

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

AMEY OS PENSION SCHEME

Annual report and financial statements

Year ended 30 September 2023

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Contents

	Page
Trustee and Advisers	2
Trustee's Annual Report	3
Independent Auditor's Report	19
Fund Account	23
Statement of Net Assets Available for Benefits	24
Notes to the Financial Statements	25
Summary of Contributions	55
Independent Auditor's Statement about Contributions	56
Actuarial Certifications of Schedule of Contributions	57
Appendix 1 – Implementation Statement	60
Appendix 2 – Statement of Investment Principles	65

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee and Advisers

Trustee:	ZEDRA Governance Limited (represented by Sam Burden and Payam Kazemian)
Scheme Actuary:	A Allsopp FIA (resigned 21 June 2023) J Clack FIA (appointed 21 June 2023) Broadstone Pensions Limited
Independent Auditor:	Grant Thornton UK LLP
Investment Managers:	Schroders Solutions Limited Hayfin Capital Management
Annuity Policy Provider:	JUST Pension Insurance Corporation ("PIC") (with effect from 14 December 2022)
Investment Custodians:	CACEIS
Investment Consultant:	Schroders Solutions Limited
AVC Provider:	Prudential Assurance Company Limited Legal and General Utmost Life and Pensions Limited
Legal Advisers:	Squire Patton Boggs
Scheme Administrator:	Railpen Limited
Banks:	Royal Bank of Scotland
Life Assurance Company:	Legal & General Assurance Society Limited
Principal Employer:	Amey Limited (from 21 November 2022 the Company changed its name from 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

Year ended 30 September 2023

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 2023. 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 – ZEDRA Governance Limited ("ZEDRA").

ZEDRA acts through its Directors. The Directors of ZEDRA who held office in the year were:

David Archer (resigned 01 March 2023)
Richard Butcher (resigned 01 November 2022)
Dawn Harris (appointed 01 November 2022)
Kim Nash
Colin Richardson
Ruston Smith (resigned 01 March 2023)
Alison Bostock

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

During the year the Trustee held four meetings (additional meetings for specific projects were held throughout the year).

Changes in the Year

Following the agreement to secure a buy in policy with PIC, the Scheme completed the buy in policy purchase in December 2022, covering the Scheme's deferred and non-annuitant pensioners. The Scheme's active members are not covered by the buy in policy. The initial buy in premium payment was settled via an in-species transfer of the Scheme's gilt assets totalling £306m, and cash payments totalling £65m. Subsequent to the initial payments in December 2022, deferred cash payments of £14m have been settled in the year to 30 September 2023. At the year end, £14.2m (inclusive of interest) of deferred premium payments remained unpaid, of which £4.36m has been received to date. Additional contributions of £17.211m were received from the Employer to assist with the purchase of the buy in. From 1 February 2023, PIC commenced paying income to the Scheme to settle member benefits and monthly pensions for members covered under the policy.

The Buy-in policy agreed with PIC resulted in a change in the Schedule of Contributions as agreed by the Scheme Actuary on 14 December 2022 details of which are disclosed within Note 5 in the Notes to the Financial Statements on pages 31 and 32.

The Trustee has consulted with Schroders and the Employer and determined the investment strategy for the assets outside of the monies held by PIC and JUST.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

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 April 2023.

The Scheme does have a member website (<https://my-amey-os-pension.com/>) which the Trustee frequently updates with information for the membership.

Employer Guarantees

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

During the Scheme year ending 30 September 2022, the guarantee position was reviewed as part of the buy-in process and it was agreed that the current overall guarantee cap £103m – the APS Section was provided with an £80m guarantee that expired on 30 June 2024, and the Accord section with a £23m guarantee that expired in April 2030, less any Escrow balance), which was fixed up to and including the 2026 valuation and thereafter i.e. from 30 September 2029, the cap was due to be reset by reference to the funding deficit using a discount rate of Gilts + 0.25%, (with a ceiling of the current £113m cap), less the Escrow account.

Following the completion of the buy-in of benefits with PIC that was concluded in December 2022, the Guarantee cap was reduced to £25m wholly relating to the Accord Section. The separate evergreen Section 75 Guarantee for the Accord Section remains in force.

All of the guarantees in place over the course of the Scheme year cover present and future obligations of the respective Sections.

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 Guaranteed Minimum Pension Equalisation ("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, has 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. The Trustee has been liaising with the advisers over the course of the year to review the data requirements and the approach that will be taken in respect of GMP Equalisation. A further update will be made available in next year's financial statements and communications will be issued to members when appropriate.

On 20 November 2020, the High Court handed down a further judgment on the GMP Equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Scheme may have experienced historical transfers out which might be subject to adjustment as a result of this second ruling. The Trustee has been working closely with its advisers to ensure that the Scheme GMP benefits are equalised correctly and are planning to communicate to the affected members during 2024.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

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. No complaints were raised during the year under this procedure.

Report to The Pensions Regulator

The Trustee had continued to be in regular correspondence with The Pensions Regulator during the year in respect of the Covenant and sale of the Employer. Information provided was at a high level and there were no current perceived issues.

Principal Employer

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

Financial Development

The financial statements on pages 23 to 54 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 Scheme's net assets decreased from £447,947,000 at 30 September 2022 to £389,226,000 at 30 September 2023.

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.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

Going Concern and Consideration of Macro-economic Events

The process that the Trustee adopts in considering going concern and any material uncertainties in relation to going concern include ensuring a recovery plan is in place following each triennial valuation, assessing the Employer covenant on an ongoing basis and considering whether there any other factors that could impact this assessment.

In order to be able to make this assertion, the following key factors have been considered relevant:

- Employer Covenant
- Scheme cashflow forecasts
- Liquidity of assets
- Scheme funding levels
- Wind up/trigger events
- Review of contributions in line with recovery plan / Schedule of Contributions
- Catastrophic events

The following evidence supports this assessment and has been provided to the auditors.

- Actuarial valuation and recovery plan for each section as at 30 September 2020
- Annual Funding Update for each section as at 30 September 2022
- Funding update as part of the buy-in process
- Schroders quarterly performance update reports and monthly dashboards
- Employer covenant assessment / Minutes of discussions of the Employer assessment
- Dashboard / Employer Accounting provided at Trustee meetings
- Decision made to buy-in the benefits of all three sections of the Scheme with PIC

The Trustee therefore concludes that it is reasonable to produce financial statements for the Amey OS Pension Scheme on a going concern basis.

Change in Actuary

Andrew Allsopp FIA of Broadstone Pensions Limited resigned as Scheme Actuary on 21 June 2023. As required by Regulations made under the Pensions Act 1995, Andrew Allsopp confirmed in his notice that he knew of no circumstances connected with his resignation that, in his opinion, significantly affected the interests of the members, prospective members or beneficiaries of the Scheme. The Trustee appointed Jeremy Clack FIA of Broadstone Pensions Limited as Scheme Actuary on 21 June 2023.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

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 Trustee 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 2020. Annual actuarial updates were subsequently carried out as at 30 September 2021 and 30 September 2022.

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 actuarial valuation as at 30 September 2020 is set out in the following table, together with the assumptions used to derive subsequent approximate updates:

Assumption	30 September 2022	30 September 2021	30 September 2020
Discount Rate	5.70%	3.20%	2.60%
RPI Inflation	3.80%	3.70%	3.10%
CPI Inflation	2.90%	2.80%	2.20%
Pension increases			
- RPI Max 5%	3.40%	3.30%	2.90%
- CPI Max 3%	2.10%	2.10%	1.80%

Demographic Assumptions	
Retirements	Tranched based on NPA
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)
Mortality improvements	100% S3 PXA tables
Mortality improvements	CMI 2019 projections, long term improvement rate 1.5% pa

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

Results

The following table shows the results of the triennial valuation at 30 September 2020 together with the results of the approximate funding updates as at 30 September 2021 and 30 September 2022:

	30 September 2022 (£)	30 September 2021 (£)	30 September 2020 (£)
Technical Provisions*	16,918,000	24,259,000	26,566,000
Assets	23,501,000	36,746,000	36,619,000
Surplus / (Deficit)	6,583,000	12,487,000	10,053,000
Funding Level	139%	151%	138%

* "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 2020 valuation for the Amey Section is an allowance for an estimate of the cost of GMP equalisation equal to 0.2% of the value of the Section's reserves. Annuities are excluded from both assets and technical provisions as the asset is presumed to be equal to the corresponding liability.

The next full triennial valuation of the Section will be as at 30 September 2023 and is currently ongoing.

Accord section

The last full actuarial valuation of the Amey OS Pension Scheme (Accord Section) was 30 September 2020. Annual actuarial updates were subsequently carried out as at 30 September 2021 and 30 September 2022.

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 actuarial valuation as at 30 September 2020 is set out in the following table, together with the assumptions used to derive subsequent approximate updates:

Assumption	30 September 2022	30 September 2021	30 September 2020
Discount Rate	5.70%	3.20%	2.60%
RPI Inflation	3.80%	3.70%	3.10%
CPI Inflation	2.90%	2.80%	2.20%
Pension increases			
- RPI Max 5%	3.40%	3.30%	2.90%
- CPI Max 3%	2.10%	2.10%	1.80%

Demographic Assumptions	
Retirements	Tranched based on NPA
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)
Mortality improvements	100% S3 PXA tables
Mortality improvements	CMI 2019 projections, long term improvement rate 1.5% pa

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

Results

The following table shows the results of the triennial valuation at 30 September 2020 together with the results of the approximate funding updates as at 30 September 2021 and 30 September 2022:

	30 September 2022 (£)	30 September 2021 (£)	30 September 2020 (£)
Technical Provisions*	48,069,000	67,950,000	72,284,000
Assets	58,670,000	94,539,000	87,802,000
Surplus / (Deficit)	10,601,000	26,589,000	15,518,000
Funding Level	122%	139%	121%

* "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 2020 valuation 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's reserves. Annuities are excluded from both assets and technical provisions as the asset is presumed to be equal to the corresponding liability.

The next full triennial valuation of the Section will be as at 30 September 2023 and is currently ongoing.

APS Section

The last full actuarial valuation of the Amey OS Pension Scheme (APS Section) was 30 September 2020. Annual actuarial updates were subsequently carried out as at 30 September 2021 and 30 September 2022.

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 below.

A summary of the assumptions used for the actuarial valuation as at 30 September 2020 is set out in the following table, together with the assumptions used to derive subsequent approximate updates:

Assumption	30 September 2022	30 September 2021	30 September 2020
Discount Rate	5.70%	3.20%	2.60%
RPI Inflation	3.80%	3.70%	3.10%
CPI Inflation	2.90%	2.80%	2.20%
Pension increases			
- RPI Max 5%	3.40%	3.30%	2.90%
- CPI Max 3%	2.10%	2.10%	1.80%

Demographic Assumptions	
Retirements	Tranched based on NPA
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)
Mortality improvements	90% S3 PXA tables
Mortality improvements	CMI 2019 projections, long term improvement rate 1.5% pa

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

Results

The following table shows the results of the triennial valuation at 30 September 2020 together with the results of the approximate funding updates as at 30 September 2021 and 30 September 2022:

	30 September 2022 (£)	30 September 2021 (£)	30 September 2020 (£)
Technical Provisions*	214,260,000	299,063,000	315,152,000
Assets	259,806,000	404,010,000	387,230,000
Surplus / (Deficit)	45,546,000	104,947,000	72,078,000
Funding Level	121%	135%	123%

* "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 2020 valuation 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's reserves. Annuities are excluded from both assets and technical provisions as the asset is presumed to be equal to the corresponding liability.

