Brunel Pension Partnership Limited Annual Report & Financial Statements

BRUNEL
Pension Partnership

Company registration number 10429110
Authorised and regulated by the Financial Conduct Authority No. 790168

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Contents

Cover photo, Near Sennen, Cornwall UK. Credit: Les Attridge, Unsplash
Photo to left, Bristol Old Vic Theatre, Bristol. Credit: Martyna Bober, Unsplash

Company information

Directors

Laura Chappell
Michael Clark
Denise Le Gal
Miles Geldard
Liz McKenzie
Patrick Newberry
Stephen Tyson
Roelie van Wijk
David Vickers
Joe Webster

Resigned their post during the reporting year

Michael Clark
Stephen Tyson

Appointed during the reporting year

Miles Geldard
Liz McKenzie
David Vickers
Roelie van Wijk

Bankers

National Westminster Bank PLC

External Auditors

Grant Thornton UK LLP

Internal Auditors

Deloitte LLP

Tax Advisors

Deloitte LLP
PricewaterhouseCoopers LLP

Legal Advisors

Eversheds Sutherland

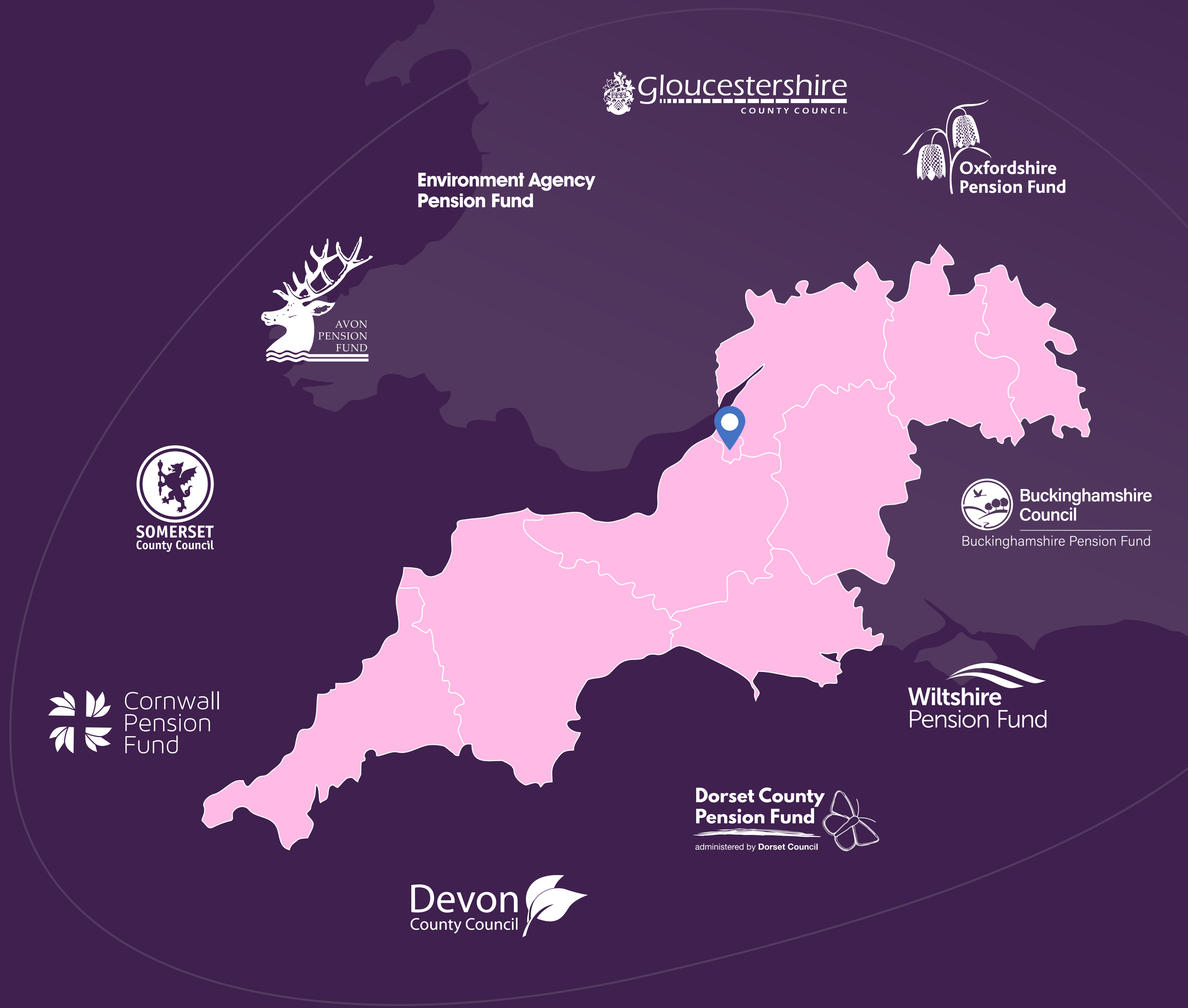
Financial Advisors

PricewaterhouseCoopers LLP

Financial Markets Advisors

Alpha Financial Markets Consulting UK Limited

Brunel Pension Partnership



Chair's Foreword
Denise Le Gal

I am delighted to introduce an Annual Report in which Brunel's achievements over the period were so varied and extensive, despite the challenging global backdrop. Covid – and policies introduced to contain it – continued to dictate much in our personal lives and in our operations as a company through the reporting period.

In this context, each of us at Brunel recognizes the exceptional service of those 700,000-plus local government employees for whom we ultimately work. Across a range of public services, from healthcare to environmental services, they have faced significant risks. But their work has been crucial not just in enabling our society to continue to operate, but also in minimizing the impact and spread of Covid. We are all in their debt.

Forging better futures...

Their work only adds to our own sense of responsibility as a pension pool, and to living up to our broader purpose of "forging better futures by investing for a world worth living in".

For this reason, it was especially gratifying to launch the last of our listed market funds in summer 2021. All 17 launches have been the fruit of our work as a partnership, from conception through to the transition of assets. This partnership has enabled us to achieve major cost savings, and to achieve them ahead of target, as this report will demonstrate.

There are new cycles of private market funds due in the first half of 2022 and so, as the portfolio construction work draws ever closer to completion, we can focus more exclusively on client outcomes.

...by investing for a world worth living in

Brunel does not view climate investing as only a broader social imperative. As our Head of Listed Markets told The Times in an interview last November, we also view climate change as an investment risk that fund managers can ill afford to ignore. Considering the climate change exposure of our portfolios is therefore a core part of our broader fiduciary duty; it is the same when it comes to all kinds of Responsible Investment (RI) themes and focuses, from stewardship to diversity to affordable housing to tax fairness. By taking our broader fiduciary responsibility seriously, we are better equipped to meet client need. Our cost savings and performance thus far certainly make for an encouraging start, although our actual performance targets apply only over several years, making any definitive judgments in this area premature.

On cost savings, there is no need to withhold judgment, however. Brunel is now breaking even on the Department for Levelling Up, Housing & Communities return. Based on the assets transitioned, we are making net fee savings of £13 million per annum (£24 million gross) versus pre-pooling. Moreover, our total investment management fees are 13 basis points cheaper than the market, according to third party analysis*. From this vantage point, pooling seems to be working.

But our partnership has also committed itself to investing for a more sustainable world, and to using our influence to help push the broader industry in the same direction. These pages are filled with examples of how we have done that: through investment decisions, through advocacy and through representation of our views at COP 26, to name but three key areas.

Governance matters

In the 2019/20 reporting year, we began a full governance review, which we have since completed, embedding the lessons learned in changed processes and practices. It was also an opportunity to review our shareholder agreement in order to align it with the development stage we have now reached as a company – although it will remain under review during the next stage.

Part of the governance review included a refresh of the Board. We were delighted to welcome three non-executive Board members in 2021: Roelie van Wijk, who has extensive experience in the Dutch pensions sector; Miles Geldard, who has significant portfolio management experience; and Liz McKenzie, our new Shareholder NED and Remuneration Committee Chair, who has experience in both the manufacturing and financial services sectors. We introduced our CIO, David Vickers, in our last Annual Report; he also joins them on the Board. We said goodbye to Michael Clark and Steven Tyson, who have served the Brunel Board for four years since it was founded in 2017. We thank them for their excellent service and wish them all the best for the future.

The strengthened Board has remained focused, amid turbulent times, on the long-term horizons appropriate to asset owners and managers alike in the pensions industry. We are convinced that Brunel has constructed – and continues to construct – well-balanced portfolios that meet the risk-return priorities of our clients; and that its manager selection process has hitherto proved highly effective.

While the significant cost savings and excess returns achieved thus far have been highly encouraging, our prudential stewardship means prioritizing the longer-term. We will not deviate from that focus. Looking back across 2020/21, there is every reason to believe that Brunel's values, internal culture, investment expertise and continued achievements give us every chance of a very bright future. By harnessing the strength of our partnership, we can adapt ourselves to be Paris-aligned and, in turn, to help change the broader industry, and make it fit for a more sustainable future.

Denise Le Gal

Denise Le Gal
Chair

Brunel Pension Partnership: Marking progress

Forging better futures by investing for a world worth living in

2017

Founding of Brunel Pension Partnership

Became member of IIGCC

Signed up to Taskforce for Financial-Related Disclosures

2018

Received FCA approval

First LGPS pool to sign UNPRI

Launched RI Policy and RI-focused Asset Management Accord

Launched first 5 listed market portfolios

Launched private markets (PM) cycle 1 across private equity, infrastructure, secured income

2019

Launched risk management framework

Published Climate Position Statement

Reached 50% mark for transition of client assets

Launched Low Volatility, Emerging Markets & High Alpha portfolios

Joined Investor Advisory Group of the Sustainability Accounting Standards Board

Launched UK and global property portfolios

2020

Published Climate Change Policy

Launched Diversifying Returns, Small Cap, Sustainable Equities portfolios and risk management framework

Launched PM cycle 2 across private debt, private equity, infrastructure, secured income

Backed Barclays AGM climate resolutions

Won European ESG and Climate Risk Mgmt. awards (IPE) and Pension Fund of 2020 (Environmental Finance)

2021

Committed to Net Zero

Completed launch of 17 listed portfolios with Global Core Equities, Sterling Corporate Bond, Multi Asset Credit, 2 x Passive Gilts

Won multiple awards across investment, innovation, portfolios, climate risk management. (IPE, Environmental Finance, Pensions for Purpose)

Co-launched FTSE Paris-aligned benchmarks with £3bn transition

Co-launched Asset Owner Diversity Charter

Represented views at COP 26

2022

1

Strategic Report and Business Review

Faith explored the COP 26 Green Zone with David Russell, Head of RI at the University Superannuation Scheme

31 OCT - 12 NOV 2021
GLASGOW
COP26
IN PARTNERSHIP WITH ITALY

COP 26

The prospect of the Glasgow Conference of the Parties loomed over the entire reporting year. It also had special significance for Brunel, since we were able to send our own representative, with an all-areas pass, to deliver talks, speak on panels, and to speak more informally with investors, policymakers and activists alike.

In December 2020 the Board had approved Faith Ward to take up the role of Chair of the Institutional Investors Group on Climate Change (IIGCC). The IIGCC shares our values and we were instrumental in helping it to develop both the Paris-Aligned Investment Initiative and the Net Zero Investment Framework. Our shared values mean that, when Faith travelled to Glasgow a month after the end of the reporting year, she travelled to represent our values and argue for our approach. She was therefore fulfilling one of our core aims: to make the broader finance industry fit for purpose on climate investing. In these images, you can see just a little of how she used her time.

Faith Ward, Lombard Odier panel, Deploying Capital in the Age of Planetary Boundaries, with Mark Carney, former governor of the Banks of England and Canada, and Chair of GFANZ, Professor John Rockström, architect of the Planetary Boundaries Framework, Jeremy Oppenheim, founder and Chair of SystemIQ and David Blood CEO, Generation IM. See panel highlights

The Institutional Investors Group on Climate Change (IIGCC) hosted the panel *Nature-based solutions, deforestation, Dasgupta, natural capital ... what does it all mean in practice for investors?*, at which the EAPF's Marion Maloney was a panellist and the panel chair was Emilia Holdaway, IIGCC Policy Programme Director. (Faith Ward is Chair of the IIGCC.)

Faith with Rishi Madlani, Head of Sustainable Finance and Just Transition at NatWest Group and Chair of London LGPS CIV, which governs the London Local Government Pension Scheme assets.

Faith met with members of Global Young Greens to listen to their concerns, among which they emphasised climate finance, the use of minerals in renewables, and the risk of exploiting the Global South if climate solutions failed to be inclusive.

Faith Ward with fellow speakers on the panel hosted by Chile's Ministry of Energy: *The Pivotal Role of Green Financing to meet the Paris Agreement targets and deliver the Sustainable Development Goals*. You can read the opening remarks here

Faith with fellow panellists from *The Investor Agenda: Accelerating global investor actions for a net-zero emissions economy*, where she talked about how the investor agenda is helping to accelerate climate action. Also on the panel was Fiona Reynolds, who ended her time as Chair of the PRI in 2021. See panel highlights

Trade Union representatives from Canada, the US, South Africa attending a WWF panel on 'moving past coal', and discussing the Just Transition.

Faith was able to engage with committed activists demonstrating at the event and to explain Brunel's approach to climate investing. (The activists kindly agreed to have their photo taken.)

Stallholders at the Americas-based #ResilientWoman / #MujerResiliente Initiative, which now also focuses on *climate* leadership for women.

Report of the Chief Executive Officer Laura Chappell

Business development and highlights of the year

I am hugely encouraged to report back on a 12-month period marked by momentum across such a range of business areas, from recruitment to strategy to fund launches to Responsible Investment. Despite the constraints placed on business operations, our key stakeholders have coordinated to ensure both continued excellence and a series of new achievements for the partnership.

It all begins with culture, and so that is where I wanted to start here, too. The high quality of work and exceptional number of new achievements over the year speak of how our staff have remained committed to Brunel maintaining its leadership as an asset owner – and of the commitment of our clients to harnessing the possibilities of partnership.

We knew culture would become more of a challenge under Covid. Over the course of the reporting period, staff numbers rose from below 50 to 63, meaning that a whole range of newcomers and their teams had to develop productive working relationships largely online. As for the leadership, we felt the need to think more carefully about culture, mental health, and creating the best mechanisms for feedback loops.

Through it all, we have wanted to foster a culture that, on the one hand, encourages people to learn, take on new responsibility and raise their game and, on the other, ensures proper mechanisms and attitudes of support – and all the more so through such unusual times.

Aided by the appointment of a new Head of HR, Gina Filipe, we have surveyed staff more frequently across several areas, and provided greater resources on mental health specifically, and on team-building in general, from yoga to healthcare provision to more esoteric initiatives. We have also reviewed and developed our flexible working policies. We know only too well that, if we want our culture to remain our biggest asset, we will need to keep adapting.

