

# ANNUAL REPORT & ACCOUNTS 2025



West Midlands Pension Fund

# Contents

<b>3</b>	<b>Introduction</b>	<b>45</b>	<b>Investment Policy and Performance</b>
<b>3</b>	Statement of the Chair of the Pensions Committee	<b>45</b>	Investment Strategy
<b>5</b>	Statement of the Chair of the Local Pensions Board	<b>46</b>	Investment Performance
<b>7</b>	Statement of the Executive Director	<b>51</b>	Asset Allocation
<b>9</b>	Management and Financial Performance	<b>53</b>	Investment Pooling Governance
<b>13</b>	Governance Arrangements <ul style="list-style-type: none"><li>- Scheme Management and Governance</li><li>- Conflicts of Interest</li><li>- Officers of the Fund</li><li>- Knowledge and Skills</li><li>- Governing Body Training 2024/25</li><li>- Internal Audit</li></ul>	<b>57</b>	Top Twenty Equity Holdings and Top Twenty Indirect Holdings
<b>21</b>	Risk Management and Assurance	<b>59</b>	Assets Held as at 31 March 2025
<b>26</b>	Operations and Pensions Services	<b>63</b>	Responsible Investment
<b>32</b>	Our Communications	<b>72</b>	<b>Actuarial Statement for 2024/25</b>
<b>34</b>	Our People	<b>74</b>	Independent Auditor's Report to the Members of City of Wolverhampton Council on the Pension Fund Financial Statements of West Midlands Pension Fund
<b>38</b>	<b>Management &amp; Financial Performance</b>	<b>78</b>	Independent Auditor's Statement to the Members of City of Wolverhampton Council on the Pension Fund Financial Statements within the West Midlands Pension Fund Annual Report
<b>38</b>	Scheme Management, Advisors and Investment Managers as at 31 March 2025	<b>79</b>	<b>Statement of Accounts as at 31 March 2025</b>
<b>39</b>	Administrative Management Performance <ul style="list-style-type: none"><li>- Overall Fund Statistical Information</li></ul>	<b>79</b>	Fund Account
		<b>80</b>	Net Assets Statement
		<b>81</b>	Notes to the Pension Fund Statements
		<b>117</b>	<b>Policy Statements and Appendix</b>

# Statement of the Chair of the Pensions Committee

As Chair of the Pensions Committee, I am pleased to present this year's Annual Report and Accounts, with a reflection on our continued commitment to putting members first and protecting their long-term outcomes.

Over the past year, we have worked hard to recover and strengthen administration. Member servicing has improved, with faster responses and stronger support in place. We have invested in systems, people, and processes to make sure these improvements last, and service to members continues to be our benchmark for success.

Our financial position remains strong. Despite difficult markets, the Fund's long-term investment approach has delivered steady returns. This is underpinned by disciplined governance and the advice of our independent investment and governance experts, whose insight I greatly value. Their support reinforces the Fund's strength and stability.



**Councillor Milkinder Jaspal**  
Chair of the Pensions Committee

# Statement of the Chair of the Pensions Committee



Responsible Investment is central to our strategy. This year we approved our Climate Strategy and made further progress on climate action and local investment. These steps reflect our belief that investing responsibly delivers value for members while also supporting our communities and future generations.

We have deepened our engagement with stakeholders across the region, including local government partners and employers. These relationships are vital in making sure that policy and delivery reflect the needs of our members and the communities we serve.

Transparency and accountability are at the heart of how we operate. Through voluntary benchmarking and accreditation, we are holding ourselves to the highest standards and learning from best practice across the sector. This is more than compliance, it is about showing leadership and continually challenging ourselves to do better.

Finally, I want to thank my fellow Committee members, our officers, and advisers. Their dedication and commitment has been crucial to the progress made this year. Looking ahead, our priority remains clear; to protect the Fund, to deliver value for members, and to continue building confidence in the service we provide.

# Statement of the Chair of the Local Pensions Board

In 2024/25, the Local Pension Board met quarterly, building on the progress made in previous years and maintaining its focus on member services, customer experience, and continuous improvement.

We continued to work closely with the Pensions Committee, taking part in joint training sessions and Fund events that have helped strengthen collaboration between the two governing bodies. This close working relationship underpins effective governance across both bodies and ensures alignment in supporting the Fund's administrative and service objectives. Alongside the Fund's Annual General Meetings and Mid-Year Review, Board members participated in joint induction and training sessions in June and November 2024, and again in February and March 2025. These sessions have been valuable in developing shared understanding, and we look forward to continuing this joint work in 2025/26.

Board members have continued to access a wide range of learning materials through the Fund's online training platform. Shared with the Pensions Committee and regularly updated, this resource helps ensure that members have the knowledge, skills, and support needed for their roles.



**Andrew Felton**

Chair of the Local Pensions Board

# Statement of the Chair of the Local Pensions Board

Member experience and service performance remained key priorities. The Board provided constructive oversight to support the Fund's improvement efforts and reviewed the findings of independent benchmarking of service standards and performance. I would also like to acknowledge the contribution of the Board's Member Representatives, who helped produce a new retirement planning leaflet to support members preparing for retirement.

As Chair, I led a joint engagement session with the Fund's external auditors, Grant Thornton, providing space for open discussion between the Pensions Committee and Local Pension Board, independent of Fund Officers. Internal Audit colleagues also attended Board meetings throughout the year to share progress and findings, reflecting our shared commitment to transparency and accountability.

Board members, alongside the Pensions Committee, also engaged in discussions with the independent chair of the Member Case Review Panel, further strengthening oversight and governance.

The Board remains committed to supporting the Fund as it continues to evolve and respond to changing regulatory requirements. I look forward to supporting the incoming Chair, Stan Ruddock, as we build on this year's progress. Finally, I would like to thank all Local Pension Board members for their dedication and support during my time as Chair.



# Statement of the Executive Director

## Grounded in purpose, strengthening foundations

Faced with challenges to improve member experience and secure long-term outcomes in a volatile and uncertain operational and market environment, our year has been characterised by regular reflection and reset of our collective ambition.

By listening to our members and employers, engaging our people, governing bodies and key stakeholders in our region, we have reset our vision (what we aim to be) and set new goals (what we need to do) to guide our strategic and operational development in a way that will continue to drive greater value for our customers.



Our Corporate Strategy and Business Plan 2025-28 has been developed in context of an evolving pensions policy and regulatory landscape. Increasing expectations and asks on pension funds to increase services to members and ensuring high standards of governance are two themes heavily reliant on the Fund having good data and enhanced technological capabilities. The outcome of the UK Pensions Investment review and “Fit for the Future” consultation, demonstrate Government intent and desire to see strengthened Fund governance and an investment eco-system backing UK growth. The build of new working relationships with larger investment pools and emerging strategic authorities brings challenges but also opportunity to achieve more for the benefits of our Fund members and region over time.

**Rachel Brothwood**  
Executive Director

# Statement of the Executive Director

## Grounded in purpose, strengthening foundations

Our customer communications and support developed over the year, as we sought to be more connected to our customers. Our customer engagement strategy seeks to raise awareness, build confidence and empower our customers. More of our customers are choosing to view and plan their pension using our online tools. At the same time, we recognise many members value in-person support and this has been maintained with a broader programme across the member journey. Life events and change can bring challenges for our members and employers. We were proud to be recognised as a leader amongst our peers in our employer and safeguarding support services.

By developing expertise and partnering with others, we recognise we can improve outcomes. Employer use and feedback of new self-service tools have been a positive reflection of the value of change, with increased data quality at the point of onboarding and further tools being added to support efficient and secure exchange of employee information.

For our employers, it is vital we continue innovation and increase efficiencies so that more investment return on contributions can go towards meeting the cost of pension benefits over the long term. Improvement in the funding level, driven by stable investment returns and changing market conditions, will be a focus for the forthcoming year, as employer contributions are reviewed and the long-term stability and sustainability of rates are tested.

The financial health and value add from services and implementation of investment strategy continues to benchmark well against peers, with industry focus now turning more to valued outcomes than baseline costs. Strong financial management has been key in ensuring service continuity and improvement during the year, together with our commitment to the wellbeing and development of our people and policy frameworks. Where we have the opportunity, we continue to drive positive societal, economic and environment change alongside our investment and business objectives. It has been great to see Fund investments put to work to support and drive business growth, health tech and innovation, with a new generation of diverse leaders in our region.

Both our responsible investment and climate change framework and strategy were reset during the year. These reflect our evidence-based and ambitious approach to opportunity and risk management as we actively seek to steward assets for long term value creation and positive real-world change. We were proud to be recognised for awards for our investment strategy and governance during the year.



Our people, diversity, strategic partners and our nurturing of these is key to enabling our continued organisational development and performance. We were proud that our progress and strengthening operating environment has been recognised through independent accreditation reviews throughout the year and at industry awards.

My thanks to all members of our governing bodies, the leadership team and all our people for your commitment to excellence, passion to serve members and resilience to a changing policy and operating environment.

# Management & Financial Performance

## Financial Report

### Introduction

The Finance team within the West Midlands Pension Fund exists to provide services and insight to support and enable the delivery to customers and the wider decision making across the Fund. Through its work, the team provides insight on operating budgets, contributions and benefits paid, cash flows and investment activities. These are all delivered through a robust control framework that is routinely reviewed and developed.

In all its work, the team are alert to the need for excellent value for money, ensuring the best outcomes from every pound spent. The team support in ensuring the right resources are available for the delivery of normal operations and specialist projects, to deliver regulatory change and ensure the delivery of ongoing improvements to customer experience. As such, value for money is not only about minimising costs but also maximising services both delivered and received. The value-for-money work of the Fund is supported by independent annual benchmarking activities. These cover all aspects of the Fund's operations and are reported to Pensions Committee each year.

Building on the development work of previous years, the Finance team and wider Fund will complete its first type one Service Auditor Report, in line with the ICAEW framework, and work towards the producing of a type two report in 2026/27. These reports will provide further independent assurance on the controls in place within the Finance team and Fund, as we work to maintain efficient operations and ensure robust processes to detect and minimise fraud in an ever-changing world.



**Chris Manning**

Director of Finance Resources  
and Transformation

# Management & Financial Performance

## Financial Performance

The Fund's performance against its operating budget for 2024/25 is set out in the table below:

	2024/25 budget £'000	2024/25 outturn £'000	2024/25 variance £'000
Employees	12,927	15,958	3,031
Professional fees	2,057	1,826	(231)
Service development	673	446	(227)
Communications and computing	844	676	(168)
Premises	825	756	(69)
Support services	924	939	15
Other supplies and services	983	874	(109)
Transport	30	39	9
Miscellaneous income	(627)	(649)	(22)
<b>Sub total</b>	<b>18,636</b>	<b>20,865</b>	<b>2,229</b>
External investment management costs	101,826	103,174	1,348
LGPS Central charges	6,428	5,809	(619)
<b>Total external investment costs</b>	<b>108,254</b>	<b>108,983</b>	<b>729</b>
<b>Total</b>	<b>126,890</b>	<b>129,848</b>	<b>2,958</b>

The net position was an additional spend of £2.9 million - made up of an additional spend of £0.7 million in relation to external investment costs, and £2.2 million on operational costs.

The additional spend in relation to external investment management costs are directly linked to the value of the assets held by the Fund. Therefore, they are influenced by market movements and investment performance and as a result are expected to fluctuate during the year, and year-on-year. These market movements are the primary driver for the additional spend. External investment management costs of £109.0 million represent 0.51% of total investment assets. The Fund monitors external investment costs during the year and takes a transparent, sector leading, approach to reporting investment management costs, that are captured in the Cost Transparency Initiative (CTI) data collection and used in the statement of accounts and annual report. Annual independent benchmarking relative

to peers is used to inform value for money of investment costs. Benchmarking for 2023/24 financial year showed the Fund's investment management costs continued to be significantly lower than the peer median for both LGPS and non-LGPS funds.

The main reason for the additional operational spend is an increased spend on employees (£3.0 million) reflecting staffing movements, predominantly within the Operations function. This included additional temporary support put in place to enhance processing levels and, to support in the completion - and subsequent reduction - in outstanding casework. Furthermore, additional resources were sourced to aid development of operational and assurance frameworks. The outturn also includes additional capacity to begin the delivery of regulatory projects during the final quarter of the year to set up for delivery of these projects throughout 2025/26.

# Management & Financial Performance

The Fund carried vacancies in recent years resulting in underspends against the budget (£2.9 million in 2023/24 and £1.0 million in 2022/23). These vacancies, as a result of the specialist nature of many of its roles, and market conditions, had a direct impact on the Fund's operational capacity during this period and leading into 2024/25. The net operational spend over the last five years up to and including 2024/25 has been an underspend of £7.9 million against approved budgets.

During 2024/25 the Fund has seen improvements in recruitment to vacant positions, particularly those at entry level. Working alongside more experienced temporary resources, the increased capacity has reduced outstanding casework in line with the Fund's plans.

Underspends on Service Development and Premises reflect the reprioritisation of some projects, in order to maintain focus on embedding the Pension Administration System and increasing casework processing levels during the year. These are being rescheduled to commence in future periods, with additional capacity being added to enable delivery of these in the next financial year.

Within the total outturn for 2024/25, oversight and governance costs totalled £5.8 million (an increase of £1.8 million from £4 million in 2023/24).

The table below sets out the movement in net assets of the Fund during 2024/25 compared to budget:

	2024/25 budget £m	2024/25 actual £m	2024/25 variance £m
<b>Contributions and benefits</b>			
Contributions receivable	694	740	46
Other income	13	13	-
Benefits payable	(758)	(900)	(142)
Other payments	-	(5)	(5)
Net transfer in/(out)	-	(8)	(8)
<b>Net cost of pensions</b>	<b>(51)</b>	<b>(160)</b>	<b>(109)</b>
Return on investments	790	453	(337)
Management expenses	(127)	(123)	4
<b>Net increase/(decrease) in the Fund during the year</b>	<b>612</b>	<b>171</b>	<b>(441)</b>
Net assets of the Fund at the beginning of the year	21,220	21,220	-
<b>Net assets of the Fund at the end of the year</b>	<b>21,832</b>	<b>21,391</b>	<b>(442)</b>

The year-end net assets position for the Fund was £464 million lower than forecast within the budget in 2024/25. The main reason for this was the £352 million shortfall in respect to net return on investments. This was due to the performance of investment markets over the 12-month period.

The additional benefits paid compared to forecast reflect the increase in casework completed during the year with the levels of retirement casework being at the highest level for over 7 years.

During the year contributions made by active members, in accordance with the Local Government Pension Scheme (LGPS) Regulations 2013, ranged from 5.5% to 12.5% of pensionable pay. In addition, employers' contributions are paid as set through the triennial actuarial funding valuations. Employer rates during 2024/25 ranged from 0% to 49.6% of pensionable pay.

# Management & Financial Performance

## Timeliness of Contributions

The receipt of contributions is monitored and reported to the Senior Leadership Team on a regular basis in the form of a key performance indicator (KPI). The table below details the KPI during 2024/25. This shows the percentage of contributions received by the 19th of the month following the month in which contributions were deducted from the employer’s payroll (calculated on a cumulative basis).

Month	KPI % West Midlands Pension Fund
April 2024	99.89
May 2024	100.00
June 2024	100.00
July 2024	100.00
August 2024	100.00
September 2024	100.00
October 2024	99.78
November 2024	99.80
December 2024	99.77
January 2025	99.93
February 2025	99.91
March 2025	99.20

During the year, the Fund chose not to exercise its option to levy interest on overdue contributions.

## Pension Overpayments

The Fund seeks to minimise and recover, where appropriate, any overpayments made to members. The majority of these cases arise from late notification of a member’s death. The following table sets out overpayments for the last three years.

Year	Pension overpayments £'000	% of gross pension
2022/23	281	0.048
2023/24	111	0.015
2024/25	388	0.043

## Minimising Fraud

The Fund participates in the National Fraud Initiative (NFI), which is a biennial process. The latest initiative was undertaken in 2024/25 and the necessary recoveries arising from identified overpayments are being pursued. In addition to participating in the NFI, the Fund undertakes a regular programme of mortality screening to help identify possible unnotified deaths in a timely manner.

Since 2019/20, the Fund has engaged the services of a third-party provider (through the National LGPS Frameworks for Member Data Services) to provide an enhanced investigative mortality screening service. This will support in ensuring more reliable and up to date records and assisting in the reduction of future overpayments.

# Governance Arrangements

## Scheme Management and Governance

The City of Wolverhampton Council (CWC) is the administering authority for the Fund under the Local Government Pension Scheme Regulations 2013 and is the Scheme Manager as defined by Section 4 of the Public Service Pension Act 2013.

The Fund works in partnership with over 863 participating employers to support pension saving and provide benefits to over 360,000 members and employees who provide public services, which support communities across the West Midlands. As at 31 March 2025, the Fund held assets in the value of £21.4 billion.

Under its constitution and in accordance with Section 101 of the Local Government Act 1972, CWC have delegated responsibility for the management of the Fund to the Pensions Committee and the Executive Director. As required by the Public Service Pensions Act 2013, the Local Pensions Board assist in the good governance of the Fund by ensuring compliance with legislation and statutory guidance.

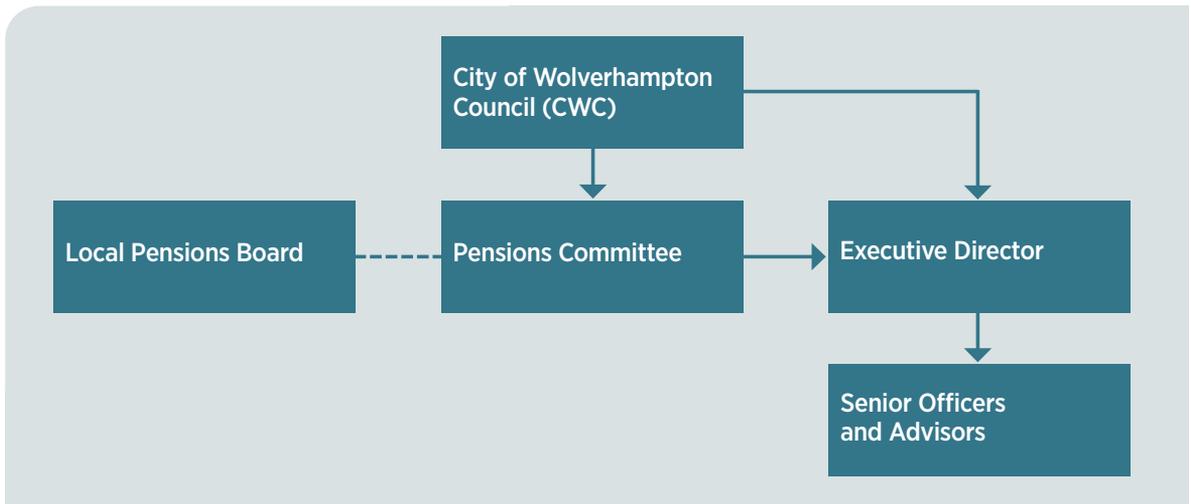
The Fund's governance arrangements are outlined in the diagram below.

## Pensions Committee

The Pensions Committee are the Fund's decision-making body who are responsible for setting policy and strategy, which is delegated to the Executive Director who subsequently delegates to Senior Fund Officers to implement. The Pensions Committee is responsible for ensuring that the Fund is managed in the best interest of all its members, employers, and beneficiaries. Members of the Pensions Committee must therefore take a non-political approach to the decisions they take.

The Pensions Committee membership is made up of ten City of Wolverhampton Councillors, together with one representative from each of the six metropolitan district councils across the West Midlands, who all hold voting powers on the committee.

In recognition of the role the Fund takes in serving members, the Committee invites representatives from the trade unions to sit as observers.



# Governance Arrangements

The key duties of the Pensions Committee as set out in the terms of reference are as follows:

- To exercise all those functions of the CWC which are required to be performed by it in its role as administering authority for the Local Government Pension Scheme under the Public Service Pensions Act 2013 (and any associated legislation) adhering to the principles required by Statutory Guidance.
- To adhere to the principles set out in the Statutory Guidance and Codes of Practice issued by the Scheme Advisory Board and The Pensions Regulator and undertake its duties in compliance with the obligations imposed on it as Scheme Manager.
- To approve the Fund's annual budget and receive regular reporting on its management.
- To represent the views of members in the management and administration of the Fund.
- To lead an inclusive governing body culture which seeks to ensure diversity and inclusion across the Fund's policies and working practice.
- To approve the investment strategy and supporting responsible investment policy and framework of the Fund noting the Fund's responsibility to ensure sustainable investment returns which meet the pension liabilities now and in the future.
- To monitor investment activity and the performance of the Fund's investments.
- To have regard to independent and specialist professional advice on matters to be determined from independent experts invited to attend the Committee meetings and training events, taking under consideration the advice given when taking decisions.
- To have regard to advice from Senior Officers of the Fund, taking into consideration the advice given when taking decisions.
- To ensure an effective internal controls framework across the Fund's operational and financial risk management.
- Reviewing and adopting the statutory policies of the Fund, in accordance with the Fund's policy framework.

- To receive and approve the Annual Report and Accounts on an annual basis.

## Local Pensions Board

As required by the Public Service Pensions Act 2013, CWC as administering authority established the Local Pensions Board to assist in the good governance of the scheme by ensuring the Fund's compliance with legislation and statutory guidance.

The terms of reference for the Local Pensions Board are available on the Fund's website.

The Local Pensions Board consists of five member and five employer representatives all of whom have equal voting rights.

The role of the Local Pensions Board is to assist in the good governance of the Local Government Pension Scheme through the monitoring of compliance with statutory regulation and guidance and to act as a representative both for and on behalf of the employer and member base ensuring effective governance and administration in the management and payment of pension benefits. Pension Board members are non-political, they represent the Fund's members and employers (not any political group, trade union or individual employer) and must consider the Fund's overriding objective, which is to pay members' benefits when they fall due.

On an annual basis, the Local Pensions Board produces an annual report for the Pensions Committee, summarising the work they have undertaken throughout the year. A copy of this report is available [here](#).

Further information on the Fund's governing bodies can be found on the Fund's website and within the [Governance Compliance Statement \(in Fund Policy Statements Section\)](#) and [Representation Policy](#) which are also available on the Fund's website.

# Governance Arrangements

## Conflicts of Interest

Acknowledging the role the Fund plays in representing, collaborating and determining aspects which have the potential to impact its customers, the Fund operates as a stand-alone function from its administering authority, CWC, acknowledging the potential conflict which may arise from its dual role as employer within the Fund.

The Fund allocates and manages its own budget (in line with LGPS regulatory standards), operates from a separate office location (under legally enforceable lease arrangements, separate to the Council building) and in line with recommendations from the Scheme Advisory Board Good Governance Project, has a dedicated LGPS Senior Officer responsible for the management of Fund resources (including its people).

Notwithstanding the separate operating arrangements, the Fund acknowledges the potential for conflicts to arise in both its Governance and Operational functions.

Failure by the Fund to recognise actual and potential conflicts, has the ability to impede its ability to effectively deliver for its members and employers together with the potential for reputational damage and regulatory enforcement.

The Fund acknowledges that it is not always possible to eradicate conflicts; instead taking a balanced view on their mitigation and management. Further information on how the Fund manages conflicts of interest can be found in its [Conflict Management Policy](#) which is available on the Fund's website.

## Officers of the Fund

In accordance with Section 101 of the Local Government Act 1972, responsibility for the day-to-day administration, and investment management for the Fund within the policies and strategies agreed by the Pensions Committee is delegated to the Executive Director.

The Executive Director has lead responsibility for the Fund in the capacity of LGPS Senior Officer.

By delegation from the administering authority, the Executive Director holds the role of Shareholder representative at LGPS Central Limited company meetings. The full delegations to the Executive Director are available in CWC's constitution.

The Executive Director may authorise senior officers from within the Fund to exercise on their behalf the functions delegated to them. Any decisions taken under this authority remain the responsibility of the Executive Director who is accountable and responsible for such decisions.

# Governance Arrangements

## Knowledge and Skills

The Fund's governing bodies training policy is reviewed and adopted annually, taking into account best practice and any regulatory changes on training requirements. In accordance with the policy, training activity undertaken is monitored, recorded and reported upon to governing body members and within the Fund's Annual Report. By implementing and participating in training, governing body members are supported to take well-informed decisions and are able to comply with regulatory requirements to support the Fund's delivery of its [Corporate Plan](#).



The Fund applies the CIPFA Knowledge and Skills Framework 2021 to its training and development program, outlining the requirements and support offered to ensure obligations are met and that knowledge and understanding of our governing body members grows with the service of the role. The Fund's training program is designed to support knowledge and awareness required by regulating bodies, together with developing knowledge and awareness of the Fund as an organisation in how it serves and supports its members and employers.



The training program seeks to map across areas of focus to ensure they meet regulatory requirements and monitors where that learning has been put to use in the adoption of statutory policies and the decisions taken at formal meetings.

Arrangements for regular training are in place with training delivered through various means including in-house structured training events, which encourage and enable collaboration across the two governing bodies. Training activity undertaken is recorded and training returns are collated from members.

In line with the Fund's training policy, all new and returning governing body members are invited to attend an induction course to provide an oversight of the Fund, its policies, the role of our governing bodies together with an overview of the reports and decisions they may be presented with over the course of the year. The Fund also maintains an online library providing governing body members with a bank of training materials to facilitate self-study throughout the year.

# Governance Arrangements

## Governing Body Training

As part of statutory guidance, governing body members must have an appropriate level of knowledge and understanding to undertake roles and functions of the positions that they have been appointed to. The Fund, as a result, adopts a governing body training policy which outlines the arrangements for regular training delivered, covering the eight key CIPFA knowledge and skills areas. The training sessions encourage and enable collaboration across the two governing bodies. Training activity undertaken is recorded and training returns are collated from members each quarter.

A total of 1,167 training hours were recorded across the two bodies, 790 hours by Pensions Committee and 362 by the Local Pensions Board. As the Pensions Committee consists of 20 members and the Pensions Board consists of 10 members, a variation is seen in the amount of training hours completed by each governing body group. The average amount of training hours completed per member for Pensions Committee is 39.5 and for Pensions Board is 36.2. The Fund's training programme includes the delivery of bespoke and tailored support by external parties and independent experts, to foster developing knowledge that is relevant to the industry and current topics. This includes sessions delivered by the Fund's Investment Pooling Company LGPS Central Ltd. The programme is informed by both the Fund's developing work programme and member self-assessment and feedback on specific interests and requirements.

Details of the training sessions and presentations provided to the Pensions Committee and the Local Pensions Board during 2024/25 are as follows:

- Issues and hot topics facing the LPGS including areas of regulatory change and assurance
- UK Pensions Review
- Pensions administration and industry standards
- LGPS Governance Structure and Roles and Responsibilities of Governing Bodies
- Responsible Investment and new engagement themes including climate risk metrics
- Local and UK investments
- Audit training
- Funding Strategy and Triennial Valuation 2025
- Managing Risk and Return
- Employer Covenant

Topics delivered by external partners have included:

- Triennial Valuation - Hymans Robertson
- Investment Strategy and Asset Allocation - Mercer
- Responsible Investment - Mercer
- Governance - CEM Benchmarking
- External Audit Updates - Grant Thornton LLP

# Governance Arrangements

## Pensions Committee

Training hours for Pensions Committee members for the year ending 31 March 2025.

