



Cardiff & Vale of Glamorgan
Pension Fund



Draft Statement of Accounts 2022/23

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Narrative Report

Cardiff Council is the Administering Authority for the Cardiff and Vale of Glamorgan Pension Fund (the Fund) which is part of the national Local Government Pension Scheme (LGPS) for England & Wales. The LGPS is the statutory occupational pension scheme for all local government employees (except teachers) and the regulations are determined by the UK Government.

The Council's responsibilities as manager of the Fund are discharged through the Pensions Committee which has oversight of the Fund's strategies and policies. Operational management of the Fund has been delegated to the Corporate Director Resources. The Local Pension Board assists the Council to secure compliance with the LGPS regulations and the requirements of the Pensions Regulator and to ensure the effective and efficient administration of the scheme. The Pension Committee also continues to be assisted by the Investment Advisory Panel whose membership includes two independent advisors.

The membership of the Fund as at 31 March 23 was 44,229 with 17,660 contributing employees, 12,880 pensioners and 13,689 deferred members.

The value of the Pension Fund's Investment assets as at 31 March 2023 was £2,635 million a decrease of 2.1% compared with the 31 March 2022 valuation of £2,693 million. 2022 was a difficult year for Investment markets globally as market sentiment was impacted by the continuation of the war in Ukraine and increases in Central Bank interest rates in response to increases in inflation. Quarter 1 2023 has seen signs of improvement but as evidenced by recent events with global banks, the investment markets remain volatile. As the Fund only had a limited holding in UK Government Gilts and no Liability Driven Investments (LDI) there was no material impact on the Fund from the September 2022 "liquidity crisis" where falling Gilt prices saw some Pension Funds engage in asset sales to maintain liquidity levels in LDI assets.

The eight LGPS fund authorities in Wales continued to make progress during the year with the development of the Wales Pension Partnership (WPP). The focus during 2022/23 has been on the establishment of WPP Private Market sub-funds as well as the WPP Sustainable Active Equity sub-funds. Investment Fund Managers for the Private Credit, Infrastructure and Private Equity sub-funds have been announced and these should launch in 2023/24. The Sustainable Equity Fund is due to launch in June 2023.

At 31 March 2023 the value of the Fund's assets held in seven WPP sub-funds was 63% of the Fund's total value which increases to 86% of Fund value being pooled if the jointly procured BlackRock fund is included.

During February 2022 the WPP was informed by the Financial Reporting Council (FRC) that it had been successful in its application to remain a signatory to the UK 2020 Stewardship Code. This success demonstrates the commitment of the Welsh LGPS Funds, including this Fund, to Responsible Investment (RI), which will continue to be developed over future years. This Fund has started the work to consider setting its own "Net Zero" target which will continue into 2023/24.

In 2022/23 Aon the Fund Actuary, completed their tri-annual actuarial valuation of the Fund as at 31 March 2022. The results saw a small increase in the funding level to 98%, compared to 96% for the 2019 valuation but with additional prudence included in the 2022 valuation, including a provision for the high inflation presented by the September 2022 Consumer Price Index (CPI). The average Employers Contribution rate for the Fund as a whole was 19.2%, a decrease of 2.3% compared to the equivalent rate in 2019.

Christopher Lee
Corporate Director Resources

Actuarial Statement

Introduction

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Cardiff and Vale of Glamorgan Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

Actuarial Position

1. The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £2,698.9M) covering 98% of the liabilities.
2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 31 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2023	19.5%	0.932
2024	19.5%	0.962
2025	19.5%	0.994

3. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	4.5% p.a.
Discount rate for periods after leaving service	
Scheduled and subsumption body funding target *	4.5% p.a.
Ongoing orphan funding target	1.3% p.a.
Rate of pay increases	3.3% p.a.
Rate of increase to pension accounts **	2.3% p.a.
Rate of increases in pensions in payment ** (in excess of Guaranteed Minimum Pension)	2.3% p.a.

*The secure scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body. ** In addition, a 10% uplift has been applied to the past service liabilities on the scheduled body and subsumption funding target to make allowance for short-term inflation above the long-term assumption.*

In addition, the discount rate and rate of increases to pensions for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and the employer has exited the Fund) were assumed to be 1.7% p.a. and 3.4% p.a. respectively.

The assets were valued at market value.

5. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.5	24.6
Future pensioners aged 45 at the valuation date	23.1	25.7

Further details of the assumptions adopted for the valuation, including the other demographic assumptions, are set out in the actuarial valuation report.

6. The valuation results summarised in paragraphs 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.
7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 31 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, Cardiff Council, the Administering Authority of the Fund, in respect of this Statement.

9. The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:

<https://www.cardiffandvalepensionfund.org.uk/wp-content/uploads/Cardiff-2022-actuarial-valuation-report-FINAL.pdf>

Aon Solutions UK Limited

May 2023

Statement of Responsibilities for the Financial Statements

The Council's responsibilities

As administering authority of the Cardiff and Vale of Glamorgan Pension Fund, Cardiff Council 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. In 2022/23 that officer was Christopher Lee, Corporate Director Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

**Councillor Bablin Molik
Lord Mayor**

Date:

The Corporate Director Resources responsibilities

The Corporate Director Resources (who holds the statutory post of Section 151 Officer) is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

In preparing these financial statements, the Corporate Director Resources has:

- selected suitable accounting policies and then applied them consistently, except where policy changes have been noted in these accounts;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Corporate Director Resources has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Director Resources Certificate

The financial statements for the Cardiff and Vale of Glamorgan Pension Fund give a true and fair view of its income and expenditure for the financial year 2022/23 and financial position at 31 March 2023.