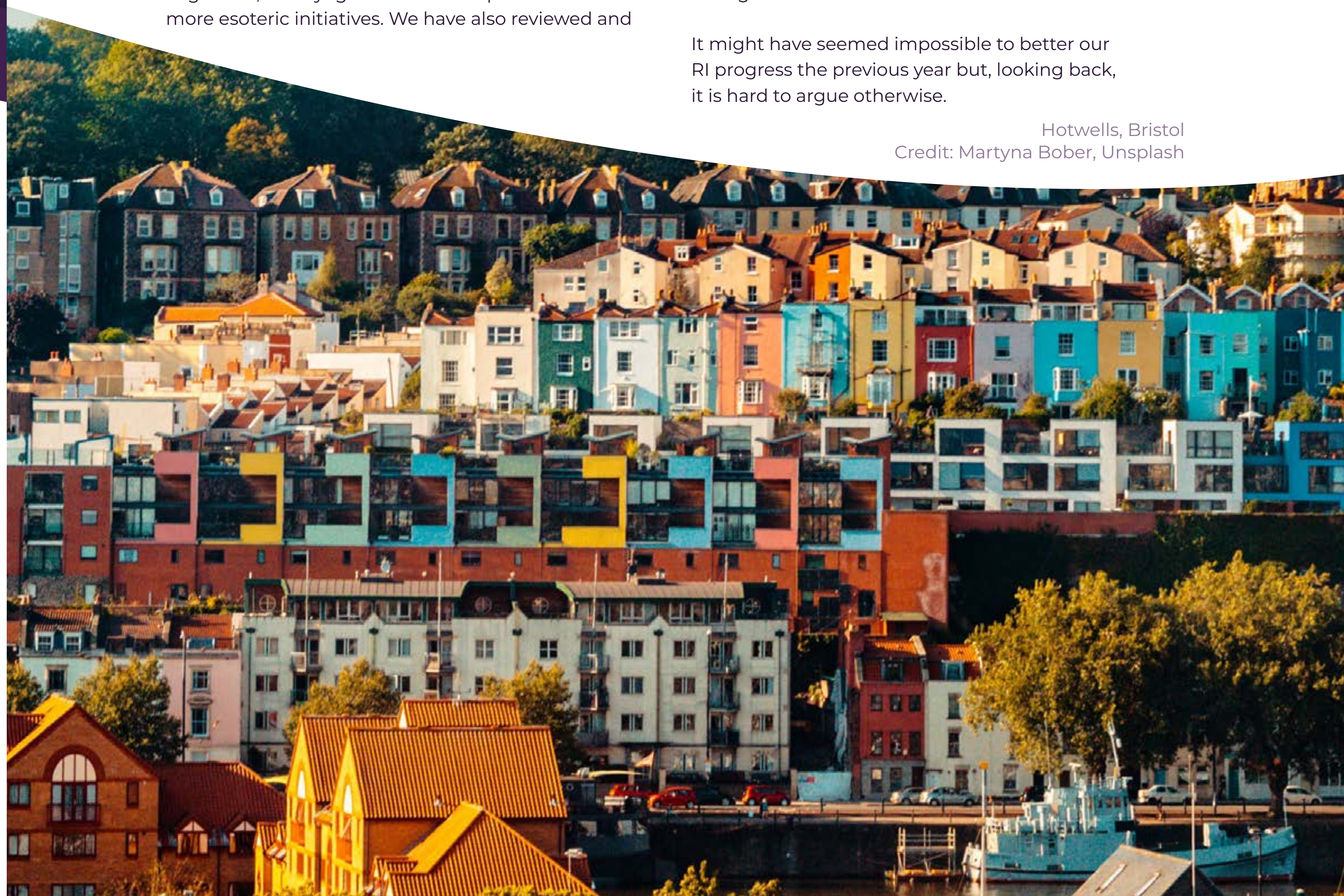
That cultural bedrock has proved invaluable through the reporting period. We hired selectively across all teams, and especially within the Investment Team. We launched a number of listed market funds – including four fixed income funds – and, on the private markets side, evolved our Cycle 2 infrastructure offering and invested in an affordable housing fund. It is simply exceptional that, as we reached our fourth birthday last summer – celebrated by us all at Bristol Zoo! – we had already launched private market cycles across several asset classes and all 17 of our listed market funds.

Responsible Investment

Through all these launches, RI has not been an important add-on but a central feature of how we conceive, design and construct funds – and then appoint managers to those funds. A recent staff survey – with 93% participation – showed that the leadership Brunel and our clients provide in this area is one of the main reasons people work for Brunel – across all teams. Our RI commitment has working implications for our finance team as it does for our client relations team – and the shared commitment on RI is a major strength.

It might have seemed impossible to better our RI progress the previous year but, looking back, it is hard to argue otherwise.

Hotwells, Bristol
Credit: Martyna Bober, Unsplash



I would highlight, first of all, the important work on diversity and stewardship, whereby Helen Price co-launched the new Asset Owner Diversity Charter and led our engagement with companies via shareholder bodies. Her receipt of the ICGN Rising Star Award, a few weeks after the reporting period ended, was a fitting tribute.

In December 2020, we approved Faith Ward to become Chair of the IIGCC, a body we have worked closely with since our inception. In March 2021, we became a signatory to the Net Zero Investment Framework. No surprises there, given we had helped to design it, but it was nevertheless a crucial step on our Net Zero journey.

Our Outcomes Report, published in May, showed the exceptional progress for our clients' funds – far above target – that we had made on cutting emissions. In July, Brunel and FTSE Russell launched the Paris-aligned benchmarks, a pioneering move to make index investing climate-fit – later in the year, we transitioned £3 billion of client assets to track the new benchmarks, and opened the London Stock Exchange as part of the fanfare. The launch made the national press – despite coinciding with COP!

Yes, there was Glasgow, where our emphasis on industry transformation more than proved its worth. In her role as Chair of the IIGCC, Faith Ward travelled to COP 26 with a pass to the Blue Zone (where the negotiations took place), and delivered speeches and panel sessions throughout, including one in which she was a fellow panellist with Mark Carney. Our views were very much heard where it matters.

Fundamental focus

We have never viewed our RI values as in conflict with our financial and investing rigour – quite the reverse. It was a sign of the exceptional work that has been done on tax and investments to see the size of the cost savings achieved. Compared to legacy fees, Brunel's fees mean savings of £24 million in the reporting year versus legacy managers for our clients' funds. Moreover, through our Authorised Contractual Scheme, we saved £17 million versus statutory investing. We have remained within budget every year, even recording a £215,000 rebate in 2020. Fundamentally, pooling has to show its worth across these key areas – and we are hugely encouraged by the initial signs.

But pooling also requires goodwill and an enormous amount of coordination over complex needs. Our clients have, once again, been an enabling factor in that process – close to 80% of client assets had been transitioned to pooled funds as of the end of the reporting year. We are also very pleased to have welcomed a new Head of Client Relations.

In the year ahead, we look forward to the Climate Stocktake, the evolution of the Paris-aligned benchmarks for our active funds, the new private market cycles, and improved client reporting.

Above all, we look forward to year in which all of our stakeholders – staff, clients and shareholders, their members, fund managers, consultants and our industry partners – enable us to deliver on our commitment to invest in the long-term interests of our clients: for their members' retirements and for the world into which their members will retire.

Laura Chappell
Chief Executive Officer

St. Nicholas Market, Bristol Old City. Credit: Martyna Bober, Unsplash

Making Index Investing fit for Net Zero

As COP 26 was just beginning, Brunel was invited to open the London Stock Exchange to mark our clients' decision to transition £3 billion to a new set of Paris-aligned benchmarks.

The new benchmarks, launched by Brunel and FTSE Russell in 2021, were widely reported in the media, in recognition of the crucial opportunity they provide investors to see indices as part of the answer to climate change.

The Paris-aligned benchmark series not only meets the minimum requirements of the EU's Paris-aligned benchmark criteria by achieving significant reductions in carbon emissions over a ten-year period, but goes a step further by integrating forward-looking metrics and governance protections from the Transition Pathway Initiative. TPI provides assessments of how the world's largest and most carbon-exposed companies are managing the climate transition.

Report of the Chief Investment Officer David Vickers

The 12-month period saw continued economic and asset price recovery from the bottom of the COVID-induced decline of March 2020.

Markets had already greatly recovered by the start of October 2020 due to the extraordinary fiscal and monetary response of governments and central banks worldwide. Further momentum was added by Joe Biden's election win in the Autumn and by Janet Yellen, now Secretary of the Treasury, arguing for more fiscal stimulus. The Democrat's win also renewed the global focus on climate change.

What kept risk markets moving upwards after that, and through the reporting period, was the announcement, in November 2020, that the first vaccine from Pfizer had been approved in the UK, after it showed an efficacy rate of 90% in tests. Remember that no vaccine has ever gone from drawing board to being proven highly effective in such a short space of time. This provided investors the opportunity to believe that the world would largely be able to resume business as usual and, although we all endured further lockdowns, it showed that an endgame was potentially in sight.

It also proved to be a turning point *within* asset classes, as those hitherto unloved companies caught in Covid's crosshairs rallied aggressively. Meanwhile, growth-orientated winners (like Zoom), which had seen us all through lockdown, began to stall. Bond markets also began to sell off as investors grappled with a resumption of economic activity, buoyed further by the significant amounts of dry powder built up by corporates and consumers alike. All of this was against the backdrop of hugely supportive monetary policy, with rates near zero and the world awash with excess cash looking for a home. Inflation became the word du jour and continued to be the issue that investors and policymakers were grappling with in Autumn 2021.

Our investment year

It was another extremely productive twelve-month period for the investment team. Eight new funds were launched: a Global Smaller Companies fund, Sustainable Equities fund, Multi Asset Credit fund, Sterling Corporate Bond fund, Gilts fund, Infrastructure fund, Renewable Infrastructure fund and private debt vehicle. Furthermore, we were granted discretion over our partners' property portfolios begin to manage towards our model.

We also collaborated with FTSE Russell to launch a Paris-aligned suite of indices that will enable the partner funds to invest passively without sacrificing Net Zero ambitions. The extensive suite of funds is a crucial step forward for climate investing and was a major highlight of the year. We ensured that the new benchmarks not only harnessed rigorously-produced data from the Transition Pathway Initiative, but also addressed specific data shortfalls – such as by capping exposure to banks until their own climate exposure data improves. Crucially, we designed the benchmarks flexibly, to ensure they improve as new sources of valuable data become available. The project was an exceptionally strong example of dual impact – providing innovative solutions to meet client aims while also sending a strong signal to the broader financial industry. We hope many asset owners and managers will take advantage of the new indices. In addition to this, the deployment of our full range of private market funds really sped up, as we put the COVID-induced delay behind us.

Responsible investment forms a core and integrated theme across how we manage our business as well as our approach to investing. Even so, there were a few points of note. In March 2021, we committed (via the IIGCC's initiative) to becoming Net Zero. Although this was really a formalisation of the journey we had already begun, it was still an important marker to show leadership and public support for the IIGCC's initiative. Our active funds had already greatly reduced their carbon exposures, given we had mandated managers to ensure just such an outcome. In Autumn 2021, we initiated our climate stocktake, in order to determine what we have achieved, where we can evolve our policy, and how we can continue to influence others in our role as leaders in sustainable investing – and so to bring about change in the real economy.

We have been ceaseless in our endeavours in pursuit of these aims: we have lobbied asset managers, advised governments and regulators and have been part of successful corporate engagements with the likes of Shell and HSBC here in the UK. In addition, we have been working with industry bodies like GFANZ and the IIGCC, which Faith Ward our CRIO currently chairs, to help drive the broader asset management/owner industry forward. Moreover, our Head of Stewardship co-launched the Asset Owner Diversity Charter and Brunel became a founding signatory of the FRC Stewardship Code. All of this culminated in Faith Ward's direct participation at COP 26 in November.

It was a year of progress on all fronts, with the listed market transitions nearing completion and the third cycle of our private market franchise agreed. As CIO, I am most proud of the way in which we have discharged our fiduciary duty. We have continued to provide meaningful cost savings - £33 million across the past three years on fees alone. Furthermore, we were satisfied that – while too early to fit in our time horizons – performance is thus far more than on track, as we seek to be responsible stewards of our partners' capital and to help shape what best practice looks like.

2021-2 carries its own challenges: the invasion of Ukraine already has enormous implications and more should be expected, growth rates certainly look to have peaked and interest rate rises are forecast to continue coming through, as transitory inflation pressures linger and perhaps become embedded in expectations. Certainly, wages look set to rise. This raises the spectre of a policy mistake from central governments, arguably at a time when valuations are finely poised and perspective returns already lower. Markets are always, however, beset by uncertainty and we are confident we have the right processes and managers to deliver the right outcomes.

David Vickers
Chief Investment Officer

The Roman Baths, Bath, Somerset
Credit: Paul Cuoco, Unsplash

Climate Change

In March 2021, **Brunel Pension Partnership committed to be Net Zero by 2050** at the latest and halve its portfolio emissions by 2030 through signing the Paris-Aligned Investment Initiative Net Zero Asset Owner Commitment, which is compliant with the UN *Race to Net Zero*.

This commitment enhances our ambitious Climate Change Policy (January 2020) which set out the strategy and plan of action, together with key performance indicators. We will update it in January 2023.

There follows below an executive summary of our work on climate change, using the structure recommended by the Taskforce on Climate-related Financial Disclosure (TCFD). We publish a more detailed Climate Action Plan and Carbon Metrics Report in Spring each year.

Brunel not only reports itself to TCFD but is a strong advocate for global mandatory disclosure. Brunel has supported the work of the UK government in improving climate risk disclosures, culminating in the commitment to making TCFD mandatory across the economy by 2025.

Governance

The **Brunel Board** approves and is collectively accountable for Brunel's Climate Change Strategy and Policy. Day-to-day operational accountability sits with the **Chief Responsible Investment Officer**, with oversight from the **Brunel Investment Committee** and **Brunel's Board**.

Climate risk has been identified as a principal (level 1) strategic risk to Brunel. As such, the risk is owned by the **Chief Executive Officer**, with oversight from **Brunel's Audit, Risk and Compliance Committee** and forms part of Brunel's overall strategic risk framework.

The **Chief Investment Officer** is responsible for ensuring the integration of climate change into portfolio construction, implementation and overall investment decision-making. All members of the investment team have explicit responsibility for the implementation of responsible investment (RI) principles, including but not limited to climate risk, within their respective roles. As such, any training needs are identified through our standard appraisal and personal objective-setting processes. We believe it is our fiduciary duty to manage climate change and associated risks and opportunities within our investment portfolios.

We believe that:

Climate change presents a **systemic and material risk** to the ecological, societal and financial stability of every economy and country on the planet and there will impact our clients, their beneficiaries and **all portfolios**.

Investing to support the **Paris goals that deliver a below 2°C temperature increase** is entirely consistent with **securing long-term financial returns** and is aligned with the best long-term interests of our clients.

