B&CE Staff Pension Scheme

Annual Report and Financial Statements for the year ended 31 December

2023

Pension scheme registry number: 10000821

Profit for people

Contents

Trustees and advisers

Chair	Alan Pickering, CBE
Trustees	**Employer nominated** R J Blackman, MBE K Farmer **Member nominated** A Kinch D McManus[(p)] (resigned 31 March 2023) M Phillips (appointed 31 March 2023) (p) Pensioner member of the Scheme
Secretary to the Trustees	L Ireland (appointed 16 June 2023)
Scheme administrator	Hymans Robertson LLP
Actuary	Shani McKenzie FIA, Hymans Robertson LLP (appointed 1 December 2023) A Russell-Smith FIA, Hymans Robertson LLP (resigned 30 November 2023)
Independent auditor	KPMG LLP
Legal adviser	Mayer Brown LLP
Investment adviser	Barnett Waddingham LLP
Investment managers	Legal & General Investment Management Limited State Street Global Advisers Limited BNY Mellon Fund Managers Limited
Additional voluntary contribution managers	Aviva Plc Utmost Life and Pensions Limited
Banker	HSBC Bank Plc
Principal employer	People's Partnership Holdings Limited
Name and address for enquiries	L Ireland B&CE Staff Pension Scheme Manor Royal Crawley West Sussex RH10 9QP TrusteeServices@peoplespartnership.co.uk

Trustees' Report for the year ended 31 December 2023

The Trustees of the B&CE Staff Pension Scheme ('the Scheme') present their Annual Report and Financial Statements for the year ended 31 December 2023.

Scheme constitution and management

The Scheme is an occupational defined benefit scheme providing pension, ill-health and death benefits for its members and their dependants. Defined benefit means the benefits are based on the final pensionable salary and number of years employed by the principal employer when the benefit becomes payable.

The Scheme is governed by a Trust Deed and Rules. In addition to the Scheme pension, the state pension will be payable from each member's state pension age. From 4 January 2014, the Scheme is closed to new members, but existing members have been able to continue accruing benefits.

The Employer, People's Partnership Holdings Limited ('PPHL') and its subsidiaries, together are referred to as the 'Group'.

Responsibility for setting the strategy and for managing the Scheme rests with the Trustees. The people who acted as Trustees during the year and up to the date of approval of these Financial Statements are listed on page 1. The Trustees held 4 meetings during the year and decisions were passed on a majority of the Trustees being in attendance.

Two of the Trustees are nominated by the members, serving a period of up to 6 years. The member nominated Trustees may be removed before the end of their 6-year term in accordance with the provisions of the Pensions Act 2004. In accordance with the Trust Deed the principal employer ('Employer'), PPHL, has the power to appoint and remove the other Trustees of the Scheme.

The Trustees' attendance at the Trustee Board meetings are summarised below:

Trustee	**Trustee Board**
	4 meetings
A Pickering	4
R J Blackman	4
K Farmer	3
D McManus	1(of 1)
A Kinch	4
M Phillips	2(of 3)

The Trustees are paid a fee and reimbursed for expenses incurred in performing their duties as a Trustee of the Scheme. Pensioner Trustees are reimbursed by PPHL for expenses incurred in performing their duties, in accordance with the Trustees' agreed policy.

The Trustees regularly review registers of risks and conflicts to ensure that the appropriate internal controls are put in place and remain effective to support their governance arrangements.

The Trustees have appointed professional advisers and other organisations to support them in delivering the Scheme's objectives. These individuals and organisations are listed on page 1. The Trustees have written agreements in place with each of them.

Financial statements

The Financial Statements included in this Annual Report are those required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

Trustees' Report for the year ended 31 December 2023 (continued)

Membership and benefits

The change in membership during the year is as follows:

	Active members	Deferred members	Pensioners	Dependants	Total
At the start of the year	**44**	**116**	**206**	**28**	**394**
Members retiring	-	(1)	1	-	-
New dependants	-	-	-	3	3
Members leaving prior to pension age	(1)	1	-	-	-
Full commutation	-	(1)	-	-	(1)
Deaths	-	-	(9)	(1)	(10)
At the end of the year	**43**	**115**	**198**	**30**	**386**

PPHL is consulting with all affected employees on a proposal to close the Scheme to the future accrual of benefits, with a decision due 21 June 2024 with the closure effective from 30 September 2024. If the proposed closure is enacted, all active members as at 30 September 2024 will become deferred members.

Pension increases

Pensions from the Scheme are increased each year at the discretion of the Trustees, subject to any legal requirements to increase pensions. The cost of doing this is met by the Scheme. The increases applied depend on when the benefits were accrued. The table below summarises the increases applied during the current Scheme year. All increases were in accordance with the Trust Deed and Rules of the Scheme or legislative requirements. None of the increases were discretionary.

Effective date	Minimum	Average	Maximum
Pensions in payment			
1 January 2022	0.82%	3.54%	4.89%
1 January 2023	**1.78%**	**3.48%**	**4.77%**

Pensioners who retired during the 12 months preceding 31 December received proportionate increases which are calculated based on complete months in payment.

Deferred pensions

There are no discretionary increases to deferred pensions. They are revalued in line with statutory revaluation requirements until the benefit is taken.

Transfer values

Transfers from the Scheme are based on actuarial assumptions and factors agreed by the Trustees on the advice of the Scheme actuary, including an element for discretionary benefits where they are not detrimental to the transfer value. The transfer assumptions and factors are reviewed after each triennial valuation of the Scheme or if the Scheme funding level materially falls. Cash equivalent transfers paid from the Scheme during the year were calculated and verified according to the Pension Schemes Act 1993. There have been no transfers out of the Scheme during the year.

Scheme Actuary

A R Smith, the Scheme Actuary, resigned on 30 November 2023. The Trustees filled the vacancy in the office of the Scheme Actuary by appointing S McKenzie on 1 December 2023.

As required by Regulations made under the Pensions Act 1995, A R Smith confirmed in his notice of resignation that he knew of no circumstances connected with the resignation that significantly affected the interests of the members, prospective members or beneficiaries of the Scheme.

Trustees' Report for the year ended 31 December 2023 (continued)

Membership and benefits (continued)

Guaranteed Minimum Pensions (GMP)

In October 2018, the High Court confirmed that Trustees of final pensionable salary schemes have an obligation to equalise pension benefits for the effect of unequal GMPs earned between men and women for the period 17 May 1990 to 5 April 1997 and provided guidance on the methodology for achieving this.

There was a further court ruling in November 2020 in relation to the case, which concluded that past transfers out of schemes in respect of GMPs earned during this period also need to be taken into account.

The outcome of these cases has implications for most UK pension schemes, including this Scheme. The Trustees are working alongside the Scheme administrator and actuary to establish and calculate the impact on the Scheme.

Death in service insurance

The Trustees entered into a group life assurance policy (renewable 1 January each year) to cover any lump sum liabilities that may occur because of a member dying in service. It's considered that the premium payable each year reduces the financial risk on the Scheme should a member (or more than one member) die in service. The insurance premium is paid by the Employer.

Where a claim is made, the income from the insurance claim is included on the Fund Account as 'Other income' while the payment to beneficiaries is disclosed as 'Other payments'.

Report on Actuarial Liabilities

As required by Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), the financial statements don't include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme is subject to the statutory funding objective. The objective is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which members are entitled to based on pensionable service to the valuation date. This is assessed at least every 3 years using assumptions agreed between the Trustees and the Employer and is set out in the Statement of Funding Principles – a copy of which is available to Scheme members upon request.

The most recent triennial actuarial valuation of the Scheme (carried out as at 31 December 2022) dated 6 February 2024 showed that Scheme liabilities were 104% funded. No deficit recovery contributions are payable because there was no deficit in the Scheme relative to the statutory funding objective as at 31 December 2022. However, contingent contributions are payable by the Employer if the funding level progression to the long-term objective (as defined in the Statement of Funding Principles) falls behind plan.

An annual actuarial valuation update was performed as at 31 December 2023 which indicated the surplus within the Scheme had increased since the last formal actuarial valuation performed as at 31 December 2022. The annual actuarial valuation update indicated that the Scheme's liabilities were 107% funded, which is an increase of 3% and 2% over the actuarial valuations performed as at 31 December 2022 and 2021 respectively as shown below.

Valuation date: 31 December	**2023**	2022*	2021
Value of technical provisions	**£49.1m**	£49.8m	£80.4m
Value of assets available to meet technical provisions	**£52.4m**	£51.7m	£84.2m
as a percentage of technical provisions	**107%**	104%	105%

* The 2022 values shown above have been updated to reflect the final triennial valuation whereas the figures included in the prior year Annual Report and Financial Statements were based on the interim annual actuarial valuation update as at 31 December 2022 as the triennial valuation was not completed at that point.

