THE ITB PENSION FUNDS **2020/2021**

Annual Report

& Financial Statements

YOUR SCHEME WORKING **FOR YOUR FUTURE**

ITB

Pension Scheme Registry No.: 10169800

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ITB

Chairman's Review

THERE IS NO DOUBT THE SCHEME YEAR ENDING 31 MARCH 2021 HAS BEEN LIKE NO OTHER, AS THE WORLD HAS HAD TO DEAL WITH THE HUMAN AND ECONOMIC TOLL OF THE CORONAVIRUS PANDEMIC.

Against this background, it is encouraging for me to report that there has been no material impact on the DB Sections. Although the DC Section funds suffered significant falls at the beginning of the year, it is pleasing to be able to confirm the funds have recovered from those lows and are again performing in line with expectations.

Our operations have also continued to run well under enforced, hopefully temporary, working arrangements and all our main service providers continue to provide good support.

All things considered, I am therefore happy, and just a little relieved, to confirm that once again The ITB Pension Funds made good progress on a number of fronts, many of which are highlighted below or contained in the main body of the report.

FUNDING AND INVESTMENTS

Defined Benefit (DB) Actuarial Valuation

2020 saw a lot of valuation related activity, all aimed at monitoring the ongoing financial health of the Funds.

The valuations are conducted by the Scheme Actuary, Martin Clarke of the Government Actuary's Department (GAD), who advises the Trustees on assumptions about factors such as long-term interest rates, membership mortality and the expected return on the Fund's assets, to estimate the funding position of the Funds and whether any further contributions are required to provide all the current and future benefits due to be paid.

Interim actuarial reviews of both the Closed and Open Funds were completed and showed an improved funding position in each case. Work was also started on a further interim actuarial review of the Open Fund as at 31 March 2021 and on the 2021 Closed Fund Triennial Actuarial Valuation.

DB Section Investment Strategy

New regulations requiring the publication of a Statement of Investment Principles (SIP) Implementation Statement were introduced during 2020. The purpose of the Implementation Statement is to provide assurance that investment policies and stewardship arrangements are delivering against the Funds' agreed investment principles. Our first SIP Implementation Statement has now been agreed and published.

Other new regulations established a requirement to measure the effectiveness of our investment consultants in meeting their objectives in relation to advising the Funds. Our first annual Compliance Statement and Certification was successfully lodged with the Competitions and Markets Authority in December 2020.

During 2020, ITB responded in detail to the HM Treasury consultation on the reform of RPI, which risked negatively affecting holders of certain gilt investments, such as the ITB Pension Funds. Although our pleas, and those of many other pension funds, were not taken on board, implementation of the new inflation index was delayed until 2030. While this will result in a degree of mitigation, the Trustees continue to monitor the impact of the shift from RPI to CPIH and will take whatever action is necessary to restore the good funding position of the Funds. Early actions implemented towards the end of last year and early 2021 were adjustments to both the interest rate and inflation hedges of the LDI investment portfolio.

The Defined Contribution (DC) Section

With most active involvement by ITB Employers and their employees now in the DC Section, a review of the DC and AVC investment strategy was completed in 2020. The conclusion was that the default lifestyle fund remains suitable for members, but that it could be enhanced by addressing the risk posed by climate change. As a result, it was decided to replace the L&G Global Equity Market Weights 30:70 Index Fund with the L&G Low Carbon Transition Fund. As well as helping to mitigate climate-related risks and take advantage of growth opportunities, the change also improves the diversification of the equity investments for members.

As I explained last year, new legislation required non-associated multi-employer DC pension providers to apply to become regulated Master Trusts and that the ITB DC Section achieved Master Trust authorisation from The Pensions Regulator during 2019. Since then, the ITB DC Section has been under the formal Master Trust supervision regime and I am pleased to report an ongoing clean bill of health and continued compliance with all aspects of the master trust regulations. This is a significant outcome for our Employers and their employees.

EMPLOYER COVENANT

Given the importance of the strength of the Employers' covenant in formulating decisions about many aspects of the ITB's work, we employ an independent firm of professional covenant advisers, BTG Advisory, to advise on covenant strength and to report to us on each Employer's financial position and business prospects.

Part of what they do, along with the Trustees, is to work hard to understand the issues confronted by our sponsoring Employers as they react to the economic and business environment, including the risks presented by the coronavirus pandemic. An important activity for the Trustees is to monitor Employers' ability to meet their funding obligations to the Fund.

During the past year, a number of employer related matters were overseen by the Trustees. First among these was the conclusion of the liquidation of former participating employer People 1st and the receipt of the final payment towards its s75 debt. We also supported the restructure of Cogent Skills Ltd and continued constructive discussions with the Department for Education regarding government policy towards the statutory ITBs. It is also pleasing to report that following OPITO Ltd terminating its participation in the ITB Pension Funds with effect from 5 March 2020, the Funds received full payment of the due s75 debt in May 2020.

> "ALL THINGS CONSIDERED, I AM THEREFORE HAPPY, AND JUST A LITTLE RELIEVED, TO CONFIRM THAT ONCE AGAIN THE ITB PENSION FUNDS MADE GOOD PROGRESS ON A NUMBER OF FRONTS

TRUSTEES

The business experience and skills of my colleagues on the Trustee Board makes a very positive contribution to decision making on the many varied and complex issues we have to deal with. I remain grateful for the support and input of my fellow Trustees, who have done much to contribute to the success of the ITB Pension Funds over the years.

David Wake, CITB's Members' Trustee left during the scheme year. David served for almost four years and I would like to formally thank him for his commitment and contribution over the time he acted as a Trustee and wish him well for the future.

It's my pleasure to also welcome to the Trustee Board four new Trustees. These are Ben Alexander-Dann, Enginuity's Members' Trustee, Richard Capewell, Lantra's Employer Trustee, Joanna Woolf, Cogent's Employer Trustee and Peter Sparkes, CITB's Members' Trustee. I look forward to working with these new colleagues and to their valued contribution in the years to come.

GOVERNANCE

The ITB Trustees have long regarded the subject of governance as a high priority. We regularly review the skills and knowledge of individual Trustees and arrange and deliver a large number of training sessions throughout the year to improve skills and knowledge.

Despite the serious restrictions imposed by the coronavirus pandemic, the Trustees ensured that high standards of governance were maintained over the Fund's operations and investments. This included board and committee meetings and training events continuing to be held by video link, with a return to physical meetings on the horizon. Two new Working Groups were active, dealing with the complex job of GMP Equalisation and the Pension Schemes Act 2021 requirements on dealing with climate related risks. A review of the membership structure of the Trustee Board was undertaken and changes agreed with Employers on maintaining a balanced board of employee and employer nominated trustees.

In addition, we value the quality of advice and service we receive from our professional advisers. We review our advisers regularly to ensure that quality and value for money are maintained. During the past year, our recently appointed new auditor, PWC, delivered a successful first audit of ITB, enhancing independent oversight and fiduciary governance of the Funds.