**Christopher Lee
Corporate Director Resources**

Date: 16- June -2023

The Independent Auditor's Report of the Auditor General for Wales to the Members of the County Council of the City and County of Cardiff as administering authority for Cardiff & Vale of Glamorgan Pension Fund

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Fund Account

2021/22		Note	2022/23
£000			£000
	Dealings with members, employers and others directly involved in the fund		
	Contributions		
(75,155)	From employers	8	(84,513)
(22,307)	From employees	8	(24,885)
0	Group transfers from other schemes or funds		0
(4,577)	Individual transfers from other schemes or funds		(4,364)
(2,603)	Other income (capitalised payments and interest on deficit funding)		(1,264)
(104,642)			(115,026)
	Benefits Payable		
72,694	Pensions	9	76,139
14,745	Lump sums, grants and other payments	9	18,303
	Payments to and on account of leavers		
135	Refunds of contributions		106
0	Group transfers to other schemes or funds		0
5,030	Individual transfers to other schemes or funds		5,416
92,604			99,964
(12,038)	Net (additions)/withdrawals from dealings with members of the Fund		(15,062)
8,295	Management expenses	10	6,586
(3,743)	Net (additions)/withdrawals including fund management expenses		(8,476)
	Returns on Investment		
(26,156)	Investment income	11	(42,484)
(150,846)	Change in market value of investments	12a	110,553
(177,002)	Net returns on investments		68,069
(180,745)	Net (increase)/decrease in the Fund during year		59,593
(2,518,137)	Opening net assets of the scheme		(2,698,882)
(2,698,882)	Closing net assets of the scheme		(2,639,289)

Net Assets Statement

2021/22		Note	2022/23
£000			£000
2,620,864	Investments at market value	12	2,547,762
72,253	Cash (including derivatives) and investment proceeds due	12	87,646
2,693,117	Total investments		2,635,408
74	UK & overseas tax		76
5,509	Contributions due from employers and deficit funding		3,369
327	Sundry debtors		809
1,153	Pension strain costs due within one year		1,772
7,063	Total current assets		6,026
68	Deficit funding (former employers)		491
1,296	Pension strain costs due after one year		0
1,364	Total non-current assets		491
(69)	Unpaid benefits		(591)
(1,478)	Sundry creditors		(905)
(217)	Provision - death grants	20	(490)
(1,764)	Total current liabilities		(1,986)
(898)	Provision - death grants	20	(650)
(898)	Total non-current liabilities		(650)
2,698,882	Net assets of the scheme		2,639,289

Notes to the Accounts

1. Description of Fund

The Cardiff and Vale of Glamorgan Pension Fund (the Fund) is part of the LGPS and is administered by Cardiff Council.

General

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

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

It is a contributory defined benefit pension scheme administered by Cardiff Council to provide pensions and other benefits for pensionable employees of Cardiff Council and Vale of Glamorgan Council, except for teachers who have a separate scheme. Employees of a range of other scheduled and admitted bodies within the area are also permitted to join the Fund. The Fund is overseen by the Pension Fund Committee, which is a committee of Cardiff Council.

Membership

Membership of the LGPS is automatic for all employees, who can then choose to remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Cardiff and Vale of Glamorgan Pension Fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the Fund
- Admitted bodies, which participate in the Fund by virtue of an admission agreement made 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.

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 ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2023. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. Currently, employer contribution rates range from 16.3% to 38.9% of pensionable pay with effect from 1st April 2023.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. A range of other benefits are also provided including early retirement, disability pensions and death benefits. For more details, please refer to the Cardiff and Vale of Glamorgan Pension Fund website <https://www.cardiffandvalepensionfund.org.uk/>

2. Basis of Preparation

The Statement of Accounts summarises the funds transactions for the 2022/23 financial year and its financial position at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

The accounts have been prepared on a going concern basis.

3. Significant Accounting Policies

Accounting standards that have been issued but not yet adopted

At the balance sheet date, no accounting standards issued but not yet adopted have been identified.

Income and Expenditure

Calls and distributions from private equity are recognised at the date of issue.

Income earned within some of the pooled investments is retained by the fund manager as part of the capital assets of the fund and reflected in the higher unit price. For all other pooled investments the income is reinvested as a purchase of additional units in the fund.

Investment management expenses are recognised in year and are not included in, or netted off from, the reported return on investment.

The Fund does not account for any benefits payable or receivable in respect of members wishing to transfer from one scheme to another until assets (either cash investments or other form) have been received by the receiving scheme.

All other income and expenditure have been accounted for on an accrual's basis, except the liability to pay pensions and benefits in the future, which has been separately disclosed within the notes to the accounts.

Acquisition costs of Investments

Acquisition costs are included with the original book cost at the time of purchase. At the year end, however, investments on the balance sheet are valued at market value. The difference is recorded in the Accounts as "Change in Market Value of Investments".

Valuation of Investments

Investments are included in the financial statements on a fair value basis as at the reporting date. The values of investments as shown in the net assets statement have been determined in accordance with the requirements of the Code and IFRS 13. Valuation methods employed by the fund are detailed within Note 14c.

Cash and Cash Equivalents

Cash is represented by cash in hand, the net balance on all of the Council's bank accounts. It includes deposits with financial institutions, including investment managers and the custodian, that are repayable

on notice of not more than 24 hours without significant penalty. It also includes investments maturing and interest received on the first working day of April.

Foreign Currency Transactions

Where investment valuations are received from fund managers in foreign currencies, they are converted at the Bank of England closing spot rate at the date of valuation.

Taxation

Taxation	Treatment
UK Income Tax	The fund is an exempt approved fund able to recover UK Income Tax.
UK Capital Gains Tax	No Capital Gains Tax is Chargeable.
Value Added Tax	Accounts are shown exclusive of VAT. As the Council is the administering Authority, VAT is recoverable on all Fund activities.
Overseas Withholding Tax	Foreign investment income usually suffers withholding tax in the country of origin, some of which may be recoverable. Irrecoverable tax is netted off against income.

4. Critical judgements in applying accounting policies

Unquoted private equity investments

These are inherently based on forward looking estimates and judgements valued by the investment managers using two main sets of valuation guidelines that apply to private equity; the Private Equity Valuation Guidelines (PEVG) in the US and the International Private Equity and Venture Capital Valuation Guidelines (IPEVCG) outside the US.

Pension fund liability

This is calculated in accordance with IAS19 every three years by the actuary, with an annual statement in the intervening years. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary.

