employers	6,946	
1,561	Other current assets	423	
3	Payments in advance	5	
7,932	Cash balances	9,042	N2, N21 & N25
14,676	Total	16,416	N12 & N22
Current liabilities			
-146	Unpaid benefits	-45	
-1,700	Other current liabilities	-2,271	
-	Receipts in advance	-29	
-1,846	Total	-2,345	N12 & N23
3,056,970	Net assets of the scheme available to fund benefits at the reporting period end	3,421,630	N4, N5, N12 & N16

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end but rather summarise the transactions and net assets of the scheme.

The actuarial present value of promised retirement benefits is disclosed at Note N24. The notes on the following pages form part of these Financial Statements.

Index of the Notes to the Accounts

- | | |
|---|--|
| N1. Introduction | N17. Agency services |
| N2. Summary of significant accounting policies | N18. Contributions breakdown |
| N3. Taxation | N19. Custody of investments |
| N4. Investment movements summary | N20. Management expenses |
| N5. Management of fund assets | N21. Cash |
| N6. Actuarial position of the Fund | N22. Current & long term assets |
| N7. Analysis of contributions receivable and benefits payable | N23. Current liabilities |
| N8. Investment Strategy Statement | N24. Actuarial present value of promised retirement benefits |
| N9. Related party transactions | N25. Nature and extent of risks arising from Financial Instruments |
| N10. Contingent liabilities and contractual commitments | N26. Fair value hierarchy |
| N11. Stock lending | N27. Financial instrument disclosure |
| N12. Financial asset analysis | N28. Bulk transfers in and out of the Pension Fund |
| N13. Investment income | N29. Accounting Standards that have been issued but have not yet been adopted |
| N14. Separately invested additional voluntary contributions (AVCs) | N30. Taxation where lifetime or annual allowances are exceeded |
| N15. Derivatives | N31. Events after the reporting date |

Index of the Notes to the Accounts

Notes to Pension Fund Accounts

N1. INTRODUCTION

The County Council is the administering body for the Gloucestershire Pension Fund which is a contributory defined benefit scheme. This is not only for County Council employees but also for District Councils within the County and other local bodies providing public services. A full list of all employing bodies who are members of the Fund are shown in the Pension Fund's Annual Report alongside the detailed accounts of the Gloucestershire Pension Fund.

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

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended)

The Fund exists to provide pensions and certain other benefits to former employees. The Pension Fund is not a Gloucestershire County Council fund and is subject to its own audit; therefore balances are not included in the Gloucestershire County Council Consolidated Balance Sheet. The Fund is administered by the Pension Committee, which is a committee of Gloucestershire County Council. The Pension Board was set up with effect from the 1st April 2015 to assist the Pensions Committee in securing compliance with the relevant laws and Regulations and to help the Pension Committee ensure the effective and efficient governance and administration of the Fund.

MEMBERSHIP BREAKDOWN

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

Organisations participating in the Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Fire fighters, police and teachers have their own separate nationally administered schemes.

Membership details are set out below:

	31st March 2023	31st March 2024
Number of employers	222	241
Number of employees in the scheme		
County Council	10,084	9,811
Other employers	9,519	10,005
Total	19,603	19,816
Number of pensioners		
County Council	11,123	11,637
Other employers	7,889	8,230
Total	19,012	19,867
Deferred pensioners		
County Council	12,010	11,903
Other employers	9,086	9,313
Total	21,096	21,216
Total number of members in pension scheme	59,711	60,899

Index of the Notes to the Accounts



In addition, to the membership numbers above, there were 7,835 (6,708 2022/23) undecided or unprocessed leavers.

Undecided leavers are those members who are no longer accruing service and to whom a refund of contributions or transfer out may be due. Unprocessed leavers are those members which represent cases where we are aware that a member has left, but that case has not yet been processed.

FUNDING

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31st March 2024. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31st March 2022, and took effect on the 1st April 2023. When setting contribution rates the actuary takes into account the funding target, the time horizon over which the funding target is to be achieved and the strength of the employer covenant; further information can be found within the Fund's Funding Strategy Statement. During 2023/24 employer contribution rates ranged from 0% to 40.0% of pensionable pay.

BENEFITS

Prior to 1st April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1st April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website - see www.lgpsmember.org.

N2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position at year end as at 31st March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts summarise the transactions of the Fund and reports on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial value of promised retirement benefits, valued on an International Accounting Standard (IAS19) basis, is disclosed at Note 24 of these accounts. The accounts are prepared on a going concern basis.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The net Pension Fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

The critical judgement is made by senior management of the Pension Fund, with advice from the actuary, of the assumptions to be used in the valuation but because they are assumptions, they could be a source of estimation uncertainty and are also covered in the following section. The Pension Fund Liability is subject to significant variances based on changes to the underlying assumptions and these have been summarised in Note N24.

These actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies.

Index of the Notes to the Accounts

ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end-date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates. Income and expenditure have been accounted for on an accruals basis.

The items within the Financial Statements as at 31st March 2024, for which there is a significant risk of material adjustment in the forthcoming year, are highlighted below:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 24)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in the individual assumptions have been disclosed within Note 24.
Private Equity, Infrastructure and Private Debt (Note 26)	Private equity, Infrastructure and Private Debt are valued at fair value in accordance with International Private Equity and Venture Capital Valuation guidelines. Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Those investments where at least one input that could have a significant effect on the valuation is not based on observable market data is classed at level 3 in the Fair Value Hierarchy. Private Equity, Infrastructure and Private Debt investments classed as level 3 total £416.053m. The Fund has determined that the valuation methods used are likely to be accurate to within the ranges set out in the Sensitivity of Assets valued at Level 3 table within Note 26. This table also sets out the consequent potential impact on the closing value of investments held at 31st March 2024.
Pooled Property Funds (Note 26)	Pooled Property Funds are valued in accordance with Royal Institution of Chartered Surveyor's standards and fair value processes driven by International Private Equity and Venture Capital Valuation guidelines. Some Property Pooled Funds are not publicly listed or have redemption restrictions and as such there is a degree of estimation involved in the valuation.	Those investments where at least one input that could have a significant effect on the valuation is not based on observable market data is classed at level 3 in the Fair Value Hierarchy. Pooled Property Funds classed as level 3 total £154.641m. The Fund has determined that the valuation methods used are likely to be accurate to within the ranges set out in the Sensitivity of Assets valued at Level 3 table within Note 26. This table also sets out the consequent potential impact on the closing value of investments held at 31st March 2024.

Index of the Notes to the Accounts

REVENUE AND EXPENSE RECOGNITION

CONTRIBUTION INCOME

Contributions have been accounted for on an accruals basis where amounts due have been determined in time for inclusion in the accounts. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Employer deficit contribution lump sum payments are accounted for in the year the payment is made. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

BENEFITS PAYABLE AND REFUNDS OF CONTRIBUTIONS

Benefits payable and refunds of contributions have been brought into the accounts on the basis of all valid claims approved during the year.

TRANSFERS TO AND FROM OTHER SCHEMES

Individual transfer values are accounted for when they are paid or received. Bulk transfer value calculations are made towards the end of the bulk transfer process and based on payment being made on a specific day. Bulk transfer values are accrued when the value has been determined.

MANAGEMENT EXPENSES

Pension Fund expenses have been accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs. A more detailed breakdown of management expenses can be found in Note 20.

➤ a) Investment management expenses

Investment Management Expenses is comprised of expenses which are incurred in relation to the management of pension fund assets. Broadly, these are based on the market value of the investments in the investment manager's portfolio and therefore increase or reduce as the value of these investments change. Where an investment manager's fee has not been received by the reporting period end date, an estimate based upon the market value of the mandate at the end of the reporting period has been used. Where fees are netted off investment market values by investment managers, these expenses are grossed up to increase the change in value of investments. Identification of management fees is undertaken within the Cost Transparency Initiative reporting framework.

Federated Hermes deducts its fees from a combination of assets held and income distributions and is included within Investment Management Expenses. Fees due under the Blackrock Currency Hedge Fund are paid quarterly based on the valuation of assets held and have been accrued. Technology Venture Partners (TVP) and Yorkshire Fund Managers Ltd. (YFM) deduct their fees from the value of the assets under their management. Fees for TVP and YFM have not been included as they are the legal responsibility of the managers and not the Fund. Management costs for Arcmont are deducted from distributions. Brunel's investment managers and Golub deduct their fees from the value of the pooled funds under their management. The investment manager for Brunel's passive global equity pooled fund encashes units to cover their fees and all these fees have also been included within Investment Management Expenses.

➤ b) Acquisition and transaction costs of investments

Acquisition costs of investments (e.g. stamp duty) and transaction costs are included within Investment Management Expenses with a corresponding offset against Profit on Disposal of Investments. In addition to the transaction costs disclosed, indirect costs are incurred through the bid/offer spread on investments within pooled investment vehicles. A more detailed breakdown of management expenses, including transaction costs, can be found in Note 20.

➤ c) Administration expenses

All administrative expenses are accounted for on an accrual basis. All staff costs associated with administration is charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. Further information on administrative expenses can be found in Note 20.

➤ d) Oversight & governance expenses

All Oversight and Governance expenses are accounted for on an accrual basis. All staff costs associated with Oversight and Governance is charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. The cost of investment advice from external consultants is included in Oversight & Governance. Further information on Oversight and Governance expenses can be found in Note 20.

Index of the Notes to the Accounts

INVESTMENT INCOME

Dividends are accounted for when the holding is declared ex-dividend. Any amount not received by the end of the reporting period is recognised as a current financial asset. Investment income arising from the underlying investments of Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicle and reflected in the unit price.

CASH AND CASH EQUIVALENTS

Cash comprises cash in hand (bank) and demand deposits (money market funds) which also includes amounts held by the Fund's custodian on behalf of its investment managers.

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

Cash balances held in accordance with the County Councils' Treasury Management Strategy and those held with the Fund's custodian, State Street Bank & Trust Company, on behalf of investment managers, are in instant access accounts.

THE ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

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

As permitted under the Code, the Fund has included a note disclosing the actuarial present value of promised retirement benefits by way of a note to the Net Asset Statement in Note 24.

CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

Contingent assets and liabilities are not recognised in the Net Asset Statement but are disclosed by way of narrative in the notes.

VALUATION OF ASSETS

The SORP requires securities to be valued on a Fair Value Basis therefore assets and liabilities, where there is an active and readily available market price, are valued at the bid price. Where assets do not actively trade through established exchange mechanisms, a price is obtained from the manager of the investment asset through their quarterly reports. Further details of their approach to establishing fair value can be found within Note 26, Basis of Valuation table. Any amounts due or payable in respect of trades entered into but not yet completed at 31st March each year, accrued dividend income, Fund debtors and creditors and cash and cash instruments are accounted for as financial instruments held at amortised cost.

Investments held in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2024.

Purchases and sales during the year which require settlement in a foreign currency are converted from/ to sterling at the exchange rate prevailing on the trade date. Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is re-invested in the fund, net of applicable withholding tax.

The Pooled Property Investments are independently valued either in accordance with the Royal Institute of Chartered Surveyors valuation standards or by a fair value process driven by International Private Equity and Venture Capital Valuation guidelines. Private Equity and Infrastructure funds are valued using the latest financial statements published by the respective fund managers and in accordance with the International Private Equity and Venture Capital Guidelines. The valuation standards followed by the managers are in accordance with the industry guidelines and the constituent management agreements. Such investments may not always be valued on year end valuation as information may not be available, and therefore will be valued based on the latest valuation provided by the managers adjusted for movements to the year end.

Index of the Notes to the Accounts

A detailed breakdown of investments can be found under Note 12.

Financial assets are included in the financial statements on a fair value basis at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset.

From this date any gains or losses arising from the changes in the fair value of the asset are recognised in the Fund Account.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 26). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association).

Gloucestershire Pension Fund together with nine other shareholders each hold a 10% share in Brunel Pension Partnership Ltd (company number 10429110). As such, no fund is deemed to have a significant influence and this long term investment is accounted for at fair value. The asset was initially measured at cost and is subsequently revalued for any impairment.

The accounts for the year ended 31st March 2024 use the valuations for the Fund's assets based on the figures provided by the Fund's custodian, State Street Bank & Trust Company.

DERIVATIVES

Derivative contracts are valued at fair value and are determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract. Derivative contract assets, those with a positive value, are valued at bid price and derivative contract liabilities, those with a negative value, are valued at the offer price. The amounts included in change in market value are the realised gains and losses on closed derivatives contracts and the unrealised gains and losses on open derivatives contracts.

N3. TAXATION

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and is exempt from UK capital gains tax on the proceeds of investments sold and UK income tax on interest received. Corporation Tax is deducted from UK equity dividends; tax deducted from property unit trusts can be reclaimed. Withholding tax is payable on income from overseas investments. This tax is recovered wherever local tax laws permit.

N4. INVESTMENT MOVEMENTS SUMMARY

2023/24	Market Value at 31st March 2023	Purchases during the year at cost and derivative payments	Sales proceeds during the year and derivative receipts	Change in market value during the year	Market value as at 31st March 2024
Asset class	£000	£000	£000	£000	£000
Bonds	-	-	-	-	-
Pooled Investments	2,738,503	125,194	-90,804	345,707	3,118,600
Pooled Property Funds	262,294	22,202	-7,377	-12,873	264,246
Private Equity/Venture Capital	3,428	-	-200	-533	2,695
Total	3,004,225	147,396	-98,381	332,301	3,385,541
Derivative contracts:					
Futures	-	-	-	-	-
Forward currency contracts	8,126	67,960	-89,705	12,463	-1,156
Total	8,126	67,960	-89,705	12,463	-1,156
Long term investment assets					
Brunel Pension Partnership Ltd.	697	-	-	25	722
Total	697	-	-	25	722
Net Investment Assets	3,013,048	215,356	-188,086	344,789	3,385,107

Index of the Notes to the Accounts

In addition to the investments there was £36,523k (£43,922k 2022/23) in cash, cash equivalents and accruals. Cash movements, currency adjustments and other end of year settlements totalled -£78k (£108k 2022/23).

As a result, the total profit (-) and losses on disposal of investments and changes in market value of investments was £344.7m (£50.9m 2022/23).

2022/23	Market Value at 31st March 2022	Purchases during the year at cost and derivative payments	Sales proceeds during the year and derivative receipts	Change in market value during the year	Market value as at 31st March 2023
Asset class	£000	£000	£000	£000	£000
Bonds	-	-	73	-73	-
Pooled Investments	2,773,831	521,365	-527,051	-29,642	2,738,503
Pooled Property Funds	246,138	77,284	-31,535	-29,593	262,294
Private Equity/Venture Capital	3,853	-	-11	-414	3,428
Total	3,023,822	598,649	-558,524	-59,722	3,004,225
Derivative contracts:					
Futures	-	-	-	-	-
Forward currency contracts	-	-	-	8,126	8,126
Total	-	-	-	8,126	8,126
Long term investment assets					
Brunel Pension Partnership Ltd.	71	-	-	626	697
Total	71	-	-	626	697
Net Investment Assets	3,023,893	598,649	-558,524	-50,970	3,013,048

In addition to the investments there was £43,922k (£86,950k 2021/22) in cash, cash equivalents and accruals. Cash movements, currency adjustments and other end of year settlements totalled £108k (- £511k 2021/22). As a result the total profit (-) and losses on disposal of investments and changes in market value of investments was £50.9m (- £197.5m 2021/22).

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

The closing market value of the derivatives in the previous tables represents fair value as at the year end date. In the case of derivative contracts, which are traded on exchanges, this value is determined using exchange prices at the reporting date. Forward foreign exchange contracts are over the counter contracts and are valued by determining the gain or loss that would arise from closing out the contract at the reporting date and entering into an equal and opposite contract as at that date. The profit or loss arising is included within the cash and accruals figure.

All derivative contracts settled during the period are reported within the table as purchases and sales.

Index of the Notes to the Accounts

N5. MANAGEMENT OF FUND ASSETS

The market value of investments managed by each external manager at the end of the financial year was:

Investments managed by the Brunel regional asset pool	2022/23		2023/24	
	£000	%	£000	%
Brunel Global High Alpha Fund	410,614	13.5	494,965	14.5
Brunel Global Sustainable Fund	398,646	13.0	451,295	13.2
Brunel ACS UK Equity Fund	356,985	11.7	394,185	11.5
Legal & General Investment Management	309,790	10.1	375,707	11.0
Brunel Sterling Corporate Bonds Portfolio	326,278	10.7	355,151	10.4
Brunel Property Fund	262,294	8.6	264,246	7.7
Brunel Multi Asset Credit Portfolio	218,537	7.1	244,239	7.1
Brunel Private Equity and Infrastructure Portfolio	171,720	5.6	228,107	6.7
Brunel Emerging Equity Fund	189,321	6.2	196,713	5.7
Brunel Diversifying Returns Fund	241,939	7.9	192,987	5.6
Brunel Private Debt Fund	59,190	1.9	88,356	2.6
Cash, cash instruments and accruals with Brunel	30,817	1.0	22,244	0.7
Brunel Pension Partnership Ltd. (Shareholding)	697	0.0	722	0.0
Total	2,976,828	97.3	3,308,917	96.7

Investments managed outside of the Brunel regional asset pool	2022/23		2023/24	
	£000	%	£000	%
Schroders Greencoat Wessex Gardens L.P.	-	-	42,102	1.2
Golub Capital Partners International	35,383	1.2	34,633	1.0
Arcmont Asset Management Ltd.	20,100	0.7	20,160	0.6
Technology Venture Partners	3,428	0.1	2,695	0.1
BlackRock Investment Management (UK) Ltd. *	8,126	0.3	-1,156	0.0
Total	67,037	2.3	98,434	2.9
Total - External Managers	3,043,865	99.6	3,407,351	99.6
In-house cash and accruals	13,014	0.4	14,180	0.4
Cash instruments with Custodian	91	0.0	99	0.0
Total	3,056,970	100.0	3,421,630	100.0

Where the value of an investment exceeds 5% of the total value of net assets, details have been disclosed in Note 16.

* Blackrock provides currency hedging for the Fund and the market value of -£1,156k represents the unrealised loss of the forward currency contracts as at 31st March 2024.

Index of the Notes to the Accounts

N6. ACTUARIAL POSITION OF THE FUND

In line with the Local Government Pension Scheme Regulations, actuarial valuations of the Fund are required to be undertaken every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The latest valuation undertaken by Hymans Robertson LLP, the Funds actuary, as at 31st March 2022 established the minimum contribution payments for the three years until 31st March 2026. The next valuation will take place as at March 2025.

The key elements of the actuarial valuation are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where it is reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations

The aim is to achieve 100% solvency over a period not exceeding 20 years depending on the type of employer and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

- The market value of the Fund's assets at the March 2022 triennial valuation date was £3,111m (£2,379m March 2019) and represented 110% (102% March 2019) of the Fund's accrued liabilities.

The table below summarises the whole fund Primary and Secondary Contribution rates at the 2022 valuation. The 2019 valuation results of the Fund are shown for comparison.

	Last Valuation 31st March 2019		This Valuation 31st March 2022	
Primary Rate (% of pay)	20.9%		21.8%	
Secondary Rate (£)	2020/21	30,652,000	2023/24	20,698,000
	2021/22	26,850,000	2024/25	20,082,000
	2022/23	24,353,000	2025/26	19,463,000

- Individual employers' rates will vary depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 actuarial valuation report on the Fund's website. The Actuary has made an assessment of the contributions that should be paid into the Fund by participating employers for the period 1st April 2023 to 31st March 2026 in order to maintain the solvency of the Fund.
- The contribution rate has been calculated using the projected evolution of each employers' assets and benefit payments and the main actuarial assumptions used are as follows:

	Funding Basis	
	2019	2022
Rate of return on investments (Discount Rate)	4.2% pa	4.2% pa
Rate of general pay increases	2.6% pa	3.2% pa
Rate of increase to pensions in payment	2.3% pa	2.7% pa

- The estimate of the pension fund liability is subject to significant variations, based on changes to the underlying assumptions used - please see table above.
- Full actuarial valuation reports are published on the Pension pages of the County Council's website
- See Note 24 for details of the Actuarial Present Value of Promised Retirement Benefits.

Index of the Notes to the Accounts

N7. ANALYSIS OF CONTRIBUTIONS RECEIVABLE AND BENEFITS PAYABLE

	2022/23		2023/24	
	Contributions receivable £000	Benefits Payable £000	Contributions receivable £000	Benefits Payable £000
Gloucestershire County Council [Administering authority]	52,377	51,724	60,790	56,899
Scheduled bodies (199 23/24) (185 22/23)* [Bodies admitted by right]	53,475	40,254	77,526	45,367
Admitted bodies (41 23/24) (36 22/23)* [Bodies admitted by agreement]	**5,088	6,836	**588	8,799
Total	110,940	98,814	138,904	111,065

Scheduled bodies now include 133 (118 22/23) schools who have converted to academy status.

* These numbers relate to active employers with active members.

** Contributions Receivable for Admitted Bodies for 2023/24 contained £4,175k deficit payments (£412k deficit credit 22/23) in relation to employers who left the scheme, resulting in lower overall contributions received from admitted bodies.

N8. INVESTMENT STRATEGY STATEMENT

The Fund's Investment Strategy Statement (ISS) as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 can be found on the Fund's website <https://www.gloucestershire.gov.uk/council-and-democracy/pensions/gloucestershire-local-government-pension-scheme-lgps-fund/>. It includes a statement on the Fund's approach to pooling its investment assets as required under the Regulations.

N9. RELATED PARTY TRANSACTIONS

Gloucestershire County Council, as Administering Authority for the Fund, incurred the following costs in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund. All monies owing to and due from the Fund were paid or accrued for in the year.

	2022/ 23 £000	2023/ 24 £000
Administrative expenses	2,727	3,557

Part of the Pension Fund's cash holdings are invested on the money markets by the Treasury Management team of Gloucestershire County Council, see notes N2, N21 and N25.

Of the County Council's key management personnel, some of the Director of Finance (and in 2022/23 the Deputy Chief Executive & Executive Director of Corporate Resources) remuneration costs were charged to the Fund to reflect time spent supporting the Fund. These consisted of salary, fees and allowances of £14,634 (£13,914 2022/23), employers' pension contributions of £3,863 (£3,882 2022/23) and employers' national insurance contributions of £1,863 (£1,769 2022/23).

The Deputy Chief Executive & Executive Director and Director are members of the Fund as contributing Gloucestershire County Council employees. This does not impact on their role as Finance Director and S151 officer, which is clearly defined.

Index of the Notes to the Accounts

The Pensions Committee is the decision-making body for the Fund and Gloucestershire County Council nominates 7 voting committee members. Councillor Gray is also a County Councillor but is the District Council's representative on the Pension Committee.

Each member of the Pension Committee is required to declare their interests at each meeting.

Mr. P. Clark, the Scheme Member Representative, is a non-voting member of the Pension Committee. Mr. Clark is a contributing member of the Pension Fund and this does not impact on his Pension Committee role.

Ms. J. Atkinson is a non-voting member of the Pension Committee. She is employed by a Pension Fund employer, Severn Vale School, and is also a contributing member of the Pension Fund. This does not impact on her Pension Committee role.

Cllr. J. Bloxsom is in receipt of a local government pension.

Four members of the Pension Committee were also District Council members as at 31st March 2024 and these are detailed below:

Member	District Council
Cllr. M. Babbage	Cheltenham Borough Council
Cllr. D. Brown	Gloucester City Council
Cllr. D. Gray	Tewkesbury Borough Council
Cllr. C. Turner	Stroud District Council

Cllr. L. Stowe represented the Gloucestershire Pension Fund on the Brunel Oversight Board and acted as the Shareholder representative to the Brunel Pension Partnership during 2023/24. Cllr. Colin Hay took over the role on the Brunel Oversight Board from June 2024. Cllr. Stowe, as Cabinet Member for Finance and Change, is corporate shareholder representative for Gloucestershire County Council for UBICO Limited which is an employer in the Fund. A family member of Cllr. Stowe is a Councillor at Cotswold District Council which is also an employer in the Fund.

A member of Cllr. C. Hay's family is leader of Cheltenham Borough Council which is an employer in the Pension Fund.

A member of Cllr. D. Brown's family is an employee of Gloucester City Council which is an employer in the Pension Fund.

The Pension Board was created on the 1st April 2015. Some of the Board are members of the Fund as contributing employees. This does not impact on their roles as members of the Pension Board given the nature of the Board's functions.

Transactions between employers and the Fund are disclosed in note N7.

BRUNEL PENSION PARTNERSHIP LTD. (COMPANY NUMBER 10429110)

Brunel was formed on the 14th October 2016 and oversees the investment of pension fund assets for Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire Funds.

Each of the ten local authorities, including Gloucestershire County Council own 10% of Brunel. As part of Gloucestershire's investment in Brunel the Fund provided regulatory capital. This is subject to regular review by the regulator which could result in additional calls for capital.

Pension Fund transactions with Brunel are as follows:

	2022/ 23 £000	2023/ 24 £000
Income	4	-
Expenditure	1,141	1,250
Debtors	-	-
Payments in Advance	-	-

In addition to his role as Pension Committee member, Cllr. L. Stowe represented the Fund on the Brunel Oversight Board. Cllr. C. Hay took over this role on the Brunel Oversight Board from June 2024.

In 2021/22 the Pension Fund, together with the nine other Funds in Brunel, entered into a Pension Cost Recharge Agreement whereby each Fund agreed to reimburse Brunel with its share of regular ongoing pension related cashflows via its Annual Operating Charge. As part of this arrangement the Fund also agreed to pay or receive its share of any exit payment or credit should Brunel cease to be a member of the Local Government Pension Scheme. At the end of September 2023 the Fund's share of the possible charge was £0k (2022/23 £10k).