It is also important to us that Employers feel engaged with governance and we held a successful training day for them all in November 2020.

Protection of members' interests is key for Trustees and with vulnerable savers increasingly being targeted by fraudsters ITB were leaders in committing to sign up to The Pensions Regulator's Pledge to Combat Pension Scams.

FUNDS' STAFF

As I touched on in my previous Review, the past scheme year has been one of considerable change for The Funds' Office. Vincent Gordon retired after twenty years of sterling effort and his big shoes have been well filled by Mike Thorpe. Gareth Pryce has taken over from Mike as Funds' Accountant and Simon Robinson replaced Chris Bettles as Pensions Administration Manager on his retirement. Chris gave very many years of exemplary service to the ITB Pension Funds and his support of members, staff and Trustees was invaluable and will be missed. Chris was looking forward to the next phase of his life, but very sadly he died suddenly not long after his retirement. His untimely death is a huge loss for all who knew him, but particularly for his family and friends. Our thoughts and condolences are with them all.

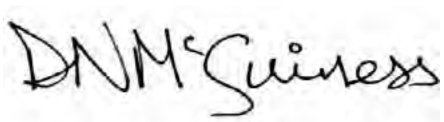
Like most organisations, we are only as good as the people that represent us. This new top team of Mike, Gareth and Simon places ITB in an exciting and strong position. The team will undoubtedly deliver high standards of management and administration to provide the desired level of service to all members of the Trustee Board, the Funds' Employers and to you the members, active, retired or yet to draw benefits. They have my unequivocal support and I look forward to them building on the legacy left by Vincent and his predecessors.

OUTLOOK

As I write this review of the scheme year, we remain in the grip of the coronavirus pandemic and the uncertainty that it generates. Despite this uncertainty, the Trustees feel, all things considered, that the past scheme year has been a successful one with many notable achievements. Now it seems there are clear signs that the disease is coming under control and society is opening up. This gives me great hope that with a new top team in place, a reinvigorated board in charge and many exciting projects on the horizon, that ITB will thrive in 2021 and the years to come.

There is no doubt there will be challenges ahead, not least increasing regulation, but against the background of renewed optimism, and with the support of Employers and our professional advisers, the Trustees will continue to strive to ensure a positive outcome for all members of The ITB Pension Funds.

Let's hope that we also see an end to the damage and hurt caused by coronavirus and that by the time you read this review all of us will be seeing at least a degree of normality returning to our lives. As an optimist, I believe we really will!

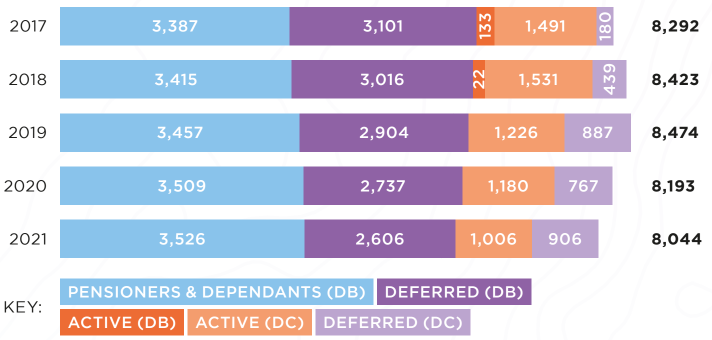


David Newell McGuiness

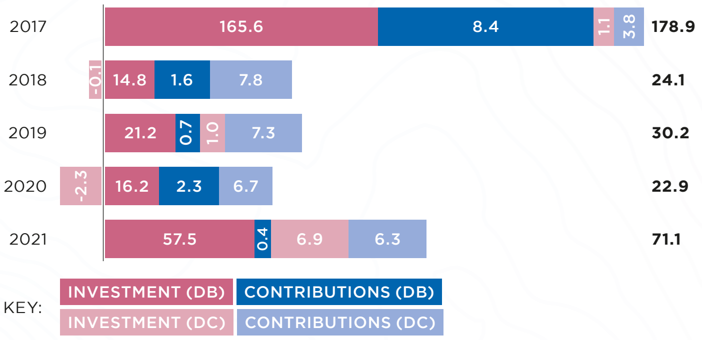
5 Year Summary

OPEN FUND

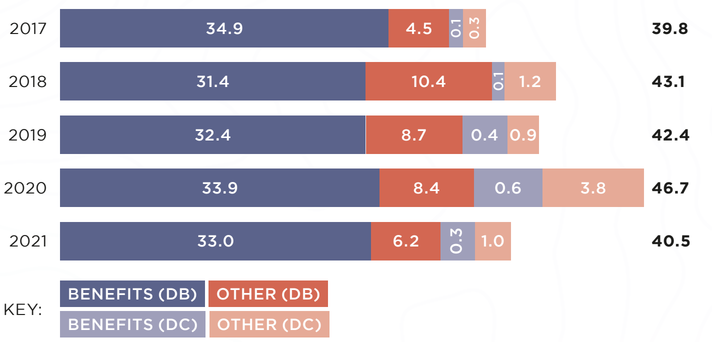
Membership



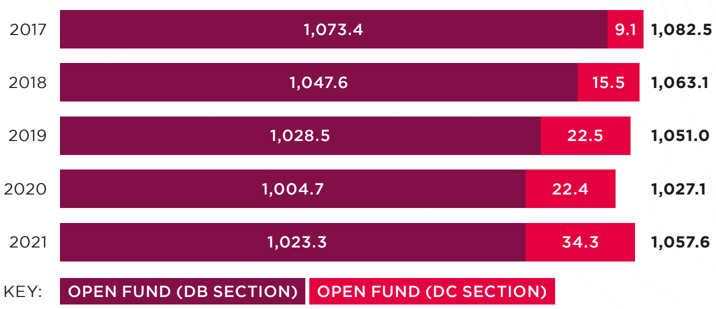
DB & DC Sections Income (£m)



DB & DC Sections Expenditure (£m)

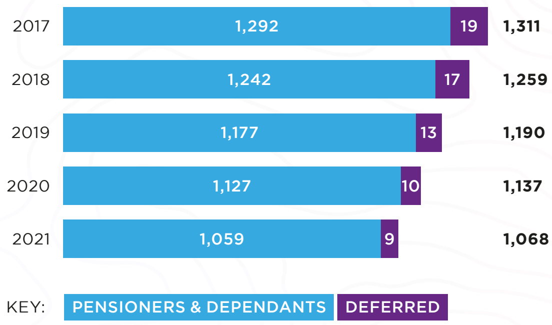


DB & DC Sections Fund Value (£m)