Trustees' Report for the year ended 31 December 2023 (continued)

Report on Actuarial Liabilities (continued)

The value of the technical provisions is based on pensionable service to the valuation date and assumptions about various factors that will influence the Scheme in the future. Such factors include the levels of investment returns, pay increases, when members will retire and how long members will live. The method and significant actuarial assumptions used in the calculations are as follows:

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Assumption	Derivation
Pre and post-retirement discount rate	Market implied gilt yield curve plus 0.8% per annum ('p.a.')
Retail price inflation (RPI)	Market implied gilt yield curve.
Consumer price inflation (CPI)	RPI curve less 1.0% p.a. pre-2030, RPI less 0% p.a. post-2030.
Pension increases	Fixed increases will be in line with the relevant fixed rate. Limited price indexation pension increases curves to be derived from RPI, adjusted for the impact of the caps and floors.
Pensionable salary increases	Assumed to be in line with CPI p.a.
Expenses	No allowance as all expenses will be funded by the Employer directly.
GMP equalisation	An allowance of 0.4% loading + £0.03m is applied to the liabilities.
Mortality	Pre-retirement mortality base tables will be 100% of PNXA00 standard tables. Post-retirement mortality base tables will be Scheme specific 2022 Club Vita tables. Future improvements in longevity (pre and post-retirement) will be assumed to be in line with the CMI 2021 model with a long-term rate of improvement of 1.5% and an A parameter of 0.25% for males and 0.25% for females.

Next actuarial valuation

The next triennial valuation of the Scheme will be as at 31 December 2025.

Contributions receivable

Following the actuarial valuation as at 31 December 2022, the Scheme actuary certified an updated Schedule of Contributions on 6 February 2024. Contributions for the year ended 31 December 2023 were paid at the following rates for the year in accordance with the previous Schedule certified by the actuary on 18 November 2020:

Employer:	31.0%	of members' pensionable salaries – salary sacrifice members
	22.0%	of members' pensionable salaries – salary sacrifice opt-outs
Employees:	0.0%	of members' pensionable salaries – salary sacrifice members
	9.0%	of members' pensionable salaries – salary sacrifice opt-outs

Normal contributions paid into the Scheme during the year amounted to £508,092 (2022: £514,983). Of this, employees who opted out of the salary sacrifice arrangement contributed £14,823 (2022: £14,959) and the balance was provided by the Employer, including Employee contributions under the salary sacrifice arrangement.

Trustees' Report for the year ended 31 December 2023 (continued)

Investment management

Investment strategy and principles

The Trustees are responsible for setting and monitoring the investment policies and strategy of the Scheme. The Trustees monitor the investment performance and oversee the management and suitability of investments in line with the agreed strategies.

The Trustees receive investment performance and monitoring reports on a quarterly basis from their investment adviser to allow them to monitor the performance of the investment managers, the progress versus the Scheme's long-term objective, the level of hedging provided by the protection portfolio, cashflow management and asset allocation.

In accordance with Section 35 of the Pensions Act 1995, the Trustees have agreed a Statement of Investment Principles ('SIP'). The SIP was last updated on 1 September 2020 and a copy can be obtained from the contact for enquiries on page 1. The Trustees are preparing an updated SIP which is expected to be available in May 2024.

Investment objective

The SIP includes the following description of the Scheme's investment objectives:

- To make sure that sufficient funds are available to meet benefit obligations of the Scheme under the Trust Deed and Rules as they fall due.
- To manage the expected volatility of the returns achieved to control the level of volatility in the Scheme's required contribution levels.
- To invest in assets of appropriate liquidity which will generate income and capital growth to meet, together with new contributions from members and the Employer, the cost of current and future benefits which the Scheme provides.
- To reduce the risk of the assets failing to meet the liabilities over the long-term.
- To minimise the long-term costs of the Scheme by maximising the return on the assets whilst having regard to the above objectives.

The Trustees' investment strategy considers the Scheme's investments in the following groups:

- **Growth portfolio for return-seeking assets:** predominantly diversified funds where the objective is to achieve growth within the constraints of the risk profile set by the Trustees.
- **Protection portfolio for liability-driven assets:** predominantly bonds and liability driven investment ('LDI') funds, where the objective is to secure fixed or inflation-adjusted cash flows in future, and where the investments are generally expected to be held to maturity.

Trustees’ Report for the year ended 31 December 2023 (continued)

Investment management (continued)

Investment managers

The investment strategy is designed to meet the Scheme’s funding objective, reduce risk and meet cash flows.

As can be seen from the table on page 11, as at 31 December 2023, 14% of the Scheme’s assets were held in an actively managed Diversified Growth Fund (BNY Mellon Real Return Fund Newton Inst Shares 1(Inc)) which increases the Scheme’s range of asset classes and reduces volatility whilst still targeting equity-like returns. 12% of the Scheme’s assets are invested in the International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund managed by State Street Global Advisers Limited (‘SSGA’) and 4% in the MPF Global Aggregate Bond Index Sub-Fund, also managed by SSGA.

The Legal & General Investment Management Limited (‘LGIM’) managed LDI funds, representing 70% of the Scheme’s assets as at 31 December 2023, maintain the Scheme’s level of interest rate and inflation hedging. Included within the LDI portfolio is the LGIM managed Buy and Maintain Credit Fund (Distribution), representing 24% of the Scheme’s assets as at 31 December 2023, which is designed to manage longer term cash flows.

All investment managers are remunerated by fees based on an agreed percentage of funds under management.

The Trustees have delegated the day-to-day management of investments made to the professional investment managers listed on page 1. These investment managers, who are registered in the United Kingdom and regulated by the Financial Conduct Authority, manage the investments within the restrictions set out in investment management agreements which are designed to ensure the objectives and policies set out in the SIP are followed.

The Trustees have limited influence over the active voting decisions which relate to the Scheme’s investments as they are held in pooled investment vehicles. However, they review the investment managers’ policies and statements of compliance in respect of these matters. More details on how the Trustees approach these issues can be found in the Scheme’s Responsible Investment Policy and the SIP which are available upon request.

The Trustees believe that environmental, social and governance (‘ESG’) considerations, including climate change (referred to together as ESG issues), have the potential to have a financially material impact over the long-term period in which benefits are expected to be paid. The Trustees appreciate that the method of incorporating ESG within an investment strategy and process will differ between asset classes. A high-level summary on the Trustees’ views on ESG integration within each asset class the Scheme invests in is outlined below:

Multi-asset funds – the Trustees believe that ESG issues will be financially material to the risk-adjusted returns achieved by the Scheme’s multi-asset fund investment managers. The investment process for each multi-asset fund investment manager should take ESG issues into account when selecting holdings. The approach and level of ESG integration may differ depending on the nature of the fund and the types of underlying investments made. Further to this, the process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

Fixed income – the Trustees believe ESG issues should be considered in an investment manager’s investment process as they can materially impact risk-adjusted returns. The Trustees recognise that fixed income assets do not include voting rights, however they support engagement from the investment managers to identify ESG risks and opportunities as they arise. The process for incorporating ESG issues should be consistent with, and proportionate to, the rest of the investment process.

LDI and money market – the Trustees believe there is often less scope for ESG issues to improve risk-adjusted returns in these asset classes because of the:

- high level of exposure to government bonds within the Scheme’s LDI holdings; and
- short-term nature of the assets within money market funds.

Trustees’ Report for the year ended 31 December 2023 (continued)

Investment management (continued)

Investment managers (continued)

It’s worth noting that when transacting in LDI and money market funds, the Trustees require that due diligence is undertaken to assess the credit worthiness of the counterparty both initially and ongoing, whilst at the same time looking to achieve best execution. The Trustees expect this to be more relevant for longer term trades compared to shorter term trades and should incorporate ESG factors where these assist with the credit worthiness assessment.

The Trustees are comfortable that all the investment managers are managing their respective funds with ESG taken into account in a reasonable way for that particular asset class and in accordance with their views on financially material factors, as set out in this statement, and in particular with regards to the selection, retention, and realisation of the underlying investments held. Each of the Scheme’s investment fund managers will ultimately act in the best interests of the Scheme’s assets to maximise returns for a given level of risk.

The Trustees will consider ESG issues when appointing and reviewing investment managers to ensure they are appropriately taken into account given the asset class involved.

The Trustees have not taken into account any ‘non-financial considerations’ in deriving their investment strategy.

The Trustees acknowledge the importance of ESG and climate risk within their investment decision making framework. The Scheme invests exclusively in pooled funds at present and this policy is therefore framed around how the Trustees interact with, monitor, and may seek to influence, the pooled investment fund managers. When delegating investment decision making to their investment managers, the Trustees provide their investment managers with a benchmark they expect the investment managers to either follow or outperform. The benchmarks to be used reflect the positioning the investment manager is expected to take within an investee company’s corporate structure.

The Trustees are firmly of the belief that ESG and climate risk considerations extend over the entirety of a company’s corporate structure and activities i.e. that they apply to equity, credit and property instruments or holdings. The Trustees also recognise that ESG and climate related issues are constantly evolving and along with them so too are the products available within the investment management industry to help manage these risks.

The Trustees consider it to be a part of their investment managers’ roles to assess and monitor developments in the capital structure for each of the companies in which the investment manager invests. The Trustees also consider it to be part of their investment managers’ roles to assess and monitor how the companies in which they are investing are managing developments in ESG related issues, and in particular climate risk, across the relevant parts of the capital structure for each of the companies in which the investment managers invest on behalf of the Scheme. The Trustees expect the investment managers to employ the same degree of scrutiny for pooled funds as if the investment had been made on a direct basis. Should an investment manager be failing in these respects, this should be captured in the regular monitoring of the investment managers' activity.

