

## **PENSION FUND ACCOUNTS**

Fund Account

Net Assets Statement

Notes to the Pension Fund

## FUND ACCOUNT

	Note	2020/21		2019/20	
		£000	£000	£000	£000
<b>Dealings with members, employers and others directly involved in the scheme</b>					
<b>Contributions</b>					
From Employers	7	24,180		26,135	
From Members	7	8,004	32,184	7,408	33,543
Transfers In from other Pension Funds			9,350		4,326
Other Income			-		-
<b>Benefits</b>					
Pensions	8	(36,363)		(34,916)	
Commutation & Lump Sum Retirement Benefits	8	(8,164)		(8,502)	
Payment in respect of tax		(508)	(45,035)	(898)	(44,316)
<b>Payments to and on account of leavers</b>					
Transfers Out to other Pension Funds			(7,013)		(7,225)
Refunds to members leaving service			(40)		(119)
<b>Net Additions (Withdrawals) from dealings with members</b>			<b>(10,554)</b>		<b>(13,791)</b>
<b>Management expenses</b>					
	9		<b>(8,903)</b>		<b>(5,866)</b>
<b>Returns on Investments</b>					
Investment Income	10		12,327		13,911
Other Income	10		23		731
<b>Profit and losses on disposal of investments and changes in value of investments</b>					
	12		215,444		(36,172)
<b>Net Return on Investments</b>			<b>227,794</b>		<b>(21,530)</b>
<b>Net Increase (Decrease) in the net assets available for benefits during the year</b>			<b>208,337</b>		<b>(41,187)</b>
<b>Opening Net Assets of the Scheme</b>			<b>1,010,886</b>		<b>1,052,073</b>
<b>Closing Net Assets of the Scheme</b>			<b>1,219,223</b>		<b>1,010,886</b>

## NET ASSET STATEMENT

	Note	31 March 2021 £000	31 March 2020 £000
<b>Investment Assets</b>			
Equities	11	150	150
Pooled Property Vehicles	11	61,161	58,881
Pooled Investment Vehicles	11	1,081,786	817,356
Private Equity / Infrastructure	11	71,863	70,555
Cash Deposits	11	8	59,524
Other Investment Balances			
Investment Income Due	11	13	26
<b>Net Investment Assets</b>	11	<b>1,214,981</b>	<b>1,006,492</b>
<b>Current Assets</b>	19	3,664	3,897
<b>Current Liabilities</b>	20	(1,100)	(1,178)
<b>Cash Balances</b> (held directly by Fund)		1,678	1,675
<b>Net assets of the Fund available to fund benefits at the period end</b>		<b>1,219,223</b>	<b>1,010,886</b>

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in Note 18a.

## **NOTES TO THE PENSION FUND ACCOUNTS**

### **NOTE 1. DESCRIPTION OF HAMMERSMITH AND FULHAM PENSION FUND**

#### **a) General**

The Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Hammersmith and Fulham Council (the Council). It is a contributory defined benefits scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of Hammersmith and Fulham Council and the admitted and scheduled bodies in the Fund. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. Teachers are excluded from this scheme as they are administered under the Teachers' Pension Scheme.

The benefits payable in respect of service from 1 April 2014 are based on an employee's career average revalued earnings (CARE) and the number of years of eligible service. The benefits payable in respect of service prior to 1 April 2014 are based on an employee's final salary and the number of years eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is financed by contributions from employees, the Council, the admitted and scheduled bodies and from investment returns on the Fund's investment assets. Contributions from employees are made in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2020. Employer contributions are set based on the triennial actuarial funding valuation, as detailed in Note 18.

#### **b) Pensions Sub-Committee**

The Council has delegated the investment arrangements of the scheme to the Audit and Pensions Committee, which in December 2014 formed a Pensions Sub-Committee (the Sub-Committee) and delegated all pensions responsibilities to it. The Sub-Committee decides on the investment strategy most suitable to meet the liabilities of the Fund and has responsibility for the investment strategy. The Sub-Committee is made up of five members, four of whom are elected representatives of the Council with voting rights and one co-opted member. Members of the admitted bodies and representatives of the Trade Unions may attend the Sub-Committee meetings but have no voting rights.

The Sub-Committee reports annually to the Audit and Pensions Committee and has full delegated authority to make investment decisions. The Sub-Committee obtains and considers advice from the Director of Finance, and as necessary from the Fund's appointed actuary, investment managers and adviser.

#### **c) Pension Board**

In line with the provisions of the Public Service Pensions Act 2013, the Council has set up a Local Pension Board to oversee the governance arrangements of the Pension Fund. The Board meets twice a year and has its own Terms of Reference. Board members are independent of the Pensions Sub-Committee.

#### **d) Investment Principles**

In accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 the Sub-Committee approved an Investment Strategy Statement on 11 February 2020 (available on the Council's website). The Statement shows the Council's compliance with the Myner's principles of investment management.

The Sub-Committee has delegated the management of the Fund's investments to regulated investment managers (see note 11), appointed in accordance with the regulations, and whose activities are specified in detailed investment management agreements and monitored on a quarterly basis.