The next full triennial valuation of the Section will be as at 30 September 2023 and is currently ongoing.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

MEMBERSHIP

Details of the membership of the Scheme are given below:

	Amey Section 30 Sept 2023	Accord Section 30 Sept 2023	APS Section 30 Sept 2023	30 Sept 2023	30 Sept 2022
Active members					
Active members at the start of the year	14	2	-	16	25
Adjustment to b/fwd.	-	-	-	-	-
Members leaving with preserved benefits	-	-	-	-	(3)
Members retiring	(3)	-	-	(3)	(7)
Death of active member	-	-	-	-	-
New members	-	-	-	-	1
Active members at the end of the year	11	2	-	13	16
Pensioners					
Pensioners at the start of the year	339	920	1,652	2,911	2,820
Adjustment to b/fwd.	-	-	-	-	-
Actives retiring	3	-	-	3	7
Deferred into payment	2	15	42	59	118
New dependant pensioners	3	4	17	24	38
Pensioners who died	(13)	(24)	(46)	(83)	(70)
Cessation of pension	-	(1)	(1)	(2)	(2)
Pensioners at the end of the year	334	914	1,664	2,912*	2,911
Members with preserved benefits					
Members with preserved benefits at the start of the year	109	525	1,285	1,919	2,049
Adjustment to b/fwd.	-	-	-	-	-
Leavers with preserved benefits	-	-	-	-	3
Death of preserved member	(1)	(2)	(1)	(4)	(10)
Deferred members becoming pensioners	(2)	(15)	(42)	(59)	(118)
Commutation of benefits	-	(1)	-	(1)	(1)
Transfers out	-	(1)	(4)	(5)	(4)
Members with preserved benefits at the end of the year	106	506	1,238	1,850	1,919
Total membership at the end of the year	451	1,422	2,902	4,775	4,846

*There are 397 (2022: 388) dependant pensioners within the pensioners' figures above.

In addition to the pensioner members note above, the Accord Section also includes a further 3 (2022: 3) annuitant pensioners.

The JUST Insurance policy covers the pensions of 239 (Sep 2022: 242) Amey Section pensioners, 587 (Sep 2022: 594) Accord Section pensioners, and 510 (Sep 2022: 513) APS Section pensioners.

The PIC Insurance policy (purchased in the year) covers the deferred pensions of 106 (Sep 2022: nil) Amey Section deferred members, 506 (Sep 2022: nil) Accord Section deferred members, and 1,238 (Sep 2022: nil) APS Section deferred members. The PIC insurance policy also covers the pensions of 95 (Sep 2022: nil) Amey Section pensioners, 327 (Sep 2022: nil) Accord Section pensioners, and 1,154 (Sep 2022: nil) APS Section pensioners.

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

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

The adjustments noted in the table on the previous page relate to changes that were notified to the Scheme administrator after the cut-off date for the prior year's Annual report.

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 13 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

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

Pension Increases (continued)

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		

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

Pension Increases (continued)

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 ZEDRA whose contact details can be found on page 2 if you require such information.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

INVESTMENT REPORT

General

The Trustee appointed Schroders Solutions Limited ("Schroders") as fiduciary manager for the assets of the Amey OS Pension Scheme (the "Scheme") in November 2021. In this capacity Schroders provides advice to the Trustee on the long term investment strategy of the Scheme. Assets were transferred to Schroders between September and November 2021.

In addition to Schroders the APS Section of the Scheme has appointed Hayfin Capital Management as investment manager.

In addition to Schroders 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 Schroders appointment excludes responsibility for the AVC assets and annuity policies).

Following the buy-in policy with PIC, all non-insured assets excluding AVC assets except those covering the active membership (who are not covered by the buy-in policy), and an amount for the day to day running of the Scheme have been transferred to PIC (a small amount of illiquid assets are also being disinvested to be transferred to PIC). PIC will pay the Scheme an amount each month to cover the payroll. The Trustee is in consultation with Schroders and the Employer to determine the investment strategy for the assets outside of the monies held by PIC and JUST.

Statement of Investment Principles

In accordance with the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles, which sets out its policy on investment issues, including risks, diversification of investments and details of the key elements of the investment arrangements of the Scheme.

The Statement of Investment Principles ("SIP") sets out how the Scheme takes into account financially material considerations, including Environmental, Social and Governance ("ESG") factors, in its investment decision making process.

In December 2022 the Trustee completed the acquisition of a buy-in policy with PIC and have been working with Schroders on a revised SIP to outline the strategy for the investment of the investment assets remaining in the Scheme in relation to those active members who are not covered by the bulk annuity policy. As a result of the buy-in, the investments held at the year end were not reflective of the agreed investment holdings noted in the 2021 SIP. The latest Statement of Investment Principles was finalised in February 2024 and a copy is included in appendix 2 on pages 65 to 70 of this report.

The Trustee has delegated the day-to-day management of the portfolio to the fiduciary manager. In doing so, the fiduciary manager does not operate an automatic rebalancing policy (on a daily basis) as it would lead to very high and inefficient trading costs. In general rebalancing takes place at +/- 5% versus strategic target, assuming the Scheme does not have any upcoming changes (cash flows or strategic changes) that will impact a rebalance. As this is not automatic, the process of rebalancing is not immediate and may take time.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

Investment Manager Arrangements

The Trustee has entered into an Investment Management Agreement with Schroders Solutions Investments Limited ('Schroders Solutions') as the investment manager of the portfolio of the Scheme's assets and investments.

The Trustee has chosen to implement their investment strategy through Schroders Solutions Fiduciary Management service, an implemented solution which allows the Trustee to retain ownership of those decisions which have the greatest importance to the Scheme's investment strategy – framing objectives, allocations to on-risk/off-risk assets, risk tolerance – whilst delegating other decisions to Schroders Solutions.

Custodial Arrangements

In addition, the Trustee has appointed CACEIS as custodian of the Scheme's assets.

Investment Strategy

The Scheme completed a bulk annuity (buy-in) transaction in December 2022 with Pension Insurance Corporation. Whilst the Scheme has completed a buy-in for all deferred and pensioner members, a small number of actives remain.

The active members section has been created to ring-fence assets for the remaining active members and hold a portfolio of gilts which broadly hedge interest rate and inflation risks.

The residual assets, following the buy-in and excluding gilts for active members, has an objective of holding 100% Cash Assets.

Active Members

The active member's portfolio holds two gilts, listed below, and a cash fund (Accord Section) to ring-fence the active members' risk.

Amey Section

	30 September 2023 £000
1.25% Treasury Gilt 2051	4,143
0.125% Index-Linked Treasury Gilt 2044	490

Accord Section

	30 September 2023 £000
4.25% Treasury Gilt 2046	107
0.125% Index-Linked Treasury Gilt 2041	155
Cash Fund	118

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Trustee's Annual Report (continued)

Market Background

During the 12-month period investor focus remained primarily on rising inflation and the policy response from major central banks. There were fears that rising interest rates could lead to recession.

In Europe, the war in Ukraine was a further negative factor and there were concerns in late 2022 that the region could experience gas shortages in the winter.

UK assets experienced particular volatility at the start of the period. Liz Truss had become Prime Minister in September 2022 and the new government announced a fiscal package which was poorly received by markets. UK bond yields soared and sterling fell to an all-time low versus the US dollar. However, markets stabilised in October 2022 after Truss stepped down and a new government was formed under Rishi Sunak as Prime Minister.

The picture for markets turned more positive as 2023 began. Global economic growth generally remained resilient, despite further interest rate rises from major central banks. In Europe, warmer weather helped limit the impact of high gas prices.

In December 2022, China announced it was abandoning its strict lockdown measures, enabling mobility and economic activity to pick up. However, as 2023 progressed, Chinese data showed that the economic recovery was weaker than many had hoped. China's property sector was a particular area of concern amid worries some large developers may face default.

Markets experienced volatility in March 2023 as several regional US banks – including Silicon Valley Bank – collapsed due to lack of liquidity. In Europe, this was followed by the takeover of Credit Suisse by UBS.

From May 2023, stocks with exposure to Artificial Intelligence (“AI”) – especially semiconductor shares – began to soar amid investor enthusiasm for the potential offered by generative AI technology. Another key theme in equity markets was the emergence of new weight loss drugs which could cut the incidence of diabetes and other diseases.

Oil prices rose over the third quarter of 2023 as Russia and Saudi Arabia announced production cuts.

Developed market equities notched up gains over the 12 months. The MSCI World index returned 22.0% in US dollar terms. Emerging markets (“EM”) underperformed with the MSCI EM index returning 11.7%.

In fixed income, government bonds yields rose over the period (meaning prices fell). In August 2023, credit ratings agency Fitch Ratings downgraded US sovereign debt from triple-A to double A plus. The move came in the wake of the US's rising debt burden and a stand-off over the debt ceiling in June 2023.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

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 Regulations 3 and 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 preparing, maintaining and from time to time reviewing and, if necessary, revising a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer 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 made to 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.

The Trustee is responsible for the maintenance and integrity of the financial information of the scheme included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

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



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Date: 29/4/2024

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

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

Opinion

We have audited the financial statements of the Amey OS Pension Scheme (the 'Scheme') for the year ended 30 September 2023, 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 2023 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.

Conclusions relating to going concern

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

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Scheme including effects arising from macro-economic uncertainties such as inflation and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the Trustee and the related disclosures and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

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

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

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

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities set out on page 18, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant are the Pensions Acts 1995 and 2004 and those that relate to the reporting frameworks (Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP")).

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

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

Auditor's responsibilities for the audit of the financial statements (continued)

- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Scheme operates;
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with management and the Trustee and from inspection of Trustee's board minutes and legal and regulatory correspondence. We enquired about the policies and procedures regarding compliance with laws and regulations with the Trustee;
- We assessed the susceptibility of the Scheme's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to the risk of management override of controls through posting inappropriate journal entries to manipulate net assets, and the valuation of insurance policies using methods not permitted under the SORP;
- Our audit procedures involved:
 - Journal entry testing, with a focus on large journals, manual journals, those journals with unusual account combinations or entries posted to suspense accounts;
 - Use of our internal experts to challenge the reasonableness of the valuations of insurance policies at the year end produced by the Trustee's valuation expert; and
 - Obtaining independent confirmations of material investment valuations and cash balances at the year end.

