

Registered numbers:	Amey Section	19018801
	Accord Section	19018802
	APS Section	19018803
	Overall Scheme	10225287

AMEY OS PENSION SCHEME

Report and financial statements

Year ended 30 September 2020

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

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Trustee and Advisers

Trustee:	PTL Governance Limited
Scheme Actuary:	A Allsopp F.I.A. Quattro Pension Consulting Actuaries
Independent Auditor:	Grant Thornton UK LLP
Investment Managers:	SEI (Europe) Investments Ltd JUST M&G Investment Hayfin Capital Management
Investment Custodians:	SEI (Europe) Investments Ltd
Investment Consultant:	SEI (Europe) Investments Ltd
AVC Provider:	Prudential Assurance Company Limited Utmost Life and Pensions Limited Legal and General
Legal Advisers:	Squire Patton Boggs
Scheme Administrator:	RPMI Limited
Banks:	Royal Bank of Scotland
Life Assurance Company:	Legal & General Assurance Society Limited
Principal Employer:	Amey plc
Participating Employers:	Amey Services Limited

Contact for further information and complaints about the Scheme:

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Amey OS Pension Scheme annual report and financial statements

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Trustee's Annual Report

Introduction

The Trustee of the Amey OS Pension Scheme (the "Scheme") is pleased to present its report together with the financial statements for the year ended 30 September 2020. The Scheme is a Defined Benefit scheme.

Management of the Scheme

Under the Rules of the Scheme, which comply with the Occupational Pension Schemes (Member Nominated Trustees and Directors) Regulations 2006, there are normally five Trustees, two of whom are member nominated unless a Corporate Body is appointed as Trustee to the Scheme.

During the year under review, the Trustee of the Scheme was a corporate body – PTL Governance Limited ("PTL")

PTL acts through its Directors. The Directors who served during the year were:

David Archer
Richard Butcher
David Hosford
Kim Nash
Colin Richardson
Ruston Smith
Alison Bostock

In accordance with the Trust Deed, the Principal Employer, Amey plc has the power to appoint and remove the Trustee of the Scheme.

During the year the Trustee held nine meetings.

Communication with Members

The Trustee issues a newsletter to the membership annually, which provides an overview of events that have taken place during the year and upcoming events in relation to the Scheme. Members are encouraged in the Newsletter to raise any comments directly with the Administrator. Within the accounting period the newsletter was issued to the members in July 2020.

Employer guarantees

Amey UK Plc provided a guarantee of £10m to the Amey Section on 30 June 2012 and was due to expire on 31 December 2019 (following a previous extension from December 2018). On 28 October 2019, Amey UK Plc confirmed that they would further extend the guarantee until 31 December 2020 and on 11 December 2020 this was further extended to 31 December 2021. The APS Section has been provided with an £80m guarantee that expires on 30 June 2024, and the Accord section with a £23m guarantee that expires in April 2030.

All of the guarantees in place cover present and future obligations of the respective sections.

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Trustee's Annual Report (continued)

GMP Equalisation

In October 2018, the High Court determined that benefits built up between May 1990 and April 1997 must be recalculated for both men and women to remove the inequality. This is known as "GMP Equalisation". Under the ruling, where an uplift to benefits is necessary, schemes are required to backdate benefit adjustments in relation to GMP Equalisation and, where the benefits are already in payment, provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and, therefore, have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year in which they are determined.

Trustee Knowledge and Understanding

The Pensions Act 2004 requires trustees to have sufficient knowledge and understanding of pensions and trust law and be conversant with the Scheme documentation. The Pensions Regulator has published a Code of Practice on Trustee Knowledge and Understanding to assist trustees on this matter which became effective in November 2009. The Trustee is a professional trustee who maintains a training log and has agreed a training plan to enable them to meet the identified requirements.

Governance and Risk Management

The Trustee has in place a business plan which sets out its objectives in areas such as administration, investment, funding and communication. This, together with a list of the main priorities and timetable for completion, helps the Trustee run the Scheme efficiently and serves as a useful reference document.

The Trustee regularly reviews its risk register to ensure that controls are in place to monitor the key risks to which the Scheme is subject and that actions are identified to mitigate these risks.

Internal Dispute Resolution

The Trustee has a dispute resolution procedure which is available to any member or dependant. Two complaints were raised during the year under this procedure and both were resolved

Report to the Pensions Regulator

The Trustee has been in regular correspondence with the Pensions Regulator during the year in respect of the Covenant and possible sale of the Company. Information provided was at a high level and there are no current perceived issues.

Principal Employer

The registered address of the Principal Employer is Amey plc, Chancery Exchange, 10 Furnival Street, London EC4A 1AB.

Financial Development

The financial statements on pages 23 to 43 have been prepared and audited in accordance with the Regulations made under Sections 41(1) and (6) of the Pensions Act 1995. They show that the value of the Fund decreased from £668,570,000 at 30 September 2019 to £653,675,000 at 30 September 2020.

Transfer Values

Cash equivalents paid during the year with respect to transfers have been calculated and verified in manner prescribed by the Pension Schemes Act 1993 and do not include discretionary benefits.

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Trustee's Annual Report (continued)

COVID-19 Pandemic

The Trustee has assessed, and continues to monitor, the consequences of the COVID-19 pandemic for the Scheme and has considered the following areas in particular:

- The administration of benefits by the Scheme's Administrator, RPMI Limited, including their business continuity planning, operational resilience, cyber/IT security measures and the maintenance of their control environment;
- The financial position of the Participating Employers and the payment of contributions due;
- The effect on the Trustee's investment strategy, the value of the Scheme's assets and the ability to provide sufficient cashflow to support benefit and other payments.
- The communication to members in relation to the impact of volatility in markets as a result of COVID-19 and the long-term nature of pension benefits, and other educational materials.

The Trustee is satisfied having assessed these areas that the risks posed to the operation and management of the Scheme and its investments as a result of the COVID-19 pandemic have been sufficiently understood and mitigated where appropriate.

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Trustee's Annual Report (continued)

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

AMEY SECTION

The last full actuarial valuation of the Amey OS Pension Scheme (Amey Section) was 30 September 2017.

Assumptions and method

The valuation method used by the Scheme Actuary is the Projected Unit Method.

The assumptions are based on the method specified in the Trustee's Statement of Funding Principles, with financial assumptions updated to reflect market conditions at the relevant date. The changes made to key financial assumptions are as explained below.

A summary of the assumptions used for the annual funding update as at 30 September 2019 is set out in the following table, with the full actuarial valuation assumptions shown for comparison:

Assumption	30 September 2019	30 September 2017
Discount Rate	2.75%	3.30%
RPI Inflation		
- Before retirement	3.30%	3.00%
- After retirement	3.30%	3.40%
CPI Inflation		
- Before retirement	2.40%	2.10%
- After retirement	2.40%	2.50%
Pension increases		
- RPI Max 5%	3.10%	3.10%
- CPI Max 5%	2.40%	2.50%
- CPI Max 3%	1.90%	2.00%

Demographic Assumptions	
Retirements	All at National Retirement Age
Proportion taking tax free cash	All members taking 75% of maximum permitted cash at retirement
Proportion married	75% at retirement or earlier death (husband 3 years older than wife)
Post-retirement mortality	105% S2PXA year of birth tables
Mortality improvements	CMI 2018 projections, long term improvement rate 1.5% pa
	CMI 2016 projections, long term improvement rate 1.5% pa

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Trustee's Annual Report (continued)

Results

The following table shows the results of the approximate funding updates as at 30 September 2019 and 30 September 2018 together with the results of the triennial valuation at 30 September 2017:

	30 September 2019 (£)	30 September 2018 (£)	30 September 2017 (£)
Technical Provisions*	25,654,000	23,350,000	23,719,000
Assets	36,778,000	30,472,000	30,631,000
Surplus / (Deficit)	11,124,000	7,122,000	6,912,000
Funding Level	143%	130%	129%

* "Technical Provisions" is the estimate of the amount of money needed in the Scheme to provide Scheme benefits, assessed on a prudent basis according to the Statement of Funding Principles.

Included in the results of the 2019 and 2018 annual funding updates for the Amey section is an allowance for an estimate of the cost of GMP equalisation equal to 0.1% of the value of the section reserves.

The next full triennial valuation of the Section will be as at 30 September 2020 and is in progress.

ACCORD SECTION

The last full actuarial valuation of the Amey OS Pension Scheme (Accord Section) was 30 September 2017.

Assumptions and method

The valuation method used by the Scheme Actuary is the Projected Unit Method.

The assumptions are based on the method specified in the Trustee's Statement of Funding Principles, with financial assumptions updated to reflect market conditions at the relevant date. The changes made to key financial assumptions are explained below.

A summary of the assumptions used for the annual funding update as at 30 September 2019 is set out in the following table, with the full actuarial valuation assumptions shown for comparison:

Assumption	30 September 2019	30 September 2017
Discount Rate	2.75%	3.30%
RPI Inflation		
- Before retirement	3.30%	3.00%
- After retirement	3.30%	3.40%
CPI Inflation		
- Before retirement	2.40%	2.10%
- After retirement	2.40%	2.50%
Pension increases		
- RPI Max 5%	3.10%	3.10%
- CPI Max 5%	2.40%	2.50%
- CPI Max 3%	1.90%	2.00%

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Demographic Assumptions		
Retirements	All at Normal Retirement Age	
Proportion taking tax free cash	All members taking 75% of maximum permitted cash at retirement	
Proportion married	75% at retirement or earlier death (husband 3 years older than wife)	
Post-retirement mortality	105% S2PXA year of birth tables	
Mortality improvements	CMI 2018 projections, long term improvement rate 1.5% pa	CMI 2016 projections, long term improvement rate 1.5% pa

Results

The following table shows the results of the approximate funding updates as at 30 September 2019 and 30 September 2018 together with the results of the triennial valuation at 30 September 2017:

	30 September 2019 (£)	30 September 2018 (£)	30 September 2017 (£)
Technical Provisions*	72,916,000	64,260,000	66,151,000
Assets	90,184,000	76,226,000	61,593,000
Surplus / (Deficit)	17,268,000	11,966,000	(4,558,000)
Funding Level	124%	119%	93%

* "Technical Provisions" is the estimate of the amount of money needed in the Scheme to provide Scheme benefits, assessed on a prudent basis according to the Statement of Funding Principles.

Included in the results of the 2019 and 2018 annual funding updates for the Accord section is an allowance for an estimate of the cost of GMP equalisation equal to 0.2% of the value of the section liabilities.

The next full triennial valuation of the Section will be as at 30 September 2020 and is in progress.

APS SECTION

The last full actuarial valuation of the Amey OS Pension Scheme (APS section) was 30 September 2017.

Assumptions and method

The valuation method used by the Scheme Actuary is the Defined Accrued Benefit Method.

The assumptions are based on the method specified in the Trustee's Statement of Funding Principles, with financial assumptions updated to reflect market conditions at the relevant date. The changes made to key financial assumptions are explained on the following page.

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A summary of the assumptions used for the annual funding update as at 30 September 2019 is set out in the following table, with the full actuarial valuation assumptions shown for comparison:

Assumption	30 September 2019	30 September 2017
Discount Rate	2.75%	3.30%
RPI Inflation		
- Before retirement	3.30%	3.00%
- After retirement	3.30%	3.40%
CPI Inflation		
- Before retirement	2.40%	2.10%
- After retirement	2.40%	2.50%
Pension increases		
- RPI Max 5%	3.10%	3.10%
- CPI Max 5%	2.40%	2.50%
- CPI Max 3%	1.90%	2.00%

Demographic Assumptions		
Retirements	All at Normal Retirement Age	
Proportion taking tax free cash	All members taking 75% of maximum permitted cash at retirement	
Proportion married	75% at retirement or earlier death (husband 3 years older than wife)	
Post-retirement mortality	90% S2PXA year of birth tables	
Mortality improvements	CMI 2018 projections, long term improvement rate 1.5% pa	CMI 2016 projections, long term improvement rate 1.5% pa

Results

The following table shows the results of the approximate funding updates as at 30 September 2019 and 30 September 2018 together with the results of the triennial valuation at 30 September 2017:

	30 September 2019 (£)	30 September 2018 (£)	30 September 2017 (£)
Technical Provisions*	326,951,000	290,209,000	287,300,000
Assets	386,985,000	313,724,000	312,639,000
Surplus / (Deficit)	60,034,000	23,515,000	25,339,000
Funding Level	118%	108%	109%

* "Technical Provisions" is the estimate of the amount of money needed in the Scheme to provide Scheme benefits, assessed on a prudent basis according to the Statement of Funding Principles.

Included in the results of the 2019 and 2018 annual funding updates for the APS section is an allowance for an estimate of the cost of GMP equalisation equal to 1.0% of the value of the section liabilities.

The next full triennial valuation of the Section will be as at 30 September 2020 and is in progress.