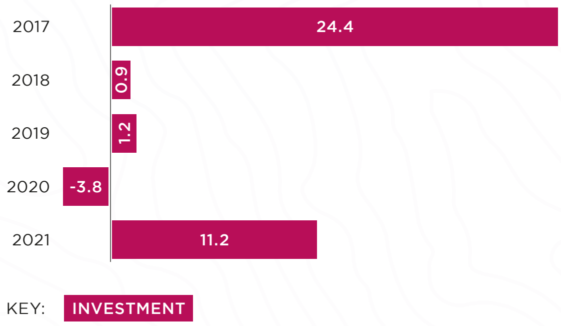


CLOSED FUND

Membership

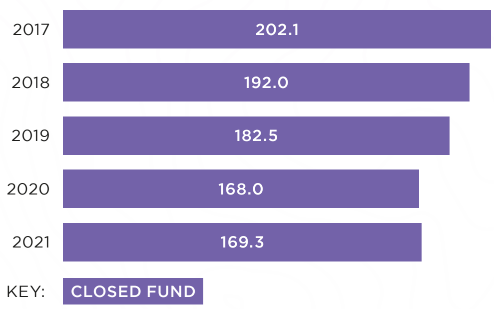


Income (£m)



Expenditure (£m)

Fund Value (£m)



Board of Trustees

EMPLOYERS' TRUSTEES

David Birtwistle
Pensions and Reward Consultant

Enginuity
Nominated by: Enginuity

Richard Capewell
(from 15 April 2020)
Retired Trustee of Lantra

LANTRA
Nominated by: Lantra

John Dearden
Retired Chief Executive of CAPITB Limited

CAPITB Ltd
Nominated by: CAPITB Limited

Terry Lazenby, MBE
Retired Chairman of ECITB

ECITB
Nominated by: Engineering Construction ITB

Newell McGuiness *(Chairman)*
Retired Managing Director of SELECT

Scottish Electrical Charitable Training Trust
Nominated by: Scottish Electrical Charitable Training Trust

Peter Rogerson, OBE
(Deputy Chairman – Employers)
Retired Deputy Chairman of Construction ITB

citb
Nominated by: Construction ITB

Joanna Woolf
(from 9 October 2020)
Chair of Cogent Skills

Cogent skills
Nominated by: Cogent SSC Limited

MEMBERS' TRUSTEES

Ben Alexander-Dann
(from 15 April 2020)
Data Scientist and Insight Analyst

Nominated by: Enginuity

David Lewis
Senior Account Manager – Nuclear

Nominated by: Engineering Construction ITB

Martin McManus
Policy & Standards Manager

Nominated by: Cogent SSC Limited and, from 1 January 2021, Joint Member Trustee for Cogent SSC Limited, CAPITB Limited and Scottish Electrical Charitable Training Trust

Robert Tabor
Chief Operating Officer

Nominated by: Lantra

Peter Sparkes *(from 9 April 2021)*
Product Developer / Project Manager

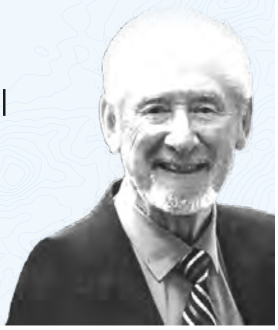
Nominated by: The trades union Unite for: Construction ITB

David Wake
(to 28 February 2021)
Advisor – London East

Nominated by: The trades union Unite for: Construction ITB

PENSIONERS' TRUSTEES

Maurice Alston
Retired – formerly Senior Training Adviser Chemical and Allied Products ITB



Nominated by: Closed Fund Pensioners, previously Chemical and Allied Products ITB

David Barnett
(Deputy Chairman – Members)
Retired – Formerly Director General of RTITB

Nominated by: Open Fund, previously Road Transport ITB

Officers and Advisers

OFFICERS

Vincent Gordon *FPMI*
Chief Executive and Director
(to 31 May 2020)

Mike Thorpe *FCA*
Funds' Accountant
(to 31 May 2020)

Chief Executive
(from 1 June 2020)

Gareth Pryce *ACA*
Funds' Accountant
(from 1 June 2020)

Chris Bettles *DipMI*
Pensions Administration Manager
(to 31 March 2021)

Simon Robinson *DipCII*
Pensions Administration Manager
(from 1 April 2021)

ADVISERS

ACTUARY
Martin Clarke FIA Government Actuary's Department

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP

COVENANT ADVISER
BTG Advisory LLP (formerly CVR Global LLP)

INVESTMENT ADVISER AND PERFORMANCE MONITOR
Lane Clark & Peacock LLP

SOLICITORS
Mayer Brown International LLP

INVESTMENT MANAGERS
Allianz Global Investors GmbH

BlackRock Investment Management (UK) Ltd

Fidelity International

Fletcher King

Insight Investment Management (Global) Ltd

Just Retirement Ltd

Legal & General Investment Management (DC Section and AVCs)

Pension Insurance Corporation PLC

Schroder Investment Management (Luxembourg) S.A.

CUSTODIANS
JP Morgan Chase Bank NA

The Bank of New York Mellon (International) Ltd

PROPERTY VALUER
BNP Paribas Real Estate UK

DC SECTION ADMINISTRATOR
Legal & General Assurance Society Ltd

Participating Employers

The Participating Employers comprise two Statutory Training Boards, CITB and ECITB, and five Companies, which are charities or commercial enterprises and, along with some wholly-owned subsidiaries, are the Successor Bodies that have replaced former Statutory Training Boards.

The Participating Employers at the scheme year-end, each of which must be a Statutory Training Board or a Successor Body to a Training Board, are shown in the next column.

On 28 January 2021, Science, Engineering and Manufacturing Technologies (SEMTA) changed its name to Enginuity.

After the year-end on 29 April 2021:

- Cogent SSC Limited was replaced as a Principal Successor Body by its parent company, Cogent Skills Limited; and
- Cogent (Telford) Limited ceased participation in the Funds and its pension liabilities were taken on by Cogent Skills Limited.

Following these changes, Cogent SSC Limited remained a participating employer, as a Subsidiary Successor Body, until 28 July 2021 when its participation in the Funds ceased and its pension liabilities were taken on by Cogent Skills Limited.