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it; and
- All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of schemes of a similar size and complexity, appropriate to their role within the team. The engagement team are required to complete mandatory pensions sector training on an annual basis, thus ensuring they have sufficient knowledge and of the sector the underlying applicable legislation and related guidance.
- 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.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

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

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

Date : 29/4/2024
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Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Fund Account for the year to 30 September 2023

	Notes	Amey Section 30 Sep 2023 £000	Accord Section 30 Sep 2023 £000	APS Section 30 Sep 2023 £000	Total 30 Sep 2023 £000	Total 30 Sep 2022 (as restated) £000
Additions from dealings with members						
Employer contributions		713	15,137	33,269	49,119	1,437
Employee contributions		12	2	6	20	23
Total contributions	5	725	15,139	33,275	49,139	1,460
Withdrawals from dealings with members						
Benefits paid or payable	6	(1,308)	(2,777)	(11,502)	(15,587)	(15,273)
Payments to and on account of leavers	7	-	(37)	(533)	(570)	(985)
Administration expenses	8	(564)	(569)	(636)	(1,769)	(1,740)
		(1,872)	(3,383)	(12,671)	(17,926)	(17,998)
Net (withdrawals) / additions from dealings with members		(1,147)	11,756	20,604	31,213	(16,538)
Returns on investments						
Investment income	9	108	(85)	899	922	20,395
Change in market value of investments	10	(4,914)	(19,664)	(66,101)	(90,679)	(228,277)
Investment management expenses	20	(43)	(44)	(90)	(177)	(1,426)
Net returns on investments		(4,849)	(19,793)	(65,292)	(89,934)	(209,308)
Net decrease in fund during the year		(5,996)	(8,037)	(44,688)	(58,721)	(225,846)
Opening net assets		34,979	84,017	328,951	447,947	673,793
Closing net assets		28,983	75,980	284,263	389,226	447,947

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Statement of Net Assets Available for Benefits as at 30 September 2023

	Notes	Amey Section 30 Sep 2023 £000	Accord Section 30 Sep 2023 £000	APS Section 30 Sep 2023 £000	Total 30 Sep 2023 £000	Total 30 Sep 2022 £000
Investment assets						
Bonds	10	2,459	267	-	2,726	186,604
Pooled investment vehicles	12	1,068	346	10,897	12,311	195,717
Insurance policies	14	25,539	76,071	281,908	383,518	92,100
Derivatives	18	-	-	-	-	8,598
AVC investments	13	-	65	1,770	1,835	1,752
Cash and other investment assets	19	227	1,280	164	1,671	24,823
Total investment assets		29,293	78,029	294,739	402,061	509,594
Investment liabilities						
Derivatives	18	-	-	-	-	(66,740)
Insurance policies	11	(712)	(2,504)	(9,979)	(13,195)	-
Total investment liabilities		(712)	(2,504)	(9,979)	(13,195)	(66,740)
Total net investments		28,581	75,525	284,760	388,866	442,854
Current assets	21	584	923	1,328	2,835	6,199
Current liabilities	22	(182)	(468)	(1,825)	(2,475)	(1,106)
Total net assets available for benefits		28,983	75,980	284,263	389,226	447,947

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 7 to 10 and the Actuarial Certificates on pages 57 to 59, 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 54 form part of these financial statements.

The financial statements on pages 23 to 54 were approved by the Trustee on 29/4/2024

Signed for and on behalf of the Trustee:



Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

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").

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 assessing whether the going concern assumption is appropriate, the Trustee assesses a period of at least 12 months from the date of approval of the financial statements, based on information available at the time of approval of the financial statements.

Process

The process that the Trustee adopts in considering going concern and any material uncertainties in relation to going concern include ensuring a recovery plan is in place following each triennial valuation, assessing the employer covenant on an ongoing basis and considering whether there any other factors that could impact this assessment.

Assessment of going concern and any material uncertainties

In order to be able to make this assertion, the following key factors have been considered relevant:

- Employer Covenant
- Scheme cashflow forecasts
- Liquidity of assets
- Scheme funding levels
- Wind up/trigger events
- Review of contributions in line with recovery plan / Schedule of Contributions
- Catastrophic events

Evidence

The following evidence supports this assessment and has been provided to the auditors.

- Actuarial valuation and recovery plan for each section as at 30 September 2020
- Annual Funding Update for each section as at 30 September 2022
- Funding update as part of the buy-in process
- Schroders quarterly performance update reports and monthly dashboards
- Employer covenant assessment / Minutes of discussions of the Employer assessment
- Dashboard / Employer Accounting provided at Trustee meetings
- Decision made to buy-in the benefits of all three Sections of the Scheme with PIC

Conclusion

It is therefore concluded that it is reasonable to produce financial statements for the Amey OS Pension Scheme on a going concern basis.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

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, ZEDRA Governance, Merlin House, Brunel Road, Theale, Berkshire, RG7 4AB (E-mail: matt.riley@ZEDRA.com)

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

Fund account for the year to 30 September 2022

	Notes	Amey Section 30 Sep 2022 £000	Accord Section 30 Sep 2022 £000	APS Section 30 Sep 2022 (as restated) £000	Total 30 Sep 2022 (as restated) £000
Additions from dealings with members					
Employer contributions		431	402	604	1,437
Employee contributions		13	4	6	23
Total contributions	5	444	406	610	1,460
Withdrawals from dealings with members					
Benefits paid or payable	6	(1,397)	(2,997)	(10,879)	(15,273)
Payments to and on account of leavers	7	-	(283)	(702)	(985)
Administration expenses	8	(534)	(582)	(624)	(1,740)
		(1,931)	(3,862)	(12,205)	(17,998)
Net withdrawals from dealings with members		(1,487)	(3,456)	(11,595)	(16,538)
Returns on investments					
Investment income	9	1,191	3,042	16,162	20,395
Change in market value of investments	10	(17,850)	(42,382)	(168,045)	(228,277)
Investment management expenses	20	(111)	(269)	(1,046)	(1,426)
Net returns on investments		(16,770)	(39,609)	(152,929)	(209,308)
Net decrease in fund during the year		(18,257)	(43,065)	(164,524)	(225,846)
Opening net assets		53,236	127,082	493,475	673,793
Closing net assets		34,979	84,017	328,951	447,947

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

Statement of Net Assets Available for Benefits as at 30 September 2022

	Notes	Amey Section 30 Sep 2022 £000	Accord Section 30 Sep 2022 £000	APS Section 30 Sep 2022 £000	Total 30 Sep 2022 £000
Investment assets					
Bonds	10	13,370	27,382	145,852	186,604
Pooled investment vehicles	12	10,583	35,015	150,119	195,717
Insurance policies	14	11,000	22,500	58,600	92,100
Derivatives	18	212	997	7,389	8,598
AVC investments	13	-	64	1,688	1,752
Cash and other investment assets	19	1,808	10,078	12,937	24,823
Total investment assets		36,973	96,036	376,585	509,594
Investment liabilities					
Derivatives	18	(2,408)	(13,252)	(51,080)	(66,740)
Total investment liabilities		(2,408)	(13,252)	(51,080)	(66,740)
Total net investments		34,565	82,784	325,505	442,854
Current assets	21	549	1,498	4,152	6,199
Current liabilities	22	(135)	(265)	(706)	(1,106)
Total net assets available for benefits		34,979	84,017	328,951	447,947

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").

Assets and liabilities in foreign currency are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

4.2 Accruals concept

The financial statements have been prepared on an accruals basis.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

4.3 Valuation of investments

Investments are included at fair value as described below:

Unitised pooled investment vehicles which are not quoted on active markets, have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net assets value ("NAV"), determined in accordance with fair value principles, provided by the pooled investment manager.

Bonds which are traded on an active market, are included at the quoted price, which is normally the bid price, at the year end.

Swaps were valued at the net present value of future cash flows arising from the swap determined using discounted cashflow models and market data at the reporting date.

Forward foreign exchange contracts ("FFX") were valued at the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

Options were recognised at the fair value as determined by the exchange price for closing out the option as at the year end.

Accrued interest is excluded from the market value of bonds, but is included in investment income receivable.

The AVC investments include policies of assurance underwritten by Prudential Assurance Company Limited, 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 policies held in the name of the Trustee are held with, and valued at the year-end by JUST and PIC (for year ended 30 September 2023). The policies are 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, with Prudential and Legal & General, 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 2023

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 Schedules of Contributions.

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

4.6 Investment income

Annuity income from the JUST bulk annuity policy and PIC annuity policy used to pay pension benefits is recognised within investment sales on a cash basis. The income from the PIC buy-in policy commenced on 1 February 2023.

Receipts from annuity policies with Prudential and Legal & General (Accord Section) 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.

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.

Income from bonds is accounted for on an accruals basis and includes income bought and sold on purchases and sales of bonds. Other interest on cash and short term deposits and income from other investments are accounted for on an accruals basis.

Receipts or payments under swap contracts, representing the difference between the swapped cash flows, were included in the change in market value.

The change in market value of investments during the year comprises all increases and decreases in market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

4.7 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.

4.8 Estimates and judgements

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of net assets within the next financial year are related to the valuation of the insurance policies. The valuation basis of the policies are disclosed within note 4.3 on page 28.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

5. CONTRIBUTIONS

	30 September 2023			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Contributions from Employer:				
Normal	172	25	-	197
Deficit contributions	-	14,650	15,850	30,500
Additional Employer contributions	300	100	16,811	17,211
Expenses contributions	240	360	600	1,200
Reimbursement of PPF Levy	1	2	8	11
	713	15,137	33,269	49,119
Contributions from member:				
Normal	12	2	-	14
Additional voluntary contributions	-	-	6	6
	12	2	6	20
	725	15,139	33,275	49,139

	30 September 2022			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Contributions from Employer:				
Normal	190	41	-	231
Additional Employer contributions	-	-	-	-
Expenses contributions	240	360	600	1,200
Reimbursement of PPF Levy	1	1	4	6
	431	402	604	1,437
Contributions from member:				
Normal	13	4	-	17
Additional voluntary contributions	-	-	6	6
	13	4	6	23
	444	406	610	1,460

Per the Schedules of Contributions certified by the Scheme Actuary on 1 April 2021, the Employer is to make the following deficit funding and expense funding contributions to the Scheme:

Amey Section for the period 1 April 2021 to 11 December 2022:

Deficit funding	nil
Expense funding	£20,000 per month

Accord Section for the period 1 April 2021 to 11 December 2022:

Deficit funding	nil
Expense funding	£30,000 per month
Payments to escrow account	£148,520 per month (from 1 April 2021 to 31 July 2023)

APS Section for the period 1 April 2021 to 11 December 2022:

Deficit funding	nil
Payments to escrow account	£562,531 per month (from 1 April 2021 to 30 November 2023)
Expense funding	£50,000 per month

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

5. CONTRIBUTIONS (continued)

Per the Schedules of Contributions certified by the Scheme Actuary on 14 December 2022, the Employer is to make the following deficit funding and expense funding contributions to the Scheme:

Amey Section for the period 12 December 2022 to 12 December 2027:

Deficit funding	nil
Expense funding	£20,000 per month

Accord Section for the period 12 December 2022 to 12 December 2027:

Deficit funding	The Employer shall pay to the scheme £14,649,565 in December 2022 (via the Scheme's investments manager or insurer). This amount shall be due for payment by 14 December 2022.
Expense funding	£30,000 per month
Payments to escrow account	nil

APS Section for the period 12 December 2022 to 12 December 2027:

Deficit funding	The Employer shall pay to the scheme £15,850,435 in December 2022 (via the Scheme's investments manager or insurer). This amount shall be due for payment by 14 December 2022.
Payments to escrow account	nil
Expense funding	£50,000 per month

The Accord Section operates a salary sacrifice arrangement.