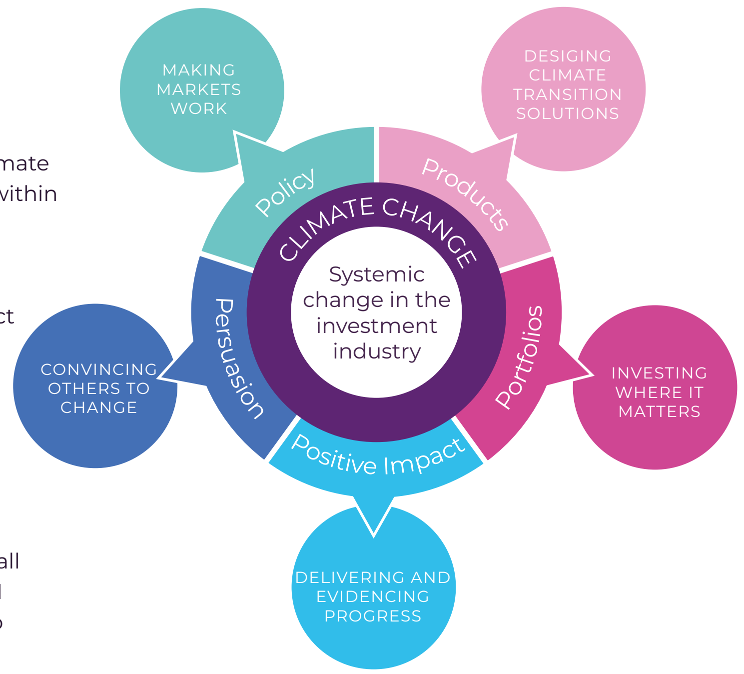
For society to achieve a Net Zero carbon future by 2050 (or before) requires **systemic change in the investment industry** and **equipping and empowering our clients** (and other investors) is central to this change.

Given our strengths and our position in the market, we therefore believe that **the key objective of our climate policy is to systematically change the investment industry so that it is fit for purpose for a world where temperature rise needs to be kept to well below 2°C compared to pre-industrial levels.**

Strategy

We believe it is our fiduciary duty to manage climate change and associated risks and opportunities within our investment portfolios.

Investment markets are not properly pricing in climate-related risks. Climate-related risks impact all investment strategies and mandates, whether active or passive, and across both long and short time horizons. Our holistic approach to managing this risk is outlined in our Climate Change Policy and is split into the five key components illustrated.



Brunel seeks to provide net-zero options across all asset classes. The biggest climate project of 2021 was the creation of Paris-aligned benchmarks to support index-tracking investments. We placed great emphasis on developing indices that not only met current needs, but also have scope to evolve in response to rapid industry developments, so that we continue to deliver on our clients' investment objectives.

Exposure to any given index constituent rises or falls according to several exposure objectives, covering fossil fuel reserves, carbon reserves and green revenues, as well as forward-looking alignment with Paris goals. The tilt is designed to ensure that the fund is on track to achieve Paris alignment. The Paris-aligned benchmark series meets the minimum requirement of the relevant EU regulations by achieving a 50% reduction in carbon emissions over a ten-year period. It also integrates the Transition Pathway Initiative's analysis of how the world's largest and most carbon-exposed companies are managing the climate transition.

Components of FTSE-Russell Paris Aligned Benchmarks, designed with the support of Brunel Pension Partnership.

Fossil fuel reserves	Significant underweight for companies with fossil fuel reserves, with ongoing annual reductions
Carbon emissions	Over or underweight companies according to their carbon intensity
Net Zero pathways	Apply annual decarbonisation (carbon emissions reduction) target - to reach Net Zero by c.2050
Green revenues	Overweight companies engaged in the transition to a green economy
TPI Management quality	Over or underweight companies according to their climate governance activities
TPI Carbon performance	Over or underweight companies according to their carbon reduction commitments

Risk

In addition to acknowledging the catastrophic impact of governments and society not acting on their awareness of climate risk, we have identified the principal sources of strategic risk that are within Brunel's direct sphere of influence:

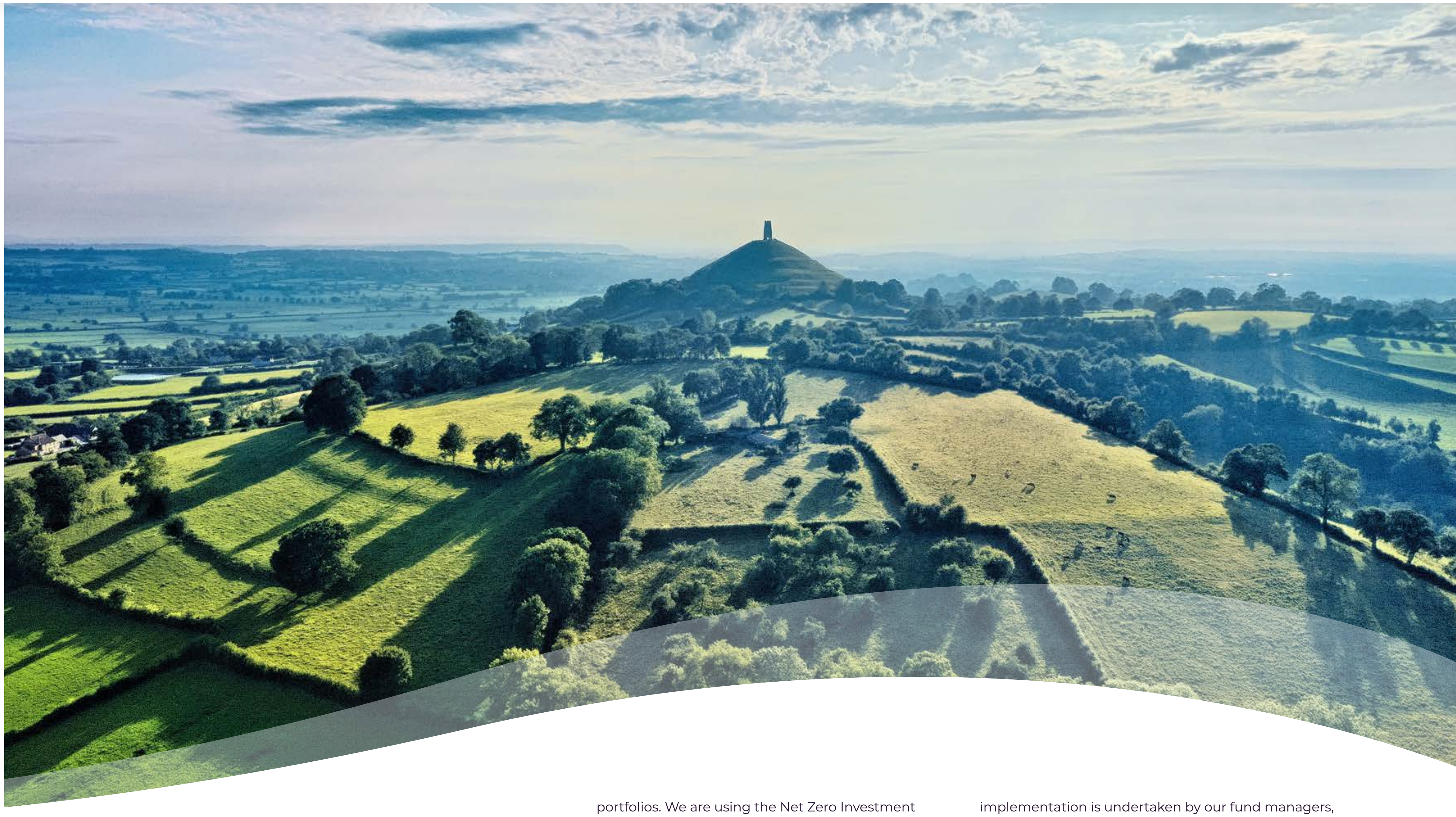
- Failure to manage climate risk through poor awareness and responsiveness over how climate risks will impact on markets, our operations, managers and portfolios and, by extension, our clients
- Failure to anticipate and effectively manage changes in the market context in terms of regulation, disruption, best practice, innovation and demand - both top-down in terms of product governance and bottom-up in terms of the impact on individual asset managers and investments
- Failure to provide portfolios that effectively respond to climate risk in the context of client investment objectives, potentially undermining the objectives of pooling
- Failure to ensure operational resilience
- Failure to retain clients, attract talent and positively impact industry behaviour, due to mismanagement of all the above risks

For each of the strategic risks, the Executive Committee has identified key performance indicators which are tracked and reported regularly.

Portfolio climate-related risks and opportunities

The greatest impact to Brunel from climate risks is to our investment portfolios. The performance of our portfolios is directly linked to the value of the underlying assets, which are increasingly impacted by climate-related risks and opportunities.

Managing climate-related risks and opportunities, and aligning our investment management to Brunel's climate change ambitions, are key considerations when appointing third party managers. They are embedded into the selection and review processes for every manager and the associated due diligence. Managers are formally reviewed on an annual basis, and quarterly monitoring is undertaken by Brunel's portfolio managers, with support from the Responsible Investment team. Reports are submitted in rotation to the **Brunel Investment Committee**, which meets at least monthly. In addition, the **Brunel Investment Risk Committee** conducts a quarterly review of the carbon metrics, as well as exposure to other environmental, social and governance risks.



We ensure that our portfolios are well-diversified, and that our managers have a deep understanding of both the companies or assets in which they invest, and the risks to which they are exposed.

We have, however, been clear that, as part of our climate stocktake in 2022, we will review the responsiveness of companies to managing climate risk and will consider exclusions where a company poses a long-term financial risk.

Since May 2019, we have been on the steering committee of the IIGCC's Paris Aligned Investment Initiative (PAII), looking to establish the pathways, methods and approaches to creating Paris-aligned portfolios. We are using the Net Zero Investment Framework methodology to support our integration of climate risk into all asset classes and the setting of metrics and targets.

Scenario Analysis

We recognise that scenario analysis is an important tool in assessing what impact climate change may have on our investment portfolios. We compare the equity portfolios against three Bank of England climate scenarios, using a free, open source PACTA tool. This stress testing is an initial step in the development of our climate scenario analysis work.

Stewardship and our approach to public policy

Engagement with companies, fund managers and policy makers forms a key part of our approach to managing climate change risks. Engagement implementation is undertaken by our fund managers, our dedicated engagement provider Federated Hermes EOS, and via collaborative forums such as the Institutional Investors Group on Climate Change (IIGCC) and the Principles for Responsible Investment (PRI).

We seek to undertake direct engagements where we feel this will add value. For example, we co-filed a shareholder resolution at Barclays on the bank's approach to fossil fuel lending. We report on the outcomes of our engagement to clients each quarter, and annually within our Responsible Investment and Stewardship Outcomes Report.

For further details of our approach to stewardship, see our **Responsible Stewardship Policy Statement**.

Glastonbury Tor, Somerset
Credit: Niklas Weiss, Unsplash

Metrics and targets

We use a number of different, complementary ESG and carbon-specific datasets in order to monitor and report, both internally and externally, on the risks within our investment portfolios.

We use data, such as that provided by the Transition Pathway Initiative (TPI), to help us understand the exposure to any carbon-intensive companies and to assess their preparedness for the transition to a low carbon economy.

We have set a number of metrics and targets for our listed portfolios, which are outlined in our Climate Change Policy.

- Portfolio decarbonisation of our listed equity portfolios by no less than 7% per year from a fixed baseline of each respective portfolio benchmark emission intensity as at 31/12/2019 – in cases where the market benchmark decarbonised more rapidly, parity may be an acceptable minimum
- Fossil fuel revenues and exposure no greater than that of each respective benchmark
- Climate governance using TPI, targeting all our material holdings[1] to be at TPI level 4 or above by 2022
- Engagement with our material holdings to persuade them to advance at least one level (up to 4*) per year against the TPI Management quality framework

Operational risks

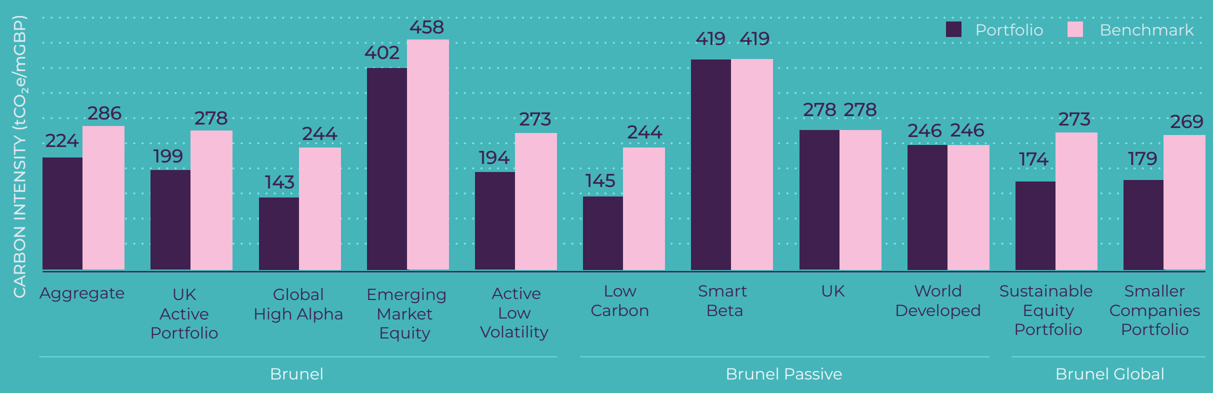
Brunel has made a firm-wide commitment to the integration of climate risk throughout its own operations.

Brunel has committed to be Net Zero in its operational (Scope 1 and 2) emissions and made considerable progress in measuring and reducing its Scope 3 emissions by 2030.

Our exposure to physical climate risks such as flooding and extreme weather is mitigated through a highly agile workforce. All staff are provided with the technology to work remotely. We recently moved energy supplier to improve our green credentials. The supplier was chosen because the electricity they supply is 100% generated from solar, wind or hydro power. In addition, the company uses its profits to invest in new and more efficient ways of generating renewable energy.

Our office also has facilities such as bike storage, showers and changing rooms, as well as proximity to public transport networks. We continue to look for ways to reduce the carbon footprint within our operations and are actively investigating options for carbon offsetting for where appropriate.

Carbon intensity of Brunel portfolios relative to benchmark as at 31 December 2021



* As assessed in 2019 by TPI - new entrants are also monitored and targets sets to improve climate governance.

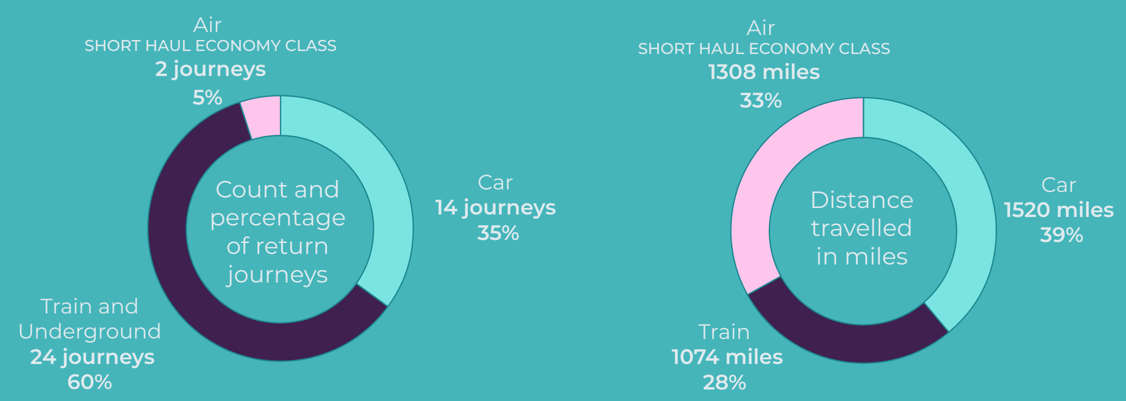
Business Travel

Whilst it is not always logistically possible, we encourage staff to travel by public transport as much as possible. We have undertaken analysis of our staff business travel over the 12-month period to 30 September 2021. The period was an unusual one – with multiple Covid lockdowns and most meetings happening remotely. Where meetings did take place in person, some employees opted to drive rather than take public transport due to Covid cases. There were very few journeys over the 12-month period (40 return journeys). Of these, 24 were by train and tube (60%), 14 by car (35%) and 2 by air travel (5%).

