

# Employee Life Cover from B&CE

Annual Report and Financial Statements
for the year ended 31 March 2026

Pension scheme tax reference: 00761659RN

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# Trustee Board

The following served as Trustee Directors of Building and Civil Engineering Benefits Scheme Trustee Limited ("the Trustee") during the year, and up to the date of signing:



## Alan Pickering, CBE

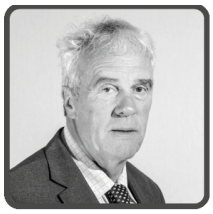
Independent Chair



## Brian Phoenix (resigned 31 May 2026)

Employer representative

Nominated by National Federation of Builders



## Bob Blackman, MBE

Industry employee representative

Nominated by Unite the Union



## Christopher Fagan

Employer representative

Nominated by National Federation of Builders



## Graham Dow

Industry employee representative

Nominated by GMB



## Vaughan Hart

Employer representative

Nominated by Scottish Building Federation

# Scheme information

**Secretary**
Natalie Tate (with effect from 1 October 2025, resigned 20 March 2026)

**Scheme administrator**
People's Administration Services Limited

**Actuary**
Chintan Gandhi FIA, Aon Solutions UK Limited (resigned 14 December 2025)
Helen Howell, Lane Clark & Peacock LLP (appointed 15 December 2026)

**Independent auditor**
KPMG LLP

**Legal adviser**
CMS Cameron McKenna Nabarro Olswang LLP

**Investment adviser**
Barnett Waddingham LLP (resigned 19 January 2026)
Lane Clark & Peacock LLP (appointed 20 January 2026)

**Investment manager**
Legal & General Investment Management Limited

**Banker**
HSBC Bank plc

**Name and address for enquiries**
Building and Civil Engineering Benefits Scheme Trustee Limited
C/O Trustee Governance Services
Manor Royal
Crawley
West Sussex RH10 9QP
Email: info@bandce.co.uk
Phone number: 0300 2000 555
Website: www.bandce.co.uk

There are written agreements in place between the Trustee and third parties listed above. There is no sponsoring employer for the Employee Life Cover from B&CE Scheme as it is a multi-employer scheme.

# Trustee's report for the year ended 31 March 2026

The Trustee of Employee Life Cover from B&CE ("the Scheme") presents its Annual Report and Non-Statutory Financial Statements for the year ended 31 March 2026.

Scheme constitution and management

The Scheme provides death benefits for employees of employers in the construction industry and allied trades contributing to the Scheme. The Scheme is administered by People's Administration Services Limited ("PASL") ("Scheme Administrator"), which charges the Scheme for its services.

The Scheme was established by a Trust Deed on 24 September 2010. The rules are set out in a schedule to the Trust Deed. Under the Trust Deed, the Trustee was appointed as the corporate trustee.

People's Partnership Limited ("PPL") and its subsidiaries together are referred to as "the Group".

Responsibility for setting the strategy and for managing the Scheme rests with the Trustee.The persons who acted as Trustee Directors of the Trustee during the year and up to the date of signing of the Annual Report and Non-Statutory Financial Statements are listed on page 1. The Trustee held 4 meetings during the year and the decisions were passed by a majority of the Trustee Directors who attended.

The Trustee Directors' attendance at meetings of the Trustee Board is summarised below.

| **Trustee Director** | **Trustee Board 4 meetings** |
|---|---|
| R Blackman | **4** |
| G Dow | **4** |
| C Fagan | **4** |
| V Hart | **4** |
| B Pheonix | **4** |
| A Pickering | **4** |

The Trustee Directors are paid a fee and reimbursed for expenses incurred in performing their duties as Directors of the Trustee. This cost is borne by PPL.

**Scheme constitution and management**

The Trustee regularly reviews risks and conflicts to ensure that appropriate internal controls are in place and remain effective to support its governance arrangements.

The Trustee has appointed professional advisers and other organisations to support it in delivering the Scheme's objectives. These advisers and organisations are listed on page 2. The Trustee has written agreements in place with each of them.