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MEMBERSHIP

Details of the membership of the Scheme are given below:

	Amey Section Sep 2020	Accord Section Sep 2020	APS Section Sep 2020	Sep 2020	Sep 2019
Active members					
Active members at the start of the year	21	36	-	57	71
Members leaving with preserved benefits	-	(3)	-	(3)	(7)
Members retiring	(1)	(3)	-	(4)	(8)
New members	-	-	-	-	1
Active members at the end of the year	20	30	-	50	57
Pensioners					
Pensioners at the start of the year	325	832	1,534	2,691	2,582
Adjustment to b/fwd.	-	(1)	(1)	(2)	-
Actives retiring	1	3	-	4	8
Deferred into payment	7	33	54	94	131
New dependant pensioners	4	3	17	24	38
Pensioners who died	(5)	(13)	(31)	(49)	(66)
Reinstated child's pension	-	-	-	-	1
Cessation of pension	(3)	(1)	-	(4)	(3)
Pensioners at the end of the year	329	856	1,573	2,758*	2,691
Members with preserved benefits					
Members with preserved benefits at the start of the year	133	623	1,481	2,237	2,384
Adjustment to b/fwd.	-	1	2	3	-
Leavers with preserved benefits	-	3	-	3	7
Death of preserved member	-	(1)	(3)	(4)	(6)
Deferred members becoming pensioners	(7)	(33)	(54)	(94)	(131)
Commutation of benefits	-	-	-	-	(1)
Transfers out	(3)	(2)	(8)	(13)	(16)
Members with preserved benefits at the end of the year	123	591	1,418	2,132	2,237
Total membership at the end of the year	472	1,477	2,991	4,940	4,985

*There are 336 (2019: 321) dependant pensioners within the figures above.

In addition to the pensioner members note above, the Accord Section also includes a further 3 (2019: 3) annuitant pensioners.

The JUST Insurance policy covers the pensions of 258 (Sep 2019: 260) Amey Section pensioners, 625 (Sep 2019: 631) Accord Section pensioners, and 525 (Sep 2019: 522) APS pensioners.

Pensioners include individuals receiving a pension upon the death of their spouse/parent.

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Pension increases

The pension increase rates may differ depending on the elements a pensioner has on their record. Deferred benefits are not increased annually and are revalued at retirement. There were no discretionary increases in the year. Details are as follows:

Non-GMP elements

Benefits are increased by RPI subject to a maximum of 5%. If RPI falls below zero, benefits will not be reduced. Some elements are non-escalating.

GMP elements

For retired members until GMP Age any GMP elements are increased by RPI subject to a maximum of 5%. If RPI falls below zero, benefits will not be reduced.

Once a member has attained GMP Age any Pre 88 GMP element does not increase. Any Post 88 GMP is increased in line with the relevant order made under section 109(3) of the Pension Schemes Act 1993. Currently this is based on the previous September CPI value subject to a maximum of 3%. Dependants of deceased members will also have any Post 88 GMP element increased by the same percentage.

The table on page 12 contains details of the increase rates applicable per element.

Amey OS = all N's, L's, P's

Amey Bali = A8

Amey Accord = A1-A7, A9-A11, H=Pre-RPMI, R=RPMI

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Payment elements		Benefit type	Increase	
			Before GMP Age	On or after GMP Age
0112	Pre88 GMP	L1, L2, P1, A1, A2, A9, A10	5%	nil
0113	Post88 GMP	L1, L2, P1, A1,A2, A9, A10	5%	3%
0114	Pre88 GMP	N1, N2, L3, L4, P2, P4, P7, A3, A5, A6, A8	RPI max 5%	nil
0115	Post88 GMP	N1, N2, L3, L4, P2, P4, P7	RPI max 5%	3%
0120	Post88 GMP	A3, A5, A6, A8	RPI max 5%	RPI max 3%
0116	Pre88 GMP	L5, L6, P3, P5, A4	RPI	nil
0117	Post88 GMP	L5, L6, P3, P5	RPI	3%
0121	Post88 GMP	A4	RPI	CPI max 3% **
0118	Pre88 GMP	N3	CPI max 5%	nil
0119	Post88 GMP	N3	CPI max 5%	3%
0122	Pre88 GMP	A7	CPI	nil
0123	Post88 GMP	A7	CPI	CPI max 3% **
			Increase (regardless of GMP Age)	
0150	Pre97 XS	L1, L2, P1, A1, A2, A9, A10		5%
0151	97-09 XS	L1, L2, P1, A9, A10		5%
0152	Post09 XS	L1, L2, P1, A9, A10		5%
0172	97-02 XS	A1 , A2		5%
0173	Post02 XS	A1 , A2		LPI (RPI max 5%)
0153	Pre97 XS	N1, N2, L3, L4, P2, P4, P7, A3, A5, A6, A8		LPI (RPI max 5%)
0154	97-09 XS	N1, N2, L3, L4, P2, P4, P7,		LPI (RPI max 5%)
0155	Post09 XS	N1, N2, L3, L4, P2, P4, P7, A1, A2		LPI (RPI max 5%)
0174	Post 97 XS	A3, A5, A6, A8		LPI (RPI max 5%)
0156	Pre97 XS	L5, L6, P3, P5, A4		RPI
0157	97-09 XS	L5, L6, P3, P5,		RPI
0158	Post09 XS	L5, L6, P3, P5,		RPI
0175	Post97 XS	A4		RPI
0164	Pre97 XS	N3		CPI max 5%
0165	97-09 XS	N3		CPI max 5%
0166	Post09 XS	N3		CPI max 5%
0167	Pre97 XS	A7		CPI
0168	Post97 XS	A7		CPI
0159	AVC /Added Years			nil
0170	Augmentation benefits			nil
0171	Transfer In			nil
0596	Attachment of Earnings			nil
0200	Non Esc	A11		0%
0201	5% Xcess	A9, A10, A11		5%
0202	LPI Xcess	A11		LPI (RPI max 5%)
0203	GMP	A11		

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The table below contains details of the increase rates applicable per element for the APS section.

For all Comax members and those Amey DB members who came into payment on or after 1 June 2010, the RPI reference month is September.

For Amey DB members who came into payment before 1 June 2010 and are below GMP Age, the RPI reference month is January. Once GMP age is attained the Post 88 GMP element reverts to using September as the RPI reference month (statutory requirement).

The table below contains details of the increase rates applicable per element for the APS section.

Sept RPI Reference month		Increase	
Payment elements		Before GMP Age	On or after GMP Age
0114	Pre88 GMP	RPI max 5%	Nil
0115	Post88 GMP	RPI max 5%	CPI max 3% *3
		Increase (regardless of GMP Age)	
0111	Non Esc	Nil	
0153	Pre97 XS	RPI max 5%	
0154	97-09 XS	RPI max 5%	
0155	Post09 XS	RPI max 5%	
0161	AVC Esc	lower of RPI or 5%	
0162	Legal & General	unknown @ 07/12/2011 *2	
0560	Overpayment of Pension	Nil	
0596	Attachment of Earnings	Nil	

Jan RPI Reference month		Increase	
Payment elements		Before GMP Age	On or after GMP Age
0214	Pre88 GMP	RPI max 5%	Nil
0215	Post88 GMP	RPI max 5% *1	- n/a -
		Increase (regardless of GMP Age)	
0111	Non Esc	Nil	
0253	Pre97 XS	RPI max 5%	
0254	97-09 XS	RPI max 5%	
0255	Post09 XS	RPI max 5%	
0261	AVC Esc	lower of RPI or 5%	
0162	Legal & General	unknown @ 07/12/2011 *2	
0560	Overpayment of Pension	Nil	
0596	Attachment of Earnings	Nil	

Further Information

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries. In particular the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustee's Statement of Investment Principles ("SIP") can be inspected. The SIP can be found on the Scheme website which is my-amey-os-pension.com.

Please contact Matt Riley of PTL whose contact details can be found on page 2 if you require such information.

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Trustee's Annual Report (continued)

INVESTMENT REPORT

General

The Trustee appointed SEI Investments (Europe) Limited as fiduciary manager for the assets of the Accord and Amey sections of the Amey OS Pension Scheme (the "Scheme") in November 2015 and in June 2017 in respect of the APS Section of the Scheme. In this capacity SEI provides advice to the Trustee on the long term investment strategy of the Scheme and in addition is responsible for managing the Scheme's assets according to the agreed investment policy by:

- Selecting appropriate pooled funds for each Section of the Scheme
- Defining the allocations to each pooled fund
- Managing a Liability Driven Investment (LDI) portfolio using pooled funds
- Making changes and adjustments where appropriate.

In addition to SEI the APS Section of the Scheme has appointed M&G Investment and Hayfin Capital Management as investment managers.

In addition to SEI's appointment the Trustee purchased a Bulk Annuity in 2016 with JUST. This is a contract with an insurer whereby, in exchange for an upfront premium, an insurer commits to make payments to the Scheme in respect of the benefits due to specified members. (Please note SEI's appointment excludes responsibility for the AVC assets and annuity policies).

Investment Principles

The Trustee has produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995 and subsequent legislation. The latest SIP was signed on 10 September 2020 and a copy is included in appendix 2 on pages 55 to 73 of this report and is also available on the Scheme website which is my-amey-os-pension.com. The overall objective of the Trustee is to meet the benefit payments promised in each Section as they fall due, through:

1. Acquiring suitable assets, having due regard to risk, which will generate income and capital growth to pay, together with deficit repayment contributions from the Principal Employer, the benefits as they fall due.
2. Limiting the risk of the assets being assessed as failing to meet the liabilities over the long term having regard to the Statutory Funding Objective
3. Achieving a return on Investments for each Section which, over the long term, is expected to be consistent with meeting the Statutory Funding Objective

Each Section of the Scheme has an investment strategy specifically designed for that Section taking account of the nature of the liabilities, the funding level and future funding commitments from the sponsoring employer to that Section.

Custodial arrangements

The Trustee has appointed SEI as the custodian of the assets managed by SEI. SEI uses the back-office services of its associate, SEI Private Trust Company (SPTC). SPTC acts as agent for SEI's associate, SEI Global Nominee Limited who holds the client assets of SEI. The Custodian ring fences the Scheme assets from its own assets and those of its other clients.

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Trustee's Annual Report (continued)

Asset Allocation

The table below shows the high level asset allocation of the 3 sections at the beginning and end of the Financial Year.

Asset Class	Asset allocation at beginning and end of Financial Year					
	APS Section		Accord Section		Amey Section	
	<i>Beg</i>	<i>End</i>	<i>Beg</i>	<i>End</i>	<i>Beg</i>	<i>End</i>
Equities • Global Developed Market, Emerging Market, Small Companies	25%	26%	31%	32%	21%	21%
Alternatives - Property, Overseas Bonds, Emerging Market Debt, High Yield Bonds, Loans	24%	26%	18%	20%	14%	17%
Risk Management assets - Gilts, Liability Driven Investment Funds (LDI), investment grade UK corporate bonds to match interest rate and inflation risk.	51%	48%	51%	48%	65%	62%

* Excludes the bulk annuities

The Risk Management assets are low risk assets and are invested in such a way to partially mirror movements in the Scheme's liabilities due to changes in interest rates and inflation rates. The Equities and Alternative assets are inherently risky and aim to provide returns in excess of risk free rates.

The Statement of Investment Principles sets out the tolerances around the high level asset targets for each of the asset classes set out above. These are reflected through into the Fiduciary Management Agreement with SEI with SEI being delegated the responsibility for monitoring on these and taking appropriate action should they be breached.

Asset Class	Allowable range		
	Amey Section	Accord Section	APS Section
Equities	10% - 30%	21% - 41%	10% - 35%
Alternatives	5% - 25%	9% - 29%	15% - 40%
Risk Management assets	55% - 75%	40% - 60%	40% - 60%

The SIP also sets the permitted investments again reflected through into the Fiduciary Management Agreement. SEI has some discretion to use other investments but this would only be in the context of their mandate.

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Trustee's Annual Report (continued)

Environmental, Social, and Governance (ESG) Issues and Voting

The Scheme's investments are achieved mainly via pooled investment funds. Direct control of the process of engaging with the companies or entities that issue securities, whether for corporate governance purposes, social, ethical or environmental factors, is delegated to the investment manager of the pooled investment fund. The Trustee expects the managers and their delegates to take account of all financially material factors, including social, environmental and ethical factors, when selecting investments.

Similarly the Investment Manager is responsible for shareholder voting. They report on voting and engagement activity to the Trustees on a periodic basis. For more details, see the implementation statement attached at pages 49 to 54 of this report.

