

Members Pension Scheme: Annual Report and Accounts 2021-22

June 2022



The Welsh Parliament is the democratically elected body that represents the interests of Wales and its people. Commonly known as the Senedd, it makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

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Members Pension Scheme: Annual Report and Accounts 2021-22

June 2022



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Senedd Cymru
Welsh Parliament

Trustees and advisers

The Remuneration Board as part of its Determination for the Fifth Senedd confirmed that, in line with the Public Service Pensions Act 2013, a Pension Board should be established to replace the Trustee Board. With effect from 6 May 2016 in accordance with section 5 of the rules of the Scheme which came into force from that date, a Pension Board was appointed to replace the Trustees. All appointments to the Pension Board are made by the Remuneration Board. The Chair is a professional Independent Trustee. There are two Trustees nominated by current and pensioner Senedd Members and two Trustees appointed by the Senedd Commission. The Remuneration Board may dismiss any Trustee. A Trustee may resign from office by notice in writing to the Clerk to the Remuneration Board. The composition of the Pension Board for 2021-22 has consisted of:

Role	Name	Date Appointed	Resigned
Independent Trustee (Chair)	Jill Youds	6 May 2016	
Trustee	Mike Hedges AM	6 May 2016	
Trustee	Nia Morgan	4 August 2016	
Trustee	Ieuan Wyn Jones	12 October 2017	6 May 2021
Trustee	Nick Ramsay	6 May 2021	
Trustee	Robert Evans	20 December 2018	

Mike Hedges served on the previous Trustee Board from 12 October 2011.

Scheme Administration

The day to day running of the Scheme is carried out by the Scheme Secretariat within the Senedd Commission's Financial Services Team. Any queries about pensions or any further information required should be sent to the Secretariat at the following address:

Members of the Senedd Pension Scheme
Financial Services
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

At the date of approval of the annual report the Scheme Administrators were:

Donna Davies: Tel: 0300 200 6523 and email: donna.davies@senedd.wales
Scheme Secretary

Liz Calder Tel: 0300 200 6528 and email: liz.calder@senedd.wales
Assistant Secretary

Scheme Advisers Appointed by the Trustees as at 31 March 2022

Actuary Martin Clarke of the Government Actuary's Department

Auditor The Auditor General for Wales

Bankers Barclays Bank plc

Investment Managers Baillie Gifford
Legal & General Investment Management ("LGIM")
Partners Group
BNY Mellon Investment Management ("BNYM")

Legal Adviser Eversheds Sutherland LLP

Scheme Accountants Scheme Secretariat, Senedd Commission

Investment Adviser Quantum Advisory

The Trustees' Report for the period ending 31 March 2022 to the Members of the Senedd Pension Scheme

Legislative Background to the Members of the Senedd Pension Scheme (the "Scheme")

The Welsh Parliament (the "Senedd") provides a defined benefit scheme, governed by section 18 of the Government of Wales Act 1998. Section 20 (4) of and Schedule 11 to the Government of Wales Act 2006 provides continuity for the Scheme. The Government of Wales Act 2006 has not affected the legal status of the Scheme.

The Scheme provides benefits for Members of the Senedd ("the Members") and Office Holders. All Members are Members of the Scheme from the date they enter the Senedd unless they opt not to be.

A Career Average Pension Scheme was introduced from 6 May 2016. Members aged 55 or over on 1 April 2012 were subject to 'Transitional Protection' and continued to have their benefits calculated on a final salary basis for an additional five years until 6 May 2021.

In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges' and firefighters' schemes, gave rise to unlawful discrimination. On 15 July 2019, the Chief Secretary to the Treasury made a written ministerial statement confirming that, as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment needed to be removed from all schemes for members with relevant service.

The Independent Remuneration Board of the Senedd is responsible for the rules of the Members Pension Scheme. Having considered the view of the Pension Board, the Board agreed that a remedy should be adopted to remove the discrimination in the rules of the Members Pension Scheme as a result of the transitional protection provisions they currently contain. The Board consulted with the affected Members and the Senedd Commission on a proposed remedy. Affected Members will be offered an immediate choice to remain in the CARE Scheme or to return to the Final Salary section for the Remedy period 6 May 2016-6 May 2021.

From the start of the Sixth Senedd all Members are in the CARE Scheme. Following the actuarial valuation at 1 April 2020, the employer contribution rate payable by the Senedd at 31 March 2022, remained at 19.9% of Members aggregate salaries. The Member contribution is 10.5% of salary.

The main features are:

- Each year Members build up a pension of 1/50th of their salary for that year.
- The pension built up each year is revalued in line with the Treasury orders made under the Public Service Pensions Act 2013, currently in line with the Consumer Price Index (CPI).
- Benefits built up in the Final Salary Scheme are fully protected and will continue to be linked to any future salary increases.
- Office Holders earn an additional Office Holder CARE pension of 1/50th of the Office Holder salary they earn each year.
- Normal Retirement Age is linked to State Pension Age (or 65, whichever is higher). Any Final Salary pension accrued before 7 May 2021 will continue to be payable at a Normal Retirement Age of 65.
- Pensions-in-payment are indexed to the changes in the Pensions Increase (Review) Order.
- A lump sum death in service gratuity equal to two years' salary with provision for more than one nominee.

Transfers

All transfer out values paid to other pension schemes are calculated and verified by the Scheme's Actuary in accordance with statutory requirements. There were no transfers out paid during the year.

Developments during the Year

The Chair of the Board is Jill Youds who is an accredited independent professional trustee. Jill chairs the scheme pension boards for three other organisations including another scheme in Wales. Jill is also the Senior Independent Director and a board member of the Trustee at the National Employment Savings Trust (NEST).

The last quarter of the financial year was dominated by the events in Ukraine. Whilst mindful of the human tragedy unfolding, the Trustees nevertheless needed

to consider the impact of stock market volatility on the Scheme's assets and to discuss any actions. As a long term investor with the responsibility to pay Member's pension benefits decades in to the future, the Trustees agreed that there was no immediate need to change the overall investment strategy. However, Trustees sought to clarify the Scheme's exposure to Russian assets and to ensure fund managers were seeking to remove risk at the earliest opportunity.

During the year, the Board has undertaken further training on Environmental, Social and Governance (ESG) risks and opportunities in relation to pension scheme investments with a particular focus on the risks of climate change to asset values. The Board met with Newton Investment Management to hear from the BNY Mellon Sustainable Real Return Fund portfolio managers and the responsible investment analyst on their sustainable real return strategy. The Scheme's investment adviser, Quantum Advisory also provided training on ESG.

The Board believes that long-term investment returns are more likely to be secured from sustainable companies. The Board will continue to work with their investment advisers to agree how best to achieve their aim to further reduce the Scheme's investments in oil and gas to zero by 2024, subject to the availability of suitable investment vehicles. .

During the year, the Board also received training from the Scheme's legal adviser on the Pensions Schemes Act 2021 and the new single Code of Practice. Whilst the Scheme may be exempt from some of the requirements, due to it being a public sector Scheme, Trustees aim to adopt best practice where possible. Each year the Board evaluates whether Trustees have the knowledge and understanding they need to carry out their role and meet the requirements of the Pensions Regulator and the Public Services Pensions Act 2013. A training plan is produced to address any skills gaps. The Trustees also challenge themselves on how effectively they operate as a board and seek to address any issues inhibiting good performance.