#### **e) Membership**

Membership of the LGPS is voluntary, and whilst employees are auto-enrolled into the scheme, they are free to choose whether to stay in or leave the scheme, or make their own personal arrangements outside the scheme.

Organisations participating in the Hammersmith & Fulham Pension Fund include:

- Scheduled bodies, which are local academies and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies and private contractors undertaking a local authority function following outsourcing to the private sector.

The deferred member numbers include 890 undecided leavers, who are no longer paying contributions or in receipt of benefits.

	<b>31 March 2021</b>	<b>31 March 2020</b>
Number of Active Employers	52	50
Contributing employees	4,467	3,635
Pensioners receiving benefit	5,425	5,081
Deferred members	6,784	7,112
<b>Total members</b>	<b>16,676</b>	<b>15,828</b>

Details of the scheduled and admitted bodies are included in the Fund's Annual Report.

## **NOTE 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The Statement of Accounts summarise the Fund's transactions for 2020/21 and its position at year end as at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

The accounts have been prepared on an accruals basis, apart from transfer values which have been accounted for on a cash basis.

The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they consider the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the Net Asset Statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Council has opted to disclose this information in a note to the accounts (Note 18).

The Hammersmith & Fulham Pension Fund is a statutory, state backed Local Government Pension Scheme (LGPS) that is 97% funded on a conservative basis and backed by an administering authority with tax raising powers. As such, the Pension Fund Accounts have been prepared on a going concern basis.

It is recognised that the current environment gives rise to a risk of uncertainty and volatility in investment markets and the Fund has reviewed fund manager assessments and no material uncertainty has been identified. The Fund continues to monitor cashflows and invests in a diverse range of investment vehicles including availability to liquid assets.

## **NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Fund Account – Revenue Recognition**

#### **a) Contribution Income**

Normal contributions, both from active members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due dates on which they are due under the schedule of contributions set by the actuary or on receipt if earlier than the due date.

## **b) Transfers to and from other schemes**

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

## **c) Investment Income**

Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as a cash dividend to support the Fund's outgoing cash flow requirements.

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset. Where the amount of an income distribution has not been received from an investment manager by the balance sheet date, an estimate based upon the market value of their mandate at the end of the year is used.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profits and losses during the year.

## **Fund Account - Expense Items**

### **d) Benefits Payable**

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Lump sums are accounted for in the period in which the member becomes a pensioner. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

### **e) Taxation**

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. As the Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

### **f) VSP, MSP and lifetime allowance**

Members are entitled to request that the Pension Fund pays their tax liabilities due in respect of annual allowance and lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC, it is treated as an expense in the year in which the payment occurs.

### **g) Management Expenses**

The fund discloses its pension fund management expenses in accordance with the CIPFA guidance "Accounting for Local Government Pension Scheme Management Expenses 2016".

**Administrative expenses** – All staff costs of the pension administration team are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

**Oversight and governance** – All staff costs associated with governance and oversight are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. The cost of obtaining investment advice from the external advisor is included in oversight and governance costs.

**Investment management expenses** – The Sub-Committee has appointed external investment managers to manage the investments of the Fund. Managers are paid a fee based on the market value of the investments they manage, and/or a fee based on performance.

Where an investment manager's fee note has not been received by the Balance Sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account.

## **Net Assets Statement**

### **h) Financial Assets**

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the value of the asset are recognised in the Fund account.

The values of investments as shown in the net asset statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 14a).

### **i) Derivatives**

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes (see Note 14a).

### **j) Foreign Currency Transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

### **k) Cash and Cash Equivalents**

Cash comprises cash in hand and deposits with financial institutions which are repayable on demand without penalty.

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

### **l) Financial Liabilities**

A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. The Fund recognises liabilities relating to investment trading at fair value as at the reporting date, and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the Change in Value of Investments.

Other financial liabilities classed as amortised costs are carried at amortised cost i.e. the amount carried in the net asset statement is the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

### **m) Actuarial present value of promised retirement benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of retirement benefits by way of a note to the Net Assets Statement (Note 18a).

### **n) Additional Voluntary Contributions (AVCs)**

AVCs are not included in the accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed for information in Note 22. There are also some residual policies with Equitable Life, which are disclosed in Note 22, but it is not open for new members.

### **o) Recharges from the General Fund**

The LGPS (Management and Investment of Funds) Regulations 2016 permit the Council to charge administration costs to the Fund. A proportion of the relevant Council costs have been charged to the Fund based on actual time spent on Pension Fund business. Costs incurred in the administration and the oversight and governance of the Fund are set out separately in Note 9.

#### **NOTE 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The accounts contain certain estimated figures that are based on assumptions made by the Council and other bodies about the future or that are otherwise uncertain. Estimates are made because they are required to satisfy relevant standards or regulations and are based on best judgement at the time, derived from historical experience, current trends and other relevant factors. As a result, actual results may differ materially from those assumptions.

The items for which there is a significant risk of material adjustment are:

##### **a) Pension Fund Liability**

The Pension Fund liability is calculated every three years by the appointed actuary with annual updates in the intervening years. The methodology used follows generally agreed guidelines and is in accordance with IAS 19. These assumptions are summarised in Note 18a. The estimates of the net liability to pay pensions depends on several judgements and assumptions. In particular, those relating to the discount rate, the rate at which salaries are projected to increase, change in retirement ages, mortality rates and expected returns on the Fund's assets.