Committee Member	Meetings attended	Voting rights	Total available meetings	Full year attendance KPI	Hours spent training	Training target	Full year training target met?
Adam Hicken	3	Yes	5	60.00%	37.5	22	Yes
Amolak Dhariwal	1	Yes	5	20.00%	15.5	22	No
Anita Stanley*	2	Yes	2	100.00%	24.5	9	Yes
Asha Mattu	3	Yes	5	60.00%	29.5	22	Yes
Bally Singh	3	Yes	5	60.00%	30	22	Yes
Ben Evans	5	Yes	5	100.00%	56	22	Yes
Carol Hyatt	4	Yes	5	80.00%	50.5	22	Yes
David Williams	4	No	5	80.00%	46.5	22	Yes
Harbinder Singh	3	Yes	5	60.00%	50.5	22	Yes
Ian Smith	3	No	5	60.00%	28	22	Yes
Jane Francis	3	Yes	5	60.00%	43.5	22	Yes
Janice Wadrup	0	No	5	0.00%	32.5	22	Yes
Jasbinder Dehar*	0	Yes	2	0.00%	1	7	No
Jason Thorne	2	Yes	5	40.00%	20.5	22	No
Leslie Kaye	4	Yes	5	80.00%	57.5	22	Yes
Martin Clift	0	No	5	0.00%	11.5	22	No
Mary Locke	3	Yes	5	60.00%	44.5	22	Yes
Milkinder Jaspal	5	Yes	5	100.00%	69	22	Yes
Paul Appleby*	0	Yes	1	0.00%	0	2	No
Paul Singh	5	Yes	5	100.00%	47	22	Yes
Tersaim Singh	5	Yes	5	100.00%	55.5	22	Yes
Wendy Thompson*	3	Yes	3	100.00%	39	13	Yes

\*Denotes in-year joiners/leavers, therefore total meetings available and training hours are pro-rata'd accordingly.

# Governance Arrangements

## Local Pensions Board

Training hours for Local Pensions Board members for the year ending 31 March 2025.

Board Member	Meetings attended	Voting rights	Total available meetings	Full year attendance KPI*	Hours spent training	Training target	Full year training target met?*
Adrian Turner	3	Yes	4	75%	49	22	Yes
Andy Felton	4	Yes	4	100%	50	22	Yes
Ian Martin	4	Yes	4	100%	39.5	22	Yes
Jacque Carman	1	Yes	4	25%	13	22	No
Jayne Weaver (post 07.02.2025)	0	Yes	1	0%**	21.5	4	Yes
Joe McCormick	3	Yes	4	75%	32	22	Yes
Julian Allam	2	Yes	4	50%	30.5	22	Yes
Stan Ruddock	4	Yes	4	100%	51.5	22	Yes
Steve Smith***	4	Yes	4	100%	44.5	22	Yes
Terry Dingley	1	Yes	4	25%	30.5	22	Yes

\*Where attendance and/or training hours fall below the level expected this has been raised with the relevant representative group.

\*\*To note that non-attendance was due to pre-existing commitments after having only recently joined the Board.

\*\*\* To note full member from 15.10.2024, observer member prior.

# Governance Arrangements

## Internal Audit

As the providers of internal audit to the Fund, we are required to provide the Executive Director, Section 151 Officer, Pensions Committee and Pensions Board with an opinion on the adequacy and effectiveness of the Fund’s governance, risk management and control processes.

Internal audit forms part of the assurance framework which helps the Fund identify and manage risks to enable the achievement of business objectives. This is one element of evidence that helps to confirm the control environment of the Fund.

Our internal audit work for the period from 1 April 2024 to 31 March 2025 was carried out in accordance with an approved plan and conducted in accordance with the Public Sector Internal Audit Standards and the Code of Ethics that form part of the standards. It is a requirement of the standards that Internal Audit is externally assessed every five years to ensure they are conforming with these standards. This external assessment was completed in April 2024 and concluded that the service conformed with the standards.

A detailed written report and action plan is prepared and issued for every review where appropriate. Based on the work undertaken during the year, the implementation by management of the recommendations made, and the assurance made available to the Fund by other providers as well as internal audit, we can provide reasonable assurance that the Fund has adequate and effective governance, risk management and internal control processes.

We continue to monitor the implementation of previous key recommendations. An annual review of agreed key actions from reviews was undertaken and identified no areas of concern.

As part of ongoing support to the Fund, we completed 17 credit checks using CreditSafe to review individual organisation’s financial stability when seeking admission to the Fund. Additionally, we are the Fund’s key contact for the National Fraud initiative, a data matching exercise completed by the Government. The most recent exercise commenced in January 2025 and helps with raising awareness and tackling potential fraud.

Further, we are members of the LGPS Central pool internal audit working group. In conjunction with our partner fund’s internal auditors, we contribute to the internal audit programme of work which oversees the governance and investment activities of the Pool as a collective group of like-minded investors.

**Ian Cotterill**  
Head of Audit Services,  
City of Wolverhampton Council

Date: May 2025

Audit review	Recommendations Amber	Recommendations Green	Total	Number accepted	Opinion
Discretionary Policies		4	4	4	Satisfactory
IT System Access Management	3	3	6	6	Satisfactory
Nolan Principles		1	1	1	Substantial
Investments – Assets not under pool management	1	3	4	4	Satisfactory
Key Financial Controls Review Service Auditor reporting			4	4	n/a*
Pensions Administration System			14	14	n/a*

\*Work undertaken as consultancy/lessons learned reviews

# Risk Management and Assurance

We believe in the value of effectively managing risk: it informs business decisions; enables a more effective use of resources; enhances strategic and business planning; and strengthens our resilience planning.

It is a cornerstone of our commitment to safeguard the long-term sustainability of the Fund, protecting the interests of our customers, employers and other key stakeholders whilst enabling us to experiment and innovate, contributing to our ability to adapt and remain relevant in the changing LGPS landscape.

We recognise that the services we provide don't come without risk. In an ever-changing regulatory, geopolitical, operational environment, we seek to improve how we deliver outcomes for our customers, employers, stakeholders and our people. Effectively mitigating risks presented provides resilience to challenges, opens opportunities to harness and enables flexibility to effectively meet the evolving demands of our customers.

Our collective ambition, as set out within the latest Corporate Strategy and Business Plan, is core to our risk management approach. It shapes our risk ethos, the way we plan, how we make decisions, the action we take and how we continually challenge ourselves to achieve our vision.

We manage the impacts presented by identified risks through a robust and structured internal controls and risk management programme. This ensures that we can dynamically deliver outcomes that are aligned with our fiduciary responsibilities to members and employers and can meet the long-term strategic aims set out within the Corporate Plan 2025.



**Rachel Howe**

Deputy Director of Governance and Corporate Services

# Risk Management and Assurance

Effective risk management for the Fund does not create barriers to the development of new ideas and ways of working, it supports informed decision making, enabling us to grasp opportunities to improve the services we deliver whilst recognising any potential threats on the horizon.

Through taking a proactive, forward-looking view, we are able to anticipate, plan, act and treat risks which pose a potential impact on our service delivery and customers. We routinely monitor and engage in industry and scheme change, along with organisational development to ensure we remain at the forefront.

Through our risk management framework, we aim to:

- promote awareness of operational, governance, financial and investment risk and embed a risk management approach to projects and service delivery;
- encourage activity led end-to-end assessment of risk, with collaboration of subject matter experts to ensure all aspects of service delivery are considered;
- ensure that risk management is an integral part of the Fund's operational activity; seek to identify, assess, measure, control and report on any risks that may undermine the delivery of the Fund's objectives;
- provide assurance of the Fund's management of risks to our governing and regulating bodies;
- proactively manage third party risk and seek assurance from key providers and partners including the LGPS Central pool operator and administration software provider;
- enable proactive identification and assessment of risks to enable their effective management and mitigation;
- reduce potential of loss and impact on value of the Fund's assets and services; and
- limit impact on the Fund's customers, leading to increased confidence from key stakeholders on the Fund's ability to provide services and meet pension liabilities.

## Risk Themes 2025



### Governance, Regulatory and Statutory Risk

The LGPS continues to operate within a complex and evolving regulatory environment where Governance and statutory compliance remain critical to maintaining scheme integrity and public confidence.

The LGPS has been subject to two significant Government consultations over the 2024-25 year with regulatory change on the horizon. We are well placed to respond to the integration of new statutory guidance following the 'Fit for Future' consultation and the implementation of the Pension Schemes Bill 2025. A focus on ensuring that LGPS funds are well governed, with additional assurance being sought through the implementation of regular Governance reviews requires the Fund to remain alive to evolving expectations on those charged with the day-to-day responsibility and management of LGPS funds.

The potential for substantial regulatory change to scheme administration following the launch of the Access and Fairness consultation in the summer of 2025 is also a key consideration moving into 2026. We are committed to supporting the positive outcomes such change would bring for our customers, whilst balancing this with the impact of implementing the required changes to service delivery, especially where changes may result in retrospective amendment to customer benefits.

We continue to keep pace with the implementation of industry-wide initiatives including McCloud and Pension Dashboards, noting that both place increased requirements on the Fund and our scheme employers in the collection and management of member data.

# Risk Management and Assurance

## Risk Themes 2025



### Knowledge and Skills

There remains a continued focus on the knowledge and skills requirements of both the governing body members charged with the management and administration of LGPS funds as well as the senior officers charged with the day-to-day management responsibility of the Fund. We continue to maintain a strong position in demonstrating compliance with expectations as outlined within both our Governance Statement and Our People Strategy.

The increasing knowledge and skill requirements needed to effectively govern and administer the LGPS scheme place further emphasis on ensuring the Fund retains the right people with the right experience. The wide range of business activities undertaken to support the payment of pension benefits including investment management, pension administration, actuarial science and finance and accounting requires us to keep pace with a competitive resource market. Our ability to maintain a high service delivery and meet the expectations of customers is reliant on the knowledge and skill of our people.



### Internal Control

Our ability to provide robust assurance to customers and stakeholders on our business activities is a key element of the target outcomes and goals as outlined within the 2025 Corporate Strategy and Business Plan. Measures in place are designed to ensure compliance with regulatory requirements, safeguard scheme assets and uphold the reliability and accuracy of the outcomes delivered to our customers.

The potential risk that we are unable to demonstrate sufficient levels of assurance in the activities we deliver would result in loss of confidence and reputational damage, the potential for financial loss along with scrutiny or intervention from regulatory or oversight bodies.

We are proactive with the undertaking of both internal and external control reviews through mechanisms such as PASA, Customer Service Excellence, Investors in People and CEM Benchmarking to further demonstrate our ability to provide assurance on the services we deliver.

We also place expectation on third-party suppliers to be able to demonstrate their mechanisms of control and assurance to further support the services delivered to customers.



### Supporting Customers

We are committed to improving service delivery to better support customers but recognise the challenges that arise from evolving customer expectations and a deeper appetite from customers to engage more with their pension savings. This will be heightened with the introduction of initiatives such as pension dashboards and results in the need to develop how we service customers to meet the demand.

Innovation and transformation are key to ensuring that we continue to meet the high volume of incoming casework, understanding how to harness technological advancements to automate service delivery, in turn providing our people with the capacity to provide high-quality customer engagement where it is needed most. In developing ways to support customers, we must always keep our statutory duty at the forefront and retain our role as being one to service customers rather than advise.

# Risk Management and Assurance

## Risk Themes 2025



### Cyber/Information Security and Disaster Recovery

Cyber security remains a critical area of focus for the LGPS, given the increasing sophistication and frequency of cyber threats. We recognise that the Fund is a potential target for cyber-attacks due to the sensitive personal and financial data held, with reliance on third-party providers and digital systems contributing towards the profile of this risk.

To mitigate the cyber risks presented, we have integrated a comprehensive Cyber Security Strategy into our overall governance framework. We regularly assess the security arrangements of our third-party suppliers and maintain a robust incident response plan.

In addition, the embedding of comprehensive business continuity plans ensure that essential services can be maintained or quickly restored in the event of a major disruption. Ongoing staff training, system testing, and collaboration with external advisers ensure we remain vigilant, resilient, and prepared for both cyber threats and operational disruptions.



### Funding

Reflecting on the potential for the Fund's assets to be insufficient to meet the long-term pension liabilities of our customers drives the way in which we mitigate funding risk. Whilst the Fund has demonstrated strong funding resilience in recent years, this position is sensitive to a range of factors. These include changes in interest rates, inflation, longevity assumptions, and market volatility, all of which can impact both asset values and liability projections.

Investment risk is managed through a robust Funding Strategy Statement reviewed alongside the completion of triennial actuarial valuations and close monitoring of economic and demographic trends. In addition, working closely with our actuaries and investment advisers ensures that the investment strategy remains aligned with long-term funding objectives, balancing risk and return to maintain stability and sustainability.

The challenges being faced by scheme employers due to macroeconomic conditions also exacerbates funding risk exposure. Incorporating flexible arrangements for employers within our Funding Strategy Statement ensures that funding levels are maintained prudently and sustainably.

# Risk Management and Assurance

## Risk Themes 2025



### Investment and Treasury Risk

We have implemented a comprehensive framework to document and mitigate investment related risk. The Investment Strategy Statement identifies key investment risks specific to the Fund and outlines how they will be managed to mitigate exposure. Linked to Funding risk, maintaining a diverse investment portfolio helps to withstand any market volatilities that may occur across asset classes or world markets.

Recent geopolitical activity that has impacted major world markets have demonstrated how crucial it is to maintain a wide-ranging investment strategy. We remain alive to interest within the LGPS calling to de-risk investment portfolios whilst retaining focus on our fiduciary duty to appropriately steward the Fund's assets.

The Fund's Responsible Investment Framework & Strategy and the Climate Change Framework & Strategy outline the Fund's approach to understanding investment risks associated with ESG matters and climate change.

Linked to ensuring the Fund achieves the required investment returns to meet liabilities, there is a requirement that we adequately plan the operational cash flow required to support both operational service delivery and the execution of investment decisions. Appropriate and effective treasury management is about ensuring sufficient control of Fund cash balances. More information on this can be found within the Treasury Management Policy.

With the introduction of the Pension Schemes Bill 2025, the Fund will need to consider the direct impact on investment related risks as a result of the implementation of regulatory mandated changes. The acceleration of asset pooling, whilst the Fund is well placed with £17,001m of assets (80% of AUM) already transitioned to the LGPS Central pool, either in pooled vehicles or under management of the pool, the further transition risks presented due to the increased pace of asset pooling will need to be mitigated in the short-medium term.

# Pensions Administration Operations and Pensions Services

## Background

The West Midlands Pension Fund's ("the Fund") administration function covers a wide range of aspects from processing of member benefits, maintenance of our administration system to include regulatory updates, through to onboarding and continual support of employers and engagement with our customers. The dedicated teams are constantly evolving to service the needs of the second largest LGPS membership base and one of the largest LGPS employer bases in England and Wales.

Employees of all local and joint authorities and many other public bodies in the West Midlands Region have automatic access to the LGPS via the Fund (unless eligible for an alternative public sector scheme) and a wide range of other bodies providing a public service or undertaking a contract are also eligible to join the Fund via a resolution or admission agreement.

The administration function is accountable to the Pensions Committee, the Pensions Board, participating employers and Scheme members in terms of overall effectiveness and value for money.

The LGPS is a contracted-out defined benefit scheme with benefits defined under statutory regulations (LGPS Regulations) which are not affected by the Fund's investment performance or market conditions.

2024/25 has been a busy year for the pension administration teams, primarily focussed upon stabilising and improving performance, ensuring we get benefit options and payments to members and beneficiaries when they are due. In recognising our own limits and the uncertainties in our environment, we have targeted resource to meet member and regulatory requirements, driving continuous improvement and our strategic partners to help us deliver our goals. In doing so, we have reflected upon customer feedback and reviewed our policy framework to align to our strategic vision for administration services, to enable us to harness opportunities for driving change and achieving high standards.

## Simon Taylor

Deputy Director of Funding  
and Customer Services

## Amy Regler

Deputy Director of  
Pension Operations



# Pensions Administration Operations and Pensions Services

## Value-For-Money Statement

To ensure the effectiveness of the administration services, the Fund is monitored through internal and external audits. To support performance review, the Fund participates in benchmarking exercises with other local government and private sector pension funds, which provides a comparison of key performance metrics.

Furthermore, the Fund undertakes extended benchmarking to cover a broader range of service functions and comparison with other public and private pension funds. The areas where the Fund performed well compared to peers included our programme of face to face support for our members, on an individual and group basis, our engagement and support programme for our vulnerable members, and the functionality available on our online services. The Fund continues to invest in resources and technology systems to continue to develop an efficient delivery platform and provide value for money for our stakeholders.

## Key Activities and Performance

### Benefit Operations

During 2024/25, the Fund has been focussed on improving the processing timescales and have now returned to business-as-usual operation standards for our key casework processes. Remaining volumes of total retirement casework are in-line with the volumes pre-system transition in July 2023 (34% reduction to the previous year). With significant increase in completed retirement quotations (31%) and finalisations (13%) compared to two years ago (2022/23). Survivor benefit casework is the lowest it has been for ten years (61% lower than pre-transition levels). Furthermore, average retirement processing times for members at the year end were back in-line with the Pension Administration Strategy.

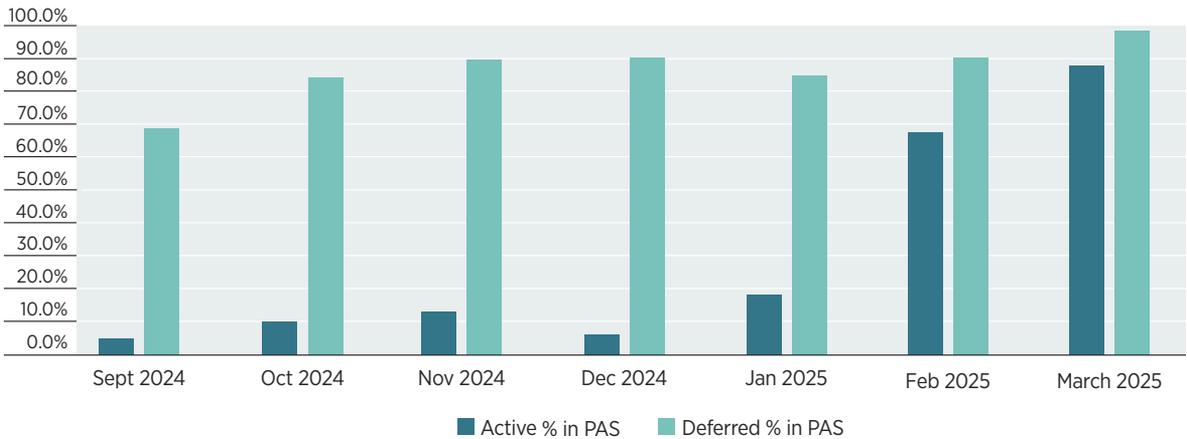
## Retirement Casework Completed - Seven-Year Trend



# Pensions Administration Operations and Pensions Services

The Fund has a suite of operational KPIs which look at the timeliness we provide information to members and process their payments. During the year, the Fund have developed reporting to understand the member’s end-to-end experience across core processes.

## % Completed Quotation In Line With Admin Strategy



Previously the Fund has reported performance focused on the times that casework had been with the Fund to process, excluding time spent with third-parties, e.g. options to transfer and aggregate, queries with the employer or member, with the process pending restart on receipt. However the timescales quoted above all reflect the full member experience and will be the focus of performance monitoring for the Fund into 2025/26 and beyond.

## Member Communications

A key principle of the Fund’s Customer Engagement Strategy, is to place customers at the heart of everything we do. This ensures continuous improvement and develops working practices, systems and processes which are informed and prioritised according to the needs of those customers. Based upon engagement over the course of 2024/25, the Fund refreshed the Customer Engagement Strategy during 2025/26. A key focus of the review was to look at how the Fund can build stronger, more meaningful relationships with our customers, increase pension awareness, enhance trust, enable greater support and ensure that every interaction adds value to the customer experience.



Our Customer Service team is the first port of call for the majority of members, including our member helpline, with around 92,000 calls and, 76,000 written enquiries received during 2024/25 and our website recording over 1 million views.

# Pensions Administration Operations and Pensions Services

The Fund’s dedicated Member Services Team have continued to enhance briefing and self-service information, with updates also readily available through the website and video-shorts. Member roadshow events continued across the region over the year with a number of additional sessions arranged and delivered for various groups. In addition, the team provided a focused programme of events to coincide with Pension Awareness Week in September 2024, aimed at supporting members’ understanding of pensions and how to achieve the retirement they desire.

The Fund remains committed to working in partnership with our employers to deliver member support at their workplace. These include individual consultations, member self-service sessions and a suite of webinars aligned to a member’s customer journey from introduction to the LGPS to retirement. Our member engagement forums remain popular and provide the Fund with valuable insight and feedback from each category of membership, aligned to each stage of the member journey. During 2024/25 the Fund has engaged directly with around 7,000 members through various events as summarised below:

## Number of events (by delivery medium)



## Employer Engagement and Communications

The Fund holds a biannual employer event each year, traditionally in early summer and early winter, to which all employers are invited and afforded the opportunity to discuss topical issues and engage with the Fund on a variety of matters.

We continue to deliver and are developing our employer coaching sessions to support new and existing employers. These sessions have been delivered via webinars and videos, with the aim of supporting employers with their roles and increasing their understanding of their responsibilities. Our employer peer group has provided valuable feedback during the year and assisted in the development and roll-out of further initiatives and service improvements. The Fund also provides regular briefing notes and newsletters to update our employers with important information and topical issues. In total, the Fund facilitated over 250 engagement sessions with our employers extending to 639 individual employers and close to 90,000 active members.



## Customer Satisfaction

The Fund encourages feedback via a range of different channels, such as surveys issued following member events and telephone calls and general satisfaction surveys placed on our website.

The table below provides a high-level summary of compliments and complaints received from our members during 2024/25

Compliments received	307
Complaints received	1,182

# Pensions Administration Operations and Pensions Services

## Dispute Resolution

The Internal Dispute Resolution Procedure (IDRP) is a two-stage procedure and covers decisions made by both employers and the Fund. Where an individual believes that the decision made in the first instance is unfair or they don't agree with it, they may invoke Stage 1 of the internal dispute resolution process. The Fund's IDRP can be found on its website.

During 2024/25, there were 33 appeals raised through the IDRP.

	Stage one	Stage two
Fund	16	13
Employer	4	0

Outcome	Stage one	Stage two
Upheld	6	6
Partially upheld	2	1
Not upheld	9	5
Resolved outside of the process	2	1
Remain open	1	0

The Fund understands the Pensions Ombudsman has received 12 new cases during 2024/25 relating to a dispute previously considered by WMPF. Of these cases, seven have been settled outside of the process through the Fund's member case review panel. Of the remaining five cases, two have reached outcomes, one not being upheld and the other not reaching opinion/determination and agreed between the Fund and Ombudsman.

In addition, there were two further Ombudsman complaint outcomes received during 2024/25 from complaints that were received outside of the reporting period (2022/23). Both cases were not upheld.

## Preparation For and Responding to Regulatory Change

### McCloud

During 2024/25, the Fund has worked with our system provider to develop functionality to support implementation of the McCloud remedy. In addition, we have continued to work with our participating employers to collect, analyse and rectify the data required.



### Pension Dashboards

The Fund has continued proactive preparation for this large-scale digital revolution across the pensions industry. In preparation for our connection date to the pension dashboard ecosystem by 31 October 2025, the Fund has undertaken a procurement exercise to appoint a third-party Integrated Service Provider (ISP), who will facilitate and handle the technical and security protocols for safe and accurate data transmission.

# Pensions Administration Operations and Pensions Services

## Key Achievements

### Customer Service Excellence (CSE) Accreditation

In July 2024 the Fund received confirmation of our reaccreditation to CSE, achieving their highest rating “compliance plus” in a number of areas. This reaccreditation is testament to our continued focus upon delivering best practice and innovation for our customers.

## Working in Partnership

### Customer base

The Fund is focussed upon delivering value to our customers and key stakeholders, ensuring information and support is available at the right time for members and to support our employers in performing their roles and responsibilities. The foundation of this approach is through partnership working to deliver improved working practice and/or enhanced services. Feedback from our customers is vital in delivering this continual improvement.

### Wider collaboration

During 2024/25 the Fund has worked closely with a number of national groups to drive improvements to administrative procedures, share best practice and develop initiatives for the wider LGPS. Examples include the following:

- Working with the LGPS Scheme Advisory Board (SAB) on a variety of matters across funding, customer engagement and administration.
- Developing communications for the wider LGPS in conjunction with the Local Government Association (LGA).
- Actively working with other LGPS funds to improve consistency and share best practice, including the Metropolitan Group of LGPS funds.
- The Fund continue to be a longstanding founder member of the LGPS National Frameworks, which enable more efficient and effective procurement within the LGPS.



# Our Communications: Supporting Members at Every Stage

“ Early engagement with retirement planning has never been more important. Our role is to make that journey easier to navigate. ”



## Our Communications Policy

Under Regulation 61 of the Local Government Pension Scheme Regulations 2013, all pension fund authorities must publish and regularly review their communications policy.



## Improving Engagement and Awareness

Pension planning can feel complicated. Our role is to remove the barriers that stop people from getting started. We do this by:

- Providing information that's accessible, clear and prompt.
- Offering a range of channels, from printed materials and videos to webinars and face-to-face events.
- Making sure support is available to every member, regardless of how they prefer to engage.

We want more people to feel in control of their pension journey. Understanding their options, recognising risks, and taking advantage of the services we provide.

We're also continuing our work to raise awareness of pension scams, which remain a growing issue. We highlight warning signs, offer practical guidance, and signpost members to trusted sources of support.

Our policy is supported by a wider Customer Engagement Strategy and Plan, which set out how we communicate with:

- Prospective members.
- Current scheme members.
- Employers and employer representatives.
- Members' nominated contacts.
- Prospective employers.

These documents are available on our website.



# Our Communications: Supporting Members at Every Stage



## What We Deliver

Our communications aim to be practical, inclusive, and member focused. That includes:

- A continued push to promote the Pension Portal, helping members manage their pension online.
- A growing suite of support videos.
- Individual pension consultations (online and in person).
- Targeted engagement campaigns.
- Roadshows across the region.
- Updates on key topics, such as changes to the LGPS, pension scams, responsible investment and our net zero commitments.
- Regular newsletters and bulletins for members and employers.
- Electronic forms and refreshed printed materials.
- Member feedback forums to improve future communications.

We track our engagement work through our annual Customer Engagement Plan, which outlines the timing, format, and goals of our key activity. This is monitored monthly and published on our website.

## Our Focus for 2025/26

Over the next year, we'll focus on giving members the information, tools and support they need to plan confidently for retirement. That includes helping them understand wider industry changes like the upcoming Pensions Dashboard and potential increases to the minimum early retirement age.

To deliver better outcomes for members, our communications in 2025/26 will focus on five key priorities:

- 1 Encouraging early and active retirement planning.
- 2 Helping members feel confident in their pension decisions.
- 3 Delivering the right information at the right time, through the right channels.
- 4 Promoting the benefits of online tools like the Pension Portal.
- 5 Raising awareness of pension risks and how to avoid them.