Economic Background

The final quarter of 2019 could be taken as a microcosm of the full year and, for that matter, the entire decade. Each period began in the wake of volatile, confidence-testing equity-market selloffs, yet proceeded to soar dramatically—overshooting far beyond the point of recovery. Equity and fixed-income markets around the globe wrapped up the decade with above-average annual performance, giving investors the gift of optimism as they rang in the New Year. Developed-market equities generally performed quite well for the 12-month period relative to historical averages; US shares shined the brightest, maintaining their dominance of the past decade. Although emerging-market equities lagged for the year and the decade, they outpaced their developed-market counterparts for the final quarter of 2019. The riskiest segments of the fixed-income universe (high-yield bonds and emerging-market debt) along with US investment-grade corporates outperformed in 2019. Local-currency emerging-market debt was the star of the fourth quarter; however, over the last decade it lagged its hard-currency counterpart, as well as high yield and US investment-grade corporates. As the tower clock chimed its way closer to the end of the decade, the UK's Conservative Party consolidated its power in a mid-December election—winning a majority of seats in the House of Commons and gaining approval for Prime Minister Boris Johnson's EU departure deal. The country was set to officially leave the EU at the end of January 2020, giving way to an 11-month transition period during which the UK and EU would negotiate the terms of their future relationship. Ursula von der Leyen, president of the European Commission, expressed concern in late December that the transition period may not be long enough and that an extension could be necessary; Johnson previously said he would not tolerate a longer transition period.

The modern world has almost never before seen the kind of sudden, dramatic global transformation as it did during the first quarter of 2020. The New Year brought major developments that included the UK's official divorce from the EU, the signing of a "phase-one" trade deal between the US and China, and the emergence of COVID-19 in Wuhan, China. February was defined by the world's evolving realisation that COVID-19 would not be contained to China despite quarantines, border closures and air-travel restrictions. Halfway into the same month, Europe and the US began to contend with a possible widespread outbreak that would demand extreme containment measures—all of which became reality by the middle of March, as both regions committed to suppression. The arc of global financial markets during the first quarter of 2020 corresponded with the unfolding realisation that controlling the outbreak would require government-mandated shutdowns of "non-essential" activity—impacting large cross-sections of the world economy. Governments issued stay-at-home orders as public health leaders preached "social distancing" in order to "flatten the curve" (that is, slow the rate of transmission in order to provide health systems time to manage the viral outbreak). A dash for cash by investors concerned about the economic fallout created disorderly conditions across capital markets. Major developed government-bond rates plummeted to multi-year and all-time lows as credit spreads exploded for fixed-income securities regardless of credit quality, maturity, or other risk characteristics (yields and prices move inversely). A subsequent shortage in US dollar funding caused its value to spike against other currencies. Emerging-market currencies came under heavy pressure amid investment outflows and collapsing output, partially on US dollar scarcity and withering demand for oil (much of which is produced in emerging-market countries).

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Trustee's Annual Report (continued)

Equities around the world spent much of the second quarter embracing the sharp rebound that began at the end of March. Shares were universally higher for the full quarter; although every major market besides China peaked in early June and failed to make new highs thereafter. Recoveries varied in size, and some markets had their best quarter in several years. US shares had the highest quarterly performance since 1998. Gilt rates were lower across all maturities for the full three-month period. Short-to-intermediate-term rates ended near their lowest-ever rates, while long-term rates climbed throughout the quarter after bottoming in April (albeit returning only partway to their first-quarter finish). European government-bond rates nearly completed a round trip during the second quarter—falling in April, climbing in May, and falling back at the end of June to almost exactly where they concluded the first-quarter. US Treasury rates with the shortest and longest maturities increased during the full quarter, while the rates of those with maturities of 1-to-10 years declined. Across maturities, Treasury rates at the end of June were almost identical to those at the end of May, as the entire yield curve moved higher through early June before reversing. The UK and EU struggled to establish their regulatory equivalence in a combined effort to grant mutual access to their financial markets after the Brexit transition period concludes at the end of 2020. The two sides failed to reach an agreement by the proposed 30 June deadline; while the UK said it is prepared to grant the EU access to UK financial markets, the EU stated that the UK has not provided sufficient information to complete its evaluation. The Bank of England's (BoE) Monetary Policy Committee held the Bank Rate at 0.1%, during the second quarter; following its mid-June meeting, the central bank announced that it would expand its stock of asset purchases (from an initial £200 billion increase announced in March) by another £100 billion to £745 billion.

Global equity markets delivered another quarter of outsized gains (during the third quarter), moving further from the March 2020 lows as the economic recovery that took hold in the second quarter continued throughout the summer. European shares moved higher over the full quarter with relative consistency, while UK equities were flat in July, higher in August and flat again in September (finishing lower in sterling but higher in US dollars). US shares climbed steadily for the first two months of the quarter until peaking at the start of September and mostly declining for the remainder of the period. Japanese equities advanced for the majority of the third quarter, while Chinese shares jumped in early July and finished the quarter with strong performance. Hong Kong equities also started July in a rally, but finished the third quarter on a downbeat after selling off in September. UK government-bond rates increased across most maturities during the third quarter. Eurozone government-bond rates generally decreased, although shorter-term rates were mixed in both markets. Short-to-intermediate-term US Treasury rates declined and long-term rates increased, resulting in a steeper yield curve. The US dollar continued to decline versus a broad trade-weighted basket of foreign currencies throughout most of the third quarter before beginning to recover in a mid-September reversal. The number of people infected with COVID-19 in European countries continued to rise throughout the third quarter after having reached low points in June and July. Spain saw the earliest resurgence and ended the period with a greater percentage of its population infected than that of any other country in the region, followed first by France and then the UK. Upticks in Italy and Germany have been much more subdued. Meanwhile, the percent of infected US residents peaked in late July—already nearly matching the high point Spain would reach two months later—and continued to fall through mid-September before rising once again by quarter's end.

Investment Performance

The asset performance of the 3 sections over the last year is shown below. The current portfolios with SEI were only established in 2016 in respect of Amey and Accord Sections and 2017 for APS and hence 5 year performance is not available.

	Return % per annum					
	APS Section		Accord Section		Amey Section	
	Actual	Benchmark	Actual	Benchmark	Actual	Benchmark
1 year	-0.5%	3.3%	-0.6%	2.8%	2.6%	5.5%
3 year pa	8.7%	9.7%	7.5%	8.8%	8.8%	9.8%

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Trustee's Annual Report (continued)

- **Equity Markets**

Over the year, the Scheme's equity assets dropped between 3.7% and 5.4% depending on the Section. The Scheme's global developed market equity portfolio was hit by the global pandemic just to recover after Q1-Q2, small caps funds were still under stress over fears of their potential recovering after the pandemic. The lower risk managed volatility portfolio in the APS section was hit by 10% and Emerging Market equities across all 3 sections by 5%.

- **Bond Markets**

The risk management section of the portfolio is designed to partially protect the funding level against changes in interest rate and inflation rates. It contains instruments that effectively leverage the assets exposure to interest rates and inflation rates to cover over 80% of the sensitivity of liabilities to these factors in respect of APS and Accord Sections and 95% in respect of Amey Section. Over the year yields on both government bonds and investment grade corporate bonds fell and hence liabilities and risk management assets grew. Accord and APS section Risk Management Assets rose around 1.6% whilst Amey Section's rose by 5.5%.

- **Alternatives**

The Fixed Income part of the alternatives portfolio had variable performance. The 4% invested in Emerging Market Debt in respect of Amey and the 6% in respect of Accord Section dropped by 4% whilst their respective 4% and 6% in High Yield Debt grew by 1%. The loan portfolio in the APS section grew by 2.8% and the more leveraged loan portfolios in the other two sections dropped 14.3%.

Amey and Accord Section's Property holdings went down by 3.0%.

Employer Related Investments

There were no employer-related investments at any time during the year.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Trustee's Annual Report (continued)

Statement of Trustee's Responsibilities

Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Trustee's responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for maintaining, and from time to time revising, a schedule of contributions showing the rates of contributions payable to the Scheme by or on behalf of employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are paid into the Scheme by the employers in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

Approved by and signed for and on behalf of the Trustee:



.....Trustee Director

Date: 26/3/2021

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Independent Auditor's Report to the Trustee of the Amey OS Pension Scheme

Opinion

We have audited the financial statements of Amey OS Pension Scheme (the 'scheme') for the year ended 30 September 2020, which comprise the Fund Account, the Statement of Net Assets (available for benefits) and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 30 September 2020, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the Trustee and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties. However, no audit should be expected to predict the unknowable factors or all possible future implications for a scheme associated with a course of action such as Brexit.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Independent Auditor's Report to the Trustee of the Amey OS Pension Scheme (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the scheme's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Trustee's conclusions, we considered the risks associated with the Scheme's operating model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Scheme will continue in operation.

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Trustee for the financial statements

As explained more fully in the Statement of Trustee's Responsibilities set out on page 19, the Trustee is responsible for the preparation of financial statements which show a true and fair view, and for such internal control as the Trustee 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 financial statements, the Trustee is responsible for assessing the scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the scheme, or has no realistic alternative but to do so.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Independent Auditor's Report to the Trustee of the Amey OS Pension Scheme (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Trustee 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 Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

26/3/2021

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Fund Account for the year to 30 September 2020

	Notes	Amey Section 30 Sep 2020 £000	Accord Section 30 Sep 2020 £000	APS Section 30 Sep 2020 £000	Total 30 Sep 2020 £000	Total 30 Sep 2019 £000
Additions from dealings with members						
Employer contributions		340	572	10,368	11,280	11,629
Employee contributions		18	36	25	79	101
Total contributions	5	358	608	10,393	11,359	11,730
Other income	6	-	-	-	-	94
		358	608	10,393	11,359	11,824
Withdrawals from dealings with members						
Benefits paid or payable	7	(1,170)	(2,747)	(10,244)	(14,161)	(14,321)
Payments to and on account of leavers	8	(608)	(460)	(3,713)	(4,781)	(4,004)
Administration expenses	9	(220)	(340)	(425)	(985)	(1,512)
		(1,998)	(3,547)	(14,382)	(19,927)	(19,837)
Net withdrawals from dealings with members		(1,640)	(2,939)	(3,989)	(8,568)	(8,013)
Returns on investments						
Investment income	10	11	8	3,465	3,484	8,012
Change in market value of investments	11	(699)	(2,191)	(5,263)	(8,153)	113,045
Investment management expenses	18	(177)	(385)	(1,096)	(1,658)	(1,632)
Net returns on investments		(865)	(2,568)	(2,894)	(6,327)	119,425
Net (decrease) / increase in fund during the year		(2,505)	(5,507)	(6,883)	(14,895)	111,412
Opening net assets		56,224	126,523	485,823	668,570	557,158
Closing net assets		53,719	121,016	478,940	653,675	668,570

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Statement of Net Assets Available for Benefits as at 30 September 2020

	Notes	Amey Section 30 Sep 2020 £000	Accord Section 30 Sep 2020 £000	APS Section 30 Sep 2020 £000	Total 30 Sep 2020 £000	Total 30 Sep 2019 £000
Investment assets						
Pooled investment vehicles	12	36,387	86,146	381,781	504,314	508,593
Insurance policies	14	17,100	33,100	89,400	139,600	151,700
AVC investments	13	-	114	2,310	2,424	2,923
Cash in transit		-	-	2,109	2,109	-
Total investments		53,487	119,360	475,600	648,447	663,216
Current assets	19	406	1,948	4,498	6,852	7,442
Current liabilities	20	(174)	(292)	(1,158)	(1,624)	(2,088)
Total net assets available for benefits		53,719	121,016	478,940	653,675	668,570

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such liabilities, is dealt with in the Report on Actuarial Liabilities on pages 6 to 9 and the Actuarial Certificates and Statements on pages 46 to 48, these financial statements should be read in conjunction with these reports in order to obtain a full understanding of the financial position of the Scheme.

The notes on pages 25 to 43 form part of these financial statements.

26/3/2021

The financial statements on pages 23 to 43 were approved by the Trustee on.....

Signed for and on behalf of the Trustee:



.....Trustee Director

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Notes to the financial statements

1. BASIS OF PREPARATION

The individual financial statements of Amey OS Pension Scheme have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (Revised June 2018) ("the SORP").

In June 2018, a revised SORP was issued which is applicable to accounting periods commencing on or after 1 January 2019. The Trustee has adopted the revised SORP for the first time in these financial statements. The adoption of the revised SORP has had no material impact on the financial statements. However it has required certain additions to or amendments of disclosures in the financial statements.

Under the Pension Statement of Recommended Practice, a going concern basis is assumed unless a decision has been made to wind up the Scheme or an event triggering its wind up has occurred. As no such event has occurred or is currently anticipated, these financial statements have been prepared on a going concern basis. In line with best practice, the Trustee has considered the extent to which the current economic climate, including the impact of the COVID-19 pandemic and Brexit, might present a risk of the Scheme continuing as a going concern. The Trustee has reviewed the information made available to them from the Sponsoring Employer and do not currently anticipate an event that would trigger the wind up of the Scheme in a period of 12 months from the date of signing of these financial statements.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

Amey OS Pension Scheme is established as a trust under English law. The Scheme is a registered pension scheme for tax purposes under chapter 2, part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential treatment. The address for further information about the Scheme is Matt Riley, PTL Governance Ltd, Merlin House, Brunel Road, Theale, Berkshire, RG7 4AB (E-mail: mriley@ptluk.com).