The Employer paid additional contributions of £16,711,051 (APS Section) on 13 December 2022, as part of the transfer of assets to PIC for the buy-in agreement. A further additional contribution of £500,000 was received during the year, for cash flow purposes, of this amount £300,000 was allocated to the Amey Section and £100,000 to both the Accord and APS Sections.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

6. BENEFITS PAID OR PAYABLE

	30 September 2023			Total
	Amey Section £000	Accord Section £000	APS Section £000	
Pensions	1,114	2,508	9,772	13,394
Commutations and lump sums on retirement	184	229	1,683	2,096
Lump sum death benefits	10	18	47	75
Death benefits in retirement	-	22	-	22
	<u>1,308</u>	<u>2,777</u>	<u>11,502</u>	<u>15,587</u>

	30 September 2022			Total
	Amey Section £000	Accord Section £000	APS Section £000	
Pensions	1,072	2,360	9,069	12,501
Commutations and lump sums on retirement	323	616	1,774	2,713
Lump sum death benefits	-	11	36	47
Death benefits in retirement	2	10	-	12
	<u>1,397</u>	<u>2,997</u>	<u>10,879</u>	<u>15,273</u>

7. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	30 September 2023			Total
	Amey Section £000	Accord Section £000	APS Section £000	
Individual transfers to other schemes	-	37	533	570

	30 September 2022			Total
	Amey Section £000	Accord Section £000	APS Section £000	
Individual transfers to other schemes	-	283	702	985

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

8. ADMINISTRATION EXPENSES

	30 September 2023			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Actuarial	267	211	224	702
Administration	83	144	177	404
PPF and other levies	4	13	29	46
Legal and professional	96	89	94	279
Audit	14	14	14	42
Member communication	11	11	11	33
Trustee fees	85	85	85	255
Other professional fees	4	2	2	8
	564	569	636	1,769

	30 September 2022			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Actuarial	265	262	274	801
Administration	92	139	173	404
PPF and other levies	3	8	1	12
Legal and professional	76	76	78	230
Audit	8	8	8	24
Member communication	8	8	8	24
Trustee fees	79	79	79	237
Other professional fees	3	2	3	8
	534	582	624	1,740

The Employer reimburses the Scheme for the Amey Section, Accord Section and APS Section Pension Protection Fund Levy in accordance with the Schedules of Contributions. The reimbursement is shown in Note 5.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

9. INVESTMENT INCOME

	30 September 2023			Total
	Amey Section	Accord Section	APS Section	
	£000	£000	£000	£000
Income from bonds	(13)	(16)	(124)	(153)
Income from pooled fund investments	79	21	1,643	1,743
Income from derivatives	21	53	123	197
Annuity income	-	3	-	3
Interest on cash deposits	75	43	94	212
Exchange loss	(2)	(4)	(104)	(110)
Interest payable on deferred premiums	(52)	(185)	(733)	(970)
	108	(85)	899	922

Interest payable relates to interest payable by 31 December 2024 on the deferred premiums due to PIC.

	30 September 2022			Total (as restated)
	Amey Section	Accord Section	APS Section (as restated)	
	£000	£000	£000	£000
Income from bonds	159	194	579	932
Income from pooled fund investments	1,001	2,755	15,545	19,301
Income from derivatives	28	109	67	204
Annuity income	-	2	-	2
Interest on cash deposits	6	15	46	67
Exchange loss	(3)	(33)	(75)	(111)
Interest payable on deferred premiums	-	-	-	-
	1,191	3,042	16,162	20,395

The prior year income within the APS Section was restated to better reflect investment income received from Hayfin Capital Management.

10. RECONCILIATION OF INVESTMENT ASSETS

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

AMEY SECTION

	Value at 30 Sept 2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value at 30 Sept 2023
	£000	£000	£000	£000	£000
Bonds	13,370	2,611	(13,164)	(358)	2,459
Pooled investment vehicles	10,583	4,293	(14,381)	573	1,068
Derivatives - net	(2,196)	2,357	(1,031)	870	-
Insurance policies	11,000	21,545	(1,007)	(5,999)	25,539
	32,757	30,806	(29,583)	(4,914)	29,066
Cash	1,624				218
Other Investment balances	184				9
Total	34,565				29,293

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

10. RECONCILIATION OF INVESTMENT ASSETS (continued)

ACCORD SECTION

	Value at 30 Sept 2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value at 30 Sept 2023
	£000	£000	£000	£000	£000
Bonds	27,382	58,444	(83,727)	(1,832)	267
Pooled investment vehicles	35,015	4,140	(40,422)	1,613	346
Derivatives - net	(12,255)	14,747	(2,803)	311	-
Insurance policies	22,500	75,735	(2,407)	(19,757)	76,071
AVC investments	64	-	-	1	65
	72,706	153,066	(129,359)	(19,664)	76,749
Cash	8,865				1,279
Other Investment balances	1,213				1
Total	82,784				78,029

APS SECTION

	Value at 30 Sept 2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value at 30 Sept 2023
	£000	£000	£000	£000	£000
Bonds	145,852	205,830	(346,463)	(5,219)	-
Pooled investment vehicles	150,119	5,962	(149,054)	3,870	10,897
Derivatives - net	(43,691)	47,591	(8,504)	4,604	-
Insurance policies	58,600	301,841	(9,084)	(69,449)	281,908
AVC investments	1,688	410	(421)	93	1,770
	312,568	561,634	(513,526)	(66,101)	294,575
Cash	12,679				164
Other Investment balances	258				-
Total	325,505				294,739

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 2022: £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.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

11. INVESTMENT LIABILITIES

AMEY SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
Insurance policies	(712)	-
	<u>(712)</u>	<u>-</u>

ACCORD SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
Insurance policies	(2,504)	-
	<u>(2,504)</u>	<u>-</u>

APS SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
Insurance policies	(9,979)	-
	<u>(9,979)</u>	<u>-</u>

The liabilities relate to deferred premium amounts owed to PIC which are payable after more than one year and are due to be settled by 31 December 2024

12. POOLED INVESTMENT VEHICLES

As at 30 September 2023 the Scheme's investment in pooled investment vehicles comprised:

AMEY SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
Equity funds	-	1,341
Bond funds	-	8,030
Cash	1,017	106
Alternative	-	789
Property funds	51	317
	<u>1,068</u>	<u>10,583</u>

ACCORD SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
Equity funds	-	6,493
Bond funds	-	22,767
Alternative	-	4,079
Cash	141	4
Property funds	205	1,672
	<u>346</u>	<u>35,015</u>

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

12. POOLED INVESTMENT VEHICLES (continued)

APS SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
Equity funds	-	39,114
Bond funds	10,607	80,843
Property funds	-	18
Alternative	17	10,798
Cash	273	19,346
	<u>10,897</u>	<u>150,119</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 2023 and adjusted for cash movements.

ACCORD SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
Prudential	<u>65</u>	<u>64</u>

APS SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
Utmost Life and Pensions Limited	-	373
Prudential	104	103
L&G	1,666	1,212
	<u>1,770</u>	<u>1,688</u>

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

14. INSURANCE POLICIES

AMEY SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
JUST	10,550	11,000
PIC	14,989	-
	<u>25,539</u>	<u>11,000</u>

ACCORD SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
JUST	21,700	22,500
PIC	54,371	-
	<u>76,071</u>	<u>22,500</u>

APS SECTION

	30 Sept 2023	30 Sept 2022
	£000	£000
JUST	57,370	58,600
PIC	224,538	-
	<u>281,908</u>	<u>58,600</u>

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

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 investment assets and liabilities have been analysed using the above hierarchy categories as follows:

	30 September 2023			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
AMEY SECTION				
Pooled investment vehicles	-	1,017	51	1,068
Bonds	2,459	-	-	2,459
Insurance policies	-	-	25,539	25,539
Cash	218	-	-	218
Other Investment balances	9	-	-	9
	2,686	1,017	25,590	29,293
ACCORD SECTION				
Pooled investment vehicles	-	141	205	346
Bonds	267	-	-	267
Insurance policies	-	-	76,071	76,071
AVC investments	-	-	65	65
Cash	1,279	-	-	1,279
Other Investment balances	1	-	-	1
	1,547	141	76,341	78,029
APS SECTION				
Pooled investment vehicles	-	273	10,624	10,897
Insurance policies	-	-	281,908	281,908
AVC investments	-	-	1,770	1,770
Cash	164	-	-	164
Other Investment balances	-	-	-	-
	164	273	294,302	294,739
	4,397	1,431	396,233	402,061

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

15. INVESTMENT FAIR VALUE HIERARCHY (continued)

	30 September 2022			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
AMEY SECTION				
Pooled investment vehicles	226	9,767	590	10,583
Bonds	13,370	-	-	13,370
Derivatives	-	(2,196)	-	(2,196)
Insurance policies	-	-	11,000	11,000
Cash	1,624	-	-	1,624
Other Investment balances	184	-	-	184
	15,404	7,571	11,590	34,565
ACCORD SECTION				
Pooled investment vehicles	691	31,190	3,134	35,015
Bonds	27,382	-	-	27,382
Derivatives	-	(12,255)	-	(12,255)
Insurance policies	-	-	22,500	22,500
AVC investments	-	-	64	64
Cash	8,865	-	-	8,865
Other Investment balances	1,213	-	-	1,213
	38,151	18,935	25,698	82,784
APS SECTION				
Pooled investment vehicles	4,885	129,597	15,637	150,119
Bonds	145,852	-	-	145,852
Derivatives	-	(43,691)	-	(43,691)
Insurance policies	-	-	58,600	58,600
AVC investments	-	-	1,688	1,688
Cash	12,679	-	-	12,679
Other Investment balances	258	-	-	258
	163,674	85,906	75,925	325,505
	217,229	112,412	113,213	442,854

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

16. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks that the Scheme is exposed to at the year end.

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.

Credit Risk

The Scheme is subject to credit risk because the Scheme directly invests in bonds, and has cash balances. The Scheme previously held OTC derivatives that were subject to credit risk, but disinvested all OTC derivatives during the accounting year (the 2022 comparative figures can be found in note 17 of the Notes to the financial statements). The Scheme also invests in pooled investment vehicles and is therefore indirectly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Trustee's policy for managing credit risk is detailed in the Statement of Investment Principles.

As at 30 September 2023, the Amey Section holds £2.5m in directly held bonds and £0.2m in directly held cash balances. The Scheme also holds £1.0m cash through underlying pooled fund investments.

As at 30 September 2023, the Accord Section holds £0.3m in directly held bonds and £1.3m in directly held cash balances. The Scheme also holds £0.1m cash through underlying pooled fund investments.

As at 30 September 2023, the APS Section holds £0.2m in directly held cash balances. The Scheme also holds £10.9m bonds and cash through underlying pooled fund investments.

The table on page 44 details the bonds held directly and indirectly as at 30 September 2022.

Credit risk arising on bonds held directly is mitigated by Schroders Solutions choosing to only invest in government bonds, where the credit risk is minimal, or corporate bonds which are rated at least investment grade.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

16. INVESTMENT RISKS (continued)

Directly held cash balances are at financial institutions which are at least investment grade credit rated. This is the position at the year-end.