# Our People



In this dynamic and ever-evolving environment, the Fund's success is driven by the dedication, enthusiasm, and professionalism of our people. We believe that continuous, effective learning and development benefit both the individual and the organisation, contributing to the achievement of our overall objectives. Our commitment to our people was recognised with Gold accreditation from Investors In People in June 2023.

Following the 12-month review in March 2024 and now the two-year review in March 2025, the assessor noted:

- The Fund remains extremely busy and continues to grow
- Work has progressed on refreshing its core values
- The Fund's leadership programme has grown, many employees undertaking professional qualifications
- Two Lumina practitioners have been trained, that have allowed subsequent team building workshops to identify differences in behaviours and recognising these in others.
- More cross team collaborative working has been encouraged

As of 31 March 2025, we had 236 full-time equivalent posts (254 employees) supporting the delivery of services to our customers. Since 1 April 2024, we have recruited 63 new employees and continue to see a net increase in our workforce. In addition, 37 employees have progressed within the Fund, further developing their career.



**Lisa Davis**

People and Organisational Development Manager

# Our People

We have a wide range of initiatives that afford employees the opportunity to discuss training and development, such as regular one-to-one meetings and our annual appraisal process. We have also seconded a member of the People Services Team to be our dedicated People Development Lead.

This year we have supported colleagues in achieving PMI qualifications, ACCA, IMC, CFA, Business Analysis, Project Management Fundamentals as well as supporting soft skill developments on Cyber Security, Presentation Skills, Team Building along with supporting apprenticeship qualifications across all levels. We have had over 30 colleagues' complete qualifications or apprenticeships in 2023-2024, and we have over 40 colleagues currently undertaking professional qualifications or apprenticeships.



## Diversity and inclusion

- The Fund employee base is representative of the ethnic mix across West Midlands region.
- The Fund has a higher proportion of younger employees as a result of its recruitment programme and successful graduate and trainees intake since 2017.
- The Senior Leadership Team is diverse across a range of metrics with a 43-57% (female-male) gender balance.

## Employee Training

We remain committed to our People Strategy, which delineates the development and training of knowledge and skills for various roles within the organisation. This strategy ensures that the level of knowledge and competency is aligned with the seniority of the role and the associated level of responsibility.

Training throughout the year has included:

- Risk Management
- Pensions Dashboards
- Scheme Funding
- Regulatory Governance
- Investment Strategy and Risk
- Pension Regulations and Changes
- Pension Administration Strategy
- Responsible Investment
- Annual Report and Accounts
- Cyber Security
- Customer Engagement
- CIPFA Knowledge and Skills
- Customer Engagement and Communications
- Presentation Skills
- Lumina Profiling
- Team Building
- Mental Health and Wellbeing

# Our People

## Surveys

Throughout the year we have conducted a number of 'pulse' surveys to temperature check employee satisfaction and wellbeing. These surveys have ranged from EDI initiatives to system stability.

## Policy Statement

We are members of several different bodies, such as The Diversity Project, where we engage with peers and industry leaders to discuss developing best practice with regards to equity, diversity and inclusion. This aids reflection on our own practices and informs continued learning and development for all colleagues at the Fund.

We are continuously enhancing our approach to equity, diversity, and inclusion (EDI) through an organisation-wide project, collaborating with all employees and subject matter experts. This ensures our strategy remains relevant and informed by feedback from both our people and customers. The outcomes of this initiative are shaping the Fund's diversity and inclusion program as we further develop our Values and Behaviours programme. Our goal is to empower and engage our people, enabling them to perform their roles effectively and deliver high-quality services to all our customers.

### Our recognised standards, accreditations and memberships



Trainee Development - Platinum

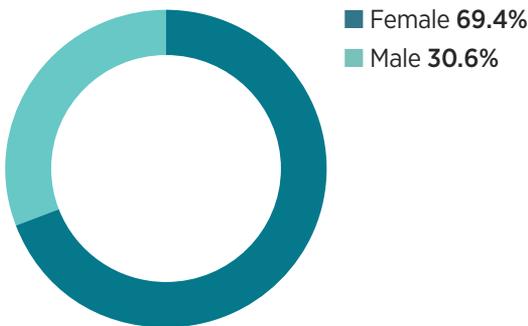


# Our People

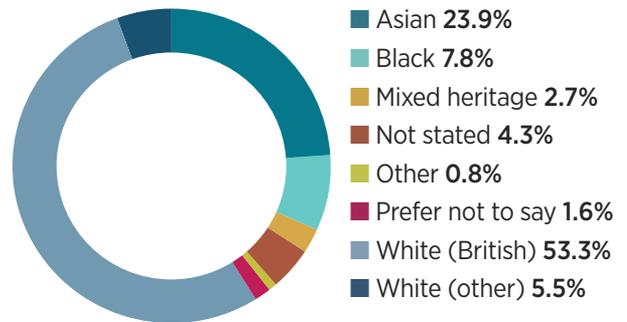
## Diversity and Inclusion

- The Fund employee base is representative of the ethnic mix across the West Midlands region.
- The Fund has a higher proportion of younger employees partly as a result of its recruitment programme and successful graduate and trainees annual intake since 2017.
- The Senior Leadership Team is diverse across a range of metrics with a 43 – 57% (female – male) gender balance.

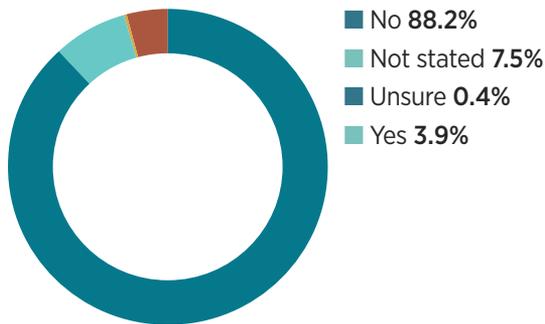
Gender



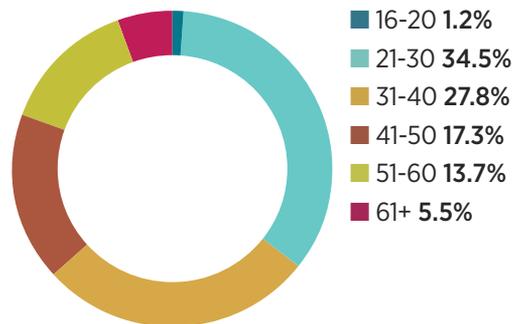
Ethnic group



Disability



Age



# Management and Financial Performance

## City of Wolverhampton Council

Civic Centre  
St. Peter's Square  
Wolverhampton  
WV1 1SH  
www.wolverhampton.gov.uk/contact-us

**General enquiries:**  
01902 551155

## West Midlands Pension Fund

i9, Wolverhampton Interchange  
Railway Drive  
Wolverhampton  
WV1 1LH  
www.wmpfonline.com/emailus

**General enquiries:**  
0300 111 1665

### Pensions Committee 2024/25

#### Administering Authority Nominated Members

<b>Councillor M Jaspal</b> (Chair)	<b>Councillor A Mattu</b>	<b>Councillor C Hyatt</b>	<b>Councillor P Singh</b>
<b>Councillor T Singh</b> (Vice-Chair)	<b>Councillor B Evans</b>	<b>Councillor J Francis</b>	<b>Councillor W Thompson</b>
	<b>Councillor A Stanley</b>	<b>Councillor H Singh</b>	

#### Metropolitan District Local Authority Nominated Members

<b>Councillor M Locke</b> Birmingham City Council	<b>Councillor A Hicken</b> Walsall MBC	<b>Councillor J Thorne</b> Dudley MBC	<b>Observer Members</b>
<b>Councillor L Kaye</b> Solihull MBC	<b>Councillor B Singh</b> Coventry City Council	<b>Councillor A S Dhariwal</b> Sandwell MBC	<b>M Cantello</b> - Unison
			<b>M Clift</b> - Unite
			<b>I Smith</b> - Unite
			<b>J Wadrup</b> - GMB

#### Administering Authority Officers and Pension Fund Officers 2024/25

<b>T Johnson</b> Chief Executive (CWC)	<b>R Howe</b> Deputy Director of Governance and Corporate Services (WMPF)	<b>A Regler</b> Deputy Director of Pension Operations (WMPF)	<b>D Pattison</b> Chief Operating and Monitoring Officer (CWC)
<b>R Brothwood</b> Executive Director (WMPF)	<b>P Nevin</b> Director of Investment Strategy (WMPF)	<b>C Manning</b> Director of Finance, Resources and Transformation and Deputy S151 Officer (WMPF)	<b>M Taylor</b> Section 151 Officer (CWC)
<b>S Taylor</b> Deputy Director of Funding and Customer Services(WMPF)	<b>S Sivanesan</b> Director of Investment Management and Stewardship (WMPF)		

#### Main External Advisors and Service Providers

<b>Independent Auditor</b> Grant Thornton UK LLP	<b>LGPS Asset Pool Operator</b> LGPS Central Limited	<b>AVC Providers</b> Prudential Assurance Company Ltd	<b>HMRC References</b>
<b>Actuary</b> Hymans Robertson LLP	<b>Custodian of Assets</b> HSBC Global Investment Services	Utmost Life and Pensions	<b>SCON number:</b> S2700178F
<b>Investment Consultants</b> Redington Limited	Meryll Lynch	<b>Legal Advisors</b> Trowers and Hamlin	<b>ECON number:</b> E3900002R
<b>Risk Adviser</b> Mercer Limited	<b>Banker</b> National Westminster Bank plc	Eversheds Sutherland (International) LLP	<b>PSTR number:</b> 003299101RC
<b>Covenant Adviser</b> PricewaterhouseCoopers LLP	HSBC Bank plc	Squire Patton Boggs (UK) LLP	<b>PSTR sub-number:</b> 49/16109

# Management and Financial Performance

## Administrative Management Performance

### Overall Statistical Fund Information

Year	Active	Deferred	Preserved refunds*	Pensioner	Beneficiary	Totals
31 March 2020	117,950	99,890	12,049	90,451	13,594	333,934
31 March 2021	113,644	103,046	11,512	92,946	13,953	335,101
31 March 2022	112,431	104,709	10,188	96,861	14,402	338,591
31 March 2023	113,854	115,662	9,647	115,725	14,910	345,241
31 March 2024	117,784	112,726	11,183	102,418	14,807	347,735
31 March 2025	130,092	110,908	12,626	106,685	15,626	363,311

#### Notes\*

Members with preserved funds are those who have paid contributions which have not reached the minimum levels required, and are awaiting their monies to be returned to them. As such, they are not considered to be members of the Fund and are not included within the total members figures.

#### Active members

The Fund has a total active membership of

**130,092**

Since 31 March 2024, the number of contributing employees in membership has increased by 12,308 since 2024.

#### Deferred members

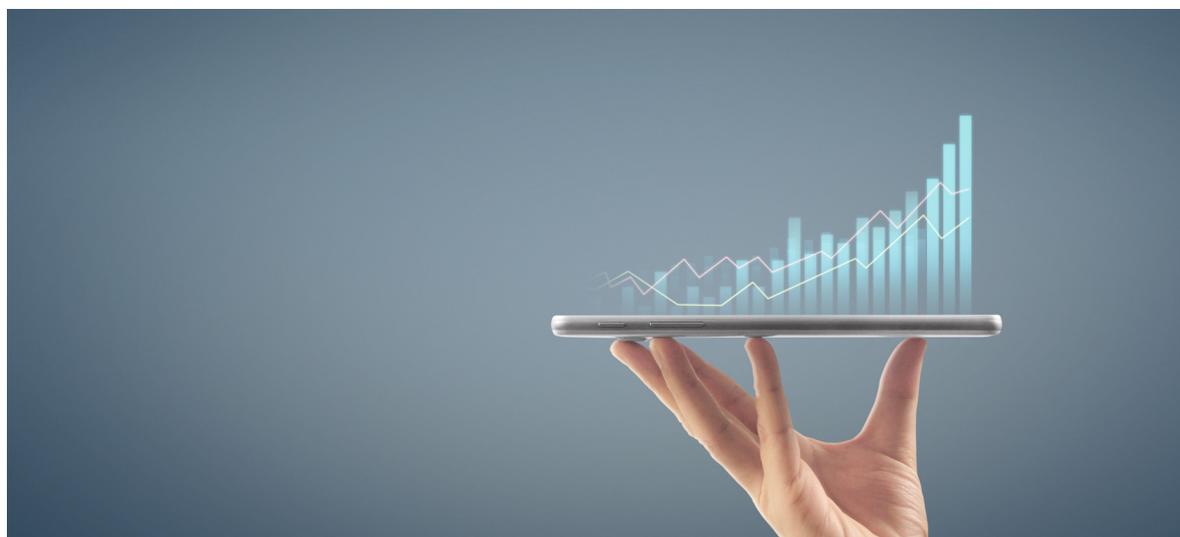
These are former contributors who have left their pension rights with the Fund until they become payable at normal retirement date.

#### Pensioner members

Pensions and other benefits amounting to

**£939.8m**

were paid in the year to retired members.



# Management and Financial Performance

## Administrative Management Performance

### Overall Statistical Fund Information

#### Age analysis - number of members

Status (age in years)	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54
Active	0	0	0	882	5,282	9,590	12,060	14,618	16,537	16,253	17,564
Beneficiary pensioner	15	55	125	312	174	14	16	11	15	7	8
Beneficiary - child	1	0	3	0	0	1	16	34	55	114	267
Deferred	0	0	0	7	322	2,310	6,719	11,162	14,880	15,635	19,215
Deferred ex-spouse	0	0	0	0	0	0	0	0	3	15	46
Pensioner	0	0	0	0	0	0	3	8	33	63	195
Pensioner (partial)	0	0	0	0	0	0	0	0	0	0	0
Pensioner ex-spouse	0	0	0	0	0	0	0	0	0	0	0
Pensioner deferred	0	0	0	0	0	0	0	0	1	0	2
Preserved refund	0	0	0	45	598	1,366	1,066	1,019	1,065	1,235	1,272

Status (age in years)	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-99	100+
Active	18,686	13,450	4,273	767	120	11	2	1	0	0
Beneficiary pensioner	7	9	9	5	1	0	0	0	0	0
Beneficiary - child	587	1,083	1,524	1,997	2,744	2,716	2,175	1,166	328	33
Deferred	21,429	12,938	3,108	1,780	886	153	40	62	36	17
Deferred ex-spouse	59	51	6	3	1	0	0	0	0	0
Pensioner	3,960	16,047	25,359	23,136	18,857	10,664	5,524	2,065	450	74
Pensioner (partial)	0	68	24	15	13	1	1	0	0	0
Pensioner ex-spouse	4	18	31	41	24	4	1	1	0	0
Pensioner deferred	6	16	0	0	0	0	0	0	0	0
Preserved refund	1,544	1,385	808	392	183	51	33	23	18	26

#### Fund Member by Type



#### Employer details

A summary of the number of employers in the Fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members but with some outstanding pension liabilities) is given in the table below:

	Active	Ceased	Total
Scheduled body	51	4	55
Admitted body	233	45	278
Academies	579	3	582
<b>Total</b>	<b>863</b>	<b>52</b>	<b>915</b>

# Management and Financial Performance

## Administrative Management Performance

### Overall Statistical Fund Information

#### Total number of casework

Description	31 March 2024	Incoming	Complete	% Complete	31 March 2025	Complete prior year	% complete prior year
Deaths recorded of active, deferred, pensioner and dependent members (death notification)	255	3,435	3,485	94%	205	2,993	92%
New dependent member benefits (survivor benefit finalisation)	997	1,413	2,062	86%	348	2,015	67%
Retirement quotations - actives and deferred	2,921	9,904	11,210	87%	1,615	5,106	64%
Retirement finalisations actives and deferred	147	7,584	7,333	95%	398	2,748	95%
Deferred benefits	9,243	9,803	6,233	33%	12,813	6,155	40%
Transfers in (including interfund in, club transfers)	2,057	2,024	2,534	62%	1,547	1,029	33%
Transfers out (including interfund out, club transfers)	2,781	3,579	4,126	65%	2,234	1,331	32%
Refunds	0	1,254	1,236	99%	18	3,292	100%
Total divorce casework (quotations issued and actual divorce cases)	119	688	750	93%	57	292	71%
Member estimates requested either by scheme member or employer - via online portal	0	29,958	29,958	100%	0	24,083	100%
Member estimates requested either by scheme member or employer - Via Administration teams	162	879	694	67%	347	926	85%
New joiner notifications	0	21,996	21,996	100%	0	12,576	100%
Aggregation cases	18,233	8,161	2,663	10%	23,731	1,997	10%

#### Notes

- Data regarding optants out received after three months membership unavailable at time of reporting.
- Significant increase in outstanding deferred benefits despite slightly higher volume completed due to the significant increase in new casework started during the year. The Fund are exploring processing efficiencies through robotics and bulk processing to support this increased volume of work.
- Retirement quotations include both member and fund instigated casework.
- The Fund continue to see increases in casework volumes, with early leaver (deferred benefit) incoming casework increasing by 27% over the last five years.

#### Update post March 2025 (as at end of September 2025/26)

- Transfer out casework (including interfund out, club transfers) have continued to decrease, with a 14% reduction, with 3240 cases outstanding.
- Member estimates have decreased by 15%, with 295 cases outstanding.
- Outstanding retirement finalisations has seen a 75% reduction, with 99 cases outstanding.
- A continued decrease in outstanding survivor benefit casework since the year end, with 33% reduction in outstanding death notifications (137 cases outstanding, and 34% reduction in survivor benefit finalisations (230 cases outstanding).

# Management and Financial Performance

## Administrative Management Performance

### Overall Statistical Fund Information

#### Time taken to process casework

- During 2024/25, the Fund has changed its reporting matrix to identify and understand the end-to-end member experience for key processes. This is in contrast to 2023/24 where the Fund reported based on the time processes were worked on by the Fund. This change means that reporting not only includes the performance of the Fund but that of other third parties who may be involved in the process, therefore giving a true member experience. The timescales and performance below do not exclude time other processes need to be completed in advance e.g. options to transfer and aggregate, queries with the employer or member, with the process pending restart on receipt.
- The reduction in performance compared to the previous year is attributable to a focus on the completion of aged casework during 2024/25 which has seen a significant increase in the volumes of casework completed (as demonstrated in the total number of casework completed). In addition, prior years data is based on Fund performance only, excluding waiting for information with third parties.

Description	2024/25		2023/24	
	Member experience target (days)	% complete within target	Fund processing target (days)	% complete within target
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5	17	5	60
Communication issued confirming the amount of dependents pension	10	7	5	42
Communication issued to deferred member with pension and lump sum options (quotation)	30	59	15	27
Communication issued to active member with pension and lump sum options (quotation)	30	17	15	
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15	45	Not reported	Not reported
Communication issued to active member with confirmation of pension and lump sum options (actual)	15	95	Not reported	Not reported
Communication issued with deferred benefits award letter (scheme leaver)	30	11	15	58
Communication issued to scheme member with completion of transfer in	15	29	10	54
Communication issued to scheme member with completion of transfer out	15	7	10	62
Payment of refund	10	87	5	90
Divorce quotation and communication issued following actual divorce proceedings i.e. application of a pension sharing order	45	74	45	55
Communication issued to new starter	40	100	20	100
Member estimates requested by scheme member and employer – Via Administration Teams	15	60	15	97
Member estimates requested by scheme member and employer – estimates run via the portal	15	100	15	100

#### Notes

- Quarter 1 and 2 of the 2025/26 year has seen a significant increase in the number of cases completed within target.

# Management and Financial Performance

## Administrative Management Performance

### Overall Statistical Fund Information

#### Engagement with online portals

Description	Data
% of active members registered	24%
% of deferred member registered	25%
% of pensioner and survivor members	26%
% total of all scheme members registered for self-service	26%
Number of registered users by age:	
15-19	93
20-24	949
25-29	2,558
30-34	3,740
35-39	5,158
40-44	6,795
45-49	7,555
50-54	10,390
55-59	15,456
60-64	16,090
65-69	11,328
70-74	6,150
75-79	4,067
80-84	1,801
85-89	794
90-94	348
95-99	108
100+	15
% of all registered users that have logged onto the service in the last 12 months	56%

#### Annual benefit statements

Description	Data
Percentage of annual benefit statements issued as at 31 August 2024	58% active 85% deferred

#### Communication

Description	Data
Total number of telephone calls received in year	92,429
Total number of email and online channel queries received	74,082
Number of scheme member events held in year (total of in-person and online)	688
Number of employer engagement events held in year (in-person and online)	270
Number of active members who received a one-to-one (in-person and online)	2,802
Number of times a communication (i.e., newsletter) issued to:	
Active members	7
Deferred members	7
Pensioners	7

#### Resources

Description	Data
Total number of all administration staff (FTE)	247
Average service length of all administration staff	7 years
Staff vacancy rate as %	8%
Ratio of all administration staff to total number of scheme members (all staff including management)	1 FTE to 1,471 members
Ratio of administration staff (excluding management) to total number of scheme members	1 FTE to 1,651 members

#### Notes

Reasons for non-production are generally related to outstanding data queries or rectification together with active processes that prevented a statement from being produced (i.e. where a member is in the process of retiring).

Where members have not received a statement, the Fund has focused on providing additional support, particularly for members planning for retirement. Support includes use of the Fund's online member portal which provides members with the facility to produce estimates of benefits at a date of their choosing (noting ABS are produced at a static date of 31 March), the majority of members (circa 95%) for whom the Fund has not produced a statement have been able to run estimates on their portal. In addition, members have also been able to access support through the Fund's member outreach program, which includes individual 1-2-1 meetings.

# Management and Financial Performance

## Administrative Management Performance

### Overall Statistical Fund Information

#### Data quality and employer performance

Description	Data
Common data score	98%
Scheme specific data score	93%
Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date:	
Active	0.94%
Deferred	8.40%
Pensioner	0.07%
Percentage of active, deferred and pensioner members with an email address held on file:	
Active	52%
Deferred	50%
Pensioner	48%
Percentage of employers set up to make monthly data submissions	100%
Percentage of employers who submitted monthly data on time during the reporting year	57%

# Investment Strategy

The primary objective of the Fund is to ensure that it is able to meet the pension promises (liabilities) made to scheme members as they fall due.

To meet this objective, the Fund sets an investment strategy which aims to achieve the target level of return required over the longer-term and to ensure that sufficient capital growth and cash flow is generated so that its liabilities can be met.

In conjunction with this, the Fund recognises its role as a large institutional investor, and the duty it has to govern the assets in which it invests, with responsible investment beliefs integrated to investment management and stewardship.

Following the triennial valuation, funding and investment reviews that took place over 2022/23, the Pension Committee agreed in March 2023 a new investment strategy as set out in its Investment Strategy Statement (ISS). The valuation and funding review gave an opportunity to reduce the target level of return required from the Fund's assets to meet liabilities and hence reduce the level of investment risk in the strategy. As a result, a new long-term asset allocation was agreed in March 2023.

The changes to the Fund's portfolio to implement the revised asset allocation were significant. A three-stage phased implementation plan to March 2025 was developed in conjunction with the Fund's investment advisors with trading activity in the financial year reflecting the third phase of the implementation plan. Over the course of 2024/25 financial year, liquid growth assets (equities) were reduced by £936m to mainly fund corporate bonds (liquid income assets) and stabilising assets (UK nominal and index-linked gilts).



**Paul Nevin**  
Director of Investment  
Strategy

# Investment Strategy and Performance

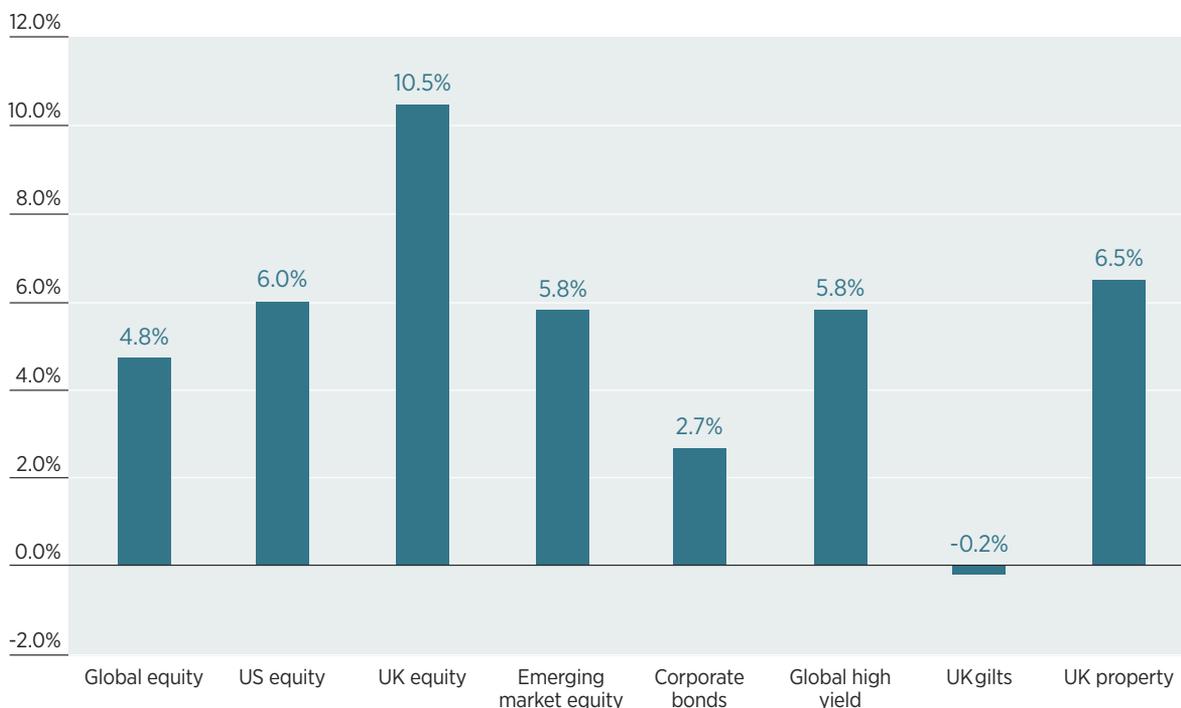
## Market Summary

The market value of the Fund's assets, after allowing for contributions, benefit payments and expenses, was broadly flat at £21.3 billion at the end of the financial year. Financial markets showed resilience in the financial years as stock markets weathered prior interest rate increases, uncertainty around the US elections and the volatility of the US technology stocks, which were prominent over the year. Global equities posted returns of 4.8% (MSCI World), while UK stocks were up 10.5%. US stocks as measured by the S&P 500 posted returns of 6.0% and emerging markets delivered 5.8% even as geopolitical tensions remained high, with war in Ukraine continuing and tensions spreading in the Middle East. Performance

of the bond markets was mixed with corporate bonds as measured by the BofA ML global broad market corporates gaining 2.7%, while the long-dated UK gilt market (JPM GBI over 15 year) declined for the year by 8.0% weighed down by rising long term yields. Elsewhere in bond markets, high yield bonds outperformed other bonds to deliver a return of 5.8%. Performance of private market assets was mixed, with some companies facing operational challenges and higher interest rates impacting the more leveraged assets. UK property declined 2.4%, with some parts of the commercial property market facing difficulties.