The Scheme’s investment adviser is independent, and no arm of their business provides asset management services. This, and their FCA regulated status, makes the Trustees confident that the investment managers’ recommendations are free from conflict of interest.

The Trustees expect all investment managers to have a conflict-of-interest policy in relation to their engagement and ongoing operations. In doing so, the Trustees believe they have managed the potential for conflicts of interest in the appointment of the investment manager and conflicts of interest between the Trustees/investment manager and the investee companies.

Trustees’ Report for the year ended 31 December 2023 (continued)

Investment management (continued)

Asset manager arrangements

Incentivising alignment with the Trustees’ investment polices

Prior to appointing the investment manager, the Trustees discuss the investment manager’s benchmark and approach to the management of ESG and climate related risks with the Scheme’s investment adviser, and how they’re aligned with the Trustees’ own investment aims, beliefs and constraints.

When appointing an investment manager, in addition to considering the investment manager’s investment philosophy, process and policies to establish how the investment manager intends to make the required investment returns, the Trustees also consider how ESG and climate risk are integrated into these. If the Trustees deem any aspect of these policies to be out of line with their own investment objectives for the part of the portfolio being considered, they will consider another investment manager for the mandate.

The Trustees carry out a strategy review at least every 3 years where they assess the continuing relevance of the strategy in the context of the Scheme and their aims, beliefs and constraints. The Trustees monitor the investment managers’ approach to ESG and climate related risks on an annual basis.

If the investment manager ceases to meet the Trustees’ desired aims, including the management of ESG and climate related risks, using the approach expected of them, the Trustees will expect to work with the investment manager to improve the alignment of their objectives. Should the collaboration with the investment manager be deemed unsuccessful by the Trustees, their appointment may be reviewed or terminated. The investment managers have been informed of this by the Trustees.

Investment manager ESG policies are reviewed in the context of best industry practice and feedback is and will be provided to the investment manager.

Incentivising assessments based on medium to long-term, financial and non-financial considerations

The Trustees are mindful that the impact on performance of ESG and climate change may be long-term in nature. However, they’re aware that the risk associated with them may be much shorter term in nature. The Trustees have acknowledged this in their investment management arrangements.

When considering the management of objectives for an investment manager (including ESG and climate risk objectives), and then assessing their effectiveness and performance, the Trustees assess these over mutually agreed rolling timeframes. The Trustees believe the use of rolling timeframes, typically 3 to 5 years, is consistent with ensuring the investment manager makes decisions based on an appropriate time horizon. In the case of assets that are actively managed, the Trustees expect this to be sufficient to ensure an appropriate alignment of interests.

The Trustees expect investment managers to be voting and engaging on behalf of the fund’s holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme’s Annual Report and Accounts. The Trustees don’t expect ESG considerations to be disregarded by the investment managers to achieve any short-term targets.

Trustees' Report for the year ended 31 December 2023 (continued)

Investment management (continued)

Asset manager arrangements (continued)

Method and time horizon for assessing performance

The Trustees monitor the performance of their investment managers over the medium to long-time periods that are agreed with the investment managers, and are consistent with the Trustees' investment aims, beliefs and constraints. The investment adviser assists the Trustees in this monitoring process.

The Scheme invests exclusively in pooled funds. The investment manager is remunerated by the Trustees based on the assets they manage on behalf of the Trustees. As the funds grow, due to successful investment by the investment manager, they receive more and as values fall, they receive less.

The Trustees believe that this fee structure enables the investment managers to focus on long-term performance without worrying about short-term dips in performance significantly affecting their revenue.

The Trustees ask the Scheme's investment adviser to assess if the asset management fee is in line with the market when the investment manager is selected, and the appropriateness of the annual management charges are considered as part of the review of the investment strategy, at least every 3 years.

Portfolio turnover costs

During the investment manager appointment process, the Trustees consider both past and anticipated portfolio turnover levels. Overall performance is assessed as part of the regular investment monitoring process, which can be impacted by turnover costs.

The Trustees recognise that there are circumstances when turnover costs are unavoidable e.g. changing the investment manager.

The Trustees recognise that turnover costs are necessary where they are incurred to ensure the Scheme remains in investments that will provide potential growth, rather than detract from performance over the long-term. They're mindful that high turnover costs have the potential to adversely affect overall performance. When monitoring turnover costs both the level and reason behind them are considered and, if necessary, investigated further.

The Trustees acknowledge that for some asset classes, such as LDI, a higher turnover of contracts such as repurchase agreements, can be beneficial to the fund from both a risk and cost perspective.

Duration of arrangement with asset manager

For the open-ended pooled funds in which the Scheme invests, there are no predetermined terms of agreement with the investment managers.

The suitability of the Scheme's asset allocation and its ongoing alignment with the Trustees' investment aims, beliefs and constraints are assessed every 3 years, or when changes deem it appropriate to do so more frequently. As part of this review the ongoing appropriateness of the investment managers, and the specific funds used, is assessed.

Custodial arrangements

The investments with LGIM are held under an insurance policy and they appoint their own custodian, HSBC Bank Plc. SSGA use State Street Bank & Trust Company and BNY Mellon use NatWest Trustee and Depositary Services Limited.

Employer related investments

There are no employer related investments during the year or at the Scheme year end date (2022: nil).

Trustees' Report for the year ended 31 December 2023 (continued)

Investment management (continued)

Asset allocation

The structure of the Scheme's investment assets excluding Additional Voluntary Contributions ('AVCs') as at 31 December 2023 was as follows:

Pooled investment vehicles	Fund		Benchmark
	£'000	%	%
BNY Mellon Real Return Fund Newton Inst Shares 1(Inc)	7,261	14	15
SSGA International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund	6,186	12	15
SSGA MPF Global Aggregate Bond Index Sub-Fund	1,856	4	
Growth portfolio	**15,303**	**30**	**30**
LGIM Matching Core Fixed Long Fund (Series 1)	4,684	9	
LGIM Matching Core Fixed Short Fund (Series 1)	1,487	3	
LGIM Matching Core Real Long Fund (Series 1)	9,059	17	45
LGIM Matching Core Real Short Fund (Series 1)	2,000	4	
LGIM Sterling Liquidity Fund	6,795	13	
LGIM Buy & Maintain Credit Fund (Distribution)	12,464	24	25
Protection portfolio	**36,489**	**70**	**70**
Total Scheme investment assets (excluding AVCs)	**51,792**	**100**	**100**

The Growth and Protection elements of the portfolio are broadly in line with the benchmark allocations. However, individual components of the portfolio vary slightly to the benchmarks as they're affected by cash flows and market values at the year-end. The unit prices for the Protection portfolio valuations were based on closing market prices on 29 December 2023 as the funds are dealt weekly. The Growth portfolio prices are as at 31 December 2023. The values shown include any activity that took place on the valuation days. All the investments are readily available for sale.

Investment performance

The Trustees assess the performance of the Scheme's investments in the following groups consistent with the overall strategy:

- **Growth portfolio for return-seeking assets** are assessed by reference to benchmarks and performance targets set and agreed with each investment manager.
- **Protection portfolio for liability-driven assets** are compared with benchmarks but the Trustees' main concern is security of cash flows and therefore, growth in these assets (which is normally linked to growth in Scheme liabilities, or vice versa) is less relevant.

The Scheme has returned 4.3% over the 12 months to 31 December 2023 against a benchmark of 2.9%. Whilst the Scheme's net investments have recovered from the lows of the prior year which was negatively impacted by a higher interest and inflationary environment, asset values have remained suppressed as bond yields remain significantly elevated. Due to the Scheme's LDI investment strategy, market movements in asset values are closely matched to the movements in future liabilities which are also sensitive to interest rates and inflation. It is reasoned that the Scheme's long-term funding position remains secure. Throughout the longer term, the performance of the Scheme's assets over 3 years was (12.9%) p.a. against a composite benchmark return of (11.6%) p.a.

An element of index outperformance over the longer term is expected to be contributed by the BNY Mellon Real Return Fund Newton Inst Shares 1(Inc) whose target is to achieve a rate of return that is equal to or above a minimum return from cash (Sterling Overnight Index Average (SONIA) (30-day compounded)) +4% per annum over 5 years and the International Equity and Bond Funds offered by SSGA which aim to track the performance of the relevant indices.

Despite the year being more positive than the prior year, the BNY Mellon Real Return Fund Newton Inst Shares 1(Inc) returned 2.8% against a performance benchmark of 8.5% in the 12 months to 31 December 2023.

Trustees' Report for the year ended 31 December 2023 (continued)

Investment management (continued)

Investment performance (continued)

The SSGA funds have returned a combined 18.6% in the 12 months to 31 December 2023.