CAPITB LIMITED

COGENT SSC LIMITED

Participating Group Companies:
Cogent Skills Services Limited
Cogent Skills Training Limited
Cogent (Telford) Limited
Science Industry Assessment Service Limited

CONSTRUCTION ITB

ENGINEERING CONSTRUCTION ITB

ENGINUITY (formerly known as SEMTA)

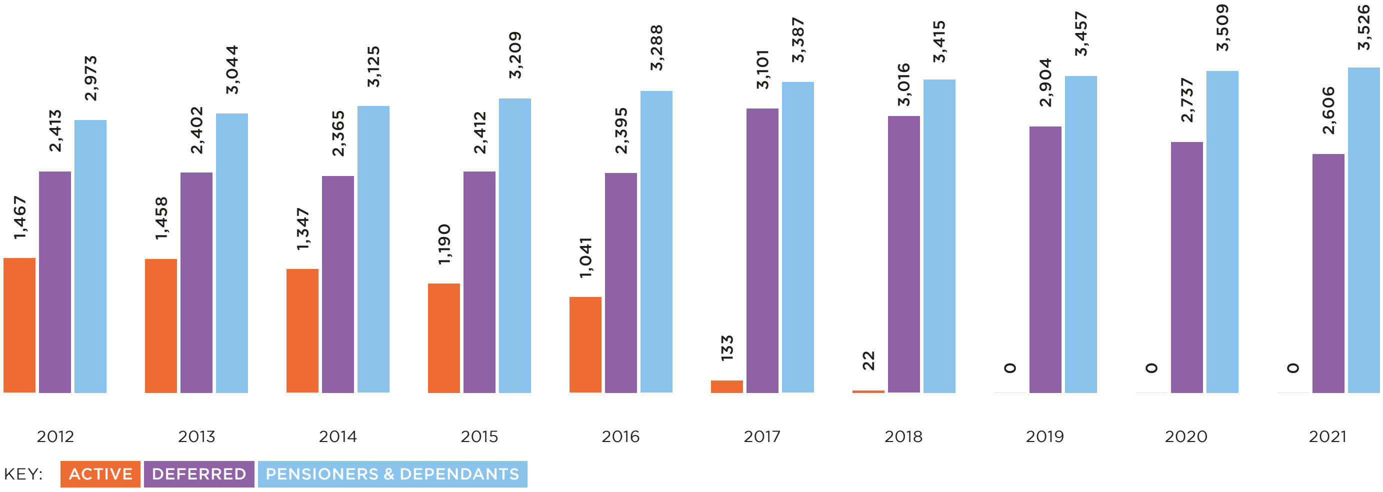
Participating Subsidiary:
Excellence, Achievement and Learning Limited

LANTRA

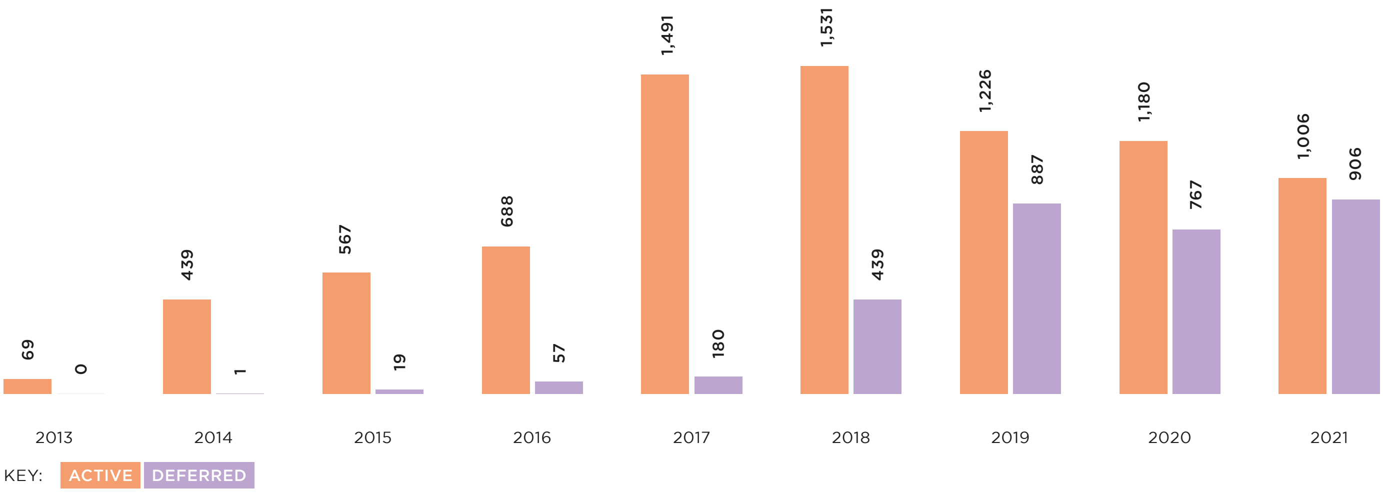
SCOTTISH ELECTRICAL CHARITABLE TRAINING TRUST

Membership

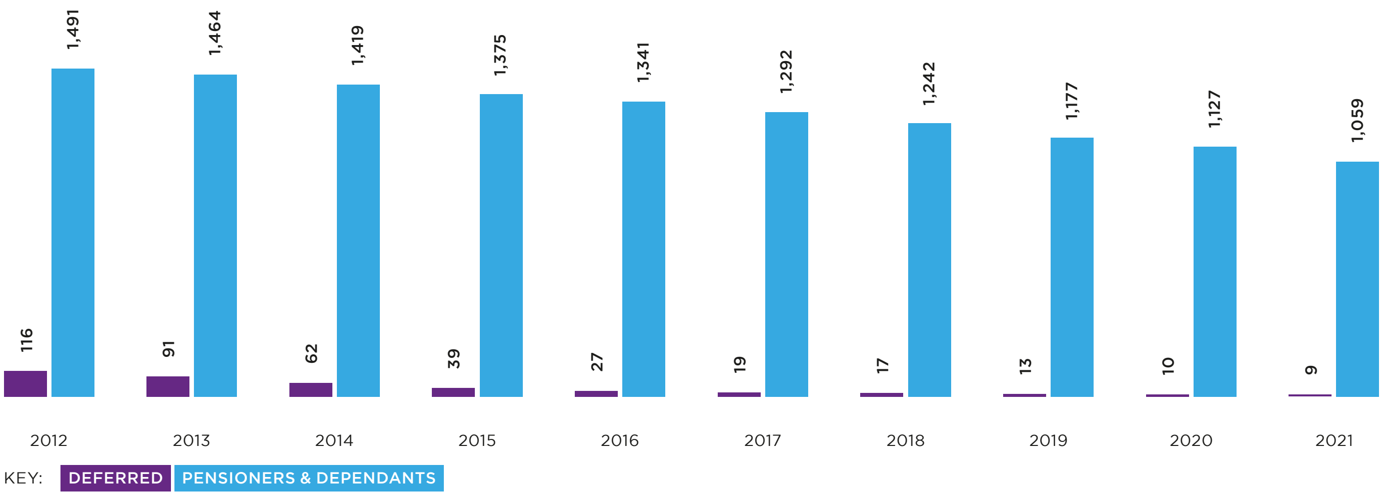
Open Fund DB Section



Open Fund DC Section



Closed Section



Trustees' Report

The Trustees of the ITB Pension Funds present their annual report for the year ended 31 March 2021.

FUNDS CONSTITUTION

The ITB Pension Funds, consisting of the Open and Closed Funds, is set up under a Trust Deed and Rules and administered by a Board of Trustees, comprising Member (including Pensioner) Trustees and Employer Trustees. It is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004.