We have also assessed the mileage from these journeys to estimate the associated fossil fuel emissions from our business travel. We used a tool published by the Greenhouse Gas Protocol (GHG Protocol) which uses emissions factors from DEFRA. Whilst flights only made up 5% of journeys, they made up 34% of mileage and accounted for 51.6% of carbon emissions over the period. Train and tube journeys were the most frequent, accounting for 60% of journeys, but a very low contribution to carbon emissions.

The largest impact to our Scope 3 emissions comes from our financed emission in our investment portfolios. We have spent a considerable amount of time decarbonising our portfolios.

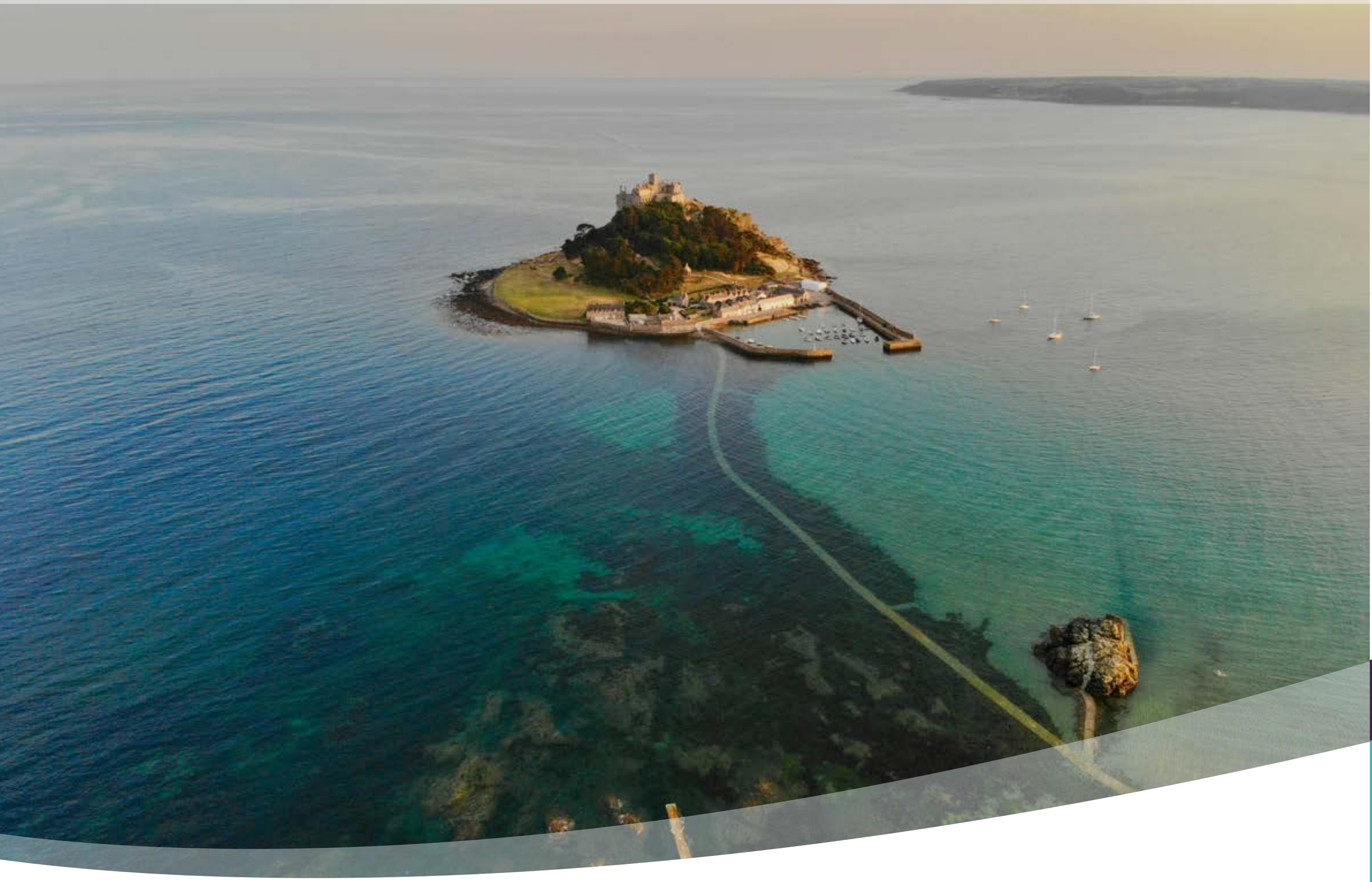
Business travel: 12 months to 30 September 2021**



***Rounding of chart numbers means tallies may not equal 100%*

Mode of transport	Miles travelled	CO2 ((tonnes)	CH4 (tonnes)	N2O (tonnes)	Emissions Factor (kgCO2e/unit)	Emissions factor source
Car	1520	0.43	3.95E-07	2.72E-06	0.28	UK DEFRA, Passenger vehicles, 2019
Rail	1074	0.07	1.21E-07	5.36E-07	0.04	UK DEFRA, Business Travel - land, 2019
Air	1308	0.53	2.53E-07	2.65E-06	0.25	UK DEFRA, Business Travel - air, 2019
Total		1.03	7.69E-07	5.91E-06		

Emissions estimated using GHG Protocol Model: World Resources Institute (2015). GHG Protocol tool for mobile combustion.



Disclosures: Gender Pay

Gender Pay

Brunel has fewer than 250 employees, so is not required to disclose its gender pay gap. However, since Brunel is committed to transparency and to making itself an attractive employer, the Remuneration Committee voluntarily discloses our gender pay gaps.

Brunel aims to create an inclusive and diverse workplace and the gender pay review helps us to monitor fair remuneration within our workforce.

We have, where possible, adopted hiring practices that address the gender pay gap through looking for a gender-balanced cohort of candidates and seeking balance across a much broader range of diversity and inclusion metrics.

First of all, we want to acknowledge our gender pay gap. Primarily, that reflects the fact that, over the reporting year, the lower quartile still largely comprised female members of staff (69%), although that figure represented a drop of eight percentage points against the previous year.

There was also a gender pay gap in the upper quartile (69% of employees in the upper quartile are male) while, across the upper middle and lower middle quartiles, women represented 43% and 75% of staff, respectively.

The median gender pay gap increased slightly in 2021 after two years of falls – rising from 31% to 35%.

As previous Annual Reports attest, the general trajectory remains strong all the same, in line with Brunel's awareness of the issue and commitment to address the gap through training and flexible working. So it was that the mean hourly rate improved markedly, dropping from 31% to 17%.

St Michael's Mount, Cornwall
Credit: Benjamin Elliott, Unsplash

Women's mean hourly rate

2019
Women's mean hourly rate is **15%** lower than for men. In other words, when comparing mean hourly rates, women earn **85p** for every **£1** that men earn.

2020
Women's mean hourly rate is **31%** lower than for men. In other words, when comparing mean hourly rates, women earn roughly **69p** for every **£1** that men earn.

2021
Women's mean hourly rate is **17%** lower than for men. In other words, when comparing mean hourly rates, women earn roughly **83p** for every **£1** that men earn.

Women's median hourly rate

2019
Women's median hourly rate is **41%** lower than for men. When comparing median hourly rates, women earn **59p** for every **£1** that men earn.

2020
Women's median hourly rate is **32%** lower than for men. When comparing median hourly rates, women earn **68p** for every **£1** that men earn.

2021
Women's median hourly rate is **35%** lower than for men. When comparing hourly rates, women earn **65p** for every **£1** that men earn.

No staff receive contractual bonus pay. However, a small number of staff received one-off recognition payments.

Women make up the following share of each quartile:

	2019	2020	2021
Upper	40%	33%	31%
Upper Middle	50%	42%	43%
Lower Middle	50%	67%	75%
Lower	82%	77%	69%

CEO Pay Ratios

CEO pay ratios examine the relationship between the highest paid executive directors and employee salaries throughout the organisation. This ratio calculates how many years it would take an employee in each of the quartile salary ranges to earn the same as the highest paid executive.

Quartile	2019/2020	2020/2021	Change
Quartile 2	1.52	1.52	0.00
Quartile 3	2.2	2.07	-0.13
Quartile 4	3.33	3.53	0.20
Lowest	6.5	6.09	-0.41

The figures for Brunel have been based on the gender pay data and quartile calculations. These are shown in the table for 2019-20 and 2020-21. Overall, the CEO pay ratio has decreased since 2019-20.

Creating opportunity: The Asset Owner Diversity Charter

In summer 2021 the Asset Owner Diversity Charter was launched, backed by 17 signatories (including Brunel), representing £1.08 trillion in assets. Helen Price, Head of Stewardship at Brunel, is Co-Chair of the Asset Owner Diversity Working Group which led the Charter's development and launch.

Signatories to the Charter commit to holding managers to account on diversity and inclusion. Specifically, it calls on them to:

- Include diversity and inclusion in manager selection
- Monitor selected managers for D&I on an ongoing basis
- Lead and collaborate in this area to encourage broader industry change

Signatories must use a new annual questionnaire to deliver standardisation and transparency improvements. It helps them hold managers to account by asking questions around five key themes: industry perception, recruitment, culture, promotion and leadership.

Culture and change

Brunel is committed to giving staff opportunities to develop through corporate and individual training and development plans. This is demonstrated by our annual pay review, which incorporates a competency framework, enabling the business to identify opportunities to develop our workforce.

Given Brunel began the reporting year with close to 50 employees, the aggregate data on male-female balance is still highly sensitive to any new departure or arrival. Where gender pay differentials do occur, they are recognised, and then addressed by training and development.

Providing management training and clear routes for progression for our senior staff will be key if we are to continue to narrow the gap, since it will help us with both recruiting and retaining staff in coming years.

Our commitment to our people remains key. Flexible working policies enable career progression at Brunel to be tailored to individual needs and manager training in the past year has helped to build trust among staff. The continued development of our recruitment process, and the arrival of a new Head of HR, have only added to our flexibility and progress in this area.

Finally, we are working to change culture at the supply end of the financial services employment market, This year we were intimately involved in launching the Asset Owner Diversity Charter, with investors representing £1.08 trillion signed up at launch. (see page 27) This is not an issue any financial services company can meaningfully address alone.

Paraglider over Beer Head, Devon
Credit: Mark Gayler

Report from Chair of Audit, Risk and Compliance Committee Patrick Newberry

Report from Chair of Audit, Risk and Compliance Committee

Brunel remains exposed to a wide range of risks as it continues to pursue its strategy to become a leading LGPS pool investment manager. Effective risk management is key to Brunel's success and we aspire to high standards of risk management, actively monitoring current risks whilst scanning the horizon for emerging ones. We use the 'Three Lines of Defence' model to assess and manage risks, financing the residual risks with appropriate capital resources, calculated in accordance with FCA requirements.

Our strong culture embodies good ESG (Environmental, Social & Governance) principles and is a significant contributor to effective risk management. As an investment manager that focuses on high ESG standards, it is only logical that we should apply these standards to ourselves. We place significant reliance on the good conduct of our employees and, from inception, have developed our culture to support employees managing risks within the appetite set as part of our risk management framework.

Developments during 2020-21

The pandemic and the measures taken to contain it, as noted elsewhere in this report, meant that our operations had to continue to be virtual or largely virtual for much of the year. Building on the extensive work carried out by the Brunel team during 2019-20, we honed our hybrid working model, enabling us to keep the business operating to its usual standards whilst ensuring that we protected our people from the worst risks of the pandemic. As society started to emerge from complete lockdowns, we were able to recommence limited 'in-person' working alongside a robust and secure home-working model.

In refining our hybrid working model, we have become aware, as have many businesses, that there are aspects of the pandemic-induced hybrid model that we can learn from and which are worth retaining as part of our long-term basis of operation. The ability to work flexibly, to avoid costly, carbon-generating travel and to enable our people to take more control of their lives are significant positives that we wish to retain as permanent parts of our operating model.

We continue to test the virtual aspects of our model to ensure that, in its implementation, we have not lowered our standards of risk management and are continuing to manage our business within our pre-determined risk appetites, particularly in the area of operational risk. Plainly, there will be continuing risk management challenges in the hybrid model, but we are confident that our risk management framework is sufficiently robust to cope with them.

Key Risks

We define risk under four headings: strategic, financial, operational, and conduct. Our exposure to these risks is assessed in the light of the current environment, taking into consideration the views of the risk owners, and the regulatory, client and political environments, together with input from other subject matter experts inside and outside the business. Each quarter, the Audit and Risk Committee ('ARC') considers those risks it believes to be heightened by contemporaneous events and then undertakes further work to ensure those risks are mitigated and managed within our agreed tolerance levels. Inevitably, for a good deal of 2020-21, much of ARC's work has continued to be focused on the impact of the pandemic on operations. However, we have not taken our eyes off the many other risks that confront our business, including operational, regulatory and reputational risks. The pandemic is not the only exogenous event affecting the business. Although Brexit is receding as a source of risk, global supply chain issues and global post-pandemic changes in working patterns – which are causing people shortages – are material parts of the risk landscape and their consequences require careful management of our operations. ARC continues to monitor closely the possible impact of general economic uncertainty and any potential disruption of the financial markets.

Significant internal audit reports delivered during the reporting year included reviews of Brunel's Pandemic Response, Oversight of Outsourced Service Providers, Risk Management Framework, Product Governance and Financial Crime. The overall standard of control was found to be good and useful areas for further improvement were also highlighted.

We continue to develop the business's risk management framework to ensure that we not only manage known risks effectively, but also so that have the best chance of anticipating and managing new and emerging risks. This work will remain central to Brunel's continuing determination to deliver significant value for its stakeholders.

Patrick Newberry
Non-Executive Director and Chair of Audit and Risk Committee

Three lines of defence

Report from Chair of Remuneration Committee
Liz McKenzie

Early in 2021, I was appointed Chair of the Remuneration Committee, which shapes Brunel's approach to remuneration to deliver the leadership team sought by our clients and shareholders. My separate role as Shareholder Non-Executive Director only strengthens this ambition. Brunel is a dynamic people business – remuneration is a key tool to attract and retain the right talent to deliver our client outcomes strategy.

Over the reporting year, the Remuneration Committee evaluated and made its conclusions on executive pay and provided oversight of executive decisions for the rest of the organisation. The process is fair and takes into consideration pay equality (for example, gender pay) and the regulatory environment that Brunel operates within. We also concluded our three-year pension benefit review – a key example of an area where, as an industry leader, we need to think long-term.