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Notes to the financial statements (continued)

3. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT AND STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

Fund account for the year to 30 September 2019

	Notes	Amey Section 30 Sep 2019 £000	Accord Section 30 Sep 2019 £000	APS Section 30 Sep 2019 £000	Total 30 Sep 2019 £000
Additions from dealings with members					
Employer contributions		343	879	10,407	11,629
Employee contributions		18	58	25	101
Total contributions	5	361	937	10,432	11,730
Other income	6	94	-	-	94
		455	937	10,432	11,824
Benefits paid or payable	7	(1,316)	(2,812)	(10,193)	(14,321)
Payments to and on account of leavers	8	(231)	(375)	(3,398)	(4,004)
Administration expenses	9	(339)	(455)	(718)	(1,512)
		(1,886)	(3,642)	(14,309)	(19,837)
Net (withdrawals) from dealings with members		(1,431)	(2,705)	(3,877)	(8,013)
Returns on investments					
Investment income	10	15	4	7,993	8,012
Change in market value of investments	11	10,777	18,113	84,155	113,045
Investment management expenses	18	(150)	(338)	(1,144)	(1,632)
Net returns on investments		10,642	17,779	91,004	119,425
Net increase in fund during the year		9,211	15,074	87,127	111,412
Opening net assets		47,013	111,449	398,696	557,158
Closing net assets		56,224	126,523	485,823	668,570

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Notes to the financial statements (continued)

Statement of Net Assets Available for Benefits as at 30 September 2019

	Notes	Amey Section 30 Sep 2019 £000	Accord Section 30 Sep 2019 £000	APS Section 30 Sep 2019 £000	Total 30 Sep 2019 £000
Investment assets					
Pooled investment vehicles	12	36,254	87,717	384,622	508,593
Insurance policies	14	19,400	36,200	96,100	151,700
AVC investments	13	46	139	2,738	2,923
Total investments		55,700	124,056	483,460	663,216
Current assets	19	789	2,937	3,716	7,442
Current liabilities	20	(265)	(470)	(1,353)	(2,088)
Total net assets available for benefits		56,224	126,523	485,823	668,570

4. ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently, are set out below.

4.1 Currency

The functional and presentational currency used in these financial statements is Sterling (GBP).

4.2 Accruals concept

The financial statements have been prepared on an accruals basis.

4.3 Valuation of investments

The fair value of pooled investment vehicles is taken as the bid price or single price at the accounting date, as advised by the investment managers.

The AVC investments include policies of assurance underwritten by Prudential, Utmost Life and Pensions Limited and Legal & General. For Prudential and Utmost Life and Pensions Limited the fair value of these policies of assurance has been taken as the surrender values of the policies at the year end, as advised by the AVC provider. For Legal & General the fair value is taken as the pooled fund unit price at the year-end date. If a year-end valuation is unavailable the policy values are taken as at the latest available valuation and adjusted for cash movements, as per the SORP.

The bulk annuity policy held in the name of the Trustee is held with, and valued at the year-end by JUST. The policy is included in the financial statements at the valuer's best estimate of future benefit liabilities based on applying a discount to an estimated premium value.

There are some historic annuity policies held in the name of the Trustee for the Accord Section that are considered to be immaterial in value. The Trustee has decided to only value and include material annuity policies and therefore those immaterial historic policies are included in the financial statements at £Nil value.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Notes to the financial statements (continued)

4.4 Contributions and benefits

Normal contributions are accounted for when they are deducted from pay by the Employer, in accordance with the Schedule of Contributions.

Employer deficit funding contributions and expense contributions are accounted for on the due dates in accordance with the Schedule of Contributions.

Employer additional contributions are accounted for in the year they are received.

PPF Levy reimbursements due from the Scheme are accounted for in the year that the Scheme requests the reimbursements from the Employer.

Pensions paid, retirement benefits and death benefits are accounted for in the year in which they become due for payment. Where there is a choice, benefits are accounted for on the latter of the date of leaving, retirement or death and the date on which any option or notification is communicated to the Trustee. If there is no choice they are accounted for on the date of retiring or leaving.

4.5 Other income

Death in service income received from insurance companies is accounted for in the same year as the associated benefit.

Interest on bank deposits is accounted for as it accrues.

4.6 Transfer values

Individual transfers are accounted for when the transfer has been agreed by both parties and the receiving scheme has accepted liability for the transfer, which is normally on the date of payment of the transfer.

4.7 Investment income

Annuity income from the JUST bulk annuity policy used to pay pension benefits is recognised within investment sales.

Income from any pooled investment vehicles, which distribute income, is accounted for on an accruals basis on the date stocks are quoted ex-dividend, or in the case of unquoted instruments, when the dividend is declared.

Receipts from annuity policies with Prudential and Legal & General held by the Trustee to fund benefits payable to Scheme members are included within investment income on an accruals basis to match the related benefits payable.

4.8 Administrative, investment management expenses and other payments

Administrative, investment management expenses and other payments are accounted for on an accruals basis. Invoices incurred by a specific section are paid for by that section, invoices which are incurred by the Scheme as a whole are split equally between the three sections.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Notes to the financial statements (continued)

5. CONTRIBUTIONS

	30 September 2020			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Contributions from employer:				
Normal	219	328	-	547
Deficit funding	-	-	9,682	9,682
Additional employer contributions	-	-	-	-
Expenses contributions	120	240	600	960
Reimbursement of PPF Levy	1	4	86	91
	340	572	10,368	11,280
Contributions from member:				
Normal	18	35	-	53
Added years	-	1	-	1
Additional voluntary contributions	-	-	25	25
	18	36	25	79
	358	608	10,393	11,359

	30 September 2019			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Contributions from employer:				
Normal	222	527	-	749
Deficit funding	-	-	9,682	9,682
Additional employer contributions	-	83	-	83
Expenses contributions	120	240	600	960
Reimbursement of PPF Levy	1	29	125	155
	343	879	10,407	11,629
Contributions from member:				
Normal	18	57	-	75
Added years	-	1	-	1
Additional voluntary contributions	-	-	25	25
	18	58	25	101
	361	937	10,432	11,730

Per the Schedules of Contributions certified by the Scheme Actuary on 27 March 2018, the employer is to make the following deficit funding and expense funding contributions to the Scheme:

Amey Section for the period 1 April 2018 to 1 April 2023:

Deficit funding	Nil
Expense funding	£10,000 per month

Accord Section for the period 1 April 2018 to 31 May 2026:

Deficit funding	Nil
Expense funding	£20,000 per month
Payments to escrow account	£51,625 per month

APS Section for the period 1 April 2018 to 30 April 2024:

Deficit funding	£806,850 per month
Expense funding	£50,000 per month

The Accord Section operates a salary sacrifice arrangement.

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Year ended 30 September 2020

Notes to the financial statements (continued)

6. OTHER INCOME

	30 September 2020			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Claims on Insurance term benefits	-	-	-	-
Other income	-	-	-	-
	-	-	-	-
	30 September 2019			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Claims on Insurance term benefits	94	-	-	94
Other income	-	-	-	-
	94	-	-	94

Death in service is insured with Legal & General.

7. BENEFITS PAID OR PAYABLE

	30 September 2020			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Pensions	(943)	(2,083)	(8,392)	(11,418)
Commutations and lump sums on retirement	(196)	(650)	(1,850)	(2,696)
Lump sums on death in service	-	-	-	-
Death benefits in retirement	(31)	(14)	(2)	(47)
	(1,170)	(2,747)	(10,244)	(14,161)
	30 September 2019			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Pensions	(871)	(1,857)	(7,863)	(10,591)
Commutations and lump sums on retirement	(351)	(932)	(2,276)	(3,559)
Lump sums on death in service	(94)	-	-	(94)
Death benefits in retirement	-	(23)	(54)	(77)
	(1,316)	(2,812)	(10,193)	(14,321)

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Notes to the financial statements (continued)**8. PAYMENTS TO AND ON ACCOUNT OF LEAVERS**

	30 September 2020			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Individual transfers to other schemes	(608)	(460)	(3,713)	(4,781)

	30 September 2019			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Individual transfers to other schemes	(231)	(375)	(3,398)	(4,004)

9. ADMINISTRATION EXPENSES

	30 September 2020			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Actuarial	(24)	(28)	(39)	(91)
Administration	(87)	(125)	(150)	(362)
PPF and other levies	(4)	(17)	(128)	(149)
Legal and professional	(28)	(95)	(33)	(156)
Audit	(5)	(5)	(5)	(15)
Member communication	(9)	(9)	(9)	(27)
Trustee fees	(51)	(51)	(51)	(153)
Other professional fees	(12)	(10)	(10)	(32)
	(220)	(340)	(425)	(985)

	30 September 2019			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Actuarial	(25)	(24)	(38)	(87)
Administration	(131)	(124)	(124)	(379)
PPF and other levies	(4)	(24)	(133)	(161)
Legal and professional	(37)	(81)	(29)	(147)
Audit	(5)	(5)	(6)	(16)
Member communication	(16)	(16)	(16)	(48)
Trustee fees	(44)	(44)	(45)	(133)
Other professional fees	(77)	(137)	(327)	(541)
	(339)	(455)	(718)	(1,512)

The Company reimburses the Scheme for the Amey Section, Accord Section and APS Section Pension Protection Fund Levy. The reimbursement is shown in Note 5.

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Notes to the financial statements (continued)

10. INVESTMENT INCOME

	30 September 2020			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Interest from pooled fund investments	-	-	3,465	3,465
Annuity income	-	8	-	8
Interest on cash deposits	11	-	-	11
	11	8	3,465	3,484

	30 September 2019			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Interest from pooled fund investments	15	-	7,993	8,008
Annuity income	-	4	-	4
Interest on cash deposits	-	-	-	-
	15	4	7,993	8,012

11. RECONCILIATION OF INVESTMENTS

The movements in total investments during the year were as follows:

AMEY SECTION

	Value at 30 Sept 2019	Purchases at cost	Sales proceeds	Change in market value	Value at 30 Sept 2020
	£000	£000	£000	£000	£000
Pooled investment vehicles	36,254	4,493	(5,264)	904	36,387
Insurance policies	19,400	-	(698)	(1,602)	17,100
AVC investments	46	-	(45)	(1)	-
Total	55,700	4,493	(6,007)	(699)	53,487

ACCORD SECTION

	Value at 30 Sept 2019	Purchases at cost	Sales proceeds	Change in market value	Value at 30 Sept 2020
	£000	£000	£000	£000	£000
Pooled investment vehicles	87,717	14,211	(15,188)	(594)	86,146
Insurance policies	36,200	-	(1,503)	(1,597)	33,100
AVC investments	139	-	(25)	-	114
Total	124,056	14,211	(16,716)	(2,191)	119,360

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Notes to the financial statements (continued)

11. RECONCILIATION OF INVESTMENTS (continued)

APS SECTION

	Value at 30 Sept 2019	Purchases at cost	Sales proceeds	Change in market value	Value at 30 Sept 2020
	£000	£000	£000	£000	£000
Pooled investment vehicles	384,622	59,672	(60,485)	(2,028)	381,781
Insurance policies	96,100	-	(3,474)	(3,226)	89,400
AVC investments	2,738	25	(444)	(9)	2,310
	483,460	59,697	(64,403)	(5,263)	473,491
Cash in transit	-				2,109
Total	483,460				475,600

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

Included within the purchases and sales figures are transaction costs which 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. Direct transaction costs were £Nil (*Sep 2019: £Nil*). Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and are not separately disclosed to the Scheme.

The Accord Section holds some historic annuity policies which are not considered to be material and have therefore not been valued and are included in these financial statements at £Nil value.

12. POOLED INVESTMENT VEHICLES

As at 30 September 2020 the Scheme's investment in pooled investment vehicles comprised:

AMEY SECTION

	30 Sept 2020	30 Sept 2019
	£000	£000
Equity funds	7,756	7,496
Bond funds	26,117	26,609
Credit funds	1,355	951
Property funds	1,159	1,198
	36,387	36,254

ACCORD SECTION

	30 Sept 2020	30 Sept 2019
	£000	£000
Equity funds	27,953	26,800
Bond funds	52,508	55,625
Credit funds	1,835	1,314
Property funds	3,850	3,978
	86,146	87,717

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

Notes to the financial statements (continued)

12. POOLED INVESTMENT VEHICLES (continued)

APS SECTION

	30 Sept 2020	30 Sept 2019
	£000	£000
Equity funds	99,476	94,648
Bond funds	249,577	250,289
Property funds	18	-
Private equity funds	32,710	39,685
	<u>381,781</u>	<u>384,622</u>

13. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies. These secure additional benefits, on a money purchase basis, for those members who have elected to pay additional voluntary contributions.

Members participating in this arrangement each receive an annual statement made up to 5 April each year, confirming the amounts held to their account and the movements during the year. The total amount of AVC investments at the year-end is shown below.