##### **b) COVID 19 Impact**

The COVID-19 pandemic has caused significant investment volatility throughout 2020 and 2021, causing uncertainty in property valuations due to the fall observable transactions and subsequent complete lack of liquidity in the market. Following this, in 2020 a material uncertainty clause was provided on all pooled property as advised by the Royal Institute for Chartered Surveyors (RICS). Since September however, it has been recommended by RICS to remove this clause from all UK property and as such this material uncertainty valuation clause no longer applies as at 31 March 2021, due to the gradual return to normality for the commercial property markets. As at 31 March 2021, pooled property investments for the Fund totalled £61.2m. The impact of this material valuation uncertainty has been included in the sensitivity analysis in Note 14d.

##### **c) Private equity investments**

The fair value of private equity investments is unavoidably subjective. The valuations are based on forward-looking estimates and judgements involving many factors. Unquoted private equity assets are valued by the investment managers in accordance with industry standards. The value of private equity investments at the balance sheet date was £0.5m.

##### **d) Private debt/Infrastructure investments**

The fair value of the Partners Group Multi Asset Credit fund and Infrastructure fund is also subject to some material valuation uncertainty. Several of the underlying assets are traded in private markets only and therefore judgement needs to be made about value, using factors such as the enterprise value and net debt. Due to the COVID-19 pandemic, the values reflected in these investments may materially differ from the values received upon the actual sales of the underlying investments. As at 31 March 2021, the assets invested with Partners Group were valued at £45.9m (£42.3m in 2019/20).

The same applies to the Aviva Infrastructure which has a quarterly valuation cycle. As at 31 March 2021, the value of the investment was £25.5m (£26.1m in 2019/20). The impact of the uncertainty surrounding these investments has also been included in the sensitivity analysis in Note 14d.



## NOTE 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY

Preparing financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual results could differ from the assumptions and estimates.

Description of asset	Uncertainties	Basis of valuation
<b>Actuarial present value of promised retirement benefits (Note 19a)</b>	Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, salary increases, changes in retirement ages, mortality rates and returns on fund assets. Barnet-Waddingham are engaged to provide the fund with expert advice about the assumptions to be applied.	For instance: <ul style="list-style-type: none"> <li>• 0.1% increase in the discount rate assumption would result in a decrease in pension liability of £36m</li> <li>• 0.1% increase in assumed earnings would increase the value of the liabilities by approximated £2m</li> <li>• 0.1% increase in pension increases would increase the liability by about £34m</li> <li>• A one-year increase in life expectancy would increase the liability by about £84m</li> </ul>

Management has agreed a reasonable set of actuarial assumptions in consultation with the actuary which derives the total pension fund liability. An allowance of £8.8m (0.6% of total liabilities) has been included in the past service cost reflecting the recent McCloud judgement.

## NOTE 6. EVENTS AFTER THE BALANCE SHEET

In March 2021, the Pension Fund Sub-Committee agreed to appoint Alpha Real Capital as its new ground rents income manager with a commitment of £60m, and to make a subscription into a social housing fund managed by Man Group with a commitment of £30m. As at the balance sheet date, these investments had not been completed.

## NOTE 7. CONTRIBUTIONS RECEIVABLE

Employees' contributions are calculated on a sliding scale based on a percentage of their gross pay. The administering body, scheduled bodies and admitted bodies are required to make contributions determined by the Fund's actuary to maintain the solvency of the fund.

The table below shows a breakdown of the total amount of employers' and employees' contributions.

	Employers' Contributions				Employees' Contributions	
	Normal		Deficit Recovery		2020/21 £000	2019/20 £000
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000		
Administering Authority	15,614	12,674	3,885	8,745	6,671	6,023
Scheduled Bodies	2,933	1,938	-	870	856	799
Admitted Bodies	1,503	1,820	245	88	477	586
<b>Total</b>	<b>20,050</b>	<b>16,432</b>	<b>4,130</b>	<b>9,703</b>	<b>8,004</b>	<b>7,408</b>
<b>Total Contributions</b>			<b>24,180</b>	<b>26,135</b>	<b>8,004</b>	<b>7,408</b>

## NOTE 8. BENEFITS PAYABLE

The table below shows a breakdown of the total amount of benefits payable.

	Pensions		Lump sum retirement benefits		Lump sum death benefits	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
	£000	£000	£000	£000	£000	£000
Administering Authority	(33,478)	(32,283)	(6,075)	(6,333)	(1,071)	(977)
Scheduled Bodies	(443)	(399)	(128)	(196)	(144)	(77)
Admitted Bodies	(2,442)	(2,234)	(716)	(878)	(30)	(41)
<b>Total</b>	<b>(36,363)</b>	<b>(34,916)</b>	<b>(6,919)</b>	<b>(7,407)</b>	<b>(1,245)</b>	<b>(1,095)</b>

  

<b>Total Lump Sum Benefits</b>	<b>(8,164)</b>	<b>(8,502)</b>
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## NOTE 9. MANAGEMENT EXPENSES

The table below shows a breakdown of the management expenses incurred during the year.