Fund Name	Performance %	Benchmark %
SSGA International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund	24.2	24.0
SSGA MPF Global Aggregate Bond Index Sub-Fund	5.7	6.2

The protection portfolio which mainly consists of fixed income instruments, continued to experience suppressed asset values due to high gilt yields over the period, which would have resulted in a corresponding fall in the value of the Scheme's liabilities. However, the portfolio performance for the year was generally in line with its benchmarks as shown in the table below.

Fund Name	Performance %	Benchmark %
LGIM Matching Core Fix Long Fund (Series 1)	(12.7)	(13.6)
LGIM Matching Core Fix Short Fund (Series 1)	(3.0)	(3.7)
LGIM Matching Core Real Long Fund (Series 1)	(9.0)	(9.6)
LGIM Matching Core Real Short Fund (Series 1)	(0.7)	(1.3)
LGIM Sterling Liquidity Fund	4.8	4.8
LGIM Buy & Maintain Credit Fund (Distribution)	8.5	9.7

The Trustees monitor investment performance against the relevant benchmarks when reviewing the performance of each investment manager.

The Trustees have considered the nature, disposition, marketability, security and valuation of the Scheme's investments and consider them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the Financial Statements.

Implementation Statement

This Implementation Statement has been produced by the Trustees of B&CE Staff Pension Scheme ('the Scheme') and sets out the following information over the year to 31 December 2023:

- how the Trustees' policies on exercising rights (including voting rights) and engagement have been followed over the year; and
- the voting activity undertaken by the Scheme's investment managers on behalf of the Trustees over the year, including information regarding the most significant votes.

Stewardship policy

The Scheme invests entirely in pooled funds, and as such delegates responsibility for carrying out voting and engagement activities to the Scheme's fund managers.

The Trustees' policy on voting and engagement is set out in the Scheme's Responsible Investment ("RI") Policy, which forms part of the Statement of Investment Principles dated September 2020. To enable the Trustees to make high quality decisions, the fact-finding and analysis is delegated to the in-house investment team of People's Partnership and the Trustees' independent investment advisers. The Trustees' RI Policy notes a key priority of engaging with companies in an investment portfolio regarding issues believed to have a material impact (both positive and negative) on future returns. The Trustees are looking for fund managers who are prepared to:

- Be transparent and accountable;
- Enhance and evolve ESG practices in markets;
- Develop long-term partnerships with companies and guide them through the evolution in ESG practices.

Trustees' Report for the year ended 31 December 2023 (continued)

Implementation Statement (continued)

Stewardship policy (continued)

In addition, the Trustees will take into account whether their managers are signatories to the Principles for Responsible Investment (PRI) and UK Stewardship Code. All of the managers are signatories to the PRI, as well as the Scheme's investment adviser. All fund managers, as well as the Scheme's investment advisor, are signatories to the 2020 UK Stewardship Code. The Trustees have established ownership/voting principles with their managers. These principles include researching companies, identifying any issues and then engaging with them as necessary. Voting and engagement focuses on a range of themes including:

- Election of Directors and Boards;
- Accounting and Audit Related Issues;
- Capital Structure, Reorganisation and Mergers;
- Compensation;
- Environmental and Social Issues.

The Trustees have interpreted these areas as their stewardship priorities within their Responsible Investment policy over the year to 31 December 2023.

How voting and engagement policies have been followed

The monitoring and reporting on RI is as shown below, along with the actions taken in respect of the year under review.

1. The Trustees' investment advisers produce an annual sustainability report summarising the voting and engagement activity of the fund managers based on a review of reports and other information provided by the fund managers. This includes information on voting and engagement, together with ratings on voting and engagement in action, as well as scores provided by the PRI on different asset classes where available. This is to ensure that managers used by the Scheme continue to meet the Trustees' standards in this area. Where any material areas of disagreement are identified, these are highlighted to the Trustees.

   The Trustees undertook a review of the stewardship and engagement activities of their fund managers via receipt and review of their investment advisers' report (issued in February 2024). The contents of the report were reviewed and discussed by the Trustees in their meeting during the first quarter of 2024. The result of the review was that the Trustees were satisfied that no immediate significant remedial action was required at that time. Some actions were identified in relation to the Scheme's managers around their stewardship priorities, but it was agreed to reconsider these as part of an upcoming investment strategy review in 2024. This is an annual review.

2. Where relevant, the Trustees' investment advisers consider a fund manager's stewardship credentials when advising on investment issues.

   There were no changes in fund managers the Scheme employed over the year. Managers' stewardship credentials form part of the annual sustainability review as outlined in item 1, above, and any noteworthy developments are also noted in quarterly investment monitoring reports.

3. As the Trustees invest in funds alongside other investors, they recognise that their chosen managers' prioritisation of issues for engagement and voting may not be the same as their own. As far as practicable, the Trustees undertake a formal engagement process with each manager every year to ensure that there is a good alignment of views and issues to prioritise over the coming year.

   This was not deemed necessary over the year under review. This reflects the reporting provided by the Trustees' investment advisers as noted in item 1, above.

4. The Trustees expect investment managers to be voting and engaging on behalf of the fund's holdings and the Scheme monitors this activity within the Implementation Statement in the Scheme's Annual Report and Accounts.

   The Trustees reviewed the contents of this Statement prior to signing.

Voting and engagement data is set out in the remainder of this Statement for the relevant funds/managers.

Trustees' Report for the year ended 31 December 2023 (continued)

Implementation Statement (continued)

Voting data

This section provides a summary of the voting activity undertaken by the investment managers within the Scheme's Growth Portfolio on behalf of the Trustees over the year to 31 December 2023. The assets held within the Protection Portfolio with LGIM and the SSGA Global Aggregate Bond Fund have no voting rights attached.

Manager	State Street (SSGA)	BNY Mellon
Fund name	International (Developed 100% Hedged) ESG Screened Index Equity Fund	BNY Mellon Real Return Fund
Structure	Pooled	
Ability to influence voting behaviour of manager	The pooled fund structure means that there is limited scope for the Trustees to influence the manager's voting behaviour.	
No. of eligible meetings	2,824	71
No. of eligible votes	34,413	1,139
% of resolutions voted	98.0%	99.3%
% of resolutions abstained[1]	1.3%	0.0%
% of resolutions voted with management[1]	88.2%	92.0%
% of resolutions voted against management[1]	11.7%	8.0%
Proxy voting adviser employed	SSGA contract Institutional Shareholder Services' (ISS) to administer proxy voting, assist in applying SSGA's voting guidelines, provide research and analysis relating to general corporate governance issues and specific proxy items, and provide proxy voting guidelines in limited circumstances. SSGA also has access to Glass Lewis and region-specific meeting analysis provided by the Institutional Voting Information Service. All final voting decisions are based on their proxy voting policies and in-house operational guidelines.	BNY Mellon utilises an independent voting service provider for the purposes of managing upcoming meetings and instructing voting decisions via its electronic platform, and for providing research. Its voting recommendations are not routinely followed; it is only in the event that BNY Mellon recognise a potential material conflict of interest that the recommendation of their external voting service provider will be applied. BNY Mellon do not maintain a voting policy with ISS. They apply their own BNY Mellon voting guidelines, as mentioned above.
% of resolutions voted against proxy voter recommendation	8.3%	5.1%

[1] As a percentage of the total number of resolutions voted on

Trustees' Report for the year ended 31 December 2023 (continued)

Implementation Statement (continued)

Significant votes

The change in Investment and Disclosure Regulations that came into force from October 2020 requires information on significant votes carried out on behalf of the Trustees over the year to be set out. The guidance does not currently define what constitutes a "significant" vote. However, recent guidance (from the DWP in June 2022) states that a significant vote is likely to be one that is linked to one or more of the Scheme's stewardship priorities, which are listed in the "Stewardship policy" section above.

The Scheme has established ownership/voting principles. As noted above, as the Scheme invests in funds alongside other investors, the Trustees recognise that their chosen managers prioritisation of issues for engagement and voting may not be the same as their own. However, they look for good alignment and consider this as part of their annual review of sustainability matters. Through the information detailed in this Statement they are comfortable that the voting undertaken on their behalf was broadly reflective of their own policies and not inconsistent with the stewardship priorities as set out in their Responsible Investment policy. Whilst the Trustees did not notify their asset managers what they consider to be the most significant votes in advance of those votes being taken, their RI policy (which includes information on stewardship priorities) was re-confirmed with the investment managers in the first half of 2023.

The Trustees have selected 8 significant votes for the SSGA fund from a longer list provided by the manager of votes that they deem significant. The 8 votes chosen by the Trustees are based on voting themes the Trustees focus on and the largest holdings within these themes.

BNY Mellon have provided a selection of 10 votes for the BNY Mellon Real Return Fund. The Trustees selected all 10 votes based on voting theme as the most significant votes given broad alignment with their stewardship priorities.

A summary of the significant votes is set out below.