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

The Statement of Accounts contains estimated figures based on assumptions made taking into account historical experience, current trends and other factors. As balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Actual present value of promised retirement benefits	Estimations of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries increase, changes in mortality rates and expected returns on pension fund assets. The actuary provides the fund with advice regarding the assumptions to be used.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. An increase in assumed earnings inflation or assumed life expectancy would increase the value of the liabilities.

Private Equity Valuations	Private equity investments are valued at fair value in accordance with international accounting standards. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £109 million. There is a risk that this investment may be under, or overstated in the accounts. Further information is provided on the sensitivity of these assets within the accounts.
Pooled Property Funds	Valuation techniques are used to determine the carrying amount of pooled property funds.	The total pooled property fund investments in the financial statements are £184 million. Changes in the valuation assumptions used, together with significant changes in rental growth could affect (increase or decrease) the fair value of property-based investments. Further information is provided on the sensitivity of these assets within the accounts.

6. Titles of Ownership

Evidences of ownership for the property unit trusts (excluding Blackrock which is held by The Northern Trust Company) and private equity holdings are held by Cardiff Council. All other evidences of ownership were held at 31 March 2023 by The Northern Trust Company for the benefit of the Council and the WPP. Statements of holdings have been provided by Northern Trust.

7. Membership

Fund membership at 31 March 2023 is as follows:

2021/22		2022/23
44	Contributing employers	40
44	Total contributing employers	40
16,876	Contributors	17,660
12,515	Pensioners	12,880
13,515	Deferred pensioners	13,689
42,906	Total membership	44,229

In addition to the above, there are also members who at year end were not yet categorised as to whether they would be deferring their pension, transferring it to another scheme or requesting a refund of their contributions and accordingly are not actively contributing to the Pension Fund. The number of members not yet categorised at 31 March 2023 was 9,215 (7,269 for March 2022).

8. Employing Bodies – Contributions

2022/23	No. of contributors at 31/03/2023	Employers	Deficit Funding Received	Total Employers	Employees	Total
		£000	£000	£000	£000	£000
Administering Body:						
Cardiff Council	10,808	(50,319)	0	(50,319)	(15,326)	(65,645)
Scheduled Bodies:						
Vale of Glamorgan Council	4,290	(17,284)	0	(17,284)	(5,077)	(22,361)
Town and Community Councils	60	(283)	0	(283)	(91)	(374)
Education Bodies	1,704	(8,205)	0	(8,205)	(3,097)	(11,302)
Other Scheduled Bodies	6	(44)	0	(44)	(15)	(59)
Admitted Bodies:						
Admitted Bodies	792	(5,276)	(3,102)	(8,378)	(1,279)	(9,657)
Total	17,660	(81,411)	(3,102)	(84,513)	(24,885)	(109,398)

2021/22	No. of contributors at 31/03/2022	Employers	Deficit Funding Received	Total Employers	Employees	Total
		£000	£000	£000	£000	£000
Administering Body:						
Cardiff Council	10,472	(45,067)	0	(45,067)	(13,617)	(58,684)
Scheduled Bodies:						
Vale of Glamorgan Council	4,052	(15,421)	0	(15,421)	(4,570)	(19,991)
Town and Community Councils	58	(247)	0	(247)	(76)	(323)
Education Bodies	1,476	(7,459)	0	(7,459)	(2,809)	(10,268)
Other Scheduled Bodies	6	(41)	0	(41)	(14)	(55)
Admitted Bodies:						
Admitted Bodies	812	(4,966)	(1,954)	(6,920)	(1,221)	(8,141)
Total	16,876	(73,201)	(1,954)	(75,155)	(22,307)	(97,462)

Additional deficit funding

There has been no further deficit funding agreed in 2022/23 in addition to that agreed in previous years (no additional deficit funding in 2021/22).

9. Employing Bodies - Benefits Payable

2022/23	Retirement Pensions	Lump Sums, Grants and Other Payments		
		Lump Sums on Retirement	Death Grants	Commutation Payments
	£000	£000	£000	£000
Administering Body:				
Cardiff Council	48,125	8,608	1,603	530
Scheduled Bodies:				
Vale of Glamorgan Council	15,009	3,781	1,487	145
Town and Community Councils	221	63	0	0
Education Bodies	3,808	913	159	94
Other Scheduled Bodies	2,639	12	0	0
Admitted Bodies:				
Admitted Bodies	6,337	818	89	1
Total	76,139	14,195	3,338	770

2021/22	Retirement Pensions	Lump Sums, Grants and Other Payments		
		Lump Sums on Retirement	Death Grants	Commutation Payments
	£000	£000	£000	£000
Administering Body:				
Cardiff Council	46,093	7,156	1,882	414
Scheduled Bodies:				
Vale of Glamorgan Council	14,149	2,326	348	119
Town and Community Councils	240	0	0	0
Education Bodies	3,522	613	308	23
Other Scheduled Bodies	2,633	128	47	0
Admitted Bodies:				
Admitted Bodies	6,057	1,175	154	52
Total	72,694	11,398	2,739	608

10. Management Expenses

2021/22		2022/23
£000		£000
1,730	Administration costs	1,370
73	Audit fees	43
1,803	Total administration costs	1,413
430	Equities *	0
199	WPP Credit Fund	171
139	WPP Emerging Markets Fund	124
661	WPP Global Growth Fund	758
529	WPP Global Opportunities Fund	424
241	WPP Government Bond Fund	222
124	WPP Multi Asset Credit Fund	108
155	WPP UK Equity Fund	150
944	Equity pooled fund *	53
179	Pooled property investments	1,473
2,354	Private equity **	1,172
5,955	Total management fees	4,655
272	Custody fees	321
6,227	Total investment management expenses	4,976
265	Oversight and governance costs	197
8,295	Total	6,586

*2022/23 reduction in equities and equities pooled fund due to transfers to WPP in 2021/22

**2021/22 Private equity includes third party fees totalling £0.739 million which should not have been included in this table but were included within adjustments feeding through Note 12a, the Change in Market Value. The equivalent value correctly excluded for 2022/23 was £0.337 million.