Financial developments and Non-Statutory Financial Statements

The Trustee has chosen to prepare the Non-Statutory Financial Statements included in this Annual Report in accordance with the principles of UK Generally Accepted Accounting Practice and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes (Revised 2018)" (SORP) (see note 2 to the Non-Statutory Financial Statements) and in accordance with the accounting policies set out in note 3 to the Non-Statutory Financial Statements.

**Actuary**

Chintan Gandhi, of Aon Solutions UK Limited, the Scheme Actuary, resigned on 14 December 2025. The Trustees filled the vacancy of the Scheme Actuary by appointing Helen Howell, of Lane Clark & Peacock LLP, on 15 December 2025.

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

# Trustee's report for the year ended 31 March 2026 (continued)

Membership and benefits

On 31 March 2026 there were 105,827 members (2025:110,422) covered by the Scheme.

The Scheme only pays a discretionary lump sum payment if a member dies while covered by the Scheme. The Scheme can make a death benefit payment if an employee dies while actively working or following a period of unemployment or incapacity. The payment is doubled if the death is a result of an accident at or travelling to or from work.

The standard level of death benefit was £40,000 since 1 January 2019 to 31 October 2025. For deaths that occur on, or after 1 November 2025, the standard level of death benefit is £42,500. Some employers have double or triple levels of cover which multiplies the death benefit available.

Actuarial review

The Trustee regularly reviews contribution and benefit levels to ensure the Scheme continues to offer good value for employers while remaining financially sustainable. In recent years, claims experience has been higher than anticipated at the time of the previous pricing and benefit changes introduced in 2019, when the headline benefit increased from £32,500 to £40,000 and the weekly contribution rose from £1.28 to £1.38. This higher-than-expected claims rate has resulted in a gradual but material reduction in Scheme assets since 2019.

Following an actuarial review, supported by the internal People's Partnership actuarial team and finalised in May 2025, the Trustee agreed a set of changes to address the ongoing decline in assets. These changes, implemented on 1 November 2025, included an increase in the headline benefit from £40,000 to £42,500 to reflect growth in workers' salaries since the last change, alongside an increase in weekly premiums from £1.38 to £1.85 per worker. This represents only the second contribution increase since the Scheme's inception in 2010 (the first being in 2019), during which time the headline benefit has been increased on five occasions.

Following the 2025 review, we have introduced an annual review process and there is an expectation that inflationary increases will be applied each year (subject to the results of the review). The latest review is in progress and a proposal will be considered by the trustee board at their meeting on 11 September 2026, to be implemented in late 2026/27 if approved. Future annual changes will be informed by actuarial modelling and could be zero, although the current planning assumption remains that premiums will increase by approximately 4% per annum.

Employers' contributions

The employer contribution rate paid to the Scheme has been £1.38 per employee per week of standard cover since 1 January 2019; £1.26 is allocated to securing death benefits and £0.12 covers administration costs. From 1 November 2025, this increased to £1.85 per week; £1.73 is allocated to securing death benefits and £0.12 covers administration costs.

Investments

Contributions to the Scheme are currently invested in a sterling liquidity fund managed by Legal & General Investment Management Limited ("LGIM"). The investment manager and its nominees have ownership and custody of the underlying investments.

The L&G Sterling Liquidity Fund returned 2.92% (4.01% benchmark) over the year and 3.63% (benchmark 4.62%) annualised over the last 3 years.

Employer-related investments

There were no employer-related investments during the year or at the year-end (2025: nil).

# Trustee's report for the year ended 31 March 2026 (continued)

Further information

Enquiries about the Scheme generally or about an individual's entitlement to a benefit should be made to the Trustee at the address shown on page 2.