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State Street, International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund – Table 1 of 2

	Vote 1	Vote 2	Vote 3	Vote 4
Company name	Microsoft Corporation	Meta Platforms, Inc.	Amazon.com, Inc.	Alphabet Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	4.8%	1.3%	2.3%	1.4%
Summary of the resolution	Report on Climate Risk in Retirement Plan Options	Report on Executive Pay Calibration to Externalized Costs	Advisory Vote to Ratify Named Executive Officers' Compensation	Advisory Vote to Ratify Named Executive Officers' Compensation
How SSGA voted	Against	Against	For	Against
Rationale for the voting decision	SSGA voted against the proposal as they believe the proposal seeks to micromanage the company's approach to employee benefits and total rewards.	SSGA voted against the proposal as they believe it is overly prescriptive and does not provide the compensation committee with appropriate discretion to determine which metrics are best suited for determining executive compensation outcomes.	SSGA supported the proposal as they believe pay for performance are aligned.	SSGA voted against the proposal due to the executive's mega grant which resulted in excessive quantum.
Outcome of the vote	SSGA were unable to provide the outcome of this vote (this was requested but not provided at the point of issue)			

Trustees' Report for the year ended 31 December 2023 (continued)

Implementation Statement (continued)

State Street, International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund – Table 1 of 2 (continued)

	Vote 1	Vote 2	Vote 3	Vote 4
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.			
Criteria on which the vote is considered "significant"	Environmental related shareholder proposal	Environmental and social related shareholder proposal	Compensation	Compensation

State Street, International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund – Table 2 of 2

	Vote 5	Vote 6	Vote 7	Vote 8
Company name	McDonald's Corporation	Berkshire Hathaway Inc.	Toyota Industries Corp.	Canon, Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.4%	0.8%	0.1%	0.1%
Summary of the resolution	Adopt Policy to Phase Out Use of Medically-Important Antibiotics in Beef and Pork Supply Chain	Report on Audit Committee's Oversight on Climate Risks and Disclosures	Elect Director Sumi, Shuzo	Elect Director Homma, Toshio
How SSGA voted	Against	For	Against	Against
Rationale for the voting decision	SSGA voted against the proposal as the company's current disclosure aligns with their expectations.	SSGA supported the proposal as the company fails to meet their expectations for climate-related disclosure. Investors would benefit from disclosure on climate risk governance and how the company assesses the potential impacts of climate risks on the business.	SSGA voted against the nominee due to the lack of gender diversity on the board.	SSGA voted against the nominee due to the lack of gender diversity on the board and the company has not engaged in successful dialogue on SSGA's board gender diversity program for three consecutive years.
Outcome of the vote	SSGA were unable to provide the outcome of this vote (this was requested but not provided at the point of issue).			
Implications of the outcome	Where appropriate SSGA will contact the company to explain their voting rationale and conduct further engagement.			
Criteria on which the vote is considered "significant"	Environmental and social related shareholder proposal	Environmental related shareholder proposal	Director Election	Director Election

Trustees' Report for the year ended 31 December 2023 (continued)

Implementation Statement (continued)

BNY Mellon Real Return Fund – Table 1 of 2

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Company name	Barrick Gold Corporation	ConocoPhillips	NextEra Energy, Inc.	CME Group Inc.	CME Group Inc.
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.5%	0.9%	0.5%	0.8%	0.8%
Summary of the resolution	Elect Director J. Brett Harvey	Elect Director Robert A. Niblock	Elect Director Sherry S. Barrat	Elect Director Timothy S. Bitsberger	Elect Director Charles P. Carey
How BNY Mellon voted	Against	Against	Against	Against	Against
Rationale for the voting decision	BNY Mellon voted against the lead director who they consider to be non-independent owing to excessive tenure, given the roles of chair and chief executive officer are combined.	BNY Mellon voted against the lead director who they consider to be non-independent owing to excessive tenure, given the roles of chair and chief executive officer are combined.	BNY Mellon voted against the Non-Independent Lead Director given the roles of Chair and CEO are combined.	BNY Mellon voted against the re-election of the members of the compensation committee in line with their voting recommendation on executive remuneration arrangements. Further, in their opinion, the company did not exhibit adequate responsiveness to last year's significant shareholder dissent on executive pay.	
Outcome of the vote	14% voted against	19% voted against	91% voted for	30% voted against	45% voted against
Implications of the outcome	From the company's point of view the dissent is not sufficient for them to engage with shareholders to discuss improvements in governance structures. However, a good part of the shareholder base has taken cognizance that governance structures, in particular the board structure, can improve. BNY Mellon feel the dissent would only increase if the company doesn't take necessary steps to address these concerns.	From the company's point of view the dissent is not sufficient for them to engage with shareholders to discuss improvements in governance structures. However, a good part of the shareholder base has taken cognizance that governance structures, in particular the board structure, can improve. BNY Mellon feel the dissent would only increase if the company doesn't take necessary steps to address these concerns.	The low level of dissent shows that BNY Mellon's concerns were not widely shared by shareholders, notably US-based shareholders.	This is the second consecutive year when the underlying say-on-pay proposal has not been approved by shareholders, which is a clear indication of consistent shareholder dissatisfaction with the pay practices at the company. BNY Mellon expect the company to reach out now to shareholders to seek input for improvements, otherwise they expect shareholders to put further pressure on director accountability through adverse recommendations at director elections. .	

Trustees' Report for the year ended 31 December 2023 (continued)

Implementation Statement (continued)

BNY Mellon Real Return Fund – Table 1 of 2 (continued)

	Vote 1	Vote 2	Vote 3	Vote 4	Vote 5
Criteria on which the vote is considered "significant"	BNY Mellon expect to continue recognising their fundamental governance concerns through their voting and engagement activities.	BNY Mellon expect to continue recognising their fundamental governance concerns through their voting and engagement activities.	Concentrated board leadership is a risk to smooth board functioning and would require an independent lead director, which is not the case here.	The level of shareholder dissent against the compensation committee director but also the underlying say-on-pay proposal merits this vote as significant.	

BNY Mellon, Real Return Fund – Table 2 of 2

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Company name	Universal Music Group NV	Unilever Plc	Shell Plc	NextEra Energy, Inc.	Lockheed Martin Corporation
Approximate size of fund's holding as at the date of the vote (as % of portfolio)	0.7%	1.2%	2.0%	0.5%	1.0%
Summary of the resolution	Approve Remuneration Report	Approve Remuneration Report	Request Shell to Align its Existing 2030 Reduction Target Covering the Greenhouse Gas (GHG) Emissions of the Use of its Energy Products (Scope 3) with the Goal of the Paris Climate Agreement	Disclose Board Skills and Diversity Matrix	Report on Efforts to Reduce Full Value Chain GHG Emissions in Alignment with Paris Agreement Goal
How BNY Mellon voted	Against	Against	Abstain	For	For
Rationale for the voting decision	BNY Mellon voted against executive remuneration arrangements due to a misalignment between pay and performance. In addition there were inadequate disclosures around the quantum of pay and thresholds, targets, or the overall cap being used for variable pay outcomes. This made it difficult to assess the robustness of the pay structure and establish the link between pay and performance. Further, there were one-off awards granted without any compelling justification or not linked to any measurable performance conditions. Furthermore, there were significant pay increases granted to executive(s) and there was an absence of a compelling rationale for this.	BNY Mellon voted against executive pay arrangements owing to significant pay increases granted to executive(s) and the absence of a compelling rationale for this.	BNY Mellon abstained on the proposal requesting an alignment of the 2030 Scope 3 reduction target to the Paris agreement. While the argument is acknowledged, the manager felt that voting in favour of this resolution can be considered as overstepping on management's prerogatives in strategy setting. However, BNY Mellon have abstained in line with their views that the current transition plan merits more robust 2030 goals in order to gain credibility.	BYN Mellon supported this shareholder proposal requesting the disclosure of a board skills and diversity matrix as they believed it would help shareholders to assess how the company is managing related risks.	BNY Mellon supported a shareholder proposal asking for a report on efforts to reduce full value chain GHG emissions in alignment with Paris Agreement as in their view, more information on the company's plans to transition towards a low carbon economy would help shareholders better assess this risk.

Trustees' Report for the year ended 31 December 2023 (continued)

Implementation Statement (continued)

BNY Mellon, Real Return Fund – Table 2 of 2 (continued)

	Vote 6	Vote 7	Vote 8	Vote 9	Vote 10
Outcome of the vote	41% voted against	58% voted against	80% voted against	49% voted for	33% voted for
Implications of the outcome	This is the second consecutive year that a majority of minority shareholders failed to support the CEO's compensation, with the dissent increasing year-on-year. The company should recognise this significant level of dissent, and determine mitigating steps required to avoid a similar or worse vote outcome occurring in the future. Further, BNY Mellon expect the company to reach out to shareholders and ask their views to improve remuneration arrangements.	The vote outcome is a clear indication of shareholder dissatisfaction with pay decisions made at the company during the year under the review. The company has reached out to shareholders and BNY Mellon have communicated their concerns and reasons for adverse vote recommendations. BNY Mellon will continue exercising future votes in support of their views surrounding significant salary increases and alignment between pay and performance.	The significant dissent on the proposal shows concern from the shareholder base around Shell's transition plan.	The high level of support shows that the issue is significant to shareholders and BNY Mellon would expect the company to consider that a significant shareholder base would want to see the implementation of a board skill matrix.	The support received for the shareholder proposal is substantial and must be accounted for. BNY Mellon would expect the company to provide enhanced disclosures especially around setting timelines to implement a scope 3 emission reduction goal and finding efficiencies in processes.
Criteria on which the vote is considered "significant"	This vote provides an example of where a majority of the companies minority shareholders disagreed with a company's pay practices.	The failed vote outcome owing to significant shareholder dissent merits this vote as significant.	As a significant GHG emitter, it is critical for Shell to have a credible transition plan. Abstaining on this resolution would convey to the company, in addition to BNY Mellon's engagement, the need to add credibility to its transition planning.	The vote is considered significant due to the materiality of the issue at hand and the level of support.	BNY Mellon determined this vote as significant owing to the rarity of a shareholder proposal receiving significant support.