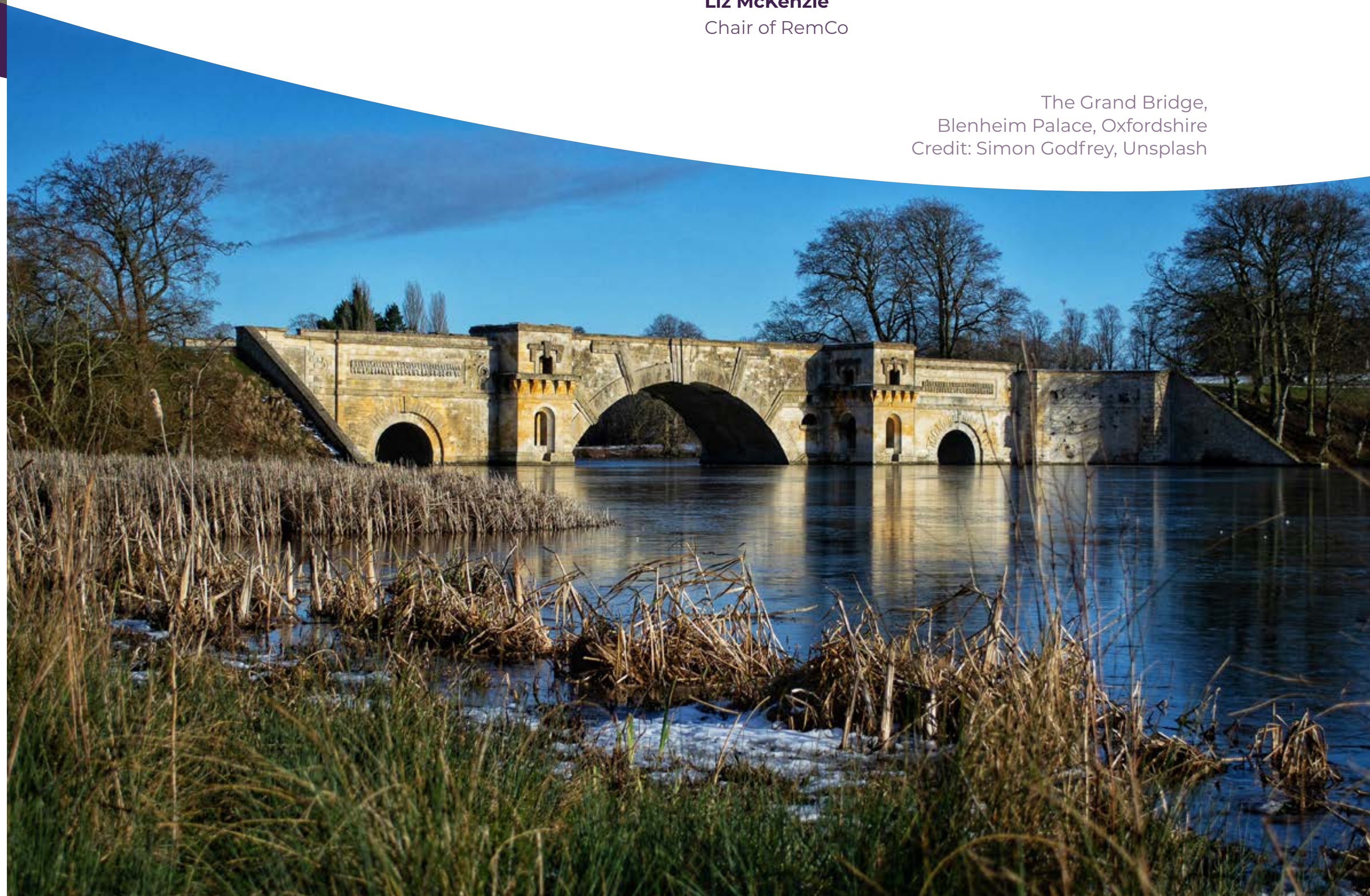
Brunel treads a fine line between public service and financial services for remuneration. We have been successful in hiring and retaining highly capable and motivated people eager to join in the partnership's mission to forge better futures by investing for a world worth living in.

Across all industries, Covid has altered employee expectations. There is now a greater emphasis on flexibility and, through the use of technology, a more mobile labour force. Added to that, the market for talent has tightened as businesses recover from the shock of lockdown. We are now looking at a candidate-led market, with new hire salaries across the industry rising year-on-year; this is an upward pressure on our pay structure. The new normal hasn't been established yet, but we are conscious that changes may erode our employee proposition. We will be reviewing our People Strategy in the next Remuneration Committee season.

Fundamentally, we need to strike the best balance for the long-term benefit of our clients and shareholders. Under Covid, we have re-learnt the importance of getting the right people – and of keeping and developing them to ensure the best client outcomes. This will remain a priority in the year ahead.

Liz McKenzie
Chair of RemCo

The Grand Bridge,
Blenheim Palace, Oxfordshire
Credit: Simon Godfrey, Unsplash



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Corporate Governance

Overall financial performance

Corporate performance

During the year ending 30 September 2021, Brunel made a profit of £0.5m (2020: £1.1m) before pension service charge, interest, and taxation.

Brunel's pricing policy allows it to invoice clients for its forecast operating costs on a cost-plus basis. We provided a chargeable service to clients, recognising revenues of £10.9m (2020: £11.0m).

Total comprehensive income for the year is a profit of £0.7m (2020: (£3.2m) loss).

The year-end cash balance was £10.6m (2020: £10.6m), which includes an amount of deferred revenue relating to the coming year of £3.0m (2020: £3.1m).

In the financial statements, accounting for the pension is the most complex item, so to help users of this report we've included some supplementary detail.

At year end, under FRS102 rules an accounting adjustment must be added to represent the actuary's view of the pension current service, over and above the contributions paid into the pension fund. This year the difference was £0.8m (2020: £0.6m).

This adjustment is reversed through the actuarial gains and losses within the Total Comprehensive Income for the period. This impact is shown in the table below:

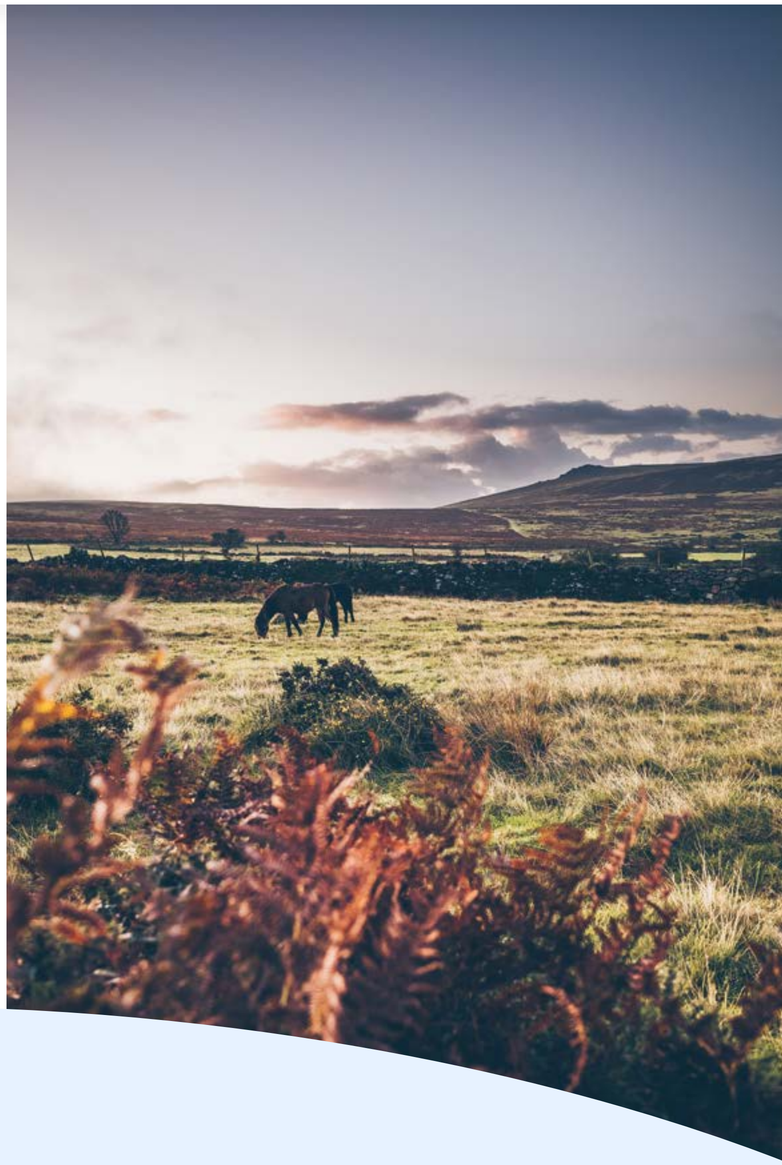
Movement in Pension Liability

Last year a Pension Recharge Agreement (PRA) was provided by our shareholders which largely mitigates the volatility of the movement in pension liabilities.

The current position pension liability and value of the pension reimbursement asset is shown below.

The pension liabilities are broadly driven by the change in assumptions used each year. This year the long-term inflation assumption has picked up significantly (up 0.8%) increasing liabilities, which is partly offset by rising corporate bond yields, reducing liabilities through a higher discount rate (0.5% increase). Asset returns in from the Pension Fund (9.6%) help mitigate this further.

The pension reimbursement asset is valued by our advisers (PwC) taking account of future anticipated cashflows to fund the long-term pension liability position and the virtual certainty provided by the signed Pension Recharge Agreement. Both the pension liabilities and pension reimbursement asset models are subject to sensitivities which are shown in the notes to the financial statements.



Horses grazing on Dartmoor, Devon
Credit: Jill Dimond, Unsplash

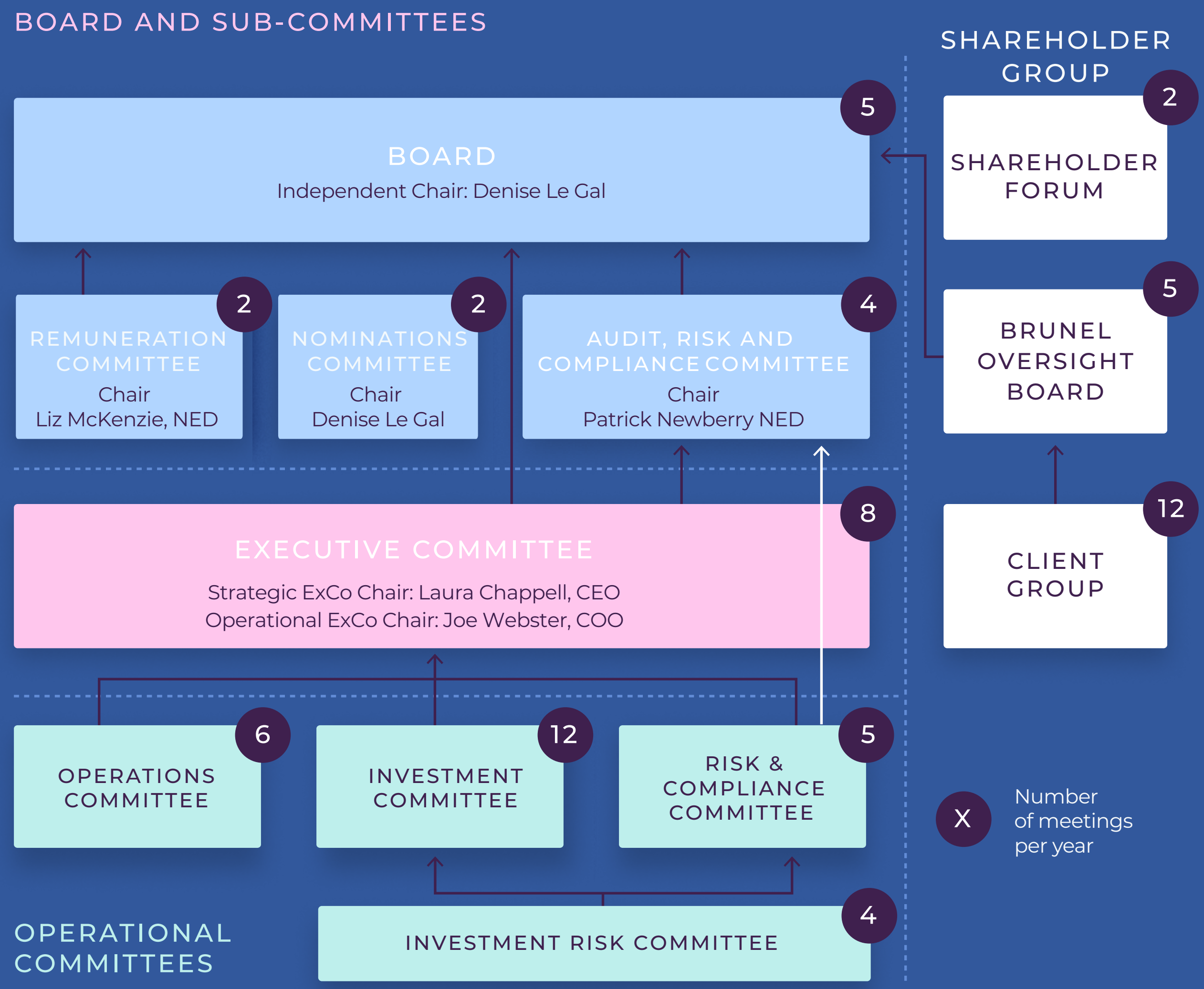
	2021 (£'000)	2020 (£'000)
Turnover	10,945	10,984
Cost of sales/ admin expenses	(10,485)	(9,922)
Profit before taxation (before pension service charge and interest)	**460**	**1,063**
Pension service charge and net interest cost*	(810)	(614)
Profit/Loss before taxation	**(350)**	**449**
Taxation	201	(39)
Profit/(Loss) for the period	**(149)**	**410**
Actuarial gains and losses*	(509)	(4,452)
Remeasurement of pension reimbursement asset	1110	0
Tax on items of other total comprehensive income	247	889
Total comprehensive income for the period	**699**	**(3,153)**

** Pension service charge costs is reversed as part of the overall movement in the actuarial gains and losses.*

	2021 (£'000)	2020 (£'000)	Movement (£'000)
Pension plan assets	8,439	6,813	1,626
Pension defined benefit obligations	(16,345)	(13,400)	(2,945)
Net pensions liability	**(7,906)**	**(6,587)**	**(1,319)**
Pension reimbursement asset	**7,676**	**6,566**	1,110
Gap	**(230)**	**(21)**	**(209)**
Coverage	**97.1%**	**99.7%**	

	Net Pension Liability
Movement in the pension liabilities:	(£'000)
Excess current service costs over the contributions paid	(810)
Change in financial assumptions and experience items	(1,082)
Returns of assets	573
Administrative expenses	(1,319)

Governance Structure



Corporate Governance

Membership of board committees / attendance

Brunel governance

- Brunel is an FCA-regulated MIFID firm and accordingly needs to be compliant with the FCA principles PRIN 2.1 The Principles – FCA Handbook, which is a general statement of fundamental obligations that must apply to a firm
- As of 30 September 2021, the Board of Brunel consists of five Independent Non-Executive Directors (NEDs): Denise Le Gal (Chair), Liz McKenzie (Shareholder NED), Patrick Newberry, Roelie van Wijk, Miles Geldard
- Independent Non-Executive Directors chair all Board sub-committees and are the only permanent members
- Executive members of the Board are the CEO, COO and CIO
- The Brunel Oversight Board comprises one representative from each Pensions Committee (ten in total) and two member-representative observers, Andy Bowman and Ian Brindley
- Client Group is made up of Client Fund Officers

Stonehenge, Wiltshire
Credit: Hulki Okan Tabak, Unsplash

Shareholder group engagement

Brunel is one of eight national Local Government Pension Scheme pools in England and Wales (LGPS)

Brunel has ten shareholders, each with a ten percent share of the business, and these are Brunel's client funds: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire.

