



Northamptonshire Pension Fund
Statement of Accounts
Year Ended 31st March 2022

Fund Account

31-Mar-21 £000	Notes	31-Mar-22 £000
Dealings with members, employers and others directly involved in the fund:		
-116,311	Contributions	Note 7 -122,777
-7,759	Transfers in from other pension funds	Note 8 -12,203
-124,070		-134,980
96,190	Benefits	Note 9 103,413
8,958	Payments to and on account of leavers	Note 10 9,696
105,148		113,109
-18,922	Net (additions)/withdrawals from dealing with members	-21,871
14,008	Management expenses	Note 11 15,964
-4,914	Net (additions)/withdrawals including fund management expenses	-5,907
Returns on investments:		
-23,433	Investment income	Note 13 -28,920
14	Taxes on income	0
-670,914	(Profit) and losses on disposal of investments and changes in the value of investments	Notes 14a and 17b -229,429
-694,333	Net return on investments	-258,349
-699,247	Net (increase)/decrease in the net assets available for benefits during the year	-264,256
-2,404,243	Opening net assets of the scheme	-3,103,490
-3,103,490	Closing net assets of the scheme	-3,367,746

Notes on pages 3 to 34 form part of the financial statements.

Net Asset Statement

31-Mar-21			31-Mar-22
£000		Notes	£000
3,091,885	Investment assets		3,357,279
-390	Investment liabilities		-2,521
3,091,495	Total net investments	Note 14	3,354,758
17,977	Current assets	Note 21	18,564
-5,982	Current liabilities	Note 22	-5,576
11,995	Net current assets		12,988
3,103,490	Closing net assets of the scheme	Note 17a	3,367,746

Notes on pages 3 to 34 form part of the financial statements.

Note: The Fund's financial statements do not take account of the liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 20.

Notes to the Pension Fund Accounts

1. DESCRIPTION OF THE FUND

The Northamptonshire Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by West Northamptonshire Council. The Council is the reporting entity for this Pension Fund. The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report 2021-22 and the underlying statutory powers underpinning the scheme.

General

The Fund is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended);
- the LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014 (as amended);
- the LGPS (Management and Investment of Funds) Regulations 2016;
- The Local Government Pension Scheme (Amendment) Regulations 2018.

The Fund is a contributory defined benefit pension scheme administered by West Northamptonshire Council to provide pensions and other benefits for pensionable employees of West Northamptonshire Council and a range of other Scheduled and Admitted Bodies within the county area. Teachers, Police Officers and Firefighters are not included as they come within other national pension schemes. The Fund is overseen by the Northamptonshire Pension Committee, which is a committee of West Northamptonshire Council.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the Northamptonshire Pension Fund include:

- Scheduled bodies - local authorities and similar bodies whose staff are automatically entitled to be members of the Fund;

- Admitted bodies - other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.
- Resolution/Designated bodies – These are organisations that can admit their employees to the LGPS by passing their resolution (nominate employees for access to the LGPS) Parish/Town Council are under this category.

As at 31 March 2022 there are 318 (2021: 314) active employers within the Northamptonshire Pension Fund, including the Council itself.

	31-Mar-21	31-Mar-22
Number of employers with active members	314	318

The Fund has over 76,000 individual members, as detailed below:

	31-Mar-21	31-Mar-22
Number of employees in scheme:		
Administering Authority	8,067	5,010
Other employers	15,801	19,045
Total	23,868	24,055
Number of pensioners:		
Administering Authority	8,918	9,002
Other employers	8,128	8,703
Total	17,046	17,705
Deferred pensioners:		
Administering Authority	14,228	13,688
Other employers	9,733	10,938
Total	23,961	24,626
Undecided leavers:		
Administering Authority	3,570	3,986
Other employers	4,633	6,147
Total	8,203	10,133
Total members	73,078	76,519

Notes to the Pension Fund Accounts (continued)

Funding

Benefits are funded by contributions and investment earnings. Currently the level of contribution income is sufficient to fund regular benefit payments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2022. Employers' contributions are set as part of the triennial actuarial funding valuation. The last such valuation was at 31 March 2019. Employers' contributions comprise a percentage rate on active payroll between 1.8% and 35% and deficit payments of fixed cash amounts set for each employer as part of the triennial funding valuation.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below:

	Service pre 1 April 2008	Service 1 April 2008 to 31 March 2014
Pension	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.
Lump Sum	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

Career Average Revalued Earnings (CARE)

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based upon their pensionable pay in that year at an accrual rate of 1/49th or 1/98th for those members who have taken up the 50/50 option and pay proportionately lower contributions. Accrued pension is updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Full Guide which can be found in the member section on the Pension's Fund website. [Member - Pension Details](#)

2. BASIS OF PREPARATION

The statement of accounts summarises the fund's transactions for the 2021-22 financial year and its financial position at 31 March 2022. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2021-22* (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 20.