Trustees' Report for the year ended 31 December 2023 (continued)

Implementation Statement (continued)

Fund level engagement

The investment managers may engage with investee companies on behalf of the Trustees. The table below provides a summary of the engagement activities undertaken by each manager during the year for the relevant funds.

LGIM and SSGA carry out engagement activities at a firm-wide level, however, they are able to provide some information on their engagements at a fund level as well. Engagement activities are more limited for the Scheme's LDI funds due to the nature of the underlying holdings, so engagement information for these assets have not been shown.

Manager	BNY Mellon	LGIM		SSGA
Fund name	BNY Mellon Real Return Fund	Buy and Maintain Credit Fund	Sterling Liquidity Fund	International (Developed 100% Hedged) Screened Index Equity Sub-Fund
No. of entities engaged on behalf of the holdings in this fund in the year	9	81	13	381
No. of entities engaged at a firm level in the year	41	2,343		935*

SSGA and LGIM carry out engagement activities at a firm-wide level and the information provided reflects this. The data below is a summary of State Street and LGIM's global engagement at a firm level for the year to 31 December 2023.

Manager	SSGA	LGIM
Number of companies engaged	935*	2,343
Number of engagements on environmental topics	196	2,009
Number of engagements on governance topics	731	553
Number of engagements on social topics	417	346
Examples of engagements undertaken with holdings in the funds	SSGA's main engagement topics include: • Effective board oversight • Climate risk management • Human capital management • Diversity, equity, and inclusion	LGIM's main engagement topics include: • Deforestation • Climate change • Remuneration • Ethnic diversity • Diversity

*number of engagements over the year to 31 December 2023

Trustees’ Report for the year ended 31 December 2023 (continued)

Implementation Statement (continued)

Examples of engagement activity undertaken over the year to 31 December 2023

State Street

Marathon Petroleum Corporation, Environmental related engagement

In 2022, SSGA initiated an engagement campaign with global companies across the oil and gas value chain focused on understanding efforts to manage methane emissions and related regulatory, reputational, market, financial, and other risks and opportunities. The manager discussed disclosures and best practices on topics including methane emissions detection, monitoring, measurement, and reporting. Methane emissions management is an ongoing topic of focus in SSGA’s climate engagements with companies in the Energy sector.

SSGA conducted six engagements with Marathon Petroleum Corporation (“Marathon Petroleum”) between 2022 and 2023. They discussed several climate topics to better understand their approach to climate-related targets, decarbonisation strategy, and approach to managing potential social risks and opportunities related to this strategy. They also discussed the company’s approach to managing methane emissions and shared feedback on related disclosures.

In Q4 2023, SSGA held an engagement to discuss the company’s latest climate-related disclosure published in 2023. Marathon Petroleum disclosed additional detail on the company’s efforts to reduce methane emissions, such as controlling emissions from reciprocating compressors and converting pneumatic devices. The company reported expected methane emissions reductions from each action through 2030 as well as estimated planned capital expenditures to achieve these reductions. Further, the company enhanced disclosure on pursuing a more measurement-based methane emissions inventory and common findings from enhanced monitoring within the midstream sector, including higher emissions from methane slip. Based on new data and revised emissions factors, the company plans to update its methane targets in 2024 and continues to evaluate opportunities to reduce methane emissions.

BNY Mellon

Boston Scientific Corporation (“BSC”), Social related engagement

There is reticence around investing due to concerns around the ESG profile owing to product safety and quality issues in the past related to MESH, one of their products. BNY Mellon wanted to understand and gain comfort on measures taken to prevent future product recalls and mitigate concerns around quality and safety.
The company has implemented corrective actions in the form of new launch safeguards - key being, measured launches for new products in select centres where it oversees training and ensure physicians have the requisite expertise. It also instituted more rigorous real-world data collection for the life of the product to get ahead of safety issues that crop up over time.

However, it failed to provide specifics or anecdotal evidence related to how it has conducted limited market releases for key products in the recent past to demonstrate leading safety and quality practices and ongoing process improvements especially given the past controversy around MESH.

The company attributed the ongoing ESG controversy flagging by service providers to the persistent financial materiality. A reserve of USD 400 million is allocated for known and estimable claims related to the MESH lawsuits. While no immediate concerns are evident, the possibility of an additional charge to bolster reserves for remaining claims cannot be entirely ruled out.

While the company has taken positive steps in product safety and quality, it could demonstrate this better by providing real-time evidence of recent product launches. Specifics, such as the number of centres in limited launches, documents taught, launch expansion criteria, safety outcomes in the real world, and a comparison of that to the product label, would enhance transparency. A more detailed account is sought for addressing ESG concerns and establishing BSC as a benchmark in the healthcare industry. BNY Mellon will continue to check-in and monitor progress at least annually.

Trustees' Report for the year ended 31 December 2023 (continued)

Implementation Statement (continued)

Examples of engagement activity undertaken over the year to 31 December 2023 (continued)

LGIM

Nucor Corp, Environmental related engagement

Under their Climate Impact Pledge, LGIM select c.100 'dial-mover' companies for in-depth engagement, using their qualitative framework set out in their sector-specific guides. 'Dial-mover' companies are chosen on their size and potential to galvanise action in their sectors, reflecting LGIM's aim of driving market-level improvements.

LGIM were pleased to see that Nucor, one of their 'dial-mover' companies, has announced a net-zero emissions commitment with interim targets and a published decarbonisation plan. Nucor is the largest steel producer in the US and among the top 20 in the world; steel is pivotal to the energy transition, being central to the auto industry and renewable energy infrastructure.

While LGIM recognise that corporate decisions are the product of a range of factors, their engagements under the Climate Impact Pledge are based upon their sector-specific guides and 'red lines', which include a commitment to net-zero operational emissions. LGIM had voted against the Chair of the company in its 2023 AGM for failing to meet this 'red line' at the time, so the announcement of the company's commitment, interim targets and plan are very welcome.

This is not the first time that LGIM have seen a commitment from the company after voting against its Chair: in 2021, LGIM voted against the Chair for a lack of emissions reduction targets and the subsequent year, the company set them, meaning they received no sanctions from LGIM in 2022.

Trustees’ Report for the year ended 31 December 2023 (continued)

Statement of Trustees’ Responsibilities

Statement of Trustees’ Responsibilities for the Financial Statements

The audited financial statements, which are required to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which:

a) show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
b) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustees have supervised the preparation of the Financial Statements and have agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. They are also responsible for:

- assessing the Scheme’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to wind up the Scheme, or have no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustees’ Annual Report, information about the Scheme prescribed by pensions legislation, which they should ensure is fair and impartial.

The Trustees also have certain responsibilities in respect of contributions which are set out in the statement of Trustees’ responsibilities accompanying the Trustees’ summary of contributions.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Scheme and financial information included on the Scheme’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' Report for the year ended 31 December 2023 (continued)

Statement of Trustees' responsibilities (continued)

Statement of Trustees' responsibilities in respect of contributions

The Scheme's Trustees are responsible under pensions legislation for ensuring that there is a prepared, maintained and from time-to-time revised schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustees are also responsible for keeping records of contributions received in respect of any active member of the Scheme and for monitoring that contributions are made to the Scheme in accordance with the schedule.

Further information

Requests for additional information about the Scheme, or queries relating to members' own benefits, should be made to the contact listed on page 1.

Auditor

The incumbent auditor is deemed to be reappointed and KPMG LLP will therefore continue in office.

Approval

The Trustees' report was approved by the Trustees on 6 June 2024 and signed on their behalf by:

……………………………………

Alan Pickering, CBE
Chair

Independent Auditor’s Report to the Trustees of the B&CE Staff Pension Scheme

Opinion

We have audited the financial statements of B&CE Staff Pension Scheme (“the Scheme”) for the year ended 31 December 2023 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes to the Financial Statements, including the accounting policies as set out on pages 31 and 32.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year ended 31 December 2023 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Scheme in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustees have prepared the financial statements on the going concern basis as they do not intend to wind up the Scheme, and as they have concluded that the Scheme’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the Trustees’ conclusions, we considered the inherent risks to the Scheme and analysed how those risks might affect the Scheme’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustees’ assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustees as to the Scheme’s high-level policies and procedures to prevent and detect fraud, as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board minutes.

Independent Auditor's Report to the Trustees of the B&CE Staff Pension Scheme (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustees (or their delegates including the Scheme administrator) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as investment valuations. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustees; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unusual journals to cash.
- Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustees (as required by auditing standards) and discussed with the Trustees the policies and procedures regarding compliance with laws and regulations.