In line with new requirements in the Investment Consultancy and Fiduciary Management Market Investigation order 2019, the Chair signed a Compliance Statement confirming the Scheme's compliance with the order and this was submitted to the Competition and Markets Authority in December 2021.

Following a change in legislation introduced by the Public Service Pensions and Judicial Offices Act 2022, the Scheme is no longer required to carry out a cost cap valuation. The Scheme will continue to carry out a funding valuation every three years. The Pension Board has in place a set of funding objectives and the triennial

funding valuation which aim to monitor funding levels and control the costs of the Scheme.

Management of the Scheme

The Trustees who served during the year are listed on Page 6.

Trustee Meetings

Trustee meetings are usually held once every Senedd session, and there are sometimes additional meetings for specific purposes. The Trustees met three times during the year and there were no additional meetings. All Trustees attended all meetings. Due to the ongoing Covid-19 pandemic all meetings were once again held remotely. The board are confident that meetings were of the same duration and quality as before the pandemic.

Trustees may act by a majority of those present at any meeting of the Trustees at which a quorum is present. The quorum for any meeting of the Trustees is three and includes the Independent Chair.

Internal Dispute Resolution

The Trustees have implemented an Internal Dispute Resolution procedure in accordance with the requirements of the Pensions Act 1995. Details of the procedure can be obtained from the Scheme Secretariat.

Financial Development of the Scheme

Preparation and Audit of Annual Accounts

The financial statements 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, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

These accounts are prepared by officials of the Senedd, on behalf of the Trustees, and audited by the Auditor General for Wales. They are prepared and audited under Sections 41 (1) and (6) of the Pensions Act 1995 and in accordance with SI 1996/1975 Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations.

Copies of these accounts are available from the Secretariat on request and are available on the [Welsh Parliament](https://senedd.wales/how-we-work/about-members-of-the-senedd/members-of-the-senedd-pension-scheme-the-scheme/) website <https://senedd.wales/how-we-work/about-members-of-the-senedd/members-of-the-senedd-pension-scheme-the-scheme/>

Summary Financial Information

The table below shows the income and expenditure during the period for 2021-22 and comparative figures for 2020-21 and the net assets position.

- In managing cash flow to the election, the Trustees sought advice from the Investment Adviser and agreed in January 2021 that it would be prudent to build up a cash reserve in the Scheme bank account to cover the cost of paying retirement lump sums to Members leaving at the election. In January 2021, the Trustees agreed to set up a cash fund with LGIM to hold this cash reserve and that this fund should be used to hold surplus income and for any additional cash flow needs. In May 2021, the cash held in the LGIM Cash Fund of £1.1 million was disinvested for the payment of retirement lump sums payable to Members who chose to draw their pension following the 2021 election. The Trustees made use of the Fund for risk management purposes. The Fund did not form part of the Scheme's strategic asset allocation.
- During the period, an amount of £430K was remitted to the Fund Managers for investment in the BNYM Sustainable Real Return Fund .

The total market value of the Funds invested at 31 March 2022 was £46,121,462 (31 March 2021 £43,589,404).

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Member related income	1,447,126	1,448,355
Member related payments	2,148,939	1,294,515
Net additions from dealings with Members	(701,813)	153,840
Net returns on investments	3,223,950	8,240,385
Net increase/(decrease) in fund	2,522,137	8,394,225
Net assets at start of year	43,643,792	35,249,567
Net assets at end of year	46,165,929	43,643,792

Actuarial review

Actuary's statement - covering financial year to 31 March 2022

The Members of the Senedd Pension Scheme is exempt from the requirement as laid down in the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 to prepare a report and audited accounts within seven months of the end of the accounting year. However, it is the intention of the Trustees to comply with the spirit of the legislation, and as such this statement has been prepared as if the legislation applied.

Actuarial Assessment

The Financial Statements set out on pages 34 to 35 do not take into account the liabilities to provide pension benefits which fall due after the year end. These liabilities are considered by the Scheme Actuary who carries out an actuarial valuation of such liabilities every three years. This valuation considers the funding position of the Scheme and the level of contributions payable.

A formal actuarial assessment of the Scheme was carried out with an effective date of 1 April 2020, with the principal objective of making a recommendation to the Trustees of the Scheme about the appropriate level of the employer contribution rate after that date. Whilst the level of Members contributions is specified in the Rules, the employer contribution rate is calculated as a percentage of salary required to meet the balance of cost with the aim of ensuring that Scheme benefits are paid for during Members' expected active service with the Senedd. The next valuation is due as at 1 April 2023. The formal Actuarial certificate is included on pages 48 to 51.

Actuarial Valuation

The Scheme Actuary is required to make a report on the general financial position of the Fund every three years and to make recommendations on the future rate of the Senedd's contribution. The latest valuation was completed as at 1 April 2020, and the report was laid on 6 July 2021 in accordance with the Scheme rules.

The statement from the Actuary dated 14 June 2021 recommended the contribution rate should remain the same at 19.9% of Members' pensionable salary. This rate represents the amount required to meet the balance of cost of the Scheme, having regard to the benefits and to the contributions payable by Members and takes into account both future and past service.

The subsequent certificate dated 14 June 2021 (at pages 48-51) confirms the adequacy of the Senedd Commission's contribution of 19.9% for the coming year. The current funding level is adequate to meet current benefits. These statements are based on the Scheme's assets and liabilities at the valuation date and exclude any costs arising from the McCloud judgement and GMP equalisation. These statements fully comply with the requirements of TAS 100 and Technical Accounting Standard (TAS) 300 issued by the Financial Reporting Council.

Membership

The membership of the Scheme at the beginning and end of the year and changes during the year are set out below.

Active Members	
Contributory membership at start of year 1 April 2021 (58 Members of the Senedd. Of the 60 Members of the Senedd there are 42 Office Holders posts.)	58
New entrants in year	20
Leavers in the year ¹	(15)
Retirements in the year	(5)
Death in service	0
Contributory membership at 31 March 2022 ²	58

¹ This includes one Member who is no longer contributing as they reached the maximum entitlement in the Members' Pension Scheme, although they continue to contribute and build up pension in the Office Holder pension Scheme.

² One Member is no longer contributing as they opted out at age 75.

Pensioners	
In payment at 1 April 2021	64
Members retiring from active service in year	5
Members retiring from deferred status	4
New Dependants	2
Deaths in year	0
Pensioners in Payment at 31 March 2022	75

Deferred Members	
At 1 April 2021	20
Members leaving with deferred rights	15
Members retiring from deferred status	(4)
Members transferring benefits out of the Scheme	(0)
Deaths in year	(1)
Deferred Members at 31 March 2022	30

Pension increases

Payments from the Scheme during the year are disclosed in Note 5 to the accounts. Pensions in payment are reviewed each year in line with the Pensions Increase (Review) Order. The 2021 Order was laid before Parliament on 8 March 2021 and came into force on 12 April 2021.