Index of the Notes to the Accounts

N9A. KEY MANAGEMENT PERSONNEL

The key management personnel of the Fund are the Section 151 Officer and the Head of Pensions. A proportion of the Section 151 Officer's costs have been charged to the Fund to reflect time spent supporting the Fund and those costs are included with those of the Head of Pensions in the table below.

	2022/ 23 £000	2023/ 24 £000
Short-term benefits	95	111
Post-employment benefits	-	-
Other long-term benefits	24	26
Termination benefits	-	-
Share-based payments	-	-
Total	119	137

N10. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

INVESTMENT COMMITMENTS

The Fund has investment commitments with four managers (Arcmont, Golub, Schroders Greencoat Wessex Gardens and Brunel Pension Partnership) where the investment manager has not yet drawn down all monies due. These commitments relate to investments in private debt, private equity and infrastructure and are requested as and when the respective investment manager identifies an investment opportunity or requires further funding. The amounts requested can therefore be irregular in both size and timing. In addition the Fund has made a commitment to a Social and Affordable Housing portfolio totalling £165m. The Fund is currently undertaking due diligence on three selected fund managers and anticipate drawing down monies during 2024/25.

During 2023/24 the Fund made a new commitment to a renewable infrastructure fund managed by Schroders Greencoat Wessex Garden of £60m, of which £42m has already been drawn down. It is anticipated that the remaining funds will be drawn down in 2024/25.

Brunel anticipates that commitments in Private Equity and Infrastructure Cycle 1 should be drawn down by 2026, Cycle 2 by 2028 and Cycle 3 by 2029. Commitments in Private Debt Cycle 2 should be drawn down by 2025 and Cycle 3 by 2027.

Of the Golub Capital Partners commitment, 87.5% has been drawn down. Golub do not anticipate any further draw downs but reserve the right to still do so. The change in the outstanding liability is due to changes in the exchange rate as Golub is denominated in US dollars. The commitment draw down period ended on the 1st July 2023 and Golub should return monies as investment mature by 2026/27. The fund will continue until July 2028 (the tenth anniversary of the final closing date), unless terminated sooner or extended as provided in its agreement.

In relation to the Fund's private debt fund managed by Arcmont, 82% of the Fund's total commitment has been drawn down. The Arcmont fund's investment period ended in July 2020 and the fund had been due to expire in July 2023. However the Pension Fund has agreed to an extension so that the fund will expire in July 2026 to enable Arcmont to maximise unrealised assets.

Index of the Notes to the Accounts

The following table shows the Fund's total commitment and the remaining liability, following drawdowns, at the year end.

	Original Commitment £000	Outstanding liability 2022/23 £000	Outstanding liability 2023/24 £000
Arcmont Asset Management Ltd. (private debt)	50,000	9,665	9,170
Golub Capital Partners International (private debt)	40,000	5,063	4,939
Schroders Greencoat Wessex Gardens L.P. (renewable infrastructure)	60,000	-	18,000
Social and Affordable Housing Portfolio (three fund managers selected)	165,000	-	165,000
Brunel Pension Partnership Ltd. (private equity) Cycle 1	43,000	16,720	10,884
Brunel Pension Partnership Ltd. (private equity) Cycle 2	70,000	47,520	31,830
Brunel Pension Partnership Ltd. (private equity) Cycle 3	16,000	16,000	14,990
Brunel Pension Partnership Ltd. (infrastructure) Cycle 1	43,000	10,270	3,620
Brunel Pension Partnership Ltd. (infrastructure) Cycle 2	130,000	57,280	35,270
Brunel Pension Partnership Ltd. (infrastructure) Cycle 3	20,000	17,180	14,630
Brunel Pension Partnership Ltd. (private debt) Cycle 2	120,000	64,090	43,634
Brunel Pension Partnership Ltd. (private debt) Cycle 3	38,000	34,660	28,150
Total	795,000	278,448	380,117

PENSION BONDS

During 2023/24, seven (nine 2022/23) admitted body employers in the Pension Fund held insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default. No such defaults have occurred in 2023/24 (2022/23 nil).

CONTINGENT LIABILITY

In 2021/22, the Pension Fund, together with the nine other Funds in Brunel, entered into a Pension Cost Recharge Agreement whereby each Fund agreed to reimburse Brunel with its share of regular ongoing pension related cashflows via its Annual Operating Charge. As part of this arrangement the Fund also agreed to pay or receive its share of any exit payment or credit should Brunel cease to be a member of the Local Government Pension Scheme. At the end of September 2023 the Fund's share of the possible charge was £0k (2022/23 £10k).

N11. STOCK LENDING

Brunel operates a stock lending programme in relation to the underlying assets in three of the Fund's pooled funds. At 31st March 2024, the market value of shares out on loan was £15.6m (2022/23 £16.5m) and the value of collateral held £16.6m (2022/23 £17.4m) equal to 106.33% (2022/23 105.6%) of stock out on loan. Income of £60k (2022/23 £102.6k) was reinvested into the pooled funds.

These investments continue to be recognised in the Fund's financial statements. During the period the stock is on loan, the voting rights of the loaned stocks pass to the borrower.

Index of the Notes to the Accounts

N12. FINANCIAL ASSET ANALYSIS

Investment Assets	2022/23 £000	2023/24 £000	Note
Pooled investment vehicles			
Equities	1,665,355	1,912,865	
Bonds	544,815	599,390	
Diversified Growth	241,939	192,987	
Private Equity	55,714	81,437	
Infrastructure	116,006	188,772	
Private Debt	114,674	143,149	
	2,738,503	3,118,600	N10
Other investments			
Pooled property Investments	262,294	264,246	
Venture Capital/ Private Equity	3,428	2,695	
	265,722	266,941	
Derivative Contracts			
Forward Foreign Exchange Contracts	11,873	3,351	
	11,873	3,351	N15
Cash (Managers)			
Cash instruments	4,489	21,248	
Cash deposits	25,493	3,664	
	29,982	24,912	
Other investment imbalances			
Debtors			
Outstanding settlement of investment sales	11	44	
Accrued dividend income and tax reclaims due on dividend income	915	779	
	926	823	
Long term financial assets			
Brunel Pension Partnership Ltd.	697	722	
	697	722	
Total Investment Assets	3,047,703	3,415,349	

Investment Liabilities	2022/23 £000	2023/24 £000	Note
Derivative Contracts			
Forward Foreign Exchange Contracts	-3,747	-4,507	
	-3,747	-4,507	N15
Other Investment Balances			
Creditors			
Outstanding settlement of investment transactions	-	-3,392	
	-	-3,392	
Total Investment Liabilities	-3,747	-7,899	
Long Term Assets			
Contributions due from employers	184	109	
	184	109	N22
Current Assets			
Contributions due from employers	5,180	6,946	
Other current assets (debtors)	1,561	423	
Payments in advance	3	5	
Cash balances	7,932	9,042	N21
	14,676	16,416	N22
Current Liabilities			
Unpaid benefits	-146	-45	
Other liabilities (creditors)	-1,700	-2,271	
Receipts in advance	-	-29	
	-1,846	-2,345	N23
Total	3,056,970	3,421,630	

Index of the Notes to the Accounts

N13. INVESTMENT INCOME

Investment income arises from the following investment categories:

	2022/23 £000	2023/24 £000
Bonds	-225	-
Pooled investment vehicles	7,709	16,960
Pooled property investments	7,153	7,467
Interest on cash deposits	303	2,308
Other income from stock lending, underwriting and class actions	25	68
	14,965	26,803
Withholding tax	-	-
Total	14,965	26,803

N14. SEPARATELY INVESTED ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC's)

Gloucestershire Pension Fund provides additional voluntary contribution (AVC) schemes for its members with The Prudential Assurance Company Limited and Phoenix Life Limited. The AVCs are invested separately in funds managed by them.

These are in the form of with-profits, unit-linked and deposit accounts and secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement receive an annual statement confirming amounts held to their account and movements in the year. These amounts are not included in the Pension Fund Accounts in accordance with Regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended).

VALUE OF SEPARATELY INVESTED ADDITIONAL VOLUNTARY CONTRIBUTIONS

	31st March 2023 £000	31st March 2024 £000
The Prudential Assurance Company Limited	6,335	6,685
Phoenix Life Limited	19	20
Total	6,354	6,705

Contributions paid by members in the Prudential scheme during 2023/2024 totalled £676,368 (2022/2023 £636,158) which included additional death in service premiums totalling £737 (2022/2023 £746).

Index of the Notes to the Accounts



N15. DERIVATIVES

The Fund uses derivatives to reduce currency risk within the pooled equity funds by way of forward currency contracts managed by BlackRock Investment Management (UK) Ltd. which commenced in February 2023. In addition, the Sterling Corporate Bonds and Multi-asset Credit pooled funds are allowed the modest use of derivatives primarily for currency and interest rate hedging purposes. Due to the nature of pooled funds where units are purchased in the fund itself rather than the underlying assets, details of derivative contracts are at fund level and not disclosed.

A derivative is a generic term for financial instruments used in the management of portfolios and is a financial contract between two parties, the value of which is determined by the underlying asset. Derivatives include futures, forwards, swaps and options.

DERIVATIVE CONTRACT ANALYSIS

	Contract type*	2022/23 Economic Exposure £000	2023/24 Economic Exposure £000	Expiration	2022/23 Market Value £000	2023/24 Market value £000
Investment Assets						
Forward foreign exchange contracts	OTC	963,814	694,584	Less than 3 months	11,873	3,351
Total Derivative Assets		963,814	694,584		11,873	3,351
Investment Liabilities						
Forward foreign exchange contracts	OTC	495,643	1,156,025	Less than 3 months	-3,747	-4,507
Total Derivative Liabilities		495,643	1,156,025		-3,747	-4,507
Net Futures					8,126	-1,156

* Contract type OTC (over the counter)

Index of the Notes to the Accounts

A breakdown of the open forward foreign exchange contracts at 31st March 2024 is given below:-

OPEN FORWARD CURRENCY CONTRACTS AT 31ST MARCH 2024

Settlement	Currency bought	Local Value 000	Currency sold	Local Value 000	Asset Value £000	Liability Value £000
Up to three months	GBP	435,559	USD	548,139	1,717	
Up to three months	GBP	15,691	CHF	17,452	353	
Up to three months	GBP	54,459	EUR	63,249	331	
Up to three months	GBP	34,564	JPY	6,569,739	201	
Up to three months	GBP	5,152	SEK	67,260	173	
Up to three months	GBP	37,210	JPY	7,057,360	157	
Up to three months	GBP	15,571	CHF	17,567	84	
Up to three months	GBP	4,944	SEK	65,601	83	
Up to three months	GBP	12,064	AUD	23,280	42	
Up to three months	GBP	12,155	AUD	23,452	36	
Up to three months	GBP	5,743	DKK	49,734	35	
Up to three months	GBP	1,062	NOK	14,198	26	
Up to three months	GBP	3,105	HKD	30,526	15	
Up to three months	GBP	2,565	JPY	487,621	14	
Up to three months	GBP	1,014	NOK	13,724	12	
Up to three months	GBP	19,151	CAD	32,709	12	
Up to three months	GBP	608	ILS	2,763	10	
Up to three months	GBP	328	NZD	672	10	
Up to three months	GBP	1,958	SGD	3,318	9	
Up to three months	CAD	4,999	GBP	2,918	7	
Up to three months	GBP	5,377	DKK	46,866	6	
Up to three months	GBP	19,189	CAD	32,796	5	
Up to three months	GBP	618	ILS	2,842	4	
Up to three months	GBP	320	NZD	670	2	
Up to three months	GBP	2,019	SGD	3,438	2	
Up to three months	GBP	103	CHF	115	2	
Up to three months	GBP	330	DKK	2,868	1	
Up to three months	GBP	410	EUR	479	1	
Up to three months	HKD	3,419	GBP	345	1	
Up to three months	CAD	87	GBP	51	-	
Up to three months	NZD	2	GBP	1		-
Up to three months	ILS	79	GBP	17		-
Up to three months	GBP	89	AUD	172		-
Up to three months	SGD	120	GBP	71		-
Up to three months	NZD	112	GBP	53		-

Index of the Notes to the Accounts

Settlement	Currency bought	Local Value 000	Currency sold	Local Value 000	Asset Value £000	Liability Value £000
Up to three months	GBP	53,664	EUR	62,770		-
Up to three months	ILS	249	GBP	54		-1
Up to three months	NOK	474	GBP	36		-1
Up to three months	SGD	597	GBP	352		-1
Up to three months	HKD	4,540	GBP	461		-2
Up to three months	NOK	2,662	GBP	197		-2
Up to one month	NZD	670	GBP	320		-3
Up to three months	DKK	6,858	GBP	790		-3
Up to three months	SEK	1,659	GBP	127		-5
Up to three months	AUD	3,781	GBP	1,959		-5
Up to one month	SGD	3,318	GBP	1,955		-9
Up to three months	SEK	8,091	GBP	609		-9
Up to one month	ILS	2,763	GBP	607		-10
Up to three months	GBP	3,423	HKD	33,945		-10
Up to one month	CAD	32,709	GBP	19,146		-12
Up to one month	NOK	13,724	GBP	1,014		-12
Up to one month	HKD	30,526	GBP	3,103		-15
Up to three months	CHF	2,898	GBP	2,571		-16
Up to three months	GBP	4,973	USD	6,304		-17
Up to three months	JPY	901,006	GBP	4,753		-22
Up to three months	EUR	9,176	GBP	7,884		-32
Up to one month	DKK	49,734	GBP	5,736		-35
Up to one month	AUD	23,452	GBP	12,147		-35
Up to one month	CHF	17,567	GBP	15,521		-82
Up to one month	SEK	65,601	GBP	4,939		-82
Up to one month	JPY	7,057,360	GBP	37,047		-134
Up to three months	USD	69,486	GBP	55,179		-182
Up to one month	EUR	63,249	GBP	54,403		-329
Up to one month	USD	548,139	GBP	435,628		-1,716
Up to three months	GBP	427,197	USD	541,835		-1,725
Open forward currency contracts at 31st March 2024					3,351	-4,507
Net forward currency contracts at 31st March 2024						-1,156
Prior year comparative						
Open forward currency contracts at 31st March 2023					11,873	-3,747
Net forward currency contracts at 31st March 2023						8,126

Index of the Notes to the Accounts



N16. INVESTMENTS EXCEEDING 5% OF TOTAL NET ASSETS

At 31st March 2024 the Pension Fund held seven (2022/23, seven) investments that each exceeded 5% of the total value of the net assets of the scheme. These seven investments totalled £2,461,003k out of a total market value for the Fund of £3,421,630k. These are detailed as follows:

Investments exceeding 5% of Total Net Assets	2022/23 £000	%	2023/24 £000	%
Brunel Global High Alpha Equity Fund	410,614	13.4	494,965	14.5
Brunel Global Sustainable Fund	398,646	13.0	451,295	13.2
Brunel UK Equity Fund	356,985	11.7	394,185	11.5
Legal & General FTSE Paris Aligned Developed Equities Index Fund	309,790	10.1	375,707	11.0
Royal London Pooled Pension Company - Brunel Sterling Corporate Bond Fund	326,278	10.7	355,151	10.4
Brunel Emerging Markets Equity Fund	189,321	6.2	196,713	5.7
Brunel Diversifying Returns Fund	241,939	7.9	192,987	5.6
	2,233,573	73.0	2,461,003	71.9

Index of the Notes to the Accounts

N17. AGENCY SERVICES

The Pension Fund pays discretionary pension awards to former employees on behalf of some Pension Fund employers. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the employer bodies. The sums are disclosed below.

	2022/23 £000	2023/24 £000
Discretionary Payments	1,094	1,165

N18. CONTRIBUTIONS BREAKDOWN

	2022/23 £000	2023/24 £000
From Employers:		
Normal contributions	72,002	82,262
Augmentation contributions	-	-
Deficit recovery contributions	13,745	33,544
Section 75 debt (cessation of employer)	412	-4,175
Other	1,886	2,323
	88,045	113,954
From Members:		
Normal contributions	22,735	24,776
Additional voluntary contributions	160	174
	22,895	24,950

The Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The primary contribution rate, the rate which all employers in the Fund pay was set at 20.9%, in addition most employers will also pay a secondary contribution rate depending on their own particular circumstances. Full details of the contribution rates payable for 2023/24, 2024/25 and 2025/26 can be found in the 2022 Actuarial Valuation Report and the Pension Fund's Annual Report. Both documents can be found at www.gloucestershire.gov.uk/council-and-democracy/pensions/gloucestershire-local-government-pension-scheme-lgps-fund/.

The employers' monthly contributions are expressed as a percentage of pensionable pay. Deficit recovery payments are either based on a percentage of pensionable pay or paid as a lump sum. Both monthly contributions and deficit funding payments have been identified above. The deficit recovery contributions relate to past service benefit accrual and are payable over an agreed recovery period, not exceeding 20 years.

During 2023/24, three scheduled bodies made the decision to pay lump sum deficit contributions totalling £15.5m to the Fund to benefit from earning greater investment returns in the short term resulting in reduced contribution payments owing in future years.

Employers who leave the scheme may need to pay outstanding deficit payments and this is included under Section 75 debt. A revision to the Regulations in May 2018, and a further, more recent revision, permits, at the discretion of the Pension Fund, the payment of an exit credit to an employer. Exit credit payments are also included within Section 75 debt.

Other contributions are those contributions paid by an employer to compensate the Pension Fund for early retirement or the recovery of ill health retirement costs.

These payments follow the principles outlined in the Funding Strategy Statement. Early retirement costs are usually paid in one lump sum or may be spread by no more than three years for scheduled bodies with tax-raising powers. When a payment is spread there is an extra cost to reflect the delay in total payment. There are currently no early retirement costs being spread. At 31st March 2024, £234k (2022/23 £31k) was due to the Pension Fund for early retirements and has been accrued.

The majority of employers are covered by an ill health insurance policy and claims are made as they arise. Excess ill health retirement costs, not covered by the insurance policy, are invoiced for where necessary. At 31st March 2024, £1,124k (2022/23 £305k) was due to the Pension Fund for ill health retirement costs and has been accrued.

It had been agreed previously that an employer who left the Fund in 2008/09 could spread the payment of their deficit over a number of years. The total amount was credited to the Pension Fund and an accrual made for the outstanding amount. The accrual is rolled forward each year and adjusted for deficit payments made.

Index of the Notes to the Accounts



N19. CUSTODY OF INVESTMENTS

The accounts for the year ended 31st March 2024 use the valuations for the Fund's assets provided by our custodian, State Street Bank & Trust Company. This reflects the position of the custodian who is ultimately the master book of record. Custodian records are regularly reconciled with the Fund Managers' records. Using the custodian's valuations ensures that the various portfolios are priced consistently, so that the same stocks, in different portfolios, are valued on the same basis. Investments held in custody by State Street Bank & Trust Company on behalf of the Pension Fund, are ring-fenced from the assets of the Bank and segregated within its books as belonging to the Gloucestershire Pension Fund.

N20. MANAGEMENT EXPENSES

Pension Fund expenses have been accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs.

Management expenses	2022/23 £000	2023/24 £000
Investment management expenses *	24,991	26,732
Administration expenses	1,845	2,346
Oversight & governance	820	1,143
	27,656	30,221

* Please see a more detailed breakdown of the investment management expenses on the following page..

Index of the Notes to the Accounts

Investment management expenses 2023/24	Management Fees £000	Performance Fees £000	Transaction Costs £000	Total £000
Pooled Investment Vehicles	13,244	1,091	4,564	18,899
Pooled Property Investments	5,022	95	1,267	6,384
Derivative Contracts	131	-	-	131
Brunel Pension Partnership Ltd.	1,250	-	-	1,250
	19,647	1,186	5,831	26,664
Custody Fees				64
Tax and Legal Costs				4
				26,732

Investment management expenses 2022/23	Management Fees £000	Performance Fees £000	Transaction Costs £000	Total £000
Pooled Investment Vehicles	11,789	641	6,097	18,527
Pooled Property Investments	4,119	65	1,066	5,250
Derivative Contracts	17	-	-	17
Brunel Pension Partnership Ltd.	1,136	-	-	1,136
	17,061	706	7,163	24,930
Custody Fees				53
Tax and Legal Costs				8
				24,991

Investment management expenses are generally set on a fixed fee basis, calculated using the market value of each portfolio. The cost of investment management expenses varies with the value of assets under management.

The increase in investment management expenses during the period of £1.7m is mainly due to an increase in amounts invested in private equity, infrastructure and private debt asset classes, which have a higher fee structure. Together with an increase in the market value on which some management fees are calculated and an increase in property fund expenses.

The Fund has fully adopted the Cost Transparency Initiative (CTI) reporting template to account for all management expenses incurred on funds invested during the year which includes direct, indirect and implicit costs. This has a zero net effect overall, with an offsetting increase in reported profit in year.

Index of the Notes to the Accounts

TRANSACTION COSTS

When an asset is purchased or sold, a cost is incurred for broker commission and stamp duty, when appropriate, based on a small percentage of the value of assets being transacted. When an asset is directly held these costs are easily identified, when a pooled fund is held these indirect costs are less transparent as details of the underlying investments and transactions are not generally disclosed. The Fund has adopted the Cost Transparency Initiative which increases transparency of all related costs (direct, indirect and implicit). This has a zero net effect overall as the costs are offset against an increase in reported profit in year.

ADMINISTRATION EXPENSES AND OVERSIGHT & GOVERNANCE EXPENSES

Administration Expenses increased due to additional staff and higher computer costs. Whilst the increase in Oversight & Governance was due to increased actuarial fees arising from employer requests, detailed below, an increase in professional fees incurred prior to investing in new asset classes in addition to professional fees incurred in the enhancement of responsible investing by the Fund.

Within Oversight and Governance costs there were actuarial expenses of £217,285 (£95,855 2022/23) generated by specific employer requirements, these were recharged back to the employer. The corresponding income is included within Recoveries for Services Provided in the Fund Account.

In addition to the recharged actuarial expenses, recoveries for services provided includes £34,050 (£37,318 2022/23) for pension and fee reimbursements.

AUDIT FEES

Audit fees of £78,862 for 2023/24 were incurred in relation to KPMG LLP, the auditors appointed by Public Sector Audit Appointments Ltd.(PSAA) for external audit services. A further payment of £35,030 was due to be paid to Grant Thornton UK LLP our previous auditor, for additional audit costs as agreed within the PSAA contract for 2022/23. In 2022/23, £56,480 together with £24,845 paid for prior year invoices totalling £81,325 was paid to Grant Thornton UK LPP. Associated charges of £48,000 were also due to KPMG for the provision of IAS19/FRS102 reporting assurances as part of the external audit process of 8 employers of the Pension Fund for 2023/24.

N21. CASH

From the 1st April 2010 the Pension Fund has had its own bank account. At 31st March 2024 in-house cash of £9.0m (£7.9m in 2022/23) was invested through the County Council's short-term investment procedures. During the year the average investment balance was £17.7m (£9.3m 2022/23) earning interest of £860k (£211k 2022/23).

Index of the Notes to the Accounts



N22. CURRENT & LONG TERM ASSETS

Current assets	2022/23 £000	2023/24 £000
Contributions due - Employees	991	1,155
Contributions due - Employers	4,189	5,791
Sundry debtors	1,561	423
Payment in advance	3	5
	6,744	7,374
Cash balances	7,932	9,042
	14,676	16,416

Long term assets	2022/23 £000	2023/24 £000
Long term debtors	184	109

It had been agreed that an employer who left the Fund could spread the payment of their deficit over a number of years. The total amount was credited to the Pension Fund and an accrual made for the outstanding amount. The accrual is rolled forward each year and adjusted for deficit payments made. A payment of £74,841 is due to the Pension Fund within the next twelve months and is included in Current Assets.

N23. CURRENT LIABILITIES

Current liabilities	2022/23 £000	2023/24 £000
Benefits payable	-146	-45
Sundry creditors	-1,700	-2,271
Receipts in advance	-	-29
	-1,846	-2,345

Index of the Notes to the Accounts

N24. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation (See Note 6), the Fund's Actuary, Hymans Robertson LLP, also undertakes a valuation of the Pension Fund liabilities on an IAS19 basis each year. The promised retirement benefits at 31st March 2024 have been projected using a roll forward approximation from the latest formal funding valuation as at 31st March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However the Actuary is satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

Present Value of Promised Retirement Benefits:	31st March 2023 £m	31st March 2024 £m
Active members	1,067	1,142
Deferred members	622	615
Pensioners	1,236	1,203
Total	2,925	2,960

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. No allowances have been made for unfunded benefits.

It should be noted that the above figures are appropriate only for the preparation of the Fund's accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

ASSUMPTIONS

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31st March 2024 and 31st March 2023. It is estimated that the impact of the change in financial assumptions to 31st March 2024 is to decrease the actuarial present value by £162m (22/23 decrease of £1,542m). It is estimated that the impact of the change in demographic assumptions is to decrease the actuarial present value by £18m (22/23 decrease by £35m).

SIGNIFICANT ACTUARIAL ASSUMPTIONS USED

Financial assumptions:

Year Ended	31st March 2023 % pa	31st March 2024 % pa
Pension Increase Rate (CPI)	2.95	2.75
Salary Increase Rate	3.45	3.25
Discount Rate	4.75	4.85

DEMOGRAPHIC ASSUMPTIONS:

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

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised on the following page.

Index of the Notes to the Accounts



Longevity assumptions as at 31st March 2024	Males	Females
	Years	
Current Pensioners	21.4	24.2
Future Pensioners **	22.1	25.6

Longevity assumptions as at 31st March 2023	Males	Females
	Years	
Current Pensioners	21.6	24.4
Future Pensioners **	22.2	25.8

** Future pensioners are assumed to be aged 45 at the latest formal valuation as at 31st March 2022.

All other demographic assumptions are unchanged from last year and are as per the latest funding valuation of the Fund.