The fair value of the Legal & General policy has been taken as the pooled fund unit price of the policies at the year-end, as advised by the AVC provider. The fair value of the Prudential policy was not available as at the year-end, so as per the SORP, the values have been taken as at the latest available valuation, 31 March 2020 and adjusted for cash movements

AMEY SECTION

	30 Sept 2020	30 Sept 2019
	£000	£000
Prudential	-	46

ACCORD SECTION

	30 Sept 2020	30 Sept 2019
	£000	£000
Prudential	114	139

APS SECTION

	30 Sept 2020	30 Sept 2019
	£000	£000
Utmost Life and Pensions Limited	427	439
Prudential	90	150
L&G	1,793	2,149
	<u>2,310</u>	<u>2,738</u>

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Year ended 30 September 2020

Notes to the financial statements (continued)

14. INSURANCE POLICIES

AMEY SECTION

	30 Sept 2020 £000	30 Sept 2019 £000
JUST	17,100	19,400

ACCORD SECTION

	30 Sept 2020 £000	30 Sept 2019 £000
JUST	33,100	36,200

APS SECTION

	30 Sept 2020 £000	30 Sept 2019 £000
JUST	89,400	96,100

15. INVESTMENT FAIR VALUE HIERARCHY

The fair value of financial instruments has been determined using the following fair value hierarchy:

- Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investments have been analysed using the above hierarchy categories as follows:

	30 September 2020			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
AMEY SECTION				
Pooled investment vehicles	-	33,873	2,514	36,387
Insurance policies	-	-	17,100	17,100
AVC investments	-	-	-	-
	-	33,873	19,614	53,487
ACCORD SECTION				
Pooled investment vehicles	-	80,461	5,685	86,146
Insurance policies	-	-	33,100	33,100
AVC investments	-	-	114	114
	-	80,461	38,899	119,360
APS SECTION				
Pooled investment vehicles	-	349,053	32,728	381,781
Insurance policies	-	-	89,400	89,400
AVC investments	-	-	2,310	2,310
Cash in transit	2,109	-	-	2,109
	2,109	349,053	124,438	475,600
	2,109	463,387	182,951	648,447

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Notes to the financial statements (continued)

15. INVESTMENT FAIR VALUE HIERARCHY (continued)

	30 September 2019			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
AMEY SECTION				
Pooled investment vehicles	-	34,105	2,149	36,254
Insurance policies	-	-	19,400	19,400
AVC investments	-	-	46	46
	-	34,105	21,595	55,700
ACCORD SECTION				
Pooled investment vehicles	-	82,425	5,292	87,717
Insurance policies	-	-	36,200	36,200
AVC investments	-	-	139	139
	-	82,425	41,631	124,056
APS SECTION				
Pooled investment vehicles	-	344,937	39,685	384,622
Insurance policies	-	-	96,100	96,100
AVC investments	-	-	2,738	2,738
	-	344,937	138,523	483,460
	-	461,467	201,749	663,216

16. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- **Interest rate risk:** this is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial instrument 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.

The Trustee determines their investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers and monitored by the Trustee by regular reviews of the investment portfolio.

AVC investments are not covered in this analysis as they are not considered material to the financial statements.

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Year ended 30 September 2020

Notes to the financial statements (continued)

16. INVESTMENT RISKS (continued)

The following tables outline each sections' pooled investment vehicles held as at 30 September 2020 and the relevant investment risks:

AMEY SECTION

Asset name	Sep 2020	Sep 2019	RISKS				
	Value £000	Value £000	Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	4,058	4,057	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Equity	607	587	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Dynamic Asset Alloc Fund	1,388	2,045	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Debt	1,735	1,523	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF High Yield Fixed Income	1,744	1,554	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Credit Fixed Income	8,558	8,399	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Long Duration Credit Fund	3,800	3,623	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Pan Euro Small Co Equity	414	404	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF US Small Companies Equity	386	403	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEI UK Property Fund	1,159	1,197	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEI Credit fund offshore	1,354	951	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Gilts FI	-	532	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Managed Volatility	903	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK I-L Fixed Interest	392	1,252	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BMO LDI Funds	9,889	9,727	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Significant
 Partial
 Negligible

ACCORD SECTION

Asset name	Sep 2020	Sep 2019	RISKS				
	Value £000	Value £000	Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	16,081	15,856	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Equity	3,750	3,363	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Dynamic Asset Alloc Fund	1,415	3,391	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Emerging Markets Debt	5,690	5,317	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Credit FI	11,186	10,896	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Long Duration Credit Fund	6,643	6,247	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF High Yield Fixed Income	5,876	5,263	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Pan Euro Smaller Co Equity	2,384	2,093	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF US Small Companies Equity	2,228	2,098	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEI UK Property Fund	3,850	3,978	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SEI Credit fund offshore	1,835	1,314	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Gilts FI	-	2,618	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF Managed Volatility	2,094	-	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SGMF UK Long Duration ILFI Gilts	-	5,944	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BMO LDI Funds	23,114	19,340	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Significant
 Partial
 Negligible

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Notes to the financial statements (continued)

16. INVESTMENT RISKS (continued)

APS SECTION

The following table outlines the section's pooled investment vehicles held as at 30 September 2020 and the relevant investment risks:

Asset name	Sep 2020	Sep 2019	RISKS				
	Value £000	Value £000	Credit	Currency	Interest rate	Inflation	Other
SGIF Global Select Equity Fund	29,356	32,800	□	□	□	□	□
SGMF Emerging Markets Equity	11,476	10,477	□	□	□	□	□
SGMF UK Dynamic Asset Alloc Fund	10,160	13,940	□	□	□	□	□
SGMF Emerging Markets Debt	7,481	2,849	□	□	□	□	□
SGMF High Yield Fixed Income	7,985	589	□	□	□	□	□
SGMF UK Credit Fixed Income	34,654	32,032	□	□	□	□	□
SGMF Global Managed Volatility	32,529	23,125	□	□	□	□	□
SGMF Pan Euro Small Co Equity	8,108	7,145	□	□	□	□	□
SGMF US Small Companies Equity	7,577	7,161	□	□	□	□	□
SGMF UK I-L Fixed Interest	5,199	4,385	□	□	□	□	□
SGMF UK Long Duration Credit Fund	39,961	36,255	□	□	□	□	□
BMO LDI Funds	101,820	98,233	□	□	□	□	□
SGMF UK Gilts FI	3,466	26,135	□	□	□	□	□
Hayfin DLF	32,710	39,685	□	□	□	□	□
M&G Inflation opportunities	49,011	49,810	□	□	□	□	□
Aviva Recovery Fund	18	-	□	□	□	□	□

■ Significant
 □ Partial
 □ Negligible

(i) Credit Risk

The Scheme is subject to credit risk because the Scheme invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Scheme is also indirectly exposed to credit risks arising on some of the financial instruments held by the pooled investment vehicles.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled funds. The Trustee reviews the prospectus of funds on offer and carries out due diligence checks on the Fiduciary Manager who in turn monitors the credit risk within the pooled funds on behalf of the Trustee.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicle. The Trustee recognises that this risk may lead to volatility in the short term and is mitigated by limiting allocation to such assets.

The Scheme is also subject to credit risk exposure via its holdings in annuity policies, the values of which are disclosed in note 14.

The information about exposures to and mitigation of credit risk above applied at both the current year end and previous year end

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Notes to the financial statements (continued)

16. INVESTMENT RISKS (continued)

(ii) Currency risk

The Scheme is subject to indirect currency risk because some of the underlying assets in the Scheme's GBP priced pooled investment vehicles are held in overseas markets. There is no direct currency risk exposure within the Scheme.

(iii) Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds and interest rate swaps (through pooled vehicles), and cash.

Under this strategy, if interest rates fall, the value of risk management investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the risk management investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

(iv) Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes, equities and alternative investments such as hedge funds and real estate held within the investments in pooled investment vehicles.

The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various sectors.

The Scheme is also subject to other price risk exposure via its holdings in annuity policies, the values of which are disclosed in note 14.

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Notes to the financial statements (continued)

17. CONCENTRATION OF INVESTMENTS

Investments exceeding 5% of the value of each section's net assets as at 30 September 2020 or 30 September 2019 are detailed below:

AMEY SECTION

	Value at 30 Sep 2020		Value at 30 Sep 2019	
	£000	%	£000	%
SGIF Global Select Equity Fund	4,058	7.6	4,057	7.2
SGMF UK Credit Fixed Income	8,558	15.9	8,399	14.9
BMO Regular Profile Nominal Swap	5,604	10.4	6,041	10.7
SGMF UK Long Duration Credit Fund	3,800	7.1	3,623	6.4
JUST Insurance Policy	17,100	31.8	19,400	34.5

ACCORD SECTION

	Value at 30 Sep 2020		Value at 30 Sep 2019	
	£000	%	£000	%
SGIF Global Select Equity Fund	16,081	13.3	15,856	12.5
BMO Regular Profile Swap Fund	11,255	9.3	9,697	7.7
SGMF UK Credit FI	11,186	9.2	10,896	8.6
SGMF UK Long Duration Credit Fund	6,643	5.5	6,247	4.9
JUST Insurance Policy	33,100	27.4	36,200	28.6

APS SECTION

	Value at 30 Sep 2020		Value at 30 Sep 2019	
	£000	%	£000	%
SGIF Global Select Equity Fund	29,356	6.1	32,800	6.8
Hayfin DLFII GDP Feeder	32,710	6.8	39,685	8.1
SGMF UK Credit Fixed Income	34,654	7.2	32,032	6.6
SGMF UK Long Duration Credit Fund	39,961	8.3	36,255	7.5
SGMF UK Gilts FI	3,466	0.7	26,136	5.4
SGMF Global Managed Volatility	32,529	6.8	23,125	4.7
BMO Regular Profile Real Swap Fund	55,020	11.5	51,819	10.7
BMO Regular Profile LVG Real Gilt	31,657	6.6	29,950	6.2
M&G Inflation Fund	49,011	10.2	49,810	10.3
JUST Insurance Policy	89,400	18.7	96,100	19.9

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Notes to the financial statements (continued)**18. INVESTMENT MANAGEMENT EXPENSES**

	30 September 2020			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Investment fund management	(177)	(385)	(1,096)	(1,658)

	30 September 2019			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Investment fund management	(150)	(338)	(1,144)	(1,632)

19. CURRENT ASSETS

	30 September 2020			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Contributions receivable				
- Employer	29	37	50	116
- Members	1	2	-	3
Prepaid expense	-	-	-	-
Cash	376	1,909	4,448	6,733
	406	1,948	4,498	6,852

	30 September 2019			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Contributions receivable				
- Employer	28	57	50	135
- Members	1	7	-	8
Prepaid expense	-	-	43	43
Cash	760	2,873	3,623	7,256
	789	2,937	3,716	7,442

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Notes to the financial statements (continued)**20. CURRENT LIABILITIES**

	30 September 2020			Total
	<i>Amey</i>	<i>Accord</i>	<i>APS</i>	
	<i>Section</i>	<i>Section</i>	<i>Section</i>	
	£000	£000	£000	£000
Benefit payments	(95)	(150)	(752)	(997)
Taxation	-	-	-	-
Administrative expenses	(35)	(47)	(116)	(198)
Investment management expenses	(44)	(95)	(290)	(429)
	(174)	(292)	(1,158)	(1,624)

	30 September 2019			Total
	<i>Amey</i>	<i>Accord</i>	<i>APS</i>	
	<i>Section</i>	<i>Section</i>	<i>Section</i>	
	£000	£000	£000	£000
Benefit payments	(116)	(207)	(729)	(1,052)
Taxation	5	(4)	(3)	(2)
Administrative expenses	(115)	(172)	(346)	(633)
Investment management expenses	(39)	(87)	(275)	(401)
	(265)	(470)	(1,353)	(2,088)

21. RELATED PARTY TRANSACTIONS

The directors of the Independent Trustee are not members of the Scheme. Trustee Fees of £153,000 (year ended 30 September 2019: £133,000) were paid to PTL, the independent Corporate Trustee during the year. At the end of the year the Scheme owed the Corporate Trustee £13,666 (2019: £10,170).

22. EMPLOYER RELATED INVESTMENTS

There were no employer-related investments at any time during the year.

23. CONTINGENT ASSETS

At the 30 September 2020 there was £2,200,712 (2019: £1,577,239) held in the Accord Section Escrow account.

24. TAX STATUS OF THE SCHEME

The Scheme is a registered pension scheme for tax purposes under chapter 2, part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief, and income and capital gains earned by the Scheme receive preferential treatment.

Amey OS Pension Scheme annual report and financial statementsYear ended 30 September 2020

Notes to the financial statements (continued)**25. GMP EQUALISATION**

As explained on page 4 of the Trustee report, on the 26th October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme and will be considering this at a future meeting and decisions will be made as to the next steps. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

26. SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure in the financial statements.

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Summary of Contributions

During the year ended 30 September 2020, the contributions payable to the Scheme were as follows:

	Amey Section £000	Accord Section £000	APS Section £000	Total £000
Contributions payable under the Schedules of Contributions				
Contributions from employer				
Normal	219	328	-	547
Deficit funding	-	-	9,682	9,682
Expenses contributions	120	240	600	960
Reimbursement of PPF levies	1	4	86	91
	<u>340</u>	<u>572</u>	<u>10,368</u>	<u>11,280</u>
Contributions from members				
Normal	18	35	-	53
Added years	-	1	-	1
Additional voluntary contributions	-	-	25	25
	<u>18</u>	<u>36</u>	<u>25</u>	<u>79</u>
Contributions payable under the Schedules (as reported on by the Scheme auditor)	<u>358</u>	<u>608</u>	<u>10,393</u>	<u>11,359</u>
Other contributions payable				
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contributions reported in the financial statements	<u>358</u>	<u>608</u>	<u>10,393</u>	<u>11,359</u>



..... Trustee Director

Date: 26/3/2021

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Independent auditor's statement about contributions to the Trustee of Amey OS Pension Scheme

We have examined the summary of contributions to the Amey OS Pension Scheme (the 'Scheme') for the Scheme year ended 30 September 2020 which is set out on page 44.