Notes to the Pension Fund Accounts (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Account – Revenue Recognition

Contribution Income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due date on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date. Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in the year but unpaid will be classed as a current financial asset.

Transfers to and from Other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 8 and 10). Individual transfers in/out are accounted for on a cash basis. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see page 32) to purchase scheme benefits are accounted for on an accruals basis and are included in Transfers In (see Note 8). Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement. There have been no group transfers in during 2020-21 and 2021-22.

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. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

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 Asset Statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Asset Statement as a current financial asset.

iv) Movement in the net market value of investments

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

Fund Account – Expense Items

Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Asset Statement as current liabilities and paid in the following month.

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 a Fund expense as it arises.

Notes to the Pension Fund Accounts (continued)

Management Expenses

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the Fund discloses its pension fund management expenses in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

Administrative Expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension's team are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund in accordance with Council policy.

Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. The costs of obtaining legal and consultancy advice are charged direct to the Fund. The cost of the Pool are charged direct to the Fund.

Investment Management Expenses

Investment Management expenses are accounted for on an accruals basis.

Fees of external Investment Managers and the Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Where an Investment Manager's fee note has not been received by the year end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2021-22, £0.1m of fees are based upon such estimates (2020-21: £ 0.1m). In addition, manager fees deducted from pooled funds of £12.5m (2020-21: £9.3m) are based upon information received from fund managers.

Net Asset Statement

Financial Assets

Financial assets are included in the Net Asset Statement on a fair value basis, except for assets held at amortised cost.

Assets held at amortised cost includes contributions owing from employers and cash deposits. These are initially recognised at fair value and subsequently measured at amortised cost. A financial asset is recognised in the Net Asset Statement on the date the Fund becomes party to the contractual acquisition of the asset.

Investment assets, other than cash held by Investment Managers on the Fund's behalf, are initially recognised at fair value and are subsequently measured at fair value with gains and losses recognised in the Fund Account. The values of investments as shown in the Net Asset Statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Foreign Currency Transactions

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

Notes to the Pension Fund Accounts (continued)

Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes (see Note 15). Purchases and sales of derivatives are recognised as follows:

Forward currency contracts settlements are reported as gross receipts and payments.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits held by the Fund and the Fund's external managers.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Financial Liabilities

The Fund initially recognises financial liabilities at fair value and subsequently measures them at amortised cost. A financial liability is recognised in the Net Asset Statement on the date the Fund becomes party to the liability.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on an annual 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 Asset Statement (see Note 20).

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 Pension Fund. The Fund's AVC providers are Prudential and Standard Life as its AVC providers. AVCs are deducted from the individual member's pay and paid to the AVC provider by employers and are specifically for

providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are 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 23).

Contingent Assets and Liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the Net Asset Statement but are disclosed by way of a narrative in the notes.

Prior Period Adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Change in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fund's financial position or financial performance.

Notes to the Pension Fund Accounts (continued)

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

It has not been necessary to make any material critical judgements in applying the accounting policies in 2021-22.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for the revenues and expenses during the year.

Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the Financial Statements as 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pension Fund Liability

The net Pension Fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

The estimated liability is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 19 (disclosure only).

Actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant Investment Management policies, for example in terms of the balance struck between longer term investment growth and short-term investment yield/return.

Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

- **Uncertainties:** Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rates at which salaries and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. An independent firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied. The actuary has included the McCloud judgement within their calculation shown in Note 20 (disclosure only).
- **Effect if Actual Results Differ from Assumptions:** The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £89m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £6m, and a 1 year increase in assumed life expectancy would increase the liability by approximately 4%.

Notes to the Pension Fund Accounts (continued)

Private Equity

- **Uncertainties:** All private equity investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. See Note 16a.
- **Effect if Actual Results Differ from Assumptions:** Total private equity investments at fair value in the financial statements are £187.4m. There is a risk that this investment may be under or overstated in the accounts. Note 18 gives a price sensitivity of Private Equity of 31.2%, which indicates that private equity values may range from £128.9m to £245.9m.

Infrastructure

- **Uncertainties:** All infrastructure investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. See Note 16a.
- **Effect if Actual Results Differ from Assumptions:** Total infrastructure investments at fair value in the financial statements are £201.9m. There is a risk that this investment may be under or overstated in the accounts. Note 18 gives a price sensitivity infrastructure investments of 13.3%, which indicates that infrastructure values may range from £175.0m to £228.7m

Property

- **Uncertainties:** Valuation techniques are used to determine the carrying amount of pooled property funds. Where possible management uses the best available data. Uncertainties including changes in rental growth, covenant strength for existing tenancies, discount rate could affect the fair value of the property investments.
- **Effect if Actual Results Differ from Assumptions:** Total property investments in the financial statements are £249.2m. There is a risk that this investment may be under or overstated in the accounts.
Note

18 gives a price sensitivity pooled property investments of 15.0%, which indicates that infrastructure values may range from £211.8m to £286.5m

6. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2022, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. CONTRIBUTIONS RECEIVABLE

By category:

31-Mar-21		31-Mar-22
£000		£000
23,431	Employees' contributions	24,668
	Employers' contributions:	
71,463	Normal contributions	77,111
21,417	Deficit recovery contributions	20,998
92,880	Total employers' contributions	98,109
116,311		122,777

By authority:

31-Mar-21		31-Mar-22
£000		£000
32,642	Administering authority	28,695
80,402	Scheduled bodies	90,886
3,267	Admitted bodies	3,196
116,311		122,777

8. TRANSFERS IN FROM OTHER PENSION FUNDS

31-Mar-21		31-Mar-22
£000		£000
7,759	Individual transfers	12,203
7,759		12,203

Notes to the Pension Fund Accounts (continued)

9. BENEFITS PAYABLE

By category:

31-Mar-21	31-Mar-22
£000	£000
80,572 Pensions	83,863
12,452 Commutation and lump sum retirement benefits	16,665
3,166 Lump sum death benefits	2,885
96,190	103,413

By authority:

31-Mar-21	31-Mar-22
£000	£000
41,593 Administering authority	24,072
47,872 Scheduled bodies	72,151
6,725 Admitted bodies	7,190
96,190	103,413

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

31-Mar-21	31-Mar-22
£000	£000
1,120 Refunds to members leaving service	676
7,838 Individual transfers	9,020
8,958	9,696

11. MANAGEMENT EXPENSES

31-Mar-21	31-Mar-22
£000	£000
2,372 Administrative costs	2,268
10,928 Investment management expenses	12,884
708 Oversight and governance costs	812
14,008	15,964

Notes to the Pension Fund Accounts (continued)

12. INVESTMENT MANAGEMENT EXPENSES

2021/22	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000	Total £000
Pooled investments	6,546	0	0	398	6,944
Pooled property investments	392	0	398	473	1,263
Private equity/infrastructure	2,288	2,015	0	362	4,665
Custody	0	0	0	12	12
Total	9,226	2,015	398	1,245	12,884

2020/21	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000	Total £000
Equities	356	0	320	0	676
Pooled investments	5,254	0	14	312	5,580
Pooled property investments	258	0	239	15	512
Private equity/infrastructure	1,802	1,539	0	819	4,160
Total	7,670	1,539	573	1,146	10,928

13. INVESTMENT INCOME

31-Mar-21 £000	31-Mar-22 £000
3,060	19
Income from equities	
8,448	14,261
Pooled investments – unit trusts and other managed funds	
7,430	7,927
Pooled property investments	
4,462	6,694
Private equity/infrastructure income	
9	19
Interest on cash deposits	
24	0
Other – securities lending income	
23,433	28,920

Notes to the Pension Fund Accounts (continued)

14. INVESTMENTS

31-Mar-21 £000	31-Mar-22 £000
Investment assets	
17 Equities	0
Pooled investments	
302,803 • UK Equity Funds	321,249
1,429,039 • Global Equity Funds	1,499,989
311,751 • Index Linked Bonds	327,080
285,428 • Multi Asset Credit Funds	311,757
214,353 • Diversified Growth Funds	221,650
657 • Cash Funds	217
185,516 Pooled property investments	249,167
113,353 Private equity	187,426
196,471 Infrastructure	201,861
51,483 Cash deposits	36,374
484 Investment income due	509
530 Amounts receivable for sales	0
3,091,885 Total investment assets	3,357,279
Investment liabilities	
-390 Amounts payable for purchases	-2,521
-390 Total investment liabilities	-2,521
3,091,495 Net investment assets	3,354,758

Notes to the Pension Fund Accounts (continued)

14(a). RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES

	Market value 01-Apr-21	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Change in market value during the year	Market value 31-Mar-22
	£000	£000	£000	£000	£000
Equities	17	0	-3	-14	0
Pooled investments	2,544,031	42,856	-31,750	126,805	2,681,942
Pooled property investments	185,516	36,836	-10,947	37,762	249,167
Private equity	113,353	44,527	-22,635	52,181	187,426
Infrastructure	196,471	2,402	-9,655	12,643	201,861
	3,039,388	126,621	-74,990	229,377	3,320,396
Derivative contracts:					
• Forward currency contracts	0	1	-2	1	0
	3,039,388	126,622	-74,992	229,378	3,320,396
Other investment balances:					
• Cash deposits	51,483				36,374
• Amount receivable for sales	530				0
• Investment income due	484				509
• Spot FX contracts	0				0
• Amounts payable for purchases of investments	-390				-2,521
Net investment assets	3,091,495				3,354,758

Notes to the Pension Fund Accounts (continued)

14(a). RECONCILIATION OF MOVEMENTS IN INVESTMENTS AND DERIVATIVES (CONTINUED)