The assets of the Funds are separate from those of its Participating Employers and are held in trust by the Trustees, to apply them for paying pensions and other benefits in accordance with the Trust Deed and Rules.

FUNDS STRUCTURE

The Open Fund consists of four separate sections:

- the original section of the Open Fund, known as the 'Old Section'
- the 'New Section', which was introduced on 1 September 2003
- the '2007 Section', which was introduced on 1 January 2007, and
- the 'DC Section', which was introduced on 1 April 2012.

Employees of Participating Employers may join the Open Fund subject to eligibility conditions and elections made by Employers. The benefits received by members are determined by elections made by the Employers. All Employers elected not to offer further DB benefits from the following dates:

- ECITB from 6 April 2016
- CITB from 1 January 2017
- Lantra from 1 February 2017
- Cogent SSC (and group companies) from 1 April 2017
- Enginuity (and subsidiary) and CAPITB from 1 October 2017, and
- SECTT from 1 July 2018.

The Closed Fund has no Participating Employers paying contributions. It is predominantly invested in an insurance policy intended to match its liabilities.

TRUSTEESHIP

Appointment and Removal of Trustees

As at 31 March 2021, the Funds had thirteen Trustees consisting of seven Employers', four Members' and two Pensioners' Trustees. There was one Members' Trustee position vacant, which was filled after the year-end. Details of the Trustees in office during the year and to the date of the Trustees Report are shown on pages 8 and 9.

During the year, the size of the Trustee Board was reduced from eighteen members to fourteen through the following changes:

- Employer Trustees: The Trust Deed and Rules effective at the start of the year provided for nine Employer Trustees, with each main Employer able to appoint one Trustee. With the Funds having only seven main Employers, this had resulted in there being two Employer Trustee positions with no Employer to fill them. Amendments to the Trust Deed and Rules resulted in both vacant Employer Trustee positions being removed with effect from 1 January 2021.
- Member Trustees: At the start of the year, there were seven Member Trustee positions, of which at least two had been vacant since January 2019. With effect from 1 January 2021, amendments to the Trust Deed and Rules became effective which resulted in the number of Member Trustee positions on the Board being reduced from seven to five and the Member Trustee nominated by Cogent SSC Limited, being now one of the three smallest Employers ranked by value of s75 DB benefit liabilities, becoming the Joint Member Trustee for Cogent SCC Limited, SECTT and CAPITB.
- Pensioner Member Trustees: The changes did not affect the number of Pensioner Member Trustees and there remain two Pensioner Member Trustees on the Board.

Also, with effect from 1 January 2021, a mechanism was introduced so that if the number of Employers reduces further in future, the structure of the Trustee Board will be amended such that an equal balance is maintained between the number of Employers' Trustees and the combined number of Members' and Pensioners' Trustees.

The Scheme's Rules stipulate that subject to the Funds having at least three Employers:

- Each main Employer has a right to appoint one Trustee.
- The smallest three main Employers, ranked according to s75 Defined Benefit liabilities as at 31 March 2019, nominate a Joint Members' Trustee and the remaining main Employers nominate one Members' Trustee each. The nomination process is by ballot of the Employers' members, except where an Employer recognises a trades union for negotiating terms and conditions of service, when the trades union concerned will nominate the Trustee.

Open Fund pensioners and members with preserved pensions, who are not also active members of the DC Section, nominate a Pensioner Member Trustee by ballot, as do such members of the Closed Fund.

All Trustees are normally expected to serve a minimum of three years on the Trustee Board. A Trustee may resign at any time and will automatically vacate office if he or she ceases to fulfil the eligibility qualifications. In addition, a Trustee will immediately vacate office upon becoming bankrupt or of unsound mind.

The Trustees have the power by resolution to terminate a Trustee's appointment if, in their opinion, the individual concerned has been guilty of misconduct, or is otherwise unfit or unable to carry out his or her duties.

To comply with the Charges & Governance Regulations 2015, the Employer Trustees must be appointed by an open and transparent process (OTP). Consequently, any appointment or reappointment of an Employer's Trustee will be undertaken under an OTP and moreover, all newly appointed Trustees will have a maximum tenure of 10 years.

Changes to the Trustees

Employers' Trustees

Lantra nominated Richard Capewell as its Employer's Trustee and he was appointed under an OTP on 15 April 2020.

Cogent SSC Limited nominated Joanna Woolf as its Employer's Trustee and she was appointed under an OTP on 9 October 2020.

The term of appointment of Terry Lazenby, the Employer's Trustee for ECITB ended on 2 July 2021 and he was renominated by ECITB for a further three-year term under an OTP.

Members' Trustees

The members of SEMTA nominated Ben Alexander-Dann as its Members' Trustee and he was appointed under an OTP on 15 April 2020.

The term of appointment of David Wake, the Members' Trustee for CITB, ended on 29 June 2020 and after being re-nominated by the trade union 'Unite', was appointed to serve a further term from 30 June 2020. Mr Wake subsequently left the service of CITB and ceased to be a Trustee from 28 February 2021. Peter Sparkes was nominated by Unite to succeed him as a Members' Trustee and was appointed on 9 April 2021.

The term of appointment of David Lewis, the Members' Trustee for ECITB, ended on 5 October 2020 and following a nomination process, he was reappointed for a further three-year term.

The term of appointment of Robert Tabor, the Members' Trustee for Lantra, ended on 31 March 2021 and following a nomination process, he was reappointed for a further three-year term.

Following the changes to the structure of the Trustee Board, and as a transitional arrangement, Martin McManus, the Members' Trustee for Cogent SSC Limited became the Joint Members' Trustee for Cogent SSC Limited, CAPITB and SECTT with effect from 1 January 2021.

Pensioner Trustees

The term of office of Maurice Alston, Closed Fund Pensioner Trustee, came to an end on 3 April 2020 and as he was the sole nominee in the nomination process, he was reappointed for a further three-year term.

The term of office of David Barnett, Open Fund Pensioner Trustee, came to an end on 30 September 2020 and as he was the sole nominee in the nomination process his period of office continues for a further three-year term.

Employer's Deputy Chairman

Peter Rogerson's period of office came to an end on 31 March 2021 and as he was the sole nominee in the nomination process his period of office continues for a further three-year term.

Meetings

Trustees normally meet at least four times a year.

Committees

The Trustees have appointed the following committees – an Investment Committee, a Management Panel and a Salaries Committee. The Investment Committee meets at least four times a year. The Management Panel meets as frequently as is required by the projects it is delegated to undertake. The Salaries Committee meets at least once a year.

During the year, the Trustees set-up a Guaranteed Minimum Pension (GMP) Equalisation Working Party, which reports to the Management Panel and meets at least quarterly.

In May 2021, the Trustees set-up a Climate Change Risk Working Party, which reports to the Investment Committee. The remit of this Party is to address the requirements of recently issued legislation and guidance on climate-related risks.