2021/22	WPP Management Expenses	2022/23
£000		£000
163	Fund manager fees	833
1,550	Transaction costs	1,124
335	Transition costs	0
231	Custody fees	297
2,279	Total WPP investment management expenses	2,254
135	Host authority costs	158
135	Total WPP oversight and governance costs	158
2,414	Total	2,412

Included in Management Expenses in the first table of this note is the cost of the Fund's involvement in the Wales Pension Partnership (WPP) collective investment pooling arrangement. These are further analysed in the table above. The Oversight and Governance costs are the annual running costs of the pool which are made up of the host authority costs including other external advisor costs. These costs are funded equally by all eight of the local authority pension funds in Wales. Fund Management Fees are payable to Link Fund Solutions (the WPP operator) and include the operator fee and other associated costs. These costs are based on each Fund's percentage share of WPP pooled assets and are deducted from the Net Asset Value (NAV). Underlying manager fees are not included in this table.

11. Investment Income

2021/22		2022/23
£000		£000
0	Private Equity Funds	(224)
(2,428)	Global Equities *	0
(22,148)	Pooled Investments *	(37,153)
(1,177)	Pooled Property Unit Trust Income	(3,027)
(200)	Interest on UK cash	(1,865)
(203)	Securities lending	(215)
(26,156)	Total	(42,484)

*Movement between categories during 2021/22 due to transition to WPP investments

Link Asset Services paid distributions in respect of the income earned since inception on all Wales Pension partnership sub-funds in which the Fund invests. This was automatically reinvested into the pooled funds to increase the market value of our holding. Income is only distributed when there is a sufficient amount to do so but will always be automatically reinvested after the deduction of any costs.

12. Investments at Market Value

2021/22		2022/23
£000		£000
216,400	WPP Credit Fund	198,116
115,003	WPP Emerging Markets	110,799
211,609	WPP Global Growth	209,723
530,428	WPP Global Opportunities	531,513
243,194	WPP Government Bond Fund	230,817
150,309	WPP Multi Asset Credit Fund	140,935
232,958	WPP UK Equity Fund	242,488
1,699,901	Total WPP pooled funds	1,664,391
616,030	Equity pooled	590,795
2,315,931	Total pooled funds (incl WPP)	2,255,186
201,606	Pooled property investments	183,538
103,327	Private equity	109,038
2,620,864	Subtotal	2,547,762
2,194	Fund manager's cash	5,115
70,059	Internal/custodian cash	82,531
0	Net investment proceeds due	0
72,253	Total cash	87,646
2,693,117	Total investment assets	2,635,408

12a. Reconciliation in movement in investments

2022/23	Value at 31/03/22	Purchase at cost	Sale proceeds	Change in market value	Value at 31/03/23
	£000	£000	£000	£000	£000
Pooled funds	2,315,931	37,152	0	(97,897)	2,255,186
Pooled property unit trusts	201,606	2,691	0	(20,759)	183,538
Private equity	103,327	15,038	(13,359)	4,032	109,038
Sub-total	2,620,864	54,881	(13,359)	(114,624)	2,547,762
Managers' cash	2,194				5,115
Internal/custodian cash	70,059				82,531
Debtors	0				0
Total cash	72,253				87,646
Sub-total	2,693,117			(114,624)	2,635,408
Net realised movement in cash				4,071	
Total	2,693,117			(110,553)	2,635,408

2021/22	Value at 31/03/21	Purchase at cost	Sale proceeds	Change in market value	Value at 31/03/22
	£000	£000	£000	£000	£000
Equities	238,549	2,242	(249,929)	9,138	0
Pooled funds	1,968,796	1,159,234	(892,119)	80,020	2,315,931
Pooled property unit trusts	166,559	904	0	34,143	201,606
Private equity	90,669	8,971	(24,436)	28,122	103,327
Sub-total	2,464,573	1,171,351	(1,166,484)	151,423	2,620,864
Managers' cash	5,372				2,194
Internal/custodian cash	39,563				70,059
Debtors	567				0
Total cash	45,502				72,253
Sub-total	2,510,075			151,423	2,693,117
Net realised movement in cash				(577)	
Total	2,510,075			150,846	2,693,117

13. Summary of manager's portfolio values

2021/22		Fund Manager	2022/23	
£000	% of Fund		£000	% of Fund
616,030	22.9	Blackrock Investment Management	590,795	22.4
1,699,901	63.1	Wales Pension Partnership (WPP)	1,664,391	63.2
65,292	2.4	CBRE - Global Property	70,052	2.7
30,711	1.1	Blackrock - BPF - UK Property	25,921	1.0
34,922	1.3	Schroder UK Real Estate	29,270	1.1
39,249	1.5	Standard Life Property	31,429	1.2
31,433	1.2	UBS Triton Property Fund	26,866	1.0
21,908	0.8	Capital Dynamics	20,559	0.8
34,499	1.3	Harbourvest	33,278	1.3
46,920	1.7	Pantheon	55,201	2.1
5,088	0.2	Cash with custodian	5,115	0.2
67,164	2.5	Internally managed (Cash)	82,531	3.0
2,693,117	100.0	Total	2,635,408	100.00

13a. Investments exceeding 5% of net assets

The following investments represent more than 5% of the net assets available to pay benefits (in either 2021/22, 2022/23 or both years).