In all above instances, "investment grade" is defined as being rated at least BBB- by Standard & Poor's or Baa3 by Moody's.

Indirect credit risk arises in relation to underlying investments held in bond and cash pooled investment vehicles. This risk is mitigated by the Trustee mandating Schroders Solutions that the underlying investment in sub-investment grade debt may not exceed 30% of the GA.

Both direct and indirect credit risk is mitigated by holding a diversified portfolio to minimise the impact of default by any one issuer. The Trustee monitors the investment strategy adopted by Schroders Solutions to ensure that the arrangement remains diversified.

Direct credit risk arises in respect of pooled investment vehicles. The Scheme's GA is invested across a large number of different pooled funds which have various legal structures in various domiciles (e.g. open-ended investment companies, unit trusts, limited partnerships etc.).

The direct credit risk associated with these managers is also mitigated by:

- the regulatory environments in which those managers operate;
- diversification amongst a large number of pooled arrangements; and
- due diligence checks by Schroders Solutions on the appointment of new pooled managers, and monitoring on an ongoing basis for any changes to the operating environment of each manager.

A significant proportion of the Scheme's assets are held in annuity policies, which are subject to credit risk. As at 30 September 2023, the Amey Section holds £25.54m (2022: £11m) in annuity policies, the Accord Section holds £76.07m (2022: £22.5m) in annuity policies and the APS Section holds £281.91m (2022: £58.6m) in annuity policies. This risk is mitigated by the UK regulatory environment which the insurers, PIC and Just, operate whereby the insurers are required to make a reserve for each policy by holding prescribed amounts (and to hold those amounts in prescribed asset classes). This is consistent with regulations in force throughout the UK insurance industry.

This risk is also mitigated by the diversification of the policy's underlying assets.

Currency risk

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles. The Trustee's policy for managing this risk is detailed in the Statement of Investment Principles.

Currency risk is mitigated by delegating management of currency exposures at total portfolio level to Schroders Solutions. Schroders Solutions implement currency hedging through the use of hedged shared classes of pooled funds (where available) and the use of FX forward contracts.

Net of currency hedging, 0.0% (2022:10.2%) Amey Section, 0.0% (2022:18.7%) Amey Accord Section, 0.0% (2022:8.3%) APS Section of the Scheme's holdings were exposed to overseas currencies as at year-end.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

16. INVESTMENT RISKS (continued)

Interest rate risk

The Scheme's assets are subject to interest rate risk because some of the Scheme's investments are held in bonds, interest/inflation rate swaps for the purpose of liability hedging. Under this strategy if interest rates fall the value of these investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise these investments will fall in value as will actuarial liabilities because of an increase in the discount rate. At the year-end, the assets subject to interest rate risk comprised of:

	30/09/2023 £000	30/09/2023 £000	30/09/2023 £000
	Amey Section	Accord Section	APS Section
Direct			
Bonds	2,459	267	-
Swaps	-	-	-
Indirect			
Bond PIV's	-	-	10,607
Cash PIV's	1,017	141	273

	30/09/2022 £000	30/09/2022 £000	30/09/2022 £000
	Amey Section	Accord Section	APS Section
Direct			
Bonds	13,370	27,382	145,852
Swaps	(2,130)	(11,877)	(42,207)
Indirect			
Bond PIV's	8,030	22,767	80,843
Cash PIV's	106	4	19,346

Please note clean values have been used where applicable.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

16. INVESTMENT RISKS (continued)

Other price risk

Other price risk arises principally in relation to the Scheme's return seeking portfolio which may include various asset classes (i.e. alternatives, bonds, equities, cash and investment properties) held in pooled vehicles. The Scheme manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets. At the year end, the Scheme's exposure to investments subject to other price risk was:

	30/09/2023 £000	30/09/2023 £000	30/09/2023 £000
	Amey Section	Accord Section	APS Section
Direct			
S&P/Call Equity Options	-	-	-
Bonds held	-	-	-
Indirect			
Property PIVs	51	205	-
Alternatives PIVs	-	-	-
Equity PIVs	-	-	-

	30/09/2022 £000	30/09/2022 £000	30/09/2022 £000
	Amey Section	Accord Section	APS Section
Direct			
S&P/Call Equity Options	(13)	(82)	(406)
Bonds held	863	1,117	(23,564)
Indirect			
Property PIVs	317	1,672	18
Alternatives PIVs	789	4,079	10,798
Equity PIVs	1,341	6,493	39,114

Please note clean values have been used where applicable.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

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 2023 and 30 September 2022 are detailed below:

AMEY SECTION

	Value at 30 Sep 2023 £000	%	Value at 30 Sep 2022 £000	%
JUST Insurance Policy	10,550	36.4	11,000	31.5
PIC Insurance Policy	14,989	51.7	N/a	N/a
Schroders Solutions 1.25% Treasury Gilt 31/07/2051	1,872	6.5	N/a	N/a
Insight Investment Maturing Buy & Maintain Bond Fund 2021-2025	N/a	N/a	2,288	6.5
Insight Investment Maturing Buy & Maintain Bond Fund 2026-2030	N/a	N/a	2,625	7.5
Insight Investment Maturing Buy & Maintain Bond Fund 2031-2035	N/a	N/a	2,317	6.6

ACCORD SECTION

	Value at 30 Sep 2023 £000	%	Value at 30 Sep 2022 £000	%
JUST Insurance Policy	21,700	28.6	22,500	26.8
PIC Insurance Policy	54,371	71.6	N/a	N/a
Insight Investment Maturing Buy & Maintain Bond Fund 2021-2025	N/a	N/a	6,072	7.2
Insight Investment Maturing Buy & Maintain Bond Fund 2026-2030	N/a	N/a	6,966	8.3
Insight Investment Maturing Buy & Maintain Bond Fund 2031-2035	N/a	N/a	6,145	7.3
BNY Mellon (Schroders Solutions) Global Equity Fund	N/a	N/a	4,682	5.6
Cash	N/a	N/a	8,865	10.6

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

17. CONCENTRATION OF INVESTMENTS (continued)

APS SECTION

	Value at 30 Sep 2023 £000	%	Value at 30 Sep 2022 £000	%
JUST Insurance Policy	57,370	20.2	58,600	17.8
PIC Insurance Policy	224,538	79.0	N/a	N/a
Insight Investment Maturing Buy & Maintain Bond Fund 2021-2025	N/a	N/a	26,208	8.0
Insight Investment Maturing Buy & Maintain Bond Fund 2026-2030	N/a	N/a	30,068	9.1
BNY Mellon (Schroders Solutions) Global Equity Fund	N/a	N/a	29,347	8.9

18. DERIVATIVES

The Trustee had previously authorised the use of derivative financial instruments by their investment manager as part of their investment strategy. There were no derivative financial instruments held at 30 September 2023. Details of the derivative financial instruments held at 30 September 2022 were as follows:

Forward Foreign Currency – The Trustee invests in overseas markets and assets denominated in foreign currency in order to construct a suitably diversified investment portfolio. Bearing in mind the Trustee's obligation to settle benefits in sterling, the Trustee has agreed a maximum net exposure to foreign currencies and have entered into over the counter ("OTC") traded forward foreign currency contracts to achieve this.

Swaps – The Trustee's aim is to match the Liability-driven element of the investment portfolio with the Scheme's long term liabilities, particularly in relation to their sensitivities to interest rate movements. Due to the lack of long-dated bonds the Trustee holds interest-rate and inflation swaps to extend the duration and match more closely with the Scheme's liability profile.

Outstanding derivative financial instruments at the year-end are summarised as follows:

AMEY SECTION

	2023 Assets £000	2023 Liabilities £000	2022 Assets £000	2022 Liabilities £000
Forward foreign currency		-	13	(68)
Swaps	-	-	162	(2,292)
Options	-	-	37	(48)
	-	-	212	(2,408)
Derivatives - net		-		(2,196)

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

18. DERIVATIVES (continued)

Forward foreign currency

Type	Buy Currency	Sell Currency	2022 Assets £000	2022 Liabilities £000
OTC Traded – less than 1 month	GBP	USD	-	(65)
OTC Traded – less than 1 month	GBP	EUR	-	(2)
OTC Traded – less than 1 month	GBP	JPY	-	(1)
OTC Traded – less than 1 month	EUR	GBP	1	-
OTC Traded – less than 1 month	USD	GBP	12	-
			13	(68)

Swaps

Type	Number of contracts	Duration	Notional principle £000	2022 Assets £000	2022 Liabilities £000
Interest rate swaps	2	6-15 years	3,500	-	(1,027)
Inflation swaps	1	1-5 years	613	68	-
	1	6-15 years	809	94	-
Total return swaps	2	<1 year	3,372	-	(1,265)
			8,294	162	(2,292)

Collateral of £nil was pledged (2022: £2.83 million) for the unrealised gain on swaps, comprising gilts and cash and was held in an allocated account at the counterparty's bank.

Options

	Expiration	Notional Principal £000	2022 Assets £000	2022 Liabilities £000
Purchased call	<1 year	1,334	37	(21)
Written put	<1 year	667	-	(27)
		2,001	37	(48)

AMEY ACCORD SECTION

	2023 Assets £000	2023 Liabilities £000	2022 Assets £000	2022 Liabilities £000
Forward foreign currency	-	-	96	(392)
Swaps	-	-	703	(12,580)
Options	-	-	198	(280)
	-	-	997	(13,252)
Derivatives - net	-	-		(12,255)

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

18. DERIVATIVES (continued)

Forward foreign currency

Type	Buy Currency	Sell Currency	2022 Assets £000	2022 Liabilities £000
OTC Traded – less than 1 month	GBP	USD	-	(38)
OTC Traded – less than 1 month	GBP	EUR	-	-
OTC Traded – less than 1 month	GBP	JPY	-	(1)
OTC Traded – less than 1 month	JPY	GBP	-	(3)
OTC Traded – less than 1 month	EUR	GBP	1	(10)
OTC Traded – less than 1 month	USD	GBP	95	(340)
			96	(392)

Swaps

Type	Number of contracts	Duration	Notional principle £000	2022 Assets £000	2022 Liabilities £000
Interest rate swaps	1	1-5 years	4,500	-	(688)
	1	6-15 years	4,500	-	(1,124)
Inflation swaps	1	6-15 years	6,021	703	-
Total return swaps	8	<1 year	28,927	-	(10,768)
			43,948	703	(12,580)

Collateral of £nil was pledged (2022: £15.93 million) for the unrealised gain on swaps, comprising gilts and cash and was held in an allocated account at the counterparty's bank.