The Client Group is a key focal point for the Partnership and has been extremely active and effective in the past year. Meetings by necessity continued virtually, although some change was becoming possible after the end of the reporting year. The continuation of fortnightly meetings, introduced in the wake of Covid, has once again enabled the company and clients to combine very effectively with minimal disruption to business.

Underpinning Client Group are the sub-groups covering finance, operations, investment and responsible investment, along with strategy and governance. This structure facilitates detailed project work to be completed ahead of discussion by all partnership funds and draws on the collective expertise of the group. In total, there have been 16 meetings during the year.

Shareholder assurance is provided by the Brunel Oversight Board, which met five times during the year, with active attendance from all ten of the client funds. Discussion topics have covered the evolution of Brunel's response to climate change, investment performance and review of market conditions, as well as the strategic plans for the business.

Across the partnership we recognised the need for greater direct connectivity with shareholders. The appointment of a new Shareholder Non-Executive Director precipitated the formation of the new shareholder forum. This adopts a positive approach to engagement, including via inputs into the Shareholder NED and Chair appraisal processes.

Stakeholder engagement

Aligning the company and its operations with the pension committees of the client funds is an important focus for Brunel. Representatives from the investment and executive teams met with committees 26 times during the year, as well as providing four training days on a range of investment themes. Brunel remains committed to attending client pension committees, as well as the numerous sub-committees, in order to facilitate effective investment processes.

We repeated the success of our annual Investor Days, although these were again conducted virtually. The CIO led the investment team's presentations on listed and private markets, responsible investment and the broader macro environment for asset markets.

At a time when the public focus on environmental and social issues is so evident, it is a priority for Brunel to keep stakeholders both well informed and equipped to respond to the concerns of their members on these critical issues.

We also launched the new climate-aligned benchmarks in coordination with multiple stakeholders – clients, shareholders, investment managers and index providers. This historic development was made all the more powerful by the commitment of £3 billion of client funds – with more anticipated.

Brunel has a further responsibility to engage with the wider investment industry and we continued to do so through the year, whether through our shareholder representative EOS Hermes, or in close coordination with Climate Action 100+, the IIGCC and local activist groups. Meanwhile, team members have been active participants at forums addressing groups across the LGPS community, while engaging with both policy makers and regulatory bodies.

A more exceptional form of engagement took place at COP 26, where Faith Ward was able to represent our values and our ambitions in her role as Chair of the IIGCC.

At the same time, we adopt an active stance via a range of media to promote the values of the company, its shareholders and members as well as the achievements of the partnership. The several awards over the year testify in part to the value others place on our external engagement.

Joe Webster
Director and Chief Operating Officer

Man 'O War Cove, Dorset
Credit: Nick Fewings, Unsplash

Directors' Report

BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2021

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company performance, business model and strategy and is fair, balanced and understandable. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Section 31 of the Company's Articles of Association outlines an indemnity provision for all Directors and relevant officers. The Company also has in place Directors & Officers Professional Indemnity Insurance to provide an amount of cover for any relevant loss.

Results and dividends

The profit for the year, after taxation, amounted to £698,630 (2020: (£3,152,967) loss).

No dividends were paid during the year (2020: nil) and no recommendation is made to pay a final dividend.

Expected future developments

Expected future developments are set out in the strategic report. Although we completed the launch of all listed markets funds during the reporting year, we only announced the transition of client funds to the new passive benchmarks after year-end and will be launching another cycle of private market investments in 2022. In 2022, we will also continue the broader transition of client assets into our portfolios. Furthermore, we will be conducting our Climate Stocktake, building our value-for-money scorecard, and supporting our clients' emerging and developing reporting requirements (e.g. on TCFD disclosures).

Political or charitable donations

During the financial year the Company did not make any political or charitable donations. Brunel staff select a charity or charities to support; donations come directly from people within Brunel and external supporters rather than direct from Brunel itself.

Directors

The Directors who served during the year and their appointment / resignation dates were:

Name	Appointed	Resigned
Laura Jane Chappell	-	-
Michael John Clark	-	9 Mar 2021
Miles Anthony Sloan Geldard	1 May 2021	
Denise Marie-Reine Le Gal	-	-
Elizabeth Louise McKenzie	1 Mar 2021	-
Patrick John Newberry	-	-
Roelofje van Wijk-Russchen	1 May 2021	
Stephen John Tyson	-	7 Mar 2021
David John Vickers	11 Jan 2021	-
Joseph Andrew Webster	-	-

Board attendance

The list below shows the attendance at Brunel Board meetings by Board Directors during the year. There were seven formal Board meetings held during the financial year ending 30 September 2021.

Director	Meetings
Laura Jane Chappell	7/7
Michael John Clark	3/3
Miles Anthony Sloan Geldard	3/3
Denise Marie-Reine Le Gal	7/7
Elizabeth Louise McKenzie	4/4
Patrick John Newberry	6/7
Stephen John Tyson	3/3
Roelofje van Wijk-Russchen	2/3
Joseph Andrew Webster	7/7
David John Vickers	6/6

Pension scheme

The Company participates as an Admitted Body in the Wiltshire Pension Fund (the 'Fund') which operates a defined benefit pension scheme. As at 30 September 2021, the actuary has reported a pension deficit of £7,906,000, (2020: £6,587,000).

To mitigate the impact of this pension deficit, Brunel entered into a Pension Cost Recharge Agreement ("PRA") on 24 September 2020. The implementation of the PRA provides certainty to Brunel that its shareholders will reimburse any LGPS pension-related cashflows. See note 4.7 for more details.

Disclosure of information to auditor

The Directors confirm that each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Post Statement of Financial Position events

There have been no significant events that affect the Company since 30 September 2021.

Independent auditors

At the Board Meeting on 20 January 2022, the Board resolved to appoint PKF Littlejohn LLP as the new auditor of the company. In accordance with the terms of the Shareholders' Agreement, the decision to appoint new auditors will require shareholder approval. Subject to that approval being obtained and the finalisation of the 2020/2021 audit by Grant Thornton UK LLP, the existing auditors, PKF Littlejohn LLP will be proposed for appointment as auditor of the company at the Annual General Meeting on 17 March 2022. This report was approved by the Board on 20 January 2022 and signed on its behalf

Joe Webster
Director and Chief Operating Officer
28 January 2022

Report of the Independent Auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2021

Opinion

We have audited the financial statements of Brunel Pension Partnership (the 'company') for the year ended 30 September 2021, which comprise the statement of total comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and notes to the financial statements, 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 our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

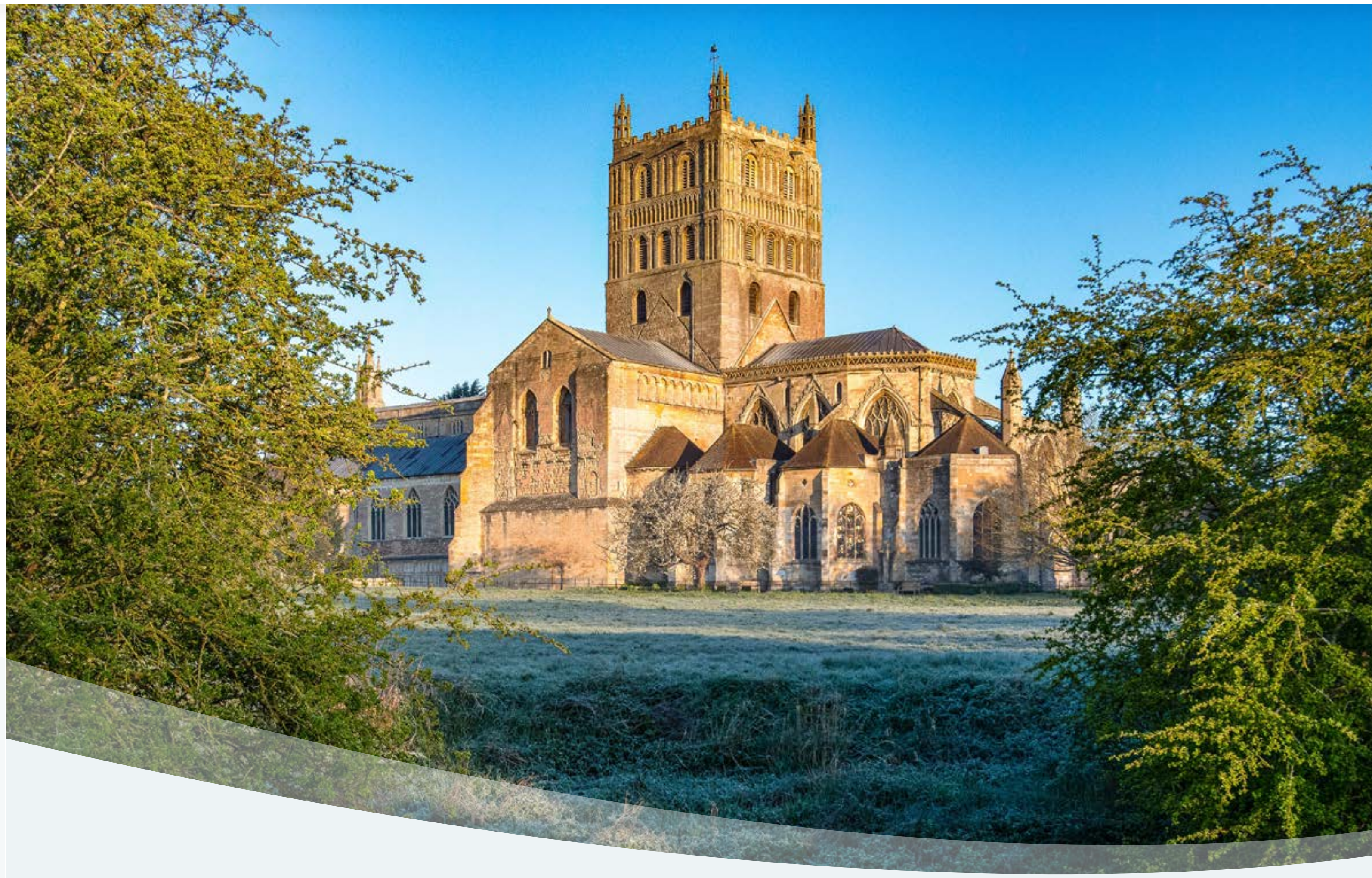
We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Abbey View, Tewkesbury, Gloucestershire
Credit: David George, Unsplash

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

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

Bletchley Park, Buckinghamshire
Credit: T.S., Unsplash

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006 and UK accounting standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the FCA regulations.
- We assessed the susceptibility of the company's financial statements to material misstatements, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - identifying and testing journal entries, in particular manual journal entries; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the company operates; and
  - understanding of the legal and regulatory requirements specific to the entity including, the provisions of the applicable legislation, the regulator's rules and related guidance, including guidance issued by relevant authorities that interprets those rules and the applicable statutory provision.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the company's operations, including the nature of its revenue sources, and of its principal activities to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material mis-statement
  - the company's control environment, including management's knowledge of relevant laws and regulations and how the company is complying with those laws and regulations; the adequacy of procedures for authorisation of transactions; and the policies and procedures implemented to mitigate risks of fraud or non-compliance with the relevant laws and regulations.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Paul Flatley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants LONDON

28 January 2022

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Financial Statements

Statement of Total Comprehensive Income

BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2021

	Note	2021 (£)	2020 (£)
Turnover		10,944,536	10,984,241
Cost of sales	14	(5,589,348)	(5,532,957)
Gross profit		**5,355,188**	**5,451,284**
Administrative expenses	15	(5,710,100)	(5,020,630)
Operating profit		**(354,912)**	**430,654**
Interest receivable and similar charges		5,889	18,933
Interest payable and similar charges		(1,328)	(949)
(Loss)/ profit before taxation		**(350,351)**	**448,638**
Taxation	18	200,851	(38,905)
(Loss)/ profit for the year		**(149,500)**	**409,733**
Other comprehensive (loss)/ income		**(149,500)**	**409,733**
Actuarial gains and losses	20	(509,000)	(4,452,000)
Remeasurement of pension reimbursement asset	20	1,110,000	-
Tax on items of other comprehensive (loss)/ income	18	247,130	889,300
Total comprehensive income / (loss) for the year		**698,630**	**(3,152,967)**

Statement of Financial Position

BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2021

	Note	2021 (£)	2020 (£)
Assets			
Non-current assets			
Tangible assets	8	170,027	231,309
Intangible assets	9	-	18,943
Long term debtors	10	7,725,750	6,615,750
Total		**7,895,777**	**6,866,002**
Deferred tax asset	18	**2,104,519**	**1,656,538**
Current assets			
Debtors	11	1,177,972	668,920
Cash at bank and in hand	12	10,630,689	10,582,841
Total		**11,808,661**	**11,251,761**
Total assets		**21,808,957**	**19,774,301**
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	13	5,420,614	5,403,588
Total		**5,420,614**	**5,403,588**
Non-current liabilities			
Net defined benefit obligations	20	7,906,000	6,587,000
Provisions for other liabilities	19	99,704	99,704
Total		**8,005,704**	**6,686,704**
Total liabilities		**13,426,318**	**12,090,292**
Net current assets		6,388,047	5,848,173
Net assets		**8,382,639**	**7,684,009**
Equity			
Capital and reserves			
Called up share capital	21	20	20
Share premium account	22	8,399,980	8,399,980
Pension reimbursement asset reserve	22	7,676,000	6,566,000
Retained earnings	22	(7,693,361)	(7,281,991)
Total equity		**8,382,639**	**7,684,009**

The financial statements were approved by the Brunel Board on 20 January 2022 and signed on its behalf.