Membership

The membership for the year to 31 March 2021 was as follows:

OPEN FUND DB SECTION	31 MARCH 2020	ADDITIONS	LEAVERS, RETIREMENTS & TRANSFERS	DEATHS	31 MARCH 2021
Deferred Members	2,737	0	(127)	(4)	2,606
Pensioners	2,879	107	0	(103)	2,883
Dependants	630	58	(4)	(41)	643
TOTAL	**6,246**	**165**	**(131)**	**(148)**	**6,132**

OPEN FUND DC SECTION	31 MARCH 2020	ADDITIONS	LEAVERS, RETIREMENTS & TRANSFERS	DEATHS	31 MARCH 2021
Active Members	1,180	53	(227)	0	1,006
Deferred Members	767	214	(74)	(1)	906
TOTAL	**1,947**	**267**	**(301)**	**(1)**	**1,912**

CLOSED FUND	31 MARCH 2020	ADDITIONS	LEAVERS, RETIREMENTS & TRANSFERS	DEATHS	31 MARCH 2021
Deferred Members	10	0	(1)	0	9
Pensioners	765	0	0	(59)	706
Dependants	362	23	0	(32)	353
TOTAL	**1,137**	**23**	**(1)**	**(91)**	**1,068**

DC Section active members additions and leavers include auto-enrolment opt-outs.

PENSION INCREASES

Open Fund (Old Section) and Closed Fund

The rules require pensions to be increased as if they were 'official pensions' to which the Pensions (Increase) Act 1971 applied (since incorporated into s59 Social Security Pensions Act 1975).

The level of increase is currently determined by reference to the annual rise in the Consumer Prices Index (CPI) at the end of the previous September each year, with any increase being applied from the first Monday on or following the beginning of the new tax year. This year the level of CPI increase was 1.7% and was payable from 9 April 2020.

Open Fund New and 2007 Sections

Under the rules of the Open Fund, New and 2007 Sections the level of increase is currently determined by reference to the annual rise in the Retail Prices Index (RPI) at the end of the previous September each year, with any increase being applied from the first Monday on or following the beginning of the new tax year. This year the level of RPI increase was 2.4% and was payable from 9 April 2020. The actual increase is subject to a maximum increase cap as described for the New and 2007 Sections in the following table.

PENSIONS IN PAYMENT – INCREASE METHODS (ALL ITB SECTIONS)

	CLOSED FUND & OPEN FUND (OLD SECTION)	OPEN FUND (NEW SECTION) & OPEN FUND (2007 SECTION)	THE STATE
Before State Pension Age the Scheme increases total pension by:	In line with annual up-rating orders issued by the Government	RPI* subject to a maximum in one year of: 5% for pensions accrued prior to 6 April 2005 and 2.5% for pensions accrued thereafter	Nil
After State Pension Age the Scheme increases Excess over GMP by:**	In line with annual up-rating orders issued by the Government	RPI* subject to a maximum in one year of: 5% for pensions accrued prior to 6 April 2005 and 2.5% for pensions accrued thereafter	Nil
The GMP is increased as follows: 6 April 1978 to 5 April 1988 by:**	Nil	Nil	In line with annual up-rating orders issued by the Government.
6 April 1988 to 5 April 1997:	Lesser of 3% and the annual up-rating orders issued by the Government	Lesser of 3% and the annual up-rating orders issued by the Government	Any excess over 3% of the annual up-rating orders issued by the Government

*RPI = Retail Prices Index **GMP=Guaranteed Minimum Pension

Preserved Pensions – Increase Methods (All ITB Scheme Sections)

Annual increases to preserved pensions for the Closed Fund and Open Fund (Old Section) are in line with annual up-rating orders issued by the Government as described above.

Preserved pensions for the Open Fund (New Section) and Open Fund (2007 Section) are increased by the lower of (a) 5% to the extent that the pension is attributable to pensionable service which accrued before 6 April 2005 and 2.5% (or other such percentage as shall be specified for the purposes of section 51 of the 1995 Act) to the extent that the pension is attributable to pensionable service which accrued on or after 6 April 2005 and (b) an amount which is in line with the RPI over the 12 months to the preceding 30 September.

Contracting-Out – Current Position

The introduction of the new state pension system in April 2016 brought an end to the ability for defined schemes to contract members out of the additional state pension.

Prior to that, from 6 April 1978, all members of the ITB Pension Funds (DB Section) were contracted out of the Second Tier of the State Pension, known as the State Second Pension (S2P, formerly called SERPS). DC members participated in S2P as they and their Participating Employers paid full rate National Insurance contributions.

A requirement of contracting-out was that an occupational pension scheme had to provide its members with pension benefits which were broadly equivalent to the S2P pension that members would have accrued had they not been contracted-out. This was known as a Guaranteed Minimum Pension (GMP). GMPs do not accrue for post 5 April 1997 Pensionable Service, but members remained contracted out and still receive benefits broadly equivalent to the S2P pension.

Where applicable, on attaining State Pension Age members are advised by the Department of Work and Pensions (DWP) of the amount of the GMP that will be paid by the Funds as part of their total pension. The DWP will also confirm that subsequent cost of living increases on the GMP will be payable by the DWP by making the necessary addition to members' basic State Pensions. Spouses' GMPs are inflation protected by the State, irrespective of age.

From April 2016 the Government has applied full indexation to the GMPs for members of 'official pensions' reaching State Pension Age after 5 April 2016. In accordance with the rules of the scheme this approach also applies to all members of the ITB Pension Funds (DB Section) with a GMP entitlement reaching State Pension Age after 5 April 2016. The effect of this approach is that the full GMP benefit for affected members will be increased in line with annual updating orders issued by the Government.

TRANSFER VALUES

In accordance with guidance from the Pensions Regulator, transfer value calculations under the ITB Pension Funds (DB Section) use a method and basis determined by the Trustees, after taking advice from the Scheme Actuary, to be consistent with the relevant legislation and the rules of the ITB Pension Funds (DB Section) and do not include discretionary benefits.

Transfer values paid under the ITB Pension Funds (DC Section) equal the value of a member's DC account as at the date of disinvestment. The Trustees do not accept transfers into the DB Section. However, members of the DC Section may apply to the Trustees for the acceptance of transfer values from similarly approved schemes.

REPORT ON ACTUARIAL LIABILITIES

As required by Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

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 benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustees and the Participating Employers and set out in the Statements of Funding Principles, which are available to members on request.

Scheme funding legislation requires trustees to determine which actuarial funding method to use. However, since the differences between the permissible methods arise solely in relation to the treatment of active members no such decision is necessary for both the Open and Closed Fund as there are no active members in the defined benefit sections.