	Market value 01-Apr-20	Purchases during the year and derivative payments ¹	Sales during the year and derivative receipts ¹	Change in market value during the year	Market value 31-Mar-21
	£000	£000	£000	£000	£000
Equities	160,255	67,660	-270,351	42,453	17
Pooled investments	1,821,314	602,413	-473,600	593,904	2,544,031
Pooled property investments	192,662	9,432	-11,878	-4,700	185,516
Private equity/infrastructure	192,596	94,908	-17,066	39,386	309,824
	2,366,827	774,413	-772,895	671,043	3,039,388
Derivative contracts:					
• Forward currency contracts	24	26	-58	8	0
	2,366,851	774,439	-772,953	671,051	3,039,388
Other investment balances:*					
• Cash deposits	23,975				51,483
• Amount receivable for sales	1,303				530
• Investment income due	1,284				484
• Spot FX contracts	1				0
• Amounts payable for purchases of investments	-618				-390
Net investment assets*	2,392,796				3,091,495

¹Equity sales and Pooled Investments purchases include an in-specie transfer of £209.6m into the ACCESS pool.

Notes to the Pension Fund Accounts (continued)

14(b). INVESTMENTS ANALYSED BY FUND MANAGER

Market value 31-Mar-21		Market value 31-Mar-22	
£000	% of net investment assets	£000	% of net investment assets
Investments managed under Pooled Governance:			
1,287,000	42	1,493,631	44
970,953	31	1,030,982	31
2,257,953	73	2,524,613	75
Investments managed outside Pooled Governance:			
43,979	1	82,254	2
20,105	1	17,134	1
38,077	1	34,709	1
143,083	5	157,117	5
511	0	540	0
204,514	7	248,485	7
68,860	2	104,633	3
48,136	2	58,329	2
45,644	1	44,683	1
186,853	6	60,810	2
17	0	0	0
33,763	1	21,451	1
833,542	27	830,145	25
3,091,495	100	3,354,758	100

- All the above companies are registered in the United Kingdom.

Notes to the Pension Fund Accounts (continued)

The following investments represent more than 5% of the Net Asset Statement of the scheme as at 31st March 2022.

Security	31-Mar-21	% of total fund	31-Mar-22	% of total fund
	£000	%	£000	%
LF ACCESS UK Equity - Majedie	278,300	9	293,857	9
LF ACCESS Baillie Gifford Diversified Growth Fund	214,354	9	221,650	7
UBS Asset Management Life Over 5 Year Index Linked Gilts	311,751	4	327,080	10
LF ACCESS Global Equity - Newton Investment Management	284,105	7	313,721	9
LF ACCESS Baillie Gifford Long Term Global Growth Fund	259,523	8	223,255	7
LF ACCESS Longview Global Equity	250,718	6	286,508	9
	1,598,751		1,666,071	

Notes to the Pension Fund Accounts (continued)

15. ANALYSIS OF DERIVATIVES

Objectives and Policies for Holding Derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the Investment Management agreement agreed between the Fund and the various Investment Managers.

• Futures

There were no outstanding exchange traded future contracts at 31 March 2022 or 31 March 2021.

• Options

There were no outstanding option contracts at 31 March 2022 or 31 March 2021.

• Forward foreign currency

To maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the Fund's quoted equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the Fund has a passive currency programme in place managed by the Fund managers.

There is no specified requirement to use currency hedging within the Fund's Investment Management Agreements. Instead, the Fund managers use their discretion as to whether any currency hedging should be used to mitigate any potential risk.

Settlement	Currency bought	Local Value	Currency sold	Local Value	Asset Value	Liability Value
		Currency		Currency	£000	£000
One to six months	GBP	45,249	EUR	-53,644	0	0
Total					0	0
Net forward currency contracts at 31 March 2022						0
Prior year comparative						
Open forward currency contracts at 31 March 2021						0
Net forward currency contracts at 31 March 2021						0

Notes to the Pension Fund Accounts (continued)

16. FAIR VALUE

Valuation of Financial Instruments Carried at Fair Value

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur. The Fund has adopted the classification guidelines recommended in the Practical Guidelines on Investment Disclosures (PRAG/Investment Association, 2016).

- Level 1** Assets and liabilities 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 securities, quoted index-linked securities and unit trusts.
- Level 2** Assets and liabilities 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. The price used is based upon inputs from observable market data.
- Level 3** Assets and liabilities 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.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Northamptonshire Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines 2015, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

16(a). FAIR VALUE HIERARCHY

The following tables provides an analysis of the financial assets at fair value through profit and loss of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable:

Values at March 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Pooled investments	217	2,681,725	0	2,681,942
Pooled property investments	0	0	249,167	249,167
Private equity	0	0	187,426	187,426
Infrastructure	0	0	201,861	201,861
Cash and Cash Equivalents	36,327	0	0	36,327
Net investment assets	36,544	2,681,725	638,454	3,356,723

Values at March 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Equities	17	0	0	17
Pooled investments	657	2,543,374	0	2,544,031
Pooled property investments	0	0	185,516	185,516
Private equity/infrastructure	0	0	309,824	309,824
Cash and Cash Equivalents	37,167	0	0	37,167
Net investment assets	37,841	2,543,374	495,340	3,076,555

Pooled property investments have moved from Level 2 to Level 3 in the prior year due to Level 3 being a more appropriate basis of valuation. There have been no changes to valuation techniques for these assets.