Custody

Fund	Custodian
Baillie Gifford	BNY Mellon
BNYM Sustainable Real Return Fund	BNY Mellon
Partners Group	BNY Mellon Trust & Depositary (UK) Limited
LGIM Managed Property Fund	HSBC
LGIM Cash	HSBC
LGIM Over 5 Year Index-Linked Gilt Index Fund	HSBC
LGIM Ethical Global Equity Index Fund (hedged and unhedged)	Citibank (Overseas securities) HSBC (UK securities)

Investment management

All funds are accessed through Mobius Life Limited (“Mobius”), and the fees paid by the Scheme are those charged by Mobius. The table below states the annual

management charge ("AMC") charged to the Scheme by Mobius Life Limited for each fund invested in.

Fund	AMC (%) from 1 April 2021	AMC (%) effective from 1 December 2021
Baillie Gifford Diversified Growth ¹	0.65	0.50
BNYM Sustainable Real Return Fund	0.69	0.70
Partners Group Generations	1.35	1.325
LGIM Ethical Global Equity Index (unhedged)	0.35	0.35
LGIM Ethical Global Equity Index (hedged)	0.365	0.375
LGIM Managed Property	0.64	0.65
LGIM Over 5 Year Index-Linked Gilts Index	0.08	0.09
LGIM Cash	0.10	0.10

¹ The change in AMC for the Baillie Gifford Diversified Growth Fund was effective from 1 July 2021

The cost of fund management in 2021-22 was £262,920 (2020-21 £236,058) with 'Other Expenses' of £78,338 (2020-21 £69,272).

Custody of the assets is held under the Mobius name.

Investment policy

The Investment Policy for the Scheme is determined by the Trustees and is reviewed from time to time. The policy in force at 31 March 2022 is set out in the Statement of Investment Principles ("SIP"), which has been adopted by the Trustees and is available on the [Welsh Parliament website](#) and to Members on request from the Scheme Secretariat. The policy does not allow for any employer-related investment.

All investments are in holdings that are permitted by the regulations of the Scheme and not prohibited by the Trustees.

Day to day responsibility for the management of investments has been delegated to respective underlying investment managers. The underlying investment managers operate in accordance with guidelines and restrictions set out in their Fund prospectus. Instructions regarding the day-to-day management of investments for cashflow purposes will be given by the Trustees to Mobius from time to time.

The Trustees have ensured compliance with the policies on the exercise of rights and undertaking of engagement activities with investment managers, as set out in the Scheme's ("SIP").

The Trustees acknowledge the constraints that they face in terms of influencing change due to the size and nature of the Scheme's investments. They do, however, acknowledge the need to be responsible stewards and exercise the rights associated with their investments in a responsible manner.

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustees review the stewardship policies of its managers through an annual report and questions its advisors on the managers' approach at Trustees' meetings. The Trustees will continue to ensure that the stewardship policies of its managers are embedded in their investment processes.

The Trustees have not made any changes to the investment strategy for the Scheme and continue to invest in line with the investment strategy set out in the SIP. They have reviewed the voting and engagement activity of the funds that invest in equities and are generally content that the Scheme's investment managers have appropriately carried out their stewardship duties and are of the opinion that they have complied with the relevant policies and procedures as identified in the SIP.

The Trustees are aware of the growing body of evidence linking Environmental, Social and Governance ("ESG") issues, particularly climate change, to good, future focused financial performance. The Trustees wish to take into account these issues when implementing the investment strategy for the Scheme, so long as this does not unduly prejudice the long-term return and risk profile of the individual funds, or strategy. The Pension Board reviews the Environmental Social and Governance credentials of its managers annually and questions its advisors on the managers' approach to ESG at each Pension Board meeting.

The Trustees have not made any changes to the investment strategy for the Scheme and continue to invest in line with the investment strategy set out in the SIP.

Impacts of COVID-19

Following historic market falls at the end of Q1 2020 brought about by the pandemic, markets (specifically risk markets including equities) enjoyed largely consistent positive performance across 2021. The first quarter of 2022 however, has

seen significant volatility in response to geo-political issues and markets have lost some of the ground which was made up during 2021.

Broadly speaking, 2021 was marked by a continued 'rebounding' of asset prices following the falls of early 2020. This was not without a degree of uncertainty for investors however, as the reopening of regions and sectors of the global economy did so tentatively and the emergence of subsequent 'waves' of the virus, and their resulting lock-down measures, served to weigh on investor confidence.

The fourth quarter of 2021 saw a strong finish to the year despite the re-emergence of Covid in the Omicron variant. Investor confidence grew due to economic resilience and strong corporate earnings. Some of the gains made in 2021 were reversed in the first quarter of 2022 as a combination of Russia's war in Ukraine, inflation concerns, and central bank policy began to impact markets.

Performance to 31 December 2021

The table below details the performance of the Scheme's funds, and their respective targets to 31 December 2021.

	3 months (%)	1-year (%)	3-years pa (%)	5-years pa (%)
Baillie Gifford Diversified Growth	4.2	9.1	7.6	4.9
UK Base Rate plus 3.5% per annum	0.9	3.6	3.9	3.9
Relative performance	3.3	5.5	3.7	1.0
BNY Mellon Sustainable Real Return ¹	4.9	7.6	9.8	N/A
1-month Sterling LIBOR plus 4% per annum	1.0	4.1	4.3	N/A
Relative performance	3.9	3.5	5.5	N/A
Partners Group Generations ²	3.7	15.3	10.1	8.5
Absolute target of 7-11% per annum	1.8	7.0	7.0	7.0
Relative performance	1.9	8.3	3.1	1.5
LGIM Ethical Global Equity Index (unhedged)	8.0	24.3	19.9	13.6
FTSE4Good Global Equity Index (unhedged)	8.1	24.7	20.3	13.9
Relative performance	(0.1)	(0.4)	(0.4)	(0.3)
LGIM Ethical Global Equity Index (sterling hedged)	8.7	25.9	21.0	14.0
FTSE4Good Global Equity Index (sterling hedged)	8.8	26.2	21.3	4.3
Relative performance	(0.1)	(0.3)	(0.3)	(0.3)
LGIM Managed Property	8.5	19.2	6.4	6.1
Benchmark ³	7.5	19.1	6.2	7.0
Relative performance	1.0	0.1	0.2	(0.9)
LGIM Over 5-Year Index Linked Gilts Index	5.4	4.1	7.7	4.9

FTSE Actuaries Index-Linked (Over 5 Year) Index	5.4	4.2	7.7	5.0
Relative performance	0.0	(0.1)	0.0	(0.1)
Scheme's estimated performance	6.0	13.9	11.5	8.2

Source: Baillie Gifford, BNY Mellon, Partners Group and LGIM; net of fees. ¹Fund incepted April 2018.

²Fund incepted April 2016. ³Benchmark is the AREF/IPD UK Quarterly All Balanced Property Funds Index.

Performance to 31 March 2022

The table below details the performance of the Scheme's funds and their respective targets to 31 March 2022.