	2020/21	2019/20
	£000	£000
Administrative costs	(536)	(365)
Investment management expenses	(7,533)	(4,735)
Oversight and governance costs	(834)	(766)
	<b>(8,903)</b>	<b>(5,866)</b>

The table below provides a breakdown of the Investment Management Expenses.

	2020/21	2019/20
	£000	£000
Management fees	(5,446)	(4,250)
Performance fees	(257)	(36)
Transaction costs	(1,764)	(421)
Custody fees	(66)	(28)
	<b>(7,533)</b>	<b>(4,735)</b>

## NOTE 10. INVESTMENT INCOME

The table below shows a breakdown of investment income.

	<b>2020/21</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Pooled investments - unit trusts and other managed funds	5,930	10,777
Income from Alternative Investments	6,387	3,009
Interest on Cash Deposits	10	125
Other Investment Income	23	731
<b>Total</b>	<b>12,350</b>	<b>14,642</b>

## NOTE 11. INVESTMENT STRATEGY

During 2020/21 the Fund's investment strategy had the following developments:

- In April 2020 the Fund Transferred £55m to its new private credit mandate with Aberdeen Standard Investments (now Abrdn MSPC)
- In August 2020 the Pension Fund transferred £169m from its existing passive MSCI low carbon equity fund with LGIM to the LCIV Global Sustain Fund ran by Morgan Stanley.
- In October 2020, the Pension Fund disinvested its entire holding in the M&G inflation opportunities fund (approx £113m) and has temporarily transferred all assets to the LCIV absolute return mandate managed by Ruffer pending final allocation.

In August 2015, the Fund made a commitment to the Partners Group Direct Infrastructure fund. As at 31 March 2021 €19.9m (£16.9m) still remained unfunded.

As shareholders of London LGPS CIV Ltd, (the organisation set up to run pooled LGPS investments in London) the Fund has funded £150,000 of regulatory capital. This is in the form of unlisted UK equity shares. The Fund has been active in the transfer of assets under management to the London Collective Investment Vehicle (LCIV) to gain efficiencies and fee reductions. As at 31 March 2021, the Fund had £944m invested with the London CIV, which accounts for 77.6% of the fund's total assets.

The market value and proportion of investments managed by each fund manager at 31 March 2021 was as follows:

	<b>31 March 2021</b>		<b>31 March 2020</b>	
	<b>Market Value</b>	<b>Total</b>	<b>Market Value</b>	<b>Total</b>
	<b>£0</b>	<b>%</b>	<b>£0</b>	<b>%</b>
<b>Investments managed by the London CIV asset pool</b>				
LGIM - MSCI Low Carbon (Passive)	381,252	31.40%	411,304	40.90%
Ruffer - Absolute Return (Active)	280,677	23.10%	128,526	12.80%
PIMCO - Global Bonds (Active)	107,333	8.80%	100,960	0
Morgan Stanley - Global Sustain Fund	174,776	14.40%	-	0.00%
	<b>944,038</b>	<b>77.70%</b>	<b>640,790</b>	<b>63.70%</b>
<b>Investments managed outside of London CIV asset pool</b>				
M & G - Inflation Opportunities	-	0.00%	110,996	11.00%
Oak Hill Advisers - Secured Income (Active)	80,034	6.60%	65,570	6.50%
Standard Life - Long Lease Property	61,161	5.00%	58,881	5.90%
Aviva - Private Infrastructure	25,546	2.10%	26,062	2.60%
Partners Group - Infrastructure	31,956	2.60%	23,142	2.20%
Partners Group - Multi Asset Private Credit	13,896	1.10%	19,174	1.90%
Invesco - Private Equity	47	0.00%	1,523	0.20%
Unigestion - Private Equity	418	0.00%	653	0.10%
Inhouse Cash - Cash	21	0.00%	59,551	5.90%
London CIV Ltd	150	0.00%	150	0.00%
NT Ultra Short Bond Fund	1,999	0.20%		
Abrdn MSPC	55,715	0	-	0.00%
	<b>270,943</b>	<b>22.30%</b>	<b>365,702</b>	<b>36.30%</b>
<b>Total Investments</b>	<b>1,214,981</b>	<b>100.00%</b>	<b>1,006,492</b>	<b>100.00%</b>

The table below shows the Fund investments which exceed 5% of net assets. These are all pooled investment vehicles, which are made up of underlying investments, each of which represent substantially less than 5%.

	31 March 2021		31 March 2020	
	Market Value	Total	Market Value	Total
	£000	%	£000	%
LGIM - MSCI Low Carbon (Passive)	381,252	31.4%	411,304	40.7%
Ruffer - Absolute Return (Active)	280,677	23.1%	128,526	12.7%
PIMCO - Global Bonds (Active)	107,333	8.8%	100,960	10.0%
M & G - Inflation Opportunities	-	0.0%	110,996	11.0%
Oak Hill Advisers - Secured Income (Active)	80,034	6.6%	65,570	6.5%
Standard Life - Long Lease Property	61,161	5.0%	58,881	5.8%
Morgan Stanley - Global Sustain Fund	174,776	0	-	0.0%

## NOTE 12. RECONCILIATION OF MOVEMENT IN INVESTMENTS

The table below shows a reconciliation of the movement in the total investment assets of the Fund by asset class during 2020/21.