## Market Returns Year Ending 31 March 2025

### One-Year Market Returns



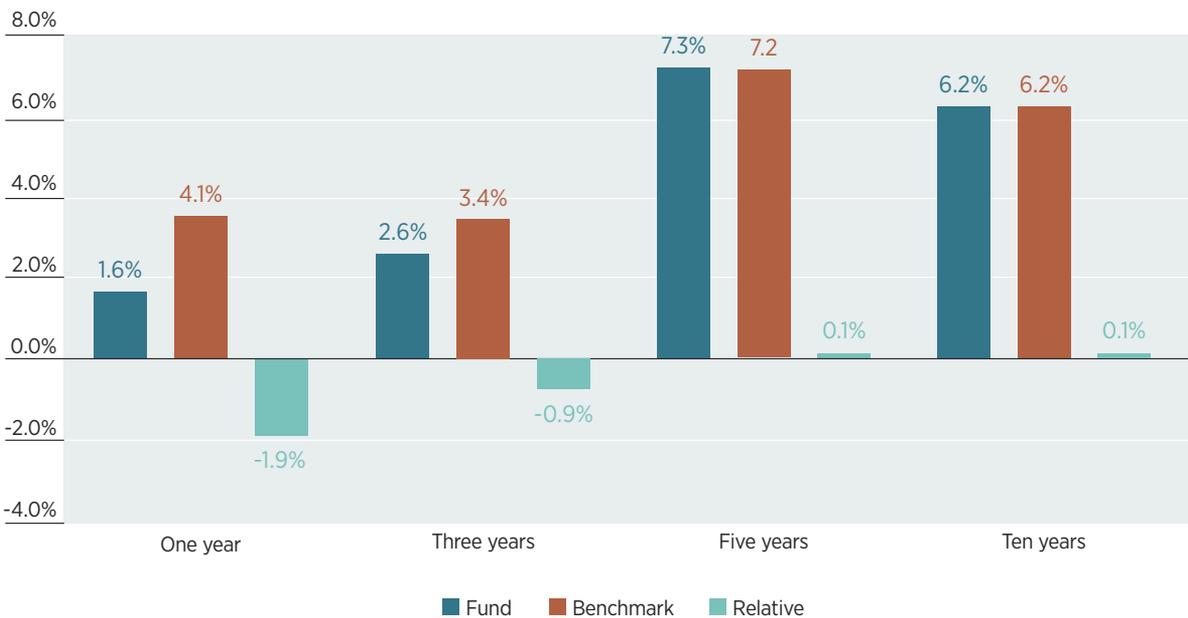
**Note:** Returns shown are unhedged sterling returns.

# Investment Strategy and Performance

As investors look ahead, several risks remain prevalent that need to be weighed against some positive trends. Trade tariffs are a key theme; the US announced significant retaliatory tariffs on most trading partners early in April creating considerable uncertainty and causing much market turmoil. There was much moderation from the original announcements but there remains unpredictability of the outcome and hence how significant any negative global economic impact will be. Geopolitical risks remain as conflicts in Russia/Ukraine and in the Middle East continue. In addition, many countries in the world continue to run high levels of government deficits. Against this needs to be weighed stimulus from US economic policy on taxes and deregulation, the impact of artificial intelligence and potential falls in short term interest rates if inflation continues to be contained.

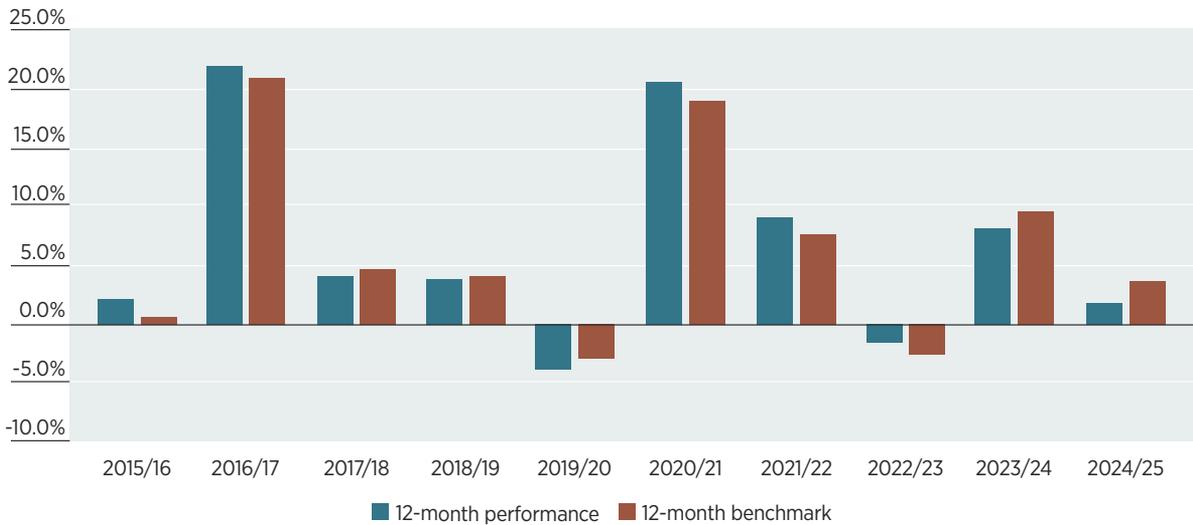
The Fund's returns over one, three, five and ten years compared to its bespoke benchmark, are illustrated in the chart shown below:

**Comparative Returns Over One, Three, Five and Ten Years to 31 March 2025 - Main Fund**



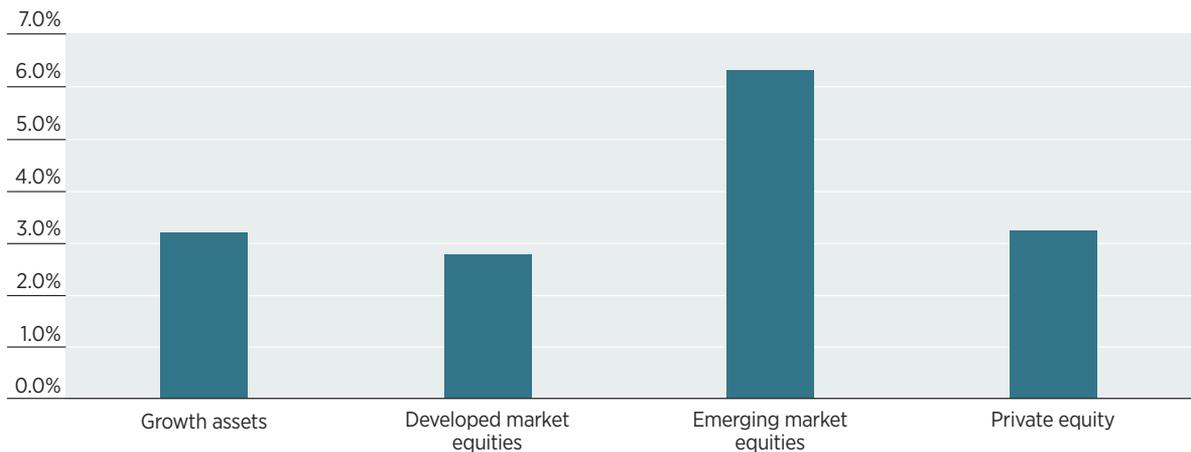
# Investment Strategy and Performance

## Annual Performance Versus Benchmark



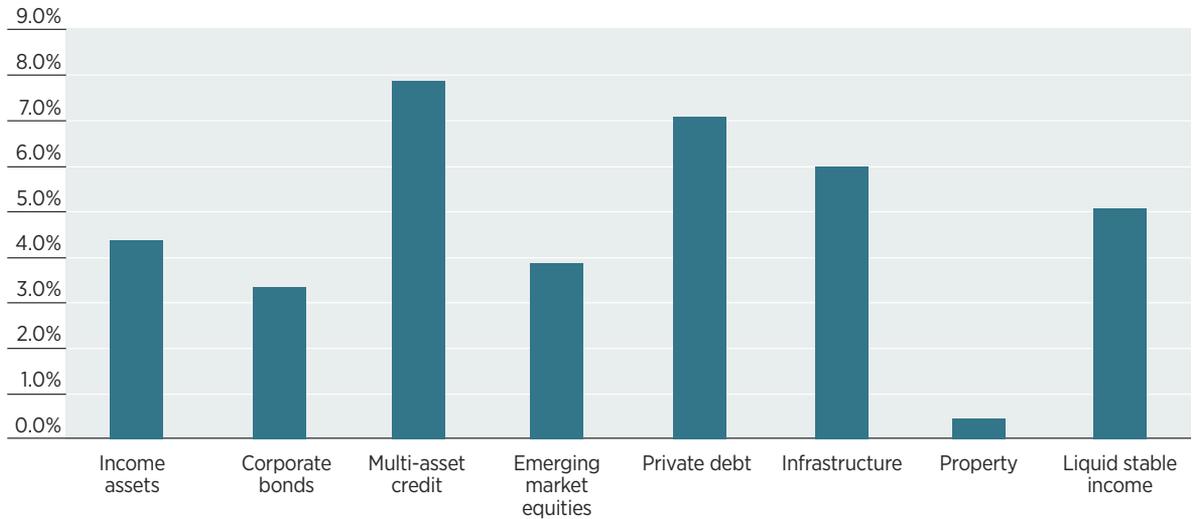
The graphs below illustrate the returns of the main elements within the growth, income, and stabilising asset portfolios during the last financial year.

## Growth Asset Returns - One Year to 31 March 2025

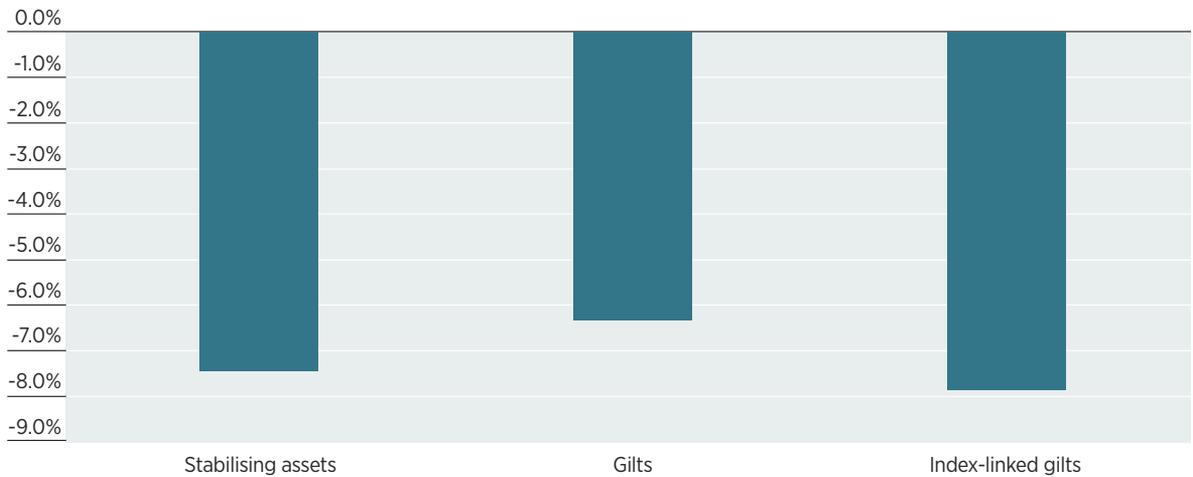


# Investment Strategy and Performance

## Income Asset Returns – One Year to 31 March 2025

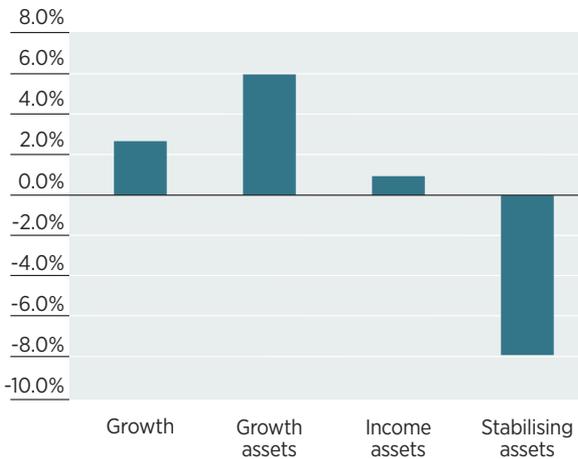


## Stabilising Asset Returns – One Year to 31 March 2025

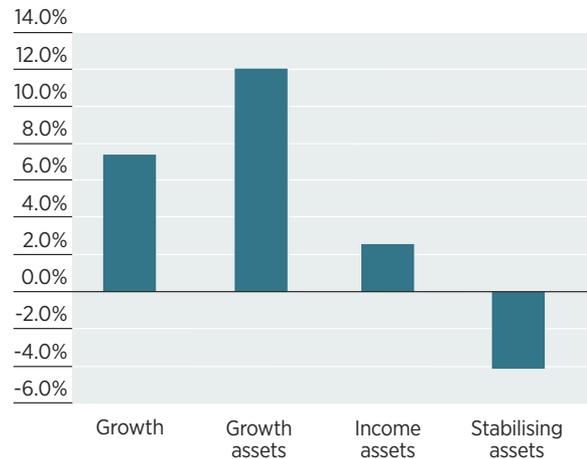


# Investment Strategy and Performance

Three-Year Returns (p.a.) to 31 March 2025



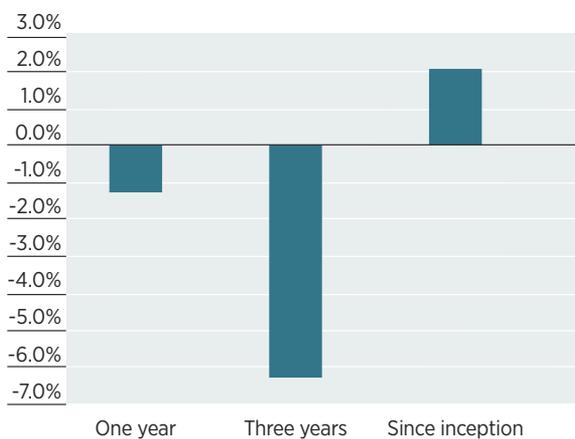
Five-Year Returns (p.a.) to 31 March 2025



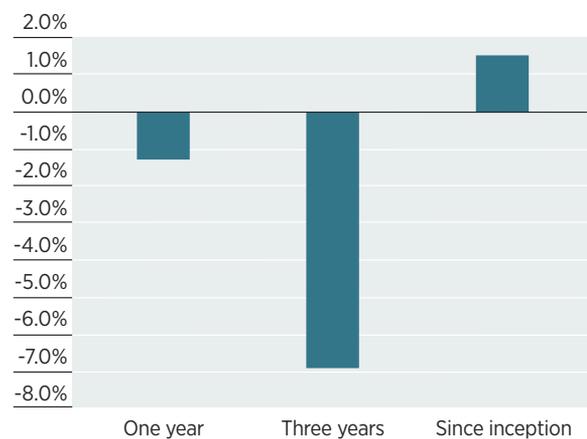
## Performance Within the Separate Admission Body Sub-Funds

The charts below, summarise the annualised performance of the invested assets within the separate admission body sub-funds over one, three and five years. It should be noted that these two sub-funds are no longer open to accrual of benefits and have a more mature membership profile. The investment strategy is hence designed to more closely match the liabilities, and performance will consequentially follow changes in liabilities due to market conditions.

WMTL Performance to 31 March 2025



Preston Bus Performance to 31 March 2025



## Asset Allocation

The following tables provide a summary of the asset allocation for the Main Fund and two admitted body separate funds (ABSFs) at the year ended 31 March 2025 compared with the strategic targets agreed by the Pensions Committee in operation during the financial year 2024/25.

Asset class	Value (£m)	Allocation (%)	Interim target (%)	Final target (%)
Developed market equity	7,117	33.8%	34.0%	26.5%
Emerging market equity	975	4.6%	5.0%	5.0%
<b>Total liquid growth</b>	<b>8,092</b>	<b>38.5%</b>	<b>39.0%</b>	<b>31.5%</b>
Private equity	1,340	6.4%	6.0%	5.0%
Opportunistic	4	0.0%	0.0%	1.0%
<b>Total illiquid growth</b>	<b>1,344</b>	<b>6.4%</b>	<b>6.0%</b>	<b>6.0%</b>
<b>Total growth</b>	<b>9,436</b>	<b>44.9%</b>	<b>45.0%</b>	<b>37.5%</b>
Corporate bonds	1,432	6.8%	6.5%	8.5%
Multi-asset credit	711	3.4%	3.5%	3.5%
Emerging market debt	822	3.9%	3.5%	2.5%
Liquid stable income	1,372	6.5%	5.5%	5.0%
<b>Total liquid income</b>	<b>4,337</b>	<b>20.6%</b>	<b>19.0%</b>	<b>19.5%</b>
Private debt	1,048	5.0%	6.0%	7.0%
Infrastructure	1,019	4.8%	5.0%	9.0%
Property	1,425	6.8%	7.0%	9.0%
<b>Total illiquid income</b>	<b>3,492</b>	<b>16.6%</b>	<b>18.0%</b>	<b>25.0%</b>
<b>Total income</b>	<b>7,829</b>	<b>37.2%</b>	<b>37.0%</b>	<b>44.5%</b>
Government bonds	947	4.5%	4.5%	4.5%
Index-linked bonds	2,819	13.4%	13.5%	13.5%
<b>Total stabilising</b>	<b>3,767</b>	<b>17.9%</b>	<b>18.0%</b>	<b>18.0%</b>
<b>Total</b>	<b>21,032</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The Final Target column represents the revised long-term Strategic Asset Allocation (SAA) targets which were agreed by the Pensions Committee on 23 March 2023 following the investment strategy review in 2022/23 and as documented in the Fund's Investment Strategy Statement. The overweight allocation to listed equities at 31 March 2025 is expected to fund allocations (both those committed and waiting to be drawn down and future commitments which are to be made) to private debt, infrastructure and property.

# Asset Allocation

## Separate Admission Body Fund (WMTL)\*

The two separate admission body funds within the Fund have their own investment strategy and targets reflecting the closed membership status of these funds, supporting employer covenant and maturity of the liabilities:

Asset class	Value	Current allocation	Interim target	Target
Equities	£34	14%	15%	8%
<b>Total growth</b>	<b>£34</b>	<b>14%</b>	<b>15%</b>	<b>8%</b>
Private debt	£41	18%	17%	29%
Multi-asset credit	£55	24%	23%	19%
Corporate bonds	£41	18%	17%	16%
<b>Total income</b>	<b>£137</b>	<b>59%</b>	<b>57%</b>	<b>64%</b>
LDI	£56	24%	28%	28%
Cash	£6	3%	0%	0%
<b>Total stabilising</b>	<b>£62</b>	<b>27%</b>	<b>28%</b>	<b>28%</b>
<b>Total</b>	<b>£233</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**\*Note:** The table above excludes the value of the bulk annuity insurance buy-in contract which is held within and linked to the liabilities of the WMTL admission body fund. Following approval of the new target asset allocation in March 2023, the transition to the new strategy has been completed. The overweight allocations to equity and multi-asset credit are expected to fund commitments that have been made to private debt and are waiting to be drawn. The allocations will move towards the target over time as these commitments are drawn.

## Separate Admission Body Fund (PBL)

Asset class	Value	Current allocation	Target
Corporate bonds	£6	40%	40%
<b>Total income</b>	<b>£6</b>	<b>40%</b>	<b>40%</b>
LDI	£8	58%	60%
Cash	£0	2%	0%
<b>Total stabilising</b>	<b>£8</b>	<b>60%</b>	<b>60%</b>
<b>Total</b>	<b>£14</b>	<b>100%</b>	<b>100%</b>

# Investment Pooling Governance

In compliance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the West Midlands Pension Fund has outlined its approach to investment pooling in its Investment Strategy Statement. Working collectively with seven Partner Funds, the West Midlands Pension Fund created and owns LGPS Central Limited, an FCA-regulated company responsible for product development and collective investment vehicles to meet the investment requirements of the eight administering authorities as its clients.



LGPS Central Investment Pool was established in 2017 in response to the Government requirements for LGPS funds to pool investments with the aim of achieving four key objectives:



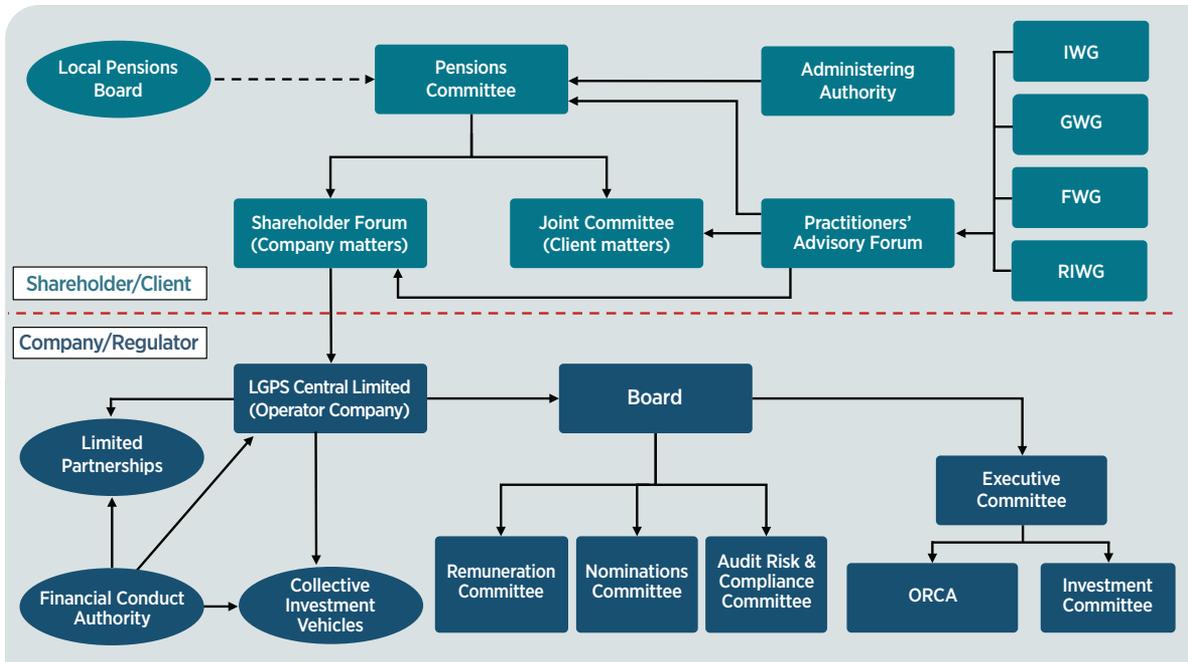
## Partner Funds



# Investment Pooling Governance

## Governance Framework

The Governance structure for the investment pool is set out in the diagram below.



**Note:** supporting working groups IWG, GWG, FWG and RIWG, focus on investment products, governance arrangements, the Pool’s financials and responsible investment respectively.

In meeting the Government requirement to pool assets, and as persons charged with responsibility for their LGPS funds, in the context of LGPS Investment Pooling, each Partner Fund wears three hats of responsibility.

1. Statutory responsibility to ensure the legal obligations on LGPS Funds are met, this includes the obligation to provide for the pooling of investments in their Investment Strategy Statement. This is owned by the individual Funds’ Pension Committees.
2. Owners/Shareholder of the investment pooling company, LGPS Central Limited who oversee the development and delivery of the Company’s objectives through formal AGM and Company meetings. Individual authorities’ own scheme of delegation determines their appointed Shareholder representative.

3. Client/Customer of the investment pooling company contracted under individual Client Services Agreements to deliver and manage pooled investment products and services to Partner Funds. The Funds sit as a collective customer as the LGPS Central Joint Committee which provides collective oversight of the performance and direction of the LGPS Central investment pool.

In order to perform functions of oversight over LGPS Central Limited (as a linked body of the administering authority) and to meet FCA requirements for a regulated asset manager, the Partner Funds stand at arm’s-length to the company and its ongoing management of the investment transferred to the pool. The Company Directors, (two executive and five non-executive) Board and Board sub-committees are responsible for managing the strategic direction of the Company, its governance arrangements, ensuring

## Investment Pooling Governance

clear accountability and oversight of the day-to-day running of the Company including compliance with regulatory requirements of the FCA.

In July 2024 the Government commenced a Pension Investment Review. After an initial call for evidence, proposals for the LGPS were contained in a consultation paper titled “Fit for the Future” issued in November 2024. These proposals set minimum standards for pooling. A Final Report was published in May 2025 setting out the measures Government will be putting in place via a Pensions Scheme Bill due later in 2025. The minimum standards for pooling to take effect from March 2026 are:

- LGPS Funds will be required to fully delegate the implementation of investment strategy to the pool, and to take their principal advice on their investment strategy from the pool.
- Pools would be required to be investment management companies authorised and regulated by the Financial Conduct Authority.

- Funds would be required to transfer legacy assets to the management of the pool.

Pools were required to submit transition plans for implementing the above to Government by March 2025. LGPS Central’s plan was accepted by Government and hence the pool can move ahead with building the necessary capability and functionality to meet the standards. It should be noted that the LGPS Central is already regulated by the FCA and that over 80% of the Fund’s assets are already pooled or under pool oversight. Two of the eight pools did not have their plans accepted and hence there are 21 Funds that will need to join one of the remaining six pools, including LGPS Central. As a consequence, the Fund’s pool may accept additional members over the 2024/25 financial year on terms to be agreed by shareholders.

### Pooling Breakdown Asset Table - Year Ended 31 March 2025

Asset values as at 31 March 2025	Pooled £m	Under pool management £m	Not pooled £m	Total £m	% of asset class under pool stewardship %
Equities	5,999	1,057	1,026	8,084	87%
Bonds	1,523	5,311	395	7,229	95%
Property	0	235	1,189	1,425	17%
Private equity	387	917	36	1,340	97%
Opportunistic	0	4	0	4	100%
Private debt	733	344	12	1,089	99%
Infrastructure	279	211	529	1,019	48%
Cash and other investments	0	0	1,089	1,089	0%
<b>Total</b>	<b>8,922</b>	<b>8,080</b>	<b>4,277</b>	<b>21,279</b>	<b>80%</b>
% of total AUM	42%	38%	20%		

## Investment Pooling Governance

As at 31 March 2025, 80% of the Fund's assets were invested with, or overseen by, LGPS Central (LGPSC). 42% of the Fund's assets were directly invested in LGPSC pooled products, a further 18% invested in discretionary mandates managed by LGPSC and a further 20% overseen by LGPSC under an advisory agreement which is reviewed on an annual basis. The latter covers some of the Fund's legacy investments particularly in private markets.

The Fund is committed to further pooling of investment assets with other local government pension schemes in order to implement its investment strategy more efficiently and effectively and to improve investment governance. The pace of completing pooling depends on the availability by the pool of suitable strategies and vehicles. To this end, the Fund works collaboratively with LGPSC as its pooling partner, and the Partner Funds who make up the Central pool.

### UK Allocation Asset Table - Year Ended 31 March 2025

Asset values as at 31 March 2025	Pooled £m	Under pool management £m	Not pooled £m	Total £m	UK % of asset class
Listed equities	362	93	3	459	6%
Government bonds	0	3,767	64	3,831	100%
Non-Government bonds	360	517	105	982	29%
Property	0	170	1,189	1,360	95%
Private equity	43	187	30	261	19%
Private debt	186	90	12	287	26%
Infrastructure	76	23	472	571	56%
Cash	0	0	551	551	53%
<b>Total</b>	<b>1,028</b>	<b>4,846</b>	<b>2,426</b>	<b>8,300</b>	<b>39%</b>

The above table shows the value of the Fund's UK investments across various asset classes. The figures above exclude unfunded commitments, as the percentage of remaining commitments that will ultimately be allocated to the UK is difficult to predict. The Fund has £1,213m worth of unfunded commitments to infrastructure, private equity, private debt & property.