SENSITIVITY ANALYSIS

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

Change in assumption at 31st March 2024	Approximate increase to promised retirement benefits	Approximate monetary amount
	%	£m
0.1% p.a. decrease in the Discount Rate	2	53
0.1% p.a. increase in the Salary Increase Rate	0	2
0.1% p.a. increase in the Pension Increase Rate (CPI)	2	51
1 year increase in member life expectancy	4	118

Change in assumption at 31st March 2023	Approximate increase to promised retirement benefits	Approximate monetary amount
	%	£m
0.1% p.a. decrease in the Discount Rate	2	52
0.1% p.a. increase in the Salary Increase Rate	0	5
0.1% p.a. increase in the Pension Increase Rate (CPI)	2	48
1 year increase in member life expectancy	4	117

Index of the Notes to the Accounts

N25. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Gloucestershire Pension Fund's ("The Fund") objective is to generate positive investment returns for a given level of risk. Therefore the Fund holds financial instruments such as collective investment schemes (or pooled funds), cash and cash equivalents and debtors and creditors (which arise as a result of its operations). The value of all these financial instruments in the financial statements approximates to their fair value.

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities i.e. promised benefits payable to members. Therefore the aim of investment risk management is to minimise the risk of an overall reduction on the value of the Fund and to maximise the opportunity for gains across the whole fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

The Fund's investments are managed on behalf of the Fund via Brunel and its appointed Investment Managers. In addition the Fund also has a small number of directly appointed pooled funds. Each Investment Manager is required to invest the assets managed by them in accordance with the terms of their investment guidelines or pooled fund prospectus. The Gloucestershire Pension Fund Committee ("Committee") has determined that the investment management structure is appropriate and is in accordance with its investment strategy. The Committee regularly monitors each investment mandate and considers and takes advice on the nature of the investments made and associated risks.

The Fund's investments are held by State Street Bank & Trust Company, who act as custodian on behalf of the Fund.

Because the Fund adopts a long term investment strategy, the high level risks described below will not alter significantly during the year unless there are significant strategic or tactical changes in the portfolio.

MARKET RISK

Market risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, interest rates or currencies. The Fund is exposed through its investments in equities, bonds and investment funds, to all these market risks. The aim of the investment strategy is to manage and control market risk within acceptable parameters, while optimising the return from the investment portfolio.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical, industry sectors, individual securities, investment mandate guidelines and Investment Managers. The risk arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the Committee as well as appropriate monitoring of market conditions and benchmark analysis.

OTHER PRICE RISK

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, caused by factors other than interest rate or foreign currency movements, whether those changes are caused by factors specific to the individual instrument, its issuer or factors affecting all such instruments in the market.

Market price risk arises from uncertainty about the future value of the financial instruments that the Fund holds. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited. The Investment Managers mitigate this price risk through diversification in line with their own investment strategies and mandate guidelines.

Index of the Notes to the Accounts

OTHER PRICE RISK - SENSITIVITY ANALYSIS

The sensitivity of the Fund's investments to changes in market prices has been analysed using the volatility of return experienced by each investment portfolio during the year to 31st March 2024. The volatility data is broadly consistent with a one-standard deviation movement in the value of the assets. The analysis assumes that all other variables remain constant.

Movements in market prices would have increased or decreased the assets, as held by the Fund's custodian, at 31st March 2024 by the amounts shown below:

As at 31st March 2024	Value £000	Volatility of return %	Value on Increase £000	Value on Decrease £000
UK Bonds	355,151	7.0	380,011	330,290
Overseas Bonds	244,239	7.0	261,336	227,142
UK Equities	394,185	16.0	457,255	331,115
Multi National Equities	1,518,680	16.7	1,772,300	1,265,060
Diversified Growth Fund	192,987	7.9	208,233	177,741
UK Property	201,850	15.6	233,339	170,361
Overseas Property	62,396	15.6	72,130	52,662
Venture Capital/Private Equity/Infrastructure	272,904	31.2	358,050	187,758
Private Debt	143,149	8.8	155,746	130,552
	3,385,541		3,898,400	2,872,681
Total Gloucestershire Fund	3,385,541	11.5	3,774,878	2,996,204

Cash equivalents of -£355k have been included in UK Bonds and £6,815k in Overseas Bonds. Both of these asset classes are invested in pooled funds.

The above table does not include investment manager cash, cash instruments and debtors or the Brunel Pension Partnership shareholding, derivative contracts, long term and current assets and current liabilities of £36,089k as these are not subject to price risk.

Index of the Notes to the Accounts



As at 31st March 2023	Value £000	Volatility of return %	Value on Increase £000	Value on Decrease £000
UK Bonds	326,278	7.5	350,749	301,807
Overseas Bonds	218,537	7.5	234,927	202,147
UK Equities	356,985	18.2	421,956	292,014
Multi National Equities	1,550,309	17.4	1,820,063	1,280,555
UK Property	201,450	15.5	232,675	170,225
Overseas Property	60,844	15.5	70,275	51,413
Venture Capital/Private Equity/Infrastructure	175,148	31.2	229,794	120,502
Private Debt	114,674	9.6	125,683	103,665
	3,004,225		3,486,122	2,522,328
Total Gloucestershire Fund	3,004,225	12.3	3,373,745	2,634,705

Cash equivalents of £8,157k have been included in UK Bonds and £16,543k in Overseas Bonds. Both of these asset classes are invested in pooled funds.

The above table does not include investment manager cash, cash instruments and debtors or the Brunel Pension Partnership shareholding, derivative contracts, long term and current assets and current liabilities of £52,745k as these are not subject to price risk.

INTEREST RATE RISK

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risk, which represents the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. This risk will affect the value of both fixed interest and index linked securities. The amount of income receivable from cash balances will also be affected by fluctuations in interest rates.

The Funds exposure to interest rate movements, as a result of its investments in fixed interest pooled funds, as at the 31st March 2024 is set out on the following pages along with the interest rate sensitivity analysis data.

Index of the Notes to the Accounts



INTEREST RATE RISK SENSITIVITY ANALYSIS

Government yields took a pause for breath in March, sliding downwards, after a sharp rise to start the year. Government yields were on the back foot as markets continue to re-price central bank interest rate cuts. US treasury 10-year yields inched lower to 4.21% from 4.25%, while German Bund 10-year yields fell to 2.30% from 2.41%. In the UK, the benchmark 10-year gilt fell to 3.94% from 4.12% at the end of March, meaning the FTSE UK Conventional Gilt All-Stocks index returned 1.73% for the month. Both Brunel bond portfolios have credit risk through underlying investments. Risk is managed through diversification across sectors, countries, seniority and credit rating. The Sterling Corporate Bond portfolio focusses exclusively on Sterling denominated assets and is predominantly investment grade. Whereas the Multi-Asset Credit Portfolio focusses on sub investment grade securities and is unconstrained by country, sector and seniority.

Changes in interest rates do not impact on the value of cash and cash equivalents but they will affect the interest income received on those balances.

The analysis that follows assumes that all other variables, in particular, exchange rates, remain constant and shows the effect in the year on the values of a +/- 100bps (1%) change in interest rates on a time-weighted basis.

Assets exposed to interest rate risk 2023/24	Carrying amount as at 31st March 2024 £000	Change in the year in the net assets available to pay benefits	
		+100BPS (1% increase)	-100BPS (1% decrease)
		£000	£000
Cash held directly by the Fund	9,042	-	-
Cash and cash equivalents held on behalf of the Fund	24,912	-	-
Bond Portfolio - Fixed Interest Securities	599,390	-27,894	27,894
	633,344	-27,894	27,894

In the above table, cash equivalents of £6,460K are included in the Bond Portfolio - Fixed Interest Securities, which are held in pooled funds.

Index of the Notes to the Accounts

Assets exposed to interest rate risk 2022/23	Carrying amount as at 31st March 2023 £000	Change in the year in the net assets available to pay benefits	
		+100BPS (1% increase) £000	-100BPS (1% decrease) £000
Cash held directly by the Fund	7,932	-	-
Cash and cash equivalents held on behalf of the Fund	29,982	-	-
Bond Portfolio - Fixed Interest Securities	544,815	-23,499	23,499
	582,729	-23,499	23,499

In the above table, cash equivalents of £24,700k are included in the Bond Portfolio - Fixed Interest Securities, which are held in pooled funds.

FOREIGN CURRENCY RISK

Foreign currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on both monetary and non-monetary investments denominated in a currency other than Sterling. For a Sterling based investor, when Sterling weakens, the Sterling value of foreign currency denominated investments rises. As Sterling strengthens, the Sterling value of foreign currency denominated investment falls. The Fund uses derivatives to reduce currency risk within the pooled equity funds by way of forward currency contracts managed by BlackRock Investment Management (UK) Ltd. which commenced in February 2023.

Index of the Notes to the Accounts

CURRENCY RISK SENSITIVITY ANALYSIS

Following analysis of historical data, by the Fund's performance measurement service, the likely volatility associated with foreign exchange rate movements is considered to be 6.5% (as measured by one standard deviation).

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 6.5% strengthening/weakening of the Pound against the various countries in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

2023/24 Currency exposure - Asset type	Asset value as at 31st March 2024	Change to net assets available to pay benefits	
	£000	+6.5% £000	-6.5% £000
UK Equities*	1,995	2,125	1,865
Global Equities	1,455,076	1,549,656	1,360,496
Global Bonds	-	-	-
Overseas Private Debt	34,633	36,884	32,382
Overseas Property	62,396	66,452	58,340
Venture Capital /Private Equity/ Infrastructure	85,441	90,995	79,887
Diversified Growth	15,641	16,658	14,624
Cash/Cash equivalents	1,142	1,216	1,068
	1,656,324	1,763,986	1,548,662

* Amount of overseas currency within the Brunel UK Equity Pooled Fund.

Index of the Notes to the Accounts

2022/23 Currency exposure - Asset type	Asset value as at 31st March 2023 £000	Change to net assets available to pay benefits	
		+6.3% £000	-6.3% £000
UK Equities*	1,111	1,181	1,041
Global Equities	1,248,678	1,327,345	1,170,011
Global Bonds	-	-	-
Overseas Private Debt	35,391	37,621	33,161
Overseas Property	60,844	64,677	57,011
Venture Capital /Private Equity/ Infrastructure	149,596	159,021	140,171
Diversified Growth	21,079	22,407	19,751
Cash/Cash equivalents	701	745	657
	1,517,400	1,612,997	1,421,803

* Amount of overseas currency within the Brunel UK Equity Pooled Fund.

Index of the Notes to the Accounts



CREDIT RISK

Credit risk represents the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. This is often referred to as counterparty risk.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the careful selection and monitoring of counterparties including brokers, custodian and investment managers minimises any credit risk that may occur through the failure to settle transactions in a timely manner. The Fund's contractual exposure to credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Bankruptcy or insolvency of the custodian may affect the Fund's access to its assets. However, all assets held by the custodian are ring-fenced as "client assets" and therefore cannot be claimed by creditors of the custodian. Brunel, on behalf of the Fund, manages the risk by monitoring the credit quality and financial position of the custodian.

Credit risk on over the counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

The Fund's bond pooled funds have significant credit risk through their underlying investments. This risk is managed through diversification across sovereign and corporate entities, credit quality and maturity of bonds. The market prices of bonds incorporate an assessment of credit quality in their valuation which reflects the probability of default (the yield of a bond will include a premium that will compensate for the risk of default).

The Fund believes it has managed its exposure to credit risk within an acceptable level and its default experience over the last five financial years is not significantly out of line with the industry.

Another source of credit risk is the cash balances held to meet operational requirements or by the managers at their discretion. Internally held cash is managed on the Fund's behalf by the Council's Treasury Management Team in line with the Fund's Treasury Management Policy which sets out the permitted counterparties and limits. The Fund invests surplus cash held with the custodian in diversified money market funds.

Through its securities lending activities, the Fund is exposed to the counterparty risk of the collateral provided by borrowers against the securities lent. This risk is managed by restricting the collateral permitted.

Foreign exchange contracts are subject to credit risk in relation to the counterparties of the contracts which are primarily banks. The maximum credit exposure on foreign currency contracts is any net profit on forward contracts, should the counterparty fail to meet its obligations to the Fund when it falls due.

The credit risk within the bond pooled funds can be analysed using standard industry credit ratings and the analysis as at 31st March 2024 is set out below with comparatives from the position as at 31 March 2023.

Index of the Notes to the Accounts



CREDIT ANALYSIS

31st March 2024	AAA £000	AA+ to AA- £000	A+ to A- £000	BBB+ to BBB- £000	BB+ to BB- £000	B+ to B- £000	CCC+ to C- £000	Unrated £000
UK Corporate Bonds	6,044	31,995	91,365	197,306	22,397	5,688	711	-
Global Bonds	1,638	3,490	12,821	37,513	64,935	93,498	14,602	8,927
	7,682	35,485	104,186	234,819	87,332	99,186	15,313	8,927
% of Fixed Interest Pooled Funds	1.3	6.0	17.6	39.6	14.7	16.7	2.6	1.5

Cash equivalents held in the Bond Portfolio pooled funds of £6,460k have not been included in the credit analysis table above but are included in the market value of the Bond Portfolio pooled funds in Note 12.

31st March 2023	AAA £000	AA+ to AA- £000	A+ to A- £000	BBB+ to BBB- £000	BB+ to BB- £000	B+ to B- £000	CCC+ to C- £000	Unrated £000
UK Corporate Bonds	7,031	19,914	73,645	169,431	18,260	9,894	-	19,946
Global Bonds	13,311	222	6,363	31,875	46,782	75,404	20,280	7,757
	20,342	20,136	80,008	201,306	65,042	85,298	20,280	27,703
% of Fixed Interest Pooled Funds	3.9	3.9	15.4	38.7	12.5	16.4	3.9	5.3

Cash equivalents held in the Bond Portfolio pooled funds of £24,700k have not been included in the credit analysis table above but are included in the market value of the Bond Portfolio pooled funds in Note 12.

Index of the Notes to the Accounts



CASH BALANCES

The management of Pension Fund cash balances not held by the Custodian is delegated to Gloucestershire County Council's Treasury Management team to manage in accordance with their Treasury Management Strategy, which reflects the CIPFA Code of Practice on Treasury Management in Public Services. Pension Fund cash is invested separately from Gloucestershire County Council monies.

The Fund's cash holding under both its treasury management arrangements and Custodian arrangements at 31st March 2024 is shown below:

Account Name	Rating*	Balances as at 31st March 2023		Balances as at 31st March 2024	
		£'000		Rating*	£'000
Aberdeen Standard Liquidity Fund	AAAm	2,636		AAAm	-
Federated Short Term Sterling Prime Fund	AAAm	1,274		AAAm	-
Lloyds Current Account	A-1	4,022		A-1	9,042
Total Balances managed in house		7,932			9,042
State Street SSGA Global Asset MMF	AAAm	352		AAAm	968
State Street Liquidity Funds	AAAm	4,137		AAAm	20,280
State Street Bank & Trust Company	AA-	25,493		AA-	3,664
Total Balances held by Custodian		29,982			24,912

* Ratings quoted are all Standard and Poors as at 31st March 2024 and 2023

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Pension Fund has not experienced any actual defaults in recent years and in the past the Fund has obtained a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. More recently the Fund has also admitted certain employers

on a pass-through basis where the risks inherent in participating in the LGPS are shared between the new employer and the letting employer who is supported by central government. Contributions due as at 31st March 2024 was £6,872k (2022/23 £5,180k) and as at 16th May 2024 £1,221k remained outstanding.

Index of the Notes to the Accounts



LIQUIDITY RISK

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments. A substantial portion of the Fund's investments consist of readily realisable securities, in particular equities and fixed income investments, even though they are held in pooled funds. However, the main liability of the Fund are the benefits payable, which fall due over a long period and the investment strategy reflects the long term nature of these liabilities. Therefore the Fund is able to manage the liquidity risk that arises from its investments in less liquid asset classes such as property which are subject to longer redemption periods and cannot be considered as liquid as the other investments. The Fund maintains a cash balance to meet working requirements and has immediate access to its cash holdings.

REFINANCING RISK

Refinancing risk relates to the Fund being required to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. Refinancing risk within the Pooled Bond Funds is mitigated through credit and liquidity analysis of all investments and diversification by issuer and maturity. The Brunel property portfolio managed on behalf of the Pension Fund is not leveraged or subject to refinancing risk. However, the underlying investments within this portfolio are leveraged and so may be subject to refinancing risk. This risk is mitigated by covenants written into the Fund documentation. There are no other financial instruments that have refinancing risk as part of its treasury management and investment strategies.

Index of the Notes to the Accounts

N26. FAIR VALUE HIERARCHY

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 techniques.

Description of asset	Valuation hierarchy	Value at 31st March 2024 £000	Basis of valuation	Observable & unobservable inputs	Key sensitivities affecting the valuations provided
Cash instruments held on behalf of the investment managers	Level 1	21,248	Net Asset Value	Interest rates	Not required
Cash Deposits	Level 1	12,706	Cash held in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2024	Not required	Not required
Investment income and tax reclaims due	Level 1	779	Investment income is accounted for when a holding is declared ex-dividend and tax reclaims accounted for when tax is deducted from investment income. Income and tax reclaims due in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2024	Not required	Not required

Index of the Notes to the Accounts

Description of asset	Valuation hierarchy	Value at 31st March 2024 £000		Basis of valuation	Observable & unobservable inputs	Key sensitivities affecting the valuations provided
Amounts receivable for investment sales	Level 1	44		Amounts receivable due in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2024	Not required	Not required
Amounts payable for investment transactions	Level 1	-	3,392	Amounts payable due in foreign currencies are shown at market value translated into sterling at the exchange rates prevailing as at 31st March 2024	Not required	Not required
Derivative Contracts - Forward foreign exchange contracts - Net	Level 2	-	1,156	Market forward exchange rates at the year-end	Exchange rate risks	Not required
Pooled investment vehicles	Level 2	2,705,242		Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV based pricing set on a forward pricing basis and prices published frequently	Not required
Pooled Property investments	Level 2	109,605		Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV based pricing set on a forward pricing basis. Ease of redemption	Not required
Pooled Property investments	Level 3	154,641		Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis. Ease of redemption	Valuations could be affected by changes in the structure of the holdings such as changing from a closed ended fund to an open ended fund.

Index of the Notes to the Accounts

Description of asset	Valuation hierarchy	Value at 31st March 2024 £000	Basis of valuation	Observable & unobservable inputs	Key sensitivities affecting the valuations provided
Private equity	Level 3	84,132	Fair value basis applied in accordance with International Financial Reporting Standards and International Private Equity Valuation guidelines.	EBITDA multiple, Revenue multiple, Discount for lack of marketability, Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts
Private Debt	Level 3	143,149	The fair value of funds managed by Arcmont and Golub is determined by the enterprise value of a portfolio company, the nature and realisable value of any collateral, its ability to make payments and its earnings, discounted cash flows, market environment and changes in the interest rate environment. For the Private Debt fund managed by Brunel, a fair value basis is applied in accordance with International Financial Reporting Standards and International Private Equity Valuation guidelines.	Initial recognition cost, principal repayments, effective interest method, Impairment reductions	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

Index of the Notes to the Accounts

Description of asset	Valuation hierarchy	Value at 31st March 2024 £000	Basis of valuation	Observable & unobservable inputs	Key sensitivities affecting the valuations provided
Infrastructure	Level 3	188,772	Fair value basis applied in accordance with International Financial Reporting Standards and International Private Equity Valuation guidelines.	Future free cash flows from underlying investments. Cost of capital of underlying investments	Valuations could be affected by material events occurring after the preparation of the independent reports, and by changes to expected cash flows

Index of the Notes to the Accounts



FAIR VALUE HIERARCHY

The Fund is required to classify its investments using a fair value hierarchy that reflects the subjectivity of the inputs used in making an assessment of fair value. Fair value is the value at which the investments could be realised within a reasonable timeframe. This hierarchy is not a measure of investment risk but a reflection of the ability to value the investments at fair value. 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. The fair value hierarchy has the following levels:

- Level 1 – Unadjusted quoted prices in an active market for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Products classified as Level 1 comprise quoted equities, quoted fixed interest securities and quoted index linked securities.
- Level 2 – Inputs other than quoted market prices under Level 1, for example, when 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 – At least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Index of the Notes to the Accounts

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

Values at 31st 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 at fair value through profit and loss				
Pooled investment vehicles	-	2,705,242	-	2,705,242
Pooled property investments	-	109,605	154,641	264,246
Private Equity	-	-	84,132	84,132
Infrastructure	-	-	188,772	188,772
Private Debt	-	-	143,149	143,149
Derivative contracts	-	3,351	-	3,351
Cash instruments held on behalf of the investment managers	21,248	-	-	21,248
Cash deposits	12,706	-	-	12,706
Investment income and tax reclaims due	779	-	-	779
Amounts receivable for investment sales	44	-	-	44
	34,777	2,818,198	570,694	3,423,669
Non-financial assets at fair value through profit and loss	-	-	-	-
Financial liabilities at fair value through profit and loss	-3,392	-4,507	-	-7,899
Amounts payable for investment purchases	-	-	-	-
Net Investment Assets	31,385	2,813,691	570,694	3,415,770
Brunel Pension Partnership Ltd.				722
Debtors/Creditors*				5,138
Total Net Investment Assets	31,385	2,813,691	570,694	3,421,630

Index of the Notes to the Accounts

Values at 31st 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 at fair value through profit and loss				
Pooled investment vehicles	-	2,452,109	-	2,452,109
Pooled property investments	-	101,537	160,757	262,294
Private Equity	-	-	59,142	59,142
Infrastructure	-	-	116,006	116,006
Private Debt	-	-	114,674	114,674
Derivative contracts	-	11,873	-	11,873
Cash instruments held on behalf of the investment managers	4,489	-	-	4,489
Cash deposits	33,425	-	-	33,425
Investment income and tax reclaims due	915	-	-	915
Amounts receivable for investment sales	11	-	-	11
	38,840	2,565,519	450,579	3,054,938
Non-financial assets at fair value through profit and loss	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-3,747	-	-3,747
Amounts payable for investment purchases	-	-	-	-
Net Investment Assets	38,840	2,561,772	450,579	3,051,191
Brunel Pension Partnership Ltd.				697
Debtors/Creditors*				5,082
Total Net Investment Assets	38,840	2,561,772	450,579	3,056,970

* Debtors and creditors have been added to this table to reflect the total net assets of the Fund.

Index of the Notes to the Accounts

TRANSFERS BETWEEN LEVELS 1 AND 2

There have not been any movements between level 1 and 2 classifications made in year.

SENSITIVITY OF ASSETS VALUED AT LEVEL 3

Having consulted with independent advisors, who model 5,000 possible outcomes of future behaviours of each economic variable and asset return, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31st March 2024.

2023/24	Assessed valuation range (+/-)	Value at 31st March 2024 £000	Value on increase £000	Value on decrease £000
UK Pooled Property Investments	15.6%	115,006	132,947	97,065
Overseas Pooled Property Investments	15.6%	39,635	45,818	33,452
Private Equity/Infrastructure	31.2%	272,904	358,050	187,758
UK Private Debt	8.8%	99,067	107,785	90,349
Overseas Private Debt	8.8%	44,082	47,961	40,203
Total		570,694	692,561	448,827

2022/23	Assessed valuation range (+/-)	Value at 31st March 2023 £000	Value on increase £000	Value on decrease £000
UK Pooled Property Investments	15.5%	116,232	134,248	98,216
Overseas Pooled Property Investments	15.5%	44,525	51,426	37,624
Private Equity/Infrastructure	31.2%	175,148	229,794	120,502
UK Private Debt	9.6%	75,977	83,271	68,683
Overseas Private Debt	9.6%	38,697	42,412	34,982
Total		450,579	541,151	360,007

All movements in the assessed valuation range of the above investments derive from changes in the underlying profitability of component companies, the range of the potential movement quoted is caused by how this profitability is measured and the economic circumstances in which the component company operates.

Index of the Notes to the Accounts

RECONCILIATION OF FAIR VALUE
MEASUREMENTS WITHIN LEVEL 3

2023/24	UK Pooled Property Investments	Overseas Pooled Property Investments	Private Equity/ Infrastructure	Overseas Private Debt	UK Private Debt	Total
	£000	£000	£000	£000	£000	£000
Market Value 31st March 2023	116,232	44,525	175,148	38,697	75,977	450,579
Transfers into Level 3	2,261	-	-	-	-	2,261
Transfers out of Level 3	-	-	-	-	-	-
Purchases during the year and derivative payments	5,906	422	94,818	6,397	24,645	132,188
Sales during the year and derivative receipts	-1,134	-119	-4,503	-4,995	-1,302	-12,053
Unrealised gains/(losses)	-8,259	-5,194	7,427	-406	-253	-6,685
Realised gains/(losses)	-	1	14	4,389	-	4,404
Market Value 31st March 2024	115,006	39,635	272,904	44,082	99,067	570,694

2022/23	UK Pooled Property Investments	Overseas Pooled Property Investments	Private Equity/ Infrastructure	Overseas Private Debt	UK Private Debt	Total
	£000	£000	£000	£000	£000	£000
Market Value 31st March 2022	14,425	10,031	101,247	33,228	43,799	202,730
Transfers into Level 3	118,394	-	-	-	-	118,394
Transfers out of Level 3	-	-	-	-	-	-
Purchases during the year and derivative payments	14,453	32,154	61,223	-	-	107,830
Sales during the year and derivative receipts	-9,323	-72	-6,447	-	-	-15,842
Unrealised gains/(losses)	-22,922	2,388	19,035	5,469	32,178	36,148
Realised gains/(losses)	1,205	24	90	-	-	1,319
Market Value 31st March 2023	116,232	44,525	175,148	38,697	75,977	450,579

When assigning holdings to a level in the fair value hierarchy, consideration is given to the Fund's ability to exit the holding. For holdings not traded on a recognised exchange but where a published price exists and investors are entitled to redeem their holding without restriction, holdings are assigned to level 2. Where there are restrictions on redemption, holdings are assigned to level 3.