In our opinion, contributions for the Scheme year ended 30 September 2020 as reported in the summary of contributions and payable under the schedules of contributions have in all material respects been paid at least in accordance with the schedules of contributions certified by the Scheme actuary on 27 March 2018 (in relation to all three sections).

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the schedule of contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the schedule of contributions.

Respective responsibilities of trustees and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 19, the Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions.

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

Use of our statement

This statement is made solely to the Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

Date : 26/3/2021

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Actuarial Certification of Schedule of Contributions – Amey section

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the Schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 23 March 2018.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound-up.

Signature: <i>Andrew Allsopp</i>	Date: 27 March 2018
Name: Andrew Allsopp	Qualification: FIA
Address: Quattro Pensions Prospect House Fishing Line Road Redditch B97 6EW	Name of employer (if applicable): Quattro Pensions Consulting Limited

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Actuarial Certification of Schedule of Contributions – Accord section

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the Recovery Plan dated 23 March 2018.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 23 March 2018.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound-up.

Signature: <i>Andrew Allsopp</i>	Date: 27 March 2018
Name: Andrew Allsopp	Qualification: FIA
Address: Quattro Pensions Prospect House Fishing Line Road Redditch B97 6EW	Name of employer (if applicable): Quattro Pensions Consulting Limited

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Actuarial Certification of Schedule of Contributions – APS Section

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the Schedule is to be in force.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 23 March 2018.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound-up.

Signature: <i>Andrew Allsopp</i>	Date: 27 March 2018
Name: Andrew Allsopp	Qualification: FIA
Address: Quattro Pensions Prospect House Fishing Line Road Redditch B97 6EW	Name of employer (if applicable): Quattro Pensions Consulting Limited

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Appendix 1

IMPLEMENTATION STATEMENT

Amey OS Pension Scheme



The Trustee for each of the three sections in the scheme: the Amey Section, the Accord Section and the APS Section has prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. Its purpose is to demonstrate how the Scheme has followed the policy on voting, stewardship and engagement as set out in the Scheme's Statement of Investment Principles (SIP), dated 18th September 2019 and as updated on the 10th September 2020. This statement covers the period 30 September 2019 to 30 September 2020.

Part 1 of the implementation statement refers to the investments that are held within the Defined Benefit section of the Scheme with wording regarding the Additional Voluntary Contributions being found in part 2.

1. Defined Benefit Investments

A. Voting and Engagement Policy

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

- i. Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Scheme.
- ii. SEI, the Fund's Fiduciary Manager, or the investment manager of a third party pooled fund, has full discretion for undertaking engagement activities in respect of the investments.
- iii. Where the investment manager is SEI, they have pooled their holdings in their funds with other investors and employed a specialist ESG provider for voting and engagement services. However the Trustee reserves the right to request from the Investment Manager information regarding its actions and the actions of its delegates.
- iv. SEI will report on voting and engagement activity to the Trustee on a periodic basis together with its adherence to the UK Stewardship Code. The Trustee will consider whether the approach taken was appropriate or whether an alternative approach is necessary.
- v. The SIP dated 10th September 2020 set out new policies in respect of asset manager arrangements. In relation to voting, stewardship and engagement, a policy was introduced that the Trustee will assess the Fiduciary Manager's performance against objectives annually including how well the Fiduciary Manager is aligned with the SIP in terms of ESG factors. No other changes were made to the voting, stewardship and engagement policies.

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The Trustee is of the opinion that this policy has been followed during the year. In particular:

- The Trustee has received quarterly reports from SEI that set out;
 - how SEI has voted on all the shares where SEI has voting rights including number of votes for, against and abstentions. For votes against, details of the issue to which the vote relate is provided.
 - SEI's engagement priorities which for 2020 included priorities in each of the following categories:
 - Climate Change
 - Public Health
 - Environmental stewardship
 - Labour Standards.
 - The number of companies engaged and the number of milestones achieved by engagement issue and a rating of its significance.
- The Trustee has considered SEI's voting practices and stewardship policies noting that they are a Tier 1 signatory to the UK Stewardship code and a signatory to the UN Principles for Responsible Investment.
- The Trustee has a process in place to review SEI's performance against objectives, including a specific objective related to providing the Trustee with information on ESG implementation and advice on ESG policy. This process has been implemented in the year.

In light of the above and otherwise, the Trustee has considered their policy in regard to voting and stewardship and concluded that

- SEI's voting and stewardship policies and implementation remain aligned with the Trustee's views on these matters.
- the current policy is appropriate and no further action is required.

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B. Voting Record

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn use a Specialist ESG Provider as a proxy for voting and provide the Specialist provider with the holdings across all SEI's pooled funds. During the period from 30 September 2019 to 30 September 2020, SEI across their range of pooled funds (some of which may not be held by the Scheme), voted as follows. SEI were unable to provide the Trustee with a more tailored voting record for the Scheme specifically for this Financial Year but it is expected that this will be provided in the future.

Company meetings voted	4,564
Number of votable items	53,977
Number of items voted (% of possible)	96%
% of Items voted:	
For	76%
Against	21%
Abstain/ Withheld/ Other	3%
% of Votes with management	78%
% of Votes against management	22%
Votes against and abstain by category:	
Capital Related	6%
Board/Director/Corporate Governance	53%
Remuneration related	24%
Shareholder proposals	5%
Other	12%

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C. Significant Votes

The most significant votes, as determined by SEI, during the period are shown in the table below. Whilst many votes may have significant impact on the financial or non-financial performance of a company, SEI is of the view that the most significant ones in the period are those that are part of wider engagement that SEI has been conducting with the particular company and hence reflect the achievement of an engagement milestone.

Company Name	Held in Fund(s)	Theme	Description
BHP Group Ltd	Global Select Equity	Climate Change	SEI had a concern that BHP is not sufficiently clear on its expectations on industry bodies with regards to policy lobbying. We therefore, voted for the shareholder proposal, which asked BHP to suspend memberships in a number of industry bodies. Although the proposal didn't obtain majority support, we discussed our vote with the company on a one-on-one basis after the AGM to ensure that the incoming CEO takes the issue as a priority.
Ormat Technologies Inc	US Small Companies	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through our voting.
Copart Inc	Global Managed Volatility	Corporate Governance	Appointed a female director to the board as Chair of the Governance and Nomination Committees. This was the last remaining all male board in the S&P 500. We had raised this issue through our voting activity.
Kellogg Company	Global Managed Volatility Global Select Equity	Corporate Governance	Introduced annual election of directors (instead of staggered or classified election) through our voting.
Diversified Healthcare Trust	US Small Companies	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through our voting.
Industrial Logistics Properties Trust	US Small Companies	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through their voting.

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Marathon Petroleum Corp	US Small Companies	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through their voting.
Service Properties Trust	US Small Companies	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through their voting.
Vistra Energy Corp	US Small Companies	Corporate Governance	Introduced annual election of directors by declassifying the board. The annual election of directors provides greater board accountability to shareholders. SEI pushed for declassification through their voting.
Citizens Financial Group Inc	US Small Companies	Corporate Governance	Enhanced shareholder rights by giving shareholders the right to call a special meeting. Previously shareholders did not have the ability to do so. We advocated for this change through our votes at shareholders' meeting.

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2. Implementation Statement – AVC arrangements

Period covered: 1 October 2019 – 30 September 2020

Members have the choice to invest their AVC accounts in one or more pooled funds operated by the following insurance companies:

- Prudential Assurance Company Limited
- Equitable Life (until 1 January 2020)
- Utmost Life and Pensions Limited (from 1 January 2020)
- Legal and General Assurance Society Limited
- Friends Life (now part of Aviva)

The Trustees are aware that as all investments are held in pooled funds, the Trustees can only view, rather than influence, their managers' ESG and stewardship behaviour including the exercise of voting rights. The Trustees' policy is to delegate the exercise of voting rights to their managers.

The Trustees plan to consider the investment managers' policies on corporate governance, stewardship, and sustainability, when selecting which managers to appoint to the Scheme, and whether the managers should retain their appointment. The Trustees did not formally review the managers during the Period but have been made aware of the managers' stewardship reports shown below, and intend to conduct a full review of providers during 2021.

Prudential Assurance Company Limited
[Sustainability-Disclosures \(mandg.com\)](https://www.mandg.com)

Equitable Life (until 1 January 2020)
[Equitable Life](https://www.equitablelife.co.uk)

Utmost Life and Pensions Limited (from 1 January 2020)
[Sustainability \(utmost.co.uk\)](https://www.utmost.co.uk)

Legal and General Assurance Society Limited
[CSR : Legal & General \(legalandgeneralgroup.com\)](https://www.legalandgeneralgroup.com)

Friends Life
[Sustainability - Aviva plc](https://www.aviva.com)

The Trustees are satisfied that the fund managers' behaviour is consistent with the Trustees' expectations, responsibilities and SIP.

The Trustees reviewed the managers' investment performance during the period but did not carry out a re-tendering of any investment management appointment during the period.

Statement of compliance with the Regulations

The Trustees are pleased to report that during the Period they have, in their opinion, adhered to the policies set out in their SIP in respect of their AVC arrangements and have complied with the Regulations.

Date: 22 March 2021

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Appendix 2

Statement of Investment Principles

Amey OS Pension Scheme

September 2020

Amey OS Pension Scheme annual report and financial statements

Year ended 30 September 2020

1. INTRODUCTION

This document constitutes the Statement of Investment Principles (the SIP) required under Section 35 of the Pensions Act 1995 (the 'Act') for the Amey OS Pension Scheme (the Scheme). It describes the investment policy, guidelines and procedures being pursued by the Trustee for each of the three Sections in the Scheme: the Amey Section, the Accord Section and the APS Section. The Trustee believes these are in compliance with the Government's voluntary code of conduct for Institutional Investment in the UK (the 'Myners Principles'). This SIP has also been drafted in a manner to reflect the requirements of The Occupational Pension Schemes (Investment) Regulations 2005.

In accordance with the Act, the Trustee confirms that, before preparing the SIP, it has obtained and considered written advice from its appointed Investment Advisers and has consulted with Amey plc (the Principal Employer of the Scheme). The Scheme Actuary has also been consulted to ensure that the potential returns available from the investment strategy remain consistent with the assumptions the Trustee has adopted for determination of the Scheme's Statutory Funding Objective and the associated Recovery Plan to repair the funding shortfall.

The Trustee believes its Investment Adviser is qualified in its ability and practical experience of financial matters and has appropriate knowledge and experience of the investment arrangements that the Scheme requires.

The Trustee is responsible for the investment of the Scheme's assets and arranges administration of the Scheme. Where it is required to make an investment decision, the Trustee first receives and considers advice from the Investment Adviser. The Trustee believes that this ensures that it is appropriately familiar with the issues concerned. In accordance with the Financial Services and Markets Act 2000 (FSMA), the Trustee is responsible for setting a general investment policy, but has delegated the day-to-day investment of the Scheme's assets to the Investment Manager.

The Investment Manager listed in Appendix C is authorised and regulated by the Financial Conduct Authority (FCA) and provides the expertise necessary to manage the investments of the Scheme.

In respect of Additional Voluntary Contributions ("AVCs") the Trustee holds assets separately from the main fund in the form of individual insurance policies to secure the additional benefits on a money purchase basis for those members who have elected to pay AVCs.

Declaration

The Trustee confirms that this SIP reflects the investment strategy it has implemented for the Scheme. The Trustee acknowledges that it is its responsibility, with guidance from the Investment Adviser, to ensure the assets of the Scheme are invested in accordance with these principles.

Signed



Date 10 September 2020

For and on behalf of the Trustee of the Amey OS Pension Scheme.

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2. SCHEME GOVERNANCE

The Trustee is responsible for the governance and investment of the Scheme's assets. The Trustee considers the governance structure set out in this SIP to be appropriate for the Scheme as it allows the Trustee to make the important decisions on investment policy, whilst delegating the day-to-day aspects of investment management to the Investment Adviser and Investment Manager (as set out in Appendix C) as appropriate. The responsibilities of each of the parties involved in the Scheme's governance are detailed in Appendix A.

The Trustee has entered into a Fiduciary Management Agreement with the Investment Adviser to the Scheme and the Investment Manager. The agreement sets out the scope of the Investment Manager's duties, fees and investment restrictions, together with any other relevant matters in relation to the Scheme.

The Investment Manager has been provided with a copy of this SIP and is aware that it is required to exercise its powers with a view to giving effect to the principles contained herein and in accordance with subsection (2) of Section 36 of the Pensions Act 1995.