### Costs of Pooling

The aim of pooling is to increase the efficiency of partner funds in respect of increasing economies of scale, delivering better value for money in investment costs, and achieving stronger governance and decision-making. The table below outlines costs and savings for the financial year and cumulative since the creation of LGPS Central.

Pooling assets has had the desired effects of creating cost saving for the Fund. For the financial year 2024/25, pooling has had a net saving of £2.9m. The cumulative saving since inception is £2.6m. This is the first year the cumulative savings are positive, recouping the initial set-up costs of pooling in 2018.

	Financial year (£m)	Cumulative to end of financial year (£m)
Total pooling costs	6.1	37.2
Gross savings, before pooling costs	9.0	39.9
<b>Net saving</b>	<b>2.9</b>	<b>2.6</b>

## Top Twenty Direct Quoted Equity Holdings

1	Taiwan Semiconductor Manufacturing Co. Ltd.	£64.8m
2	Microsoft Corp	£58.0m
3	Tencent Holdings Ltd	£42.8m
4	Alibaba Group Holding Ltd	£33.9m
5	NVIDIA CORP Ltd	£29.0m
6	Franklin FTSE India ETF	£28.9m
7	HDFC Bank Ltd Sponsored ADR	£26.6m
8	Haleon Plc	£25.1m
9	Boston Scientific Corp	£23.8m
10	Mastercard Inc - A	£23.4m
11	ICICI Bank Ltd - ADR	£22.2m
12	Samsung Electronics Co Ltd	£22.0m
13	Linde Plc	£21.7m
14	iShares MSCI Saudi Arabia ETF	£19.7m
15	Marsh & McLennan COS	£19.7m
16	Oracle Corp	£19.6m
17	Safran SA	£18.7m
18	Alcon Inc	£18.3m
19	UnitedHealth Group Inc	£18.2m
20	Amazon.com Inc	£18.1m

## Top Twenty Fund Holdings

	Holding (£m)
1 Index-Linked Gilts	£2,819.3
2 LGPS Central All World Equity Climate Multi Factor Fund	£2,553.9
3 LGPS Central Global Ex UK Passive Equity Fund	£1,763.6
4 LGPS Central Global Equity Active Multi Manager Fund	£1,540.3
5 Nominal Gilts	£808.2
6 LGPS Central Buy & Main Sterling Invest Grade Credit Fund	£649.6
7 Impax Global Opportunities Equities	£541.1
8 RBC Global Market Equities	£482.6
9 Capital Group Emerging Markets Debt Fund	£464.3
10 CQS Multi-Asset Credit	£397.1
11 Mondrian Emerging Market Equities	£361.1
12 LGPS Central Global Active Emerging Market Bond Multi Manager Fund	£357.9
13 Schroder All Maturities Corporate Bond Fund	£352.5
14 HSBC USD Money Market Fund	£331.5
15 Aegon Global Short Dated Climate Transition Bond Fund	£329.4
16 LGPS Central Credit Partnership II LP	£321.1
17 AGF Emerging Market Equities	£314.2
18 LGPS Central Global Active Multi Asset Credit Multi Manager Fund	£246.4
19 Legal & General GBP Money Market Fund	£202.0
20 LGPS Central Core/Core Plus Infrastructure Partnership LP	£201.4

# Assets Held as at 31 March 2025

## 1) Quoted Equities

The Fund has direct holdings of quoted equities predominantly in global overseas and emerging markets. The number and amount of individual stocks held will vary according to investment decisions taken on a day-to-day basis.

### Direct Equities

- AGF Emerging Market Equities
- IMPAX Global Equities
- Mondrian Emerging Market Equities
- RBC Global Equities
- Russell Equity Futures

## 2) Equities Funds

- LGPS Central All World Equity Climate Multi Factor Fund
- LGPS Central Global Ex UK Passive Equity Fund
- LGPS Central Global Equity Active Multi Manager Fund
- LGPS Central UK Equity Passive Fund
- Legal & General All World Equity Index

## 3) Specialist Vehicles

### Real Assets and Infrastructure

- Asper Renewable Power Partners
- Alterna Core Capital Asset Fund
- AMP Capital Asian Giants Infrastructure Fund
- Black River Agriculture Fund 2
- Blackrock (First Reserve) Energy Infrastructure Fund
- Columbia Threadneedle ESIF Feeder Vehicle 1 SCSp
- EISER Infrastructure Capital Equity Partners
- EQT Infrastructure Fund
- Global Infrastructure Partners
- Goldman Sachs International Infrastructure Fund
- Gresham House BSI - West Midlands PF
- Gresham House BSI Housing LP

- Gresham House BSI Infrastructure LP
- Hg Renewable Power Partners
- Impax Energy
- Impax New Energy Fund II
- Infracapital Partners
- Innisfree PFI Secondaries
- Insight Global Farmland Fund
- JP Morgan IIF
- JPMorgan Asian Infrastructure & Related Resources Opportunity Fund
- LGPS Central Core/Core Plus Infrastructure Partnership LP
- LGPS Central Value Add/Oppportunistic Infrastructure Partnership LP
- Dalmore PPP Fund
- PIP EDF
- PIP Multi Strategy Infrastructure
- Red Funnel
- Welcome Break

### Absolute Return/Oppportunistic

- Cairn Pathfinder Fund I
- CATco Series A sub 41SP 2019
- CATco Sub 3 SP 2018
- CEMOF II Master Co-Investment Partners
- Credit Suisse IRIS Fund S01 - Side Pocket
- Credit Suisse IRIS Fund S02 - Side Pocket
- Credit Suisse IRIS Fund S03 - Side Pocket
- Credit Suisse IRIS Fund S04 - Side Pocket

### Indirect Property

- AEW European Property Investors Special Opportunities Fund
- Beacon Capital Strategic Partners VI
- Blackrock Residential Opportunities Fund
- Bluehouse Accession Property III
- Bridges Property Alternatives III
- Bridges Property Alternatives IV

# Assets Held as at 31 March 2025

- Bridges Sustainable Property Fund Unit Trust
- Dune Real Estate Fund II
- Hearthstone Residential Fund
- Igloo Regeneration Partnership
- Mansford UK Feeder A
- Morgan Stanley AIP Phoenix Fund
- Newcore Strategic Situations IV LP
- North Haven Real Estate Fund VII
- Phoenix Asia IV Limited
- Phoenix Asia V Ltd
- Rockspring Peripheral Europe Ltd (PELP)
- RREEF European Value-Added Fund
- Silk Road Asia Value Partners
- UK Active Value Property Unit Trust
- UK Active Value Property Unit Trust II
- Vision Brazil Real Estate Opportunities Fund II

## Private Equity

The Fund has investments in the following:

- Advent Ventures Life Sciences Fund
- Advent Ventures Life Sciences Fund II
- Altor Fund III, L.P.
- Apax Europe VII, LP
- ASOF II Feeder Fund
- Astorg IV
- Atomico Ventures II
- Axiom Asia PCF II
- BC European Capital VII
- BlackRock Private Opportunities Fund IV
- Blackstone Capital Partners VI, LP
- Bomgar
- Bridgepoint Europe III
- Bridgepoint Europe IV
- Bridgepoint Europe V
- Bridges Community Ventures
- Bridges Ventures III
- Capital Dynamics Asia
- Carlyle Asia Partners III, LP
- Carlyle Asia Partners IV, LP
- Carlyle Asia Partners V. LP
- Carlyle Europe Partners IV
- Carlyle Partners V, LP
- Carlyle Partners VI, LP
- Chicago Growth Partners II, LP
- Clayton, Dubilier & Rice VIII, LP
- Cressey & Company Fund IV, LP
- DCM VI, LP
- Dominus Capital Partners
- Doughty Hanson & Co. Fund III, LP
- Doughty Hanson & Co. IV, LP
- Doughty Hanson & Co. Tech II, LP
- ECI 8, LP
- Eduko
- Epiris Fund II
- Exponent PEP II
- Francisco Partners V, LP
- Francisco Partners III, LP
- Graphite Capital Partners VII
- Graphite Capital Partners VIII
- Graphite IX
- HarbourVest Partners VIII - Venture
- HG Capital 6
- HG Capital 8
- HIPEP V-Asia Pacific & RoW
- HIPEP VI - Emerging Markets
- HIPEP VI-Asia Pacific Fund
- IK VII
- I-MED
- Industry Ventures Fund V, LP
- Industry Ventures VI, LP
- Key Capital Partners IV

# Assets Held as at 31 March 2025

- Key Capital Partners VI
- Khosla Ventures
- Lexington Middle Market Investors II, LP
- LGPS Central Co-Investment 2018
- LGPS Central Co-Investment 2021
- LGPS Central PE Primary
- LGPS Central PE Primary 2021
- Madison Dearborn Capital Partners VI, LP
- Menlo Ventures XI, LP
- MVM Fund III, LP
- New Enterprise Associates 13, LP
- New Leaf Ventures II, LP
- Newbury Equity Partners II
- Olympus Growth Fund V, LP
- Olympus Growth Fund VI, LP
- Olympus Growth Fund VII AIV (Cayman), LP
- Olympus Growth Fund VII, LP
- Opus Capital VI
- Pantheon Asia Fund V
- Pantheon Global Secondary Fund III, LP
- Pantheon USA Fund
- Pantheon USA Fund II
- Pantheon USA Fund III, LP
- Permira V
- Permira VI, LP
- Pflingsten Partners IV
- Pomona Capital VII, LP
- Pomona Co-Investment Fund
- Pragma II
- Quadriga Capital Private Equity Fund III, LP
- Scottish Equity Partners IV
- Scottish Equity Partners V
- TA Atlantic & Pacific VI
- The Triton Fund III
- Unigestion Direct Opps 2015

- Unigestion Secondary Opp II
- Vestar Capital Partners V, LP
- West Midlands Equity Co-Investment

## Fixed Interest

### Direct holdings: Corporate Bonds

- Royal London Asset Management Corporate Bonds

### Fund holdings: Corporate Bonds

- Aegon Global Short Dated Climate Transition Fund
- Legal & General Active Corporate Bond - All Stocks Fund
- Legal & General Investment Grade Corporate Bond - All Stocks Index Fund
- LGPS Central Buy and Maintain Investment Grade Credit
- LGPS Central Global Active Investment Grade Corporate Bond Multi Manager Fund (A Acc)
- Schroders All Maturities Corporate Bond Fund

### Fund Holdings: Multi-Asset Credit

- CQS Credit Multi-Asset Fund (Class Ei)
- LGPS Central Global Active Multi Asset Credit (MAC) Multi Manager Fund (A Acc)

### Fund Holdings: Emerging Market Debt

- Capital International Emerging Market Debt Fund
- LGPS Central Global Active Emerging Market Bond Multi Manager Fund (A Acc)

### Fund Holdings: Diversified Private Credit

- Dorchester Capital Secondaries Offshore Fund IV
- Dorchester Capital Secondaries Offshore Fund V
- Dorchester Capital Secondaries Offshore Fund VI
- LGPS Central Credit Partnership I LP
- LGPS Central Credit Partnership II LP
- LGPS Central Credit Partnership III LP
- LGPS Central Credit Partnership IV LP
- Schroders Focus II Fund
- Schroders Focus III Fund
- FDC Tooling Loan Fund

# Assets Held as at 31 March 2025

- FDC Mezzanine Loan Fund
- FDC National Mezzanine Load Fund
- FDC Help to Own Fund II

**Stabilising assets:** The Fund has direct Nominal & Index-Linked Gilt holdings which aim to replicate the ICE BofA 15+ Years UK Gilt Index & the ICE BofA All Maturity UK Gilt Inflation-Linked Government Index, respectively.

## **Stabilising: Direct Holdings**

- LGPSC UK Gilts (Discretionary Managed)
- LGPSC UK Index-Linked Gilts (Discretionary Managed)

## **Stabilising: Funds**

- Legal & General Gilt Fund

## **4) Direct Property Holdings**

The Fund has investments in the following:

### **Agricultural**

- Cleveland Estate
- Backford & Wincham Estate
- Stagsden Land
- Butlers Marston Estate

### **Hotels**

- Manchester Dale Street (Premier Inn)

### **Industrial**

- Birmingham (Merlin Park II)
- Birmingham (Midpoint Park)
- Birmingham (Alliance Unit)
- Bristol (Kingswood Industrial Estate)
- Coventry Ryton on Dunsmore (Network Rail DC)
- Hayes (Elystan Business Centre Unit)
- London Park Royal
- Horsham (Parsonage Way)
- London Powergate Business
- London (Waxlow Road)
- London Medway - Commercial Park

- Southampton Unit 43 Nursling Industrial
- London Cloudhouse
- Southampton (Canberra Road)
- Weybridge (Brooklands)
- Basingstoke (West Ham Industrial Estate)

### **Offices**

- Bath (Manvers Street)
- Birmingham (Colmore Row)
- Birmingham (St Philips Place)
- Bristol (1 Rivergate)
- Edinburgh (Citypoint)
- Leeds (City Point)
- London (Southwest House)
- London (Whitfield Street)

### **Retail Warehouses**

- Bristol (Longwell Green)
- Hayes (Uxbridge Road Retail Park)
- Pontefract (Racecourse Retail Park)
- South Ealing (Wickes)
- Sydenham (Bell Green)

### **Retail**

- Bury St Edmunds (Arc)
- Glasgow (Buchanan Street)
- High Wycombe (Sytner Car Showroom)

### **Supermarkets**

- Birmingham (Great Barr) Asda
- Wood Green Morrisons

### **Other**

- Bath Thornbank Gardens (University of Bath)
- University of York Student Accommodation

# Responsible Investment

## Introduction

As long-term asset owners, we believe that the integration of environmental, social and governance (ESG) factors into the investment process (what we refer to as Responsible Investment) is key to protecting and enhancing the value of our assets and, therefore, is critical in helping secure our members' existing and future pensions. We aim to utilise our influence as an investor to participate in positive change and support the long-term sustainability of society and our planet – creating sustainable futures.

Our approach to Responsible Investment is defined in our [Responsible Investment Framework which is reviewed annually](#).

## Key highlights over 2024-25

The industry has faced major headwinds driven by political uncertainties and market shifts. We stay firm in our beliefs that integrating material ESG factors into investment decisions, undertaking active stewardship and addressing systemic issues, such as climate change, remains a priority and focus for us as part of our fiduciary duty. We continue to evolve and enhance our practices and drive efficiencies through a proactive approach to change.

## Formalising our Responsible Investment beliefs

We have reviewed and defined a series of Responsible Investment aims and beliefs. These aims and beliefs have been developed in line with our fiduciary duty to our members, working in tandem with our advisors and challenged by our governing bodies. They guide our responsible investment approach, provide focus on key areas of change and frame how our processes and practices evolve over time to deliver value for employers, members and society.



## Shiventa Sivanesan

Director of Investment  
Management and Stewardship

# Responsible Investment

We look to:



**AIMS**

**We act in the best interests of our members**

**We look to positively influence outcomes**

**We push to raise standards across the industry**

**We strive to create a better world, society and environment**

**We partner with organisations that incorporate Equity, Diversity and Inclusion (EDI)**

**BELIEFS**

Investing responsibly and integrating ESG is in line with our fiduciary duty to members and produces better risk-adjusted returns

Engaging with companies and asset managers can drive real-world positive change

There are wider systemic benefits to be gained from playing an active role in driving innovation and best practice across the industry

It is possible to generate necessary investment returns and simultaneously invest for positive impact over the long-term

Incorporating EDI has positive benefits and leads to improved outcomes

Managing costs and using resources and expertise efficiently is important in delivering value

Engagements should be targeted, focussing on material areas where positive impact can be achieved

Collaborating and knowledge sharing can promote innovation and improve engagement outcomes

There is scope to invest for positive social benefit locally and globally in line with our fiduciary duty

EDI should be incorporated at all levels across companies, asset managers and service providers

## Evolving Our Approach to Climate Risk Management

As long-term investors, climate change presents risks and opportunities that form a part of our critical thinking in the way we approach investment and our wider objectives. We recognise the need to address climate change on a global scale due to its wide-scale impact on global financial markets and believe that climate-related risks are systemic and financially material in the long term<sup>1</sup>.

The investment industry has evolved in its understanding of the management of material climate-related financial risks. We have also enhanced our internal climate risk analysis, in collaboration with our investment pooling partner, LGPS Central, to provide greater insights into assessing both backward and forward-looking climate metrics of companies with our investment portfolio.

<sup>1</sup> As described by investors in the [World Economic Forum 2025 Global Risk Report](#)

# Responsible Investment



During the financial year, we undertook an in-depth review of our climate strategy, assessing our progress against our interim targets and evaluating where the current targets were fit for purpose to reach our net zero by 2050 goal. In March 2025, we published our new [2025 Climate Change Framework and Strategy](#) which was approved by our Pensions Committee. Our new strategy captures our increased ambitions and targets covering:

- Emissions reduction
- Alignment of assets to net zero
- Engagement with managers and investee companies on climate change risks
- Data quality and coverage
- Operational emissions of our business investment in climate solutions

We report our progress to net zero annually in our [Climate-related Financial Disclosures report](#). Aligning to our new strategy, we will be evolving our reporting to provide greater transparency and disclosure to our stakeholders and members.

We continue to be a signatory to the [Paris Aligned Asset Owner Initiative \(PAAO\)](#) aligning to the 10 commitments of the initiative. We submitted our progress against these commitments as part of the 2024 reporting year, maintaining our signatory status.

## Transparency and Disclosure

We review our policies, guidance documents and reports annually to ensure consistency with industry best practice and guidance. During the year, we reviewed and updated the following documents, which were shared and where relevant approved, by our Pensions Committee:

- Responsible Investment Framework
- Voting Principles
- Climate Change Framework and Strategy
- Annual Stewardship Report
- Climate-related Financial Disclosures
- Annual Report and Accounts

Following submission of our 2024 Annual Stewardship Report for review by the Financial Reporting Council in May, we received confirmation in September that we had retained signatory status to the UK 2020 Stewardship Code for the fourth consecutive year.

# Responsible Investment

## Member Communication

We continue to engage with our membership base to increase their understanding of Responsible Investment, explain how we integrate this into our investment strategy and keep them informed about our activities and developments. These ambitions follow the results from the first Responsible Investment member survey in 2023. Since then, we have been actively involved in various engagement with members including:



Active, Deferred and Pensioner Engagement Forums



District and Employer Roadshows



Webinars during Pension Awareness Week



LinkedIn posts



Website updates



News articles



Member-specific reports on climate change and stewardship



Member newsletters

We estimate that we have reached 13,035 members through various interactions covering topics including Responsible Investment, stewardship and climate. We will be looking to assess how our communication strategy has helped achieve our ambitions and provided greater transparency to our members. We continue to engage with our membership and evolve our communication strategy.

# Responsible Investment

## Working in Partnership

We believe that working collaboratively with like-minded investors and industry participants will accelerate the progress of outcomes, whether this applies to influencing wider policy, addressing investee company risks, or solving real world systemic issues.

Engagement is embedded into our approach through the active stewardship of our held assets. To protect shareholder value, investee companies are engaged on a range of financially material ESG risks through external managers and through leveraging partnerships to build influence and scale. Over the year this included:

- “EOS” at Federated Hermes (LGPS Central’s stewardship provider)
- Local Authority Pension Fund Forum (LAPFF)
- Principles for Responsible Investment (PRI)
- Rathbones ‘Votes Against Slavery’ Engagement
- 30% Investor Group
- Climate Action 100+<sup>2</sup> (CA100+)
- Nation Action 100+<sup>2</sup> (NA100+)
- Find it, Fix it, Prevent it<sup>2</sup>
- ShareAction<sup>2</sup>

We also recognise the importance of shaping the industry that we operate in to align with addressing the long-term issues that affect the value of the investments that we make. This includes the direction of policy, development of best practice and communication with peers to effectively deliver outcomes. Over the year we have actively participated in:

- Institutional Investor Group on Climate Change (IIGCC)
- Climate Solutions Working Group
- External Manager Monitoring Working Group
- Infrastructure Working Group
- Real Estate Working Group
- Asset Owner Diversity Charter (AODC)
- Cross-Pool Working Group
- Responsible Investment Working Group (RIWG) with LPGA Central

Please refer to our [Annual Stewardship Report](#) for more details on these engagement partners and initiatives.



<sup>2</sup> Through engagement undertaken by LGPS Central on the Fund’s portfolio

# Responsible Investment

## Engagement over the year

Engagement took place with our portfolio companies through LGPS Central’s engagement provider EOS (“EOS”)<sup>3</sup>. EOS engages companies on a wide variety of ESG factors, often engaging on multiple topics with one company.

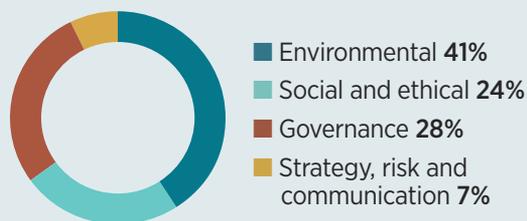
Over the year EOS engaged on 3,132<sup>4</sup> engagement topics with 689<sup>5</sup> companies in our portfolio. We have shown this split by geography and engagement topics in the following pages.

## Engagement by geography

The data provided in the following pages is for the 2024 – 2025 financial year (1 April 2024 – 31 March 2025).

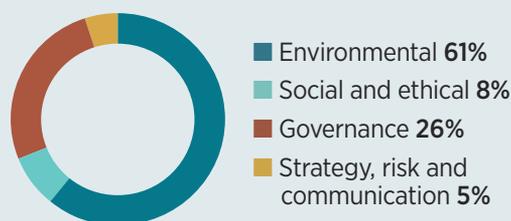
### Global

EOS engaged with **689** companies over the last year



### Australia and New Zealand

EOS engaged with **35** companies over the last year



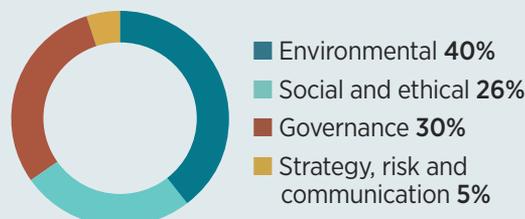
### Developed Asia

EOS engaged with **92** companies over the last year



### Emerging and Developing Markets

EOS engaged with **67** companies over the last year



### Europe

EOS engaged with **160** companies over the last year



### North America

EOS engaged with **285** companies over the last year



### United Kingdom

EOS engaged with **52** companies over the last year



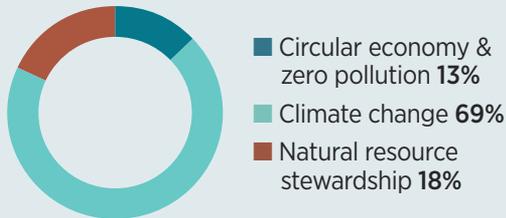
Please note: Totals may not sum to 100% due to rounding.

# Responsible Investment

## Engagement by topic

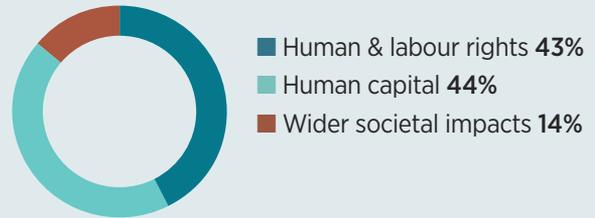
### Environmental

Environmental topics featured in **1,276** engagements over the last year.



### Social and ethical

Social and ethical topics featured in **754** engagements over the last year.



### Governance

Governance topics featured in **881** engagements over the last year.



### Strategy, risk and communication

Strategy, risk and communication featured in **227** engagements over the last year.



**Please note:** Totals may not sum to 100% due to rounding.

<sup>3</sup> Engagement is also undertaken by our external asset managers and the Local Authority Pension Fund Forum (LAPFF), which has not been captured in these statistics or the statistics on the following pages.

<sup>4</sup> The aggregate number of 'Engagements topics' broken by its respective ESG topics will not be the same as the overall figure. This is due to a data cleansing activity undertaken which results in six engagements changing theme during 2024. These activities are counted twice in the ESG breakdown.

<sup>5</sup> Companies can be 'engaged' more than once on various topics over time. Companies engaged by geography breakdown will not aggregate to the overall number of companies engaged. In 2024, one company changed location, and another company is listed in two different regions.

# Responsible Investment

## Voting over the year

Execution of our voting rights is delegated to LGPS Central.

### Global

We voted at **2,929** meetings (**36,772** resolutions) over the last year



### Australia and New Zealand

We voted at **120** meetings (**724** resolutions) over the last year



### Developed Asia

We voted at **802** meetings (**8,348** resolutions) over the last year



### Emerging and Developing Markets

We voted at **487** meetings (**4,728** resolutions) over the last year



### Europe

We voted at **504** meetings (**8,823** resolutions) over the last year



### North America

We voted at **599** meetings (**7,712** resolutions) over the last year



### United Kingdom

We voted at **417** meetings (**6,437** resolutions) over the last year



Please note: Totals may not sum to 100% due to rounding.

# Responsible Investment

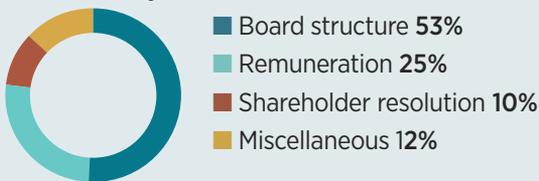
## Key definitions of metrics

Voting category	Definition
<b>Total meetings in favour</b>	Voted for all resolutions in a meeting
<b>Meetings against (or against AND abstained)</b>	Voted at least one against any resolution in a meeting, except for when there is a resolution with management by exception (see definition below)
<b>Meetings abstained</b>	Voted abstain in all resolutions in a meeting, OR, we voted at least one abstain and the remaining resolutions for in a meeting
<b>Meetings with management by exception</b>	At least one resolution in a meeting, where we voted for a resolution against the recommended policy

Below are the issues in which we voted against management or abstained.

### Global

We voted against or abstained on **5,459** resolutions over the last year



### Australia and New Zealand

We voted against or abstained on **204** resolutions over the last year



### Developed Asia

We voted against or abstained on **1,323** resolutions over the last year



### Emerging and Developing Markets

We voted against or abstained on **965** resolutions over the last year



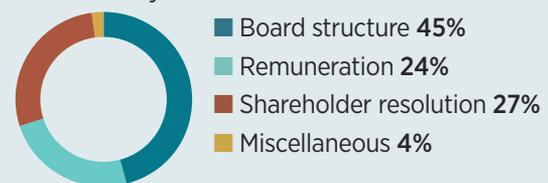
### Europe

We voted against or abstained on **1,294** resolutions over the last year



### North America

We voted against or abstained on **1,271** resolutions over the last year



### United Kingdom

We voted against or abstained on **402** resolutions over the last year



Please note: Totals may not sum to 100% due to rounding.

# Actuarial Statement for 2024/25

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the administering authority of the Fund for the purpose of complying with the aforementioned regulation.