Joe Webster
Director and Chief Operating Officer
28 January 2022

Statement of Cash Flows

BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2021

	Note	2021 (£)	2020 (£)
Cash flows from operating activities			
Operating profit		(354,912)	430,654
Adjustments for:			
Depreciation of tangible assets	*8*	120,915	114,035
Write off tangible assets	*8*	-	21,103
Amortisation of intangible assets	*9*	18,943	113,661
Interest paid		(1,328)	(949)
Interest received		5,889	18,933
(Increase)/decrease in trade and other debtors	*10 & 11*	(509,052)	1,601,163
Increase trade creditors and restoration obligation liability	*13 & 19*	17,026	476,691
Post-employment benefits less payments		810,000	614,000
Cash from operations		**107,481**	**3,389,291**
Income taxes paid		-	-
Net cash generated from operating activities		**107,481**	**3,389,291**
Cash flows from investing activities			
Purchase of tangible assets	*8*	(59,633)	(68,534)
Purchase of intangible assets	*9*	-	-
Net cash used in investing activities		**(59,633)**	**(68,534)**
Cash flows from financing activities			
Issue of ordinary share capital		-	-
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalents		**47,848**	**3,320,757**
Cash and cash equivalents at the beginning of the year	*12*	10,582,841	7,262,084
Cash and cash equivalents at the end of the year	*12*	**10,630,689**	**10,582,841**

Statement of Changes in Equity

BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2021

	Share Capital (£)	Share Premium (£)	Pension reimbursement asset reserve* (£)	Retained earnings (£)	Total (£)
Balance at 01 October 2019	20	8,399,980	-	(4,129,024)	**4,270,976**
Profit for the year	-	-	-	409,733	**409,733**
Actuarial gains and losses	-	-	-	(4,452,000)	**(4,452,000)**
Tax on items of other comprehensive income	-	-	-	889,300	**889,300**
	20	8,399,980	-	(7,281,991)	**1,118,009**
Transactions with shareholders					
Recognition of pension reimbursement asset reserve	-	-	6,566,000	-	**6,566,000**
Balance at 01 October 2020	**20**	**8,399,980**	**6,566,000**	**(7,281,991)**	**7,684,009**
(loss) for the year	-	-	-	(149,500)	**(149,500)**
Actuarial gains and losses	-	-	-	(509,000)	**(509,000)**
Tax on items of other comprehensive income	-	-	-	247,130	**247,130**
Revaluation of pension reimbursement asset	-	-	1,110,000	-	**1,110,000**
Total Other comprehensive income	-	-	1,110,000	(411,370)	**698,630**
Balance at 30 September 2021	**20**	**8,399,980**	**7,676,000**	**(7,693,361)**	**8,382,639**

** renamed from Capital Contribution in the prior year to clearly identify the purpose for which the reserve is intended. Please refer to note 4.7 for details.*

Notes to the Financial Statements

BRUNEL PENSION PARTNERSHIP LIMITED

For the year ended 30 September 2021

1 Company information

The Company is a private company limited by shares and is registered in England and Wales.
Registered Number: 10429110
Registered office: 101 Victoria Street, Bristol, BS1 6PU
Authorised and regulated by the Financial Conduct Authority No. 790168

2 Statement of Compliance

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain defined benefit plan financial instruments as specified in the accounting policies below. Financial statements are presented in Sterling (£).

3 Going Concern

The Company continues to adopt the going concern basis in preparing its financial statements.

The Company meets its day-to-day working capital requirements through current cash levels and agreed capital funding. The service model launched in April 2018 defined a cost-plus basis which is to be received in advance of delivering the service.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performances, show that the Company should be able to operate within the level of its current cash levels.

The COVID-19 pandemic caused a significant deterioration in economic conditions for some companies and increased economic uncertainty for others. The Directors reviewed the business risks to consider if these events or conditions cast significant doubt on the Company's ability to continue as a going concern, or in severe cases whether the going concern assumption is still appropriate as a basis for the preparation of the financial statements. This review included consideration of the following:

- the Company was established to support the pooling of Local Government Pension Schemes. The shareholders and clients are Local Government Pension Schemes and the Directors see no reason to doubt their ongoing support.
- the Company has assessed its principal risks in response to the challenges presented by the current operating environment. Brunel's operating model and infrastructure was designed around outsourced providers and a flexible / mobile workforce tailored for this environment. From an operational perspective technology has allowed all key activities to continue and the organisation to deliver its investment management services without disruption. Additional focus and support have been provided to staff with regards wellbeing as the consequences of prolonged periods of home working, including risk assessment, provision of additional equipment, coaching, contact events and training support.
- the effectiveness of the Company's operational resilience processes including the ability of key outsourcers to continue to provide services. Brunel continues to have increased contact and oversight of key outsource providers and closely monitors all aspects of exposure on an ongoing basis.
- the Company has reviewed the nature of its income and expenses and the impact of potential downside scenarios on profitability, liquidity, and capital. Brunel's income is derived from a forecast cost-plus basis and services delivery remains in line with expectations so no significant impact is anticipated on revenue. Brunel's 10 clients / shareholders are Local Authority pension schemes and there is no perceived reduction in the strength of their covenant. Brunel has experienced no significant increase in expenses but expects to see an on-going reduction in the use of travel and training budgets in the current climate. As a consequence, Brunel anticipates no material increase in liquidity risks and forecast cashflow position or profitability over the next 12 months.
- The Company, as part of its Internal Capital Adequacy Assessment Process (ICAAP) has undertaken reverse stress tests and tested scenarios that could arise from the pandemic (economic downturn and loss of income) and this shows Brunel is adequately resourced and is able to take management action to withstand these periods of stress.
- the Company maintains a watching brief over the longer term economic and social impacts both locally, nationally and internationally.
- the Company has undertaken independent assurance in respect of its response to the pandemic which shows an adequate response has been undertaken.
- Management have also reviewed the accounting policies and ascertain no changes are required from the impact of COVID-19.

The Directors have also considered the impact of Brexit. There has been no direct impact of Brexit on the Company. Management will continue to work closely with our key outsource providers to ensure that services are not disrupted.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the approval of the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

4 Principal Accounting Policies

4.1 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- Computer hardware 3 years
- Furniture and equipment 5 years

4.2 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over the estimated useful lives, using the straight-line method.

The Internal Control Environment is a bespoke software application that has been developed for Brunel on the Salesforce platform. The cost of this has been amortised over the term of the contract with Salesforce ending on 30/11/2020, using the straight-line method. It forms a charge within the Administration Expenses.

4.3 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

4.5 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

4.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Payments under operating leases are charged to the Statement of Total Comprehensive Income on a straight-line basis over the period of the lease. Lease incentives are credited to the Statement of Total Comprehensive Income to reduce the lease expense on a straight-line basis over the period of the lease.

4.7 Pensions

The Company participates in a defined benefit plan administered by Wiltshire Council. A defined benefit plan defines the pension benefit that the employee will receive on retirement usually dependent upon several factors including but not limited to age, length of service and remuneration.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the estimated present value of the Company's share of the estimated defined benefit obligation at the balance sheet date less the Company's share of the fair value of plan assets at the balance sheet date out of which the obligations are to be met.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to estimate the defined benefit obligation.

The fair value of plan assets is measured in accordance with FRS102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, compromises:

- The increase in net pension benefit liability arising from employee service (including transfers received) during the period; and
- The cost of plan introductions, benefit changes, curtailments and settlements

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the Company's share of plan assets. This cost is recognised in the Statement of Comprehensive Income within Administration Expenses.

The actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

Pension Reimbursement Asset

Brunel provides access to a defined benefit pension scheme through the Wiltshire Pension Fund Local Government Pension Scheme ("LGPS") ("the Fund") for certain staff transferred from public sector bodies in the LGPS. Brunel participates in the Fund via its Admission Agreement, which provides for three types of contributions or payments:

- regular ongoing (certified by Fund actuary);
- exit payments; and
- actuarial strain/additional contributions.

As with all defined benefit schemes the quantum of these contributions can be volatile since they are dependent on a range of actuarial risks which Brunel has no control over (prior to arranging protections). To mitigate this volatility, during the year ending September 2020 Brunel entered into a Pension Cost Recharge Agreement ("PRA"). The implementation of the PRA provides certainty to Brunel that its shareholders will reimburse any LGPS pension related cashflows, including reimbursement of all regular ongoing contributions, all additional contributions (e.g. to fund discretionary early retirements or other discretionary benefits) and all exit payments.

Brunel will be reimbursed either through its Annual Operating Charge or where additional one-off pension costs or an exit payment are requested by the Wiltshire Pension Fund, an Additional Employer Contributions invoice will be raised.

The directors are of the opinion that this comprehensive pension risk removal allows the PRA to act as a reimbursement asset for the purpose of FRS 102 reporting, and recognition of an asset is consistent with other companies in the sector which have implemented similar arrangements.

FRS 102 requires such assets to be treated in the same way as plan assets, and so measured at fair value. The directors have considered what an appropriate measurement of fair value would be, and in particular the guidance in FRS 102 and have used a model which discounts future contribution streams back to 30 September 2021 which would be necessary to pay off the funding deficit. As a result of fair valuation it is not always expected that the asset will exactly offset the liability, any differences will be recognised in other comprehensive income.

This subsequent pension reimbursement asset was recognised as a long-term debtor on the balance sheet and the corresponding credit has been recognised as a Pension reimbursement asset reserve in the statement of changes in equity.

The pension reimbursement asset reserve represents a non-cash commitment from the shareholders and forms part of shareholders reserves. The credit was initially denoted as a capital contribution in the prior year. In the current year this has been renamed to 'Pension Reimbursement Asset Reserve' which better describes its intended use.

The PRA value is aligned to the movement in the net pension liability and is available for immediate funding of any risks or losses arising therein. Adverse or favourable movements in the actuarial pension liabilities are broadly offset by the PRA, the fair value of which will change from year to year for this specific reason. The movement in actuarial gains and losses are a non-cash movement recognised through OCI together with any subsequent change in the fair value of the PRA. Any change in the fair value of the PRA is reflected in the Pension Reimbursement Reserve.

4.8 Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

4.9 Taxation

Current tax is recognised as the amount of income tax payable in respect of the taxable profit for the current or past reporting years using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences arising in the income statement at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Brunel's business plan stipulates that revenues will be earnt on a cost-plus basis, defining the income as probable.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax in respect of fixed assets is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense/(income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

In the spirit of transparency, we observe that tax and accounting rules create an unequal recognition of deferred tax relating to the pension transactions. In summary, we are required to recognise the deferred tax asset relating to pension charges made through the comprehensive income statement to date, but we are only able to recognise the liability on the Pension Reimbursement Reserve to the extent that movements on the initial reserve are booked to Other Comprehensive Income. No deferred tax liability is recognised on the initial recognition of the Pension Reimbursement Reserve because i) there was no movement through the comprehensive income statement relating to the creation of the pension asset and therefore no tax timing difference is deemed to have arisen, ii) the likelihood of calling upon the pension reimbursement asset is low and iii) upon calling for the monies to be received there is uncertainty on the tax treatment for this consideration.

The deferred tax analysis of the initial establishment of the Pension Reimbursement Reserve creates asymmetry in the balance sheet presentation of deferred tax with a deferred tax asset being recognised in respect of the pension liability and a deferred tax liability only recognised in respect of movements on the Pension Reimbursement reserve in excess of its original valuation. In order to reflect the true, expected economic reality of the pension arrangements of Brunel, a corresponding deferred tax liability would be recognised, however this is not permitted by accounting standards. The deferred tax asset, in part driven by losses relating to pension charges incurred to date, will be used to offset taxes on future profits. In the unlikely event that the pension reimbursement asset is called upon, it is possible the monies received will create a tax liability not covered by a deferred tax provision.

4.10 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover comprises cost plus a mark-up of 5%.

4.11 Equity

Equity instruments issued by the company are recorded at a level representing the value of the proceeds received. Share capital represents the nominal value of shares that have been issued.

5 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company financial statements requires management to make judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Deferred taxation

The financial statements include estimates with regards to timing of future cashflows with respect to deferred taxation as disclosed in notes 4.9 and 18.

Pension Valuation

Estimations of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. An actuary is engaged to provide the Company with expert advice about the assumptions to be applied. However, because these judgements cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Notes 4.7 and 20 detail this further.

Restoration Provision

The financial statements include an estimate in relation to our site restoration obligations. Details relating to this are detailed in note 19.

6 Auditors remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £44,000 (2020: £42,000) ex VAT.

Fees payable to the Company's auditor in respect of other audit related services were £7,500 (2020: £7,500) ex VAT. These services relate to the provision of a client assets report to the Financial Conduct Authority in 2021 and 2020.

7 Directors and employees

Staff costs during the year were as follows:

	2021 (£)	2020 (£)
Wages and salaries	3,673,461	3,401,932
Social security costs	439,003	411,398
Other pension costs	618,091	554,933
	4,730,554	**4,368,263**

The Company operates a defined benefit pension scheme for the benefit of the employees and executive directors. The assets of the scheme are administered by the Wiltshire Pension Fund. Employer contributions are recognised as an expense during the year, these amount to £618,091 (2020: £554,933). Not included in these tables are FRS102 pension cost adjustments made at the 2021 year-end that bring the expense to £1,528,091 (2020: £1,208,061).

The average number of employees, including Directors, during the year was 48 (2020: 45).

Remuneration in respect of key personnel was as follows:

	2021 (£)	2020 (£)
Emoluments	1,409,486	1,253,453
Social security costs	178,598	159,853
Pension contributions to defined benefit scheme	244,988	220,580
Total	**1,833,071**	**1,633,886**

Remuneration in respect of Directors was as follows:

	2021 (£)	2020 (£)
Emoluments	587,264	525,400
Social security costs	72,322	64,844
Pension contributions to defined benefit scheme	70,132	58,667
Total	**729,718**	**648,911**

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2021 (£)	2020 (£)
Emoluments	145,000	145,000
Social security costs	18,794	18,809
Pension contributions to defined benefit scheme	26,825	26,231
	190,619	**190,040**

8 Tangible fixed assets

	Furniture and Equipment	Computer Hardware	Total
Cost			
At 01 October 2020	422,064	105,259	527,323
Additions *	-	59,633	59,633
Disposals	-	(1,211)	(1,211)
At 30 September 2021	**422,064**	**163,681**	**585,745**
Depreciation			
At 01 October 2020	228,764	67,250	296,014
Provided in the year	88,229	32,686	120,915
Disposals	-	(1,211)	(1,211)
At 30 September 2021	**316,993**	**98,725**	**415,718**
Net book value at 30 September 2021	**105,071**	**64,955**	**170,027**
Net book value at 30 September 2020	**193,300**	**38,009**	**231,309**

**There is no increase for 2021 (2020: £9,704) on account of estimated cost of site restoration obligations included in Furniture and Equipment.*

9 Intangible fixed assets

	Internal Control Environment	Total
Cost		
At 01 October 2020	283,744	283,744
Additions	-	-
Disposals	-	-
At 30 September 2021	**283,744**	**283,744**
Amortisation		
At 01 October 2020	264,801	264,801
Provided in the year	18,943	18,943
Disposals	-	-
At 30 September 2021	283,744	283,744
Net book value at 30 September 2021	-	-
Net book value at 30 September 2020	18,943	18,943

The Internal Control Environment (ICE) asset stated above is a bespoke Customer Relationship Management environment built on the Salesforce platform, developed by Alpha Financial Markets Consulting UK Limited (Alpha).

The tools on ICE are essential for the delivery of Brunel's core services and allows the efficient management of clients and dealing services. It also assists in mitigating risks in the provision of services, as required for an FCA-authorised company.

10 Long term debtors

	2021 (£)	2020 (£)
Lease Deposit*	49,750	49,750
Pension Reimbursement Asset **	7,676,000	6,566,000
	7,725,750	**6,615,750**

**The deposit is not expected to mature until the end of the lease on 31/07/2027 and no earlier than the break-date on 31/07/2022.*

***As detailed within a 'Pension Cost Recharge Agreement', dated 24 September 2020 between the shareholders and the Company, the shareholders have guaranteed that any pension costs arising in respect of Brunel's participation in the LGPS defined benefit pension scheme will be underwritten by the shareholders.*

For details of the reimbursement mechanism, see note 4.7.