Open Fund – Valuation Results

The most recent full actuarial valuation of the Open Fund was carried out as at 31 March 2019. The valuation of the Fund's liabilities excludes the benefits of the members insured under the four buy-in policies held by the Fund and, for consistency, the values of the buy-in policies are also excluded from the valuation of the Fund's assets. The valuation showed that as at 31 March 2019 the Fund was 104% funded:

THE VALUE OF TECHNICAL PROVISIONS WAS:
£485,900,000

THE VALUE OF THE ASSETS AT THAT DATE WAS:
£507,200,000

The significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Annex to the Statement of Funding Principles):

Open Fund – Significant Actuarial Assumptions

- Discount rate for determining the technical provisions (or, equivalently, the expected return on the assets):

  The overall discount rate assumed for the valuation is derived based on consideration of the expected rates of return on the Scheme's assets and the yields available, at the valuation date, on government bonds (gilts). The expected return on the assets is assumed to be the redemption yields on gilts plus a prudent margin to allow for expected returns on the Fund's assets exceeding those from gilts and minus an allowance for an inflation risk premium of 0.25% a year. The trustees allow for 0.15% a year outperformance relative to the gilt yield curve.
- Future Retail Price Inflation (RPI): derived from the difference between annually compounded redemption yields on the nominal gilt yield curve, less an adjustment of 0.25% a year for an inflation risk premium, and the index linked gilt yield curve to determine the implied RPI curve.
- Future Consumer Price Inflation (CPI): derived from the assumed RPI curve less a prudent adjustment equal to 0.9% a year.
- Pension increases: are in line with the provisions under the Fund's rules, with the assumption for future CPI or RPI as appropriate, allowing for any caps and floors.
- Mortality (post retirement): is assumed to be in line with 85% of the S3NMA, S3NFA_H and S3DFA tables published by the UK actuarial profession. Ill health pensioners are assumed to experience the same rates of mortality as under the unadjusted S3IM/FA tables.
- Mortality Improvements: Projected improvements in mortality rates are assumed to be in accordance with the 2018 Continuous Mortality Investigation projection model using a smoothing factor of 7.5 and a 1.5% long term improvement per year.

Closed Fund – Valuation Results

The most recent full actuarial valuation of the Closed Fund was carried out as at 31 March 2018. The valuation of the Fund's liabilities excludes those liabilities which will be met by a bulk annuity policy and for consistency the bulk annuity policy is excluded from the valuation of the Fund's assets. The extent to which the Fund's residual assets are sufficient to meet future expenditure not met by the bulk annuity policy is then assessed at the valuation. The Fund's liabilities are valued using financial assumptions consistent with market conditions at the valuation date. This most recent valuation showed that on that date the Fund was 206% funded:

THE VALUE OF TECHNICAL PROVISIONS WAS:
£36,600,000

THE VALUE OF THE ASSETS AT THAT DATE WAS:
£75,500,000

The significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Annex to the Statement of Funding Principles):

Closed Fund – Significant Actuarial Assumptions

The largest part of the Closed Fund's liabilities is insured by a bulk annuity policy. Therefore, the significant assumptions relate to differences in the Fund's liabilities and the terms of the bulk annuity policy and to the provisions for insurer insolvency and future expenses.

- Discount rate for determining the technical provisions (or, equivalently, the expected return on the assets): The expected return on the assets is assumed to be the redemption yield available on fixed interest gilts of a similar duration to that of the Fund liabilities minus an allowance for an inflation risk premium of 0.25% a year.
- Future Retail Price Inflation (RPI): derived from the difference between annually compounded redemption yield on fixed interest gilts and index linked gilts of a similar duration to that of the Fund liabilities less an adjustment of 0.25% a year for the inflation risk premium.
- Difference between RPI and CPI: There is no excess of the insurers benefit indexation (Retail Prices Index – RPI) above the Fund's benefit indexation (Consumer Prices Index – CPI).
- Mortality (post retirement): is assumed to be in line with the S2NMA, S2NFA and S2DFA standard tables published by the UK actuarial profession with 85% adjustment to rates except no adjustment for female dependants.
- Mortality Improvements: Projected improvements in mortality rates are assumed to be in accordance with those underlying the 2017 CMI core projection model with a long term improvement of 1.5%.
- Insurer insolvency: The technical provisions include a provision for insurer insolvency, sufficient to cover an insolvency event in the year ended 31 March 2020 by setting a reserve equal to the present value of three years of benefit payments received from the insurer.
- Future expenses: The technical provisions include a provision for the Fund's expenses of £850,000 a year increasing in line with RPI until 2030.

INVESTMENT REPORT

Open Fund – DB Section

Investment Strategy

The Trustees are responsible for determining the Fund's investment strategy. The Trustees have produced a Statement of Investment Principles (SIP) as required by section 35 of the Pensions Act 1995. A copy of the SIP is available on the Fund's website, along with the SIP Implementation Statement which is included on pages 38 to 50 of this Report.

The results of the 31 March 2020 annual funding update showed that the Open Fund DB Section had a surplus of £48m (110%) on a prudent technical provisions basis (gilts+0.15%), compared to a surplus of £21m (104%) reported by the 31 March 2019 triennial valuation. However, the results of the 2020 funding update exclude the impact on the funding position that will have arisen due to the announcement that RPI will, from 2030, be calculated using an alternative CPIH method, based on Consumer Price Indices. Further assessment of the funding impact that this has had will form part of the Trustees' reviews of the 31 March 2021 annual actuarial funding update and the 31 March 2022 triennial actuarial valuation.

In the interim period, the Trustees, having considered initial estimates of the RPI reform funding impact, decided it was appropriate to retain the Open Fund DB Section's long-term objectives of targeting a complete buy-in of all the liabilities by 2028 whilst running a "self-sufficient" investment strategy, which seeks to maintain a fully funded position, on a low-risk basis.

Liability driven investments (gilts and derivatives), investment grade credit and buy-in insurance policies are invested in to protect the funding position against changes in interest rates and inflation. The buy-in policies fully insure pensioner liabilities that were in payment up to 31 December 2017 and reduce risk in the investment strategy by transferring investment and longevity risk to the insurer.

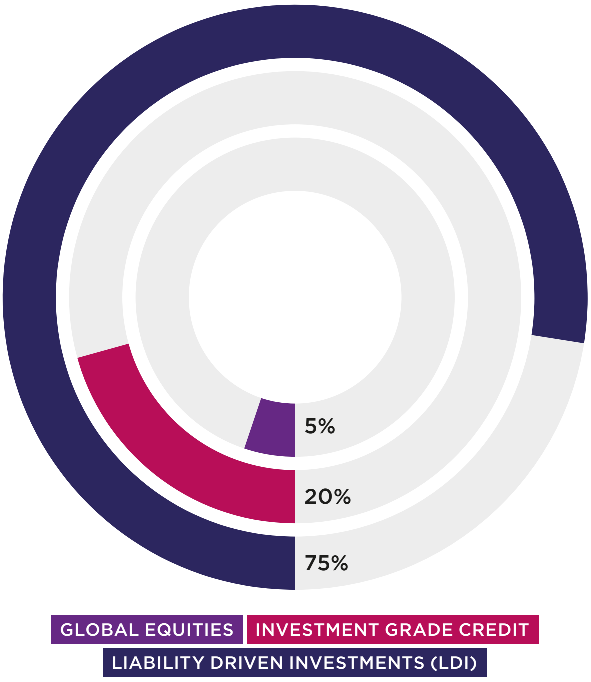
During the year adjustments were made to the liability driven investments portfolio to maintain the level of protection against interest rate and inflation risks at broadly 100% of the uninsured liabilities (measured on a low risk basis).