## Description of Funding Policy

The funding policy is set out in the administering authority's Funding Strategy Statement (FSS), dated March 2023. In summary, the key funding principles are as follows:

- to take a prudent long-term view of funding liabilities.
- to ensure that the regulatory requirements to set contributions to meet the future liability to provide scheme member benefits in a way that ensures the solvency and long-term cost efficiency of the Fund are met.
- to support the desirability of maintaining as nearly constant a primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013.
- to ensure that pension benefits can be paid as and when they fall due over the lifetime of the Fund.
- to set levels of employer contribution rates to target an appropriate funding level over a relevant time period and using appropriate actuarial assumptions, while taking into account the different characteristics of participating employers.
- to build up the required assets in such a way that employer contribution rates are kept as stable as possible, with consideration of the long-term cost efficiency objective; and
- to adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the taxpayer from an employer defaulting on its pension obligations.

The FSS sets out how the administering authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the administering authority to

be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 17 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 70% likelihood that the Fund will achieve the funding target over 17 years.

## Funding Position as at the Last Formal Funding Valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £20,334 million, were sufficient to meet 103% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £679 million.

## Principal Actuarial Assumptions and Method Used to Value the Liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

## Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership are described in the 2022 valuation report and FSS.

# Actuarial Statement for 2024/25

## Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

Financial assumptions	31 March 2022
Discount rate	4.3% pa
Salary increase assumption	3.9% pa
Benefit increase assumption (CPI)	2.9% pa

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.1 years	23.9 years
Future Pensioners*	22.0 years	25.4 years

*\*Aged 45 at the 2022 Valuation.*

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the administering authority to the Fund and on the Fund's website.

## Experience Over the Period Since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. Asset performance improved in 2024 and early 2025; however, the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025; however, generally lower than expected asset returns were experienced in the month immediately prior to this.

High levels of inflation in the UK (compared to recent experience) have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England's target (2% pa), with LGPS benefits increasing by 1.7% in April 2025.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025, and will be finalised by 31 March 2026. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

**Tom Hoare** FFA C.Act  
09 May 2025

For and on behalf of Hymans Robertson LLP

# Independent Auditor's Report to the Members of City of Wolverhampton Council on the Pension Fund Financial Statements of West Midlands Pension Fund

## Opinion on Financial Statements

We have audited the financial statements of West Midlands Pension Fund (the 'Pension Fund') administered by City of Wolverhampton Council (the 'Authority') for the year ended 31 March 2025, which comprise the Fund Account, the Net Assets Statement and notes to the pension fund statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. 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 Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's 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 Section 151 Officer's 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 Pension Fund'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 Pension Fund to cease to continue as a going concern.

In our evaluation of the Section 151 Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

In auditing the financial statements, we have concluded that the Section 151 Officer's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

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 Pension Fund'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.

# Independent Auditor's Report to the Members of City of Wolverhampton Council on the Pension Fund Financial Statements of West Midlands Pension Fund

Our responsibilities and the responsibilities of the Section 151 Officer with respect to going concern are described in the relevant sections of this report.

## Other Information

The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's and group's financial statements. The Section 151 Officer is responsible for the other information. 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund 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 themselves. 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.

## Opinion on Other Matters Required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements, the other information published together with the Pension Fund's financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

## Matters on Which We are Required to Report by Exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

## Responsibilities of the Authority and the Section 151 Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Section 151 Officer. The Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority

## Independent Auditor's Report to the Members of City of Wolverhampton Council on the Pension Fund Financial Statements of West Midlands Pension Fund

Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Section 151 Officer is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's 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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024 and the Local Government Act 2003, the

Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

- We enquired of management and the Pensions Committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and the Pensions Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journal entries considered to be unusual and the valuation of level 3 investments.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on large and/or unusual journals and those posted by senior officers;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of investments and the actuarial present value of promised retirement benefits; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

## Independent Auditor's Report to the Members of City of Wolverhampton Council on the Pension Fund Financial Statements of West Midlands Pension Fund

- 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.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including those linked to significant accounting estimates related to investment assets and the actuarial present value of promised retirement benefits. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- 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 local government pensions sector
  - understanding of the legal and regulatory requirements specific to the Pension Fund including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of Our Report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority'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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Mark Stocks

Key Audit Partner

For and on behalf of Grant Thornton UK LLP,  
Local Auditor

Birmingham

20 January 2026

# Independent Auditor's Statement to the Members of City of Wolverhampton Council on the Pension Fund Financial Statements of West Midlands Pension Fund Included within the Pension Fund Annual Report

## Opinion

We have examined the pension fund financial statements of West Midlands Pension Fund (the 'pension fund') for the year ended 31 March 2025 included within the pension fund annual report, which comprise the Fund Account, the Net Assets Statement, and the notes to the pension fund statements, including the summary of significant accounting policies.

In our opinion, the pension fund financial statements included within the pension fund annual report are consistent, in all material respects, with the audited pension fund financial statements of City of Wolverhampton Council for the year ended 31 March 2025 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

## Respective Responsibilities of the Section 151 Officer and the Auditor

As explained more fully in the Statement of Responsibilities, the Section 151 Officer is responsible for the preparation of the pension fund's financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Our responsibility is to state to the members of City of Wolverhampton Council our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of City of Wolverhampton Council.

We also read the other information contained in the pension fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information comprises the information included in the pension fund annual report, other than the pension fund financial statements and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of City of Wolverhampton Council describes the basis of our opinion on those financial statements.

## Use of this Auditor's Statement

This statement is made solely to the members of City of Wolverhampton Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of City of Wolverhampton Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than City of Wolverhampton Council and the members of City of Wolverhampton Council as a body, for our work, for this statement, or for the opinions we have formed.

## Mark Stocks

Key Audit Partner

For and on behalf of Grant Thornton UK LLP,  
Local Auditor

Birmingham

20 January 2026

# Statement of Accounts

## Fund Account

	Note	2024/25 £m	2023/24 £m
<b>Contributions</b>			
Contributions receivable	8	739.7	764.7
Transfers in	9	26.7	16.1
Other income	10	13.3	13.1
<b>Total contributions and other income</b>		<b>779.7</b>	<b>793.9</b>
<b>Benefits</b>			
Benefits payable	11	(900.4)	(734.8)
Payments to and on account of leavers	12	(34.6)	(18.8)
Other payments		(4.8)	(1.6)
<b>Total benefits and other expenditure</b>		<b>(939.8)</b>	<b>(755.2)</b>
<b>Net withdrawals from dealings with members</b>		<b>(160.1)</b>	<b>38.7</b>
<b>Management expenses</b>	<b>13</b>	<b>(122.7)</b>	<b>(125.8)</b>
<b>Returns on investments</b>			
Investment income	14	129.7	121.7
Changes in value of investments	16	326.7	1,555.3
Revaluation of bulk annuity insurance buy-in contract	17	(3.0)	4.0
		<b>453.4</b>	<b>1,681.0</b>
<b>Net increase in the Fund during the year</b>		<b>170.6</b>	<b>1,593.9</b>
<b>Net assets of the Fund at the beginning of the year</b>		<b>21,219.9</b>	<b>19,626.0</b>
<b>Net assets of the Fund at the end of the year</b>		<b>21,390.5</b>	<b>21,219.9</b>

# Statement of Accounts

## Net Assets Statement

	Note	2024/25 £m	2023/24 (restated) £m
<b>Investment assets</b>	15		
Bonds		4,135.6	2,997.3
UK equities		30.4	57.8
Overseas equities		1,760.3	2,212.5
Pooled investment vehicles*		13,108.3	13,704.7
Property		1,147.3	1,019.2
Derivative contracts - Swaps		-	1.8
Foreign currency holdings		35.4	77.7
Cash deposits		1,018.8	934.9
Other investment assets*		34.4	32.7
<b>Investment assets</b>		<b>21,270.5</b>	<b>21,038.6</b>
<b>Investment liabilities</b>	15		
Derivative contracts - Futures		(9.2)	-
Derivative contracts - Swaps		(2.2)	-
<b>Investment liabilities</b>		<b>(11.4)</b>	<b>-</b>
<b>Net investment assets</b>		<b>21,259.1</b>	<b>21,038.6</b>
Bulk annuity insurance buy-in contract	17	91.4	107.8
Long-term debtors	19	6.9	6.4
Current assets	20	84.5	91.9
Current liabilities	21	(51.4)	(24.8)
<b>Net assets of the Fund at the end of the year</b>		<b>21,390.5</b>	<b>21,219.9</b>

\*2023/24 Pooled investment vehicle balance has been restated from £13,716.8m to £13,704.7m, and Other investment assets balance has been restated from £20.6m to £32.7m to reflect the reclassification of Help To Own II.

The accounts summarise the transactions of the Fund and deal with the net assets at its disposal. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits is disclosed at note 6.

The notes form part of these financial statements.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 1 - General

The description in this note is a high-level summary of the Fund's activities and more detail is available in the Fund's Annual Report which can be found on its website.

West Midlands Pension Fund is part of the Local Government Pension Scheme and is administered by the City of Wolverhampton Council on behalf of all local authorities in the West Midlands and other employers who have members in the Fund. Membership of the Fund is available to all local government employees including non-teaching staff of schools and further and higher education corporations in the West Midlands region together with employees of scheduled and admitted bodies. At 31 March 2025, the Fund had 863 actively participating employers (2024: 838) and 363,311 members (2024: 347,735) as set out in the following table. A full list of participating employers can be found in the Fund's Annual Report.

	31 March 2025 No.	31 March 2024 No.
Active members	130,092	117,784
Pensioner members	122,311	117,225
Deferred members	110,908	112,726
<b>Total</b>	<b>363,311</b>	<b>347,735</b>

The responsibility for administering the Fund is delegated to the Council's Pensions Committee. It meets at approximately quarterly intervals and has members from each of the seven metropolitan district councils in the West Midlands. A Pensions Board was also in operation during 2024/25. Membership of the Committee and Board can be found on the City of Wolverhampton Council website: [wolverhampton.moderngov.co.uk/mgListCommittees.aspx?bcr=1](http://wolverhampton.moderngov.co.uk/mgListCommittees.aspx?bcr=1)

The scheme is a contributory defined benefit pension scheme. Benefits are funded by contributions and investment earnings.

Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme (LGPS) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. In addition to employee contributions, employers' contributions are paid as set based on triennial actuarial funding

valuations. The triennial actuarial valuation applicable to contributions payable in relation to contribution rates payable for 2023/24 to 2025/26 was conducted at 31 March 2022. Employer contribution rates during 2024/25 ranged from 0% to 49.6% of pensionable pay.

Scheme-wide benefit changes were made with effect from April 2014, with the most material change moving from an accrual of pensions based on final salaries to career-average revalued earnings (CARE) with an accrual rate of 1/49th and pensions uprated annually in line with the Consumer Price Index. Pension entitlements accrued prior to this date continue to be based on final salary.

Further to direction from the Government, local authority investment pools have been created to bring together the investment assets of LGPS pension funds into eight investment pools. LGPS Central Limited (LGPSCL), the company established to manage investments on behalf of eight LGPS funds including West Midlands Pension Fund (WMPF), received authorisation from the Financial Conduct Authority in 2018 and the LGPS Central regional investment asset pool has been in operation since 1 April 2018.

As at 31 March 2025, WMPF had assets of £12,544.5m (31 March 2024: £11,342.1m) managed in LGPSCL sub-funds comprising £7,522.1m (31 March 2024: £7,425.8m) managed through Authorised Contractual Scheme (ACS) sub-funds, £1,399.6m (31 March 2024: £1,128.6m) managed through vehicles, and a further £3,622.8m (31 March 2024: £2,787.7m) managed through discretionary funds.

Additions and changes to LGPS Central Limited sub-funds continue to be made in collaboration with LGPS Central investment asset pool Partner Funds. WMPF continues to engage in the development and review of sub-funds, taking decisions to transition assets on a case-by-case basis dependent on sub-funds meeting the strategic asset allocation and risk and return requirements of WMPF. The transition of the Fund's remaining assets into products offered by LGPS Central Limited is expected to take several years, with management agreements expected to bring more assets under pool management in the interim.

# Statement of Accounts

## Notes to the Pension Fund Statements

During the year, WMPF has utilised the advisory agreements in place with LGPSC to support with monitoring and oversight of investments outside of LGPSC sub funds. These may also facilitate execution on the underlying assets of legacy portfolios managed directly by the Fund.

The advisory mandates are regularly reviewed and are expected to reduce and may change as assets under pool management increase but have a role in context of the illiquid nature of the underlying investments and the cost effectiveness of transition.

### Note 2 – Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2024/25 financial year and its financial position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at note 6 of these accounts.

The accounts have been prepared on a going concern basis.

### Note 3 – Statement of Accounting Policies

#### a) Fund account

In the Fund Account, income and expenditure are accounted for in the year in which they accrue by the creation of payables and receivables at the year-end where necessary.

#### b) Contributions income

Normal contributions, both from the members and from the employers, are accounted for on an accruals basis. Member contributions are made in accordance with the LGPS (Amendment) Regulations 2018 using common percentage rates for all schemes which rise according to pensionable pay. Employer contributions are set

at the percentage rate recommended by the Actuary, in the payroll period to which they relate. Additional contributions (including past service deficit contributions and excluding additional voluntary contributions) as notified by employers for the period have also been included. Past service deficit contributions are accounted for in the year in which they are payable under the schedule of contributions set by the scheme actuary.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises.

Any amount due in year but unpaid is classed as a current financial asset with amounts due after the following year classed as long-term financial assets.

Where employing organisations have not submitted all of the certified returns of contributions payable by the due date for preparation of these accounts, an estimate has been made based on the monthly remittance advice received from these bodies.

#### c) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who had either transferred benefits in or out of the scheme as at 31 March 2025, calculated in accordance with the Local Government Pension Scheme Regulations (see notes to the accounts). Transfers in respect of individuals are accounted for when received or paid which is normally when the member liability is accepted or discharged. Bulk transfers in and out, where the receiving scheme has agreed to accept the liability prior to receipt and the necessary employee consents have been obtained, are accounted for in accordance with the bulk transfer terms signed by qualified actuaries appointed by the two pension schemes involved in the bulk transfer. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are reported within transfers in.

#### d) Investment income

##### i) Interest income

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

# Statement of Accounts

## Notes to the Pension Fund Statements

### ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

### iii) Distributions from pooled funds

Distributions (income) from pooled funds are recognised at the date of issue. Investment income arising from the underlying investments of pooled investment vehicles is distributed back into the pooled investment vehicles throughout the year.

### iv) Property-related income

Property-related income (consisting primarily of rental income from operating leases) is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

### v) Changes in the value of investments

Changes in the net market value of investments (including investment properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

### vi) Stock lending income

Stock lending income is accounted for on an accrual basis.

### e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as an expense as it arises.

### f) Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at 31 March 2025. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

### g) Financial assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date with some financial assets held at amortised cost where this is appropriate. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual provisions of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account.

The fair value is established in accordance with IFRS 13 for each category of investment by obtaining sufficient data as follows:

- i) Market-quoted investments are valued on the basis of the bid price (or, if unavailable, most recent transaction) on the relevant stock market. Fixed interest securities are recorded at net market value based on their current yields;
- ii) Unquoted securities are valued by the fund managers at the year-end in accordance with generally accepted guidelines. Unquoted private equities are valued by the investment managers in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022) using guidelines of the British Venture Capital Association. This includes the use of discounted cash flow models which are independently valued; and
- iii) Pooled investment vehicles are valued at the closing price under single pricing system, or bid price under dual pricing system, as advised by the respective fund manager.

Investment assets are allocated and disclosed within the fair value hierarchy, being within levels 1, 2 or 3.

The financial assets held at amortised cost are initially recognised at fair value plus any transaction costs that are directly attributable to the acquisition. Subsequently, these are measured at amortised cost using the effective interest rate (EIR) method.

The LGPS Central pool trading company, LGPS Central Limited, became licensed to trade on 1 April 2018. The Pension Fund's view is that as at 31 March 2025, cost remains an appropriate estimate of the fair value of shares held in this company.

# Statement of Accounts

## Notes to the Pension Fund Statements

### h) Freehold and leasehold properties

Properties including farmlands and commercial properties are valued annually by independent valuers on a fair value basis in accordance with Royal Institute of Chartered Surveyors (RICS) valuation standards.

### i) Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are accounted for as part of the change in market value.

### j) Derivatives

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

Purchases and sales of swap contracts are recognised on close out or expiry as cash receipts or payments, giving rise to a gain or loss. Futures contracts are recognised when the entity enters the contract. They are initially measured at fair value, which is the initial margin.

Subsequently, the futures are marked to market at each reporting period, with movements in fair value recognised as changes in the market value of investments. The fair value is determined based on quoted market prices.

### k) Movement in the net market value of investments

Any gains or losses arising on translation of investments into sterling are accounted for as a change in the market value of investments.

### l) Cash and cash equivalents

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

### m) Financial liabilities

Financial liabilities are included in the Fund Account at fair value if they exist at the reporting date with some liabilities held at amortised cost where this is appropriate. A financial liability is recognised in the Net Assets Statement on the date the Fund

becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

### n) Management expenses

The Fund discloses its management expenses in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance Accounting for Local Government Pension Scheme Management Expenses 2016.

All administrative expenses are accounted for on an accruals basis. The costs of Fund officers are recharged to the Fund along with all other costs incurred directly on Fund activities for corporate support services provided by the administering authority.

All investment management expenses are accounted for on an accruals basis. External investment management and custodian fees are agreed in management or custody agreements governing the administration of the individual mandates. Fees are generally based on the valuation of the underlying investments either being managed or in safe custody. In addition, performance-related fees are negotiated with a number of managers and the amounts of such fees are provided in a note to the accounts.

### o) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (see note 6).

### p) Additional voluntary contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential Assurance Company Limited and Utmost Life and Pensions as its AVC providers.

AVCs are paid to the provider by employers and are specifically for providing additional benefits for individual contributors. Each contributor receives an annual statement showing the amount held in their account and the movements in the year. AVCs are

# Statement of Accounts

## Notes to the Pension Fund Statements

not included in the accounts in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (see note P22).

### Note 4 – Critical Judgements in Applying Accounting Policies

It has not been necessary to make any material critical judgements in applying the accounting policies in 2024/25.

### Note 5 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

#### Actuarial present value of promised retirement benefits

##### Uncertainties

Estimation of the liability to pay pensions depends on a number of complex judgements relating to the discount rate applied to future benefit payments due, the rate at which salaries and pensions are projected to increase, changes in retirement age and mortality rates.

Hymans Robertson LLP, the Fund's appointed Actuary, is engaged to provide expert advice about the assumptions to be applied.

##### Effect if actual results differ from assumptions

The effects on the pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability; however, an increase in assumed earnings inflation or assumed life expectancy would significantly increase the pension liability as detailed by the Fund's Actuary below:

Change in assumptions - year ended 31 March 2025	Approx. % increase in liabilities	Approx. monetary value £m
0.1% p.a. decrease in discount rate	2%	295
1 year increase in member life expectancy	4%	686
0.1% p.a. increase in salary increase rate	0%	15
0.1% p.a. increase in CPI inflation	2%	280

#### Fair value of investments

##### Uncertainties

Certain types of investments are not publicly listed and, as such, there is a degree of estimation involved in their valuation.

##### Effect if actual results differ from assumptions

The use of estimates for investment values is greatest for those assets classified at Level 3 which means there is a risk that the value of investments may change materially over the course of the forthcoming 12 months. The total value of Level 3 investments is £4,830.6m (excluding bulk annuity) at 31 March 2025 (31 March 2024: £4,657.4m).

During the reporting period, the loan receivable pertaining to the Help to Own scheme, as detailed in note 25, was reclassified from investments carried at fair value to investments carried at amortised cost in order to accurately reflect the appropriate measurement basis. As a result, the prior year comparative was reduced from £4,669.6m to £4,657.4m. The assets classified as Level 3 and the sensitivity of the valuation methods employed is described in note 17.

### Note 6 – Actuarial Valuation of the Fund

The triennial actuarial valuation of the Fund as at 31 March 2022, undertaken by the Fund's current Actuary, C McFadyen of Hymans Robertson LLP, has determined the contributions rates applicable for the period 1 April 2023 to 31 March 2026 and funding position at 31 March 2022. The contribution rates applicable to the period 1 April 2020 to 31 March 2023 were determined by the Fund's previous Actuary, G Muir of Barnett Waddingham LLP, as part of the triennial actuarial valuation of the Fund made as at 31 March 2019.

# Statement of Accounts

## Notes to the Pension Fund Statements

On the basis of the assumptions adopted, the 2022 valuation revealed that the value of the Fund's assets of £20,334m represented 103% of the funding target of £19,655m at the valuation date. The valuation also showed that an average primary rate of contribution of 21.7% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

In general, the Fund applies a maximum deficit recovery period of 17 years (23/24: 18 years). The aim is to achieve 100% solvency over the period and to provide stability in employer contribution rates.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report dated 31 March 2023. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Different approaches adopted in implementing contribution increases and deficit recovery periods are as determined through the FSS consultation process.

As a result of the valuation, a revised Rates and Adjustments certificate was prepared for the three years commencing 1 April 2023. The result for the elected early-paid council was certified as follows:

Prepayment amount - combined future service rate (% of pay)

	2023/24	2024/25	2025/26	Rate of discount	Prepayment
Solihull MBC	£22.95m	£23.85m	£24.75m	4.3% pa	£67.1m

The early payment amount shown above is due in the year where the Council has opted to make a cash payment in advance. This amount was received by the Fund in April 2023. The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Funding Target and the common contribution rate were as follows:

	2022	2019
Rate of return on investments	4.3% per annum	4.6% per annum
Rate of pay increases	3.9% per annum	3.6% per annum
Rate of increases in pensions in payment (in excess of guaranteed minimum pension)	2.9% per annum	2.6% per annum
Average life expectancy for current pensioners – men currently aged 65	21.1 years	21.8 years
Average life expectancy for current pensioners – women currently aged 65	23.9 years	24.0 years
Average life expectancy for future pensioners – men currently aged 45	22.0 years	23.7 years
Average life expectancy for future pensioners – women currently aged 45	25.4 years	25.9 years

The assets were assessed at market value.

The 31 March 2019 Actuarial Valuation report can be found on the Fund's website.

The 31 March 2022 Actuarial Valuation report can also be found on the Fund's website with the results of this report implemented from 1 April 2023.

The duration of the Fund is 18 years (2023: 17 years).

# Statement of Accounts

## Notes to the Pension Fund Statements

### Actuarial present value of promised retirement benefits for the purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed and for this purpose, the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

The longevity assumptions have changed since the previous IAS 26 disclosure for the Fund. To assess the value of the benefits on this basis, the following financial assumptions have been used:

	31 March 2025	31 March 2024
Rate of return on investments (discount rate)	5.80% per annum	4.85% per annum
Rate of pay increases	3.80% per annum	3.75% per annum
Rate of increases in pensions in payment (in excess of guaranteed minimum pension)	2.80% per annum	2.75% per annum

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	31 March 2025		31 March 2024	
	Male	Female	Male	Female
Current pensioners	20.5 years	23.5 years	20.6 years	23.5 years
Future pensioners (assumed to be 45 at the valuation date)	21.3 years	24.9 years	21.5 years	24.9 years

All other demographic assumptions are unchanged from last year and are as per the latest funding valuation of the Fund.

The total value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2024 was estimated as £19,678m (2023: £19,771m). The impact of the changes in actuarial financial assumptions between 31 March 2024 and 31 March 2025 as described above is to decrease the liabilities by £2,878m (2023/24: Decrease £1,234m). Other inputs affecting the valuation include experience gains/losses, interest cost on obligations, employee contributions received, accrual of benefits and estimated benefits paid have increased the liability by £390m (2023/24: Increase £1,269m). The impact of the change in actuarial demographic assumptions between 31 March 2024 and 31 March 2025 is to decrease the actuarial present value by £40m (2023/24: Decrease £128m).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2025 is therefore £17,150m.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 7 – Taxation

#### 1) Value added tax (VAT)

The Fund (as part of the City of Wolverhampton Council) pays VAT collected on income in excess of VAT payable on expenditure to HMRC. The accounts are shown exclusive of VAT.

#### 2) Taxation of overseas investment income

The Fund receives interest on its overseas bonds gross but a variety of arrangements apply for the taxation of dividends on overseas equities in the various markets.

In some markets, a lower-than-standard tax rate is available, either as a result of a double tax treaty in place between the UK and the investment country (e.g. Poland, Canada, Italy, Sweden) or based on favourable domestic legislation (e.g. Australia, Czech Republic, Singapore). Where this is the case, relief may be granted at source based on documentation already on file (e.g. USA, Belgium, Australia, Finland, France and Norway), or ex post via reclaim forms submitted to the local tax authorities (e.g. Austria, Denmark, Germany, Netherlands, Switzerland and Spain).

There are also markets where relief is not possible - either no double taxation agreement exists (e.g. Brazil, Colombia, Lebanon), or a 'subject to tax' clause prevents UK pension funds from benefiting from treaty rates (e.g. Israel, Malaysia, Portugal). In such cases, the full amount of tax is withheld and is final.

### Note 8 – Actuarial Valuation of the Fund

	2024/25 £m	2023/24 £m
<b>Contributions receivable by type:</b>		
<b>From employers</b>		
Contributions	556.9	589.6
Past service deficit	8.4	14.1
Additional cost of early retirement	13.9	6.3
	<b>579.2</b>	<b>610.0</b>
<b>From employees</b>		
Basic contributions	159.6	154.0
Additional contributions	0.9	0.7
	<b>160.5</b>	<b>154.7</b>
<b>Total contributions</b>	<b>739.7</b>	<b>764.7</b>
<b>Contributions receivable by type of employer:</b>		
Administering authority	47.8	44.5
Other scheduled employers	647.0	672.7
Admitted employers	45.6	47.5
	<b>740.4</b>	<b>764.7</b>

Following the actuarial valuation as at 31 March 2022, one employer chose to pay their full three-year combined future service and past service deficit contributions in advance as a lump sum in 2023/24. The lump sum paid by one council has been accounted for fully in 2023/24 and are listed in the table in note 6. The additional contributions above represent the purchase of added membership or additional benefits under the pension scheme.

# Statement of Accounts

## Notes to the Pension Fund Statements

<b>Note 9 - Transfers in</b>	<b>2024/25 £m</b>	<b>2023/24 £m</b>
Individual transfers	26.7	16.1
<b>Total transfers in</b>	<b>26.7</b>	<b>16.1</b>

<b>Note 10 – Other income</b>	<b>2024/25 £m</b>	<b>2023/24 £m</b>
Compensatory added years	5.9	6.1
Pensions increases	7.4	7.0
<b>Total other income</b>	<b>13.3</b>	<b>13.1</b>

<b>Note 11 – Benefits payable</b>	<b>2024/25 £m</b>	<b>2023/24 £m</b>
<b>Benefits payable by type</b>		
<b>Pensions</b>		
Retirement pensions	652.2	596.0
Widows' pensions	43.1	38.8
Children's pensions	1.3	1.3
Widowers' pension	10.6	9.0
Ex-spouses' pensions	0.5	0.3
Equivalent pension benefits	0.2	0.2
Cohabiting partners' pensions	0.7	0.6
Civil partnership	0.1	0.1
Amounts due to estate	-	0.1
<b>Total pensions</b>	<b>708.7</b>	<b>646.4</b>
<b>Lump sum benefits</b>		
Retiring allowances	171.6	77.2
Death grants	20.1	11.2
<b>Total lump sum benefits</b>	<b>191.7</b>	<b>88.4</b>
<b>Total benefits payable</b>	<b>900.4</b>	<b>734.8</b>
<b>Benefits payable by type of employer:</b>		
Administering authority	66.6	55.7
Other scheduled employers	760.2	615.6
Admitted employers	73.6	63.5
<b>Total benefits payable</b>	<b>900.4</b>	<b>734.8</b>

# Statement of Accounts

## Notes to the Pension Fund Statements

Note 12 - Payments to and on account of leavers	2024/25 £m	2023/24 £m
Individual transfers	33.2	17.5
Refunds of contributions	1.4	1.3
<b>Total transfers out</b>	<b>34.6</b>	<b>18.8</b>

Note 13 - Management expenses	2024/25 £m	2023/24 £m
Administrative costs	15.1	12.2
Investment management expenses	101.8	109.6
Oversight and governance costs	5.8	4.0
<b>Total management expenses</b>	<b>122.7</b>	<b>125.8</b>

Included in oversight and governance costs of £5.8m above are anticipated external audit fees of £197,000 (2023/24: £194,000). External audit for the Fund are appointed by the City of Wolverhampton Council through the PSAA (Public Sector Audit Appointments) framework.