Statement of the Trustee's responsibilities for the Non-Statutory Financial Statements

The Non-Statutory Financial Statements, which are 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 Trustee. The Trustee has accepted responsibility to prepare and have an audit of the Non-Statutory Financial Statements for each Scheme year as stated in the Trust Deed and Rules dated 24 September 2010. In preparing those Non-Statutory Financial Statements, the Trustee intends that the Non-Statutory Financial Statements should:

- 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 benefits after the end of the Scheme year; and
- contain the information specified in the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustee has supervised the preparation of the Non-Statutory Financial Statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It has also accepted responsibility 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 it either intends to wind up the Scheme, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Scheme, which it should ensure is fair and impartial.

The Trustee is 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 Trust Deed and Rules.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of Non-Statutory Financial Statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities.

The Trustee's report was approved by the Trustee on 11 September 2026 and signed on its behalf by:

Alan Pickering **Trustee Director**

11 September 2026

# Independent auditor's report to the Trustee of Employee Life Cover from B&CE

Opinion

We have audited the Non-Statutory Financial Statements of the Employee Life Cover from B&CE ("the Scheme") for the year ended 31 March 2026 which comprise the Fund Account and the Statement of Net Assets (Available for benefits) and related notes, including the accounting policies in note 3. These Non-Statutory Financial Statements have been prepared for the reasons set out in note 2 to the Non-Statutory Financial Statements.

In our opinion the Non-Statutory Financial Statements:

- show a true and fair view, of the financial transactions of the Scheme during the Scheme year ended 31 March 2026 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; and
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and the terms of our engagement letter dated 21 January 2026. 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 Trustee has prepared the Non-Statutory Financial Statements on the going concern basis as it does not intend to wind up the Scheme, and as it has concluded that the Scheme's financial position means that this is realistic. It has 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 Non-Statutory Financial Statements ("the going concern period").

In our evaluation of the Trustee's 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 Trustee's use of the going concern basis of accounting in the preparation of the Non-Statutory Financial Statements is appropriate;
- we have not identified and concur with the Trustee's 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.

# Independent auditor's report to the Trustee of the Employee Life Cover from B&CE (continued)

**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 Trustee as to the Scheme's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether it has knowledge of any actual, suspected, or alleged fraud.
- Reading Trustee Board minutes.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that the Trustee (or its 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 Trustee; 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 Non-Statutory Financial Statements have been prepared.
- Assessing whether the judgements made in making accounting estimates are indicative of a 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 Non-Statutory Financial Statements from our general commercial and sector experience and through discussion with the Trustee (as required by auditing standards), and from inspection of the Scheme's regulatory and legal correspondence and discussed with the Trustee 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 Non-Statutory Financial Statements varies considerably.

Firstly, the Scheme is subject to laws and regulations that directly affect the Non-Statutory 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 Non-Statutory 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 Trustee 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.

# Independent auditor's report to the Trustee of the Employee Life Cover from B&CE (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 Non-Statutory 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 Non-Statutory 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 Trustee is responsible for the other information, which comprises the Trustee's Report. Our opinion on the Non-Statutory Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

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

**Trustee's responsibilities**

As explained more fully in its statement set out on page 5, the Scheme Trustee is responsible for: supervising the preparation of Non-Statutory Financial Statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of Non-Statutory 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 it either intends to wind up the Scheme, or has no realistic alternative but to do so.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the Non-Statutory 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 Non-Statutory 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 Trustee of the Employee Life Cover from B&CE (continued)

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

This report is made to the Scheme's Trustee in accordance with the agreed terms of our engagement and solely in connection with the requirements of the trust deed. It has been released to the Trustee, on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the Trustee's own internal purposes) or in part, without our prior written consent.

This report was designed to meet the agreed requirements of the Scheme's Trustee determined by its needs at the time. This report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Scheme's Trustee for any purpose or in any context. Any party other than the Scheme's Trustee who obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our audit work, this report, or for any opinions we have formed, to any other party.