Fund Manager	Value at 1 April 2020 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Change in market value during the year £000	Value at 31 March 2021 £000
Equities	150				150
Pooled equity investments	817,356	172,443	(122,534)	214,521	1,081,786
Pooled property investments	58,881	44	-	2,236	61,161
Private equity/infrastructure	70,555	7,659	(5,186)	(1,165)	71,863
<b>Sub-total</b>	<b>946,942</b>	<b>180,146</b>	<b>(127,720)</b>	<b>215,592</b>	<b>1,214,960</b>
Cash Deposits	59,524			(160)	8
Investment income due	26				13
Spot FX contracts	-			12	-
<b>Totals</b>	<b>1,006,492</b>	<b>180,146</b>	<b>(127,720)</b>	<b>215,444</b>	<b>1,214,981</b>

The equivalent analysis for 2019/20 is provided below:

<b>Fund Manager</b>	<b>Value at 1 April 2019</b>	<b>Purchases during the year and derivative payments</b>	<b>Sales during the year and derivative receipts</b>	<b>Change in market value during the year</b>	<b>Value at 31 March 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equities	150	-	-	-	<b>150</b>
Pooled equity investments	902,851	107,550	(156,592)	(36,453)	<b>817,356</b>
Pooled property investments	55,558	39	-	3,284	<b>58,881</b>
Private equity/infrastructure	76,442	4,654	(7,316)	(3,225)	<b>70,555</b>
<b>Sub-total</b>	<b>1,035,001</b>	<b>112,243</b>	<b>(163,908)</b>	<b>(36,394)</b>	<b>946,942</b>
Cash Deposits	12,843			238	<b>59,524</b>
Investment income due	34			-	<b>26</b>
Spot FX contracts	-			(16)	-
<b>Totals</b>	<b>1,047,878</b>	<b>112,243</b>	<b>(163,908)</b>	<b>(36,172)</b>	<b>1,006,492</b>

### NOTE 13. FAIR VALUE BASIS OF VALUATION

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

<b>Description of asset</b>	<b>Valuation hierarchy</b>	<b>Basis of valuation</b>	<b>Observable and unobservable inputs</b>	<b>Key sensitivities affecting the valuations provided</b>
<b>Pooled Investments - Equity funds UK and Overseas Managed Funds</b>	Level 2	The NAV for each share class is calculated based on the market value of the underlying equity assets	Evaluated price feeds	Not required
<b>Unquoted bonds and unit trusts</b>	Level 2	Fixed income securities are priced based on evaluated prices provided by independent pricing services	Evaluated price feeds	Not required

<b>Pooled Long Lease Property Fund</b>	Level 2	The Aberdeen Standard Long Lease Property Fund is priced on a Single Swinging Price	In house evaluation of market data	Not required
<b>Private equity</b>	Level 3	Comparable valuation of similar companies in accordance with International Private and Venture Capital Valuation Guidelines 2012	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple Revenue multiple	Valuations could be affected by changes to expected cashflows, cost of replacing key business assets, or by any differences between the audited and unaudited accounts
<b>Infrastructure funds</b>	Level 3	Valued by Fund Managers at the lower of cost and fair value.	Managers use their judgement having regard to the Equity and Venture Capital Valuation Guidelines 2012 guidelines noted above	Upward valuations are only considered where there is validation of the investment objectives and such progress can be demonstrated  Downward valuations are enacted where the manager considers there is an impairment to the underlying investment

#### **NOTE 14a. VALUATION OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE**

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values. The definitions of the levels are detailed below.

**Level 1** – Fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Examples are quoted equities, quoted index linked securities and unit trusts. All level 1 investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

**Level 2** – Quoted prices are not available for financial instruments at this level. The valuation techniques used to determine fair value use inputs that are based significantly on observable market data.

**Level 3** – Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data e.g. private equity investments.

The values of the private equity investments are based on valuations provided by the General Partners to the private equity funds. The Partners Group Multi Asset Credit and Infrastructure funds are closed ended and therefore not tradable. The valuation is based on market prices where available for some underlying assets and on estimates of prices in secondary markets for others.

	31 March 2021			31 March 2020		
	Quoted Market Price	Using observable inputs	With significant unobservable inputs	Quoted Market Price	Using observable inputs	With significant unobservable inputs
	Level 1 £000	Level 2 £000	Level 3 £000	Level 1 £000	Level 2 £000	Level 3 £000
<b>Financial Assets</b>						
Designated at fair value through profit and loss		1,142,947	72,013	-	876,237	70,555
<b>Total Financial Assets</b>	-	<b>1,142,947</b>	<b>72,013</b>	-	<b>876,237</b>	<b>70,555</b>
<b>Financial Liabilities</b>						
Designated at fair value through profit and loss				-	-	-
<b>Total Financial Liabilities</b>	-	-	-	-	-	-
<b>Net Financial Assets</b>	-	<b>1,142,947</b>	<b>72,013</b>	-	<b>876,237</b>	<b>70,555</b>
			<b>1,214,960</b>			<b>946,792</b>

#### NOTE 14b. TRANSFERS BETWEEN LEVELS 1 AND 2

In 2020/21, the Fund's operational activity resulted in no transfers between Levels 1 and 2.