2021/22		Fund Manager	2022/23	
£000	% of net assets		£000	% of net assets
616,030	22.8	BlackRock Low Carbon Tracker Fund	590,795	22.4
216,400	8.0	WPP Credit Fund	198,116	7.5
211,609	7.8	WPP Global Growth	209,723	7.9
530,428	19.7	WPP Global Opportunities	531,513	20.1
243,194	9.0	WPP Government Bond Fund	230,817	8.7
150,309	5.6	WPP Multi Asset Credit Fund	140,935	5.3
232,958	8.6	WPP UK Opportunities	242,488	9.2

14. Financial Instruments

14a. Classification of financial instruments

Value at 31/03/22				Value at 31/03/23		
Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs		Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs
£000	£000	£000		£000	£000	£000
2,315,931	0	0	Pooled funds	2,255,186	0	0
201,606	0	0	Pooled property trusts	183,538	0	0
103,327	0	0	Private equity	109,038	0	0
0	0	0	Derivatives	0	0	0
0	72,253	0	Cash	0	87,646	0
0	8,427	0	Debtors	0	6,517	0
2,620,864	80,680	0	Total financial assets	2,547,762	94,163	0
0	0	(1,547)	Creditors	0	0	(1,496)
0	0	(1,547)	Total financial liabilities	0	0	(1,496)
2,620,864	80,680	(1,547)	Net financial assets	2,547,762	94,163	(1,496)

Value at 31/03/22				Value at 31/03/23		
Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs		Fair value through profit and loss	Amortised Cost	Financial liabilities at amortised costs
£000	£000	£000		£000	£000	£000
2,315,931	0	0	Pooled funds	2,255,186	0	0
201,606	0	0	Pooled property trusts	183,538	0	0
103,327	0	0	Private equity	109,038	0	0
0	0	0	Derivatives	0	0	0
0	72,253	0	Cash	0	87,646	0
0	8,427	0	Debtors	0	6,517	0
2,620,864	80,680	0	Total financial assets	2,547,762	94,163	0
0	0	(1,547)	Creditors	0	0	(1,496)
0	0	(1,547)	Total financial liabilities	0	0	(1,496)
2,620,864	80,680	(1,547)	Net financial assets	2,547,762	94,163	(1,496)

14b. Net gains and losses on financial instruments

31/03/22		31/03/23
£000		£000
150,233	Fair value through profit and loss	(110,604)
150,233	Total financial assets	(110,604)
613	Amortised cost	51
613	Total financial liabilities	51
150,846	Net financial assets	(110,553)

14c. Fair Value – Basis of Valuation

Investment	Valuation Method	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Level 1 Quoted prices for similar instruments.			
Quoted Bonds (Fixed Interest Securities)	Market value based on current yields	Not required	Not required
Market Quoted Investments	Published bid market price at close of business on the final working day of the accounting period	Not required	Not required
Cash and cash equivalents	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Level 2 Traded in a market which is not considered to be active, or where valuation techniques are used to determine fair value which use inputs that are based significantly on observable market data.			
Pooled Investments - Quoted Equity	Closing bid price where bid and offer prices are published. Closing single price where single price published	Net Asset Value (NAV) based pricing set on a forward pricing basis	Not required
Level 3 Inputs not based on observable market data			
Private Equity Funds	Valuations provided by the general partners to the private equity funds in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability and control premium	Valuations may be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date (although updated to reflect calls/distributions made during this period), changes to expected cash flows and any differences between unaudited and audited accounts
Pooled Investments - Property Funds	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	Valuations may be affected by post balance sheet events, changes to expected cash flows and any differences between unaudited and audited accounts

14d. Fair Value Hierarchy

As detailed above, investments have been classified into three levels according to the quality and reliability of the information used to determine fair values. The following table provides an analysis of the assets and liabilities of the pension fund based on the level at which the fair value is observable.

Value at 31/03/23	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets at fair value	0	2,255,186	292,576	2,547,762
Amortised Cost	94,163	0	0	94,163
Total financial assets	94,163	2,255,186	292,576	2,641,925
Financial liabilities at amortised cost	(1,496)	0	0	(1,496)
Total financial liabilities	(1,496)	0	0	(1,496)
Net financial assets	92,667	2,255,186	292,576	2,640,429

Value at 31/03/22	Quoted market price	Using observable inputs	With significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	£000	£000	£000	£000
Financial assets at fair value	0	2,315,931	304,933	2,620,864
Loans and receivables	80,680	0	0	80,680
Total financial assets	80,680	2,315,931	304,933	2,701,544
Financial liabilities at amortised cost	(1,547)	0	0	(1,547)
Total financial liabilities	(1,547)	0	0	(1,547)
Net financial assets	79,133	2,315,931	304,933	2,699,997

Reconciliation of fair value measurements within Level 3

2022/23	Market Value at 31/03/22	Transfers into level 3	Transfers out of level 3	Purchases	Sales	Unrealised gains/(losses)	Realised gains/(losses)	Market Value at 31/03/23
	£000	£000	£000	£000	£000	£000	£000	£000
Private equity	103,327	0	0	15,038	(13,359)	4,032	0	109,038
Pooled property unit trusts	201,606	0	0	2,691	0	(20,759)	0	183,538
Total	304,933	0	0	17,729	(13,359)	(16,727)	0	292,576

14e. Sensitivity of Assets Valued at Level 3

Having analysed historical data, current market trends, and consulted with independent investment advisors (Pensions and Investments Research Consultants Ltd (PIRC)), the fund has determined that the valuations methods described above for Level 3 investments are likely to be accurate to within the following ranges, and has set out the consequential impact below:

	Assessed valuation range	Value at 31/03/23	Value on increase	Value on decrease
	(%)	£000	£000	£000
Private Equity	10.8	109,038	120,814	97,262
Pooled Property Trusts	4.9	183,538	192,531	174,545
Total		292,576	313,345	271,807

15. Nature and extent of risks arising from financial instruments

The Fund maintains positions in a variety of instruments, as dictated by the Investment Strategy Statement (ISS), and is consequently exposed to credit and liquidity risk, as well as market risk including foreign exchange and interest rate risks.

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities and will be unable to pay the promised benefits to members. The aim of investment risk management is to minimise the risk of an overall reduction in 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 and credit risk to an acceptable level. In addition, the fund managers monitor its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows.

The management of risk is a key objective of the Pension Fund. A policy of diversification of its asset classes and investment managers helps the Pension Fund to lower risk arising from financial instruments. Benchmarks for asset allocation and targets against which investment managers are expected to perform are further measures which are put in place in order to manage risk.

Market risk is the risk that the fair value or future cash flows of an institution will fluctuate because of a change in market price.

In order to manage risk, the Fund invests in a diversified pool of assets, split between a number of managers with different performance targets and investment strategies. In order to mitigate risk, the Fund regularly reviews the pension fund investment strategy together with regular monitoring of asset allocation and investment performance.