The guidance requires that external investment management fees that are deducted from asset values (rather than invoiced and paid directly) are shown gross. Wherever possible, the figures are based on actual costs disclosed by the manager. Where actual costs were not available, best estimates have been made using other available information.

### Note 13(i) - Investment management expenses

2024/25	Management fees	Performance-related fees	Transaction costs	Total
Equities	8.0	-	4.4	12.4
Pooled investments	21.2	10.3	24.5	56.0
Private equity	9.4	2.1	-	11.5
Property	3.1	(0.1)	6.1	9.1
Infrastructure	7.8	1.9	-	9.7
Absolute return	0.4	-	-	0.4
Derivatives	0.1	-	1.5	1.6
Cash, cash equivalents & fx contracts	0.5	-	-	0.5
	<b>50.5</b>	<b>14.2</b>	<b>36.5</b>	<b>101.2</b>
Custody fees				0.6
<b>Total</b>				<b>101.8</b>

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 13(i) – Investment management expenses (continued)

2023/24	Management fees	Performance-related fees	Transaction costs	Total
Equities	8.4	-	3.1	11.5
Pooled investments	13.7	3.0	23.8	40.5
Private equity	10.1	23.1	-	33.2
Property	3.7	0.8	5.9	10.4
Infrastructure	6.0	5.1	-	11.1
Absolute return	0.8	1.3	-	2.1
Derivatives	0.1	-	-	0.1
Cash, cash equivalents & fx contracts	0.7	-	-	0.7
	<b>43.5</b>	<b>33.3</b>	<b>32.8</b>	<b>109.6</b>
Custody fees				-
<b>Total</b>				<b>109.6</b>

### Note 14 – Investment income

	2024/25 £m	2023/24 £m
<b>Dividends and interest</b>		
Bonds - UK private sector - quoted	3.1	3.2
Equities - Overseas	26.4	31.0
Pooled investment vehicles - UK private sector quoted	-	0.4
Pooled investment vehicles - Overseas equities	0.1	3.5
Pooled investment vehicles - Interest on cash deposits	70.2	45.3
Pooled investment vehicles - Stock lending	1.0	0.4
Other interest	0.9	1.3
<b>Total dividends and interest</b>	<b>101.7</b>	<b>85.1</b>
<b>Property management</b>		
Property management income	48.7	52.6
Property management expenses	(20.7)	(16.0)
<b>Total property management</b>	<b>28.0</b>	<b>36.6</b>
<b>Total investment income</b>	<b>129.7</b>	<b>121.7</b>

### Stock lending

As at 31 March 2025, £1,070.9m of stock was on loan to an agreed list of approved borrowers through the Fund's custodian in its capacity as agent lender (31 March 2024: £198.8m). The loans were covered by non-cash collateral in the form of equities, gilts, Delivery by Values (DBVs) and G10 sovereign debt totalling £1,300.1m and giving a margin of 21.4% (31 March 2024: £211.6m, margin of 6.4%).

Collateral is marked to market, adjusted daily and held by a third-party agent on behalf of the Fund. Net income from stock lending amounted to £1m during the year (2023/24: £0.4m). The Fund retains its economic interest in stocks on loan and their value is included in the Fund valuation. There is, however, an obligation to return collateral to the borrowers and its value is therefore excluded from the Fund valuation. The securities lending programme is indemnified to give the Fund further protection against losses.

There are no liabilities associated with the loaned assets.

# Statement of Accounts

## Notes to the Pension Fund Statements

Note 15 – Net investment assets	2024/25 £m	2023/24 (Restated) £m
<b>Investment assets</b>		
<b>Bonds</b>		
UK companies - segregated	210.8	209.6
UK gilts	3,622.8	2,787.7
Overseas government bonds	302.0	-
	<b>4,135.6</b>	<b>2,997.3</b>
<b>UK equities</b>		
Quoted	28.4	55.8
Unquoted	2.0	2.0
	<b>30.4</b>	<b>57.8</b>
<b>Overseas equities</b>		
Quoted	99.0	135.8
Quoted - segregated	1,661.3	2,076.7
	<b>1,760.3</b>	<b>2,212.5</b>
<b>Pooled investment vehicles</b>		
<b>Managed funds</b>		
UK fixed interest	2,059.4	1,288.6
Other fixed interest	2,238.6	2,204.1
UK quoted, index linked	-	704.3
UK quoted equities (pooled assets)	141.1	368.4
Overseas quoted equities (pooled assets)	5,891.6	6,278.1
Infrastructure	1,019.1	933.3
Private equity	1,305.3	1,449.8
UK absolute returns*	90.1	62.1
Overseas absolute returns	85.8	105.4
UK property	180.8	193.5
Overseas property	65.1	83.6
<b>Unit trusts</b>		
UK property	31.4	33.5
	<b>13,108.3</b>	<b>13,704.7</b>
<b>Property</b>		
UK freehold	1,109.3	981.0
UK leasehold**	38.0	38.2
	<b>1,147.3</b>	<b>1,019.2</b>
<b>Derivative contracts</b>		
Swaps	-	1.8
	<b>-</b>	<b>1.8</b>

\* The 2023/24 UK Absolute Returns balance has been restated from £74.2m to £62.1m to reflect the reclassification of Help To Own II to Loan Receivable.

\*\*All leasehold properties are held on long leases.

# Statement of Accounts

## Notes to the Pension Fund Statements

Note 15 – Net investment assets	2024/25 £m	2023/24 (Restated) £m
<b>Foreign currency holdings</b>		
Euro	0.4	67.4
United States Dollars	18.8	10.3
Taiwanese Dollars	16.2	-
	<b>35.4</b>	<b>77.7</b>
<b>Cash deposits</b>		
UK	557.9	353.6
US	339.0	581.3
EU	121.9	-
	<b>1,018.8</b>	<b>934.9</b>
<b>Other investments</b>		
Loan receivable*	11.6	12.1
Outstanding dividend entitlement and recoverable withholding tax	5.6	4.8
Broker balances**	9.6	-
Other debtors***	7.6	15.8
	<b>34.4</b>	<b>32.7</b>
<b>Total investment assets</b>	<b>21,270.5</b>	<b>21,038.6</b>
<b>Investment liabilities</b>		
Derivative contracts		
Futures	(9.2)	-
Swaps	(2.2)	-
<b>Total investment liabilities</b>	<b>(11.4)</b>	<b>-</b>
<b>Net investment assets</b>	<b>21,259.1</b>	<b>21,038.6</b>

\*The loan receivable is a new line that pertains to the Help to Own II scheme. This was reclassified during the period from Pooled investment vehicles to more appropriately reflect the substance of the investment. Accordingly, the comparative information for the year 2023/24 has been restated.

\*\*Broker balances represent the initial margin held with third party in relation to the futures contract.

\*\*\*Other debtors relate to investment receivable from the sale of part of the agricultural portfolio and emerging markets segregated mandates, distributions declared but not received, deferred income from investment properties and accrued interest income.

Segregated accounts are held separately from the main account by the global custodian and contain assets managed by some of the Fund's external managers.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 15 – Net Investment Assets (continued)

The following investments represent more than 5% of the net assets of the Fund. All of these funds are registered in the UK.

	At 31 March 2025		At 31 March 2024	
	Market value £m	% of total market	Market value £m	% of total market
LGPS Central All World Equity Climate Multi Factor Fund	2,553.9	12.0	2,557.8	12.2
LGPS Central Global Ex UK Passive Equity Fund	1,763.6	8.3	2,193.2	10.4
LGPS Central Global Equity Active Multi-Manager Fund	1,540.3	7.2	1,481.2	7.0

The proportion of the market value of investment assets managed in the regional asset pool at the year-end is set out below:

	At 31 March 2025		At 31 March 2024 Restated	
	Market value £m	% of total market	Market value £m	% of total market
<b>Investments managed by LGPS Central Limited regional asset pool:</b>				
Authorised Contractual Schemes (ACS) - global equities	5,857.9	27.6	6,232.3	29.6
Authorised Contractual Schemes - UK equities	141.1	0.7	368.2	1.8
Authorised Contractual Schemes - fixed interest	1,523.1	7.2	825.3	3.9
Non ACS private markets	1,399.6	6.6	1,128.6	5.4
	<b>8,921.7</b>	<b>42.0</b>	<b>8,554.4</b>	<b>40.7</b>

#### Investments managed by LGPS Central Limited outside regional asset pool:

Non ACS discretionary funds	3,622.8	17.0	2,787.7	13.3
	<b>3,622.8</b>	<b>17.0</b>	<b>2,787.7</b>	<b>13.3</b>

#### Investments managed outside LGPS Central Limited regional asset pool:

In-house: property, cash, quoted and unquoted equities	2,343.8	11.0	2,176.3	10.3
Managers: UK quoted	31.4	0.1	33.7	0.2
Managers: emerging markets	646.2	3.0	961.3	4.6
Managers: global equities	1,039.6	4.9	1,197.5	5.7
Managers: fixed interest*	2,554.3	12.0	2,947.8	14.1
Managers: indirect property	203.7	1.0	235.8	1.1
Managers: infrastructure funds	739.6	3.5	743.0	3.5
Managers: absolute return	175.8	0.8	179.7	0.9
Managers: private equity	945.8	4.4	1,188.7	5.7
	<b>8,680.2</b>	<b>40.8</b>	<b>9,663.8</b>	<b>46.0</b>
Loan receivable*	11.6		12.1	
Outstanding dividend entitlement and recoverable withholding tax	5.6		-	
Broker balances	9.6		-	
Other debtors	7.6		20.6	
	<b>34.4</b>		<b>32.7</b>	
<b>Net investment assets</b>	<b>21,259.1</b>		<b>21,038.6</b>	

\*The loan receivable is a new line that pertains to the Help to Own II scheme. The 2023/24 Managers: fixed interest balance has been restated from £2,959.9m to £2,947.8m to reflect the reclassification of Help To Own II to Loan Receivable.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Analysis of derivatives

#### Objectives and policies for holding derivatives

The Fund utilises derivative instruments in line with investment policy and investment management agreements in place with third party investment managers, to hedge liabilities or exposures to reduce risk in the Fund.

#### a) Swaps

As part of the LDI (Liability Driven Instrument) scheme held within the admitted body separate funds, the Fund holds a series of swap contracts to support its risk management strategy:

	2024/25 £m	2023/24 £m
Open swap contracts at the beginning of the year	1.8	(2.4)
Movement during the year	(4.0)	4.2
<b>Open swap contracts at the end of the year</b>	<b>(2.2)</b>	<b>1.8</b>

#### b) Futures

In 2024/25, the Fund made a decision to transition assets out of an emerging market equity portfolio held in a segregated mandate pending investment into a developing pooled fund within the ACS of the pool company. Recognising that there would be some lead time in implementing this strategy, as and when the existing portfolio was realised, proceeds were invested in an emerging markets index futures pending transition to the pooled fund.

Type	Expires	Economic exposure £m	Value as at March 2025 £m	Economic exposure £m	Value as at March 2024 £m
Emerging Markets Index	Under one year	322.6	(9.2)	-	-
<b>Total liabilities</b>		<b>322.6</b>	<b>(9.2)</b>	-	-

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 16 - Investment Market Value Movements Analysis

The change in the value of investments during 2024/25 is set out below:

	Value as at 31 March 2024 (restated) £m	Purchases at cost and derivative payments £m	Sales proceeds and derivative receipts £m	Investment management fees deducted at source £m	Change in market value £m	Value as at 31 March 2025 £m
Bonds	2,997.3	1,865.2	(459.2)	-	(267.7)	4,135.6
UK equities	57.8	1.5	(25.4)	-	(3.5)	30.4
Overseas equities	2,212.5	3.3	(479.5)	-	25.1	1,761.4
Pooled investment vehicles*	13,704.7	1,061.7	(2,159.0)	(84.2)	584.0	13,107.2
Property	1,019.2	110.4	(1.0)	-	18.7	1,147.3
	<b>19,991.5</b>	<b>3,042.1</b>	<b>(3,124.1)</b>	<b>(84.2)</b>	<b>356.6</b>	<b>20,181.9</b>
<b>Derivative contracts</b>						
Futures	-	28.0	(23.2)	-	(14.0)	(9.2)
Swaps	1.8	-	-	-	(4.0)	(2.2)
	<b>1.8</b>	<b>28.0</b>	<b>(23.2)</b>	<b>-</b>	<b>(18.0)</b>	<b>(11.4)</b>
Outstanding dividend entitlement and recoverable withholding tax	4.8					5.6
Loan receivable*	12.1					11.6
Foreign currency holdings**	77.7				(2.4)	35.4
Cash deposits**	934.9				(9.5)	1,018.8
Other debtors	15.8					7.6
Broker balances	-					9.6
	<b>1,045.3</b>				<b>(11.9)</b>	<b>1,088.6</b>
<b>Total investments</b>	<b>21,038.6</b>				<b>326.7</b>	<b>21,259.1</b>

\*The loan receivable is a new line that pertains to the Help to Own II scheme. The 2023/24 Pooled investment vehicles balance has been restated from £13,716.8m to £13,704.7m to reflect the reclassification of Help To Own II to Loan receivable.

\*\* The £2.4m and £9.5m adjustments to the Change in market value for Foreign currency holdings and Cash deposits pertain to the unrealised foreign exchange losses recognised during the period.

The change in market value of investments comprises both increases and decreases in the market value of investments held at any time during the year and profits and losses realised on the sales of investments during the year.

Purchases also include transfers in of investments, take-over of shares etc. and invested income. Sales proceeds include all receipts from sales of investments, transfers out of investments, take-over proceeds etc. and reductions in cash deposits including profits or losses realised on the sale.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as fees, commissions, stamp duty and other fees. Transaction costs during the year amounted to £36.5m (2023/24: £32.7m). In addition to the transaction costs disclosed below, indirect costs are incurred through the bid-offer spread of investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund.

The volatility of investment markets is an ever-present and longstanding feature of pension fund management and valuations may vary, either up or down, throughout each day when exchanges are open.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 16 - Investment Market Value Movements Analysis

The change in the value of investments during 2024/25 is set out below:

	Value as at 31 March 2023 restated £m	Purchases at cost and derivative payments £m	Value as at 31 March 2024 restated £m	Investment management fees deducted at source £m	Change in market value £m	Value as at 31 March 2024 £m	Reclassification* £m	Value as at 31 March 2025 £m
Bonds	215.3	2,709.3	(48.8)	-	121.5	2,997.3	-	2,997.3
UK equities	43.0	-	-	-	14.8	57.8	-	57.8
Overseas equities	2,389.4	1.2	(273.0)	-	94.9	2,212.5	-	2,212.5
Pooled investment vehicles	15,121.9	566.5	(3,243.6)	(92.5)	1,364.5	13,716.8	(12.1)	13,704.7
Property	1,007.9	84.1	(48.4)	-	(24.4)	1,019.2	-	1,019.2
	<b>18,777.5</b>	<b>3,361.1</b>	<b>(3,613.8)</b>	<b>(92.5)</b>	<b>1,571.3</b>	<b>20,003.6</b>	<b>(12.1)</b>	<b>19,991.5</b>
<b>Derivative contracts</b>								
Swaps	(2.4)	-	-	-	4.2	1.8	-	1.8
	(2.4)	-	-	-	4.2	1.8	-	1.8
Outstanding dividend entitlement and recoverable withholding tax	5.7				-	4.8	-	4.8
Loan receivable				-	-	-	12.1	12.1
Foreign currency holdings	114.0					77.7	-	77.7
Cash deposits	548.4				(20.2)	934.9	-	934.9
Other debtors					-	15.8	-	15.8
	<b>668.1</b>				<b>(20.2)</b>	<b>1,033.2</b>	<b>12.1</b>	<b>1,045.3</b>
<b>Total Investments</b>	<b>19,443.2</b>				<b>1,555.3</b>	<b>21,038.6</b>	<b>-</b>	<b>21,038.6</b>

\*2023/24 balance has been restated by £12.1m to reflect the reclassification of Help To Own II from Pooled investment vehicles to Loan receivable.

# Statement of Accounts

## Notes to the Pension Fund Statements

The Fund's investment property portfolio comprises a number of directly owned properties which are leased commercially to various tenants. Details of these directly owned properties are as follows:

	2024/25 £m	2023/24 £m
Opening balance	1,019.2	1,007.9
Additions	110.4	84.1
Disposals	(1.0)	(48.4)
Net change in market value	18.7	(24.4)
	<b>1,147.3</b>	<b>1,019.2</b>

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligation to purchase, construct or develop any of these properties nor does it have any responsibility for any repairs, maintenance or enhancements.

The future minimum lease payments receivable by the Fund are as follows:

	2024/25 £m	2023/24 £m
Within one year	49.3	41.7
Between one and five years	165.8	141.4
Later than five years	225.6	169.1
<b>Total future lease payments due under existing contracts</b>	<b>440.7</b>	<b>352.2</b>

The receivables above have been reduced by a credit loss allowance of 1% per annum reflecting the Fund's expected loss from late or non-recovery of rents from tenants. This deduction is based on advice from the Fund's property letting agents.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 17 - Fair Value - Basis of Valuation

The basis of the valuation of each class of investment assets is detailed below. There has not been any change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Asset type	Valuation level	Basis of valuation	Observable and unobservable inputs	Key sensitivity
Market quoted investments	1	Published bid market price ruling on 31 March 2025.	n/a	n/a
Quoted bonds	1	Market bid price based on current yields.	n/a	n/a
Cash and cash equivalents	1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	n/a	n/a
Futures	1	Published exchange prices at 31 March 2025.	n/a	n/a
Loan receivable	1	Carrying value is deemed to be fair value because expected future interest rates are not significantly different from contractual interest rates for the loan.	n/a	n/a
Investment debtors and creditors	1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	n/a	n/a
Unquoted bonds	2	Average of broker prices.	Evaluated price feeds.	n/a
Pooled investment vehicles - unit trusts and property funds	2	PIV are stated at the bid price quoted or the closing single market prices.	Net asset value based pricing set on a forward pricing basis.	n/a
Swaps	2	Valued at fair value at the year-end using the projection method, where the future cashflows under each leg are discounted back to valuation date.	Interest rates	n/a
Freehold and leasehold properties	3	Valued at fair value at the year-end using the investment valuation reports of appointed independent valuers. The commercial property portfolio is valued by reference to market evidence for comparable property. Agricultural properties are valued by specialist independent valuers on a bi-yearly basis.	Existing lease terms and rentals, independent market research, tenant covenant strength, estimated vacancy levels, estimated rental growth, discount rate.	Significant changes in rental growth, vacancy levels or discount rate could affect valuations.
Unquoted equity (includes private equity, infrastructure and absolute return/diversified growth funds)	3	Value is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discounted cash flows, discount for lack of marketability.	Could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Bulk annuity insurance buy-in	3	Provided by the Fund's Actuary based on a roll-forward of the value placed on the buy-in held within one of the Admitted Body Separate Funds and most recently valued as part of the Fund's triennial actuarial valuation as at 31 March 2022 allowing for estimated level pensions paid and the change in the discount rate used to value the buy-in.	Key underlying inputs for the valuation are the discount rate and life expectancy. Discount rate has been set at 4.85% with reference to the market yields on high quality corporate bonds.	Adjustments to discount rate and life expectancy.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Sensitivity of assets valued at level 3

The table below details the Fund's review of financial information as provided by appointed independent investment consultants. The valuation methods detailed above are likely to be accurate to within the ranges and, as set out below, the consequent potential impact on the closing value of investments at 31 March 2025 and 31 March 2024.

	Valuation range* % (+/-)	Valuation at 31 March 2025 £m	Valuation on increase £m	Valuation on decrease £m
Freehold and leasehold property	12.1	1,147.3	1,286.1	1,008.5
Private equity	25.1	1,305.2	1,632.8	977.6
Infrastructure	10.3	1,019.1	1,124.1	914.1
Absolute return/Diversified growth**	10.0	4.0	4.4	3.6
Unit trusts - UK property	12.1	212.2	237.9	186.5
Foreign property	12.1	65.1	73.0	57.2
Fixed interest	10.4	1,077.6	1,189.7	965.5
<b>Total</b>		<b>4,830.5</b>	<b>5,548.0</b>	<b>4,113.0</b>

\*The valuation range % figures for each asset class are based on the modelling of West Midlands Pension Fund's asset allocation as at 31 March 2025.

\*\*The Absolute return/Diversified Growth investments seek to generate positive returns regardless of market conditions by using a wide range of strategies which focus on minimising downside risk.

	Valuation range* % (+/-)	Valuation at 31 March 2024 £m	Valuation on increase £m	Valuation on decrease £m
Freehold and leasehold property	13.7	1,019.2	1,158.8	879.6
Private equity	23.0	1,449.9	1,783.2	1,116.3
Infrastructure	13.3	933.3	1,057.5	809.2
Absolute return/Diversified growth	10.2	114.9	126.6	103.2
Unit Trusts - UK property	13.7	227.0	258.1	195.9
Foreign property	13.7	83.6	95.1	72.1
Fixed interest	9.0	841.7	917.5	766.0
<b>Total</b>		<b>4,669.6</b>	<b>5,396.8</b>	<b>3,942.3</b>

\*The valuation range % figures for each asset class are based on the modelling of West Midlands Pension Fund's asset allocation as at 31 March 2024.

\*\*The Absolute return/Diversified Growth investments seek to generate positive returns regardless of market conditions by using a wide range of strategies which focus on minimising downside risk.

# Statement of Accounts

## Notes to the Pension Fund Statements

The key underlying inputs for the annuity insurance buy-in level 3 valuation are the discount rate and life expectancy. The impact of changes as calculated by the Fund's Actuary is shown below:

Adjustment	Valuation at 31 March 2025 £m	Valuation on increase £m	Valuation on decrease £m	
<b>Change in assumptions - year ended 31 March 2025:</b>				
Adjustment to discount rate	(-/+ ) 1%	91.4	109.7	73.1
Adjustment to life expectancy assumptions	(+/-) 1 year	91.4	95.1	87.7
Adjustment	Valuation at 31 March 2024 £m	Valuation on increase £m	Valuation on decrease £m	
<b>Change in assumptions - year ended 31 March 2024:</b>				
Adjustment to discount rate	(-/+ ) 1%	107.8	129.4	86.2
Adjustment to life expectancy assumptions	(+/-) 1 year	107.8	112.1	103.5

### Note 17 (i) - Fair Value Hierarchy

The valuation of investment assets has been classified into three levels according to the quality and reliability of information used to determine fair values. Criteria utilised in the instrument classifications are detailed below:

#### Level 1

Investment assets at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed interest securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange. Cash and cash equivalents consist in a combination of foreign cash and cash deposits.

#### Level 2

Investment assets at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

#### Level 3

Investment assets at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedging of funds, which are valued using various valuation techniques that require significant judgement in the determining of appropriate assumptions.

The values of the investments in private equity, infrastructure and absolute return/diversified growth funds are based on the latest investor reports and financial statements provided by the fund managers of the underlying funds. Valuations are undertaken quarterly, and an adjustment is made to roll forward the latest available valuation to 31 March as appropriate. Absolute returns refer to the total return an investment generates over a certain period, expressed as a percentage. This measures the appreciation or depreciation in value of the investment, without comparing it to any benchmark or index.

# Statement of Accounts

## Notes to the Pension Fund Statements

Value at 31 March 2025	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
<b>Financial assets at fair value through profit and loss</b>				
Bonds	4,135.6	-	-	4,135.6
Equities	1,788.7	2.0	-	1,790.7
Pooled investments	5,999.0	3,426.1	3,683.2	13,108.3
Foreign cash	35.4	-	-	35.4
Cash deposits	1,018.8	-	-	1,018.8
Loan receivable	11.6	-	-	11.6
Outstanding dividend entitlement and recoverable withholding tax	5.6	-	-	5.6
Broker balances	9.6	-	-	9.6
Investment debtors	7.6	-	-	7.6
	<b>13,011.9</b>	<b>3,428.1</b>	<b>3,683.2</b>	<b>20,123.2</b>
<b>Non-financial assets at fair value through profit and loss</b>				
Property	-	-	1,147.3	1,147.3
<b>Financial liabilities at fair value through profit and loss</b>				
Derivatives	(9.2)	(2.2)	-	(11.4)
<b>Net investment assets</b>	<b>13,002.7</b>	<b>3,425.9</b>	<b>4,830.5</b>	<b>21,259.1</b>
Bulk annuity insurance buy-in at fair value through profit and loss	-	-	91.4	91.4
<b>Total</b>	<b>13,002.7</b>	<b>3,425.9</b>	<b>4,921.9</b>	<b>21,350.5</b>

# Statement of Accounts

## Notes to the Pension Fund Statements

Value at 31 March 2024	Quoted market price restated Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
<b>Financial assets at fair value through profit and loss</b>				
Bonds	2,997.3	-	-	2,997.3
Equities	2,268.3	2.0	-	2,270.3
Pooled investments*	6,600.5	3,465.9	3,638.3	13,704.7
Derivatives	-	1.8	-	1.8
Foreign cash	77.7	-	-	77.7
Cash deposits	934.9	-	-	934.9
Loan receivable*	12.1	-	-	12.1
Outstanding dividend entitlement and recoverable withholding tax	4.8	-	-	4.8
Investment debtors	15.8	-	-	15.8
	<b>12,911.4</b>	<b>3,469.7</b>	<b>3,638.3</b>	<b>20,019.4</b>
<b>Non-financial assets at fair value through profit and loss</b>				
Property	-	-	1,019.2	1,019.2
	<b>12,911.4</b>	<b>3,469.7</b>	<b>4,657.5</b>	<b>21,038.6</b>
Bulk annuity insurance buy-in at fair value through profit and loss	-	-	107.8	107.8
<b>Net financial assets</b>	<b>12,911.4</b>	<b>3,469.7</b>	<b>4,765.3</b>	<b>21,146.4</b>

\*The loan receivable is a new line that pertains to the Help to Own II scheme. The 2023/24 Pooled investments balance has been restated from £13,716.8m to £13,704.7m to reflect the reclassification of Help To Own II to Loan Receivable.