#### NOTE 14c. RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

	Market Value as at 31 March 2020 £000	Purchases £000	Sales £000	Unrealised gains / (losses) £000	Realised gains / (losses) £000	Market Value as at 31 March 2021 £000
Overseas Infrastructure	25,319	7,659	(1,834)	294	983	32,421
UK Infrastructure	26,062	-	-	(516)	-	25,546
Private Credit	19,174	-	(3,352)	(1,926)	-	13,896
London LGPS CIV	150	-	-	-	-	150
<b>Total</b>	<b>70,705</b>	<b>7,659</b>	<b>(5,186)</b>	<b>(2,148)</b>	<b>983</b>	<b>72,013</b>

#### NOTE 14d. SENSITIVITY OF ASSETS VALUED AT LEVEL 3

The Pension Fund has analysed historical data and current trends in consultation with independent investment advisors to determine the accuracy of the valuations of its Level 3 investments. The potential impact on the reported valuations as at 31 March 2021 has been estimated to be accurate within the following ranges:

Description of assets	Assessed Valuation Range (+/-)	Value at 31 March 2021 £000	Value on increase £000	Value on decrease £000
Aviva Infrastructure	8.50%	25,546	27,717	23,375
Partners Group Infrastructure	10.00%	31,956	35,151	28,760
Partners Group Multi Asset Credit	10.00%	13,896	15,286	12,507
<b>Total</b>		<b>71,398</b>	<b>78,154</b>	<b>64,642</b>

\*three assets (totalling £0.615m) have been excluded from this note due to immateriality.

## NOTE 15a. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial assets and liabilities split by UK and Overseas, by category and net assets statement heading as at the balance sheet date. All investments are quoted unless stated.

	31 March 2021			31 March 2020		
	Designated at fair value through profit & loss £000	Financial assets at amortised cost £000	Financial Liabilities at amortised cost £000	Designated at fair value through profit & loss £000	Financial assets at amortised cost £000	Financial Liabilities at amortised cost £000
<b>FINANCIAL ASSETS</b>						
Index Linked Securities						
<i>Equities:</i>						
UK				-	-	-
Overseas				-	-	-
<i>Pooled Investment Vehicles:</i>						
UK equity funds	836,705			650,817		
UK fixed income fund	178,943			120,144		
UK property fund	61,162			58,881		
UK infrastructure	25,546			26,062		
	-					
Overseas fixed income fund	80,034			65,570		
Overseas infrastructure	31,956			23,142		
Overseas venture capital	464			2,176		
London LGPS CIV	150			150		
UK cash funds	-			-		
Investment income due		13		26		
Pending trade sales						
Cash deposits with managers		8			59,524	
Debtors		3,664			3,897	
Cash balances (held by fund)		1,678			1,675	
	1,214,960	5,363	-	946,968	65,096	-
<b>FINANCIAL LIABILITIES</b>						
Pending Trade Purchases			-			-
Creditors			(1,100)			(1,178)
	-	-	(1,100)	-	-	(1,178)
<b>GRAND TOTALS</b>	<b>1,214,960</b>	<b>5,363</b>	<b>(1,100)</b>	<b>946,968</b>	<b>65,096</b>	<b>(1,178)</b>
			<b>1,219,223</b>			<b>1,010,886</b>

## NOTE 15b. NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

This table summarises the net gains and losses on financial instruments classified by type of instrument.



	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
<b>Financial Assets</b>		
Fair value through profit and loss	215,592	(36,393)
Loans and receivables	12	238
<b>Financial Liabilities</b>		
Fair value through profit and loss	(160)	(17)
	<b>215,444</b>	<b>(36,172)</b>

#### **NOTE 16. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities. The Fund's liabilities are sensitive to inflation through pension and pay increases, interest rates and mortality rates. The assets that would most closely match the liabilities are a combination of index-linked gilts, as the liabilities move in accordance with changes in the relevant gilt yields and changes in inflation.

The Pension Fund Sub-committee maintains a Pension Fund risk register and reviews the risks and appropriate mitigating actions at every meeting.

##### **a) Market Risk**

In order to meet the Fund's objective of being fully funded within 22 years of the 2016 actuarial valuation, the fund managers have been set differing targets appropriate to the types of assets they manage. The ongoing economic uncertainty that has been caused by the global response to COVID-19 presents an increased risk to the Fund achieving these targets. As such, the Fund continues to invest its assets in a broad range of asset classes in terms of geographical and industry sectors and individual securities which are expected to produce returns above their benchmarks over the long term, albeit with greater volatility. This diversification reduces exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level.

The aim of the investment strategy is to maximise the opportunity for gains across the whole Fund's portfolio within a tolerable level of risk of an overall reduction in the value of the Fund. Responsibility for the Fund's investment strategy rests with the Pensions Sub-Committee and is reviewed on a regular basis.

##### **b) Price Risk**

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

The Fund is exposed to price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities represent a risk of loss of capital. The maximum risk resulting from financial instruments (with the exception of the derivatives where the risk is currency related) is determined by the fair value of the financial instruments. The Fund's investment managers aim to mitigate this price risk through diversification and the selection of securities and other financial instruments.