As the Scheme is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Scheme's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation) and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Scheme is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Scheme's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Scheme's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of Contributions in our statement about contributions on page 40 of the Annual Report.

Independent Auditor's Report to the Trustees of the B&CE Staff Pension Scheme (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustees are responsible for the other information, which comprises the Trustees' Report (including the report on actuarial liabilities, the implementation statement and the summary of contributions), and the actuarial certification of the Schedule of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustees' responsibilities

As explained more fully in their statement set out on pages 23 and 24, the Scheme Trustees are responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to wind up the Scheme, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Trustees of the B&CE Staff Pension Scheme (continued)

The purpose of our audit work and to whom we owe our responsibilities.

This report is made solely to the Scheme Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustees, as a body for our audit work, for this report, or for the opinions we have formed.

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 6 June 2024

Fund Account for the year ended 31 December 2023

	Note	2023 £	2022 £
Contributions and benefits			
Employer contributions		**493,269**	500,024
Employee contributions		**14,823**	14,959
Total contributions	4	**508,092**	514,983
Benefits paid or payable	5	**(1,946,382)**	(2,142,484)
Transfers out to other plans	6	**-**	(115,284)
		(1,946,382)	(2,257,768)
Net withdrawals from dealings with members		**(1,438,290)**	(1,742,785)
Returns on investments			
Investment income	8	**189,549**	195,856
Change in market value of investments	9	**2,031,656**	(30,924,327)
Investment management expenses	10	**(65,555)**	(81,379)
Net return on investments		**2,155,650**	(30,809,850)
Net increase/ (decrease) in the fund during the year		**717,360**	(32,552,635)
Opening net assets of the Scheme		**51,694,251**	84,246,886
Closing net assets of the Scheme		**52,411,611**	51,694,251

The notes on pages 31 to 39 form part of these Financial Statements.

Statement of Net Assets (available for benefits) as at 31 December 2023

	Note	**2023**	2022
		£	£
Investment assets			
Pooled investment vehicles	12	**51,792,300**	51,235,070
AVC investments	13	**22,749**	21,091
Total net investments		**51,815,049**	51,256,161
Current assets	18	**611,931**	454,758
Current liabilities	19	**(15,369)**	(16,668)
Net assets available for benefits at 31 December		**52,411,611**	51,694,251

The notes on pages 31 to 39 form part of these Financial Statements.

The Financial Statements summarise the transactions of the Scheme and deal with net assets available for benefits at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which considers such obligations, is dealt with in the Report on Actuarial liabilities on pages 4 and 5 of the Trustees' Report and these Financial Statements should be read in conjunction with that report.

These Financial Statements were approved by the Trustees on 6 June 2024 and signed on their behalf by:

Alan Pickering CBE, Chair

Matthew Phillips, Trustee

Notes to the Financial Statements for the year ended 31 December 2023

1. General information and identification of the Financial Statements

The Scheme is a defined benefit occupational pension scheme established under trust.

The Scheme was established to provide retirement benefits to the employees of People's Partnership Holdings Limited (formerly B&CE Holdings Limited). The address of the Scheme's registered office is Manor Royal, Crawley, West Sussex RH10 9QP. The Scheme is no longer open to new members, but existing members continue to accrue benefits. The Scheme is established as a trust under English law. The address for enquiries about the Scheme is included on page 1.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential tax treatment.

2. Basis of preparation

The Financial Statements of the Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the guidance set out in the Statement of Recommended Practice (Revised 2018) Financial Reports of Pension Schemes (SORP).

The Financial Statements are prepared on a going concern basis, which the Trustees believe to be appropriate as they believe that the Scheme has adequate resources to realise its assets and meet pension payments in the normal course of affairs (continue to operate) for at least the next 12 months from the date of approval of the financial statements ("the going concern period"). In reaching this conclusion, the Trustees considered the funding position of the Scheme, the strength of the sponsoring employer and its capital position to gain comfort that it will continue to make contributions as they fall due. This assessment, together with income and capital growth from its assets, gives the Trustees confidence to prepare the financial statements on a going concern basis.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Currency

The Scheme's functional currency and presentational currency is pounds sterling (GBP).

Contributions

Employees' and employers' normal contributions are accounted for on an accruals basis in the month employee contributions are deducted from pay. Additional voluntary contributions ('AVCs') from employees are accounted for when the contributions are received and when the payment is made to the AVC providers. Employee contributions paid under salary sacrifice arrangements are disclosed as Employer contributions.

Transfers to and from other plans

Transfer values represent the capital sums either receivable in respect of members from other pension plans of previous employers, or payable to the pension plans of new employers for members who have left the Scheme. Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is paid or received.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

3. Summary of significant accounting policies (continued)

Benefits and payments to and on account of leavers

Pensions in payment are accounted for in the period to which they relate. Other payments due to pensioners are accrued for when they can be reasonably estimated.

Retirement benefits where a member has a choice to either a full pension or a lump sum plus reduced pension are accounted for on an accruals basis based on the later of the date the option was exercised or the date of retirement.

Lump sums and dependants' pensions payable in respect of the death of a member are accounted for on an accruals basis.

Administration and investment management expenses

Administrative expenses including the outsourced administration are borne by the Employer and are not recharged to the Scheme. Investment management expenses are accounted for on an accruals basis.

Investment income and expenditure

Income from pooled investment vehicles which distribute income is accounted for on an accruals basis on the date the dividend is declared. Income from cash and short-term deposits are accounted for on an accruals basis.

The change in market value of investments during the year 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 and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

Transaction costs are included in the cost of purchases and sale proceeds.

Investment management expenses are accounted for on an accruals basis and shown separately within investment returns, except where the fees are embedded charges within pooled vehicle unit prices.

Valuation and classification of investments

Investment assets and liabilities are included in the financial statements at fair value. Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the closing single price, single dealing price or most recent transaction price is used.

The methods of determining fair value for the principal classes of investments are:

- Certain pooled investment vehicles which are traded on an active market are included at the quoted price, which is normally the bid price as provided by the investment manager.

- Unitised pooled investment vehicles which are not traded on an active market but where the investment manager is able to demonstrate that they are priced daily, weekly or at each month end, and are traded substantially on all pricing days are included at the price provided by the investment manager based on the first pricing day after year end where the immediately preceding pricing day does not coincide with the year-end date.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

4. Contributions

	2023	2022
	£	£
Employer contributions		
Normal	**493,269**	500,024
Employee contributions		
Normal	**14,823**	14,959
Total contributions	**508,092**	514,983

On 1 April 2018, the Employer introduced a salary sacrifice arrangement for Employees. Since then, all contributions to the Scheme are classified as Employer contributions except where an Employee has opted out from salary sacrifice. No deficit contributions are due to the Scheme for the year ended 31 December 2023 (2022:nil).

5. Benefits paid or payable

	2023	2022
	£	£
Pensions	**1,946,382**	1,927,976
Commutation of pensions and lump sum retirement benefits	**-**	214,508
	1,946,382	2,142,484

6. Transfers out to other plans

	2023	2022
	£	£
Individual transfers out to other plans	**-**	115,284

7. Administrative expenses

There were no administrative expenses in 2023 (2022: nil). All administrative expenses including the outsourced administration are borne by the Employer and are not recharged to the Scheme. The Employer pays for any fees falling due to professional advisers and other expenses that are reasonably incurred by the Trustees in the course of performing their duties.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

8. Investment income

	2023	2022
	£	£
Income from pooled investment vehicles	**183,443**	194,929
Interest on cash deposits	**6,106**	927
	189,549	195,856

9. Reconciliation of net investments

	Opening market value at 1 January 2023	Purchases at cost	Sales proceeds from disinvestment	Change in market value	**Closing market value at 31 December 2023**
	£	£	£	£	**£**
Pooled investment vehicles	51,235,070	3,484,984	(4,957,752)	2,029,998	**51,792,300**
AVC investments	21,091	-	-	1,658	**22,749**
	51,256,161	3,484,984	(4,957,752)	2,031,656	**51,815,049**

10. Investment management expenses

The investment in pooled investment vehicles has an impact on investment managers' fees. These types of funds suffer periodic charges levied against the value of the fund. Agreements negotiated by the Trustees have ensured that where appropriate these charges are fully recovered by the Scheme. The amounts recovered are offset against investment management fees. Some investment management fees are collected by adjustment of the unit price and are not included below as they are not quantified.

	2023	2022
	£	£
Fees charged by investment managers	**65,555**	81,379

11. Investment transaction costs

Indirect transaction costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustees to quantify such indirect transaction costs. There are no direct transaction costs (2022: nil).

12. Pooled investment vehicles

At the year-end the principle economic exposures of the Scheme's investments in pooled investment vehicles comprised:

	2023	2022
By type	£	£
Bond Funds	**38,345,595**	38,926,310
Equity Funds	**6,186,146**	5,193,937
Diversified Growth Funds	**7,260,559**	7,114,823
	51,792,300	51,235,070

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

13. AVC investments

The Trustees hold individual investment policies separately from the main Scheme investments for those members electing to pay AVCs. Members participating in this arrangement each receive an annual statement made up to 31 December confirming the amounts held in their account. AVC policyholder members are entitled to purchase additional defined benefits under the provisions of the Scheme as well as additional benefits through an open market option. The value of the AVCs at the year-end were £22,749 (2022: £21,091).