Index of the Notes to the Accounts

N27. FINANCIAL INSTRUMENT
DISCLOSURE

2023/24	Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial assets			
Pooled investment vehicles	3,118,600	-	-
Pooled property investments	264,246	-	-
Venture Capital/Private equity	2,695	-	-
Brunel Pension Partnership Ltd.	722	-	-
Derivative contracts	3,351	-	-
Cash	24,912	9,042	-
Other investment balances	-	823	-
Debtors	-	428	-
	3,414,526	10,293	-
Financial liabilities			
Derivative contracts	-4,507	-	-
Other investment balances	-	-3,392	-
Creditors	-	-	-2,271
Receipts in advance	-	-	-29
Borrowings	-	-	-
	-4,507	-3,392	-2,300
	3,410,019	6,901	-2,300

Index of the Notes to the Accounts

2022/23	Fair value through profit and loss £000	Assets at amortised cost £000	Liabilities at amortised cost £000
Financial assets			
Pooled investment vehicles	2,738,503	-	-
Pooled property investments	262,294	-	-
Venture Capital/Private equity	3,428	-	-
Brunel Pension Partnership Ltd.	697	-	-
Derivative contracts	11,873	-	-
Cash	29,982	7,932	-
Other investment balances	-	926	-
Debtors	-	1,564	-
	3,046,777	10,422	-
Financial liabilities			
Derivative contracts	-3,747	-	-
Other investment balances	-	-	-
Creditors	-	-	-1,700
Borrowings	-	-	-
	-3,747	-	-1,700
	3,043,030	10,422	-1,700

Index of the Notes to the Accounts

N27(A). NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

	2022/23 £000	2023/24 £000
Financial assets		
Fair value through profit and loss	-50,862	344,711
Amortised cost - realised gains on de-recognition of assets	-	-
Amortised cost - unrealised gains	-	-
Financial liabilities		
Fair value through profit and loss	-	-
Amortised cost - realised losses on de-recognition of assets	-	-
Amortised cost - unrealised losses	-	-
	-50,862	344,711

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements.

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

Index of the Notes to the Accounts

N28. BULK TRANSFERS IN AND OUT OF THE PENSION FUND

TRANSFERS TO OR FROM OTHER PENSION FUNDS

During 2023/24 no bulk transfer values were paid in respect of groups of employees moving between funds (£0m 2022/23). The Fund experienced an increase in individual transfers out of the Fund from £9.9m to £10.8m (£6.9m to £9.9m 2022/23) and a decrease of individual transfers into the Fund from £7.6m to £6.5m (£6.9m to £7.6m 2022/23).

N29. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code requires consideration of the impact of standards that have been issued but not yet adopted. This is to enable users to evaluate the risk of these new standards on the Pension Fund's current financial position.

Amendments to IAS1 (Classification of Liabilities as Current and Non-Current together with amendments to Non-Current Liabilities with Covenants), IAS12 (International Tax Reform - Pillar Two Module Rules), IAS7 & IFRS 7 (Supplier Finance Arrangements), and IFRS16 (Leases including amendments to Sale & Leaseback arrangements, which will be adopted by the Council in 2024,) have been issued. It is not anticipated that any of these regulation amendments will have a material impact on the Pension Fund.

N30. TAXATION WHERE LIFETIME OR ANNUAL ALLOWANCES ARE EXCEEDED

Where a member's benefit entitlement exceeds the United Kingdom Inland Revenue tax limits (Lifetime Allowance or the Annual Allowance), the member is liable for taxation. This tax can be paid by the member or has to be paid by the Pension Fund on behalf of the member in exchange for a reduction in benefit entitlement. The Pension Fund has paid £44k on behalf of members during 2023/24 (£96k 2022/23). Any lifetime or annual allowance tax paid on behalf of members is recovered from their future pension payments. No accruals are made for the recovery of this tax element on the grounds of materiality and the very long-term nature of its recovery. The Lifetime Allowance was abolished on the 6th April 2023.

N31. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date.



Investments and Funding

06



Investments and Funding

Investment Powers and Duties

The powers and duties concerning the investment of Fund monies are set out in the Local Government Pension Scheme Management and Investment of Funds Regulations 2016 (as amended) which came into force on the 1st November 2016. The 2016 Regulations require the County Council, as Administering Authority for the Gloucestershire Fund, to invest any monies that are not immediately required to pay pensions and other benefits.

The previous regulations allowed a wide range of investments; but set certain limits; the 2016 Regulations allows the authority to invest, without any restriction as to quantity, in any investment made in accordance with a scheme under section 11(1) of the Trustee Investments Act 1961. However, the authority's investment strategy must set out the maximum percentage of the total value of all investments of Fund money that it will invest in particular investments or classes of investment. The authority's investment strategy may not permit more than 5% of the total value of all investments of Fund money to be invested in entities which are connected with that authority.

The Regulations require the County Council to have a suitably diversified portfolio of investments and must obtain the advice of properly qualified persons on investment matters. In carrying out these duties, the County Council owes a fiduciary duty to the contributors and beneficiaries of the Fund, as well as to the council taxpayers who ultimately 'guarantee' the financing of future liabilities.

INVESTMENT STRATEGY

The Pension Committee is responsible for the Fund's investment policy. During 2023/24 the Committee comprised of seven County Councillors, one District representative, a union nominated representative for staff / deferred / pensioner members and an employer representative. Further details on the Pension Committee regarding meetings held and voting arrangements can be found in the Governance and Training Section on page 24.

The Committee determines the overall investment strategy for the Fund after receiving advice from its officers, independent advisor and appropriate external investment consultants. The investment strategy developed by the Pension Committee is detailed in the Investment Strategy Statement (ISS) and can be found at the following web address <https://www.gloucestershire.gov.uk/council-and-democracy/pensions/gloucestershire-local-government-pension-scheme-lgps-fund/>

INVESTMENT MANAGEMENT

The objective of LGPS pension fund investment policy is to minimise the level of the contributions to be paid into the Fund by employer bodies to ensure its solvency. In place at the year-end were four investment managers, Brunel Pension Partnership, Golub Capital Partners International, Arcmont Asset Management and Schroders Greencoat Wessex Gardens LP who each manage portfolios within specific asset categories of the Fund's investments. In addition, there was a relatively small amount invested in one private equity/venture capital fund and from February 2023 the Fund has employed BlackRock Investment Management (UK) Ltd. to carry out currency hedging on its behalf.

THE FUND'S INVESTMENT MANAGERS ARE:

Investments managed by the Brunel Pension Partnership regional asset pool	Mandate	Bid Market Value 31st March 2024 £M
Brunel Pension Partnership	Global High Alpha Equities	495.0
	Global Sustainable	451.3
	UK Equities	394.2
	Passive Equities	375.7
	Sterling Corporate Bonds	355.2
	Property	264.2
	Multi Asset Credit	244.2
	Private Equity and Infrastructure	228.1
	Emerging Markets Equities	196.7
	Diversifying Returns	193.0
	Private Debt	88.4
Investments managed outside of the Brunel Pension Partnership regional asset pool	Mandate	Bid Market Value 31st March 2024 £M
Schroders Greencoat Wessex Gardens LP	Infrastructure	42.1
Golub Capital Partners International	Overseas Private Debt	34.6
Arcmont Asset Management LLP	UK Private Debt	20.2
Technology Venture Partners	Private Equity	2.7
BlackRock Investment Management (UK) Ltd.	Currency Hedge	*(1.2)

* Blackrock provide currency hedging for the Fund and the market value of -£1.2m represents the unrealised loss of the forward currency contracts as at 31st March 2024.

Each manager is required to have regard for the Fund's Investment Strategy Statement and the legislative environment in which the Fund operates.

State Street Bank & Trust Company became the Fund's appointed global custodian in November 2017.

FUND PERFORMANCE

Primarily, State Street Global Services and additionally, PIRC Local Authority Pension Performance Analytics, measure the Fund's investment performance. These companies provide independent performance measuring services for the Fund.

To 31st March 2024 the Fund realised the following returns:

	Fund % p.a	Strategic Benchmark % p.a.
1 year	11.3	11.8
3 years	5.3	5.7
5 years	6.7	6.7
10 years	7.6	8.0

- Asset allocation was a key driver of relative performance.
- Equities delivered over 16% for the year while most other asset classes produced low single digit returns.
- Bond performance was mixed.
- Property saw a further strong decline in values over the year.

LOCAL AUTHORITY UNIVERSE

For 2023/24, 62 local authority funds were included directly in the PIRC Local Authority Pension Performance Analytics Universe. The average investment return achieved by Local Authority Pension Funds within the Universe for 2023/24 was 9.2%, placing Gloucestershire 18th out of the 62 funds.

The average total fund returns for the average local authority funds are shown below:

Average returns over:	Local Authority Universe %
1 year	9.2
3 years	5.3
5 years	6.5
10 years	7.6

COMPARISON OF INVESTMENT PERFORMANCE WITH OTHER LGPS FUNDS

The Fund's investment performance is compared on an annual basis against other local authority pension funds subscribing to PIRC Local Authority Pension Performance based on the Analytics Universe of 62 local authority pension funds. The Fund performance was ranked 18th out of 62 over one year and 24th out of 62 over the three year period. Ten year performance placed the Gloucestershire Fund 23rd.

INVESTMENT PERFORMANCE

Net investment performance returns over 1 year, 3 years, 5 years and since inception as derived from the various asset categories in the Gloucestershire Fund compared to the specific performance benchmark used for each asset class as at 31st March 2024:

The 10 year total fund performance returns are shown on page 109.

Asset Pool Managed Investments		Since inception		1 year		3 years		5 years	
	Benchmark	Portfolio	B/mark	Portfolio	B/mark	Portfolio	B/mark	Portfolio	B/mark
Equities		%	%	%	%	%	%	%	%
UK Active	FTSE All Share	5.4	6.1	10.4	8.4	7.0	8.6	4.6	5.3
Passive Developed Paris Aligned*	FTSE World Developed Paris-Aligned (PAB) Net Index	11.1	11.2	21.3	21.3	n/a	n/a	n/a	n/a
Global High Alpha*	MSCI World Total Return Gross	13.9	12.7	20.5	23.1	9.6	12.4	n/a	n/a
Emerging Markets Equity*	MSCI Emerging Markets Total Return Gross	1.2	3.1	3.9	6.3	-4.4	-1.8	n/a	n/a
Global Sustainable*	MSCI All Country World GBP Index	8.3	12.8	13.2	21.2	6.5	10.7	n/a	n/a
Fixed Interest									
Multi-Asset Credit*	Sterling Overnight Index Average + 4%	2.2	6.7	11.8	9.2	n/a	n/a	n/a	n/a
Sterling Corporate bonds*	IBoxx Sterling Non-Gilts Overall Total Return Index	-3.3	-4.3	8.8	6.1	n/a	n/a	n/a	n/a
Property									
UK Property*	AREF/IPD UK All Property Fund Index	0.6	0.7	-2.9	-1.4	0.2	0.7	n/a	n/a
International Property*	MSCI Global Quarterly Property Fund Index (lag 1 quarter)	2.7	3.0	-9.9	-8.0	5.1	3.5	n/a	n/a

Asset Pool Managed Investments		Since inception		1 year		3 years		5 years	
	Benchmark	Portfolio	B/mark	Portfolio	B/mark	Portfolio	B/mark	Portfolio	B/mark
Alternatives		%	%	%	%	%	%	%	%
Private Markets Infrastructure Cycle 1	Consumer Price Index	5.6	4.2	4.8	3.2	8.5	6.7	8.0	4.4
Private Markets Infrastructure Cycle 2*	Consumer Price Index	4.8	5.9	2.0	3.2	6.1	6.7	n/a	n/a
Private Markets Infrastructure Cycle 3*	Consumer Price Index	-4.0	5.0	-4.0	3.2	n/a	n/a	n/a	n/a
Private Markets Private Equity Cycle 1	MSCI All Country World Index	18.0	12.6	5.8	21.2	21.0	10.7	16.0	12.1
Private Markets Private Equity Cycle 2*	MSCI All Country World Index	22.6	11.0	3.1	21.2	8.4	10.7	n/a	n/a
Private Markets Private Equity Cycle 3*	MSCI All Country World Index	-38.2	21.3	n/a	n/a	n/a	n/a	n/a	n/a
Private Markets Private Debt Cycle 2*	Sterling Overnight Index Average + 4%	9.2	7.0	14.3	9.2	n/a	n/a	n/a	n/a
Private Markets Private Debt Cycle 3*	Sterling Overnight Index Average + 4%	12.0	8.9	11.1	9.2	n/a	n/a	n/a	n/a
Diversifying Returns*	Sterling Overnight Index Average + 3%	4.0	5.1	10.9	8.1	4.9	5.5	n/a	n/a
Non-asset Pool Managed Investments									
Fixed Interest									
UK Private Debt	Sterling Overnight Index Average + 5%	6.7	6.5	8.8	10.2	6.1	7.6	6.5	6.8
Overseas Private Debt	Sterling Overnight Index Average + 5%	10.0	6.5	11.3	10.2	14.9	7.6	10.4	6.8
Alternatives									
Infrastructure	Consumer Price Index	0.0	1.1	n/a	n/a	n/a	n/a	n/a	n/a

* Performance history not available as assets were not held for the entire duration of the period.

ANNUAL RESPONSIBLE INVESTMENT UPDATE

Brunel currently manages the majority of the Fund's assets in conjunction with nine other funds in the South-West of England. As such, Brunel own and maintain Responsible Investment (RI) and Climate Change Policies on behalf of their clients and Brunel selects and monitors asset managers on this basis. Brunel publishes a Responsible Investment and Stewardship Outcomes report and this together with further details of the RI and Climate Change Policies can be found on the Brunel website <https://www.brunelpensionpartnership.org/responsible-investment/>.

During 2023/24, Brunel continued to develop policies to guide its appointed investment managers with respect to voting, engagement and RI more generally. Brunel's policies are informed by its investment beliefs and its clients' policies and priorities together with regulations and statutory guidance and are aligned with best practice. Brunel's engagement objectives are linked to seven priority themes:

- Climate change
- Biodiversity
- Circular economy and supply chain management
- Cyber
- Diversity, equity and inclusion
- Human rights and social issues
- Tax and cost, transparency and fairness

FEDERATED HERMES

EOS at Federated Hermes is the Brunel Pension Partnership's engagement partner and a leading stewardship provider with a focus on achieving positive change. Their dedicated team of engagement and voting specialists enable pension funds such as Gloucestershire and the wider Brunel pool to achieve their fiduciary responsibilities and be more active owners of companies.

Federated Hermes focuses on greater sustainability in outcomes for society, in the interests of ultimate beneficiaries, through improved long-term returns on investment.

The following sections summarise the work of Brunel, together with their engagement provider, Federated Hermes, across areas including voting and engagement during 2023/24.

ENGAGEMENT

Brunel believes it is essential that they take an active and responsible approach to identifying risks and opportunities within investment portfolios. As such, Brunel set engagement objectives linked to the priority themes highlighted and provide all of their clients with quarterly and annual updates relating to the work of both Brunel and their appointed asset managers activities.

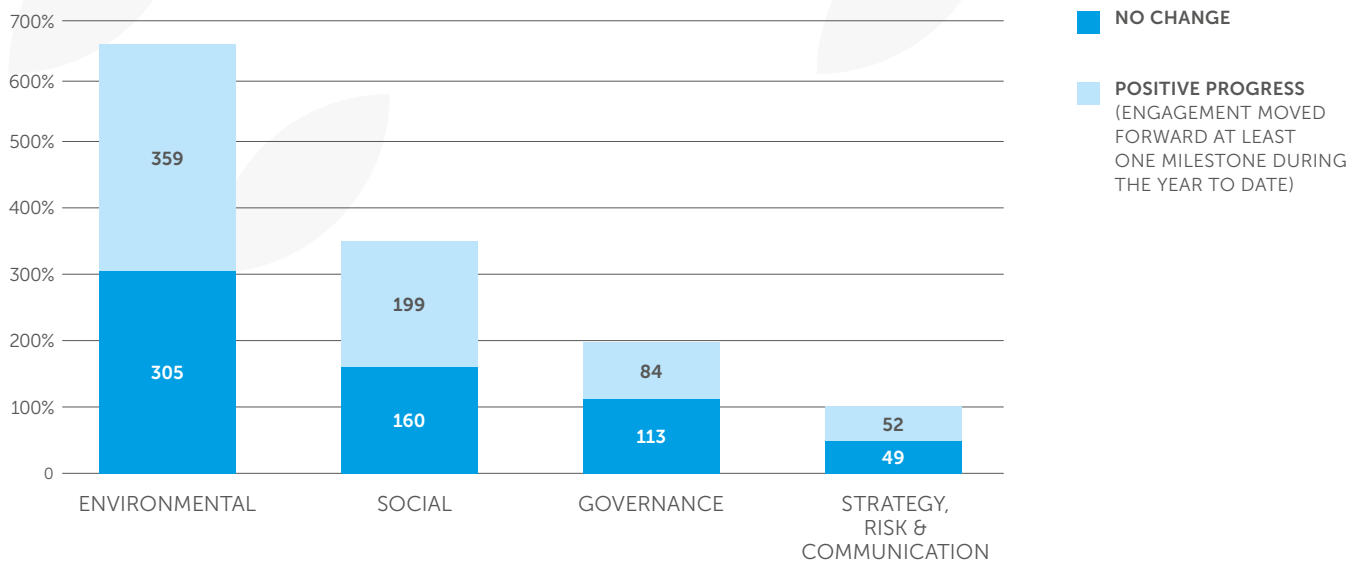
During 2023/24, Brunel's proxy voting and engagement provider, Federated Hermes, engaged with 805 Brunel held companies (899 in 2022/23) covering 1,321 (1,256 in 2022/23) identified objectives and issues (see chart on following page). Progress against one or more milestones was achieved for 52% of objectives during the year (54% in 2022/23).

ENGAGEMENT PROCESS 2023

The following chart describes how much progress has been made in achieving the milestones set for each engagement.

During 2023, EOS engaged with **805** Brunel-held companies on **1,321** milestones. At least one milestone was moved forward for about **52%** of objectives during the year.

ENGAGEMENT UNDERTAKEN ON BEHALF OF BRUNEL BY FEDERATED HERMES



Source: Brunel Pension Partnership 2024 Responsible Investment and Stewardship Outcomes for the year ending 31st December 2023.

VOTING

Brunel Pension Partnership, on behalf of its clients, have developed a single voting policy for all assets managed by Brunel in the various mandates, articulated in their Stewardship Policy which is available on the company website. The implementation of Brunel's voting policy which is published in their Stewardship Policy is supported by Federated Hermes. Voting decisions are informed by investment consideration, consultation with portfolio managers, clients, other institutional investors and Brunel's engagement with companies. Brunel maintains quarterly voting records which are publicly available on their website.

With respect to Gloucestershire's holdings, during 2022 Federated Hermes made voting recommendations at 1,331 meetings (1,456 in 2022), which represented 99% of votable meetings. Federated Hermes recommended voting against or abstaining from at least one or more resolution at 879 meetings. Voting in favour of management resolutions were made at 404 meetings, with a further 48 meetings instruction to vote in favour by exception. The vast majority of these voting recommendations were related to board structure and remuneration.

Brunel overturned votes at 21 meetings, the cause for a vote overturned could be differences in voting policies between EOS and Brunel, our underlying asset manager recommendations where they have a different stance to that of EOS, or where a vote escalation is warranted on an ongoing engagement.

DEVELOPMENT OF A RESPONSIBLE INVESTMENT POLICY

During 2023/24, The Fund formulated a draft Responsible Investment Policy, recognising the need for effective stewardship incorporating fully Environmental, Social and Governance risk management, in managing long term investments. The policy sets out the Funds beliefs and principals in managing future portfolios in line with its fiduciary duty. Following a membership engagement survey the Pension Committee approved the Policy in June 2024.

The Fund is pleased to report that it published its first report as early adopters of the reporting framework set out under the Task Force on Climate-related Financial Disclosures (TCFD) reporting standards. We believe transparent climate disclosures are crucial for our stakeholders, and moving forward we aim to produce a TCFD report annually, fostering accountability and progress in sustainable investment practices. The report can be found via the following link:-
[tcfd-report-2023-24-gloucestershire-pension-fund.pdf](https://www.gpcgloucestershire.co.uk/tcfd-report-2023-24-gloucestershire-pension-fund.pdf)

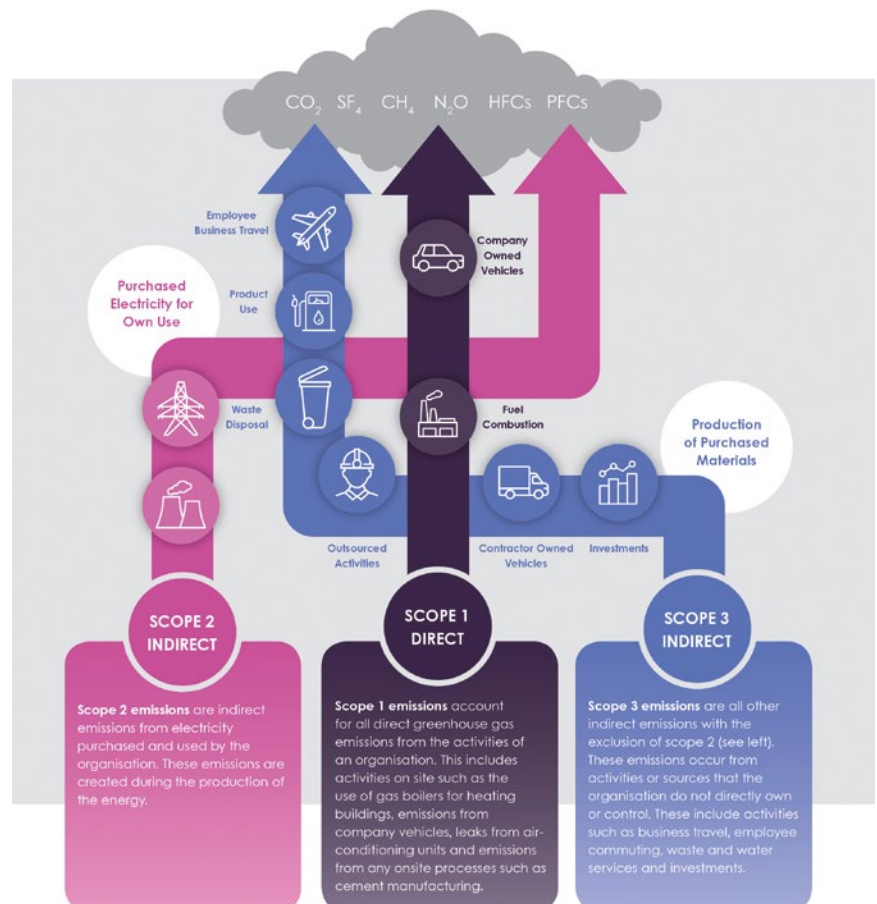
The Fund is also working towards meeting its aspirations to become a signatory to the Financial Reporting Council's 2020 Stewardship Code, aiming to make an application in early 2025.

RESPONSIBLE INVESTMENT REPORTING AND CARBON METRICS

The Fund is fully committed to establishing transparent and informative disclosures on all investment holdings held and continues to work with Brunel in developing the appropriate reporting frameworks, for the Pension Committee and Board to regularly review but also to provide transparency for wider stakeholders through our website. As part of this development the Fund will be publishing the following carbon metric reporting framework for listed equity holdings held within the Brunel pool, which provides essential analysis in monitoring the carbon performance of the investments and a comparison against a strategic benchmark made up of the total Brunel client pool portfolios.

Carbon foot printing is measured by using a Weighted Average Carbon Intensity rating (WACI). Carbon intensity is broken down into 3 different scopes as explained more via the following illustration which was taken from a recent Brunel Pension Partnership publication.