Iryndeep Kaur-Delay

**Iryndeep Kaur-Delay**
**for and on behalf of KPMG LLP**
*Chartered Accountants*
*15 Canada Square*
*London*
*E14 5GL*

11 September 2026

# Fund Account for the year ended 31 March 2026

| | Note | **2026** **£000** | 2025 £000 |
|---|---|---|---|
| Contributions and benefits | | | |
| Employer contributions | 4 | **9,548** | 8,614 |
| Benefits | 5 | **(11,148)** | (8,567) |
| Other payments | 6 | **(61)** | (54) |
| Administrative expenses | 7 | **(687)** | (712) |
| | | **(11,896)** | (9,333) |
| **Net withdrawals from dealings with members** | | **(2,348)** | (719) |
| **Net returns on investment** | | | |
| Investment income | 8 | **382** | 299 |
| Increase in market value of investments | 9 | **-** | 233 |
| Investment management fee rebate | 10 | **-** | 6 |
| | | **382** | 538 |
| **Net decrease in the fund** | | **(1,966)** | (181) |
| **Opening net assets** | | **10,302** | 10,483 |
| **Closing net assets** | | **8,336** | 10,302 |

The notes on pages 12 to 18 form part of these Non-Statutory Financial Statements.

# Statement of Net Assets (available for benefits) as at 31 March 2026

| | Note | **2026** **£000** | 2025 £000 |
|---|---|---|---|
| **Investment assets** | | | |
| Pooled investment vehicles | 9 | **8,500** | 9,800 |
| **Total net investments** | | **8,500** | 9,800 |
| Current assets | 15 | **1,628** | 1,502 |
| Current liabilities | 16 | **(1,792)** | (1,000) |
| **Net assets available for benefits** | | **8,336** | 10,302 |

The Non-Statutory Financial Statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay benefits which fall due after the end of the Scheme year.

The notes on pages 12 to 18 form part of these Non-Statutory Financial Statements.

These Non-Statutory Financial Statements were approved by the Trustee on 11 September 2026 and signed on its behalf by:

Alan Pickering

**Trustee Director**

11 September 2026

# Notes to the Non-Statutory Financial Statements for the year ended 31 March 2026

## 1. General information

Employee Life Cover from B&CE (the 'Scheme') is a death benefit only pension scheme established under English Law.

The Scheme provides death benefits for operatives employed under the Building and Civil Engineering National Working Rule Agreement. The address of the Scheme's registered office is Manor Royal, Crawley, West Sussex, RH10 9QP.

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

## 2. Basis of preparation

The Scheme is exempt from the requirement to prepare statutory accounts as it is a death benefit only pension scheme which does not fall into the normal defined benefit or contribution scheme status, however the Trustee has chosen to do so as stated in the Trust Deed and Rules dated 24 September 2010.

These Non-Statutory Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice, Financial Reporting Standard 102 (FRS 102) – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council (FRS 102), the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised 2018) (SORP) and the accounting policies set out in note 3. This is chosen as the most suitable accounting framework because the Scheme is a registered pension scheme as set out in note 1 above.

The Non-Statutory Financial Statements are prepared on a going concern basis, which the Trustee believe to be appropriate as it believes the Scheme has adequate resources to meet its obligations as they fall due for at least the next 12 months from the date of approval of these Non-Statutory Financial Statements.

In reaching this conclusion, the Trustee considered the funding position of the Scheme. It also considered the fact the Scheme has regular contributions and adequate liquidity to cover benefits as they arise.

This assessment gives the Trustee confidence to prepare the Non-Statutory Financial Statements on a going concern basis.

## 3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Non-Statutory 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

Employers' contributions to fund death benefits are recognised on an accruals basis in accordance with schedules received from employers, based on the period to which the contributions relate.

### Benefits

Lump sum death benefits are accounted for on an accruals basis on the date of notification to the Scheme.

# Notes to the Non-Statutory Financial Statements for the year ended 31 March 2026 (continued)

**3. Summary of significant accounting policies (continued)**

**Administrative expenses**

Expenses are accounted for on an accruals basis and are inclusive of irrecoverable VAT.

**Investment income and expenditure**

Interest on investments and deposit interest is accounted for on an accruals basis. Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Other investment management expenses are accounted for on an accruals basis and shown separately within investment returns.