Interest rate risk is the risk to which the Pension Fund is exposed to fluctuations in interest rates and mainly relates to changes in bonds.

To mitigate the risk and diversify, the Fund holds three fixed income sub funds managed by WPP.

Interest Rates can vary and can affect both income to the fund and the value of the net assets available to pay benefits. The analysis below shows the effect of a 100 basis point (1%) movement in interest rates on the net assets available to pay benefits:

Asset Type	Carrying Amount as at 31/03/23	Change to the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash and cash equivalents	87,646	876	(876)
Total	87,646	876	(876)

Asset Type	Carrying Amount as at 31/03/22	Change to the net assets available to pay benefits	
		+ 100bps	- 100bps
	£000	£000	£000
Cash and cash equivalents	72,253	723	(723)
Total	72,253	723	(723)

Currency risk is the risk to which the Pension Fund is exposed to fluctuations in foreign currency exchange rates. Fund managers will also take account of currency risk in their investment decisions.

Following analysis of historical data and consulted with independent investment advisors Pensions and Investments Research Consultants Ltd (PIRC), the fund's aggregate currency change has been calculated as 6.30%. An 6.30% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure – asset type	Asset Value as at 31/03/23	Change to net assets available to pay benefits	
		+ 6.30%	- 6.30%
	£000	£000	£000
Overseas pooled funds *	2,012,698	126,800	(126,800)
Overseas pooled property	70,052	4,413	(4,413)
Total change in assets available	2,082,750	131,213	(131,213)

Currency exposure – asset type	Asset Value as at 31/03/22	Change to net assets available to pay benefits	
		+ 7.30%	- 7.30%
	£000	£000	£000
Overseas pooled funds *	1,473,070	107,534	(107,534)
Overseas pooled property	65,292	4,766	(4,766)
Total change in assets available	1,538,362	112,300	(112,300)

*Changes due to transition to WPP in 2021/22 resulted in reclassification of investments

Price risk is the risk of losses associated with the movement in prices of the underlying assets. By diversifying investments across asset classes and managers, the Pension Fund aims to reduce the exposure to price risk. Diversification of asset classes seeks to reduce correlation of price movements, whilst employing specialist managers enables the Fund to benefit from investment expertise.

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities are consistent with movement in the change in value of assets over the last three years, applied to the period end asset mix. The total volatility shown below for total assets incorporates

the impact of correlation across currencies, which dampens volatility, therefore the value on increase and value on decrease figures for the currencies will not sum to the total figure.

Asset type	Value at 31/03/23	Percentage change	Value on increase	Value on Decrease
	£000	%	£000	£000
UK Equities	242,488	15.00	278,861	206,115
Global Equities	1,332,031	12.70	1,501,199	1,162,863
Emerging Market Equities	110,799	15.30	127,751	93,847
Fixed Interest	569,868	6.20	605,200	534,536
Cash and Cash Equivalents	87,646	1.30	88,785	86,507
Private Equity	109,038	13.10	123,322	94,754
Property	183,538	7.10	196,569	170,507
Total Assets	2,635,408		2,921,687	2,349,129

Asset type *	Value at 31/03/22	Percentage change	Value on increase	Value on Decrease
	£000	%	£000	£000
UK Equities	232,958	18.30	275,589	190,327
Global Equities	1,358,067	14.90	1,560,419	1,155,715
Emerging Market Equities	115,003	14.90	132,138	97,868
Fixed Interest	609,903	14.90	700,779	519,027
Cash and Cash Equivalents	72,253	1.30	73,192	71,314
Private Equity	103,327	10.80	114,486	92,168
Property	201,606	4.90	211,485	191,727
Total Assets	2,693,117		3,068,088	2,318,146

*2021/22 figures have been restated in line with 2022/23 presentation, providing a more detailed breakdown.

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The Fund reviews its exposure to credit and counterparty risk through its external investment managers. The Fund is also exposed to credit risk through its securities lending programme run by the Fund's custodian, Northern Trust who manages and monitors the counterparty risk, collateral risk and the overall lending programme.

The Pension Fund's bank account is held with NatWest. Surplus cash is placed with a selection of AAA Money Market institutions. The Fund's internally managed cash holding under its treasury management arrangements is held with the following institutions:

	Fitch Rating	31/03/22	31/03/23
		£000	£000
Money market funds			
Aberdeen Standard Liquidity - Sterling Fund	AAA	20,350	31,428
Blackrock ICS Sterling Liquidity Fund	AAA	22,830	29,270
Deutsche Global Liquidity - Sterling Fund	AAA	21,840	26,866
Bank current account			
NatWest	A	2,144	29,854
Total		67,164	117,418

The Pension Fund has experienced no defaults from fund managers, brokers or bank accounts over the past ten years, therefore no expected credit loss provision is required.

Liquidity risk represents the possibility that the Fund may not have resources available to meet its financial obligations. The current position of the Fund is that it is cash positive, which reflects the fact that contributions into the Fund exceed benefits being paid out. The Fund's cash is kept in a separate bank account and the cash position is monitored on a daily basis. Surplus funds are deposited in money market funds on a short term basis. At an investment level, the Funds' investments are substantially made up of listed securities which are considered readily realisable.

16. Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice requires the disclosure of the actuarial present value of promised retirement benefits calculated on an IAS 19 basis, as set out in IAS 26.

Therefore, in addition to the triennial funding valuation, the Fund's actuary undertakes a valuation of the pension fund liabilities on an IAS 19 basis at the same date. The IAS 19 valuation is carried out using updated actuarial assumptions from those used for setting fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

The most recent actuarial valuation based on IAS 19 is shown below:

31/03/2019		31/03/2022
£000		£000
3,168	Actuarial Present Value of Promised Retirement Benefits	3,894
2,178	Fair value of net assets	2,699

The estimated future Pension Fund liabilities will also be subject to the consideration of the McCloud judgement and GMP equalisation. The impact has been considered by the actuary within the 2022 triennial valuation (see Actuarial Statement on pages 3-6 of this document).