Options

	Expiration	Notional Principal £000	2022 Assets £000	2022 Liabilities £000
Purchased call	<1 year	7,676	198	(120)
Written put	<1 year	3,838	-	(160)
		11,514	198	(280)

APS SECTION

	2023 Assets £000	2023 Liabilities £000	2022 Assets £000	2022 Liabilities £000
Forward foreign currency	-	-	279	(1,357)
Swaps	-	-	6,081	(48,288)
Options	-	-	1,029	(1,435)
	-	-	7,389	(51,080)
Derivatives - net	-	-		(43,691)

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

18. DERIVATIVES (continued)

Forward foreign currency

Type	Buy Currency	Sell Currency	2022 Assets £000	2022 Liabilities £000
OTC Traded – less than 1 month	GBP	USD	-	(1,312)
OTC Traded – less than 1 month	GBP	EUR	-	(13)
OTC Traded – less than 1 month	GBP	JPY	-	(17)
OTC Traded – less than 1 month	JPY	GBP	-	-
OTC Traded – less than 1 month	EUR	GBP	3	-
OTC Traded – less than 1 month	USD	GBP	276	(15)
			<u>279</u>	<u>(1,357)</u>

Swaps

Type	Number of contracts	Duration	Notional principle £000	2022 Assets £000	2022 Liabilities £000
Interest rate swaps	5	6-15 years	83,130	-	(20,724)
Inflation swaps	1	1-5 years	24,499	2,497	-
	4	6-15 years	86,966	3,584	-
Total return swaps	7	<1 year	80,589	-	(27,564)
			<u>275,184</u>	<u>6,081</u>	<u>(48,288)</u>

Collateral of nil was pledged (2022: £66.07 million) and £nil was held (2022: £2.33 million) for the unrealised gain on swaps, comprising gilts and cash and was held in an allocated account at the counterparty's bank.

Options

	Expiration	Notional Principal £000	2022 Assets £000	2022 Liabilities £000
Purchased call	<1 year	39,260	1,029	(621)
Written put	<1 year	19,630	-	(814)
		<u>58,890</u>	<u>1,029</u>	<u>(1,435)</u>

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

19. OTHER INVESTMENT BALANCES

	30 September 2023			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Cash	219	1,279	164	1,662
Accrued investment income	8	1	-	9
	<u>227</u>	<u>1,280</u>	<u>164</u>	<u>1,671</u>

	30 September 2022			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Cash in transit	136	1,149	-	1,285
Accrued investment income	48	64	258	370
	<u>184</u>	<u>1,213</u>	<u>258</u>	<u>1,655</u>

20. INVESTMENT MANAGEMENT EXPENSES

	30 September 2023			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Investment fund management	(43)	(44)	(90)	(177)

	30 September 2022			Total
	Amey	Accord	APS	
	Section	Section	Section	
	£000	£000	£000	£000
Investment fund management	(111)	(269)	(1,046)	(1,426)

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

21. CURRENT ASSETS

	30 September 2023			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Contributions receivable				
- Employer	35	33	54	122
- Members	-	-	-	-
Prepaid benefits	95	206	541	842
Cash	454	684	733	1,871
	<u>584</u>	<u>923</u>	<u>1,328</u>	<u>2,835</u>

	30 September 2022			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Contributions receivable				
- Employer	37	33	50	120
- Members	-	-	4	4
Prepaid benefits	90	198	509	797
Cash	422	1,267	3,589	5,278
	<u>549</u>	<u>1,498</u>	<u>4,152</u>	<u>6,199</u>

The contributions due at 30 September 2023 were received after the year end in accordance with the due dates as set out in the Schedules of Contributions.

22. CURRENT LIABILITIES

	30 September 2023			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Benefit payments	(19)	(1)	(371)	(391)
Taxation	(13)	(34)	(150)	(197)
Administrative expenses	(68)	(94)	(120)	(282)
Annuity income in advance	(30)	(154)	(451)	(635)
Interest payable on deferred premiums	(52)	(185)	(733)	(970)
	<u>(182)</u>	<u>(468)</u>	<u>(1,825)</u>	<u>(2,475)</u>

The interest payable relates to accrued interest on deferred premium amounts owed to PIC which is payable after more than one year and is due to be settled by 31 December 2024.

	30 September 2022			Total £000
	Amey Section £000	Accord Section £000	APS Section £000	
Benefit payments	-	(34)	(5)	(39)
Taxation	(12)	(27)	(128)	(167)
Administrative expenses	(71)	(83)	(91)	(245)
Investment management expenses	(52)	(121)	(482)	(655)
Annuity income in advance	-	-	-	-
Interest payable on deferred premiums	-	-	-	-
	<u>(135)</u>	<u>(265)</u>	<u>(706)</u>	<u>(1,106)</u>

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

23. RELATED PARTY TRANSACTIONS

The directors of the Independent Trustee are not members of the Scheme. Trustee fees of £255,000 (2022: £237,000) were paid to ZEDRA, the independent Corporate Trustee during the year. At the end of the year the Scheme owed the Corporate Trustee £19,200 (2022: £22,500).

24. EMPLOYER RELATED INVESTMENTS

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

25. CONTINGENT ASSETS

At the 30 September 2023 there was £215,967 (2022: £15,242,503) held in the Escrow account. On 4 December 2023, the residual balance (inclusive of interest) of £218,633 was transferred to the Scheme bank account and the Escrow account was closed.

26. 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.

27. 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 Guaranteed Minimum Pension Equalisation ("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. The Trustee has been liaising with the advisers over the course of the year to review the data requirements and the approach that will be taken in respect of GMP Equalisation. A further update will be made available in next year's financial statements and communications will be issued to members when appropriate.

On 20 November 2020, the High Court handed down a further judgement on the GMP Equalisation case in relation to the Lloyds banking group pension schemes. This follows from the original judgment in October 2018 which confirmed that schemes need to equalise pensions for the effect of unequal GMPs between males and females. This latest judgment confirms that Defined Benefit (DB) schemes which provide GMPs need to revisit and where necessary top up historic Cash Equivalent Transfer Values that were calculated based on unequalised benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Scheme may have experienced historical transfers out which might be subject to adjustment as a result of this second ruling. The Trustee has been working closely with its advisers to ensure that the Scheme GMP benefits are equalised correctly and communications to the affected members will be issued in 2024.

28. SUBSEQUENT EVENTS

As part of the terms of the contract associated with the buy-in policy with PIC, deferred premiums of £14.2m (inclusive of interest of £0.97m) are payable to PIC by 31 December 2024. Since the year end, £4.36m has been paid to PIC with respect to the deferred premiums.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Notes to the financial statements (continued)

29. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As part of the terms of the contract associated with the buy-in policy with PIC, a "true up" exercise will take place when the data validation exercise is complete. The target date for this is December 2024. This could result in an adjustment to the policy premium and an additional amount being payable to PIC.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Summary of Contributions

During the year ended 30 September 2023, 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	172	25	-	197
Deficit contributions	-	14,650	15,850	30,500
Expenses contributions	240	360	600	1,200
Reimbursement of PPF levies	1	2	8	11
	<u>413</u>	<u>15,037</u>	<u>16,458</u>	<u>31,908</u>
Contributions from members				
Normal	12	2	-	14
Additional voluntary contributions	-	-	6	6
	<u>12</u>	<u>2</u>	<u>6</u>	<u>20</u>
Contributions payable under the Schedules (as reported on by the Scheme auditor)	<u>425</u>	<u>15,039</u>	<u>16,464</u>	<u>31,928</u>
Other contributions payable				
Additional Employer contributions	300	100	16,811	17,211
	<u>300</u>	<u>100</u>	<u>16,811</u>	<u>17,211</u>
Contributions reported in the financial statements	<u>725</u>	<u>15,139</u>	<u>33,275</u>	<u>49,139</u>

The Employer paid additional contributions of £16,711,051 (APS Section) on 13 December 2022, as part of the transfer of assets to PIC for the buy-in agreement. A further additional contribution of £500,000 was received during the year, for cash flow purposes, of this amount £300,000 was allocated to the Amey Section and £100,000 to both the Accord and APS Section's.



Trustee

Date: 29/4/2024

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

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 2023 which is set out on page 55.

In our opinion, contributions for the Scheme year ended 30 September 2023 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 14 April 2021 and 14 December 2022 (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 Schedules 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 Schedules of Contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 18, 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 Schedules 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 the Trustee 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 : 29/4/2024

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Actuarial Certification of Schedule of Contributions – Amey Section

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 1 April 2021.

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: 14 December 2022
Name: Andrew Allsopp	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: Broadstone Prospect House Fishing Line Road Redditch Worcestershire B97 6EW	Name of employer (if applicable): Broadstone Pensions Ltd

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Actuarial Certification of Schedule of Contributions – Accord Section

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 1 April 2021.

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: 14 December 2022
Name: Andrew Allsopp	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: Broadstone Prospect House Fishing Line Road Redditch Worcestershire B97 6EW	Name of employer (if applicable): Broadstone Pensions Ltd

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Actuarial Certification of Schedule of Contributions – APS Section

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 1 April 2021.

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: 14 December 2022
Name: Andrew Allsopp	Qualification: Fellow of the Institute and Faculty of Actuaries
Address: Broadstone Prospect House Fishing Line Road Redditch Worcestershire B97 6EW	Name of employer (if applicable): Broadstone Pensions Ltd

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Appendix 1

IMPLEMENTATION STATEMENT

Amey OS Pension Scheme ('Scheme') 30 September 2023 Implementation Statement

1. Introduction

The Trustee is required to make publicly available online a statement ("the Implementation Statement") covering the Amey OS Pension Scheme (the 'Scheme') in relation to the Scheme's Statement of Investment Principles (the "SIP").

A new set of guidance ("the Guidance") from the Department for Work and Pensions ("DWP") has been issued with a series of statutory & non-statutory guidance. They aim to encourage the Trustee of the Scheme to properly exercise their stewardship policy including both voting and engagement which is documented in the Scheme's SIP. The Trustee for each of the three sections in the scheme: the Amey Section, the Accord Section and the APS Section, has prepared this year's Implementation Statement in accordance to the latest guidance from the DWP.

The SIP was reviewed over the Scheme year and amended in February 2024, prior to the publication of this Implementation Statement. The changes to the SIP were made to account for the non-statutory guidance from the DWP and to reflect the Scheme's completion of a bulk annuity (buy-in) transaction with Pension Insurance Corporation (PIC, "Insurer") in December 2022. While the Trustee had drafted the amended SIP during the year to 30 September 2023, the publication was delayed as the Trustee focused its effort over the period to ensure a smooth transition of the assets to the Insurer and the appropriate investment of the remainder of the Scheme's assets, in line with the Trustee's investment objectives. This Implementation Statement was drafted based on the February 2024 SIP, and thus, the Trustee believe it satisfies the new statutory requirements set out by the DWP.

A copy of the current SIP signed and dated February 2024 can be found under the Scheme Document tag under each section link of the Scheme website that can be found here - <https://www.my-amey-os-pension.com/>.

This Implementation Statement covers the Scheme year from 1 October 2021 to 30 September 2023 (the "Scheme Year"). It sets out:

- How the Trustee's policies on exercising voting rights and engagement have been followed over the Scheme Year; and
- The voting by or on behalf of the Trustee during the Scheme Year, including the most significant votes cast and any use of a proxy voter during the Scheme Year.

A copy of this Implementation Statement is available on the following website: <https://www.my-amey-os-pension.com>

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

2. How the Trustee's policies on exercising voting rights and engagements have been followed over the Scheme Year

The Trustee uses the Fiduciary Management service of **Schroders IS Limited** as their Investment Manager and Adviser (it is referred to as the "**Fiduciary Manager**" in the Implementation Statement). Schroders Group, a global asset manager, has a long history of engagement and active ownership, dating back to 1998 when it appointed its first governance resource, and has recorded and monitored ESG engagements since then.