11 Debtors

Due within one year	2021 (£)	2020 (£)
Input VAT	194,076	177,102
Accrued Income	15,771	17,842
Prepayments	599,253	445,413
Trade Debtors	366,892	22,187
Other Debtors	1,980	6,376
	1,177,972	**668,920**

12 Cash at bank and in hand

	2021 (£)	2020 (£)
Cash at bank and in hand	10,630,689	10,582,841
	10,630,689	**10,582,841**

13 Creditors: amounts falling due within one year

	2021 (£)	2020 (£)
Payroll Costs	82,232	69,768
Output VAT	525,832	567,340
Social Security Costs	134,143	113,884
Accruals	1,260,868	1,286,896
Deferred Revenue	3,028,808	3,144,442
Trade Creditors	379,484	200,960
Deferred Rent	9,217	20,272
Other Creditors	30	26
	5,420,614	**5,403,588**

14 Cost of sales

	2021 (£)	2020 (£)
Strategic Transition Management	60,000	120,000
Research Fees	27,887	30,708
Custodian & Administrator Services	656,964	844,131
Fund investment advice	1,003,539	930,319
Data Views, Sources & Benchmarks	510,901	381,940
Costs associated to Investment team activities***	3,330,058	3,225,859
	5,589,348	**5,532,957**

*****Costs associated to Investment team activities include direct salaries and an apportionment of overheads. This amount includes staff costs of £2,288k (2020: £2,138k), and an apportionment of Operating Lease rentals of £26k (2020: £25k).*

15 Administrative expenses

	2021	2020
Statutory Audit fees	54,028	42,000
Fee for non-audit services: Client Asset Assurance	7,500	7,500
Fee for non-audit services: MLRO Assurance	-	-
Legal Fees	646	9,552
Consulting & Advisory	993,614	772,233
Operating Lease Rentals	45,860	47,400
Directors Emoluments	729,718	648,911
Staff Emoluments*	1,611,735	1,465,394
Staff Costs	30,312	45,474
Staff Development	69,701	90,394
Travel Costs	5,863	27,895
Office Running Costs	80,191	80,350
IT Development	202,230	345,186
Recruitment Costs	102,454	84,616
Insurance	317,756	203,545
Depreciation	109,088	106,882
Amortisation	18,943	113,661
Other Expenses	1,330,462	929,637
	5,710,100	5,020,630

**Brunel recognises a provision of £105,119 (2020: £65,280) for annual leave accrued by employees as a result of services rendered in the current year, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.*

Costs associated to Investment team activities have been classified as Cost of Sales in the Statement of Comprehensive Income.

16 Operating lease commitments

The Company has total future commitments in respect of non-cancellable operating lease on office space of £476,773 (2020: £152,015). The lease liability this year has increased due to not giving notice on the break date. Brunel is now liable for rent on the building until the lease end date of 31/07/2027.

	2021
In the next year (ending 30/09/2022)	82,917
Later than one year and not later than five years (01/10/2022-30/09/2026)	331,66
Later than five years (from 01/10/2026)	62,188
Total	**476,773**

	2020
In the next year (ending 30/09/2020)	82,917
Later than one year and not later than five years (01/10/2020-30/09/2024)	69,098
Total	**152,015**

17 Transactions with related parties

Brunel's Shareholders paid £10,812,734 (2020: £11,870,809) for Core Services, of which £2,847,157 (2020: £2,792,460) was income received in advance relating to the October – December 2021 Quarter. £43,705, (2020: £111,944) was received in relation to elective services delivered to seven clients in 2021 and five clients in 2020.

Payments of £20,525 (2020: £47,005) were made to Wiltshire Council for Payroll, HR and actuarial services in the financial year.

Transactions with related parties that the Directors of Brunel are associated with are as follows:

- Payment of Directors salaries
- Payment of pension contributions to the Wiltshire Pension Fund for Executive Directors

Further information in note 7.

18 Taxation

	2021 (£)	2020 (£)
Current Tax:	-	-
Deferred tax:		
Origination and reversal of timing differences	(57,086)	90,180
Adjustment in respect of previous years	-	130
Effect of changes in tax rates	(143,765)	(51,405)
Total deferred tax	**(200,851)**	**38,905**
Total tax per income statement	(200,851)	38,905
Other comprehensive income items:		
Deferred tax current year credit	(247,130)	(889,300)
	(247,130)	**(889,300)**

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 19% (2020: 19%). The differences are explained as follows:

	2021 (£)	2020 (£)
(loss)/Profit for the year before tax:	(350,351)	448,638
Tax on profit at standard UK tax rate of 19% (2020: 19%):	(66,567)	85,242
Effects of:		
Expenses not deductible	9,481	4,938
Adjustments from previous years	-	130
Tax rate changes	(143,765)	(51,405)
Tax (credit)/charge for the year	**(200,851)**	**38,905**
Tax on results on ordinary activities:	**(200,851)**	**38,905**
Deferred tax assets:		
Provision at start of year	(1,656,538)	(806,143)
Adjustment in respect of prior years	-	130
Deferred tax (credit)/ charge to income statement for the year	(200,851)	38,775
Deferred tax credit in OCI for the year	(247,130)	(889,300)
Provision at end of year	**(2,104,519)**	**(1,656,538)**

	Booked 30 Sep 2021 (£)	Booked 30 Sep 2020 (£)
Fixed asset timing differences	(79,028)	(38,925)
Fixed asset timing differences - pension	(1,738,834)	(1,270,474)
Losses	(286,657)	(347,139)
	(2,104,519)	**(1,656,538)**
Deferred tax assets:		
Recoverable after 12 months	(2,104,519)	(1,656,538)
	(2,104,519)	**(1,656,538)**
Deferred tax liabilities:		
Payable after 12 months	-	-
	-	**-**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits are probable. The Directors have reviewed the future profitability of the company and expect the full amounts to be recoverable.

An increase in the current tax rate to 25% from 1 April 2023 has been substantively enacted as at 30 September 2021. The deferred income tax asset has been revalued at 25% as the expectation is that the asset will substantially unwind after 31 March 2023.

The movements in the deferred income tax asset during the year ended 30 September 2021 include the recognition of a deferred tax liability arising on the revaluation of the Pension Reimbursement Asset through the Pension Reimbursement Reserve (£1,100,000). This has been offset against the deferred income tax asset arising on the change in the net defined benefit obligation, to appropriately reflect the net impact of the related underlying movements.

No deferred income tax is recognised on the initial Pension Reimbursement Asset (£6,566,000) as the resulting credit was directly reflected in reserves (Pension Reimbursement Reserve) rather than through Other Comprehensive Income.

19 Provisions for other liabilities

Brunel has an obligation for the restoration of its office space on termination of its lease. A provision of £99,704 for dilapidations has been recognised which represents the management's best estimate of the site restoration costs at the end of the lease term as outlined in note 16. The timing of this cost is uncertain as it would only become payable on vacating the current Brunel offices, and the earliest this cost could arise would be at the rent review date of 31/7/2022.

	Site Restoration Obligations
As at 1 October 2020	99,704
Provision made in the year	-
As at 30 September 2021	**99,704**

20 Pension commitments

Brunel participates in the Local Government Pension Scheme (LGPS) administered by the Wiltshire Pension Fund, on behalf of Wiltshire Council. The LGPS is a tax approved, defined benefit occupational pension scheme set up under the Superannuation Act 1972. The benefits under the scheme are based on the length of membership and the average salary. Each member contributes a proportion of their salary, within a 5.5% to 12.5% range depending on their rate of pay. Brunel, as the employing body, also contributes into the scheme at 18.5% (2020: 18.5%) of the employee's salary for the 3 years commencing on 1April 2020. However, this is only a gross contributions exposure since there is nil net pension contributions exposure due to the Pension Recharge Agreement described below.

LGPS is accounted for as a defined benefits scheme. The liabilities of the LGPS attributable to Brunel are included in the statement of Financial Position on an actuarial basis using the projected unit method – i.e. an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.

Brunel's situation is unusual for an FCA registered company in that the 10 shareholders (9 Local Authorities and the Environment Agency) which own the Company are also its only clients (the Local Authority acting as Administering Authorities for the LGPS along with the Environment Agency Pension Fund). The Company is funded by its shareholders on an equal 1/10th shareholding with the Annual Operating Charge to clients in line with the shareholder approved Shareholders Agreement, Services Agreement and Pricing Policy. As government institutions, the shareholders and clients have strong employer covenants and the risk of default or inability to pay pension obligations is considered extremely remote.

The client base is restricted to these 10 Administering Authorities and can only by amended with the approval of all its shareholders as outlined in the Shareholders Agreement.

Brunel's shareholders, along with Brunel and the Wiltshire Pension Fund (WPF) are signatories to the Admission Agreement to allow access to the LGPS. This Admission Agreement confirms shareholders provide a guarantee to WPF for any net pension liabilities arising in respect of Brunel. This liability is shared equally.

A Pension Cost Recharge Agreement (PRA) was signed on 24 September 2020. This provides assurance to Brunel that its shareholders will reimburse any pension defined benefit obligation and enables the Company to create a Pension Fund reimbursement asset see note 4.7.

All pension costs of Brunel are funded, forming part of the annual Business Planning and budget setting cycle approved by shareholders. Brunel sets its Annual Operating Charge on its forecast cost-plus model. In line with the Pricing Policy should the Company be liable for deficit recovery contributions (notified by the Fund for a three-yearly cycle) these would be included in the Annual Operating Charge. This approach ensures that all revenue costs including the pensions obligations are funded at no risk to Brunel.

Each year Brunel commissions Hymans Robertson to provide a FRS102 pension accounting report to determine the position as at Brunel's financial year end. This shows the movement in the pension liability over the previous 12 months and the cost of providing this pension on an accounting basis. The net pension liability is reported in the balance sheet and the costs shown in the profit and loss statement.

The schemes in the UK typically expose Brunel to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk as follows:

- Investment risk – the present value of the defined benefit schemes' liability is calculated using a discount rate determined by reference to high quality corporate bond yields. If the return on plan assets is below this rate, a deficit will be created;
- Interest risk – a decrease in the bond interest rate will increase the scheme liability but this will be partially offset by an increase in the return of the plan's debt instruments;
- Longevity risk – the present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability; and
- Salary risk – the present value of the defined benefit scheme liability is calculated by reference to the future salaries of plan participants, as such, an increase in the salary of the plan participants will increase the plan's liability.

This is a funded scheme, meaning that Brunel and employees pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets.

At the last triennial valuation 31 March 2019, the funding level was 97% with a deficit of £120,000. The employer contribution rate changed from 17.7% of payroll plus £61,000 p.a. past service deficit payment to 18.5% of payroll from 1 April 2020 with no additional deficit payment due in £ monetary terms.

Pension costs have been charged to the Total Comprehensive Income on the basis required by FRS 102.

Costs for 2021 described below £1,509,000 (2020: £1,312,000) are recognised in the 2021 Financial Statements.

Post-employment benefits summary

	2021 (£)	2020 (£)
Net Assets	8,439,000	6,813,000
Net Liabilities	(16,345,000)	(13,400,000)
	(7,906,000)	**(6,587,000)**

Reconciliation of opening and closing balances of the defined benefit obligation

	2021 (£)	2020 (£)
Defined benefit obligation at start of year	13,400,000	6,599,000
Current service cost	1,418,000	1,167,000
Interest expense	207,000	145,000
Contributions by plan participants	314,000	303,000
Transfers In	(76,000)	568,000
Remeasurements:		
Changes in financial assumptions	778,000	1,231,000
Other Experience	304,000	3,387,000
Defined benefit obligation at end of year	**16,345,000**	**13,400,000**

Reconciliation of opening and closing balances of the fair value of plan assets

	2021 (£)	2020 (£)
Fair value of plan assets at start of year	6,813,000	5,078,000
Interest income	116,000	110,000
Return on plan assets in excess of interest income	573,000	166,000
Contributions from the employer	699,000	588,000
Contributions from employees	314,000	303,000
Transfers In	(76,000)	568,000
Fair value of plan assets at end of year	**8,439,000**	**6,813,000**

The actual return on plan assets over the year ending 30 September 2021 was 9.6% (2020: 3.2%)

Defined benefit costs recognised in statement of comprehensive income

	2021 (£)	2020 (£)
Current service cost	1,418,000	1,167,000
Net interest cost	91,000	145,000
Defined benefit costs recognised in statement of total comprehensive income	**1,509,000**	**1,312,000**

Defined benefit costs recognised in Other Comprehensive Income

	2021 (£)	2020 (£)
Return on plan assets (excluding amounts included in net interest cost)	573,000	166,000
Experience gains and losses on the plan liabilities	(76,000)	(3,243,000)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	(1,006,000)	(1,375,000)
Sub-total	(509,000)	(4,452,000)
Remeasurement of pension reimbursement asset	1,110,000	-
Total amount recognised in other comprehensive income	**601,000**	**(4,452,000)**

The gain recognised in the statement of Other Comprehensive Income for 2021 is £601,000 (2020: £4,452,000 loss).

Assets

Assets in the Wiltshire Pension Fund are valued at a fair value, principally market value for investments and consists of the following categories, by proportion:

	2021 (%)	2020 (%)
Equities	54%	50%
Bonds	34%	38%
Property	12%	12%
Cash	0%	0%
Total assets	**100%**	**100%**

None of the fair values of the assets shown above include any of the Company's own financial instruments or any property occupied by, or other assets used by the Company.

Reconciliation of opening and closing balances of the pension cost reimbursement asset

	2021 (£)	2020 (£)
Reimbursement asset at start of year	6,566,000	-
Net Interest on reimbursement asset	-	-
Increase in reimbursement asset due to current service	-	-
Gain on reimbursement asset	1,110,000	6,566,000
Reimbursement asset at end of year	**7,676,000**	**6,566,000**

Assumptions

	30 Sep 2021 (% pa)	30 Sep 2020 (% pa)
Discount rate	2.1%	1.6%
Salary increase rate	3.3%	3.5%
Pension Increase Rate (CPI)	2.9%	2.1%

Average life expectancies	Males	Females
Current Pensioners	21.9 years	24.4 years
Future Pensioners*	22.9 years	25.5 years

**Figures assume members aged 45 as at the last formal valuation date.*

Sensitivity analysis – Defined Benefit Obligation

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 30 September 2021:	Approximate % increase to Defined Benefit Obligation	Approximate Monetary amount (£)
0.1% decrease in Real Discount Rate	3%	501,000
1 year increase in member life expectancy	4%	654,000
0.1% increase in the Salary Increase Rate	0%	64,000
0.1% increase in the Pension Increase Rate (CPI)	3%	431,000

Sensitivity analysis - Reimbursement asset

The sensitivities regarding the principal assumptions used to measure the reimbursement asset are set out below:

Change in assumptions at 30 September 2021:	Approximate % increase to Reimbursement Asset	Approximate Monetary amount (£)
0.5% decrease in Real Discount Rate	36%	2,789,000

21 Called up share capital

	2021	2020
Authorised, allotted and fully paid:		
20 ordinary shares of £1 each	20	20
	20	**20**

Ordinary Shares	2021 (Number)
At 01 October 2020	20
Share issue	-
At 30 September 2021	**20**

22 Reserves

Called-up share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on issue of share capital.

The Penson reimbursement asset reserve represents an undertaking from the shareholders to reimburse Brunel for any LGPS pension related cash flow under the provisions of the Pension Cost Reimbursement Agreement. The pension reimbursement asset reserve is not available for distribution. Its use is restricted to the purposes defined in the Pension Cost Reimbursement Agreement.

Retained earnings includes all current and prior year retained profit or losses.

23 Post Balance Sheet events

There are no known Post Balance Sheet Events at the point of publication.