17. Additional Voluntary Contributions (AVC)

Scheme members may elect to make additional voluntary contributions to enhance their pension benefits. Contributions are made directly from scheme members to the AVC provider and are therefore not represented in these accounts in accordance with section 4(2)b of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093). However, as the administering authority, we oversee the following AVC arrangements:

2021/22		2022/23
£000		£000
643	AVC paid in by members during the year	*
6,003	Market Value of separately invested AVC's	*

**Information has not been received from all the Fund's AVC providers, but the Fund has been informed that this information will be provided prior to completion of the audited accounts.*

18. Contractual Commitments

As of 31 March 2023 the Fund had outstanding private equity commitments of a maximum of £65.536 million (£78.086 million at 31 March 2022) and a new commitment of £10 million for WPP Clean Energy Infrastructure.

19. Securities Lending

At the year end the value of quoted equities on loan was £89.982 million (£94.992 million at 31 March 2022). In 2022/23 the Fund received income of £215,000 from the lending of stock (£203,000 in 2021/22).

20. Provisions and Contingent Liabilities

A number of death grants have been identified where the Fund has been unable to trace the next of kin meaning no payment has been made to date. In all the outstanding cases, there has been difficulty in making contact, meaning that the payments are not likely to be settled within the next financial year. Due to the uncertainty surrounding the timing of these payments and final amounts payable, a provision for £1.140 million has been included in the accounts (£1.115 million in 2021/22), which consists of £490,000 short term (£217,000 in 2021/22), £508,000 long term and £142,000 of estimated interest (£742,000 long term and £156,000 of estimated interest in 2021/22).

The Guaranteed Minimum Pension (GMP) reconciliation is the process used to ensure the scheme records agree with those of the National Insurance Contribution Office (NICO, part of HMRC). This enables a scheme to consider its data as clean and entirely reliable. GMP rectification involves calculating and correcting data (and for pensioners, benefits in payment) for those members where the GMP reconciliation process resulted in a change in the GMP held by the scheme administrator. The GMP reconciliation is currently being progressed and the Fund has appointed Mercer to carry out this exercise, we are therefore unable to provide a reliable estimate of the liability at present.

21. Related Party Transactions

Cardiff Council is the administering authority for Cardiff & Vale of Glamorgan Pension Fund. The Pensions Committee includes members of the Council. At 31 March 2023 there was one member of the Pension Fund Committee that was an active member of the Pension Fund. Each member of the pension fund committee is required to declare their interests at each meeting. No other declarations were made during the year.

Examples of related party transactions with the Council are:

- The Council is the largest employer of members of the pension fund. All monies owing to and due from the fund are generally paid in year with the following balances outstanding at year end
- Intercompany cash balance £776 owed to Cardiff and Vale of Glamorgan Pension Fund included in Note 12 Internal/custodian cash (2021/22 £1.928 million owed to Cardiff Council)
 - Pension strain of £2.231 million included in the Fund Account - Other Income (2021/22 £2.331 million)
- Cash invested internally by the Council (for working capital purposes) – see Note 13 Summary of manager's portfolio values – Internally managed (Cash) £82.530 million (2021/22 £67.164 million), earning interest of £1.686 million (2021/22 £0.020 million)

- Administration expenses charged to the Fund by the Council are included in Note 10 Management Expenses. During the reporting period, the council incurred costs of £1.053 million (2021/22 £0.950 million) in relation to the administration and management of the fund and was reimbursed by the fund for these expenses.
- Paragraph 3.9.4.4 of the Code of Practice exempts Local Authorities from the key management personnel disclosure requirements of IAS24 on the basis that requirements for officer remuneration and members' allowances are detailed in section 3.4 of the Code. Total remuneration for Chris Lee Corporate Director of Resources can be found in the Cardiff Council Statement of Accounts Remuneration Note.
- The Cardiff and Vale of Glamorgan Pension Fund have invested £1,664 million in funds within WPP. The Cabinet Member for Finance, Modernisation & Performance represents the Fund on the WPP Joint Governance Committee by virtue of being Chair of the Cardiff and Vale of Glamorgan Pension Committee.

In addition to the related parties, the Pensions Board provide advisory support to the Pensions Committee. Three members of the Pension Fund Committee are also members of the advisory Investment Panel alongside two independent advisors who are not members of the Cardiff and Vale of Glamorgan Pension Fund or receiving pensions benefits from it. The Pensions Board includes representatives from participating employers and employees including two officers from Cardiff Council. Four members of the Pension Fund Board are active members of the Pension Fund and one member on the Pension Fund Board is in receipt of pension fund benefits from the Cardiff and Vale of Glamorgan Pension Fund.

22. Contributing Employers

The active contributing employers as at 31 March 2023, highlighting changes since 31 March 2022 are detailed below:

Administering Body	
Cardiff Council	
Scheduled Bodies	
Councils	Town and Community Councils
Vale of Glamorgan Council	Barry Town Council
Education Bodies	Cowbridge Town Council
Cardiff And Vale College	Lisvane Community Council
Cardiff Metropolitan University	Llantwit Major Council
St David's Sixth Form College	Penarth Town Council
Stanwell Comprehensive	Penllyn Community Council
Other Scheduled Bodies	Pentyrch Community Council
Cardiff Bus	Peterston Super Ely Community Council**
	Radyr & Morganstown Community Council
	St Fagans Community Council
	Wenvoe Community Council*
Admitted Bodies	
A and R Cleaning Lansdowne	Glen Cleaning (Barry Comprehensive)
A and R Cleaning Whitchurch	Glen Cleaning (Eastern High)*
Adult Learning Wales	Glen Cleaning (Llandough)*
Big Fresh Cleaning	Greenwich Leisure Limited (GLL)
Cardiff Business Technology Centre	Grangetown Primary Cleaning (APP)
Cardiff University	Legacy Leisure**
Careers Wales (Cardiff And Vale)	Mirus Wales
Children In Wales	National Trust (Dyffryn)*
Circle IT (Cowbridge Comprehensive)*	New Theatre
Circle IT (Eastern High)*	One Voice Wales
Clever Chefs AQS	Play Wales
Colegau Cymru - Colleges Wales	Sports Council for Wales
Design Commission For Wales	St Teilo's Cleaning (APP)
Ecommercial*	Wales Council For Voluntary Action
Eisteddfod Genedlaethol Cymru	

* Employers contributing to the Fund in 2021/22 that were not contributing to the Fund in 2022/23.