	3 months (%)	1-year (%)	3-years pa (%)	5-years pa (%)
Baillie Gifford Diversified Growth	(5.7)	3.7	3.5	3.1
UK Base Rate plus 3.5% per annum	1.0	3.7	3.8	3.9
Relative performance	(6.7)	0	(0.3)	(0.8)
BNY Mellon Sustainable Real Return ¹	(6.6)	(0.1)	5.7	N/A
Sterling Overnight Index Average ("SONIA") (30-day compounded) plus 4% per annum	1.0	4.1	4.3	N/A
Relative performance	(7.6)	(4.2)	1.4	N/A
Partners Group Generations ²	0.3	12.8	8.8	8.1
Absolute target of 7-11% per annum	1.8	7.0	7.0	7.0
Relative performance	1.5	5.8	1.8	1.1
LGIM Ethical Global Equity Index (unhedged)	(2.0)	16.8	15.6	11.9
FTSE4Good Global Equity Index (unhedged)	(1.9)	17.1	16.0	12.3
Relative performance	(0.1)	(0.3)	(0.4)	(0.4)
LGIM Ethical Global Equity Index (sterling hedged)	(3.9)	13.3	15.1	11.9
FTSE4Good Global Equity Index (sterling hedged)	(3.8)	13.5	15.5	12.2
Relative performance	(0.1)	(0.2)	(0.4)	(0.3)
LGIM Managed Property	4.3	22.0	7.4	6.5
Benchmark ³	5.6	23.1	8.1	7.8
Relative performance	(1.3)	(1.1)	(0.7)	(1.3)
LGIM Over 5-Year Index Linked Gilts Index	(6.4)	4.8	3.2	3.1
FTSE Actuaries Index-Linked (Over 5 Year) Index	(6.4)	4.8	3.3	3.2
Relative performance	0.0	0.0	(0.1)	(0.1)
LGIM Cash	0.1	0.0	0.2	0.2
SONIA	0.1	0.1	0.2	0.3
Relative performance	0.0	(0.1)	0.0	(0.1)
Scheme's estimated performance	(4.1)	7.5	7.7	6.5

Source: Baillie Gifford, BNY Mellon, Partners Group and LGIM; net of fees. ¹Fund incepted April 2018. ²Fund incepted April 2016. ³Benchmark is the AREF/IPD UK Quarterly All Balanced Property Funds Index. Please note, the Scheme initially invested in the LGIM Cash holding during Q1 2021.

The Trustees of the Scheme review the performance of the managers and the Scheme each quarter, with assistance from their Investment Adviser. Over the period of the accounts the Scheme delivered a return of 7.5%.

Portfolio Valuation 31 March 2021

	31 March 2021 GBP
Baillie Gifford Diversified Growth Fund	6,705,288
BNY Mellon Sustainable Real Return Fund	13,240,982
Partners Group Generations	4,272,143
LGIM Ethical Global Equity Index (unhedged)	6,374,959
LGIM Ethical Global Equity Index (hedged)	6,185,046
LGIM Managed Property	1,951,397
LGIM Over 5 Year Index-Linked Gilts Index	4,017,643
LGIM Life Cash Fund	841,946
Total	43,589,404

Portfolio Valuation 31 March 2022

	31 March 2022 GBP
Baillie Gifford Diversified Growth Fund	6,926,460
BNY Mellon Sustainable Real Return Fund	13,655,300
Partners Group Generations	4,812,549
LGIM Ethical Global Equity Index (unhedged)	7,126,870
LGIM Ethical Global Equity Index (hedged)	7,003,744
LGIM Managed Property	2,387,182
LGIM Over 5 Year Index-Linked Gilts Index	4,209,356
LGIM Life Cash Fund	--
Total	46,121,462

Distribution of Assets

The distribution of assets was as follows:

	31 March 2021
	%
Baillie Gifford Diversified Growth	15.4
BNY Mellon Sustainable Real Return	30.4
Partners Group Generations	9.8
LGIM Ethical Global Equity Index (unhedged)	14.6
LGIM Ethical Global Equity Index (sterling hedged)	14.2
LGIM Managed Property	4.5
LGIM Over 5 Year Index-Linked Gilts Index	9.2
LGIM Cash	1.9
TOTAL	100.0

	31 March 2022
	%
Baillie Gifford Diversified Growth	15.0
BNY Mellon Sustainable Real Return	29.6
Partners Group Generations	10.4
LGIM Ethical Global Equity Index (unhedged)	15.5
LGIM Ethical Global Equity Index (sterling hedged)	15.2
LGIM Managed Property	5.2
LGIM Over 5 Year Index-Linked Gilts Index	9.1
LGIM Cash ¹	0.0
TOTAL	100.0

¹The LGIM Cash Fund was introduced in January 2021 for use, during times of high cash flow requirements (such as those before an election), the Scheme made use of the Fund for risk management purposes. Please note, the Fund does not form part of the Scheme's strategic asset allocation and was sold in Q2 2021.

Signature

Signature

Jill Youds

Chair of Trustees (On behalf of the Trustees)

Nia Morgan

Trustee

Statement of Trustees' Responsibilities for the Financial Statements

The Financial Statements are the responsibility of the Trustees. The Trustees are not required by statute to comply with pension scheme regulations but have agreed to do so wherever possible on grounds of good practice. The regulations require the Trustees to make available audited Financial Statements for each Scheme to Scheme members, beneficiaries and certain other parties, which:

- 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 that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- Contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the Financial Statements 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 any estimates and judgements on a prudent and reasonable basis.

The Trustees are responsible for ensuring compliance with the Scheme rules and recommendations of the Actuary in respect 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 Trustees are also responsible for keeping records of contributions received in respect of any active member of the Scheme and for ensuring that contributions are made to the Scheme in accordance with the recommendations of the Scheme's Actuary.

The Trustees also 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, including the maintenance of appropriate internal controls.

Summary of Contributions paid in the year

During the year, the contributions paid to the Scheme by the Employer in accordance with the Actuary's recommendations were as follows:

	2021-22 £	2020-21 £
Employer normal contributions	947,364	950,830
Employee normal contributions	499,737	497,500
Total	1,447,101	1,448,330

Signature

Jill Youds
Chair of Trustees
(On behalf of the Trustees)

Date 27 June 2022

Signature

Nia Morgan
Trustee

Governance Statement

Scope of Responsibility

We acknowledge our responsibility as Trustees for maintaining a sound system of governance to safeguard the public funds and assets connected with the National Members of the Senedd Pension Scheme (MSPS). The responsibilities of the Trustees are clearly defined in the Statement of Trustees' responsibilities on page 24.

The MSPS is a statutory scheme and is a registered pension scheme under the Finance Act 2004. The Scheme is registered with the Pensions Regulator and the Pension Scheme Registry (PSR) number is 12015963. The Pension Scheme Tax Reference (PSTR) is 00462258RW.

The Pensions Team, within the Financial Services Team of the Senedd, provide secretarial and administrative services to the Trustees and this arrangement is covered by a Memorandum of Understanding between the Senedd Remuneration Board (the Board), the Senedd Commission (the Commission) and the Trustees. The Memorandum of Understanding sets out the respective roles and responsibilities of the Board, the Commission and the Trustees with regard to the management and administration of the MSPS. There is also a Pension Board Terms of Reference which sets out those responsibilities specific to the Board covering their remit, the requirements for Board members and the appointment process.