All assets except for cash, forward foreign exchange contracts, other investment balances, debtors and creditors are exposed to price risk. The table below shows the value of these assets at the balance sheet date (and the prior year) and what the value would have been if prices had been 10% higher or 10% lower.

##### **Assets exposed to price risk**

	<b>Value</b>	<b>Price Risk</b>	<b>Positive increase</b>	<b>Negative increase</b>
	<b>£000</b>		<b>£000</b>	<b>£000</b>
At 31st March 2021	1,214,960	10.90%	1,347,392	1,082,530
At 31st March 2020	950,071	10%	1,045,079	855,064

##### **c) Interest Rate Risk**

The Fund invests in financial assets for the primary purpose of obtaining a return on its investments. Fixed Interest securities and cash are subject to interest rate risks, which represent the risk that the fair value or

future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

Fixed income investments, cash and some elements of the pooled investment vehicles are exposed to interest rate risk. The table below shows the value of these assets at 31 March 2021 and what the value would have been if interest rates had been 1% higher or 1% lower.

**Assets exposed to interest rate risk**

	<b>Value £000</b>	<b>+ 1% £000</b>	<b>- 1% £000</b>
At 31st March 2021	307,358	293,132	321,584
At 31st March 2020	247,290	235,493	259,086

**d) Currency Risk**

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than pounds sterling.

The Fund recognises that a strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits. In order to determine the potential impact this may have it has been determined that

In order to mitigate the risk, one of the Fund's investment managers enters into forward foreign exchange contracts (accounted for as derivatives) to hedge the currency risk which arises from undertaking non-sterling transactions. In addition, several of the pooled investment vehicles partially or fully hedge the currency back into sterling. These actions reduce the overall currency risk the Fund is exposed to.

**Assets exposed to currency risk**

	<b>Value £000</b>	<b>Currency Risk</b>	<b>Positive increase £000</b>	<b>Negative increase £000</b>
At 31st March 2021	869,126	5.18%	914,155	824,097
At 31st March 2020	464,646	10%	511,111	418,182

**e) Credit Risk**

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high-quality fund managers, counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

**f) Liquidity Risk**

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that there are adequate cash resources to meet its commitments. This will particularly be the case for cash to meet the pensioner payroll costs, and cash to meet investment commitments. The Fund has immediate access to its cash holdings.

The only assets in the Fund which cannot be liquidated within a month are detailed in the table below. These amounted to 8.85% of the Fund's Net Assets at 31 March 2021 (10.55% at 31 March 2020). The remaining assets can all be liquidated within days.

Manager	Portfolio	31 March 2021	31 March 2020
		£000	£000
Standard Life	Property	61,162	58,881
Partners Group	Infrastructure	31,956	23,142
Partners Group	Multi Asset Credit	13,896	19,174
Invesco	Private Equity	47	1,523
Unigestion	Private Equity	417	653
		<b>107,478</b>	<b>103,373</b>

#### NOTE 17. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

The Fund had the following commitments at the balance sheet date:

	31 March 2021	31 March 2020
	£000	£000
Aberdeen Standard Multi Sector Private Credit	-	55,000
Partners Group Direct Infrastructure Fund 2015	16,936	23,623
	<b>16,936</b>	<b>78,623</b>

#### NOTE 18. FUNDING ARRANGEMENTS

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the London Borough of Hammersmith & Fulham Pension Fund is able to meet its liabilities to past and present contributors and to review employer contribution rates.

The latest full triennial valuation of the London Borough of Hammersmith and Fulham Pension Fund was carried out by Barnett Waddingham, the Fund's actuary, as at 31 March 2019 in accordance with the Funding Strategy Statement of the Fund and the Local Government Pension Scheme Regulations 2013. The results were published in the triennial valuation report dated 29 January 2020. This valuation set the employer contribution rates from 1 April 2020 through to 31 March 2023.

The 2019 valuation certified a common contribution rate of 17.4% of pensionable pay (15.5% as at March 2016) to be paid by each employing body participating in the Fund, based on a funding level of 97% (88% as at March 2016). In addition, each employing body must pay an individual adjustment to reflect its own particular circumstances and funding position within the Fund. Details of each employer's contribution rate are contained in the Statement to the Rates and Adjustment Certificate in the triennial valuation report.

The actuary's smoothed market value of the scheme's assets at 31 March 2019 was £1,043m (£851m 2016) and the actuary assessed the present value of the funded obligation at £1,079m indicating a net liability of £35m (£965m 2016).

The actuarial valuation, carried out using the projected unit method, is based on economic and statistical assumptions, the main ones being:

<b>Financial Assumptions</b>	<b>March 2019</b>	<b>March 2016</b>
		<b>£000</b>
Consumer Price Index (CPI) increases	2.60%	2.40%
Salary Increases	3.60%	3.90%
Pension Increases	2.40%	2.40%
Discount Rate	5.00%	5.40%

Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries. Estimates for the Pension Fund are based on the full valuation of the scheme as at 31 March 2019. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contribution rates for the period 1 April 2023 to 31 March 2026.