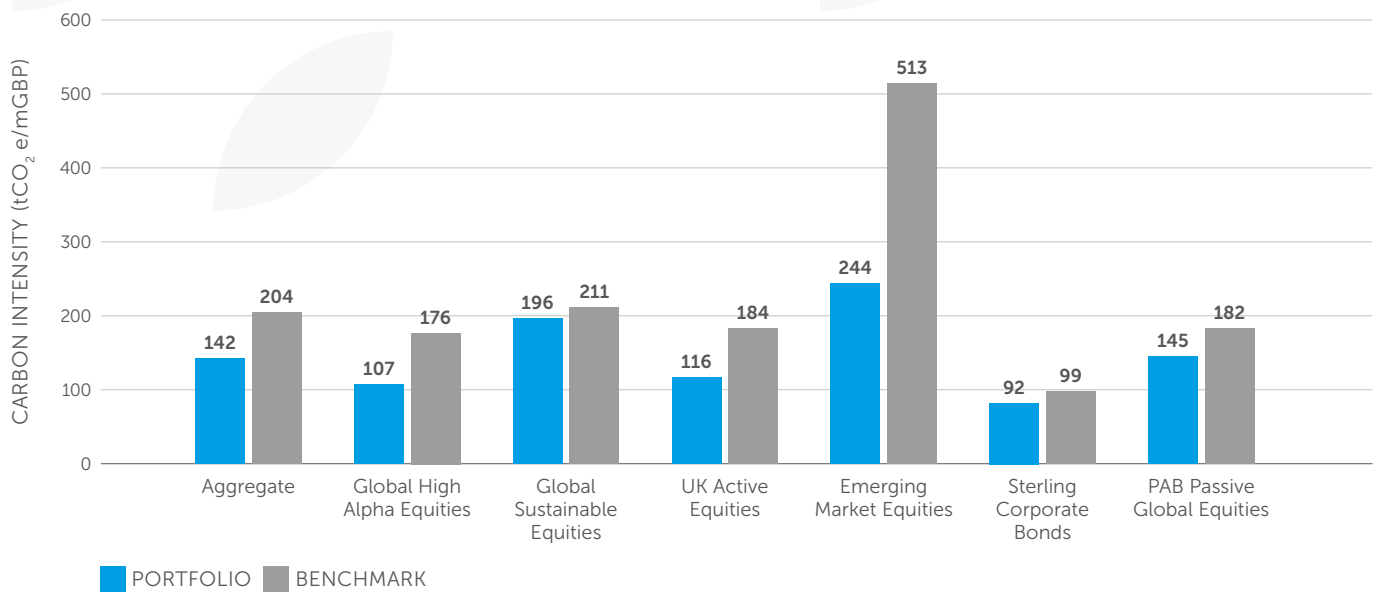
Scope 1, 2 and 3 definitions



The WACI, is calculated by dividing the total carbon emissions by the total company revenues. This tool provides a valuable insight into the specific companies and sectors within the fund's portfolio and assists responsible investment stewardship and engagement.

The following charts provide analysis of the Funds position as at 31st December 2023:-

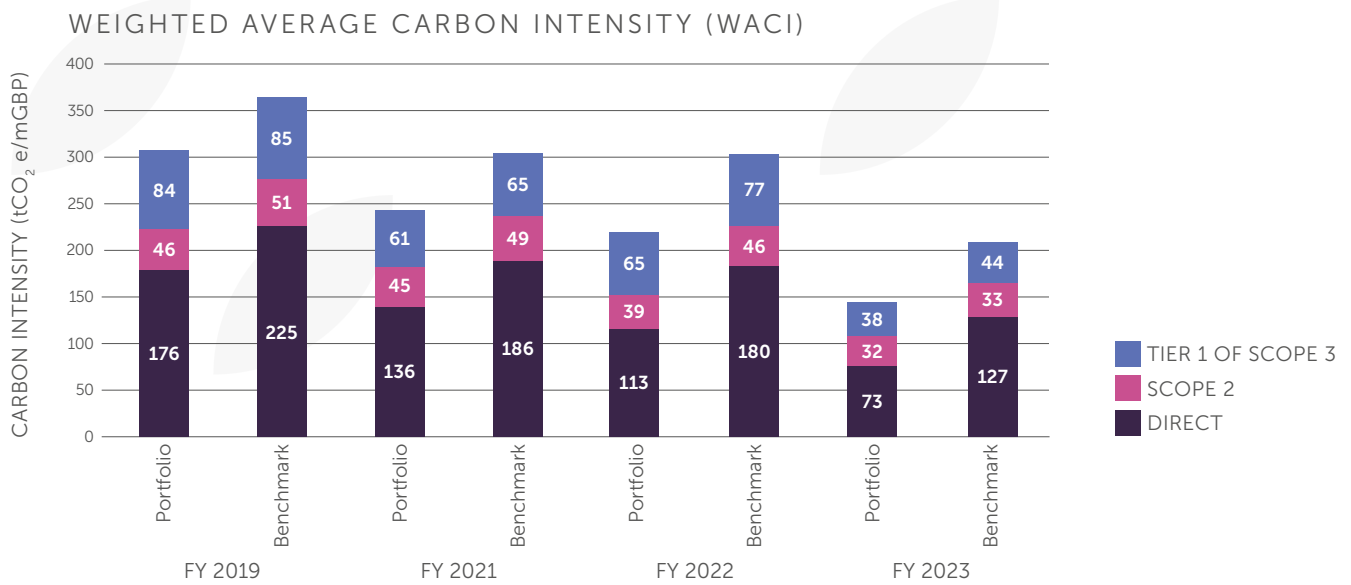
WEIGHTED AVERAGE CARBON INTENSITY (WACI)



The Weighted Average Carbon Intensity (WACI) of the Gloucestershire Aggregate Portfolio is below its Strategic Benchmark, with a relative efficiency of +30% (+29% for 2022/23).

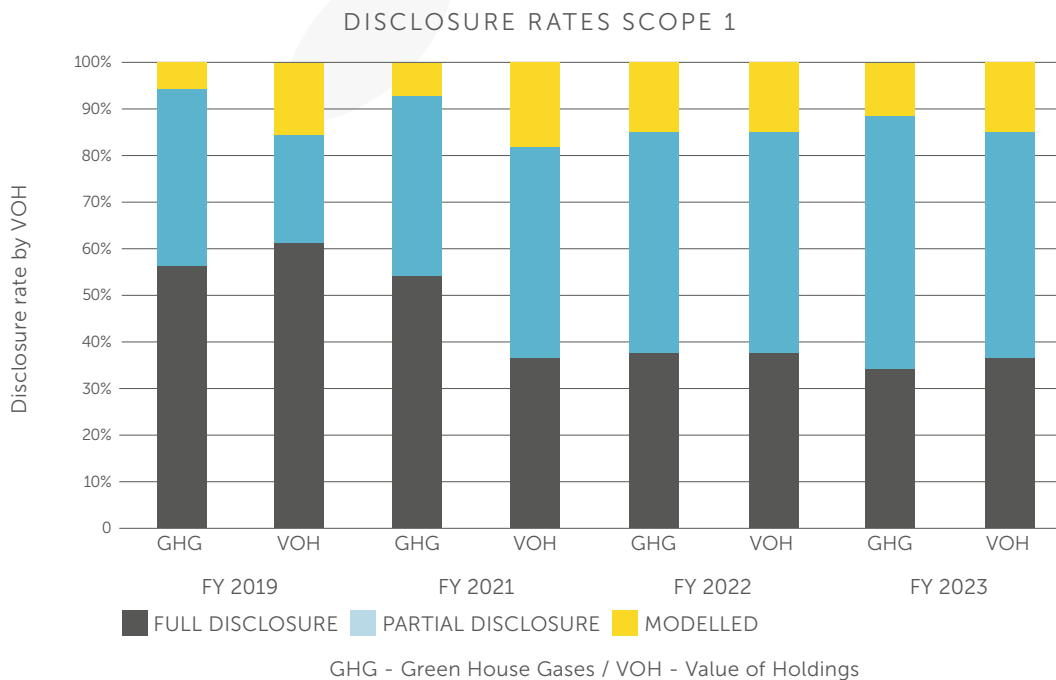
The chart on the following page shows the weighted average carbon intensity v benchmark for Gloucestershire Pension Fund since 2019, and this clearly demonstrates a considerable reduction in the carbon intensity across all categories within the Fund's portfolio.

ABSOLUTE CARBON FOOTPRINT BY SCOPE



DISCLOSURE RATES

The requirement for greater transparency of carbon reporting and disclosures is changing considerably within listed markets but for the 2023 analysis, the table below shows 34% of the listed equity portfolio has been subject to full disclosure, with 54% partial disclosure, resulting in estimation modelling of 12% has been necessary. With the continued transition under the Task Force on Climate-related Financial Disclosures (TCFD) reporting standards, then it is anticipated that full disclosure of companies will increase, enhancing the value of future analysis going forward.



PORTFOLIO DISCLOSURE RATES BY METHOD

Carbon Disclosure Category	GHG-weighted disclosure	Value weighted disclosure
Full disclosure	34%	37%
Modelled	11%	14%
Partial disclosure	54%	49%

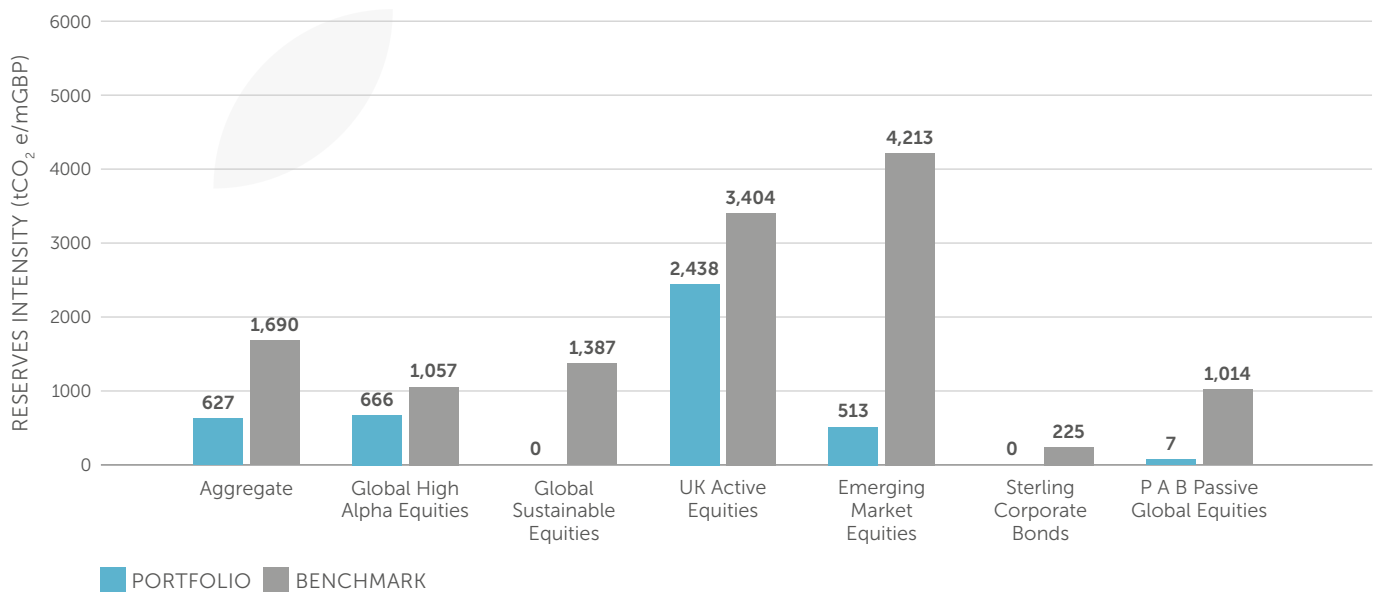
GHG - Green House Gases / VOH - Value of Holdings

- Full Disclosure - Data disclosed by a company in an un-edited form.
- Partial Disclosure - S&P has used data disclosed by a company but has made adjustments to match the reporting scope required by its research process."
- Modelled - In the absence of usable disclosures, the data has been modelled.

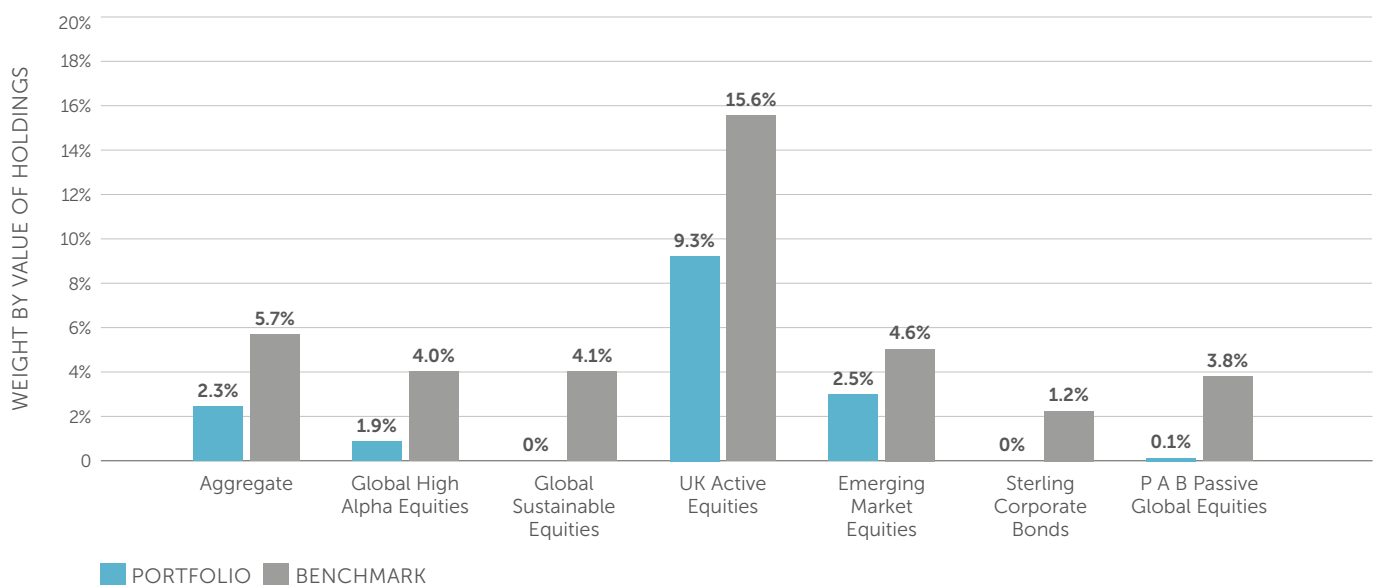
FOSSIL FUEL RESERVE EXPOSURE

The following illustrations provide an analysis of fossil fuel reserves within listed equity holdings, which have not yet been realised by companies, together with the future emissions which will be incurred when these reserves are utilised. This analysis is valuable in assessing potential risks of stranded assets. The Gloucestershire Aggregate portfolio has a lower exposure to fossil fuels than the strategic benchmark.

FOSSIL FUEL RESERVES INTENSITY



FOSSIL FUEL RESERVES EXPOSURE



COST TRANSPARENCY - INVESTMENT MANAGEMENT COSTS 23-24

The following information has been prepared to enable comparison of the investment management costs between asset pooled and non pooled investments and identify fees and costs incurred by third parties which affect overall investment returns.

	Asset pool				Non-asset pool				Fund Total	
	Direct £000	Indirect £000	Total £000	BPS	Direct £000	Indirect £000	Total £000	BPS	£000	BPS
Management fees										
Ad valorem	10,347	3,208	13,555	40.97	2,012	24	2,036	206.80	15,591	45.77
Performance	95	-	95	0.29	1,091	-	1,091	110.88	1,186	3.48
Research	-	-	-	-	-	-	-	-	-	-
PRIPS compliance	-	-	-	-	-	-	-	-	-	-
Total Management Fees	10,442	3,208	13,650	41.26	3,103	24	3,127	317.68	16,777	49.25
Asset pool shared costs										
Asset pool shared costs	1,250	-	1,250	3.78	-	-	-	N/A	1,250	3.67
Transaction costs										
Commissions	669	-	669	2.02	-	-	-	-	669	1.96
Acquisition/issue costs	1,421	3,428	4,849	14.66	-	-	-	-	4,849	14.23
Disposal costs	-	-	-	-	-	-	-	-	-	-
Registration/filing fees	-	-	-	-	-	-	-	-	-	-
Taxes and stamp duty	313	-	313	0.95	-	-	-	-	313	0.92
Total Transaction Costs	2,403	3,428	5,831	17.63	-	-	-	-	5,831	17.11
Custody	-	-	-	-	-	-	-	-	64	0.19
Tax & legal costs	-	-	-	-	-	-	-	-	4	0.01
Other (property exps)	-	2,806	2,806	8.48	-	-	-	-	2,806	8.24
Total	14,095	9,442	23,537	71.15	3,103	24	3,127	317.68	26,732	78.47

DIRECT / INDIRECT COSTS

Direct investment management fees and transaction costs included in Note 20 - Management Expenses in the Fund Account and Net Assets Statement section represent those charges invoiced to the Fund, deducted from income or deducted from the market value of pooled fund units.

However there has been a general recognition that there are significant further costs that in the past have been hidden. These indirect costs, such as pooled fund

administration and governance costs and implicit and indirect transaction costs, as detailed in the table, have also been included to show a complete reflection of the costs. These have been identified from cost transparency templates provided by the investment managers as part of the LGPS Scheme Advisory Board Code of Transparency and Compliance initiative. Three managers did not provide information on indirect costs.

ASSET POOL SHARED COSTS

Asset Pool Shared Costs represents the amounts recharged by Brunel for management and ongoing running costs.

TRANSACTION COSTS

Transaction costs represent costs incurred in the purchase or disposal of an asset.

CUSTODY

Custody is provided by State Street for the entire Fund and has been included at Fund level in the table above to aid reconciliation to Note 20 - Management Expenses in the Fund Account and Net Assets Statement section.

OTHER (PROPERTY EXPENSES)

The Fund's property assets are held within pooled funds and these costs represent those incurred in the management of the underlying properties. Within the accounts this figure has been included within Management Fees.

BPS

The basis point (bps) calculation is based on fees and costs as a percentage of the closing market value of assets.

Strategic Asset Allocation

ASSET ALLOCATIONS

The Fund's Strategic Asset Allocation as agreed by Committee in full consultation with its Independent Financial Advisor is detailed below. It aims to provide a diverse framework for the management of the Fund's investments, having consideration to associated risks and opportunities. This now includes the Fund's allocation to a Social & Affordable Housing Portfolio of 5% which was approved in December 2022, and the implementation of this has been progressed throughout 2023/24, where three Fund Managers have been selected.

There were no changes to the Strategic Asset Allocation during 2023/24, and whilst this is kept under review, the Committee remains confident that this is appropriate.

Actual levels of investments held at both 31st March 2024 and 31st March 2023 are also shown.

	Strategic Asset Allocation Target 2022/23	Strategic Asset Allocation Target 2023/24	Actual Asset Allocations as at 31st March 2023	Actual Asset Allocations as at 31st March 2024
	%	%	%	%
Uk Active Equities	10.0	10.0	11.7	11.8
Global High Alpha	13.5	13.5	13.5	14.4
Emerging Markets	6.5	6.5	6.2	6.0
Global Sustainable Equities	13.0	13.0	13.1	12.9
Passive Paris Aligned	10.0	10.0	10.2	11.1
Total Equity	53.0	53.0	54.7	56.2
Multi Asset Credit	7.0	7.0	7.2	7.2
Sterling Corporate Bonds	10.0	10.0	10.7	10.2
Total Fixed Income	17.0	17.0	17.9	17.4
Uk & Global Property	10.0	10.0	8.7	7.8
Diversified Returns	0.0	0.0	7.9	5.1
Infrastructure	7.0	7.0	3.8	5.6
Private Equity	3.0	3.0	1.8	2.5
Private Debt	5.0	5.0	3.8	4.1
Venture Capital	0.0	0.0	0.1	0.1
Social & Affordable Housing	5.0	5.0	0.0	0.2
Risk Management Framework	0.0	0.0	0.3	-0.1
Cash	0.0	0.0	1.0	1.1
Total	100.0	100.0	100.0	100.0

Pooling

INVESTMENT POOLING – BRUNEL PENSION PARTNERSHIP

In 2015 the Department of Communities and Local Government (as it then was) issued LGPS: Investment Reform Criteria and Guidance which set out how the Government expected funds to establish asset pooling arrangements. The objective was to deliver:

- Benefits of scale
- Strong governance and decision making
- Reduced costs and excellent value for money, and
- An improved capacity and capability to invest in infrastructure

This has led to the creation of eight asset pools which have significantly changed the previous approach to investing, although it should be stressed that the responsibility for determining asset allocations and the investment strategy remains with individual pension funds.

As a result of the investment pooling agenda, the Gloucestershire Fund joined with nine other LGPS administering authorities to set up the Brunel Pension Partnership. Gloucestershire County Council approved the business case for Brunel in December 2016, based on estimated potential fee savings of £550 million over a 20 year period across the ten funds, of which Gloucestershire's share was estimated to be £10.8 million. This estimated fee saving is much lower than for the majority of Funds in Brunel, due to the fact that the investment management fees being paid by the Gloucestershire Fund were generally lower than those paid by the other Funds in Brunel.

GOVERNANCE ARRANGEMENTS OF THE POOL

Further details of the governance arrangement in place between the pool and the Fund can be found in the Governance and Training section within this Annual Report.

POOL SET UP COSTS AND SAVINGS

The expected costs and savings for the Gloucestershire Pension Fund, as per the original business case approved in December 2016, and then submitted to Government, are set out in the following table.

GLOUCESTERSHIRE PENSION FUND
EXPECTED COSTS AND SAVINGS FROM
POOLING (AS PER BUSINESS CASE
SUBMISSIONS)

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Set Up Costs	117	1,034	-	-	-	-
Ongoing Brunel Costs	-	-	413	535	552	570
Client Savings	-	-	(64)	(66)	(68)	(70)
Transition Costs	-	-	1,327	2,652	13	-
Fee Savings	-	-	(171)	(557)	(898)	(965)
Net Costs (Realised Savings)	117	1,034	1,505	2,564	(401)	(465)

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026 to 2036 £000	Total £000
Set Up Costs	-	-	-	-	-	1,151
Ongoing Brunel Costs	588	607	627	647	7,742	12,281
Client Savings	(72)	(74)	(76)	(78)	(924)	(1,492)
Transition Costs	-	-	-	-	-	3,992
Fee Savings	(1,037)	(1,111)	(1,191)	(1,274)	(19,514)	(26,718)
Net Costs (Realised Savings)	(521)	(578)	(640)	(705)	(12,696)	(10,786)

Following approval of the business case, Brunel was established in July 2017, as a company wholly owned by the Administering Authorities (in equal shares) that participate in the pool. The company is authorised by the Financial Conduct Authority (FCA). It is responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds' assets within defined outcome focused investment portfolios. In particular, it researches and selects the external managers or pooled funds needed to meet the investment objective of each portfolio.

The financial performance of Brunel is monitored to ensure that Brunel is delivering on the key objectives of investment pooling. This includes reporting of the costs associated with the appointment and management of the pool company including set up costs, investment management expenses and the oversight and monitoring of Brunel by the client funds.

The investment fee savings achieved by the Gloucestershire Fund are set out in the table below.

INVESTMENT FEE SAVINGS FROM POOLING

Portfolio	Value In Original Business Case (31st March 2016)	Value At 31st March 2024	Price Variance 2023/24	Quantity Variance 2023/24	Total Saving/ (Cost) 2023/24	Price Variance Cumulative To Date	Quantity Variance Cumulative To Date	Total Saving/ (Cost) Cumulative To Date
	£000	£000	£	£	£	£	£	£
World Developed Equity Passive	301,562	0	0	0	0	218,494	-93,309	125,185
Active UK Equities	318,696	394,185	552,030	-191,808	360,222	2,959,171	-978,013	1,981,158
Active Emerging Markets Equities	0	196,713	355,866	-1,199,793	-843,927	1,353,963	-4,863,586	-3,509,623
Active High Alpha Equities	0	494,965	1,338,682	-2,928,401	-1,589,719	5,896,046	-12,603,319	-6,707,273
Diversifying Returns	75,700	192,987	888,794	-996,113	-107,319	3,566,448	-3,314,455	251,993
Active Global Sustainable Equities	0	451,295	1,157,559	-2,509,038	-1,351,479	3,306,323	-6,882,110	-3,575,787
Paris Aligned Developed Equities	0	375,707	86,115	-120,561	-34,446	177,846	-248,984	-71,138
Sterling Corporate Bonds	0	355,151	130,581	-381,945	-251,364	424,936	-1,072,563	-647,627
Multi Asset Credit	0	244,239	-38,000	-279,590	-317,590	-168,414	-679,474	-847,888
Private Markets Infrastructure Cycle 1	0	41,705	152,453	-370,660	-218,207	547,107	-1,588,388	-1,041,281
Private Markets Infrastructure Cycle 2	0	99,734	304,599	-1,120,600	-816,001	1,379,665	-3,749,392	-2,369,727
Private Markets Infrastructure Cycle 3	0	5,231	71,996	-172,400	-100,404	123,792	-252,696	-128,904
Private Markets Private Equity Cycle 1	0	41,255	-18,902	-412,413	-431,315	-49,830	-1,888,965	-1,938,795
Private Markets Private Equity Cycle 2	0	39,353	-283,390	-671,370	-954,760	29,587	-2,134,071	-2,104,484
Private Markets Private Equity Cycle 3	0	829	125,771	-134,588	-8,817	125,771	-134,588	-8,817
UK Property	0	201,850	824,310	-189,218	635,092	3,101,454	-807,853	2,293,601
Overseas Property	0	62,396	184,551	-184,551	0	372,543	-372,543	0
Private Debt Cycle 2	0	78,907	693,887	-950,400	-256,513	2,350,677	-2,909,709	-559,032
Private Debt Cycle 3	0	9,449	244,243	-300,960	-56,717	324,232	-385,064	-60,832
Total		3,285,951	6,771,145	-13,114,409	-6,343,264	26,039,811	-44,959,082	-18,919,271

This analysis shows the fee savings achieved for the Gloucestershire Fund in relation to the assets that have transitioned to the Brunel portfolios. Savings figures for 2023/24 and cumulative to date figures covering 2018/19 to 2023/24 are provided.

The price variance savings are the fee savings achieved by the Gloucestershire Fund, based on the value of investments in each portfolio. These savings are calculated based on the fee percentages being paid by the Gloucestershire Fund prior to pooling, compared with the fee percentages achieved by Brunel. Where fee reductions were granted by one of the Investment Managers due to pooling, slightly in advance of the formulation of the business case, the benefits of these fee reductions are included within the table.

Where the Gloucestershire Fund was not invested in some of the mandates at 31st March 2016, the fee savings were estimated by comparing the fees payable under Brunel, with the average of fees paid, pre Brunel, by other Funds joining the Brunel Pension Partnership, who were invested in these mandates at 31st March 2016.