Notes to the Pension Fund Accounts (continued)

All assets have been valued using fair value techniques which represent the highest and best price at the reporting date. The fair valuation of each class of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled Investments	Level 2	Net Asset Value / Bid Market Price.	Evaluated price feeds	Not required
Pooled Investments	Level 2	Average of broker prices.	Evaluated price feeds	Not required
Forward Foreign exchange derivatives	Level 2	Market forward exchange rates at theyear-end	Exchange rate risk	Not required
Property	Level 3	Valued by investment managers on a fair value basis each year using PRAG guidance	NAV-based pricing set on a forward pricing basis	
Private Equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020)	Price Earnings or EBITDA multiple	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Infrastructure	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020)	Price Earnings or EBITDA multiple	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts

Notes to the Pension Fund Accounts (continued)

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with Independent Investment Advisors, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

Asset Type	Market Value as at 31-Mar-22 £000	Assessed valuation range % (+/-)	Value on Increase £000	Value on Decrease £000
Private equity	187,426	31.2	245,903	128,949
Infrastructure	201,861	13.3	228,709	175,013
Property funds	249,167	15.0	286,542	211,792
Total Assets	638,454		761,154	515,754

16(b). RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Period 2021-22	Market value 01- Apr-21 £000	Purchases during the year and derivative payments £000	Sales during the year and derivative receipts £000	Unrealised gains/(losses) £000	Realised gains/(losses) £000	Market value 31-Mar-22 £000
Private Equity	113,353	44,527	-22,635	42,985	9,196	187,426
Infrastructure	196,471	2,402	-9,655	12,861	-218	201,861
Property funds	185,516	36,836	-10,947	37,465	297	249,167
Total	495,340	83,765	-43,237	93,311	9,275	638,454

All transfers between levels are recognised in the month in which they occur.

Notes to the Pension Fund Accounts (continued)

17. FINANCIAL INSTRUMENTS

17(a). CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial assets and liabilities by category and Net Asset Statement heading. No financial assets were reclassified during the year.

31-Mar-21			31-Mar-22		
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£000	£000	£000	£000	£000	£000
Financial assets					
17	0	0	0	0	0
2,544,031	0	0	2,681,942	0	0
185,516	0	0	249,167	0	0
309,824	0	0	187,426	0	0
	0	0	201,861		
0	0	0	0	0	0
37,167	23,478	0	36,327	8,706	0
0	1,014	0	0	509	0
0	8,815	0	0	9,905	0
3,076,555	33,307	0	3,356,723	19,120	0
Financial liabilities					
0	0	0	0	0	0
0	0	-390	0	0	-2,521
0	0	-5,982	0	0	-5,576
0	0	-6,372	0	0	-8,097
3,076,555	33,307	-6,372	3,356,723	19,120	-8,097
3,103,490 Total			3,367,746		

Notes to the Pension Fund Accounts (continued)

17(b). NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

31-Mar-21	31-Mar-22
£000	£000
Financial assets:	
671,043	229,377
2	99
Financial liabilities:	
8	1
-140	-48
670,913	229,429
Total gains/(losses)	Total gains/(losses)

18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall Pension Fund Risk Management Programme.

[Risk Strategy Statement](#)

Responsibility for the Fund's Risk Management Strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies

are reviewed regularly to reflect changes in activity and in market conditions.

a) Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's Risk Management Strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment Advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Notes to the Pension Fund Accounts (continued)

Other Price Risk

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

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's Investment Managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund Investment Strategy.

Other Price Risk – Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year in consultation with the Fund's investment Advisors, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2021-22 reporting period. The potential price changes disclosed above are broadly consistent with one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment Advisors most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	Potential Market Movement +/- (%p.a.)
UK pooled equities	19.9
Global pooled equities	20.1
Index linked bonds	7.3
Multi asset credit	7.4
Diversified growth	9.1
Property	15
Private Equity	31.2
Infrastructure	13.3
Cash and other investment balances	0.3

Notes to the Pension Fund Accounts (continued)

Had the market price of the fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

31-Mar-22	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-22	Change	Increase	Decrease
	£000		£000	£000
UK pooled equities	321,249	19.9	385,178	257,320
Global pooled equities	1,499,989	20.1	1,801,487	1,198,491
Index linked bonds	327,080	7.3	350,957	303,203
Multi asset credit	311,757	7.4	334,827	288,687
Diversified growth	221,650	9.1	241,820	201,480
Property	249,167	15.0	286,542	211,792
Private Equity	187,426	31.2	245,903	128,949
Infrastructure	201,861	13.3	228,709	175,013
Cash and other investment balances	34,579	0.3	34,683	34,475
Total Assets	3,354,758		3,910,106	2,799,410