Two years on since the first Covid 19 lock down in the UK, the Scheme Secretariat continue to work from home. The Secretariat use Commission issued equipment to carry out their roles, which is fitted with remote access capability allowing secure connection to the network. The same level of cyber security applies when staff work remotely as when they attend the office.

Full, uninterrupted access to the Commission's ICT systems has been maintained during this time with no issues experienced and all banking transactions have been carried out without issue. The Pensioner payroll has been maintained by the Commission's payroll team and all pensioners have been paid accurately and on time. The Trustees have received regular business continuity updates during this period and have received training from the Commission's ICT team on the cyber security arrangements in place.

Trustees have met online and conducted all their business and received training in the same way as if they had met in person.

Governance Framework

During the year there were three Trustee meetings in July, November and March and there were no additional meetings. All meetings have been held online due to lock down restrictions as a result of the pandemic. The attendance below shows the proportion of all meetings attended by Trustees appointed at these dates.

Name	Percentage of Meetings Attended
Jill Youds Chair	100%
Mike Hedges MS Member Representative	100%
Nia Morgan Commission Representative	100%
Nick Ramsay Member Representative	100%
Robert Evans Commission Representative	100%

During the year, the Trustees considered the following detailed reports:

- The Auditor's report on the Financial Statements
- Business Continuity
- Review of the Investment Adviser against their Objectives
- Annual review of Environmental, Social and Governance Investments
- Review of actuarial and legal advisers
- Review of the effectiveness of the Pension Board
- Review of the Business Plan including Trustee training
- Actuarial Valuation Report 2020 and Cost Cap Valuation update.
- Annual Review of Administration Service Level Agreement.
- McCloud Remedy

This information together with additional briefing papers prepared by the Secretariat provided good quality data which allowed the Trustees to exercise their functions effectively over the period of this report. In addition, the internal audit of the Scheme administration carried out in 2018 reported a substantial assurance opinion rating on the administration of the Scheme and concluded that the Scheme's framework of governance, risk management and control is

adequate and effective and made no recommendations for changes. A further internal audit will be carried out once the Trustees policies have been updated to reflect the requirements of the Pension Regulators New Single Code of Practice.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the MSPS aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is based on a framework of regular management information, financial regulations, administrative procedures including the segregation of duties, and a system of delegation and accountability. This system of internal control has been in place in MSPS for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

Significant Internal Control Problems

There were no significant Internal Control problems noted during the year.

Capacity to Handle Risk

The Scheme's day-to-day administration and accounting responsibility is administered on behalf of the Trustees by Secretariat staff within Financial Services of the Senedd Commission, with responsibility for the development and maintenance of the control framework.

Personal Data Incidents

There have been no personal data breaches during the year which are likely to result in a risk to rights and freedoms, and therefore the Trustees have not made any reports to, and there have been no other communications with, the ICO in respect of personal data.

Risk Management

During the period of this report the risk register for the Scheme was reviewed, updated and agreed with the Trustees as part of the medium-term business plan. Each risk is identified and given a score based on factors such as likelihood of the risk materialising, the impact that the risk might have if it did occur. The risk rating

reflects the controls currently in place to manage each identified risk. An area of the risk register is reviewed at each meeting by the Trustees.

The resulting register was used to identify any additional measures considered necessary to effectively manage the risks. Further details on the investment risks is shown in Note 14 on pages 44-46.

Review of effectiveness

We are assisted in the development and maintenance of the internal controls by the senior managers within the Senedd who have responsibility for the development and maintenance of the internal control framework.

Our review of the effectiveness of these controls is informed by the work of the Auditor General for Wales. Comments made by the Auditor General for Wales in his management letter and other reports are taken into account.

We are satisfied that the internal controls in place have proved effective during the period covered by this report.

Approved on behalf of the Trustees on 27 June 2022 by:

Signature

Signature

Jill Youds

Chair of Trustees

(On behalf of the Trustees)

Nia Morgan

Trustee

Independent Auditor's Report to the Trustees of Members of the Senedd Pension Scheme

Opinion on financial statements

I have audited the financial statements of Members of the Senedd Pension Scheme for the year ended 31 March 2022 which comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the scheme during the year ended 31 March 2022, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Members of the Senedd pension scheme in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The trustees are responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities

Responsibilities of the Trustees for the financial statements

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for 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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My 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 an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Members of the Senedd Pension Scheme's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and management override of controls;
- obtaining an understanding of the Members of the Senedd Pension Scheme's framework of authority as well as other legal and regulatory frameworks that the Scheme operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Scheme;

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and trustees about actual and potential litigation and claims;
- reading minutes of meetings of the trustees;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Members of the Senedd Pension Scheme's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Signature

Ann-Marie Harkin
For and on behalf of the Auditor General for Wales
30 June 2022

24 Cathedral Road
Cardiff
CF11 9LJ

It is the accounting officer's responsibility to maintain and ensure the integrity of the Senedd website; the work undertaken by Auditors does not take account of these matters and, as such, Auditors accept no responsibility for any changes that may have been made to the financial statements since they were first presented on the website.

Accounts for the year to 31 March 2022

Fund Account	Note	2021-22	2020-21
Contributions and benefits		£	£
Employer Contributions	4	947,364	950,830
Employee Contributions	4	499,737	497,500
Total Contributions		1,447,101	1,448,330
Interest Receivable		25	25
Other income		0	0
		1,447,126	1,448,355
Benefits paid or payable	5	(2,003,832)	(995,415)
Professional Fees	10	(136,583)	(294,674)
Administration expenses	8	(8,524)	(4,426)
		(2,148,939)	(1,294,515)
Net Additions from dealings with Members		(701,813)	153,840
Investment income			
Change in market value of Investments	11	3,565,208	8,545,715
Investment management expenses	12	(341,258)	(305,330)
Net returns on investments		3,223,950	8,240,385
The net amount of increase in the fund		2,522,137	8,394,225
Opening net assets of the Scheme		43,643,792	35,249,567
Closing net assets of the Scheme		46,165,929	43,643,792

Statement of Net Assets	Note	As at 31 March 2022 £	As at 31 March 2021 £
Investment assets			
Pooled investment	9	46,121,462	43,589,404
Total investments		46,121,462	43,589,404
Current Assets	6	83,201	152,164
Current Liabilities	7	(38,734)	(97,776)
Total Net Assets of the Scheme		46,165,929	43,643,792

The Financial Statements summarise the transactions and net assets of the Scheme and do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities included on pages 48 to 51 and these Financial Statements should be read in conjunction with that Report.

Approved by the Trustees on 27 June 2022:

Signature

Signature

Jill Youds

Chair of Trustees

(On behalf of the Trustees)

Nia Morgan

Trustee

The notes on pages 36-46 form part of these accounts.

Notes to the Accounts

1. Basis for Preparation

These accounts have been prepared in accordance with Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidance set out in the Statement of Recommended Practice (SORP) on Financial Reports of Pension Scheme Accounts, revised in July 2018.

The accounts summarise the transactions and net assets of the Scheme. They do not take account of liabilities to pay pensions and other benefits which fall due after the end of the Scheme year.