3. INVESTMENT OBJECTIVES

The overall objective of the Scheme is to meet the benefit payments promised in each Section as they fall due. The Trustee has set the following long-term objectives:

1. The acquisition of suitable assets, having due regard to the risks set out in Section 7 of this statement, which will generate income and capital growth to pay, together with deficit repayment contributions from the Principal Employer, the benefits as they fall due.
2. To limit the risk of the assets being assessed as failing to meet the liabilities over the long term having regard to the Statutory Funding Objective (further details at section 8.1).
3. To achieve a return on investments for each Section which, over the long term, is expected to be consistent with meeting the Statutory Funding Objective.

The Trustee aims to meet the long term objectives via the following measures:

- Ensuring the strategic allocation for each Section of the Scheme takes into account the liability profile and the Statutory Funding Objective.
- Monitoring the Investment Manager to ensure that it complies with the investment guidelines set for it and that there is a reasonable expectation that it can meet the required performance objectives going forward.

4. INVESTMENT STRATEGY

4.1 General Policies

The assets are held in three separate portfolios mirroring the three Sections in the Scheme: the Amey Section Portfolio, the Accord Section Portfolio and the APS Section Portfolio.

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Within each Portfolio, the Trustee's approach to investment strategy is to allocate the assets into two pools, the Risk Management Pool and the Return Enhancement Pool, and also purchase Bulk Annuities to match particular sets of liabilities. The investment objective is then translated into the strategy and assets are allocated to these three components:

- Risk Management Pool - these investments exist in the portfolio to manage risk relative to the liabilities. Assets in this pool are those which tend to mirror the liabilities by nature and/or term such as fixed interest gilts, index-linked gilts, corporate bonds and liability driven derivative overlays such as interest rate and inflation swaps.
- Return Enhancement Pool - these investments exist in the portfolio to generate return relative to the liabilities without a requirement to closely track liability performance. Assets in this pool include, but are not limited to, equities, property, emerging market debt, high yield bonds, commodities, structured credit instruments, corporate loans and hedge funds.
- Bulk Annuity – this is a contract with an insurer whereby, in exchange for an upfront premium, an insurer commits to make payments to the Scheme in respect of the benefits due to specified members

The Trustee's investment objective for each Section determines the split of assets between these three components and, where applicable, within each component.

4.2 Asset Allocation

The Trustee recognises the importance of asset allocation to the overall investment returns achieved. However, the Trustee also recognises that the asset allocation will change as a result of a range of factors, which include changes in market conditions changing the allocation to different asset types.

In recognition of the risks that asset allocation can imply, there are asset allocation controls in place. These are detailed in the agreements between the Investment Manager and the Trustee (current objectives, guidelines and restrictions as of the date of this SIP are set out in Appendix B).

4.3 Return Objective

A return on investments is required for each Section that, over the long term, is expected to be consistent with the Trustee's goal of meeting the Statutory Funding Objective.

Where the Trustee has felt it appropriate, the Investment Manager has been mandated to invest actively in such a way as is expected to outperform relevant benchmark indices.

5. STRATEGY IMPLEMENTATION

The Investment Manager is appointed to invest the Scheme's assets, excluding Bulk Annuities, through:

- Selecting appropriate pooled funds for each Section of the Scheme.
- Defining the allocations to each fund

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- Managing a Liability Driven Investment (LDI) portfolio using suitable pooled funds
- Making changes and adjustments where appropriate.

The performance expectation of this process is delivery of the investment objectives set for each section of the Scheme, as this is consistent with the overall investment objectives set out earlier in the SIP.

During 2016, the Trustee decided to purchase a Bulk Annuity to provide to the Scheme an income flow reflecting the benefits due to most of the pensioners in the Amey and Accord sections and some of the pensioners in the APS section.

5.1 Mandates and Performance Targets

The Trustee has received advice on the appropriateness of the Investment Manager's targets, benchmarks and risk tolerances for each Portfolio from the Investment Adviser and believes them to be suitable to meet the investment objectives of each Section.

The Investment Manager has been mandated by the Trustee to manage the investments under its control, in a particular way, and details of these mandates are given in an agreement under which the Investment Manager is appointed by the Trustee (the Fiduciary Management Agreement).

5.3 Diversification

The assets will be invested in a diverse portfolio of investments in order to reduce investment risk.

The Trustee understands the importance of diversification and, as such, the Investment Adviser is required by the Trustee to ensure the assets are properly diversified. The choice of asset classes as set out in Appendix B is designed to ensure that the Scheme's investments are diversified by type and region.

The range of, and any limitation to the proportion of, the Scheme's assets held in any asset class will be agreed between the Investment Adviser and the Trustee. These ranges and sets of limitations will be specified in the agreements between the Investment Manager and the Trustee and may be revised from time to time where considered appropriate as circumstances change (details of the asset allocations and restrictions as at the date of this SIP are set out at Appendix B). The Trustee also has regard to the investment powers of the Trustee as defined in the Trust Deed.

5.4 Suitability

The Trustee has established a mandate with the specific aim of defining the asset management objective to be directly consistent with the liability driven objectives. As such, it considers the mandate to be suitable.

The Trustee has taken advice from the Scheme's Investment Adviser to ensure that the assets held by the Scheme and the proposed strategy is suitable given its liability profile, the Trustee's objectives, regulatory guidance and specifications in the Trust Deed.

5.5 Journey Plan

The Trustee may agree a Journey Plan for the purpose of de-risking the investment strategy in each Portfolio as the Scheme's funding level changes, but only if such de-risking does not compromise the achievement of the objectives of the Scheme. Under such a Plan, the Investment Manager will estimate and monitor the funding level and be given discretionary authority to implement strategy changes if certain funding trigger points are reached.

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6. MONITORING

6.1 Investment Management

The Trustee will monitor the performance of the Investment Manager against the agreed performance objectives.

6.2 Statement of Investment Principles

The Trustee will review this SIP on a regular basis or following any changes to the investment strategy, and modify it after consultation with the Investment Adviser and the Principal Employer. There will be no obligation to change this SIP or any adviser relationship as part of such a regular review. Following any changes to the investment strategy this SIP will require updating to reflect the revised investment strategy.

6.3 Trustee

The Trustee maintains a record of decisions taken in regard to the investment objectives, guidelines and investment restrictions, together with, where appropriate, the rationale in each case.

7. RISKS

The Trustee recognises there are a number of risks involved with the investment of Scheme assets. The Trustee intends to adopt an investment strategy where the value of assets and liabilities are broadly aligned.

The management of investment risk is a function of the asset allocation and diversification strategies and implementation of that strategy is delegated to the Investment Adviser. The Trustee will monitor and review the Investment Manager's performance on a regular basis. The responsibilities of Trustee, Investment Adviser and Scheme Actuary are set out in Appendix A. Examples of some of the potential risks to the investments are set out in Appendix D.

8. OTHER ISSUES

8.1 Statutory Funding Objective

The Trustee will obtain and consider proper advice on the question of whether the investments and investment strategy of each Section are satisfactory having regard to both the investment objectives and the requirement to meet the Statutory Funding Objective. The funding position is reviewed periodically by the Scheme Actuary, with a full actuarial valuation at least every three years.

The Trustee will consider with the Investment Adviser and the Scheme Actuary whether the results of these actuarial valuations suggest that any change to investment strategy is necessary to ensure continued compliance with the Statutory Funding Objective.

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8.2 Financially material considerations

The Trustee has considered how financially material considerations (including environmental, social and governance ('ESG') factors such as climate change) should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members. The Trustee consider that the appropriate time horizon to be 20 to 25 years in the circumstances of a defined benefit scheme with a wide age range of members.

The Trustee has delegated asset manager selection to the Fiduciary Manager. The Fiduciary Manager will seek to appoint asset managers that have appropriate skills and processes to take account of financially material considerations in the selection, retention and realisation of investments, and regularly reviews how its asset managers are doing so in practice. The Trustee expects the Fiduciary Manager to provide updates on the latest position on ESG factors and any material decisions that have been taken by SEI or third party asset managers as a result of considering such issues.

8.3 Non-financially material considerations

The Trustee has decided not to take non-financial considerations into account in the selection, retention and realisation of investments. For this purpose, non-financial matters means the views of the members and beneficiaries including (but not limited to) their ethical views and their views in relation to social and environmental impact and present and future quality of life of the members and beneficiaries of the Scheme. In reaching this decision, the Trustee has considered both the challenges of engaging a properly representative sample of members and the strong likelihood of a lack of consensus among those most likely to respond to such a consultation.

8.4 Additional Voluntary Contributions (AVCs)

Some members have obtained further benefits by paying AVCs into the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. The Trustee holds assets separately from the main fund in the form of individual insurance policies. The providers of these policies are shown in Appendix C.

8.5 Realisation of Assets

It is expected that most of the investments in the pooled funds and assets in the segregated account can be readily realised if the Trustee so requires. All derivative transactions have appropriate collateral arrangements in place to protect the Scheme against counterparty risk.

8.6 Custody

The Trustee has appointed SEI as the custodian of the assets managed by the Investment Manager. SEI uses the back-office services of its associate, SEI Private Trust Company (SPTC). SPTC acts as agent for the Investment Manager's associate, SEI Global Nominee Limited who holds the client assets of SEI.

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8.7 Use of Derivatives

Derivatives or other financial instruments may be used within the pooled funds to assist in the hedging of the Scheme's liability risks (principally interest rate, inflation and longevity risks) or other risks (e.g. equity or currency risks) or for the purposes of Efficient Portfolio Management.

At any given time a minimum level of assets of sufficient liquidity and quality will be held within the funds to ensure that collateral or margin calls, which may arise as a result of the derivatives positions held, can be met.

8.8 Borrowing

The Trustee does not intend to borrow or allow borrowing on behalf of the Scheme.

8.9 Conflicts of Interest

The Trustee will ensure that any conflicts of interest are managed at all times in the best interests of the Scheme. Furthermore, in its oversight of the Investment Adviser, the Trustee will consider any potential conflicts of interests between the Investment Adviser (detailed in Appendix A) and, if applicable, its investment management business.

8.10 Stewardship & Voting rights

The Scheme's investments are achieved via pooled investment funds, in which the Scheme's investments are pooled with those of other investors. As such, direct control of the process of engaging with the companies that issue these securities, whether for corporate governance purposes, social, ethical or environmental factors, is delegated to SEI, or in the case of a third party pooled fund, its investment manager.

The management of the Trustee's policy in relation to the exercise of rights (including voting rights) and other engagement activities in respect of an investment is as follows:

- Voting decisions on stocks are delegated to investment manager of the pooled fund. Where this is SEI, SEI has pooled the holdings in their funds with other investors and employed a specialist ESG provider for voting and engagement services. The Fiduciary Manager is also a signatory to the UK Stewardship Code issued by the Financial Reporting Council. The Fiduciary Manager will report on voting and engagement activity to the Trustee on a periodic basis together with its adherence to the UK Stewardship Code.
- SEI, or the investment manager of a third party pooled fund, has full discretion for undertaking engagement activities in respect of the investments:
 - (a) with relevant persons (which term includes (but is not limited to) an issuer of debt or equity, an investment manager, another stakeholder or another holder of debt or equity);

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(b) about relevant matters including (but not limited to) matters concerning an issuer of debt or equity, including their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance.

Responsibility for monitoring the above is delegated to the Fiduciary Manager who will report on such activity on a periodic basis and raise concerns with the Trustee on an ongoing basis.

9. Asset manager arrangements

Incentivising managers to align with Trustee's investment strategy

The Fiduciary Manager is incentivised to align its investment strategies with the Trustee's policies mentioned in this SIP through the terms set out in the Fiduciary Management Agreement and through the Trustee setting investment objectives which are reviewed annually. The Trustee will monitor performance quarterly and assess performance against these investment objectives annually. Such review will also include how well the Fiduciary Manager is aligned with the SIP, including in terms of ESG factors and the quality of service provided.

SEI engages third party asset managers either through the use of third party pooled funds or through the appointment of asset managers within multi-manager pooled funds. The Fiduciary Manager is responsible for fee arrangements with asset managers, the costs of which are borne directly by the Scheme. SEI will monitor the asset managers' performance on an ongoing basis against the particular investment strategy and objectives agreed with that manager. Where an asset manager is not performing or acting in a manner SEI feels is appropriate it may ultimately result in the termination of their mandate.

The fees paid to the Fiduciary Manager and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the Scheme.

Medium to long term and non-financial performance

Performance in the medium to long term can be improved where asset managers (i) make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt or equity; and (ii) engage with issuers of debt or equity. The Trustee have delegated this to SEI and will monitor performance against this.

As described above, where an asset manager is not performing or acting in a manner SEI feels is appropriate it may ultimately result in the termination of their mandate.

The fees paid to the Fiduciary Manager and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the Scheme.

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Monitoring portfolio turnover and costs

The Trustee has delegated the monitoring of the costs incurred by asset managers in the buying, selling, lending or borrowing of investments to the Fiduciary Manager.