31-Mar-21	Value as at	% (rounded)	Value on	Value on
Asset Type	31-Mar-21	Change	Increase	Decrease
	£000		£000	£000
UK equities	302,821	16.7	353,392	252,250
Global pooled equities	1,429,038	17.4	1,677,691	1,180,385
Index linked bonds	311,751	7.5	335,132	288,370
Multi asset credit	285,427	6.2	303,123	267,731
Diversified growth	214,354	11.9	239,862	188,846
Property	185,516	14.2	211,859	159,173
Alternatives	309,824	21.2	375,507	244,141
Cash and other investment balances	52,764	0.3	52,922	52,606
Total Assets	3,091,495		3,549,488	2,633,502

Notes to the Pension Fund Accounts (continued)

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment consultant in accordance with the Fund's Risk Management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposure to interest rate movements as at 31 March 2022 and 31 March 2021 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Interest Rate Risk Sensitivity Analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. An 80 basis point (BPS) (i.e. 0.80%) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's Risk Management strategy. The Fund's investment consultant has advised that long-term average rates are expected to move less than 80 basis points from one year to the next and experience suggests that such movements are likely. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS (1.0%) change in interest rates:

31-Mar-21	Asset Type	31-Mar-22
£000		£000
311,751	Index linked bonds	327,080
285,714	Multi asset credit	311,757
597,465	Total	638,837

Exposure to interest rate risk	Asset values at	Impact of 1%	Impact of 1%
	31-Mar-22	decrease	increase
	£000	£000	£000
Index linked bonds	327,080	330,351	323,809
Multi asset credit	311,757	314,875	308,639
Total change in assets available	638,837	645,226	632,448

Exposure to interest rate risk	Asset values at	Impact of 1%	Impact of 1%
	31-Mar-21	decrease	increase
	£000	£000	£000
Index-linked securities	311,751	314,869	308,633
Multi asset credit	285,714	288,571	282,857
Total change in assets available	597,465	603,440	591,490

Notes to the Pension Fund Accounts (continued)

Exposure to interest rate risk	Interest receivable 2021-22 £000	Value on 1% increase £000	Value on 1% decrease £000
Cash deposits, cash and cash equivalents	19	19	19
Multi asset credit	5,459	5,514	5,404
Total	5,478	5,533	5,423

Exposure to interest rate risk	Interest receivable 2020-21 £000	Value on 1% increase £000	Value on 1% decrease £000
Cash deposits, cash and cash equivalents	9	209	205
Fixed interest securities	531	536	526
Total	540	745	731

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of the assets and the income received from investments impact on the net assets available to pay benefits.

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is routinely monitored by the Investment Sub Committee and its Investment Advisors in accordance with the Fund's Risk Management Strategy, including monitoring the range of exposure to currency fluctuations.

The Fund has partially hedged the currency exposures on its equity investments by transferring into currency hedged share classes of its passive equity funds.

Notes to the Pension Fund Accounts (continued)

Currency Risk – Sensitivity Analysis

Following analysis of historical data with the Fund’s Advisors, the Council considers the likely volatility associated with foreign exchange rate movements to be 9.5% (the 1 year expected standard deviation).

A 9.5% (31 March 2021: 9.8%) fluctuation in the currency is considered reasonable based on the Fund Advisors analysis of long-term historical movements in the month-end exchange rates over a rolling 36 month period. This analysis assumes that all other variables, in particular interest rates, remain constant. A 9.5% strengthening/weakening of the pound against the various currencies in which the fund holds investments would decrease/increase the net assets available to pay benefits as follows.

Assets exposed to currency risk	Value at	Potential	Value on	Value on
	31-Mar-22	market	increase	decrease
	£000	movement	£000	£000
Overseas equities - hedged	259,145	0	259,145	259,145
Overseas equities - unhedged	1,240,844	117,880	1,358,724	1,122,964
Overseas fixed income	157,117	14,926	172,043	142,191
Overseas cash fund	217	21	238	196
Total	1,657,323	132,827	1,790,150	1,524,496

Assets exposed to currency risk	Value at	Potential	Value on	Value on
	31-Mar-21	market	increase	decrease
	£000	movement	£000	£000
Overseas equities - hedged	249,314	0	249,314	249,314
Overseas equities - unhedged	1,394,078	136,620	1,530,698	1,257,458
Overseas fixed income	285,427	27,972	313,399	257,455
Overseas cash fund	657	64	721	593
Total	1,929,476	164,656	2,094,132	1,764,820

b) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund’s financial assets and liabilities. In essence the Fund’s entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Notes to the Pension Fund Accounts (continued)

Contractual credit risk is represented by the net payment or receipts that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognized rating agency, Standard & Poor's. Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

The Council believes it has managed its exposure to credit risk and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2022 was £45.0m (31 March 2021: £60.6m). This was held with the following institutions:-

	Rating	31-Mar-21 £000	31-Mar-22 £000
Money market funds			
Northern Trust Global Investors Global Cash Fund	AAAm	37,167	36,327
Bank deposit account			
Barclays Bank	A	9,162	8,659
Bank current accounts			
Northern Trust custody accounts	A-1+	14,316	47
Total		60,645	45,033

c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet the pensioner payroll costs and also cash to meet investment commitments.