The actuarial report does take these liabilities into account (an actuarial statement can be found at pages 48-51).

2. Accounting Policies

The Scheme's principal accounting policies are:

Investment Income

- Income from cash and short-term deposits is accounted for on an accruals basis.
- Investment income arising from the underlying investments of the pooled investment vehicles is rolled up in the investment fund and reflected in the value of the units/and shares is not separately reported in the Scheme's financial statements.
- Cash deposit Interest is accrued on a daily basis.

Contributions

- Employee contributions are accounted for when they are deducted from Members' pay.
- Employer normal contributions are accounted for on the same basis as employee contributions.

Transfers

- All transfer out values paid on a cash basis to other pension Schemes are calculated and verified by the Scheme's Actuary in accordance with the Pension Schemes Act 1993.
- Benefits are accounted for in the period in which they fall due for payment and refunds of contributions are accounted for when they are made.
- Individual transfers out are accounted for when paid or received which is normally when Member liability is accepted /discharged.

Expenses

- Expenditure is accounted for in the period to which it relates.

Other Investment Expenses

- Where the final quarter expenses are not known at the published date, other investment expenses are calculated for each fund from the average of all quarterly expense information received and are based on the end of month valuations.
- Other investment expense information has been provided by Mobius Life and LGIM and have been calculated by grossing up the 'expenses' figures and are accounted for in the period to which they relate.

Tax

The Scheme is a statutory pension Scheme under Section 611A of the Income and Corporation Taxes Act 1988, as amended by Schedule 12 of the Finance Act 1999 and is a deemed registered scheme under the Pensions Act 2004. The Scheme is therefore exempt from taxation. The Pension Scheme Tax Reference (PSTR) is 00462258RW.

Valuation of investments

Investments are valued at their fair value at the date of the Statement of Net Assets in line with the following fair value hierarchy:

Category (a) The quoted price for an identical asset in an active market.

Category (b) When quoted prices are unavailable, the price of a recent transaction for an identical asset adjusted if necessary.

Category (c) Where a quoted price is not available and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is determined by using a valuation technique which uses:

- c (i) observable market data; or
- c (ii) non-observable data.

Pooled investments are valued at fair value stated at the closing single price which is calculated at the closing price of the underlying securities on 31 March each year. This may differ from the price used for buying and selling units.

3. Secretariat

The cost of providing staff for the Scheme's secretariat continues to be met directly by the Senedd Commission under the terms of the Memorandum of Understanding agreed between the Senedd Commission and the Trustees. The costs were estimated to be £124,076 (2020-21 £116,215) for the period covered by these accounts.

4. Contributions Receivable

	2021-22	2020-21
	£	£
Employer Contributions:		
Normal	947,364	950,830
Employee Contributions:		
Normal	499,737	497,500
Total	1,447,101	1,448,330

Members of the final salary section contributed 10% to accrue benefits on a fortieths basis and 6% to accrue benefits on a fiftieths basis up until 6 May 2021. From 7 or 8 May 2021 all Members are in the CARE Section and contributed 10.5% to accrue benefits on a 1/50th career average basis. The Senedd Commission contributes 19.9% of pensionable salaries to the Scheme.

5. Benefits Payable

	2021-22 £	2020-21 £
Pensions	968,332	852,480
Lump Sum Benefits	929,093	136,713
Taxation where lifetime or annual allowances exceeded ¹	106,408	6,222
Total	2,003,832	995,415

¹Taxation arising on benefits paid or payable is in respect of Members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefit from the Scheme in exchange for the Scheme settling their tax liability.

6. Current Assets

	31 March 2022 £	31 March 2021 £
Cash at Bank	82,911	140,982
Other debtors and prepayments	290	11,183
Total	83,201	152,164

7. Current Liabilities

	31 March 2022 £	31 March 2021 £
Creditors: amounts payable within one year	(38,734)	(97,776)
Total	(38,734)	(97,776)

‘Creditors: amounts payable within one year’ represent liabilities for work done, where invoices were received or not by the year-end and liabilities due but not paid.

8. Administration Costs

	2021-2022 £	2020-2021 £
Training	7,458	3,993
Other Administration	1,066	433
Total	8,524	4,426

9. Pooled Investment Vehicles

	31 March 2022 £	31 March 2021 £
Bailie Gifford Diversified Growth Pension Fund	6,926,460	6,705,288
BNY Mellon Sustainable Real Return Fund	13,655,300	13,240,982
Partners Group Generations Fund	4,812,550	4,272,143
LGIM Ethical Global Equity Index Fund	7,126,870	6,374,959
LGIM Ethical Global Equity Index Fund hedged	7,003,744	6,185,046
LGIM Managed Property Fund	2,387,182	1,951,397
LGIM Over 5 Year Index-Linked Gilts Index Fund	4,209,356	4,017,643
LGIM Life Cash Fund	0	841,946
Total	46,121,462	43,589,404

10. Professional fees

	2021-22 £	2020-21 £
Actuarial Fees	75,806	233,738
Independent Trustee	12,510	11,113
Investment Consultancy	25,715	26,083
Audit Fees	13,079	13,079
Legal Fees	9,473	10,661
Total	136,583	294,674

Actuarial fees were higher in 2020-21 due to the work required for the funding valuation at 1 April 2020. The fees in both years also included work on completing the cost cap valuation 2017 and work on the cost cap valuation 2020. Following a change in legislation (the Public Service Pensions and Judicial Offices Act 2022) the Scheme is no longer required to carry out a cost cap valuation. All professional fees are shown inclusive of Value Added Tax (VAT).

11. Investment reconciliation

Fund	Market Value at 1 April 2021 (£)	Purchases (£)	Disposal and Sales (£)	Change in Market Value (£)	Investment Manager Expenses (£)	Net Change in Market Value (£)	Market value at 31 March 2022 (£)
Baillie Gifford Diversified Growth	6,705,288	--	--	267,522	(46,350)	221,172	6,926,460
BNY Mellon Sustainable Real Return	13,240,982	430,000	--	92,757	(108,439)	(15,682)	13,655,300
Partners Group Generations	4,272,143	--	--	648,825	(108,418)	540,407	4,812,549
LGIM Ethical Global Equity Index (unhedged)	6,374,959	--	(280,000)	1,055,824	(23,913)	1,031,911	7,126,870
LGIM Ethical Global Equity Index (hedged)	6,185,046	--	--	843,953	(25,255)	818,698	7,003,744
LGIM Managed Property	1,951,397	--	--	460,937	(25,152)	435,785	2,387,182
LGIM Over 5 Year Index-Linked Gilts Index	4,017,643	--	--	195,346	(3,632)	191,714	4,209,356
LGIM Life Cash	841,946	301,000	(1,142,892)	44	(99)	(55)	0
Net Investment Assets	43,589,404	731,000	(1,442,892)	3,565,208	(341,258)	3,223,950	46,121,462