The Trustee recognises that portfolio turnover (being the frequency with which the assets are expected to be bought/sold) and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the Fiduciary Manager. However, the Fiduciary Manager will incorporate portfolio turnover and resulting transaction costs in its advice on the Scheme's investment mandates. When the Trustee agrees a particular strategy and investment mandate, this will then set an expected level of turnover and transaction costs. The Trustee reviews and monitors the actual level of the costs and turnover against this expected level.

Monitoring manager performance and remuneration

The Trustee will monitor performance quarterly and assess performance against the Fiduciary Manager's objectives annually. Such review will also include how well the Fiduciary Manager is aligned with the SIP, including in terms of ESG factors and the quality of service provided and will also include a review of actual fees paid relative to expected and contractual fee levels. In terms of third party asset managers appointed by the Fiduciary Manager, SEI will monitor the managers' performance and fees on an ongoing basis against the particular investment strategy, objectives and fee arrangements agreed with that manager. As such the third party asset managers are not monitored directly against the requirements of the SIP.

Duration of asset manager agreements

The agreement with the Fiduciary Manager has an indefinite term but can be terminated by the Trustee giving one month's notice. The Scheme does not have any direct agreements with third party managers used by the Scheme.

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Appendix A- Responsibilities

Trustee

The Trustee of the Scheme is responsible for, amongst other things:

- i. Determining the investment objectives of each Section of the Scheme and reviewing these from time to time.
- ii. Agreeing an investment strategy designed to meet the investment objectives of the Scheme.
- iii. Reviewing regularly the content of this SIP and modifying it if deemed appropriate, in consultation with the Investment Adviser.
- iv. Reviewing the suitability of the investment policy for each Portfolio following the results of each actuarial or investment review, in consultation with the Investment Adviser.
- v. Assessing the quality of the performance and process of the Investment Manager by means of regular reviews of the investment results and other information, by way of meetings and written reports.
- vi. Assessing the ongoing effectiveness of the Investment Adviser.
- vii. Consulting with the Principal Employer when reviewing investment policy issues.
- viii. Monitoring compliance of the investment arrangements with this SIP on an ongoing basis.
- ix. Advising the Investment Adviser of any changes to Scheme benefits and significant changes in membership.

Investment Adviser

The Investment Adviser will be responsible for, amongst other things:

- i. Participating with the Trustee in review of this SIP, together with the provision of advice to the Trustee regarding the appropriateness of the SIP in describing the investment strategy.
- ii. Advising the Trustee how changes within the Scheme's benefits, membership and funding position may affect the manner in which the assets should be invested.
- iii. Advising the Trustee of changes in the investment environment that could either present opportunities or problems for the Scheme.
- iv. Undertaking reviews of the Scheme's investment arrangements including reviews of the asset allocation policy and current funds the Scheme is invested in, as appropriate.
- v. At their discretion, but within any guidelines given by the Trustee, implementing changes in the asset mix and selecting and undertaking transactions in specific investments within each asset class to achieve the stated objective.
- vi. Providing the Trustee with sufficient information each quarter to facilitate the review of its activities, including:
 - A report of the strategy followed during the quarter.

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- The rationale behind past and future strategy.
 - A full valuation of the assets and a performance summary.
- vii. Informing the Trustee, to the extent that the Advisor becomes aware, of:
- A breach of this SIP that has come to their attention.
 - Any serious breach of internal operating procedures.
 - Any material change in the knowledge and experience of those involved in managing the Scheme's investments.
 - Any breach of investment restrictions agreed between the Trustee and the Investment Manager from time to time.

Scheme Actuary

The Scheme Actuary will be responsible for, amongst other things:

- i. Liaising with the Investment Adviser on the suitability of the Scheme's investment strategy.
- ii. Performing the triennial (or more frequently as required) valuations and advising on the appropriate contribution levels.
- iii. Commenting on the appropriateness of the investment strategy relative to the liabilities of the Scheme at the triennial valuations.
- iv. Advising the Trustee, and the Investment Adviser of any changes to contribution levels and funding level.
- v. Valuing on a periodical basis any bulk annuities held by the Scheme.

Custodian

The Custodian will be responsible for, amongst other things:

- i. Safe-keeping and administration of all the directly held assets.
- ii. Collecting income from assets and transferring it to the Trustee.
- iii. Processing all tax reclaims in a timely manner.
- iv. Reconciling records of assets.

Investment Manager

The Investment Manager's primary role is the day to day investment management of the Scheme's investments. The Investment Manager is authorised under the Financial Services and Markets Act 2000 to carry out such activities.

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Appendix B - Investment Objectives, Guidelines and Restrictions

The Investment Manager will manage each Portfolio on a discretionary basis in accordance with the Investment Policy Statement in the FMA and as described in this Appendix. The Portfolios will be invested in accordance with the allowable asset allocation ranges shown below for each and in the Target Funds set out in the table below for each Section. In addition the Trustee has mandated the Investment Manager to target a hedge ratio, being the percentage of interest and inflation rate risk in the liabilities that is matched by the assets. As set out in Paragraph 5.5 the Trustee may implement a Journey Plan. The Journey Plan sets out how the strategic asset allocation will be adjusted over time to reduce risk as and when the funding level is at such levels that such de-risking will allow the Scheme to remain on target for achievement of its funding objectives.

The primary objective of the Trustee for all three Sections is to improve the funding level on a Technical Provisions basis (as defined in the Pensions Act 2004) and over the longer term achieve full funding on a Self-Sufficiency basis, such basis being one where a low level of investment risk is required.

Table A – High Level Asset Allocation

Category	Allowable Range		
	Amey Section	Accord Section	APS Section
RETURN ENHANCING POOL	25% - 45%	40% - 60%	40% - 60%
Equities and Dynamic Asset Allocation	10% - 30%	21% - 41%	10% - 35%
Alternatives	5% - 25%	9% - 29%	15% - 40%
RISK MATCHING POOL	55% - 75%	40% - 60%	40% - 60%

The Trustee has also determined that it wishes to reduce the interest rate and inflation risk exposure of the Scheme by engaging in an LDI Strategy to target the hedge ratios shown in Table B.

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Table B – Hedge Ratios

Risk	Target Hedge Ratio		
	Amey Section	Accord Section	APS Section
Interest Rate Risk (effective % of interest rate sensitivity in the assets that the Portfolio should match ¹)	95%	90%	90%
Inflation Rate Risk (effective % of inflation rate sensitivity in the assets that the Portfolio should match ¹)	95%	85%	85%

¹If assets exceed liabilities on a self-sufficiency basis then this will be as % of the interest rate risk in the liabilities

²If assets exceed liabilities on a self-sufficiency then this will be as % of the inflation rate in the liabilities

The Hedge Ratios will be adjusted quarterly should any ratio vary from its target by more than 10%.

The table below outlines the Target Funds permitted for inclusion in the Portfolios together with the relevant benchmarks for reporting purposes and the target allocation as at the date the current strategy was implemented. The Portfolio may include other pooled investments that the Investment Manager deems suitable for the Scheme

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Table C – Target Asset Allocation

	Benchmark	Target Allocation		
		Amey Section	Accord Section	APS Section
Return Enhancement – Equities				
SEI Dynamic Asset Allocation Fund	FTSE 100 Index	5.5%	4.0%	4.0%
SEI US Small Companies Fund	Russell 2500 Index	1.0%	2.5%	2.0%
SEI Pan Europe Small Cap Equity Fund	MSCI Europe Small Cap Index	1.0%	2.5%	2.0%
SEI Emerging Markets Equity Fund	MSCI Emerging Markets Equity Index	1.5%	4.0%	3.0%
SEI Global Managed Volatility Fund	MSCI World Index	-	-	5.0%
SEI Global Select Equity Fund	MSCI World Index	11.0%	18.0%	9.0%

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Benchmark		Target Allocation		
		Amey Section	Accord Section	APS Section
Return Enhancement – Alternatives				
SEI Emerging Markets Debt Fund	50% JPM EMBI Global Diversified Index / 50% JPM GBI-EM Global Diversified Index	4.0%	6.0%	1.5%
SEI High Yield Fixed Income Fund	B of A Merrill Lynch US High Yield Master II Constrained Index (GBP hedged)	4.0%	6.0%	1.5%
SEI Structured Credit Fund	B of A Merrill Lynch 3 Month Constant Maturity LIBOR	3.5%	2.0%	-
M&G Inflation Opportunities Fund	Representative Index	-	-	18.5%
Hayfin Direct Lending Fund II	Representative Index	-	-	3.5%
SEI UK Property Fund	IPD UK Property Index	3.5%	5.0%	-
Risk Management				
LDI Strategy: Funds that are for the purpose of achieving the Hedge Ratio in Table B including:				
SEI UK Credit Fixed Income Fund	LDI Benchmark	65.0%	50.0%	50.0%
SEI UK Gilts Fixed Income Fund				
SEI UK Long Duration Gilts Fund				
SEI UK Index Linked Gilts Fund				
SEI UK Long Duration Index Linked Fixed Interest Fund				
Liquidity funds and other third party LDI funds managed inside or outside the SEI group of companies				

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Appendix C

Scheme Actuary:

Andrew Allsopp, Quattro Pensions Consulting Actuaries

Investment Adviser:

SEI Investments (Europe) Limited

Investment Manager:

SEI Investments (Europe) Limited

AVC Providers

Prudential Assurance Company Limited
The Equitable Life Assurance Society
Friends Life

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Appendix D

The Trustee recognises that the following are some of the risks involved in the investment of assets of the Scheme:

- **Cashflow risk**

The risk of a shortfall of liquid assets relative to the immediate liabilities. The Trustee and its advisers will manage the Scheme's cash flows taking into account the timing of future payments, and may borrow over the short-term in order to minimise the probability that this occurs.
- **Financial mismatching risk**

The risk of a significant difference in the sensitivity of asset and liability values to changes in financial factors, in particular inflation and interest rates. The Trustee will control these risks by monitoring their key characteristics and setting appropriate tolerances.
- **Demographic risk**

Demographic factors include the uncertainty surrounding mortality projections such as future improvements in mortality experience. The Trustee has considered options for managing demographic risks. During July 2016, the Trustee completed a buy-in of some of the Scheme's liabilities in respect of retired members, whereby the benefit payments will still be made from the Scheme but the insurer has committed to meeting all of the investment and demographic risks in respect of these liabilities. The Trustee will continue to monitor the feasibility and attractiveness of such options. The Trustee will measure liabilities using mortality assumptions recommended by the Scheme Actuary.
- **Manager risk**

The failure by the Investment Manager to achieve the rate of investment return assumed by the Trustee. This issue has been considered by the Trustee on the initial appointment of the Investment Manager and thereafter will be considered as part of the investment review procedures the Trustee has put in place.
- **Concentration risk**

The risk that the performance of any single asset class or single investment that constituted a significant proportion of the assets would disproportionately influence the Trustee's ability to meet the objectives. The Trustee has set diversification guidelines for the Investment Manager to mitigate this risk.
- **Credit Risk**

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trustee limits the risk by restricting the Scheme's exposure to investments with a high credit risk and by ensuring that credit risk is well diversified across a number of counterparties.
- **Market risk.** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises three types of risk:
 1. **Interest rate risk.** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates or inflation rates. In setting the investment strategy the Trustee has taken account of the interest rate and inflation sensitivity of the liabilities and then determined the extent to which it is appropriate and possible for these sensitivities to be matched by the assets, given the overall objective of the Scheme. The Trustee will monitor the performance of the assets relative to the liabilities with particular regard to the impact of interest rate and inflation rates.

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2. **Currency risk.** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trustee limits the risk by ensuring that only a proportion of the Scheme's assets are invested in assets that are denominated in currencies other than in the currency of the liabilities unless the currency risk is hedged.
3. **Other price risk.** The risk that the fair value or future cash flows of a financial instrument will fluctuate because of other market changes (other than those arising from interest rate and currency risk) whether those changes are specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Trustee seeks to reduce the impact of price risk through investing in a diverse portfolio of asset classes with due consideration to the correlation of the value of different asset classes to each other in different market conditions. The Trustee also seeks to avoid investing in asset classes where the price risk is unrewarded.

- **Transition risk**

The risk of incurring inappropriate costs in relation to the transition of assets from one Investment Manager to another or the movement of assets between different pooled funds. The Trustee will mitigate this risk by ensuring it is informed of any costs before they occur and by monitoring the actual cost against that expected.

- **Custody**

The Trustee will assess and consider the actions of the custodian of the Scheme's assets at the outset and on an ongoing basis to mitigate the risk of misappropriation of assets, delivery that is not in accordance with the instructions, unauthorised use of assets for the benefits of other customers of the custodian, inadequate segregation of customer assets, failure to collect income, recover tax or respond to corporate events and custodian default.

The Custodian ring fences the Scheme assets from its own assets and those of its other clients.

- **Derivative risk**

Where derivatives are used by the Scheme, the Scheme will have additional risk with the counterparty to that derivative. These risks will be managed through the use of collateral arrangements.

The Trustee will keep these risks under regular review.