**Valuation and classification of investments**

Investment assets and liabilities are included in the Non-Statutory 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 method of determining fair value for the principal classes of investments is:

- Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days, are included at the last price provided by the manager at or before the year end.

**Critical accounting estimates and judgements**

The preparation of the Non-Statutory Financial Statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the Non-Statutory Financial Statements.

| **4. Employer contributions** | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Employer contributions | | |
| Normal | **9,548** | 8,614 |

| **5. Benefits** | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Lump sum death benefits | **11,148** | 8,567 |

| **6. Other payments** | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Premiums on term insurance policies | **61** | 54 |

# Notes to the Non-Statutory Financial Statements for the year ended 31 March 2026 (continued)

| 7. Administrative expenses | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Scheme administrator fees | **672** | 698 |
| Audit fees | **15** | 14 |
| | **687** | 712 |

The Scheme Administrator charges for the costs of administration based on £0.12 per employee per week.The Scheme pays directly for other legal and professional fees.

| 8. Investment income | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Income from pooled investment vehicles | **382** | 299 |

**9. Reconciliation of net investments**

| | Opening Value at 1 Apr 2025 £000 | Purchases at cost £000 | Sales proceeds £000 | Change in market value £000 | **Closing Value at 31 Mar 2026 £000** |
|---|---|---|---|---|---|
| Pooled investment vehicles | 9,800 | - | (1,300) | - | 8,500 |

| 10. Investment management fee rebates | **2026** | 2025 |
|---|---|---|
| | **£000** | £000 |
| Fees rebated by investment managers | **-** | 6 |

# Notes to the Non-Statutory Financial Statements for the year ended 31 March 2026 (continued)

### 11. 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 for the instrument, either directly or indirectly.
- Level 3: Inputs are unobservable, i.e. for which market data is unavailable.

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

| **Category** | **Level 1 £000** | **Level 2 £000** | **2026 Total £000** |
|---|---|---|---|
| **Investment assets** | | | |
| Pooled investment vehicle | 8,500 | - | 8,500 |
| **Total investments** | **8,500** | **-** | **8,500** |

Analysis for the prior period end is as follows:

| **Category** | Level 1 £000 | Level 2 £000 | 2025 Total £000 |
|---|---|---|---|
| **Investment assets** | | | |
| Pooled investment vehicles | 9,800 | - | 9,800 |
| **Total investments** | **9,800** | **-** | **9,800** |

### 12. Pooled investment vehicles

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

| | **2026 £000** | 2025 £000 |
|---|---|---|
| Cash | **8,500** | 9,800 |

# Notes to the Non-Statutory Financial Statements for the year ended 31 March 2026 (continued)

**13. Investment risks**

**Types of risk relating to investments**

FRS 102 requires the disclosure of information for certain investment risks.

**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.

**Investment strategy**

The investment objective of the Scheme is to maintain a portfolio of suitable assets of appropriate liquidity which will generate investment returns to meet, together with future contributions, the benefits of the Scheme payable under the Trust Deed and Rules as they fall due. The Trustee determines the investment strategy after taking advice from a professional investment adviser.

The Scheme has exposure to investment risk because of the investments it makes in following the investment strategy. The Trustee manages 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 manager and monitored by the Investment Committee and Trustee by regular reviews of the investment portfolio.

The following table summarises the extent to which the investments are affected by direct and indirect financial risks:

| | Direct credit risk | Indirect credit risk | Indirect market risk | | | 2026 | 2025 |
|---|---|---|---|---|---|---|---|
| | | | Currency | Interest rate | Other price | £000 | £000 |
| LGIM Sterling Liquidity Fund | Yes | Yes | Yes | Yes | No | **8,500** | 9,800 |
| **Total pooled investment vehicles and net investments** | | | | | | **8,500** | 9,800 |

Due to the nature of the pooled investment vehicles, there are no direct market risks. Further information on the Trustee's approach to risk management, credit and market risk is set out below.