14. Fair value of investments

The fair value of investments has been determined using the following hierarchy

- Level 1: Unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.
- Level 2: Inputs (other than quoted prices) that are observable (i.e. developed using market data) for the instrument, either directly or indirectly.
- Level 3: Inputs are unobservable, i.e. for which market data is unavailable.

Pooled investment vehicles which are traded regularly are generally included in Level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair value applies, valuation techniques are adopted, and the vehicles are included in Level 3.

The Scheme's investment assets have been included at fair value within these categories as follows:

Category	Level 2 £	2023 Total £
Investment assets		
Pooled investment vehicles	**51,792,300**	**51,792,300**
AVC investments	**22,749**	**22,749**
Total investments	**51,815,049**	**51,815,049**

Analysis for the prior year end is as follows:

Category	Level 2 £	2022 Total £
Investment assets		
Pooled investment vehicles	51,235,070	51,235,070
AVC investments	21,091	21,091
Total investments	51,256,161	51,256,161

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

15. Investment risks

Types of risk relating to investments

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Scheme has exposure to these risks because of the investments it makes to implement the investment strategy described in the Trustees' Report. The Trustees manage investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustees through regular reviews of the investment portfolio.

Further information on the Trustees' approach to risk management, credit and market risk is set out below. This does not include the AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

The table below summarises the extent to which the investments are affected directly and indirectly by financial risks for 2023 and 2022. The notes below explain how these risks are managed and mitigated for the different classes.

	Direct credit risk	Indirect credit risk	Indirect market risk		
Pooled investment vehicles:			Currency	Interest rate	Other price
Bonds	Yes	Yes	Yes	Yes	No
Equity	Yes	No	Yes	No	Yes
Diversified Growth	Yes	Yes	Yes	Yes	Yes

Due to the nature of the pooled investment vehicles, there is no direct market risk.

Credit risk
The Scheme is subject to credit risk because it invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

A summary of exposures to credit risk is given in the table above.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

15. Investment risks (continued)

Types of risk relating to investments (continued)

Credit risk (continued)

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled investment managers, the regulatory environments in which the pooled investment managers operate and diversification of investments amongst a number of pooled arrangements. The Trustees carry out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled investment manager.

Indirect credit risk arises in relation to underlying investments held in the bond and diversified fund pooled investment vehicles. The indirect credit risk arising on bonds is mitigated by investing in government bonds and corporate bonds which are at least investment grade credit rated. Credit risk arising is mitigated by investment mandates requiring all counterparties to be at least investment grade rated.

The pooled investment vehicles are not rated by credit agencies. The information about exposures to and mitigation of credit risk above applied at both the current and previous year end.

A summary of pooled investment vehicle by type of legal arrangement is as follows:

	2023	2022
	£	£
Unit linked insurance contracts	**44,531,741**	44,120,247
Open ended investment companies	**7,260,559**	7,114,823
	51,792,300	51,235,070

Indirect market risks

Currency risk
The Scheme is subject to indirect currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles (indirect exposure). The Scheme's liabilities are denominated in sterling and the Trustees will on a vehicle-by-vehicle basis use currency hedging when they deem appropriate to reduce this risk.

Interest rate risk
The Scheme is subject to indirect interest rate risk because some of the Scheme's investments are held in bonds through pooled investment vehicles (indirect exposure). The matching core funds have built in hedging against interest rate risk.

Other price risk
Other price risk arises principally in relation to the Scheme's Growth portfolio which includes equities held in pooled vehicles. The Scheme manages this exposure to other price risk by constructing a diverse portfolio of pooled investment vehicles that invest in a range of instruments across various markets. As set out in the Scheme's SIP, each investment manager is expected to manage broadly diversified portfolios and to spread assets across a number of individual shares and securities. The target asset allocation is detailed in the appendix of the SIP.

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

16. Concentration of investments

Investments accounting for more than 5% of the net assets as at the Scheme year end date were:

Investment	**2023 £**	**%**	2022 £	%
LGIM Buy & Maintain Credit Fund (Distribution)	**12,464,461**	**24%**	11,842,105	23%
LGIM Sterling Liquidity Fund	**6,795,422**	**13%**	10,197,435	20%
LGIM Matching Core Real Long Fund (Series 1)	**9,059,442**	**17%**	8,003,458	15%
BNY Mellon Real Return Fund Newton Inst Shares 1 (Inc)	**7,260,559**	**14%**	7,114,823	14%
SSGA International (Developed 100% Hedged) ESG Screened Index Equity Sub-Fund	**6,186,146**	**12%**	5,193,937	10%
LGIM Matching Core Fixed Long Fund (Series 1)	**4,683,522**	**9%**	3,994,370	8%

All the above investments are pooled investment vehicles which have multiple underlying assets none of which exceeds 5% of the net assets of the Scheme at either year end date.

17. Employer related investments

There were no Employer related investments during the year or at the year-end date (2022: nil).

18. Current assets

	2023 £	2022 £
Prepaid pensions	**138,851**	141,435
Other debtors	**1,009**	5,564
Cash balances	**472,071**	307,759
	611,931	454,758

19. Current liabilities

	2023 £	2022 £
Accrued expenses	**15,369**	16,668

20. Related party transactions

Related party transactions and balances comprise of:

- Pensions paid (note 5) includes transactions in respect of two member Trustees (2022: two). All transactions with Trustees were in accordance with the Trust Deed and Rules.
- The Employer paid for and provided administrative services including the provision of the Secretary of the Trustees without recharge to the Scheme (years 2023 and 2022) – see note 7.
- All fees and expenses payable to the Trustees were met by the Employer. These are estimated to have cost the Employer £16,190 (2022: £15,100).

Notes to the Financial Statements for the year ended 31 December 2023 (continued)

21. Contingent liabilities

As explained in the Trustees' Report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that benefits provided to members who had contracted out of their pension scheme must be reviewed to remove inequalities between men and women in relation to Guaranteed Minimum Pensions (GMPs) accrued between 17 May 1990 and 5 April 1997.The outcome determined by the judgment therefore applies to most defined benefit pension schemes.

There was a further court ruling in November 2020 in relation to the case, which concluded that past transfers out of schemes in respect of GMPs earned during this period also need to be taken into account.

The Trustees are now reviewing, with their advisers, the implication of these rulings on the Scheme and the equalisation of guaranteed minimum pensions between men and women, in the context of the rules of the Scheme and the value of any liability. Any adjustments necessary, in line with Scheme accounting policies for GMP benefits in payment, will be recognised in the financial statements when a reliable estimate can be calculated. It's not possible to estimate the value of any such adjustments at this time.

Independent Auditor's Statement about Contributions to the Trustees of the B&CE Staff Pension Scheme

Statement about contributions

We have examined the summary of contributions payable under the Schedule of Contributions to the B&CE Staff Pension Scheme in respect of the Scheme year ended 31 December 2023 which is set out on page 41.

In our opinion contributions for the Scheme year ended 31 December 2023 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the actuary on 18 November 2020.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 23 and 24, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions to the Scheme and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Scheme's Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees, as a body, for our work, for this statement, or for the opinions we have formed.

G. Broom

Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

Date: 6 June 2024

Summary of Contributions for the year ended 31 December 2023

During the year ended 31 December 2023, the contributions payable to the Scheme under the Schedule of Contributions certified by the Scheme actuary on 18 November 2020 were as follows:

	Employer £	Employees £	Total £
Contributions required by the Schedule of Contributions as reported on by the Scheme auditor			
Normal contributions	493,269	14,823	**508,092**
Total contributions as required by the Schedule of Contributions and reported on by the Scheme auditor and reported in the Financial Statements	493,269	14,823	**508,092**

Approved by the Trustees on 6 June 2024 and signed on their behalf by:

Alan Pickering CBE, Chair

Matthew Phillips, Trustee

Actuarial Certificate about the Schedule of Contributions

Name of Scheme:	B&CE Staff Pension Scheme

Adequacy of contributions

In my opinion, the contributions shown in this schedule are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

Consistency with statement of funding principles

In my opinion, this schedule of contributions is consistent with the statement of funding principles dated 6 February 2024.

Please note that the adequacy of contributions statement in this certificate relates to the scheme's statutory funding objective. For the avoidance of doubt this certificate does not mean that the contributions shown in this schedule would be enough to secure the Scheme's full liabilities with annuities if the scheme were to wind up.

Signature	Shani McKenzie
Date	06 February 2024
Name	Shani McKenzie
Qualification	Fellow of the Institute and Faculty of Actuaries
Name of Employer	Hymans Robertson LLP
Address	One London Wall, London, EC2Y 5EA

This certificate is provided to meet the requirements of regulation 10(6) of The Occupational Pension Schemes (Scheme Funding) Regulations 2005.

For more information:

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