Fund	Market Value at 1 April 2020 (£)	Purchases (£)	Disposal and Sales (£)	Change in Market Value (£)	Investment Manager Expenses (£)	Net Change in Market Value (£)	Market value at 31 March 2021 (£)
Baillie Gifford Diversified Growth	11,723,320	--	(7,161,272)	2,232,099	(88,859)	2,143,240	6,705,288
BNY Mellon Sustainable Real Return	4,991,190	7,161,272	--	1,145,401	(56,881)	1,088,520	13,240,982
Partners Group Generations	3,437,660	--	--	928,344	(93,861)	834,483	4,272,143
LGIM Ethical Global Equity Index (unhedged)	9,285,978	--	(4,785,249)	1,894,624	(20,395)	1,874,229	6,374,959
LGIM Ethical Global Equity Index (hedged)	--	4,785,249	(670,000)	2,090,837	(21,040)	2,069,797	6,185,046
LGIM Managed Property	1,819,919	--	--	152,305	(20,827)	131,478	1,951,397
LGIM Over 5 Year Index-Linked Gilts Index	3,918,952	--	--	102,060	(3,369)	98,691	4,017,643
LGIM Life Cash	--	842,000	--	44	(98)	(54)	841,946
Net Investment Assets	35,177,019	12,788,521	(12,616,521)	8,545,715	(305,330)	8,240,385	43,589,404

The distribution of assets is shown on page 23. Investment income for the underlying funds that Members of the Senedd Pension Scheme invests in can't be determined as there are no distributions from the fund, all income and any tax recoveries being rolled up so increasing the value of the units.

12. Investment Management Expenses

Fund	Investment management		Other Expenses		Total	
	2021-22 £	2020-21 £	2021-22 £	2020-21	2021-22 £	2020-21
Baillie Gifford Diversified Growth	(37,992)	(75,998)	(8,358)	(12,861)	(46,350)	(88,859)
BNY Mellon Sustainable Real Return	(96,858)	(49,681)	(11,581)	(7,200)	(108,439)	(56,881)
Partners Group Generations	(62,029)	(53,920)	(46,389)	(39,941)	(108,418)	(93,861)
LGIM Ethical Global Equity Index (unhedged)	(23,878)	(20,395)	(35)	--	(23,913)	(20,395)
LGIM Ethical Global Equity Index (hedged)	(25,255)	(21,040)	--	--	(25,255)	(21,040)
LGIM Managed Property	(13,177)	(11,557)	(11,975)	(9,270)	(25,152)	(20,827)
LGIM Over 5 Year Index-Linked Gilts Index	(3,632)	(3,369)	--	--	(3,632)	(3,369)
LGIM Life Cash Fund	(99)	(98)	--	--	(99)	(98)
Total	(262,920)	(236,058)	(78,338)	(69,272)	(341,258)	(305,330)

The LGIM Managed Property Fund 'other expenses' include property Management charges and 'non-recoverable' items such as 3rd party surveyor fees.

13. Investment Fair Value Hierarchy

The Scheme's investment assets have been fair valued using the hierarchy categories as follows in accordance with the accounting policy at Note 2.

At 31 March 2022	Category (a) £	Category (b) £	Category c (i) £	Category c (ii) £	Total £
Pooled Investment vehicles	11,484,107	29,824,806	-	4,812,549	46,121,462
Cash deposit	-	-	-	-	-
Total	11,484,107	29,824,806	-	4,812,549	46,121,462

With the exception of BNY Mellon Sustainable Real Return Fund whose assets have been categorised between categories a and b, all funds have been categorised at a fund level by their respective fund managers. Please note that Partners Group were unable to advise on which fair value hierarchy category the Generations Fund should be included. Given the nature of the valuation and the transparency of the underlying investments and after discussions between Quantum Advisory and Partners Group, the assets appear to be best categorised as Category C(ii).

At 31 March 2020	Category (a) £	Category (b) £	Category c (i) £	Category c (ii) £	Total £
Pooled Investment vehicles	10,583,517	28,733,744	-	4,272,143	43,589,404
Cash deposit			-		
Total	10,583,517	28,733,744	-	4,272,143	43,589,404

14. Investment risks

There are a range of risks associated with investments in a pension scheme. The Trustees will consider the following main risks on an ongoing basis:

Cashflow risk - this is the risk of a shortfall in liquid assets relative to immediate liabilities. In the short-term there are relatively few cash outflows and the Scheme is cashflow positive. However, the Trustees will monitor this risk over time and adjust the investment strategy as necessary to ensure sufficient liquidity exists. Over the period, the Scheme used a Cash Fund, during times of high cash flow requirements (such as those before an election).

Mismatching risk - this is the risk that the asset and liability values change in significantly different ways. The Trustees are aware that significant investment in growth assets involves a mismatching risk but will look to diversify the growth

assets to reduce the downside risk. This risk will be assessed at each actuarial valuation and as the Scheme matures the Trustees will consider how to reduce the mismatching.

Manager risk – this is the risk that the investment managers do not achieve the returns expected by the Trustees. This risk will be monitored by the Trustees regularly reviewing manager performance against their benchmark and peers. Extended underperformance will usually lead to a review of the investment mandate.

Concentration risk – this is the risk that a large proportion of the Scheme assets are invested in a single asset class or investment. The Scheme is then at risk if that single class or investment underperforms or fails. The Trustees reduce this risk by adopting a strategy that involves investment in a range of different asset classes.

Credit risk – this is the risk that a counterparty defaults and fails to meet its obligations to the Scheme. The Trustees minimise this risk by investing in funds that ring fence investor assets and by only retaining cash deposits with recognised banks authorised to conduct banking business within the United Kingdom.

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. The Scheme makes use of sterling assets, currency hedged funds and active currency management within funds for the majority of its invested assets.

Inflation risk - this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in inflation. The Scheme invests in an index-linked Gilt fund, which provides partial protection against rises in UK inflation. Furthermore, the Scheme's return seeking assets are expected to exhibit returns greater than inflation (i.e. positive real returns) over the longer term and at any point in time may have exposure to inflation linked assets.

Other financial material considerations – this is the risk that financially material considerations (including, but not limited to, ESG factors (including climate change)) can potentially impact the Scheme in terms of both risk and return. With specific regard to ESG factors, the Trustees consider how these are integrated into the investment processes when: (i) appointing new investment managers; and (ii) monitoring existing investment managers. The Trustees also periodically consider publicly available ESG related publications pertaining to the incumbent investment managers. Furthermore, the Trustees review the ESG credentials of

their managers through an annual ESG report issued by Mobius Life and questions its advisers on the managers' approach to ESG at Trustees' meetings.

The Trustees recognise these different types of risk and seek to minimise them as far as possible using regular monitoring of investment performance, through a policy of diversification, by taking account of future payments and by regularly reviewing the appropriateness of the investment strategy against the Scheme's objectives.

The investments of the Scheme will be managed to contain these risks to a level acceptable to the Trustees. However, the Trustees are aware that a totally risk averse investment strategy is likely to give lower returns over the longer term than investments with an element of uncertainty over the return. The Scheme is funded from public funds and therefore the Trustees wish to provide the benefits at a cost that is not prohibitive.

When considering risk, the Trustees will have regard to the advice of their professional advisers and to the general consensus of accepted practice of occupational pension schemes in the United Kingdom. This will not prevent the Trustees from accepting risk in their investment strategy where they believe it provides a worthwhile reward for the Scheme.