The Fund has immediate access to its cash holdings, with the exception of holdings that are for a fixed term when the deposit is placed. The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert in to cash. As at 31 March 2022 the value of illiquid assets was £638.5m, which represented 19.0% of the total Fund assets (31 March 2021: £495.3m, which represented 16.0% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund Investment Strategy. All financial liabilities at 31 March 2022 are due within one year.

d) Refinancing Risk

A key risk for a Pension Fund is that it may be bound to replenish a significant proportion of its Pension Fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its Investment Strategy.

Notes to the Pension Fund Accounts (continued)

19. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where the Administering Authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a maximum period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable. Where an employer's funding level is less than 100%, a deficit recovery plan is put in place requiring additional contributions from the employer to meet the shortfall.

At the 2019 actuarial valuation, the Fund was assessed as 93% funded (78% at the March 2016 valuation). This corresponded to a deficit of £176m (2016 valuation: £517m) at that time.

The Contribution Objective is achieved by setting employer contributions which are likely to be sufficient to meet both the cost of new benefits accruing and to address any funding deficit relative to the funding target over the agreed time horizon. A secondary objective is to maintain where possible relatively stable employer contribution rates.

For each employer in the Fund, to meet the Contribution Objective, a primary contribution rate has been calculated in order to fund the cost of new benefits accruing in the Fund. Additionally, if required, a secondary contribution rate has also been calculated to target a fully funded position within the employer's set time horizon.

The table below summarizes the whole fund Primary and Secondary Contribution rates at the 2019 triennial valuation. These rates are the payroll weighted average of the underlying individual employer primary and secondary rates, calculated in accordance with the Regulations and CIPFA guidance.

Primary Rate %	Secondary Rate		
1 April 2020 to 31 March 2023: 19%	2020-21: £20,339,000	2021-22: £20,463,000	2022-23: £20,696,000

The Primary rate above includes an allowance of 0.8% of pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% of pensionable pay. Full details of the contribution rates payable can be found in the 2019 actuarial valuation report and the funding strategy statement on the Fund's website.

Notes to the Pension Fund Accounts (continued)

Basis of Valuation

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

Financial Assumptions

A summary of the main financial assumptions adopted for the valuation of members' benefits are shown below.

Assumption	31-Mar-16	31-Mar-19
Price Inflation (CPI)/ Pension increases	2.1%	2.3%
Pay increases - 2016	2.4%*	2.8%**

**2% until 31 March 2020 followed by CPI plus 0.5% thereafter

The next triennial valuation is due 31 March 2022 where CPI was much higher than 31 March 2019, this is included as an experience item in the valuation.

Mortality Assumptions

Future life expectancy based on the actuary's fund-specific mortality review was:

Assumed life expectancy at age 65	Active and Deferred Members	Active and Deferred Members	Current Pensioners	Current Pensioners
	Male	Female	Male	Female
2016 valuation	23.9	26.1	22.1	24.2
2019 valuation	22.3	25.1	21.5	23.7

Note that the figures for active and deferred members assume that they are aged 45 at the valuation date.

Various scaling factors have been applied to the mortality tables to reflect the predicted longevity for each class of member and their dependents.

Other Demographic Valuation Assumptions:

a) Retirements in ill-health - Allowance has been made for ill-health retirements before normal pension age.

b) Withdrawals - Allowance has been made for withdrawals from service.

c) Retirements in normal health - We have adopted the retirement age pattern assumption as used for the purpose of the 2016 LGPS cost cap valuation.

d) Death in Service - Allowance has been made for death in service.

e) Promotional salary increases - Allowance has been made for promotional salary increases.

f) Family details - A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than him and the dependant of a female member is assumed to be 3 years older than her.

g) Commutation - 50% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits for service to 1 April 2008 (equivalent 75% for service from 1 April 2008).

h) 50:50 option - 1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

Notes to the Pension Fund Accounts (continued)

20. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 19). The actuary has also used valued ill health and death benefits in line with IAS 19.

31-Mar-21		31-Mar-22
£m		£m
-4,572	Present value of promised retirement benefits	-4,418
3,103	Fair value of scheme assets (bid value)	3,368
-1,469	Net liability	-1,050

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2019 triennial funding valuation (see Note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Assumptions Used

31-Mar-21	Assumption	31-Mar-22
% p.a.		% p.a.
2.85	Inflation/pension increase rate assumption	3.20
3.35	Salary increase rate	3.70
2.00	Discount rate	2.70

Notes to the Pension Fund Accounts (continued)

21. CURRENT ASSETS

31-Mar-21		31-Mar-22
£000		£000
Debtors:		
1,754	Contributions due – members	2,044
6,033	Contributions due – employers	6,286
1,028	Other debtors	1,575
8,815		9,905
Cash balances		
9,162		8,659
9,162		8,659
17,977		18,564

22. CURRENT LIABILITIES

31-Mar-21		31-Mar-22
£000		£000
967	Benefits payable	661
5,015	Other creditor	4,915
5,982		5,576

23. ADDITIONAL VOLUNTARY CONTRIBUTIONS

31-Mar-21		31-Mar-22
£000		£000
5,725	Prudential	5,444
642	Standard Life	645
6,367		6,089

Total contributions of £148k (2020-21: £81k) were paid directly to Prudential during the year. Total contributions of £7k (2020-21: £51k) were paid directly to Standard Life during the year.