The calculated fee savings for all of the Funds within the partnership also take account of any performance fees that were in place with investment managers prior to pooling, regardless of the fact as to whether the performance achieved under these mandates was sufficient to require the payment of these performance fees. This is the position regarding the UK Equities mandate relating to the Gloucestershire Fund, where a performance fee was in place prior to pooling. Because of the actual performance achieved by this manager the performance fee was not paid, hence the saving shown in relation to this mandate is a potential cost avoidance saving, rather than a cash saving, which will be achieved under the Brunel mandate if it delivers against the performance target, because a performance fee is no longer payable under the Brunel mandate.

The fee savings achieved (the price variance) feed into the analysis of costs and savings set out in the table on the following page. The budget figures are those that were included in the original business case.

The quantity variance is purely a technical variance which CIPFA requires Funds to publish. It is calculated by looking at the Assets under Management (AUM) at 31st March 2016 for each portfolio, less the AUM at the end of 2023/24, multiplied by the old fee rate.

However, because the Gloucestershire Fund, like the majority of other Funds, did not have asset allocations in many of the portfolio's that the Fund now invests in under the new pooling arrangements, the quantity variances are significantly inflated since the mode of calculation compares a zero value in 2016 with the AUM figure at the end of 2023/24.

EXPECTED COSTS COMPARED TO ACTUAL COSTS / SAVINGS TO DATE

	2018-19				2019-20			
	Budget		Actual		Budget		Actual	
	In Year £000	Cumulative To Date £000	In Year £000	Cumulative To Date £000	In Year £000	Cumulative To Date £000	In Year £000	Cumulative To Date £000
Set Up Costs	-	1,151	-	1,073	-	1,151	-	1,073
Ongoing Brunel Costs *	413	413	660	660	535	948	1,059	1,719
Transition Costs	1,327	1,327	2,183	2,183	2,652	3,979	2,475	4,658
Total Costs	1,740	2,891	2,843	3,916	3,187	6,078	3,534	7,450
Client Savings	-64	-64	-	-	-66	-129	-	-
Fee Savings	-171	-171	-294	-294	-557	-728	-1,305	-1,600
Total Savings	-235	-235	-294	-294	-623	-857	-1,305	-1,600
Net Costs (Realised Savings)	1,505	2,656	2,549	3,622	2,564	5,221	2,229	5,850

	2020-21				2021-22			
	Budget		Actual		Budget		Actual	
	In Year £000	Cumulative To Date £000	In Year £000	Cumulative To Date £000	In Year £000	Cumulative To Date £000	In Year £000	Cumulative To Date £000
Set Up Costs	-	1,151	-	1,073	-	1,151	-	1,073
Ongoing Brunel Costs *	552	1,500	1,097	2,816	570	2,070	1,106	3,922
Transition Costs	13	3,992	1,183	5,841	-	3,992	1,454	7,295
Total Costs	565	6,643	2,280	9,730	570	7,213	2,560	12,290
Client Savings	-68	-197	-	-	-70	-267	-	-
Fee Savings	-898	-1,626	-3,858	-5,458	-965	-2,591	-7,155	-12,613
Total Savings	-966	-1,823	-3,858	-5,458	-1,035	-2,858	-7,155	-12,613
Net Costs (Realised Savings)	-401	4,820	-1,578	4,272	-465	4,355	-4,595	-323

	2022-23				2023-24			
	Budget		Actual		Budget		Actual	
	In Year £000	Cumulative To Date £000	In Year £000	Cumulative To Date £000	In Year £000	Cumulative To Date £000	In Year £000	Cumulative To Date £000
Set Up Costs	-	1,151	-	1,073	-	1,151	-	1,073
Ongoing Brunel Costs *	588	2,658	1,232	5,154	607	3,265	1,344	6,498
Transition Costs	-	3,992	-	7,295	-	3,992	-	7,295
Total Costs	588	7,801	1,232	13,522	607	8,408	1,344	14,866
Client Savings	-72	-339	-	-	-74	-413	-	-
Fee Savings	-1,037	-3,628	-6,982	-19,595	-1,111	-4,739	-6,771	-26,366
Total Savings	-1,109	-3,967	-6,982	-19,595	-1,185	-5,152	-6,771	-26,366
Net Costs (Realised Savings)	-521	3,834	-5,750	-6,073	-578	3,256	-5,427	-11,500

* Ongoing Brunel costs relate to invoices received by the Fund from Brunel and allocated to the year that the invoice relates to. Brunel costs as shown under Investment Management Expenses in Notes to the Accounts, Note 20, have been adjusted so that custody and performance measurement costs contained within those invoices have been allocated as per CIPFA guidance and any invoices not accrued in the relevant year have been included in the year of payment.

The most significant variances from the original business case can be summarised as follows:

Ongoing Brunel costs

Cumulative budget to date	£3.265m
Cumulative actual to date	£6.498m

It was accepted that the estimated budget for ongoing Brunel costs, set out in the original business case, was understated, and was insufficient to facilitate the effective delivery of investment services required by the ten Funds within the partnership. A detailed examination of the budget was undertaken in 2018/19, which resulted in an agreed budget increase for 2019/20 to ensure the partnership would effectively deliver the transition plan, investment services required and ongoing savings.

Transition costs:

Cumulative budget to date	£3.992m
Cumulative actual to date	£7.295m

As part of the original business case this was the costing that was materially difficult to predict. The budget included in the original business case could not be based on specific asset holdings, and hence used estimated assets under management based on original client intentions. Each transition was overseen by Funds and an independent transition advisor to ensure that each transition was undertaken as effectively as possible.

Fee Savings:

Cumulative budget to date	£4.739m
Cumulative actual to date	£26.366m

Fee savings (including cost avoidance) are significantly higher than the budgeted figure. This is mainly due to higher than anticipated investment returns over the period, which has resulted in increased assets under management on which the fees are payable. With the lower levels of fees achieved by Brunel this culminates into a greater saving based on the increased asset values.

The Gloucestershire Fund transitioned its first assets to Brunel in July 2018 and its final assets in July 2021.

At 31st March 2024, 97% of the Fund's investments had transitioned to Brunel, the remaining 3% are held in directly managed pooled funds. The legacy funds are all private market portfolio holdings for private equity (£3m), debt (£55m), which due to the funds being close to maturity, will not be transferred to the pool. During 2023/24 the Fund have also directly invested in a renewable energy fund with other partner LGPS Pension Funds, through the Schroders Greencoat Wessex Gardens Fund, as part of its infrastructure asset allocation. The Fund have also been working with external consultants Redington in the selection of fund managers against its strategic asset allocation for Social & Affordable Housing of 5% of the Fund's total assets. The Fund anticipates making investments into the three fund managers in 2024/25, which will enable the Fund to invest across several sectors both nationally and locally.

ASSET TABLE

Asset values as at 31st March 2024	Pooled	Under pool management	Not pooled	Total
	£m	£m	£m	£m
Equities (including convertible shares)	1,913	-	-	1,913
Bonds	599	-	-	599
Property	264	-	-	264
Hedge funds	-	-	-	-
Diversified Growth Funds (including multi-asset funds)	193	-	-	193
Private equity	81	-	3	84
Private debt	88	-	55	143
Infrastructure	147	-	42	189
Derivatives	-	-	-1	-1
Cash and net current assets	23	-	14	37
Other	1	-	-	1
Total	3,309	-	113	3,422

UK Analysis of Assets as at 31st March 2024	Pooled	Under pool management	Not pooled	Total
	£m	£m	£m	£m
UK Listed Equities	436	-	-	436
UK Government Bonds	3	-	-	3
UK Infrastructure	21	-	42	63
UK Private equity	10	-	3	13
Total	470	-	45	515

UK LEVELLING UP

The Fund have a strategic asset allocation to Social and Affordable Housing portfolio of 5% of the Fund's total assets, recognising the importance of pursuing an impactful place investment strategy, improving the availability of affordable and social housing, and achieve appropriate risk adjusted financial returns going forward. The Fund believe that the development of this portfolio would meet the Government's levelling up aspirations and would make a measurable contribution to the Housing mission set out under the Levelling Up and Regeneration Act 2023.

During 2023/24 the Fund undertook a thorough Fund Manager selection process in association with Redington Investment Consultancy and have chosen three fund managers that will provide opportunities for the Fund across both the affordable social rental sector and shared ownership. The fund is also seeking to invest in the provision of temporary accommodation for homelessness. The Fund is currently finalising legal and operational due diligence on these funds and anticipate being able to make formal investments in the early part of 2024/25. The Funds selected all solely invest within the UK Housing Sector. Provision for local investment projects within Gloucestershire is being established with these Fund Managers accordingly.





07



Administration

07



Administration

Administration Arrangements

The Pensions Administration team is responsible for the scheme member and pensioner administration of the Fund. This service is run in-house. Members of the overall pensions team provide support to the Pension Committee and Local Pension Board through the production of management information and reports. In addition, employers are responsible for ensuring that member and employer contributions are deducted at the correct rate and member data is sent to the Pensions Administration team.

To enable assurances to be obtained as to the effective and efficient operation of the Fund's investments, performance is benchmarked on an annual basis against other local authority pension funds subscribing to the PIRC Local Authority Pension Performance Analytics' Universe of 62 local authority pension funds. Internal controls are also in place to support the reliability and integrity of financial information and the Fund is subject to internal and external audit.

Staff contact details can be found on page 16 together with the Fund's web addresses which contain detailed documents and information on the following areas:

- The Pension Fund's policy statements
- The actuary's triennial valuation reports from 2013 to 2022
- Annual reports from 2018/19 to the present
- Independent Auditor's Consistency Report
- Business Plan
- Funding Strategy Statements
- Investment Strategy Statement

- Investment Performance Report
- Local Pension Board Report
- Brunel's Responsible Investment and Stewardship Policies, Climate Change Statement and Voting Guidelines
- Carbon Metric Report
- A range of guides for scheme members in "booklet" form covering different topics
- Online copies of the various forms, members may wish to use in connection with their scheme membership
- Updates on latest developments affecting the pension scheme
- Information on the Annual Benefit Statements
- Administration Staff contact details
- Employer pages, providing an Employer's Administration Guide and associated forms/ documentation together with other relevant information

The Pension Fund's web pages also contain links to the National LGPS Member website and the Brunel Pension Partnership website, the Fund's pool asset manager who manages the majority of the Fund's investments although responsibility for asset allocation remains with the Pension Committee.

SUMMARY OF ACTIVITY

During the 2023/2024 year, the administration function has continued to focus on increasing resources, training newly appointed staff whilst keeping on top of the day-to-day work. In addition to this, during the year the Fund has taken steps to modernise its administrative practices by, for example, introducing new software, purchasing other software such as a member and employer portal and setting up new specialist teams to provide sufficient resource to accompany new ways of working.

The Fund anticipates starting the roll out of the new portals to members and employers respectively during the 2024/2025 year, in addition to introducing a new website, or websites, for its members, employers and other stakeholders and enhancing its general approach to communications. The new portals will allow more efficient and secure data exchanges for both members and employers as well as providing increased functionality for each. The portals will also facilitate improvements in data quality as data will be updated more regularly.

Furthermore, during 2024/2025 (and beyond) the Fund will be working towards full compliance with the McCloud legislation by the statutory guideline deadline and to the Pension Dashboards, as required by Government.

Scheme members can find out more information about the Fund, including contact details, on the Fund's existing website. The website includes the Fund's governance policies which outlines how the Fund is run.

KEY PERFORMANCE INDICATORS

The Department for Levelling Up, Housing and Communities, now known as the Ministry of Housing, Communities and Local Government, the Scheme Advisory Board and the Chartered Institute of Public Finance and Accountancy has recently issued guidance on the key performance indicators they would like funds to report on and these are detailed in the following table. Where necessary, the Fund is working on its ability to be able to report on those key performance indicators.

TOTAL NUMBER OF CASEWORK

The Fund has been unable to complete this table for the 2023/2024 year because it did not collect the base data to be able to do so. However, the Fund anticipates being able to complete most rows of the table in 2024/2025 and the full table in the following years.

Ref	Casework KPI	Total number of cases open as at 31st March (starting position)	Total number of new cases created in the year (1st April to 30th March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	n/a	n/a	n/a	n/a	n/a	n/a
A2	New dependent member benefits	n/a	n/a	n/a	n/a	n/a	n/a
A3	Deferred member retirements	n/a	n/a	n/a	n/a	n/a	n/a
A4	Active member retirements	n/a	n/a	n/a	n/a	n/a	n/a
A5	Deferred benefits	n/a	n/a	n/a	n/a	n/a	n/a
A6	Transfers in (including interfunds in, club transfers)	n/a	n/a	n/a	n/a	n/a	n/a
A7	Transfers out (including interfunds out, club transfers)	n/a	n/a	n/a	n/a	n/a	n/a
A8	Refunds	n/a	n/a	n/a	n/a	n/a	n/a
A9	Divorce quotations issued	n/a	n/a	n/a	n/a	n/a	n/a
A10	Actual divorce cases	n/a	n/a	n/a	n/a	n/a	n/a
A11	Member estimates requested either by scheme member and employer	n/a	n/a	n/a	n/a	n/a	n/a
A12	New joiner notifications	n/a	n/a	n/a	n/a	n/a	n/a
A13	Aggregation cases	n/a	n/a	n/a	n/a	n/a	n/a
A14	Optants out received after 3 months membership	n/a	n/a	n/a	n/a	n/a	n/a

TIME TAKEN TO PROCESS CASEWORK

The Fund has been unable to complete most of this table for the 2023/2024 year because it did not collect all the base data to be able to do so. However, the Fund anticipates being able to complete most rows of the table in 2024/2025 and the full table in the following years.

For the rows where it has been possible to provide data, the Fund has operated below its 90% target for 2023/2024. The Fund plans to meet these targets in the future through increased staffing and improved use of technology.

Ref	Casework KPI	Suggested fund target*	% completed within fund target in year	% completed in previous year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	n/a	n/a
B2	Communication issued confirming the amount of dependents pension	10 days	n/a	n/a
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15 days	n/a	n/a
B4	Communication issued to active member with pension and lump sum options (quotation)	15 days	n/a	n/a
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days	n/a	n/a
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days	n/a	n/a
B7	Payment of lump sum (both actives and deferreds)	20 days	71%	77%
B8	Communication issued with deferred benefit options	30 days	n/a	n/a
B9	Communication issued to scheme member with completion of transfer in	15 days	n/a	n/a
B10	Communication issued to scheme member with completion of transfer out	15 days	n/a	n/a
B11	Payment of refund	20 days	83.9%	89.6%
B12	Divorce quotation	45 days	n/a	n/a
B13	Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	15 days	n/a	n/a
B14	Communication issued to new starters	40 days	n/a	n/a
B15	Member estimates requested by scheme member and employer	20 days	89.4%	93.6%

*Days in this column are a suggested fund target for completion and not the statutory timescale.

COMMUNICATIONS AND ENGAGEMENT

During the 2023/2024 year, the Fund did not have an online portal available to members hence the zero figures provided in rows C1-C6. However, the Fund has since purchased such a portal and therefore it anticipates being able to provide figures in future years.

Furthermore, the Fund did not hold scheme or employer events due to a lack of staff resource to be able to do so. However, similarly, the Fund now has additional resource in this area and therefore it anticipates holding member and employer events in the future.

Ref	Engagement with online portals	Percentage as at 31st March
C1	% of active members registered	0%
C2	% of deferred member registered	0%
C3	% of pensioner and survivor members	0%
C4	% total of all scheme members registered for self-service	0%
C5	Number of registered users by age	0
C6	% of all registered users that have logged onto the service in the last 12 months	0
Communication		
C7	Total number of telephone calls received in year	Unknown
C8	Total number of email and online channel queries received	Unknown
C9	Number of scheme member events held in year (total of in-person and online)	0
C10	Number of employer engagement events held in year (in-person and online)	0
C11	Number of active members who received a one-to-one (in-person and online)	0
C12	Number of times a communication (i.e. newsletter) issued to:	
	a) Active members	1
	b) Deferred members	1
	c) Pensioners	1

RESOURCES

Ref	Resources	
D1	Total number of all administration staff (FTE)	22
D2	Average service length of all administration staff (GPF only)	11.5 years
D3	Staff vacancy rate as %	21.4%
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	1 to 2,768
D5	Ratio of administration staff (excluding management) to total number of scheme members	1 to 3,480

DATA QUALITY

Concerning rows E7 and E8, the Fund did not have an employer portal during the 2023/2024 year. However, it has since procured such a system and it plans to start to roll out such a portal either in the 2024/2025 or 2025/2026 year.

Ref Annual Benefit Statements

E1	Percentage of annual benefit statements issued as at 31st August	100%*
	Short commentary if less than 100%	*Where all required information received

Data category

E3	Common data score	94%
E4	Scheme specific data score	96%
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	6.7%
E6	Percentage of active, deferred and pensioner members with an email address held on file	21.6%

Employer performance

E7	Percentage of employers set up to make monthly data submissions	0%
E8	Percentage of employers who submitted monthly data on time during the reporting year	0%

Financial indicators

UNIT COSTS PER MEMBER

Unit Costs Per Member	2019/20	2020/21	2021/22	2022/23	2023/24
Investment Management Expenses					
Total Costs £000	7,797	10,146	16,306	24,991	26,732
Total Membership Numbers	60,417	61,896	63,251	66,419	68,734
Cost Per Member £	129.05	163.92	257.80	376.26	388.92
Administration Expenses					
Total Costs £000	1,509	1,556	1,553	1,845	2,346
Total Membership Numbers	60,417	61,896	63,251	66,419	68,734
Cost Per Member £	24.98	25.14	24.55	27.78	34.13
Oversight And Governance					
Total Costs £000	722	500	671	820	1,143
Total Membership Numbers	60,417	61,896	63,251	66,419	68,734
Cost Per Member £	11.95	8.08	10.61	12.35	16.63
Total Cost Per Member £	165.98	197.14	292.96	416.39	439.68

The management fees disclosed above include investment management fees incurred by the Fund i.e. including those charged on pooled fund investments which tend to be deducted from the market value of the investments rather than invoiced to the Fund. In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments.

The increase on investment management expenses during the period of £1.7m have increased from those reported in 2022-23 largely because of additional costs associated with the management of the Fund's property portfolio. The Fund has continued to fully adopt the Cost Transparency Initiative (CTI) reporting template to account for all management expenses incurred on funds invested which was commenced in 2022/23. This has a zero net effect overall, with an offsetting increase in reported profit in year. In addition, an increase in amounts invested in property, private equity and infrastructure resulted in increases in management fees.

BENCHMARKING

The Pension Fund submits data (SF3 submission) on an annual basis to the Ministry of Housing, Communities and Local Government (MHCLG) formerly the Department for Levelling Up, Housing and Communities. This information provides a benchmark on the administration and fund management of the Local Government Pension Scheme and is also used in compiling the National Accounts and to show the role of pension funds in the economy. The SF3 submission is subjected to a strict validation by MHCLG and any significant variances are investigated.

Please find detailed below the latest available benchmarking relating to 2022/23 obtained from that submission, comparing the average cost per scheme member of the Gloucestershire Fund to the average cost per scheme member of all funds in England and Wales.

Since 2022/23 the Fund has fully adopted the Cost Transparency Initiative (CTI) reporting template to account for all management expenses incurred on funds invested during the year which includes direct, indirect and implicit costs, this we believe is the most transparent way of reporting costs and reflects more accurately the true cost of activity undertaken. This has a zero net effect overall, with an offsetting increase in reported profit in year. Not all Funds report on this basis.

	2018/19	2019/20	2020/21	2021/22	2022/23
	£	£	£	£	£
Administration costs per scheme member					
Gloucestershire County Council	32.92	37.55	34.66	36.99	42.65
All Authorities	32.68	35.70	35.89	37.99	42.47
Fund management costs per scheme member					
Gloucestershire County Council	117.08	139.48	178.67	281.81	418.53
All Authorities	189.59	209.68	238.37	282.37	269.25
Total Administration and Fund management costs per scheme member					
Gloucestershire County Council	150.00	177.03	213.33	318.80	461.19
All Authorities	222.27	245.38	274.26	320.36	311.72

THE FOLLOWING GIVES AN AGE PROFILE
OF FUND MEMBERS

Gender	Category Age	Active	Deferred	Pensioner	Widow(Er)/ Dependant
F	under 15	0	0	0	12
M	under 15	0	0	0	19
F	15 to 19	121	1	0	29
M	15 to 19	62	0	0	16
F	20 to 24	543	66	0	7
M	20 to 24	259	25	0	12
F	25 to 29	934	399	0	1
M	25 to 29	316	215	0	1
F	30 to 34	1278	1030	0	2
M	30 to 34	336	553	0	0
F	35 to 39	1756	1564	0	0
M	35 to 39	353	644	0	2
F	40 to 44	2097	1990	2	10
M	40 to 44	364	672	0	2
F	45 to 49	2228	2170	6	3
M	45 to 49	385	521	0	9
F	50 to 54	2543	3133	29	16
M	50 to 54	476	678	13	27
F	55 to 59	2510	3573	522	38
M	55 to 59	572	696	142	67
F	60 to 64	1541	2157	1935	54
M	60 to 64	469	462	587	90
F	65 to 69	391	394	3408	135
M	65 to 69	165	119	1083	137
F	70 to 74	61	90	2898	179
M	70 to 74	54	34	1209	138
F	75 to 79	1	15	2030	238
M	75 to 79	1	11	1006	156
F	80 to 84	0	2	1022	260
M	80 to 84	0	2	562	121
F	85 to 89	0	0	474	193
M	85 to 89	0	0	284	102
F	90 to 94	0	0	212	117
M	90 to 94	0	0	98	38
F	95 to 99	0	0	38	41
M	95 to 99	0	0	19	1
F	100 to 104	0	0	6	7
M	100 to 104	0	0	2	0
TOTAL MEMBERS	60.899	19,816	21,216	17,587	2,280

FUND MEMBERS AND EMPLOYERS

Membership Summary	2019/20	2020/21	2021/22	2022/23	2023/24
Contributors	19,121	19,222	18,920	19,603	19,816
Pensioners	16,607	17,290	18,128	19,012	19,867
Deferred pensioners	20,173	20,274	20,814	21,096	21,216
	55,901	56,786	57,862	59,711	60,899
Undecided/ Unprocessed leavers	4,516	5,110	5,389	6,708	7,835
	60,417	61,896	63,251	66,419	68,734

Deferred pensioners are former employees who have not transferred their pension rights and to whom benefits will be paid, from their eligible retirement date.

Undecided leavers are those members who are no longer accruing service and to whom a refund of contributions or transfer out may be due.

Unprocessed leavers are those members which represent cases where we are aware that a member has left, but that case has not yet been processed. These cases (once processed) could end up becoming Undecided Leavers or Deferred's (depending on length of membership) or indeed could end up being aggregated with another record the member may hold, in which case the particular record itself would be deleted.

PARTICIPATING EMPLOYERS AND CONTRIBUTIONS RECEIVABLE

A list of the Fund's participating and contributing employers is shown below. The Rates & Adjustment Certificate showing each individual employer's contribution rate, as agreed with the Scheme Actuary, for the period 1st April 2023 to 31st March 2026 may be found on pages 160 to 168.