# Notes to the Non-Statutory Financial Statements for the year ended 31 March 2026 (continued)

**13. Investment risks (continued)**

**Credit risk**

The Scheme is subject to direct credit risk because it holds cash balances and invests in pooled investment vehicles. Cash is held within financial institutions which are at least investment grade credit rated.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager and by the regulatory environment in which the pooled manager operates. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled investment manager. The pooled investment vehicles are unrated.

The Scheme is also subject to indirect exposure to credit risk arising on the financial instruments (bonds and cash) held by the pooled investment vehicles. This is mitigated by the underlying holdings having a wide diversification in the portfolio.

**Market risk: indirect currency risk**

The Scheme is subject to indirect currency risk because the Sterling Liquidity Fund invests in overseas fixed income markets (indirect exposure). Even though the Scheme's direct investment in the Sterling Liquidity Fund is denominated in sterling and all of the underlying assets in the Sterling Liquidity Fund are denominated in sterling, there is still an inherent currency risk as any overseas fixed income issuer's ability to repay in sterling will be sensitive to local exchange rates.

The long and short term impact of this indirect currency exposure on asset returns is expected to be neutral, as the fund seeks to mitigate this risk by investing in investing in assets that mature within 397 days and have been awarded one of the two highest available short term credit ratings by each recognised credit rating agency.

Given the sterling denomination of all underlying assets, the Sterling Liquidity fund does not use financial derivative instruments.

**Market risk: indirect interest rate risk**

The Scheme is subject to indirect interest rate risk because its investment in the Sterling Liquidity Fund invests in bonds, cash or near cash instruments. Due to the pooled nature of the cash and cash-like holdings in the pooled investment vehicle there is an exposure to bonds with short durations and other money-market instruments, the return of which is affected by interest rates.

Market risk: indirect other price risk

The Scheme is not exposed to any indirect other price risk, as the Sterling Liquidity Fund does not include any equity exposures.

**14. Concentration of investments**

Investments accounting for more than 5% of the net assets of the Scheme were:

| | **2026 Value £000** | **%** | 2025 Value £000 | % |
|---|---|---|---|---|
| LGIM Sterling Liquidity Fund | **8,500** | **101.9** | 9,800 | 95.1 |

# Notes to the Non-Statutory Financial Statements for the year ended 31 March 2026 (continued)

| 15. Current assets | 2026 £000 | 2025 £000 |
|---|---|---|
| Contributions due | **1,272** | 980 |
| Accrued income | **28** | 38 |
| Prepayments | **10** | 9 |
| Cash balances | **318** | 475 |
| | **1,628** | 1,502 |

| 16. Current liabilities | 2026 £000 | 2025 £000 |
|---|---|---|
| Unpaid benefits | **1,697** | 902 |
| Accrued expenses | **15** | 14 |
| Tax payable | **22** | 24 |
| Amounts owed to Scheme Administrator | **58** | 60 |
| | **1,792** | 1,000 |

### 17. Employer related investments

The Scheme holds no direct or indirect employer-related investments. This position is unchanged from the previous year.

### 18. Related party transactions

In the normal course of business, the following related party transactions occur:

- The Scheme reimburses the Building & Civil Engineering Benefits Scheme, a related party through a common corporate trustee, for amounts paid by the Building & Civil Engineering Benefits Scheme on its behalf. This totalled £10.1m in 2026 (2025: £9.2m). The amount outstanding at the year-end was £nil (2025: £nil).

### 19. Contingencies and commitments

In the opinion of the Trustee, the Scheme had no quantified contingent liabilities (2025: nil) or commitments (2025: nil) at 31 March 2026 other than the amount provided for open claims being assessed. However, the Scheme recognises that there is an unquantified contingent liability due to members' beneficiaries where members are deceased and a claim has not yet been initiated. Whilst the Scheme cannot quantify the reliable value of any resulting liabilities, taking the worst case scenario, the loss is significantly less than the net assets available to the Scheme, and as such, there is no impact to the Scheme's going concern.

### 20. Events after the reporting period

There were no events requiring disclosure or adjustment occurring after the end of the reporting period.

For more information:

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