15. Related Party Transactions

During the period of account, the Scheme has had material transactions with the Senedd Commission, which is regarded as a related party. These transactions are disclosed in Note 3 to these accounts. None of the Trustees, Managers of the Scheme, key managerial staff or other related parties has undertaken any material transactions with the Scheme during the year.

Contributions Statement by the Auditor General to the Trustees of the Members of the Senedd Pension Scheme

Independent Auditor's Statement about Contributions to the Trustees of the Members of the Senedd Pension Scheme.

I have examined the summary of contributions to the Members of the Senedd Pension Scheme for the scheme year ended 31 March 2022 which is set out on page 25.

In my opinion contributions for the scheme year ended 31 March 2022 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 signed on behalf of the trustees and employer on 27 June 2022.

Scope of work on statement about contributions

My examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 25 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 Auditors

As explained more fully in the Statement of Trustees' Responsibilities on page 24, the scheme's trustees are responsible for preparing, and from time to time reviewing and if necessary, revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.

My responsibility is to provide a statement about contributions paid under the schedule of contributions and to report my opinion to you.

Ann-Marie Harkin
For and on behalf of the Auditor General for Wales
30 June 2022

24 Cathedral Road
Cardiff
CF11 9LJ

It is the accounting officer's responsibility to maintain and ensure the integrity of the Senedd website; the work undertaken by Auditors does not take account of these matters and, as such, Auditors accept no responsibility for any changes that may have been made to the financial statements since they were first presented on the website.

Actuary's statement covering financial year to 31 March 2022

- Members of the Senedd Pension Scheme is exempt from the requirement as laid down in the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 to prepare a report and audited accounts within seven months of the end of the accounting year. However it is the intention of the Trustees to comply with the spirit of the legislation, and as such this statement has been prepared as if the legislation applied.

Actuarial assessment

- A formal actuarial assessment of the Members of the Senedd Pension Scheme (the Scheme) was carried out with an effective date of 1 April 2020 and results are provided in the report dated 5 July 2021. The principal objective of the formal actuarial assessment is to make a recommendation to the Trustees of the Scheme about the appropriate level of the employer contribution rate after that date. Whilst the level of Members' contributions is specified in the Rules, the employer contribution rate is calculated as a percentage of salary required to meet the balance of cost with the aim of ensuring that Scheme benefits are paid for during Members' expected active service with the Senedd.

Method

- For the 2020 actuarial valuation, the liabilities expected to accrue under the Scheme during the year following the valuation date were valued using the actuarial valuation approach known as the *Projected Unit Method*. The *Standard Contribution Rate* under the Projected Unit Method was expressed as the value of the benefits accrued during this one-year period divided by the value of the Members' earnings during the same period. The valuation method is expected to produce a broadly stable Standard Contribution Rate at successive actuarial valuations as long as the age/sex/salary distribution of Scheme Members and the assumptions adopted remain broadly unchanged.
- The value of the liabilities accrued up to the valuation date was then compared to the value of the Scheme's assets at the same date. The valuation showed a deficit of £1.3m. Reflecting this as an adjustment to the Standard Contribution Rate over 15 years would have given rise to an employer contribution rate of 19.8%. However following discussions with the Trustees and the

Commission, it was agreed that it would be prudent to retain the contribution rate set at the previous valuation of 19.9%.

- Since March 2020, the UK has been dealing with the COVID-19 pandemic which has had a significant impact on investment markets. The 2020 valuation assumptions were set under conditions which were different from those at the time of discussions with the Trustees. Therefore an updated estimate of the scheme's funding position at 31 December 2020 was provided to the Trustees. This review demonstrated that the employer contribution rate of 19.9% remained adequate.

Assumptions

- In order to calculate the cost of the Scheme's benefits, certain actuarial assumptions have to be made about future expected income to, and benefit payments from, the Scheme. The Standard Contribution Rate is such that it would be just sufficient to finance the benefits accruing following the valuation date provided that the Scheme's actual experience is in line with the assumptions made. Adjustments to the contribution rate may be required in future to take account of departures between Scheme experience and the assumptions adopted.
- The principal assumptions used in the 2020 actuarial valuation for calculating the cost of the Scheme's benefits are shown in the table below.

Investment return, net of expenses, in excess of salary inflation	¾ % a year
Investment return, net of expenses, in excess of price inflation (based on the Consumer Prices Index)	2½ % a year

Pensioner longevity - Based on SAPS S3 mortality tables published by the Continuous Mortality Investigation Bureau (CMIB) based on the experience of pensioners in UK occupational pension schemes. For females the middle table has been used, which is based on the data with the highest and lowest pension amounts removed. Future improvements are set in line with the 2018-based principal population projections produced by the Office for National Statistics (ONS 2018).

Further details of the methods and assumptions used, including details of the extent to which the COVID-19 pandemic has been taken into account, are set out in the report on the actuarial valuation as at 1 April 2020, dated 5 July 2021.

Contribution rate

- Up until 5 May 2016 Members paid contributions to the Scheme at the rate of 10% of pensionable salary if they accrued pension benefits at the rate of one-fortieth of final pensionable pay per year of service, or at the rate of 6% of pensionable pay if they accrued pension benefits at the rate of one-fiftieth. The Senedd Remuneration Board introduced a new benefit structure which came into force on 6 May 2016. Members who were aged 55 or over on 1 April 2012 are protected and continued to accrue benefits on the previous benefit structure until 5 May 2021 and paid contributions of 10% or 6% of pensionable pay. All Members are now in the CARE section and pay contributions to the Scheme at the rate of 10.5% of pensionable salary.
- Similar transitional protection was introduced across the public sector when the schemes were reformed in 2015. The transitional protection was challenged in the courts by members of the firefighters and judicial schemes and found to be discriminatory on age grounds. This is known as the McCloud judgement. It has been agreed that eligible Members of the Scheme will receive remedy in respect of the McCloud judgement and a reserve has been made for this cost in the 2020 valuation liabilities. Hence the estimated costs of the McCloud remedy are allowed for in the employer contribution rate set out in the 2020 valuation report.
- Following completion of the 2020 valuation the Senedd Commission's contribution rate was maintained at 19.9% of pensionable pay. This rate is based on the assumptions adopted for the 2020 valuation, it includes an allowance for expenses and to cover the deficit of £1.3m at 1 April 2020.

Security of prospective rights

- In my opinion, the resources of the Scheme are likely in the normal course of events to meet in full the liabilities of the Scheme as they fall due excluding any costs which may arise as a result of GMP equalisation. In giving this opinion, I have assumed that both Member and employer contributions will be paid to the Scheme as described in the paragraph titled 'Contribution Rate' above, subject to review at successive actuarial valuations.

Next actuarial assessment

- The next formal actuarial valuation of the Scheme will be undertaken with an effective date of 1 April 2023. The main purpose of that valuation will be to

assess the adequacy of the recommended rate of employer contributions, taking account of all relevant factors since the preceding valuation.

- An annual funding update as at 31 March 2022 is also being carried out. This approximate update will be based on the membership data, method and assumptions from the 2020 valuation, but updated to reflect market conditions as at 31 March 2022.

Memet Pekacar
Fellow of the Institute and Faculty of
Actuaries
14 June 2021

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