### Note 17(ii) - Reconciliation of Fair Value Measurements Within Level 3

	Market value 31 March 2024 (restated) £m	Purchases during the year £m	Sales during the year £m	Unrealised gains/losses* £m	Realised gains £m	Market value 31 March 2025 £m
Freehold and leasehold property	1,019.2	110.4	(0.1)	17.7	0.1	1,147.3
Private equity	1,449.9	56.7	(253.2)	(62.4)	114.2	1,305.2
Infrastructure	933.3	85.3	(57.6)	57.0	1.1	1,019.1
Absolute return/Diversified growth**	114.9	-	(10.3)	(96.5)	8.0	4.0
Unit trusts - UK property	227.0	-	(17.2)	2.4	-	212.2
Foreign property	83.6	-	(5.1)	(16.9)	3.5	65.1
Fixed interest	841.7	269.8	(220.4)	174.2	12.3	1,077.6
<b>Total</b>	<b>4,669.6</b>	<b>522.2</b>	<b>(563.9)</b>	<b>75.5</b>	<b>139.2</b>	<b>4,830.5</b>

\*Unrealised gains/losses presented includes management fees deducted at source. Unrealised and realised gains and losses are recognised in the changes in value of investment line of the Fund account.

\*\*The 2023/24 Absolute Return/Diversified Growth balance has been restated from £114.9m to £62.1m to reflect the reclassification of Help To Own II to Loan Receivable.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Bulk annuity insurance buy-in contract

The transfer of assets from the former WMITA Fund to Admitted Body Separate Funds (ABSFs) within WMPF included a bulk annuity insurance buy-in contract with Prudential Retirement Income Limited. The insurance cover provides that the insurer underwrites the risk for meeting the liabilities of a specified group of pensioners on the former West Midlands Travel Limited pensions payroll as at 11 August 2011. The insurance provider will pay the cost of the monthly pension payments for this group whilst they or their dependants are entitled to a pension.

Benefits recharged to Prudential during the year have been credited to the Fund account (and relevant ABSF) and the value of the buy-in recalculated at year end by the Fund Actuary and recognised in the Net Assets Statement as follows:

	31 March 2025 £m	31 March 2024 £m
Bulk annuity insurance buy-in contract value at start of year	107.8	118.0
Actuarial revaluation of insurance contract:		
Interest on buy-in	5.0	6.0
Change in demographic assumptions	-	(1.0)
Change in financial assumptions	(8.0)	(1.0)
	<b>(3.0)</b>	<b>4.0</b>
Level pensions paid by insurer	(13.4)	(14.2)
<b>Bulk annuity insurance buy-in contract value at end of year</b>	<b>91.4</b>	<b>107.8</b>

The value of the buy-in as at 31 March 2025 is based on a roll-forward of the value placed on the buy-in as part of the 2022 actuarial valuation, allowing for estimated level pensions paid, changes in demographic assumptions and the change in the discount rate used to value the buy-in.

The discount rate underlying the value of the buy-in at 31 March 2024, for the purposes of last year's accounting report, was 4.85% pa. The 31 March 2025 discount rate has been set equal to the discount rate of the IAS 26 obligations at 5.80% pa. The value of the buy-in has therefore been set equal to the portion of the pensioner obligations within the total IAS 26 obligations which it insures.

### Note 18 - Investment Capital Commitments

	2023/24 £m	2022/23 £m
Non-publicly quoted equities and infrastructure	1,359.7	1,495.7
Property	23.3	31.5
	<b>1,383.0</b>	<b>1,527.2</b>

These amounts relate to outstanding commitments due on funds held in the private equity, fixed interest, absolute return and alternative investment portfolios. The amounts 'called' by these funds are irregular in both size and timing.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 19 – Long-Term Debtors

	2024/25 £m	2023/24 £m
Reimbursement of lifetime tax allowances	6.9	6.4
	<b>6.9</b>	<b>6.4</b>

### Note 20 – Current Assets

	2024/25 £m	2023/24 £m
<b>Contributions receivable</b>		
Employers' future service	40.6	50.4
Employers' past service deficit	3.5	2.6
Members	12.1	12.4
Other receivables	7.5	4.9
<b>Total receivables and prepayments</b>	<b>63.7</b>	<b>70.3</b>
Cash at bank	19.7	20.9
Cash held on behalf of third parties	1.1	0.7
	<b>84.5</b>	<b>91.9</b>

### Note 21 – Current Liabilities

	2023/24 £m	2022/23 £m
Pensions and lump sum benefits	-	6.7
Other payables	51.4	18.1
	<b>51.4</b>	<b>24.8</b>

### Note 22 – Additional Voluntary Contributions

As well as joining the Fund, scheme members can pay into an additional voluntary contribution (AVC) scheme run by two AVC providers. Contributions are paid directly from scheme members to the AVC providers.

The contributions are not included within the Fund accounts, in line with regulation 4 (2) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2009. The table below shows the activity for each AVC provider in the year.

	2024/25		2023/24	
	Utmost life £m	Prudential £m	Utmost Life £m	Prudential £m
Opening value of the Fund	1.2	47.0	1.3	43.1
Income	0.1	6.9	0.1	5.3
Expenditure	(0.3)	(8.0)	(0.2)	(3.9)
Change in market value	(0.1)	2.0	-	2.5
Closing value of the Fund	<b>0.9</b>	<b>47.9</b>	<b>1.2</b>	<b>47.0</b>

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 23 – Financial Instruments

	2024/25 £m	2023/24 £m
<b>Net gains and losses on financial instruments:</b>		
Financial assets - Fair value through profit and loss	337.9	1,579.7
Financial liabilities - Fair value through profit and loss	(18.0)	-
<b>Closing value of the Fund</b>	<b>319.9</b>	<b>1,579.7</b>

	2024/25		2023/24	
	Fair value through profit and loss £m	At amortised cost £m	Fair value through profit and loss (restated) £m	At amortised cost (restated) £m
<b>Financial assets</b>				
Bonds	4,135.6	-	2,997.3	-
UK equities	30.4	-	57.8	-
Overseas equities	1,760.3	-	2,212.5	-
Pooled investment vehicles*	13,108.3	-	13,704.7	-
Derivative contracts	-	-	1.8	-
Bulk annuity insurance buy-in	91.4	-	107.8	-
Cash	-	1,075.0	-	1,033.5
Other investment balances*	-	34.4	-	32.7
Debtors	-	70.6	-	76.7
<b>Financial liabilities</b>				
Derivative contracts	(11.4)	-	-	-
Creditors	-	(51.4)	-	(24.8)
<b>Closing value of the Fund</b>	<b>19,114.6</b>	<b>1,128.6</b>	<b>19,081.9</b>	<b>1,118.1</b>

\*The loan receivable is a new line that pertains to the Help to Own II scheme. The 2023/24 Pooled investment vehicles balance has been restated from £13,716.8m to £13,704.7m to reflect the reclassification of Help To Own II to Loan Receivable.

All realised gains and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements. The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 24 - The Nature and Extent of Risks Arising from Financial Instruments

#### Risk management

The main investment objective of the Fund is to optimise return whilst managing market risk exposure within an acceptable tolerance. This is achieved by investing assets across a diversified portfolio. The Fund also manages its liquidity risk to ensure there is sufficient liquidity to meet forecasted cash flows.

The Fund's activities expose it to a variety of financial risks, including:

- 1) **Investment risk** – the possibility that the Fund will not receive the expected returns.
- 2) **Counterparty and credit risk** – the possibility that other parties might fail to pay amounts due to the Fund.
- 3) **Liquidity risk** – the possibility that the Fund might not have funds available to meet its commitments to make payments as they fall due.
- 4) **Valuation risk** – the possibility that the value of an illiquid asset, when realised upon sale, differs from the valuation placed on it based on a valuer's opinion.
- 5) **Market risk** – the possibility that financial loss might arise as a result of market movements. This is split into the following subsections:
  - a) **Currency risk** – the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
  - b) **Interest rate risk** – the risk that future cash flows will fluctuate because of changes in market interest rates.
  - c) **Other price risk** – the risk that the value of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

#### Investment risk

To achieve its statutory obligations to pay pensions, the Fund invests its assets, including employer and employee contributions, in a way that allows it to meet its liabilities as they fall due for payment. It does this by investing with regard to its liabilities assessed through the triennial actuarial valuation followed by an appropriate asset allocation, which is monitored on an ongoing basis to ensure it remains appropriate.

#### Counterparty risk

In deciding to effect any transaction for the Fund, steps are taken to ensure that the respective counterparty is suitable and reliable, that the transaction is in line with the Fund's strategy and that the terms and circumstances of the transaction are the best available in the relevant market at the time. Comprehensive due diligence processes are in place to ensure that any potential counterparty is authorised and regulated, competent to deal in investments of the type and size contemplated and has appropriate administration arrangements with regard to independent auditors, robust administration and accounting, relevant legal structure and experienced staff.

#### Credit risk

The Fund's credit risk is largely associated with its fixed income investments. This risk stems from third parties potentially failing to meet interest payments or failing to return the Fund's principal at the end of the investment period. There is also credit/counterparty risk associated with derivative instruments within the Fund's illiquid investments and those used to hedge certain risks, such as foreign currency exposures as well as with rental income earned within the Fund's property portfolios.

# Statement of Accounts

## Notes to the Pension Fund Statements

The Fund's surplus cash may be placed with an approved financial institution on a short-term basis and in accordance with the cash management policy and restrictions set out in the Treasury Policy. The policy specifies the cash deposit limit with each approved counterparty, as determined by a review undertaken by Fund officers using rating and market research data, which is reviewed on a regular basis. Due diligence is conducted on potential money market funds with criteria such as credit rating, same-day access and minimum assets under management being prerequisite.

The tables below outline the Fund's money market and bank deposit holdings, by long-term Fitch rating, as at 31 March 2025 and 31 March 2024:

	Long-term Fitch rating <sup>1</sup>	Value at 31 March 2025 £m	Value at 31 March 2024 £m
<b>Money market funds</b>			
HSBC GBP Liquidity Fund Class H	Aaa-mf	108.4	62.6
HSBC USD Liquidity Fund Class H	Aaa-mf	339.1	581.2
HSBC EUR Liquidity Fund Class H	Aaa-mf	121.9	-
LGIM GBP Liquidity Fund	AAAmmf	96.9	225.4
LGIM GBP Enhanced Liquidity Fund	AAAf/S1	175.9	-
Insight GBP Liquidity Fund	AAAmmf	102.4	5.0
Invesco GBP Liquidity Fund	AAAmmf	4.8	11.5
<b>Custody and deposit accounts</b>			
CBRE Client Account West Midlands Met Authority		11.3	8.4
Merrill Lynch		3.6	3.7
Cash held with segregated mandates		49.4	36.3
Natwest GBP Cash <sup>2</sup>	A+	20.8	21.6
HSBC GBP Cash <sup>3</sup>	AA-	8.8	4.5
HSBC Non-GBP Cash <sup>4</sup>	AA-	31.7	74.0
<b>Total</b>		<b>1,075.0</b>	<b>1,034.2</b>

<sup>1</sup> Moody's rating used if no Fitch rating available. Sourced as at 31 March 2025.

<sup>2</sup> The Natwest GBP Cash pertains to non-investment related cash that is disclosed separately as part of the current assets.

<sup>3</sup> The HSBC GBP Cash balance included £36.3m in 2023/24 in relation to cash held with segregated mandates which is disclosed separately in 2024/25. The 2023/24 balance was restated to reflect this amendment.

<sup>4</sup> Includes various foreign currency balances. Total value expressed in GBP.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due, especially pension payments to its members. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The appropriate strategic level of cash balances to be held forms part of the Fund's investment strategy and the Fund carries out cash flow planning in respect of contributions, benefit payments, investment income and capital calls/distributions on an ongoing basis.

The risk that the Fund will be unable to raise cash to meet its liabilities is considered low. Due to having cash flow management procedures in place, the Fund is able to invest in illiquid asset classes and take advantage of the illiquidity premium that can be found in these investments where appropriate.

### Valuation risk

The majority of the Fund's underlying investments are in liquid quoted assets, representing minimal valuation risk (falling under Level 1 and 2 of IFRS 13's fair value hierarchy). Investments classified as Level 3 financial instruments have a fair value of £3,774.6m at 31 March 2025 (31 March 2024: £3,758.2m), which represents 17.7% of total assets (31 March 2024: 17.7%).

The guidance of IFRS 13 includes additional disclosures for level 3 measurements that include the reconciliation of opening and closing balances and quantitative information about unobservable inputs and assumptions used. Valuation of the Fund's investments falling under the scope of this guidance is conducted by their respective appointed investment managers. IFRS 13, Fair Value Measurement, seeks to increase consistency and comparability in fair value measurements through a 'fair value hierarchy', which categorises the inputs used in valuation techniques into three levels. Level 1 assets are those for which fair value can be measured via quoted prices in active markets for identical assets (such as those traded on stock exchanges). Level 2 assets require inputs other than quoted market prices falling under level 1 for fair value assessment (such as prices quoted in inactive markets, interest rates or credit spreads, for example). Level 3 assets require unobservable (non-public) inputs for fair value assessment and in practical terms, are those considered to be the most illiquid and difficult to value.

### Market risk - currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any financial instruments not denominated in GBP sterling, the functional currency of the Fund. The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP. The table below indicates a measure of the sensitivity of the investment assets directly exposed to foreign exchange fluctuations and cash balances within each asset class to currency market movements, based on the expected 1-year standard deviations of each of the underlying foreign currency exposures within the respective asset classes.

# Statement of Accounts

## Notes to the Pension Fund Statements

The calculations behind these potential market movements account for the diversification effects between currencies within each holding. The calculations do not account for any currency risk management overlay strategy the Fund may use from time to time.

Asset type	Asset value as at 31 March 2025 £m	Potential market movement £m <sup>1</sup>	Value on increase £m	Value on decrease £m
Equities	100.2	8.2	108.4	92.0
Property	65.1	5.3	70.4	59.8
Fixed interest <sup>2</sup>	1,355.9	98.2	1,454.1	1,257.7
Private equity	693.4	50.4	743.8	643.0
Alternatives <sup>3</sup>	252.8	18.5	271.3	234.3
Liquid assets	496.3	34.6	530.9	461.7
<b>Total<sup>4</sup></b>	<b>2,963.7</b>	<b>215.2</b>	<b>3,178.9</b>	<b>2,748.5</b>

<sup>1</sup> Accounts for diversification between currencies but not any currency hedging via derivatives.

<sup>2</sup> Includes exposure to US Treasury bills, overseas corporate bonds, emerging market debt and private credit.

<sup>3</sup> Includes exposure to absolute return and infrastructure investments.

<sup>4</sup> Excludes exposure to derivate contracts.

Asset type	Asset value as at 31 March 2024 £m	Potential market movement £m <sup>1</sup>	Value on increase £m	Value on decrease £m
Equities <sup>2</sup>	135.8	10.4	146.2	125.4
Property	83.6	7.1	90.7	76.5
Fixed interest <sup>3</sup>	921.6	67.9	989.5	853.7
Private equity	854.6	65.0	919.6	789.6
Alternatives <sup>4</sup>	373.3	30.3	403.6	343.0
Liquid assets	658.9	59.8	718.7	599.1
<b>Total<sup>45</sup></b>	<b>3,027.8</b>	<b>240.5</b>	<b>3,268.3</b>	<b>2,787.3</b>

<sup>1</sup> Accounts for diversification between currencies but not any currency hedging via derivatives.

<sup>2</sup> Currency exposures of the overseas equity holdings have been calculated using generic indices.

<sup>3</sup> Includes exposure to fixed interest gilts, index-linked gilts, overseas government bonds, corporate bonds, emerging market debt, multi-asset credit and private credit.

<sup>4</sup> Includes exposure to absolute return and infrastructure investments.

<sup>5</sup> Excludes exposure to derivate contracts.

# Statement of Accounts

## Notes to the Pension Fund Statements

The Fund recognises that movements in interest rates can affect both income to the Fund and the value of the Fund's assets, both of which affect the value of the assets available to pay benefits. The tables below estimate the impact of a 100 basis points (bps) interest rate movement on the value of the Fund's fixed income assets, using the duration of the underlying positions in each asset class which have been obtained from the fund managers, to approximate the sensitivity to interest rate movements. This analysis assumes that all other variables (such as exchange rate movements) are constant, assessing only the impact of interest rate movements in isolation.

### Interest rate risk sensitivity analysis

	Carrying amount as at 31 March 2025 £m	Change in year in the net assets available to pay benefits	
		+100bps £m	-100bps £m
Index-linked gilts	2,876.6	(426.0)	426.0
Gilts	950.4	(138.4)	138.4
Overseas government bonds	302.0	(19.7)	19.7
Corporate bonds	1,810.1	(92.6)	92.6
Emerging market debt	822.2	(54.6)	54.6
Multi-asset credit	766.6	(39.3)	39.3
Private credit	1,077.6	(2.7)	2.7
Swaps <sup>1</sup>	(2.2)	(0.1)	0.1
<b>Total</b>	<b>8,603.3</b>	<b>(773.4)</b>	<b>773.4</b>

<sup>1</sup> Includes interest rate, inflation and total return swaps in the WMTL and PBL LDI portfolios.

**Note:** Durations are as at 31 March 2025.

	Carrying amount as at 31 March 2024 £m <sup>1</sup>	Change in year in the net assets available to pay benefits	
		+100bps £m	-100bps £m
Index-linked gilts	2,743.8	(435.7)	435.7
Gilts	950.2	(82.0)	82.0
Overseas government bonds	93.5	(6.2)	6.2
Corporate bonds	1,116.6	(60.8)	60.8
Emerging market debt	791.7	(52.6)	52.6
Multi-asset credit	721.5	(37.0)	37.0
Private credit	841.7	(2.1)	2.1
Swaps	1.8	(0.1)	0.1
<b>Total</b>	<b>7,260.8</b>	<b>(676.5)</b>	<b>676.5</b>

<sup>1</sup> Includes interest rate, inflation and total return swaps in the WMTL and PBL LDI portfolios.

**Note:** Durations are as at 31 March 2024.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Market risk - interest rate risk

The Fund is exposed to other market risks, such as share and derivative price risks, which arises from investments held by the Fund of which the future price is uncertain. The Fund aims to reduce the exposure to this price risk by ensuring appropriate levels of diversification in its asset allocation. The asset allocation is monitored on an ongoing basis to ensure it remains in line with the limits specified in the Fund's investment strategy. The tables below indicate a measure of sensitivity of the returns of each major asset class in which the Fund is invested, based on the 1-year standard deviation of returns within the respective asset classes, excluding the effects of interest rate risk and currency risk which are disclosed separately above. The tables also show an estimate of the impact of this potential volatility on asset values.

### Other price risk sensitivity analysis

Asset type	Carrying amount as at 31 March 2025 £m <sup>1</sup>	Assumed 1-year volatility of asset class <sup>2</sup>	Value on increase £m	Value on decrease £m
UK equities	171.4	16.9%	200.4	142.4
Global equities (ex UK)	7,653.0	16.9%	8,946.4	6,359.6
Property <sup>3</sup>	277.3	12.1%	310.9	243.7
Fixed interest <sup>4</sup>	8,605.4	6.9%	9,199.2	8,011.6
Private equity	1,304.1	25.1%	1,631.4	976.8
Alternatives <sup>5</sup>	1,023.1	10.3%	1,128.5	917.7
Futures <sup>6</sup>	(9.2)	20.6%	57.4	(75.8)
<b>Total</b>	<b>19,025.1</b>		<b>21,474.2</b>	<b>16,576.0</b>

<sup>1</sup> Volatility figures for each asset class are based on the modelling of West Midlands Pension Fund's asset allocation as at 31 March 2025, using assumptions provided by Mercer.

<sup>2</sup> Includes exposure to fixed interest gilts, index-linked gilts, US Treasury bills, emerging market debt, multi-asset credit and private credit.

<sup>3</sup> Excludes directly held investment property.

<sup>4</sup> Includes exposure to absolute return and infrastructure investments.

<sup>5</sup> Excludes swaps, cash deposits, foreign currency holdings and the outstanding dividend entitlement.

<sup>6</sup> Value on increase and decrease use futures' exposure (£322.6m) rather than market value.

# Statement of Accounts

## Notes to the Pension Fund Statements

Asset type	Carrying amount as at 31 March 2024 £m <sup>1</sup>	Assumed 1-year volatility of asset class <sup>2</sup>	Value on increase £m	Value on decrease £m
UK equities	426.2	15.70%	493.1	359.3
Global equities (ex UK)	8,490.5	15.70%	9,823.5	7,157.5
Property <sup>3</sup>	310.6	13.70%	353.2	268.1
Fixed interest <sup>4</sup>	7,259.0	4.80%	7,607.4	6,910.6
Private equity	1,449.8	23.00%	1,783.2	1,116.3
Alternatives <sup>5</sup>	1,048.3	9.90%	1,152.0	944.5
<b>Total<sup>5</sup></b>	<b>18,984.4</b>		<b>21,212.4</b>	<b>16,756.3</b>

<sup>1</sup> Volatility figures for each asset class are based on the modelling of West Midlands Pension Fund's asset allocation as at 31 March 2024, using assumptions provided by Mercer.

<sup>2</sup> Includes exposure to fixed interest gilts, index-linked gilts, overseas government bonds, corporate bonds, emerging market debt, multi-asset credit and private credit.

<sup>3</sup> Excludes directly held investment property.

<sup>4</sup> Includes exposure to absolute return and infrastructure investments.

<sup>5</sup> Excludes derivative contracts, cash deposits, foreign currency holdings and the outstanding dividend entitlement.

The total Fund volatility taking into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory is 11.7% (2023/24: 12.3%). On this basis, the total value on increase is £21,251.0m (2023/24: 21,319.5m) and the total value on decrease is £16,799.2m (2023/24: £16,649.3m). Due to the approach taken to determine the total Fund volatility (in which the beneficial impact of diversification is recognised), the monetary impact on the total Fund assets is determined using the total Fund volatility, which is lower than the sum of the monetary impact for each asset class. The value on increase without taking into consideration the impact of diversification is £21,474.2m (2023/24: £21,212.4m), whereas the value on decrease is £16,576m (2023/24: £16,756.3m).

### Reputational risk

The Fund's prudent approach to the collective risks listed above and compliance with best practice in corporate governance ensures that reputational risk is kept to a minimum.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Note 25 - Related Parties

Pensions administration and certain investment functions are performed by the City of Wolverhampton Council and the costs shown in note P13 above are recharged to the Fund. Contributions of £46.4m were receivable from the City of Wolverhampton Council for 2024/25 (2023/24: £43.6m). At 31 March 2025 £5.6m was owed by the Council and £2.3m owed to the Council (31 March 2024: £5.4m owed by and £2.4m owed to).

#### Pensions Committee

Seven members of the Pensions Committee are also members of the Fund as set out below:

Pensioner Councillors:	Trade union representative:	Beneficiary pensioner:	Deferred Councillor:	Active Trade union representative:
<ul style="list-style-type: none"> <li>• M Jaspal</li> <li>• T Singh</li> <li>• W Thompson</li> </ul>	<ul style="list-style-type: none"> <li>• M Clift</li> </ul>	None to report	<ul style="list-style-type: none"> <li>• A Mattu</li> </ul>	<ul style="list-style-type: none"> <li>• J Wadrup</li> <li>• D Williams</li> </ul>

Each member of the Pensions Committee is required to declare any interests relevant to the matters being discussed at each meeting.

There are eight employing bodies (2023/24: Four) of the Fund in which a member of the Committee has declared an interest for 2024/25. Contributions from each of these employers are set out below:

	Contributions receivable 2024/25 £'000	Contributions receivable 2023/24 £'000
Arthur Terry Learning Partnership Schools - Arthur Terry Learning Partnership	3,069	n/a
Dudley MBC	46,278	n/a
Heath Park - Central Learning Partnership Trust	484	n/a
Perryfields Academy - Broadleaf Partnership Trust	n/a	282
Sodexo Ltd (Birmingham Diocesan Multi Academy Trust)	56	n/a
Sodexo Ltd (Oasis Academy Hobmoor, Foundry & Blakenhale)	18	n/a
Woden Primary School - Central Learning Partnership Trust	n/a	175
Wolverhampton Homes	n/a	4,439

Councillor's appointments in local/combined authorities are not reported as part of this disclosure.

# Statement of Accounts

## Notes to the Pension Fund Statements

### Help to own

In 2021, the Fund invested in the Help to own scheme, a joint venture between City of Wolverhampton Council and the West Midlands Combined Authority to pilot an affordable housing project. Help to Own helps to address the issue that many potential buyers in work have when looking to buy a home, raising a deposit to secure a mortgage. As at 31 March 2025, within the investment bounties, the Fund had made a loan totalling £11.6m (2024: £12.1m) to the scheme.

### LGPS Central Limited

LGPS Central Limited has been established to manage investment assets on behalf of eight Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPS Central Pool, of which City of Wolverhampton Council, as the administering authority for West Midlands Pension Fund, is one of the shareholders. Each authority has one Class A voting share in LGPS Central Limited.

City of Wolverhampton Council (via the Pension Fund) has invested £1.315m in LGPS Central Limited class B shares and £0.685m in class C shares in 2017/18 and these are both carried as balances in net investment assets at this year end.

The Fund has agreed a number of advisory agreements covering a range of asset classes for which LGPS Central has provided services to the Fund. The charges in respect of these services totalled £2.849m in 2024/25 (2023/24: £2.227m). The amount outstanding in respect of these services at 31 March 2025 was £0.862m (31 March 2024: £1.282m).

As part of the Pool Cost Sharing Arrangement, the Pension Fund was invoiced £3.205m respect of governance, operator running and product development costs by LGPS Central Limited for 2024/25 (2023/24: £3.308m). The amount outstanding in respect of these services at 31 March 2025 was £0.656m (31 March 2024: £0.813m).

LGPS Central Limited is a designating body and employs staff that are active members of the West Midlands Pension Fund. Normal contributions receivable from LGPS Central Limited for the year to 31 March 2025 were £909,500 (2023/24: £727,600).

# Statement of Accounts

## Notes to the Pension Fund Statements

### Key management personnel

The Fund has identified the Executive Director of Pensions, West Midlands Pension Fund and the Chief Executive, City of Wolverhampton Council as key management personnel with the authority and responsibility to control or exercise significant influence over the financial and reporting decisions of the Fund. The combined compensation for these officers attributable to West Midlands Pension Fund is shown in the table below:

	2024/25 £'000	2023/24 £'000
Short-term benefits	159	153
Post-employment benefits	67	119
	<b>226</b>	<b>272</b>

The Chief Executive, City of Wolverhampton Council (as the administering authority) is identified as part of the key management personnel of the Fund. However, no compensation is paid to this officer by the West Midlands Pension Fund.

### Note 26 - Events After the Reporting Date

No post balance sheet events have occurred which impact upon the balances and transactions reported for the year.

### Note 27 - Other Matters Arising

#### Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)

Management of West Midlands Pension Fund are aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case. There is a potential for the outcome of the case to have an impact on all UK defined benefit pension schemes that provided contracted-out benefits before 6 April 2016. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024, and the original ruling was upheld. As a result, there may be liability to pension funds for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation).

On 5 June 2025 the government released a statement saying it would introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. On 2 September 2025 this was included in the forthcoming Pension Schemes Bill.

WMPF are not aware of any reason why this legislation would not apply to the LGPS (Local Government Pension Scheme). The Fund will continue to monitor this with their legal advisers, but it is not possible at present to estimate the potential impact, if any, on the scheme.