** Employers contributing to the Fund in 2022/23 that were not contributing to the Fund in 2021/22.

23. Events after the Reporting Period

There are no events after the reporting period to report.

24. Date of Authorisation of the Accounts for Issue

This Statement of Accounts was authorised for issue on XXXX by the Corporate Director Resources. Post balance sheet events have been considered up to this date.

Glossary

Knowledge of basic accountancy terminology is assumed. However, there are certain specialist terms related to local government finance, pensions and investments, which are described below:

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Active / Passive Management

Active management is the traditional form of investment management involving a series of individual investment decisions that seek to maximise returns by exploiting price inefficiencies i.e. 'beat the market'. Passive management is a low cost alternative where managers normally hold stocks in line with a published index, such as the FTSE All-Share, not seeking to outperform but to keep pace with the index being tracked.

Actuary

An independent consultant who advises on the long-term viability of the Fund. Every three years the Fund actuaries review the assets and liabilities of the Fund and report to the Council on the financial position and recommended employer contribution rates. This is known as the actuarial valuation.

Actuarial Gains and Losses

For a defined benefit pensions scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation, or the actuarial assumptions have changed.

Active Member

Current employee who is contributing to a pension scheme.

Admitted Body

An organisation, whose staff can become members of the Fund by virtue of an admission agreement made between the Council and the organisation. It enables contractors who take on the Council's services with employees transferring, to offer those staff continued membership of the Fund.

Asset Allocation

Apportionment of investment funds among categories of assets, such as Bonds, Equities, Cash, Property, Derivatives, and Private Equity. Asset allocation affects both risk and return.

Benchmark

A measure against which the investment policy or performance of an investment manager can be compared.

Bonds

Investments, mainly in government stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange in the meantime.

Cash and Cash Equivalents

Sums of money available for immediate use and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Chartered Institute of Public Finance & Accountancy (CIPFA)

CIPFA is the leading professional accountancy body which determines accounting standards and reporting standards to be followed by Local Government.

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

Creditors

Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Custodian

Bank or other financial institution that keeps custody of stock certificates and other assets of a client, collects dividends and tax refunds due, and settles any purchases and sales.

Debtors

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

Deferred Pensioner

A member who has stopped paying into the scheme but is not yet retired.

Defined Benefit Scheme (Pensions)

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme (Pensions)

A Defined Contribution Scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Emerging Markets

Relatively new and immature stock markets for equities or bonds. Settlement and liquidity can be less reliable than in the more established 'developed' markets, and they tend to be more volatile.

Employer Contribution Rates

The percentage of the salary of employees that employers pay as a contribution towards the employees' pension.

Equities

Ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and may normally vote at shareholders' meetings.

Fair Value

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial Assets

Financial assets are cash, equity instruments within another entity (e.g. shares) or a contractual right to receive cash or another asset from another entity (e.g. debtors) or exchange financial assets or financial liabilities under potentially favourable conditions (e.g. derivatives).

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Liabilities

Financial liabilities are contractual obligations to deliver cash or another financial asset (e.g. creditors) or exchange financial assets or financial liabilities under potentially unfavourable conditions (e.g. derivatives).

Fixed Interest Securities/Bonds

Investments, especially in government stocks, with a guaranteed rate of interest. Conventional bonds have fixed rates, whilst Index Linked vary with inflation. They represent loans repayable at a stated future date, and which can be traded on a stock exchange in the meantime.

Fund Manager

A fund that handles investments on behalf of the pension fund according to an agreed investment mandate.

Fund of Funds

A pooled fund that invests in other pooled funds. They are able to move money between the best funds in the industry, and thereby aim to lower stakeholder risk with greater diversification than is offered by a single fund.

Impairment

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in an asset's market value.

Index

A calculation of the average price of shares, bonds, or other assets in a specified market to provide an indication of the average performance and general trends in the market.

ISS

The Investment Strategy Statement which each LGPS fund is required to prepare and keep under review.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

LGPS

The Local Government Pension Scheme, governed by regulations issued by the Department for Communities and Local Government.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

Pension Fund

A fund built up from deductions from employees' pay, contributions from employers and investment income from which pension benefits are paid.

Pensioner

A scheme member who received a pension from the Fund.

Pooled Funds

Pooled investment vehicles issue units to a range of investors. Unit's prices move in response to changes in the value of the underlying portfolio, and investors do not own directly the assets in the fund. The main types are: unit trusts, open-ended investment companies (OEICs), insurance linked vehicles and investment trusts.

Portfolio

A collective term for all the investments held in a fund, market or sector. A segregated portfolio is a portfolio of investments of a specific type held directly in the name of the investor e.g. Global Bonds, or a specific market e.g. UK Equities, Far East Equities.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Private Equity

Investments made by specialist managers in all types of unlisted companies rather than through publicly tradable shares.

Provisions

Amounts set aside in respect of liabilities or losses which are likely or certain to be incurred, but in relation to which the exact amount and date of settlement may be uncertain.

Related Parties

Related parties are Central Government, other local authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Return

The total gain from holding an investment, including both income and any increase or decrease in market value. Returns over periods longer than a year are usually expressed as an average annual return.

Scheme Employers

Local authorities and bodies specified in the LGPS Regulations, whose employees are entitled automatically to be members of the Fund, and Admission Bodies including voluntary, charitable and similar bodies, carrying out work of a public nature, whose staff can become members of the Fund by virtue of an admission agreement with the Council.

Scheduled Body

An organisation that has the right to become a member the Local Government Pension Scheme under the scheme regulations. Such an organisation does not need to be admitted, as its right to membership is automatic.

Unit Trust

A collective investment fund that is priced, bought and sold in units that represent a mixture of the securities underlying the fund.

Unrealised Gains / Losses

The increase or decrease in the market value of investments held by the fund since the date of their purchase. Note: values throughout these accounts are presented rounded to whole numbers.