- Signatory to the UK Stewardship code
- A+ rating for UN Principles for Responsible Investment
- A- rating for Carbon Disclosure Project
 - Advanced ESG recognition from Morningstar
- Engagement Blueprint awarded ESG Engagement Initiative of the Year at Environmental Finance's Sustainable Investment Awards 2022.
- Best Investor Engagement recognition from IR Society Best Practice Award for 2021

The Fiduciary Manager can appoint other investment managers to manage part of the Scheme's assets (these are referred to as "**Underlying Investment Managers**"). The Scheme invests in some assets with voting rights attached (e.g. equities) and with engagement possible in relation to most asset classes. Whilst the Trustee has delegated responsibility to the Fiduciary Manager and Underlying Managers for voting and engaging on its behalf, the Trustee regularly reviews the approach and stewardship policies of the Fiduciary Manager to ensure they are aligned with the Trustee's beliefs and objectives.

A copy of the Scheme's SIP has been provided to the Fiduciary Manager, and the Fiduciary Manager is expected to follow the Trustee's investment policies when providing Fiduciary Management services. However, given that the investments with the Underlying Investment Managers are generally made via pooled funds (where the Scheme's investments are pooled with those of other investors), the Fiduciary Manager does not have direct control over voting or engaging with the companies that issue the underlying securities. This process lies with the Underlying Investment Manager, who may have different engagement priorities than the Trustee. Therefore, the Trustee requires the Fiduciary Manager to integrate stewardship activities such as voting and engagement, and Environmental, Social and Governance (ESG) factors including climate change, into the selection or monitoring of Underlying Investment Managers. The Trustee believes it is appropriate to delegate the decision of appointing and monitoring Underlying Investment Managers to the Fiduciary Manager, who will be able to influence the Underlying Investment Manager's voting and engagement policies. Consequently, the Trustee can largely exercise their stewardship policy as set out in the Scheme's SIP.

The Trustee has aligned its stewardship priorities with the Fiduciary Managers' 2023 Engagement priority themes (Climate Change, Natural Capital & Biodiversity, and Human Rights), given the Trustee believes that these themes are issues material to the long-term value of the investments. These issues also reflect expectations and trends across a range of stakeholders, and by strengthening relationships with these stakeholders, business models become more sustainable, which ultimately should enhance the value added to the Scheme's investment, and hence benefit the Scheme's members and beneficiaries. Therefore, the Trustee believes that companies that address those issues, when they are material and relevant, will drive improved financial performance for the Scheme.

On behalf of the Trustee, the Fiduciary Manager carried out regular investment and operational due diligence on the Underlying Investment Managers to monitor voting and engagement policies concerning the Scheme's investments. Additionally, before the bulk annuity transaction took place in December 2022 with the Insurer PIC, the Trustee monitored the performance of the Underlying Investment Managers against the agreed performance objectives. This was done with the help of the Fiduciary Manager at Trustee meetings held during the Scheme Year.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Since the buy-in transaction in December 2022, the Trustee has worked closely with the Fiduciary Manager to determine an appropriate investment strategy for the Scheme's remaining assets. These residual assets are used to pay any outstanding premium relating to the buy-in transaction once the true up has been completed, to cover the liabilities of the Scheme's remaining active members and Scheme expenses. As these assets do not have the voting rights attached, this Implementation Statement has been prepared to cover the period prior to the buy-in, when the Scheme held the full Fiduciary Management portfolio.

Given the activities carried out during the Scheme Year and by preparing this Implementation Statement, the Trustee believes that it has acted in accordance with the DWP Guidance over the Scheme Year.

3. Voting and Engagement Summary

During the Scheme Year, the full fiduciary management portfolio was only held for approximately two months before a bulk annuity transaction occurred. Given this, the Trustee decided it was best practice for this Implementation Statement to use data that is most reflective of the latest 12-month period during which the Scheme invested in this portfolio of assets. Henceforth, the following data regarding the stewardship activities of the Fiduciary Manager and Underlying Investment Managers covers the year to 31 December 2022.

On behalf of the Trustee, the Fiduciary Manager exercises voting rights in relation to the pooled funds managed by the Underlying Investment Managers, in line with its voting policy.

Most voting rights and engagement regarding the Scheme's investments relate to underlying securities within these pooled funds. At a general meeting of a company, the Underlying Investment Managers exercise voting rights and engage with the company issuing the security in line with their policies, which the Fiduciary Manager may have influenced. Nonetheless, the pooled funds themselves often confer certain rights around voting or policies, which the Fiduciary Manager exercises on behalf of the Trustee, covered below.

Over the year to 31 December 2022, the Fiduciary Manager engaged with Underlying Investment Managers regarding clients' pooled fund investment on 64 resolutions during the 12 months period across 19 meetings. The Fiduciary Manager voted against management on 4 resolutions which was 6.3% of total resolutions and abstained on 4 resolutions (6.3% of the total resolutions). The engagement topics covered a range of areas, including executive board composition, investment management processes, fund documentation, auditor tenure and fund costs.

Within the Scheme's portfolio, the **BNYM Global Equity** Fund made up the majority of the Scheme's investments in equity assets, with equity being the only asset class to hold voting rights. The Trustee noted that BNYM prioritised stewardship with each of their underlying holdings on areas broadly in line with Schroders Solutions' engagement themes.

In relation to the liability hedging mandate, during the 'Gilt Crisis' of Autumn 2022 at the start of the Scheme Year (when gilt yields rose unprecedentedly in both the magnitude and timeframe), the Fiduciary Manager carried out multiple engagement activities with Bank of England, the Pensions Regulator and the Financial Conduct Authority ("FCA"), as well as the UK government (e.g. through the Debt Management Office), to ensure that ongoing processes for managing clients' LDI mandates were robust and to input on new regulation regarding collateral adequacy.

In addition to the engagement on the LDI mandate, the Trustee noted that the choice of counterparty for the liability hedging (both in terms of the counterparties chosen to be part of the available roster and the choice of which counterparty of these to use when entering into derivative transactions) was driven by several factors including credit ratings which take into account ESG factors, and ESG scores for counterparties were regularly monitored and reported on to the Trustee.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

The Trustee has considered the voting statistics and behaviour set out in this Implementation Statement, along with engagement activity that took place on their behalf during the Scheme Year within the growth asset portfolio, 'Buy & Maintain' credit portfolio and the liability hedging portfolio, and is pleased to report that the Fiduciary Manager and the Underlying Investment Managers have demonstrated engagement in line with its stewardship policy.

Specifically, the Trustee noted that:

- The Fiduciary Manager has carried out a high level of engagement activities with the Underlying Investment Managers, and some good progress has been achieved such that many of the Underlying Investment Managers' ESG credentials have improved over the Scheme Year. This is particularly true for the managers which the Fiduciary Manager rated as engagement priority over the Scheme Year.
- The Fiduciary Manager has also carried out a very high level of engagement with different governing bodies for the Liability Hedging mandate to ensure that the Scheme's liability hedging programme not only remained robust during the Gilt Crisis of Autumn 2022 and beyond, but the Fiduciary Manager also provided inputs to those governing bodies to ensure they continue to deliver even better outcomes for their clients, including the Scheme.
- Each manager demonstrated very high levels of voting rights being acted on, where voting is relevant. Where the voting was irrelevant, the Underlying Investment Managers showed they carried out a good level of engagement activity with the underlying companies over the Scheme Year.
- Challenge to management was demonstrated through votes by the Underlying Investment Managers against management.
- The Trustee has communicated its stewardship priorities and definition of most significant votes with the Fiduciary Manager, and as per DWP guidance, all votes which meet these criteria have been reported below.

Voting by the Underlying Investment Managers on securities held on behalf of the Trustee

Most Significant Votes

The Trustee considers the most significant votes to be those defined as 'Significant' by the Underlying Investment Managers and aligned with the Trustee's stewardship priority themes. Over the year to 31 December 2022, only one vote, based on the data provided to the Trustee, satisfied these criteria.

HUMAN RIGHTS - *At the annual Microsoft Corporation meeting on 13 Dec 2022, Morgan Stanley voted for a shareholder proposal regarding a report on government use of Microsoft technology. This vote was considered "most significant" by the Underlying Manager as it was against management and by the Trustee - given the exposure to reputational and human rights-related risks – as it relates to the Human Rights stewardship priority. The vote failed, and Morgan Stanley intend to continue engaging with Microsoft on the topic.*

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Summary Voting Statistics

As at 31 December 2022, the Fiduciary Manager used c.30 Underlying Managers; however, the equity holdings were the only asset class with voting rights. Below are the voting statistics for the most material, active equity fund held on behalf of the Trustee over the year to 31 December 2022.

	BNYM Global Equity Fund
Total meetings eligible to vote	890
Total resolutions eligible to vote	11,333
% of resolutions did you vote on for which you were eligible?	100%
% did vote with management?	93%
% vote against management?	7%
% abstained	1%
% of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser? (if applicable)	2%

Note:

– BNYM, use Institutional Shareholder Services, “ISS”, for proxy voting services. BNYM also utilises Glass Lewis for research. The voting statistics provided may slightly differ depending on the exact composition the Scheme holds.

– BNYM have included votes withheld in votes abstained (in order to be in line with the PLSA template which other managers have used), although there are differences between votes withheld and votes abstained.

– Figures may not total 100% due to a variety of reasons, such as lack of management recommendation, scenarios where an agenda has been split voted, multiple ballots for the same meeting were voted different ways, or a vote of “Abstain” is also considered a vote against management.

The Trustee is satisfied that the voting and engagement activities undertaken by both Fiduciary Manager and the Underlying Investment Managers align with the stewardship priorities the Trustee has determined during the Scheme Year.

Approved by the Trustee of the Amey OS Pension Scheme on 16 April 2024.

Amey OS Pension Scheme Annual report and financial statements
Year ended 30 September 2023

Appendix 2

Statement of Investment Principles

Amey OS Pension Scheme

February 2024

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Introduction

This Statement of Investment Principles ('the SIP') is required under Section 35 of the Pensions Act 1995 (as amended) for the Amey OS Pension Scheme ('the Scheme'). It describes the investment policy 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') and TPR's Investment Guidance for defined benefit pension schemes. This SIP also reflects the requirements of Occupational Pension Schemes (Investment and Disclosure)(Amendment and Modification) Regulations 2018.

The Scheme Actuary is Andrew Allsopp of Quattro Pensions Consulting Actuaries (now part of Broadstone Group), and the Investment Adviser is Schroders Solutions (collectively termed 'the Advisers').

The Trustee confirms that, before preparing this SIP, they have consulted with Amey Services Limited ('the Sponsoring Employer') and the Scheme Actuary and have obtained and considered advice from the Investment Adviser.

The Trustee is responsible for the investment of the Scheme's assets and where they are required to make an investment decision, the Trustee always receives advice from the relevant Advisers first. They believe that this ensures that they are appropriately familiar with the issues concerned.