2023/24 Contributions	Employer Contributions £	Employee Contributions £	Total £
Administering Authority			
Gloucestershire County Council*	49,171,448	11,618,628	60,790,076
Scheduled Bodies			
Cheltenham Borough Council	7,954,455	561,410	8,515,865
Cotswold District Council	1,673,329	93,949	1,767,278
Forest of Dean District Council	4,985,423	34,507	5,019,930
Gloucester City Council	5,093,696	577,720	5,671,416
Stroud District Council	7,116,138	864,502	7,980,640
Tewkesbury Borough Council	2,954,039	576,581	3,530,620
Cotswolds National Landscape	141,440	49,685	191,125
Cheltenham Borough Homes	1,358,781	453,543	1,812,324
Police and Crime Commissioner for Gloucestershire	7,316,379	2,243,564	9,559,943
Lower Severn Drainage Board	140,948	29,435	170,383
Parish and Town Councils (pooled)	710,200	210,785	920,985
University of Gloucestershire	3,802,224	1,014,397	4,816,621
Cirencester College	848,364	218,429	1,066,793
Gloucestershire College	969,370	261,241	1,230,611
Hartpur University	2,577,160	693,410	3,270,570
Academies			
Abbey View CCT	34,994	7,500	42,494
All Saints	238,020	62,591	300,611
Amberley Parochial Primary	24,460	5,209	29,669
Ann Cam C of E Primary	47,603	9,909	57,512
Avening Primary	35,287	7,268	42,555
Aylburton Primary	25,928	5,385	31,313
Balcarras School	435,697	105,321	541,018
Battledown Primary	161,250	41,076	202,326

2023/24 Contributions	Employer Contributions £	Employee Contributions £	Total £
Belmont School	303,917	78,114	382,031
Berkeley Primary	88,040	19,285	107,325
Berkeley UTC Academy	56,076	12,655	68,731
Bibury C of E Primary Academy	21,444	4,352	25,796
Bishops Cleeve Primary	208,063	52,928	260,991
Blockley Primary Academy	59,217	14,090	73,307
Bourton On The Water	140,125	34,278	174,403
Bream C of E Primary Academy	69,699	14,470	84,169
Brockworth Primary	118,615	28,665	147,280
Callowell Primary	47,020	10,319	57,339
Cam Woodfield Junior Academy	54,258	11,787	66,045
Charlton Kings Infants School	131,601	31,885	163,486
Charlton Kings Junior School	139,484	29,041	168,525
Cheltenham Bournside School	526,985	115,647	642,632
Chesterton Primary Academy	115,078	21,483	136,561
Chipping Campden School	441,593	98,658	540,251
Chosen Hill School	423,622	92,422	516,044
Christ Church C of E	92,531	19,310	111,841
Churchdown School	419,894	80,644	500,538
Churchdown Village Infants	61,768	14,466	76,234
Cirencester Deer Park School	365,849	87,468	453,317
Cirencester Kingshill School	279,488	66,441	345,929
Clearwater Primary Academy	58,031	12,179	70,210
Cleeve School	355,464	84,183	439,647
Coaley C of E Primary Academy	25,775	5,340	31,115
Cold Aston C of E Primary Academy	13,805	3,435	17,240
Cotswold Beacon Academy Trust Central Staff	19,133	5,359	24,492
Cotswold School	430,926	107,857	538,783
Crypt School	223,605	59,552	283,157
Dene Magna School	368,906	74,218	443,124
Denmark Road High School	254,725	50,278	305,003
Diocese of Gloucester Academies Trust (Central Staff)	147,108	39,670	186,778
Drybrook Primary	71,844	13,449	85,293
Dursley Primary	80,484	16,511	96,995

2023/24 Contributions	Employer Contributions £	Employee Contributions £	Total £
English Bicknor Primary	26,553	5,569	32,122
Farmors Academy	267,429	54,022	321,451
Field Court C of E Infant School	153,193	32,256	185,449
Field Court C of E Junior School	93,728	21,638	115,366
Five Acres High School Academy	318,656	60,581	379,237
Forest High School	93,245	21,763	115,008
Forest View Primary	170,634	32,075	202,709
Gloucester Academy	396,431	73,295	469,726
Gotherington Primary School	48,956	8,296	57,252
Grange Primary Academy	96,790	20,311	117,101
Great Oldbury Primary	71,417	17,318	88,735
Greenshaw Multi Academy Trust (Central Staff)	136,126	32,152	168,278
Gretton Primary School	33,417	6,316	39,733
Hardwicke Primary School	126,703	25,435	152,138
Hartpury C of E Primary Academy	43,909	9,078	52,987
Henley Bank High School	229,680	44,230	273,910
Highnam C of E Primary School	79,141	16,869	96,010
Holmleigh Park High School	623,357	71,633	694,990
Huntsgrove Primary	72,769	15,528	88,297
Katherine Lady Berkeley School	419,403	89,468	508,871
Kemble Primary Academy	33,236	7,254	40,490
Lakefield Primary Academy	86,408	17,877	104,285
Leckhampton High School	81,744	19,689	101,433
Leighterton Primary Academy	18,998	3,733	22,731
Longborough C of E Primary Academy	14,249	3,607	17,856
Longford Park Primary Academy	82,005	19,426	101,431
Longney C of E Primary Academy	27,202	5,594	32,796
Lydney Primary	81,398	17,094	98,492
Marling School	263,193	59,686	322,879
Milestone Academy	727,927	182,346	910,273
Minchinhampton Academy	103,431	21,484	124,915
Mitton Manor Primary Academy	49,419	10,516	59,935
Moat Primary Academy	61,886	13,216	75,102
Newent Community School	273,946	53,110	327,056
North Cerney C of E Primary Academy	22,155	4,434	26,589

2023/24 Contributions	Employer Contributions £	Employee Contributions £	Total £
North Cotswold School Foundation Multi-Academy Trust (Central Staff)	30,082	8,501	38,583
Offas Mead Primary	26,856	6,196	33,052
Paternoster Academy	158,537	39,588	198,125
Pates School	409,698	96,753	506,451
Phoenix Learning Alliance (Central Staff)	56,242	15,091	71,333
Primrose Hill Academy	77,667	15,411	93,078
Queen Margaret Primary	10,212	2,179	12,391
Redmarley C of E School	30,719	6,317	37,036
Ribston Hall School	226,766	54,613	281,379
Robinswood Primary School	176,302	35,149	211,451
Rosary Catholic Primary School	61,400	14,388	75,788
Rowanfield Infant School	87,268	20,632	107,900
Rowanfield Junior School	111,617	27,320	138,937
SAND Academy Trust (Central Staff)	149,872	48,412	198,284
Severn Federation Multi-Academy Trust (Central Staff)	37,701	10,067	47,768
Severnbanks Primary	104,706	21,900	126,606
Severn Vale School	475,298	90,921	566,219
Siddington C of E Primary Academy	27,253	5,939	33,192
Sir Thomas Rich's School	309,307	68,130	377,437
Sir William Romney's School	188,151	39,187	227,338
Sladewood Academy	40,106	10,358	50,464
South Glos. & Stroud Academy Trust	68,397	18,630	87,027
Springbank Primary	171,066	42,164	213,230
St. Catherine's Roman Catholic Primary	4,744	1,477	6,221
St. David's Primary	102,771	16,709	119,480
St. Gregory's Roman Catholic Primary	26,129	7,779	33,908
St. James & Ebrington Primary Academy	38,095	9,536	47,631
St. James Primary Academy	112,185	22,851	135,036
St. John's C of E Primary	55,058	11,100	66,158
St. Joseph's Roman Catholic Primary	11,084	3,386	14,470
St. Lawrence Academy	54,455	11,197	65,652
St. Mary's (Tetbury) C of E Primary	107,850	22,081	129,931
St. Mary's Catholic Primary School	170,613	15,805	186,418
St. Matthew's C of E Primary Academy	71,139	14,613	85,752

2023/24 Contributions	Employer Contributions £	Employee Contributions £	Total £
St. Peter's (Newnham) Academy	27,047	5,770	32,817
St. Peter's Catholic High School	453,539	99,633	553,172
St. Peter's Roman Catholic Primary	27,945	8,681	36,626
St. Thomas More Roman Catholic Primary	14,020	4,290	18,310
Staunton and Corse C of E School	52,849	11,009	63,858
Stone with Woodford C of E Academy	48,176	9,168	57,344
Stroud High School	258,137	58,010	316,147
Swell C of E Primary Academy	10,164	2,529	12,693
Tewkesbury School	369,905	78,565	448,470
The Dean Academy	297,383	63,662	361,045
The Ridge Academy	86,531	20,666	107,197
The Willow Primary Academy	122,680	30,989	153,669
Thomas Keble School	211,964	47,104	259,068
Tredington Primary	39,954	9,265	49,219
Tredworth Infant and Nursery Academy	104,338	23,520	127,858
Watermoor C of E Primary Academy	83,371	17,230	100,601
Waterwell Primary Academy	112,205	23,501	135,706
Whiteshill Primary Academy	29,525	6,117	35,642
Widden Primary	167,163	31,164	198,327
Winchcombe Abbey	98,254	20,361	118,615
Winchcombe School	185,095	41,335	226,430
Wydean School	310,461	61,346	371,807
	67,188,144	12,143,050	79,331,194
Admitted Bodies			
Adoption West	109,224	40,574	149,798
Alliance in Partnership (St. Peter's)	9,854	2,337	12,191
Aspire Foundation	-	31,142	31,142
Aspire Sports and Cultural Trust	112,930	7,179	120,109
Atkins	15,060	7,183	22,243
Barnardo's	5,335	1,357	6,692
Barnardo's	3,959	1,920	5,879
Brandon Trust	11,159	2,775	13,934
Brayborne (Holmleigh Park)	1,664	379	2,043
Caterlink (St. Peter's)	16,996	3,756	20,752

2023/24 Contributions	Employer Contributions £	Employee Contributions £	Total £
Admitted Bodies			
Cheltenham Trust	-	16,012	16,012
Cotswold Archaeology Ltd.	305,759	46,040	351,799
Direct Cleaning (St. Peter's)	9,905	2,232	12,137
Gloucester City Homes	79,939	22,522	102,461
Gloucester Community Building Collective	8,890	2,456	11,346
Gloucestershire Health & Care NHS Foundation	59,542	15,624	75,166
Gloucestershire Group Homes	36,711	8,360	45,071
Halo Leisure	42,614	11,603	54,217
KGB (All Saints Academy)	30,738	6,790	37,528
Kindred Cleaning (St. Peter's)	7,939	1,680	9,619
The Orders of St. John Care Trust	29,681	7,076	36,757
Places for People	17,464	6,409	23,873
Prospects Youth Service	-	110,020	110,020
Publica (Cotswold)	846,475	269,654	1,116,129
Publica (Forest)	528,351	171,032	699,383
Publica (Forest) Revenue & Benefits	67,355	19,355	86,710
Purgo Cleaning (Athelstan)	16,080	3,101	19,181
Purgo Cleaning (Gloucester Learning Alliance)	9,569	1,864	11,433
Ringway Infrastructure Services	22,065	6,996	29,061
Sport & Leisure Management	20,354	6,789	27,143
Stroud Court Community Trust	247,968	22,940	270,908
Stroud Subscription Rooms	2,064	588	2,652
Tinies UK (Glos College)	-	11,368	11,368
Two Rivers Housing	210,960	102,333	313,293
UBICO Ltd. (Chelt BC)	275,726	98,363	374,089
UBICO Ltd. (Cots DC)	16,514	5,727	22,241
UBICO Ltd. (FoDDC)	15,039	4,434	19,473
UBICO Ltd. (Glos. City)	202,085	41,558	243,643
UBICO Ltd. (Tewks BC)	128,315	39,571	167,886
Wealdon Leisure (Cotswold DC)	42,054	11,200	53,254
Wealdon Leisure (FoDDC)	-	15,658	15,658
Admitted Bodies Total	3,566,337	1,187,957	4,754,294

2023/24 Contributions	Employer Contributions £	Employee Contributions £	Total £
Section 75 Debt (cessation of employer)	-4,174,789	-	-4,174,789
Ill Health Insurance	-1,796,991	-	-1,796,991
Total contributions	113,954,149	24,949,635	**138,903,784

* including schools

** includes ill health and early retirement contributions totalling £2.3m.

Some of the employers will include accruals for contributions due but not received as at 31st March 2024.

EMPLOYER SUMMARY

Please find listed below a summary of the number of employers in the Fund as at 31st March 2024 analysed by scheduled bodies, designating/resolution bodies and admitted bodies which are active (with active members) and ceased (no active members but some outstanding liabilities) during the year.

Number of Employers	Active	Ceased	Total
Scheduled bodies	173	62	235
Designating/Resolution bodies	32	9	41
Admitted bodies	35	45	80
Total	240	116	356

COMMUNICATIONS POLICY

All employers are instructed to issue new employees with a pension's starter pack provided by the Administering Authority, which provides information regarding the pension scheme and the individual's options together with links to where more detailed scheme information can be obtained.

HR and Payroll Guides to the 2014 Scheme are provided by the Local Government Association on the National LGPS 2014 Regulations & Guidance website. A link to this information is provided on the Employer page of the Fund's website together with an administration guide to the 2008 Scheme.

VALUE FOR MONEY STATEMENT

The Fund strives to provide a quality service to our scheme members and employers, which will include providing value for money. In order to demonstrate the efficiency and effectiveness of the services provided, we collect data on key service-related performance indicators and cost data which is used for comparisons over time and comparisons with other Funds where possible.

During 2023/24 the Fund has continued to build on its resources and use of technology, to develop and implement new and efficient working practises to enhance the member experience. We remain confident that these additional resources and system developments will continue to improve service delivery and performance indicators.

The Local Government Pension Scheme funds account return (SF3) provides a useful dataset that can be analysed by fund membership (size) and administrative cost (investment costs are accounted for separately) the ratio gives a cost per member. From the latest available data relating to 2022/23 the Gloucestershire Pension Fund's (administration and oversight and governance) cost per member was £42.65 (£36.99 2021/22) compared to £42.47 (£37.99 2021/22) for all LGPS England & Wales all sizes.

SUMMARY OF ACTIVITY

During the 2023/24 year, the administration function has continued to develop new processes and embed technology to deliver better services to its members and employers. The Fund retendered its administration software contract, and as part of this appointment process will now implement a number of system enhancements, which will improve administrative member services going forward whilst improving efficiency and value for money.

On the Investment side, the Fund continues to work with the Brunel Pension Partnership, and other Fund Managers in managing investments. On going monitoring of the operational management of the Pool, together with specific portfolio investment performance and associated costs remains a focus for the Fund, in ensuring the best outcomes going forward.

Effective responsible stewardship of investments continues to be a key focus for the Fund. The Fund has approved a responsible investment policy which sets out a number of key ambitions to reduce carbon emissions (Net Zero by 2045) and looks to embed Environmental, Social and Governance (ESG) considerations throughout the investment process.

Dispute Resolution

THE FUND'S INTERNAL DISPUTES RESOLUTION PROCEDURE (I.D.R.P.)

Although the majority of problems relating to members benefits are normally the result of misunderstandings or incorrect information and can be dealt with informally, the LGPS Regulations provide a formal complaint procedure known as the Internal Dispute Resolution Procedure. This formal process consists of two stages, as detailed below, although many of the complaints are resolved during the first stage.

STAGE 1

- In the first instance you should write to the person nominated by the body who made the decision about which you wish to appeal. You must do this within six months of the date of the notification of the decision, or the date of the act or omission about which you are complaining (or such longer period as the nominated person considers reasonable). This is a formal review of the initial decision, act or omission and is an opportunity for the matter to be reconsidered. The nominated person will consider your complaint and notify you of his or her decision.

STAGE 2

- If you are dissatisfied with that person's decision, (or their failure to make a decision) you may apply to the Fund's administering authority to have it reconsidered.

The Pensions Section can tell you who your employer's nominated person is and supply you with a more detailed leaflet on the Internal Disputes Resolution Procedure and relevant time limits together with a form to fill in or you can ask your employer.

MONEYHELPER

MoneyHelper is available at any time to assist members and beneficiaries of the scheme in connection with any pension query they may have or any difficulty which they cannot resolve with the scheme administrator. Information can be found on the MoneyHelper website at www.moneyhelper.org.uk or they can be contacted on **0800 011 3797**.

PENSIONS OMBUDSMAN

In cases where a complaint or dispute has not been satisfactorily resolved through the Internal Disputes Resolution Procedure, or with the help of MoneyHelper, an application can be made to the Pensions Ombudsman within three years of the event that gave rise to the complaint or dispute or, if later, within three years of when the individual first knew about it (or ought to have known about it). There is discretion in certain instances for the time limit to be extended.

The Pensions Ombudsman's website can be found at www.pensions-ombudsman.org.uk or they can be contacted on **0800 917 4487**.

More detailed information can be found on the pages of the Pension Section's website by using the following link <https://www.gloucestershire.gov.uk/council-and-democracy/pensions/>. Alternatively, you can contact the Pensions Section by telephoning **(01452) 328888**.

DETAILS OF SCHEME MEMBER APPEALS OR COMPLAINTS

	2019/20	Status	2020/21	Status	2021/22	Status	2022/23	Status	2023/24	Status
New IDRPs arising during the year against the Fund	1	Part of member's complaint upheld	1	Complaint upheld	1	Complaint not upheld	-	-	-	-
Formal complaints recorded during the year which did not go through the IDRPs process	1	-	1	-	2	-	-	-	2	-
Complaints or disputes referred to the Pension Ombudsman	Not available	-	Not available	-	Not available	-	Not available	-	-	-



08

Actuarial Report on Fund

08



Actuarial Report on Fund

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

DESCRIPTION OF FUNDING POLICY

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated February 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- manage the fund in line with the stated ESG policies.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

FUNDING POSITION AS AT THE LAST FORMAL FUNDING VALUATION

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31st March 2022. This valuation revealed that the Fund's assets, which at 31st March 2022 were valued at £3,111 million, were sufficient to meet 110% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £285 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1st April 2023 to 31st March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

PRINCIPAL ACTUARIAL ASSUMPTIONS AND METHOD USED TO VALUE THE LIABILITIES

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

METHOD

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

ASSUMPTIONS

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

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31st March 2022
Discount rate	4.2% pa
Salary increase assumption	3.2% pa
Benefit increase assumption (CPI)	2.7% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.9 years	24.6 years
Future Pensioners*	22.6 years	26.0 years

*Aged 45 at the 2022 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

EXPERIENCE OVER THE PERIOD SINCE 31ST MARCH 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. High levels of inflation in the UK (compared to recent experience), have resulted in a higher than expected LGPS benefit increase of 10.1% in April 2023 and 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England's target (2% p.a.). There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31st March 2022.

The next actuarial valuation will be carried out as at 31st March 2025. The Funding Strategy Statement will also be reviewed at that time.

Peter MacRae FFA
For and on behalf of Hymans Robertson LLP
10th May 2024



09

External Audit Opinion

09



External Audit Opinion

Independent auditor's report to the members of Gloucestershire county council on the pension fund financial statements included in the pension fund annual report.

OPINION

We have examined the Pension Fund Financial Statements of Gloucestershire Pension Fund ("the Pension Fund") for the year ended 31 March 2024 included in the Pension Fund Annual Report, which comprise the Fund Account, the Net Assets Statement and the related notes to the Pension Fund Financial Statements, including the accounting policies in note N2. In our opinion, the Pension Fund Financial Statements included in the Pension Fund Annual Report are consistent, in all material respects, with the Pension Fund financial statements included in the annual statement of accounts of Gloucestershire County Council ("the Authority") for the year ended 31 March 2024 that were approved on 20 November 2024.

DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR OF CORPORATE RESOURCES' RESPONSIBILITIES

As explained more fully in the Statement of the Deputy Chief Executive and Executive Director of Corporate Resources' Responsibilities, the Deputy Chief Executive and Executive Director of Corporate Resources is responsible for the preparation of the Pension Fund Financial Statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

AUDITOR'S RESPONSIBILITIES

Our responsibility is to report to you our opinion on the consistency of the Pension Fund Financial Statements included in the Pension Fund Annual Report with the Pension Fund financial statements included in the annual statement of accounts of the Authority. In addition, we read the other information contained in the Pension Fund Annual Report and, if we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report. We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office in November 2024. Our audit report on the Authority's annual published statement of accounts that we issued on 27 November 2024 describes the basis of our opinion on those financial statements.

THE PURPOSE OF OUR WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This auditor's statement is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the members of the Authority, as a body, for our work, for this statement, or for the opinions we have formed.



Sarah Brown
**for and on behalf of Grant Thornton UK LLP,
Chartered Accountants
1 Snow Hill,
Queensway,
Birmingham
B4 6GH**

27 November 2024

A photograph of an elderly Black couple smiling and laughing while gardening in a greenhouse. The man is on the left, wearing a blue sweater, and the woman is on the right, wearing a grey shirt and denim overalls. They are surrounded by various potted plants, including green leafy plants and red flowers. Overlaid on the image are several graphic elements: a large white circle with the number '10' inside, a large blue arrow pointing up and to the right, and a large white circle with a blue arrow pointing up and to the right.

10

Additional Information

10



Additional Information

Summary of Fund Benefits

INTRODUCTION

The Gloucestershire Pension Fund is administered under the Local Government Pension Scheme (LGPS) Regulations. Benefits built up from 1st April 2014 are calculated on a Career Average Revalued Earnings (C.A.R.E.) basis. Benefits accrued prior to 1st April 2014 continue to be protected on a "final salary" basis.

The scheme is open to all eligible employees regardless of the hours worked and continues to provide a comprehensive set of benefits for its members. Shown on the following page is a summary of the key features of the scheme currently in force from 1st April 2014. This summary is only provided as an illustrative guide of some of the key features of the scheme and is not intended to give details of all the benefits provided, or the specific conditions relating to the provisions of the scheme.

ENQUIRIES

Enquiries and more detailed information on the LGPS can be obtained by visiting the Gloucestershire County Council Pensions website at www.gloucestershire.gov.uk/pensions or from the Pensions Section at Shire Hall, Gloucester, telephone **(01452) 328888**.

LOCAL GOVERNMENT PENSION SCHEME (LGPS) REGULATIONS 2013 (AS AMENDED) – PRINCIPAL FEATURES OF THE SCHEME IN FORCE FROM 1ST APRIL 2014

- Employee Contribution Rate – Variable (9 Band Rates) between 5.5% and 12.5% depending on level of earnings.
- Annual Pension and Lump Sum
 - CARE Pension based on 1/49th of pensionable pay attributable to each year of membership (index linked by C.P.I.) from 1st April 2014 plus an option to exchange up to 25% of pension pot for a lump sum (each £1 of pension providing £12 lump sum)
 - Any membership between 1st April 2008 and 31st March 2014 will provide a pension based on 1/60th of final years pensionable pay for each year of membership plus an option to exchange up to 25% of pension pot for a lump sum (each £1 of pension providing £12 lump sum)
 - Any pre 1st April 2008 membership will provide “standard benefits” of a pension based on 1/80th of final years pensionable pay for each year of membership plus a lump sum of three times the pension. There is also the option to exchange part of the pension to increase the lump sum to 25% of the pension pot (each £1 of pension providing £12 lump sum).
- 50:50 Option - allowing members the option to pay half contributions for half pension benefits.
- Normal Retirement Date - Later of State Pension Age or age 65. Member also has the right to retire from age 55 (although benefits will normally suffer an actuarial reduction).
- Earliest Retirement Date – age 55 in cases of
 - Member initiated Early Retirement / Flexible Retirement / Redundancy / Efficiency of the Service.
- Ill Health Retirement – early payment of benefits (irrespective of age) if “permanently” incapable of continuing in the employment the member was engaged in due to medical reasons and is not immediately capable of undertaking any “gainful employment” in the future. Level of benefits based on a three tier system, depending on likelihood of being able to obtain “gainful employment”.
- Provision for an ongoing pension is provided for a spouse, registered civil partner, eligible cohabiting partner (subject to certain qualifying conditions) and/or any eligible children in the event of a member’s death.
- Lump Sum Death Grant - In the event of death in service, a lump sum death grant of three times actual annual pay is payable.
- Index Linking - Pensions are increased in accordance with annual review orders made under the Pension (Increase) Act 1971. The index currently used for this purpose is the Consumer Price Index (CPI).
- Additional Pension Benefits – In house facilities to increase potential benefits by:
 - paying additional monthly contributions to purchase additional pension to a maximum of £7,579 (2023/24 limit). From 1st April 2024 it will be £8,344 and is reviewed annually.
 - making additional voluntary contributions to Prudential’s in-house AVC arrangement to provide an additional pension benefit at retirement.

Freedom of Information Requests

SUMMARY OF FREEDOM OF INFORMATION REQUESTS RECEIVED OVER THE LAST FIVE YEARS

Subject	Number of Requests				
	2019/20	2020/21	2021/22	2022/23	2023/24
Alternative investments	12	13	10	9	8
Subject access request	2	1	1	2	1
Voting records	2	4	3	1	-
Investments in fossil fuels, climate change, tobacco and Russia	2	3	-	2	1
Assets held and transactions	3	2	4	4	-
Third party providers used	-	1	2	1	-
Investment management fees	-	1	-	-	-
Independent adjudicator	-	1	-	-	-
Brunel Pension Partnership	-	-	1	-	-
Committee papers	-	-	-	1	-
Amount of Council Tax spent on Pensions	-	-	-	1	-
	21	26	21	21	10

Rates and Adjustments Certificate –

In accordance with regulation 62 of the Regulations, the Actuary has made an assessment of the contributions that should be paid into the Fund by participating employers for the period 1st April 2023 to 31st March 2026 in order to maintain the solvency of the Fund.

The method and assumptions used to calculate the contributions set out in the Rates and Adjustments certificate are detailed in the Fund's Funding Strategy Statement dated March 2023 and the Actuary's report on the actuarial valuation.

This is an update to the Rates and Adjustments certificate previously published. The required minimum contribution rates are set out below.