The contribution rate is set on the basis of the cost of future benefit accrual, increased to bring the funding level back to 100% over a period of 19 years, as set out in the Funding Strategy Statement. It is set to be sufficient to meet the additional annual accrual of benefits allowing for future pay increases and increases to pension payments when these fall due, plus an amount to reflect each participating employer's notional share of value of the Fund's assets compared with 100% of their liabilities in the Fund in respect of service to the valuation date.

#### **NOTE 18a. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS**

The table below shows the total net liability of the Fund as at 31 March 2021. The figures have been prepared by Barnett Waddingham, the Fund's actuary, only for the purposes of providing the information required by IAS26. In particular, they are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pensions legislation.

In calculating the required numbers, the actuary adopted methods and assumptions that are consistent with IAS19.

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Present Value of Promised Retirement Benefits*	(1,923,604)	(1,527,085)
Fair Value of Scheme Assets (bid value)	1,216,634	1,013,015
<b>Net Liability</b>	<b>(706,970)</b>	<b>(514,070)</b>

\* Present Value of Promised Retirement Benefits comprises of £1,900.5m (£1,509.4m at 31 March 2020) and £23.1m (£17.7m at 31 March 2020) in respect of vested benefits and non-vested benefits respectively as at 31 March 2021.

The assumptions applied by the actuary are set out below:

<b>Financial Assumptions</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Salary increases	3.80%	2.90%
Pension increases	2.80%	1.90%
Discount Rate	2.00%	2.35%

#### **Demographic Assumptions**

The post mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 105% for females. The base tables are projected using the CMI\_2020 Model, allowing for a long-term rate of improvement of 1.25% p.a. The assumed life expectancies from age 65 are:

**Life Expectancy from age 65**

		<b>31 March 2021</b>	<b>31 March 2020</b>
Retiring today	Males	21.6	21.8
	Females	24.3	24.4
Retiring in 20 years	Males	22.9	23.2
	Females	25.7	25.8

**Other Assumptions:**

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age;
- 5% of active members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

**NOTE 19. CURRENT ASSETS**

	#####	#####
<b>Debtors</b>	<b>£000</b>	<b>£000</b>
Contributions due - employers	1,370	1,073
Contributions due - employees	549	486
London Borough of Hammersmith and Fulham	941	941
Sundry debtors	804	1,397
	<b>3,664</b>	<b>3,897</b>

	#####	#####
<b>Analysis of debtors</b>	<b>£000</b>	<b>£000</b>
Local authorities	941	941
Other entities and individuals	2,560	2,956
Central Government	163	-
	<b>3,664</b>	<b>3,897</b>

**NOTE 20. CURRENT LIABILITIES**

	31 March 2021	31 March 2020
	£000	£000
<b>Creditors</b>		
Unpaid Benefits	(589)	(541)
Management Expenses	(426)	(375)
Sundry creditors	(85)	(262)
	<b>(1,100)</b>	<b>(1,178)</b>

	31 March 2021	31 March 2020
	£000	£000
<b>Analysis of creditors</b>		
Other entities and individuals	(1,100)	(1,178)
	<b>(1,100)</b>	<b>(1,178)</b>

#### **NOTE 21. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)**

The Fund's AVC providers are Zurich Assurance and the Equitable Life Assurance Society. AVCs are invested separately from the Pension Fund and their valuations are shown in the table below. The same valuations as at 31 March 2020 have been carried forward to this year due to the uncertainty in obtaining accurate valuations as at 31 March 2021.

	31 March 2021	31 March 2020
	£000s	£000s
<b>Zurich Assurance</b>		
Market Value at 31st March	908	908
Contributions during the year	7	7
Number of members at 31st March	51	51
<b>Equitable Life Assurance</b>		
Market Value at 31st March	191	191
Contributions during the year	-	-
Number of members at 31st March	27	27

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009 the contributions paid and the investments are not included in the Pension Fund Accounts.

The AVC providers secure benefits on a money purchase basis for those members electing to pay AVCs. Members of the AVC schemes each receive an annual statement confirming the amounts held in their account and the movements in the year. The Fund relies on individual contributors to check that deductions are accurately reflected in the statements provided by the AVC provider.

#### **NOTE 22. RELATED PARTIES**

##### **London Borough of Hammersmith and Fulham**

The Pension Fund is administered by the London Borough of Hammersmith and Fulham. The Council incurred costs of £0.542m in 2020/21 (£0.447m in 2019/20) in relation to the administration of the Fund and were reimbursed by the Fund for the expenses. The Council made £19.5m of contributions in year (£21.4m in 2019/20).

##### **Key management personnel**

The key management personnel of the Fund are the Members of the Pensions Sub-Committee, the Strategic Director of Finance and Governance, the Tri-Borough Director of Treasury and Pensions and the Director of Corporate Services. Total remuneration payable to key management personnel in respect of the pension fund is set out below:

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>
Short-term benefits	30	30
Post-employment benefits	95	255
	<b>125</b>	<b>285</b>

**NOTE 23. EXTERNAL AUDIT COSTS**

The external audit fee payable to Fund’s external auditors, Grant Thornton LLP, was £25,000 (£25,000 in 2019/20).