In accordance with the Financial Services & Markets Act 2000 ('FSMA'), the Trustee sets general investment policy but has delegated day-to-day investment of the Scheme's assets to Schroders Investment Solutions Limited ('Schroders Solutions', hereafter referred to as the 'Investment Manager') and Pension Insurance Corporation PLC ('PIC').

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 Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles

Scheme Governance

The Trustee is responsible for the governance and investment of the Scheme's assets. The Trustee considers that the governance structure is appropriate for the Scheme as it allows the Trustee to make the important decisions on investment policy, while delegating the day-to-day aspects to the Investment Manager, PIC or the Advisers as appropriate.

The Trustee will review this SIP at least every three years, or following any changes to the investment strategy, and modify it with consultation from the Advisers and the Sponsoring Employer if deemed appropriate. There will be no obligation to change this SIP, the Investment Manager or Adviser as part of such a review.

Suitability

The Trustee has defined the investment objective and investment strategy with due regard to the Scheme's liabilities. The Trustee has taken advice from the Advisers to ensure that the proposed strategy, and the assets held by the Scheme through that strategy, are suitable given its liability profile, the Trustee's objectives, legislative requirements, regulatory guidance and specifications in the trust deed and rules governing the Scheme (the Trust Deed).

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Statutory Funding Requirement

The Trustee will obtain and consider proper advice on the question of whether the investments and investment strategy are satisfactory having regard to both the investment objectives and the requirement to meet any statutory funding requirements. 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 requirement.

Investment Objectives

The overall objective of the Scheme is to meet the benefit payments promised as they fall due. In order to achieve this, in December 2022, the Trustee agreed a low risk investment strategy comprising of a full Scheme buy-in (excluding the active members) with Pension Insurance Corporation plc ("PIC" and "the contract"). Under the terms of the contract, PIC is committed to paying the retirement benefits due to all members and their dependents that were included in the contract.

Given the Trustee no longer requires investment returns in order to meet majority of its outstanding liabilities, the Trustee's objective is no longer framed with reference to a liability-related objective. The Scheme's remaining assets (mainly cash and the residual illiquid assets) are managed by the Investment Advisor on a care and maintenance basis.

The Trustee has given due consideration to the investment strategy of the remaining active members in the Scheme. For these members the assets are invested in a portfolio of physical gilts and cash providing appropriate interest rate and inflation hedging. Given the strong funding position of the active members and the materiality of the associated liabilities the Trustee have agreed to maintain a low-risk strategy for the active members.

Implementation of investment strategy

The Trustee has delegated the investment of the Scheme's remaining assets to Schroders Solutions, on a care and maintenance basis. The Trustee has acknowledged and considered with sufficient diligence the potential conflict that may arise from the Investment Manager and the Investment Adviser being the same organisation.

Monitoring

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

The Trustee, or any other suitably qualified Adviser on behalf of the Trustee, will regularly review the activities of the Investment Manager to satisfy themselves that the Investment Manager continues to carry out their work competently and have the appropriate knowledge and experience to manage the assets of the Scheme.

As part of this review, the Trustee will consider whether or not the Investment Manager:

- Is carrying out their function competently.
- Has regard to the need for diversification of investments.
- Has regard to the suitability of each investment and each category of investment.
- Has been exercising their powers of investment with a view to giving effect to the principles contained in this SIP, so far as is reasonably practical.

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

If the Trustee is not satisfied with the Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustee's requirements, the Trustee will remove the Investment Manager and appoint another.

Corporate Governance and Stewardship

We note the Scheme's Growth assets were near fully redeemed at the date of this Document and the majority of the Scheme's assets are held in a buy-in policy with PIC and Just

Given the nature of the Scheme's buy-in policies, the Trustee believes it has a limited scope to influence the ongoing stewardship and corporate governance activities of the insurer as a result it will not actively seek to monitor its activities and policies in this area. Should the Trustee be provided with any opportunity which it deems appropriate to engage its insurers in the it will consider this and will outline its views and expectations of the insurers – should it deems this to be appropriate.

The policy below applies to the Investment Manager in respect of the residual assets in the Scheme portfolios where applicable.

The Trustee and Investment Manager have agreed an investment/fiduciary management agreement setting out the scope of the Investment Manager's activities, charging basis and other relevant matters. The Investment Manager has been provided with a copy of this SIP and 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.

The Trustee has appointed the Investment Manager to implement the Scheme's investment strategy. The Investment Manager manages assets directly on behalf of the Trustee as well as having delegated authority to appoint, monitor and change the Underlying Managers. The Investment Manager is appointed to carry out its role on an ongoing basis. The Trustee periodically reviews the overall value-for-money of using the Investment Manager, and information in relation to costs associated with investing is included in the quarterly monitoring report. The Trustee is satisfied that these arrangements incentivise the Investment Manager:

- to align its investment strategy and decisions with the Trustee's] investment policies, such as their return target and the restrictions detailed in the Investment/Fiduciary Management Agreement, and
- to assess and make decisions based on the medium- to long-term financial and non-financial performance of issuers of debt or equity, and to engage with such issuers to improve this medium- to long-term performance. The success of such engagement will contribute to the Scheme's performance, which is measured relative to the Trustee's long-term performance objectives.

The Scheme's investments are generally made 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 (such as capital structure) or other financially material considerations, is delegated to the Underlying Managers.

The Trustee has delegated responsibility for monitoring and voting on decisions relating to their Underlying Manager holdings to the Investment Manager. The Trustee does not have its own voting and engagement policies for the Scheme at this time, but it has the responsibility for the voting and engagement policies that the Investment Manager implements on its behalf and reviews these policies from time to time. The Investment Manager has an ESG policy in place which covers both voting and engagement as part of the overall active ownership strategy.

The Trustee undertakes the engagement directly with its Investment Manager who appoint Underlying Managers to carry out engagement with investee companies directly. The Investment Manager set out its voting and engagement priorities which focus on six themes including climate, Natural Capital and Biodiversity,

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023

Human Rights, Human Capital Management, Diversity and Inclusion and Corporate Governance. The Trustee has aligned its/their engagement priorities with the Investment Manager's.

The Trustee believes those engagement priorities which have been chosen by the Investment Manager will result in better management of financially-material ESG and climate risks, therefore it is expected to improve the financial outcome of the Scheme which ultimately is in the members and beneficiaries' best interest. The Trustee reviews the voting and engagement activity of the Investment Manager on an annual basis including a review of the annual fiduciary management ESG report and will challenge the Investment Manager as necessary on its stewardship activity.

Realisation of Investments

The majority of the Scheme's assets are held in a buy-in policy which can not be easily realised. However, the buy in policy has been designed with reference to the Scheme's liabilities and will distribute income to meet member benefit payments.

The physical gilt assets ring-fenced for the active members are easily realised and is in line with the Corporate and Trustee intention to transfer the active members into the buy-in policy when possible to do so.

Additional Voluntary Contributions (AVCs)

Under the Scheme's Trust Deed and Rules, members were previously allowed to invest Additional Voluntary Contributions to improve the benefits they receive at retirement. The Trustee has selected a range of investment funds (to allow for portfolio diversification) with AVC providers for the AVCs to be invested in. The AVC providers are Prudential Assurance Company Limited, The Equitable Life Assurance Society and Friends Life. Members investing with these AVC providers are responsible for their own investment decisions.

The Trustee reviews these arrangements regularly having regard to their performance, the objectives and the views of the Advisers.

Financially material investment considerations

These considerations which include the below "Risks" can affect the long-term financial performance of investments and can (but do not have to) include environmental, social and governance factors (otherwise known as "ESG") where relevant. All references to ESG also include climate change.

The Trustee recognises climate change as a systemic, long-term material financial risk to the value of the Scheme's investments.

The Trustee policy is to delegate consideration of financially material factors, including ESG to the Investment Manager who considers these when constructing the portfolio, including looking at Underlying Managers. All references to ESG relate to financial factors only. As part of their ongoing monitoring, the Trustee reviews 6 some key metrics on a regular basis that are provided by the Investment Manager covering ESG which enable them to engage with the Investment Manager and understand the impact of ESG on the portfolio.

Given the nature of the Scheme's buy-in policies, the Trustee believes it has a limited scope to influence the ongoing stewardship and corporate governance activities of the insurer as a result it will not actively seek to monitor its activities and policies in this area. Should the Trustee be provided with any opportunity which it deems appropriate to engage its insurers in the it will consider this and will outline its views and expectations of the insurers – should it deems this to be appropriate.

Risks

The Trustee recognises a number of risks involved in the investment of the assets of the Scheme. These risks,

Amey OS Pension Scheme Annual report and financial statements

Year ended 30 September 2023


and how they are measured and managed, include (but are not limited to):

- **Funding and asset/liability mismatch risk** – the risk that the funding level or the ability to potentially buy out the Scheme’s liabilities in the future would be adversely affected due to a mismatch between the assets and liabilities. This risk is managed in the following ways:
 - o Implementing a full buy-in of the Scheme’s liabilities ahead of buy-out
 - o Retaining assets, in the form of cash and short term sovereign bond funds, in excess of the buy in policy and the Trustee bank account to preserve the capital value of the surplus ahead of buy out.
- **Underperformance risk** – the risk of underperforming the benchmarks and objectives set by the Trustee. This risk is minimised by implementing a buy-in policy and retaining additional invested assets in a low-risk asset class (cash and short term sovereign bonds).
- **Concentration risk** – the risk of an adverse influence on investment values from the concentration of holdings is reduced by the diversification of the assets. While the Scheme’s invested assets are held entirely in a buy-in policy, this lack of diversification is appropriate given the Scheme’s circumstances.
- **ESG risk** – the risk of adverse performance due to ESG related factors including climate change. This is addressed by the Investment Manager’s ESG assessment at the point of investment with Underlying Managers. A summary of the overall ESG characteristics including carbon metrics of the portfolio is included in the quarterly governance report.
- **Accrual risk** – the risk that the active members are exposed to given the monthly benefit accruals (of the active members) are not transferred to the investment portfolio. This will lead to a slight mis-match between the assets and liabilities. Given the materiality this is acceptable.
- **Organisational risk** – the risk of inadequate internal processes leading to problems for the Scheme. This is addressed through regular monitoring of the Investment Manager and Advisers by the Trustee, and of the Underlying Managers by the Investment Manager.
- **Sponsor risk** – the risk of the Sponsoring Employer ceasing to exist which, for reasons of prudence, has been taken into account when setting the asset allocation strategy. The Trustee regularly reviews the covenant of the Sponsoring Employer.
- **Insurer default/credit risk** - the risk of a default by the bulk annuity provider (buy-in insurer). The Trustee and its risk settlement advisors considered the strength of the insurer before entering into the policy whilst considering the wider regulatory framework within which they are required to operate.

The Trustee will keep these risks and how they are measured and managed under regular review.

Non-financial matters

The Trustee does not at present take into account non-financial matters (such as members’ ethical considerations, social and environmental impact matters or future quality of life considerations for members and beneficiaries) when making investment decisions as there is no likely common view on any ethical matters which members are likely to hold. At this time the Trustee has no Schemes to seek the views of the membership on ethical considerations.

Signed: 

Date: **09/02/2024**

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