24. AGENCY SERVICES

Agency Services represent activities administered by the Fund on behalf of scheme employers which are not included within the Fund Account but are provided as a service and are fully reclaimed from the employer bodies.

31-Mar-21		31-Mar-22
£000		£000
2,208	Unfunded pensions	2,248
2,208		2,248

25. RELATED PARTIES TRANSACTIONS

West Northamptonshire Council

The Northamptonshire Pension Fund is administered by West Northamptonshire Council. Consequently, there is a strong relationship between the Council and the Fund. The Council incurred costs of £2.2m (2020-21: £1.6m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Council is also the single largest employer of members of the Pension Fund and contributed £23.6m of employer's contributions to the Fund in 2021-22 (2020-21: £25.9m as Northamptonshire County Council). At 31 March 2022 there was £1.9m due to the Fund by the Council (31 March 2021: £263k was due to the Fund by the Council).

Governance

No Pensions Committee members declared a personal interest due to either being a member of the scheme themselves or having a family member in the scheme. Council members have declared their interests in their Register of Members' Interests. Other members of the Pensions Committee are required to declare their interests at each meeting.

Notes to the Pension Fund Accounts (continued)

25 (a). KEY MANAGEMENT PERSONNEL

The administration of the Fund is provided by West Northamptonshire Council (lead authority) in partnership with Cambridgeshire County Council. The Head of Pensions reports directly to Assistant Director of Finance at West Northamptonshire Council, whose costs are reported in the West Northamptonshire Council statement of accounts. Other key personnel include the Section 151 Officer.

31-Mar-21	31-Mar-22
£000	£000
54 Short-term benefits	56
186 Post-employment benefits	3
240	59

26. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments at 31 March 2022 totalled £181.4m (31 March 2021: £186.6m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between three and fifteen years from the date of each original commitment.

27. CONTINGENT ASSETS

Seven admitted body employers in the Northamptonshire Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

28. ASSET POOLING

The Northamptonshire Pension Fund has joined with ten other Local Government Pension Schemes (LGPS) Administering Authorities to form the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The other members of the ACCESS Pool are:

Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Suffolk and West Sussex.

On 31 March 2022 collectively the pool has assets of £60bn (of which 58.5% has been pooled) serving 3,500 employers with over 1.2 million members including 310,000 pensioners.

The ACCESS Pool is not a legal entity in itself but is governed by the Inter Authority Agreement (IAA) signed by each Administering Authority established in 2017. The IAA sets out the terms of reference and constitution of ACCESS.

The formal decision-making body within the ACCESS Pool is the ACCESS Joint Committee. The Joint Committee has been appointed by the 11 Administering Authorities under s102 of the Local Government Act 1972, with delegated authority from the Fund Council of each Administering Authority to exercise specific functions in relation to the Pooling of Pension Fund assets.

The Joint Committee is responsible for ongoing contract management and budget management for the Pool and is supported by the Section 151 Officers Group, Officer Working Group and the ACCESS Support Unit. More information on the ACCESS pool can be found on their website: [ACCESS Pool](#).

Notes to the Pension Fund Accounts (continued)

29. Prior Period Adjustment

There have been two prior period adjustments to the 2020-21 position. Previously, pooled property holdings £58.4m have been classified as Level 2 using fair value techniques, however they have been reclassified to Level 3 due to the valuation techniques use, Level 3 is a more appropriate classification for these assets. Additionally, £37m cash held in Money Market Funds were held at amortised cost during 2020-21, due to the nature of these assets they would require to be held at fair value through profit and loss.

Values at March 2021 - Prior year	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Equities	17	0	0	17
Pooled investments	657	2,543,374	0	2,544,031
Pooled property investments	0	58,366	127,150	185,516
Private equity/infrastructure	0	0	309,824	309,824
Net investment assets	674	2,601,740	436,974	3,039,388

Values at March 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	£000	£000	£000	£000
Equities	17	0	0	17
Pooled investments	657	2,543,374	0	2,544,031
Pooled property investments	0	0	185,516	185,516
Private equity/infrastructure	0	0	309,824	309,824
Cash and Cash Equivalents	37,167	0	0	37,167
Net investment assets	37,841	2,543,374	495,340	3,076,555

As a result of these classifications notes 16a, 16b and 17a have been amended.