Employer/Pool	Minimum Contributions for the Year Ending Total Contribution rate (%/£)		
	2023/24	2024/25	2025/26
Gloucestershire County Council & Schools Pool			
Gloucestershire County Council and Schools	26.4%	26.4%	26.4%
Stabilised			
Gloucester City Council	19.9% plus £3,214,000	19.9% plus £3,087,000	19.9% plus £2,959,000
Cheltenham B.C.**/**	20.1% plus £2,414,000	20.1% plus £2,212,000	20.1% plus £2,010,000
Cotswold D.C.*1	20.7% plus £1,491,000	20.7% plus £1,295,000	20.7% plus £1,099,000
Forest of Dean D.C.*/**	20.7% plus £1,828,000	20.7% plus £1,732,000	20.7% plus £1,636,000
Stroud D.C.**	20.0% plus £1,531,000	20.0% plus £1,531,000	20.0% plus £1,531,000
Tewkesbury B.C.	19.7% plus £1,170,000	19.7% plus £1,073,000	19.7% plus £977,000
Police and Crime Commissioner for Gloucestershire **	19.8%	19.3%	18.8%
Town and Parish Councils Pool			
Ashchurch Rural Parish Council	21.1%	21.1%	21.1%
Berkeley Town Council	21.1%	21.1%	21.1%
Bisley with Lypiatt Parish Council (Ceased 04.05.22)	-	-	-
Brockworth Parish Council	21.1%	21.1%	21.1%
Cainscross Parish Council	21.1%	21.1%	21.1%
Cam Parish Council	21.1%	21.1%	21.1%
Chalford Parish Council	21.1%	21.1%	21.1%
Charlton Kings Parish Council	21.1%	21.1%	21.1%
Churchdown Parish Council	21.1%	21.1%	21.1%
Cinderford Town Council	21.1%	21.1%	21.1%
Cirencester Town Council	21.1%	21.1%	21.1%

Employer/Pool	Minimum Contributions for the Year Ending Total Contribution rate (%/£)		
	2023/24	2024/25	2025/26
Coleford Town Council	21.1%	21.1%	21.1%
Dursley Town Council	21.1%	21.1%	21.1%
Hinton Parish Council	21.1%	21.1%	21.1%
Hucclecote Parish Council	21.1%	21.1%	21.1%
Lechlade Town Council	21.1%	21.1%	21.1%
Leonard Stanley Parish Council	21.1%	21.1%	21.1%
Lydney Town Council	21.1%	21.1%	21.1%
Moreton-in-Marsh Town Council	21.1%	21.1%	21.1%
Nailsworth Town Council	21.1%	21.1%	21.1%
Newent Town Council	21.1%	21.1%	21.1%
Northleach with Eastington Town Council	21.1%	21.1%	21.1%
Painswick Parish Council	21.1%	21.1%	21.1%
Pauntley Parish Council (Ceased 31.12.22)	-	-	-
Prestbury Parish Council	21.1%	21.1%	21.1%
Rodborough Parish Council	21.1%	21.1%	21.1%
Stroud Town Council	21.1%	21.1%	21.1%
Tetbury Town Council	21.1%	21.1%	21.1%
Tewkesbury Town Council	21.1%	21.1%	21.1%
Tidenham Parish Council	21.1%	21.1%	21.1%
West Dean Parish Council	21.1%	21.1%	21.1%
Wotton-under-Edge Town Council	21.1%	21.1%	21.1%
Colleges & University			
Cirencester Tertiary College	24.2%	23.6%	23.0%
Gloucestershire College	19.2% plus £213,000	19.2% plus £213,000	19.2% plus £213,000
Hartpury University	22.9% plus £98,000	22.9% plus £98,000	22.9% plus £98,000
University of Gloucestershire	22.1% plus £162,000	22.1% plus £162,000	22.1% plus £162,000
Other Scheduled Bodies			
Cheltenham Borough Homes Ltd. ***	19.7%	19.7%	
Cotswolds National Landscape	19.8%	19.8%	19.8%
Lower Severn Drainage Board	26.3% plus £33,000	26.3% plus £33,000	26.3% plus £33,000

Employer/Pool	Minimum Contributions for the Year Ending Total Contribution rate (%/£)		
	2023/24	2024/25	2025/26
Admitted Bodies			
Adoption West	15.9%	15.9%	15.9%
Alliance in Partnership (St. Peter's) (Ceased 31.08.23)	21.1%	-	-
Aspire Foundation	0%	0%	0%
Aspire Sports and Cultural Trust (Ceased 30.09.23)	0%	-	-
Atkins	16.2%	16.2%	16.2%
Barnardo's	22.8%	22.8%	22.8%
Barnardo's	13.4%	13.4%	13.4%
Brandon Trust	25.0%	25.0%	25.0%
Brayborne	23.4%	23.4%	23.4%
Cheltenham Trust	0%	0%	0%
Cotswold Archaeology Ltd.	40.0% plus £85,000	40.0% plus £85,000	40.0% plus £85,000
Gloucester City Homes Trust (Ceased 29.09.23)	24.0%	-	-
Gloucester City IT – Civica (Ceased 30.11.22)	-	-	-
Gloucester Community Building Collective	19.9%	19.9%	19.9%
Gloucestershire Health & Care NHS Foundation	24.1%	24.1%	24.1%
Gloucestershire Group Homes	32.8%	32.8%	32.8%
Places for People	16.3%	16.3%	16.3%
Prospects Services	0%	0%	0%
Ringway	20.5%	20.5%	20.5%
Sport Leisure Management (SLM) Ltd. (Ceased 31.07.23)	19.8%	-	-
Stroud Court Community Trust	31.3%	31.3%	31.3%
Stroud Subscription Rooms	19.3%	19.3%	19.3%
The Order of St. John Care Trust	24.4%	24.4%	24.4%
Tinies UK (Glos College)	0%	0%	0%
Two Rivers Housing	18.1%	18.1%	18.1%
Ubico - Cheltenham Waste	18.8%	18.8%	18.8%
Ubico - Cotswold Waste	18.1%	18.1%	18.1%
Ubico – Forest of Dean	19.2%	19.2%	19.2%
Ubico - Tewkesbury	19.8%	19.8%	19.8%
Wealden Leisure (Forest of Dean DC - Leisure)	0%	0%	0%

Employer/Pool Multi Academy Trusts	Minimum Contributions for the Year Ending Total Contribution rate (%/£)		
	2023/24	2024/25	2025/26
Academies Enterprise Trust			
Brockworth Primary School	24.3%	24.3%	24.3%
Offas Mead Primary	24.3%	24.3%	24.3%
The Ridge School	24.3%	24.3%	24.3%
Balcarras Trust			
Balcarras School	24.4%	24.4%	24.4%
Leckhampton High School	24.4%	24.4%	24.4%
Corinium Education Trust			
Chesterton Primary Academy	25.2%	25.2%	25.2%
Cirencester Deer Park	25.2%	25.2%	25.2%
Kemble Primary School	25.2%	25.2%	25.2%
Siddington CofE Primary Academy	25.2%	25.2%	25.2%
Cotswold Beacon Academy Trust			
Berkeley Primary Academy	25.7%	25.7%	25.7%
Cam Woodfield Junior Academy	25.7%	25.7%	25.7%
Marling School	25.7%	25.7%	25.7%
Diocese of Gloucestershire Academies Trust			
Bibury CofE Primary Academy	27.1%	27.1%	27.1%
Christ Church CofE Primary School	27.1%	27.1%	27.1%
Clearwater CofE Primary Academy	27.1%	27.1%	27.1%
Coaley CofE Primary Academy	27.1%	27.1%	27.1%
DGAT (Central Staff)	27.1%	27.1%	27.1%
Dursley CofE Primary Academy	27.1%	27.1%	27.1%
Field Court CofE Infant Academy	27.1%	27.1%	27.1%
Hardwicke Parochial Academy	27.1%	27.1%	27.1%
Lakefield Primary Academy	27.1%	27.1%	27.1%
Longney CofE Primary Academy	27.1%	27.1%	27.1%
Minchinhampton Primary Academy	27.1%	27.1%	27.1%
North Cerney CofE Primary Academy	27.1%	27.1%	27.1%
Primrose Hill CofE Primary Academy	27.1%	27.1%	27.1%
St. James CofE Primary Academy	27.1%	27.1%	27.1%
St. Johns CofE Academy	27.1%	27.1%	27.1%
St. Lawrence CofE Primary Academy	27.1%	27.1%	27.1%

Employer/Pool Multi Academy Trusts	Minimum Contributions for the Year Ending Total Contribution rate (%/£)		
	2023/24	2024/25	2025/26
Diocese of Gloucestershire Academies Trust			
St. Matthews CofE Primary	27.1%	27.1%	27.1%
Whiteshill Primary School	27.1%	27.1%	27.1%
Winchcombe Abbey CofE Primary Academy	27.1%	27.1%	27.1%
Gloucestershire Learning Alliance			
Bishops Cleeve Primary Academy	23.8%	23.8%	23.8%
Great Oldbury Primary Academy	23.8%	23.8%	23.8%
Longford Park Primary Academy	23.8%	23.8%	23.8%
Rowanfield Infant Academy	23.8%	23.8%	23.8%
Rowanfield Junior School	23.8%	23.8%	23.8%
Springbank Primary Academy	23.8%	23.8%	23.8%
Tredington Primary School	23.8%	23.8%	23.8%
Greenshaw Learning Trust Merged with Phoenix Learning Alliance on 01.11.23 ****			
Five Acres High School Academy	31.2%	27.7%	27.7%
Gloucester Academy	31.2%	27.7%	27.7%
Henley Bank High School	31.2%	27.7%	27.7%
Holmleigh Park High School	31.2%	27.7%	27.7%
Phoenix Learning Alliance Merged with Greenshaw Learning Trust on 01.11.23 ****			
Grange Primary Academy	23.6%	27.7%	27.7%
Huntsgrove Primary Academy	23.6%	27.7%	27.7%
Moat Primary Academy	23.6%	27.7%	27.7%
Phoenix Learning Alliance Central Staff	23.6%	27.7%	27.7%
Robinswood Primary School	23.6%	27.7%	27.7%
Waterwells Primary Academy	23.6%	27.7%	27.7%
Primary Quest Multi Academy Trust			
Hartpury CofE Primary School Academy	26.6%	26.6%	26.6%
Highnam CofE Primary	26.6%	26.6%	26.6%
Redmarley CofE Primary	26.6%	26.6%	26.6%
Staunton & Corse CofE Primary	26.6%	26.6%	26.6%

Employer/Pool Multi Academy Trusts	Minimum Contributions for the Year Ending Total Contribution rate (%/£)		
	2023/24	2024/25	2025/26
Sand Academies Trust			
Battledown School Academy	22.6%	22.6%	22.6%
Belmont Academy	22.6%	22.6%	22.6%
Paternoster School Academy	22.6%	22.6%	22.6%
Sand Academies Trust Central Staff	22.6%	22.6%	22.6%
The Milestone School Academy	22.6%	22.6%	22.6%
The Willow Primary Academy	22.6%	22.6%	22.6%
Severn Federation Academy Trust			
Aylburton CofE Primary Academy	26.5%	26.5%	26.5%
Bream CofE Primary Academy	26.5%	26.5%	26.5%
English Bicknor Primary Academy	26.5%	26.5%	26.5%
Lydney CofE Primary Academy	26.5%	26.5%	26.5%
Severnbanks Primary Academy	26.5%	26.5%	26.5%
SGS Academy Trust			
Berkeley UTC Academy	25.9%	25.9%	25.9%
Forest High School	25.9%	25.9%	25.9%
SGS (Central Staff)	25.9%	25.9%	25.9%
Forest of Dean Trust			
Dene Magna School	30.0%	30.0%	30.0%
Drybrook Primary School Academy	30.0%	30.0%	30.0%
The Athelstan Trust			
Sir William Romneys School	28.1%	28.1%	28.1%
The Dean Academy	28.1%	28.1%	28.1%
Academies			
Abbey View – CCT Learning	27.6%	27.6%	27.6%
All Saints Academy	23.4%	23.4%	23.4%
Blockley CofE Primary School	26.8%	26.8%	26.8%
Bourton on the Water	23.1%	23.1%	23.1%
Charlton Kings Infant	23.3%	23.3%	23.3%
Charlton Kings Junior	27.2%	27.2%	27.2%
Cheltenham Bournside	27.4%	27.4%	27.4%
Chipping Campden	27.2%	27.2%	27.2%
Chosen Hill School	28.3%	28.3%	28.3%

Employer/Pool Multi Academy Trusts	Minimum Contributions for the Year Ending Total Contribution rate (%/£)		
	2023/24	2024/25	2025/26
Academies			
Churchdown Secondary	32.1%	32.1%	32.1%
Churchdown Village Infants (Joined Gloucester Learning Alliance from 01.11.23 and commenced paying their contribution rate)	24.4%	24.4%	24.4%
Cirencester Kingshill	24.8%	24.8%	24.8%
Cleeve School	24.8%	24.8%	24.8%
Denmark Road High School	31.2%	31.2%	31.2%
Farmors	29.8%	29.8%	29.8%
Field Court Junior	24.1%	24.1%	24.1%
Forest View Primary (Joined Forest of Dean Trust from 01.04.24 and commenced paying their contribution rate)	30.3%	30.3%	30.3%
Gotherington	33.8%	33.8%	33.8%
Gretton Primary	29.4%	29.4%	29.4%
Katharine Lady Berkeleys	28.1%	28.1%	28.1%
Mitton Manor Primary School	26.1%	26.1%	26.1%
Newent Community School Academy	29.6%	29.6%	29.6%
Pate's Grammar School	27.3%	27.3%	27.3%
Ribston Hall High School	25.2%	25.2%	25.2%
Severn Vale	32.1%	32.1%	32.1%
Sir Thomas Rich's	28.3%	28.3%	28.3%
St. David's Primary School (Joined Diocese of Gloucestershire Academies Trust from 01.12.23 and commenced paying their contribution rate)	23.7%	23.7%	23.7%
St. Mary's Catholic Primary	23.7%	23.7%	23.7%
St. Peters High School and Sixth Form	28.3%	28.3%	28.3%
Stone with Woodford CofE Primary School	29.1%	29.1%	29.1%
Stroud High School	27.6%	27.6%	27.6%
Tewkesbury School (Cabot Learning Federation)	28.3%	28.3%	28.3%
The Cotswold School	24.8%	24.8%	24.8%
The Crypt School	22.8%	22.8%	22.8%
The Rosary Catholic Primary (Joined Little Way Catholic Education Trust from 01.01.24 and commenced paying their contribution rate)	25.7%	25.7%	25.7%
Thomas Keble	27.0%	27.0%	27.0%
Tredworth Infant School	24.6%	24.6%	24.6%

Employer/Pool Multi Academy Trusts	Minimum Contributions for the Year Ending Total Contribution rate (%/£)		
	2023/24	2024/25	2025/26
Academies			
Winchcombe Secondary (Joined The Balcarras Trust from 01.11.23 and commenced paying their contribution rate)	29.4%	29.4%	29.4%
Wydean School	30.8%	30.8%	30.8%
New employers since 1st April 2022			
Diocese of Gloucestershire Academies Trust			
Watermoor CofE Primary Academy (Joined 01.07.22)	27.1%	27.1%	27.1%
Amberley Parochial (Joined 01.06.23)	27.1%	27.1%	27.1%
St. Mary's (Tetbury) CofE Primary (Joined 01.06.23)	27.1%	27.1%	27.1%
North Cotswold Schools Federation Multi Academy Trust			
Cold Aston CofE Primary (Joined 01.10.22)	22.1%	22.1%	22.1%
Longborough CofE Primary (Joined 01.10.22)	22.1%	22.1%	22.1%
North Cotswold Schools Federation MAT Central Staff (Joined 01.10.22)	22.1%	22.1%	22.1%
St. James & Ebrington CofE Primary (Joined 01.10.22)	22.1%	22.1%	22.1%
Swell CofE Primary (Joined 01.10.22)	22.1%	22.1%	22.1%
Greenshaw Learning Trust****			
Greenshaw Central Staff (Joined 01.04.22)	31.2%	27.7%	27.7%
Widden Primary Academy (Joined 01.09.23)	31.2%	27.7%	27.7%
Severn Federation Academy Trust			
Severn Federation Central Staff (Joined 01.08.22)	26.5%	26.5%	26.5%
Newnham St. Peters CofE Primary (Joined 01.10.23)	26.5%	26.5%	26.5%
The Athelstan Trust			
Leighterton Primary (Joined 01.05.23)	18.6%	18.6%	18.6%
Avening Primary Academy (Joined 01.09.23)	18.6%	18.6%	18.6%
Primary Quest Multi Academy Trust			
Ann Cam Primary (Joined 01.04.23)	26.6%	26.6%	26.6%
Cotswold Beacon Academy Trust			
Callowell Primary (Joined 01.07.23)	25.7%	25.7%	25.7%
Cotswold Beacon Academy Trust Central Staff (Joined 01.11.23)	25.7%	25.7%	25.7%
Sand Academies Trust			
Sladewood Academy (Joined 01.09.23)	22.6%	22.6%	22.6%

Employer/Pool Multi Academy Trusts	Minimum Contributions for the Year Ending Total Contribution rate (%/£)		
	2023/24	2024/25	2025/26
The Little Way Catholic Educational Trust			
St. Catherine's Catholic Primary (Joined 01.01.24)	18.6%	18.6%	18.6%
St. Gregory's Catholic Primary (Joined 01.01.24)	18.6%	18.6%	18.6%
St. Joseph's Catholic Primary (Joined 01.01.24)	18.6%	18.6%	18.6%
St. Peter's Catholic Primary Academy (Joined 01.01.24)	18.6%	18.6%	18.6%
St. Thomas More Catholic Primary (Joined 01.01.24)	18.6%	18.6%	18.6%
Cabot Learning Federation			
Queen Margaret Primary Academy (Joined 01.02.24)	28.3%	28.3%	28.3%

*The rates for these Councils are inclusive of the Publica contracts.

** This employer has elected to pre-pay the monetary element of their contributions set out in this Rates and Adjustments Certificate. A discount has been applied to the pre-payment amount to reflect the early payment of contributions.

*** Cheltenham Borough Homes transferred back to Cheltenham Borough Council from 1st July 2024 and a revised contribution rate of 19.9% for Cheltenham Borough Council was certified from 1st July 2024 taking into account the pre-payment of contributions in April 2023. No further contributions are payable by Cheltenham Borough Homes.

**** Greenshaw Learning Trust merged with Phoenix Learning Alliance on 1st November 2023 and a contribution rate review was subsequently undertaken. From 1st April to 31st October 2023 academies in the Phoenix Learning Alliance paid a contribution rate of 23.6%. From 1st November to 31st March 2024 those academies adopted the same rate as those in the Greenshaw Learning Trust of 31.2%. Following the contribution rate review of the merged multi-academy trust, a new contribution rate of 27.7% was certified from the 1st April 2024.

FURTHER COMMENTS

Contributions expressed as a percentage of pensionable pay should be paid into the Fund at a frequency in accordance with the requirements of the Regulations.

Further sums should be paid to the Fund to meet the costs of any early retirements and/or augmentations using methods and factors issued by the Actuary from time to time or as otherwise agreed.

Payments may be required to be made to the Fund by employers to meet the capital costs of any ill-health retirements that exceed those allowed for within the Actuary's assumptions.

The certified contribution rates represent the minimum level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by the Fund actuary.

The monetary contributions set out in the certificate above can be prepaid in advance with appropriate adjustments for interest as and when agreed with the Administering Authority. Under these circumstances a revised Rates and Adjustments certificate may be issued reflecting any advance payments.

Glossary of Terms

ACCRUAL

An amount to cover income or spending that has not yet been paid but which belongs to that accounting period.

ACTUARY

An advisor on financial questions involving probabilities relating to mortality and other contingencies. Every three years the Scheme appointed actuary reviews the assets and the liabilities of the Fund and reports to the Strategic Finance Director (and Section 151 Officer) on the financial position. This is known as the triennial actuarial valuation.

ACTIVE INVESTMENT MANAGEMENT

A style of investment management where the fund manager aims to outperform a benchmark by superior asset allocation, market timing or stock selection (or by a combination of each).

ADMITTED BODY

An organisation that chooses and is allowed by the scheme to be admitted to the LGPS using an Admission Agreement in order to provide access to the scheme for some or all of its employees.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC'S)

Contributions over and above a member's normal contributions which the member elects to pay in order to secure additional benefits.

AUGMENTATION

This is when extra pension benefits can be bought for a pension scheme member. They are usually paid for by the employer.

BENCHMARK

A target or measure against which performance is to be judged, which is commonly used to assess the investment performance of a fund or portfolio.

BID/OFFER/MID PRICE

Bid – The price at which a Market-maker or dealer is prepared to buy securities or other assets.

Offer – The price at which a Market-maker or dealer is prepared to sell securities or other assets.

Mid – The average of the current bid and offer price.

BOND

Certificate of debt issued by a Government or company, promising regular payments on a specified date or range of dates, usually with final capital payment at redemption.

CONSUMER PRICE INDEX (CPI)

Measure of price inflation in the UK. Differs from the RPI in the range of goods and services included, and the way the index is constructed.

DEFERRED RETIREMENT BENEFIT

A retirement benefit that a member has accrued but is not yet entitled to receive.

DERIVATIVES

See definition on note N15, page 70.

EQUITIES

Share in the ownership of a company, giving the holder the right to receive distributed profits and to vote at annual general meetings of the company. A term used for ordinary shares.

EXCHANGE TRADED FUNDS (ETF'S/ET'S)

A fund that tracks a selection or 'basket' of related securities within a stock market index but can be traded on an exchange like a stock or share.

FAIR VALUE

A price deemed to accurately reflect the value of a security based on measurable valuation fundamentals. Considered to be an equitable valuation from the point of view of both buyer and seller.

FTSE

Indices maintained by the FTSE Group (an independent company originally set up by the Financial Times and the London Stock Exchange) which measures the performance of the shares listed on the London Stock Exchange.

FUNDING LEVEL

The relationship at a specified date between the actuarial value of assets and the actuarial liability. Normally expressed as a funding ratio or percentage. Used as a measure of the fund's ability to meet future liabilities

FUTURES CONTRACTS

A contract which binds two parties to complete a sale or purchase at a specified future date at a price which is fixed at the time the contract is effected. Futures contracts have standard terms. Margin (deposit) payments are required, and settlement dealt via a clearing house.

GILTS

A bond issued by the UK Government and so-called because certificates used to be gilt-edged.

GLOBAL CUSTODIAN

An organisation which is responsible for the safe-keeping of assets, income collection and settlement of trades, independent of the asset management function.

GUARANTEED MINIMUM PENSION (GMP)

The minimum pension which a salary related occupational pension scheme must provide in respect of contracted out contributions paid between April 1978 and 1997, as a condition of contracting out of the state-earnings related pension scheme (SERPS).

HEDGE

A means of protecting against financial loss, normally by taking an offsetting position in a related investment.

INDEX TRACKING

An investment process which aims to match the returns on a particular market index either by holding all the stocks in the particular index or, more commonly a mathematically calculated sample of stocks that will perform as closely as possible to the index.

INVESTMENT MANAGEMENT AGREEMENT

The document agreed between an investment manager and the Fund setting out the basis upon which the manager will manage a portfolio of investments for the Fund.

INVESTMENT STRATEGY

The Fund's long-term distribution of assets amongst various asset classes, taking into consideration, for example, the goals of the Pension Committee and their attitude to risk and timescale.

LEVERAGE

The use of borrowed money to over-invest a portfolio which magnifies both gains and losses. This may be achieved by derivative instruments. Also refers to the debt/equity ratio in a company's balance sheet.

MANAGED FUND

A pooled fund that invests across a wide range of asset classes. (See Pooled Investment Vehicle)..

MARKET VALUE

The price at which an asset might reasonably be expected to be sold in an open market.

MEMBERSHIP

Local authority employment during which time pension contributions were made or deemed to have been made providing entitlement to benefits under the scheme.

MSCI INDEX

Indices maintained and produced by Morgan Stanley Capital International that track equity markets throughout the world. MSCI indexes are weighted by market capitalisation and include various countries, regions and industries in both developed and emerging markets.

NET ASSET VALUE (NAV)

The value in a company or mutual fund, calculated by subtracting total debt from total assets and dividing the result by the number of shares or units in existence.

NOTIONAL VALUE

The value of a derivative's underlying assets.

OPEN ENDED INVESTMENT COMPANY (OEIC)

A pooled investment vehicle structured as a limited company. Investors can buy and sell shares on an on-going basis.

OPTIONS

The right but not the obligation to buy (call option) or sell (put option) a specific security at a specified price (the exercise or strike price), at or within a specified time (the expiry date). This right is obtained by payment of an amount (known as the premium) to the writer (seller) of the option and can be exercised whatever happens to the security's market price.

OVER THE COUNTER (OTC)

Any market which does not operate through a recognised exchange.

PENSIONABLE PAY

The earnings on which benefits and/or contributions are calculated under the scheme rules.

PERFORMANCE MEASUREMENT

Calculation of a fund's historic return on its investments.

PIRC

PIRC is an independent research and advisory consultancy providing services to institutional investors on corporate governance, corporate social responsibility and performance management.

POOLED INVESTMENT VEHICLE

A fund in which a number of investors pool their assets, which are managed on a collective basis. The assets of a pooled investment vehicle are denominated in units that are re-valued regularly to reflect the values of underlying assets. Vehicles include: open ended investment companies, real estate investment trusts and unit trusts.

PROJECTED UNIT METHOD

An accrued benefits funding method in which the actuarial liability makes allowance for projected pensionable pay. The primary contribution rate is that necessary to cover the cost of all benefits which will accrue in the control period following the valuation date by reference to pensionable pay projected to the dates on which benefits become payable.

QUOTED INVESTMENTS

Investments that have their prices quoted on a recognised stock exchange.

REALISED GAINS/(LOSSES)

Profit/(losses) on investments when they are sold at more/(less) than the purchase price.

RETAIL PRICE INDEX (RPI)

Measure of price inflation in the UK. The RPI measures the average change from month to month in the prices of goods and services purchased by most households in the UK.

RISK

The likelihood of a return different from that expected and the possible extent of the difference. It can also indicate the volatility of different assets.

SECURITIES

General name for stocks and shares of all types that can be traded freely on the open market.

SEGREGATED FUND

Where the assets of a particular fund are managed independently of those of other funds under the fund manager's control.

SPECIALIST MANAGEMENT

When an investment manager's mandate is restricted to a specific asset class or sector. The Pension Committee determines allocations to each asset class.

STRATEGIC ASSET ALLOCATION

The process of dividing investments between the main asset classes to meet the Fund's risk and return objectives.

TRANSFER PAYMENT

A payment made from one pension scheme to another pension scheme in lieu of benefits which have accrued to the member or members concerned, to enable the receiving pension scheme to provide alternative benefits.

TRANSFER VALUE

The amount of the transfer payment.

UNITISED INSURANCE POLICY

Investors are issued with a life policy representing title. Investors' 'holdings of units' represent a means of calculating the value of their policy. The life fund/company holds the pool of investments and is the owner of all the assets.

UNIT TRUST

Unit trusts are collective funds which allow private investors to pool their money in a single fund, thus spreading risk, getting the benefit of professional fund management and reducing dealing costs. Unit trust trading is based on market forces and their net asset value - that is the value of their underlying assets divided by the number of units in issue. The activities of unit trusts are regulated by the FCA.

UNIVERSE

Term sometimes used to describe the total number of funds in a performance survey.

UNLISTED SECURITIES

Stocks and shares not available for purchase or sale through the stock market.

UNQUOTED INVESTMENTS

Stocks that are not listed on an exchange and so have no publicly stated price.

VENTURE CAPITAL

Investment in a company that is at a relatively early stage of development and is not listed on a stock exchange. A venture capitalist raises money from investors to invest in such opportunities. These investments are typically risky but potentially very profitable.