Progress continues to be made on the disposal of the Fund's property portfolio. By the beginning of the financial year, sales of 95%

of the value of the property assets had been completed and there were just two remaining properties in the portfolio. One of these was disposed of during the year and the Trustees expect the final property to be sold in the next financial year, depending on market conditions.

Asset Allocation

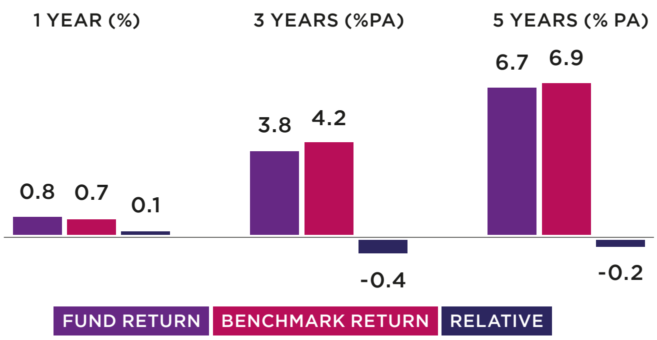
The target asset allocation, excluding buy-in policies, as at 31 March 2021 is shown below. The Trustees review the allocation regularly to ensure that the investments remain appropriate when compared with the Fund's liabilities and the amount of risk the Trustees are prepared to accept.



The actual asset allocation at 31 March 2021 was 5% global equities, 19% investment grade credit, 74% Liability Driven Investment and 2% cash. The asset allocations complied with the Statement of Investment Principles (SIP) throughout the year.

Investment Performance

The total performance of the Open Fund DB Section (excluding the buy-in policies) after investment manager fees over one, three and five years to 31 March 2021 is shown below:



Open Fund – DC Section

The Trustees are responsible for determining the Fund's investment strategy. The Trustees have produced a Statement of Investment Principles (SIP) as required by section 35 of the Pensions Act 1995. A copy of the SIP is available on the Fund's website, along with the SIP Implementation Statement which is included on pages 38 to 50 of this Report.

Contributions made for members of the Open Fund DC Section are invested with Legal & General Assurance Society Ltd. Total contributions of £5,890,000 were made in the year (2020: £6,193,000). Contributions are allocated to a range of funds according to members' choices. If a member does not nominate a specific choice of investment funds, contributions are invested in the default fund.

In April 2020, the changes to the DC Section investments that had been agreed during the 2019/20 financial year were implemented. This resulted in investments in the diversified growth fund, Aberdeen Standard Global Absolute Return Strategies (GARS), being reallocated to the L&G Multi Asset Fund for all DC arrangements, including the default fund.

Over the year to 31 March 2021, the default fund growth phase was made up of a mixture of the Global Equity Fund (70%) and the Multi Asset Fund (30%). Once a member reaches 15 years to target retirement date, the default fund commences automatically switching investments gradually to a lower risk investment strategy until, by the target retirement date, there is a 75% allocation to the Multi Asset Fund and 25% to the Cash Fund.

Shown on the next page is the range of funds available to members during the year, together with the performance benchmarks, fee charges and the value of units held in each fund. All index-tracking funds performed in line with benchmarks during the year. The L&G Multi Asset Fund performance for the year was 20.9%, which was 4.5% below its benchmark. However, over three and five year periods, its performance remains above benchmark by 0.5%pa and 0.9%pa respectively.

During the year, the Trustees undertook a review of the DC Section's investment strategy and decided that to help address the risks posed by climate change, the global equity allocation should be changed to reduce exposure to companies with high levels of carbon dioxide emissions. This was implemented in July 2021 by replacing the L&G Global Equity Market Weights 30:70 Index Fund with the L&G Low Carbon Transition Fund in the default fund arrangements and by adding the L&G Low Carbon Transition Fund to the self-select investment fund range.

FUND	FUND VALUE (£000'S)	% OF TOTAL DC FUNDS	PERFORMANCE BENCHMARK	PERFORMANCE TARGET	TER*
FIXED INTEREST FUNDS (INCLUDING INDEX-LINKED GILTS):					
Over 5 Years Index-Linked Gilts Index Fund	145	0.4	FTSE Actuaries UK Index-Linked Gilts (Over 5 Years) Index	To track the index	0.38%
Over 15 Years Gilts Index Fund	47	0.2	FTSE Actuaries UK Conventional Gilts (Over 15 Years) Index	To track the index	0.38%
AAA-AA-A Corporate Bond Over 15 Years Index Fund	55	0.2	iBoxx £ non gilts (ex BBB) Over 15 Years Index	To track the index	0.42%
GLOBAL EQUITY FUNDS:					
HSBC Islamic Global Equity Fund	10	-	Dow Jones Islamic Titans 100 Index	To track the index	0.65%
Global Equity Market Weights 30:70 Index Fund (75% GBP Currency Hedged)	18,067	52.6	Composite of 30/70 distribution between UK and overseas, 75% £ hedged	To track the index	0.44%
Ethical Global Equity Fund	417	1.2	FTSE4 Good Global Index	To track the index	0.60%
OTHER FUNDS:					
Multi Asset Fund	14,634	42.6	Composite Index	To provide long-term investment growth	0.43%
Cash Fund	963	2.8	7 day LIBID	CAPS Pooled Pension Fund median	0.39%
TOTAL FUND	**34,338**	**100.0**			

* TER (Total Expense Ratio) includes annual management charge, custody fees and other legal expenses, e.g. audit fees. TERs exclude transaction costs which are additional expenses borne by the fund.

INVESTMENT PERFORMANCE OF DC FUNDS (ALL L&G UNLESS STATED)	1 YEAR %	3 YEARS ANNUALISED %	5 YEARS ANNUALISED %
Over 5 Years Index-Linked Gilts Fund	-1.8	3.6	6.4
Over 15 Years Gilts Index Fund	-10.7	3.5	5.1
AAA-AA-A Corporate Bond Over 15 Years Index Fund	8.4	5.8	6.7
HSBC Islamic Global Equity Index Fund	35.4	20.4	17.7
Global Equity Market Weights 30:70 Index Fund (75% GBP Currency Hedged)	40.7	10.1	11.3
Ethical Global Equity Index Fund	36.4	14.6	14.8
Multi Asset Fund	20.9	7.0	8.4
Cash Fund	0.1	0.5	0.4

Closed Fund

Investment Strategy

The Trustees are responsible for determining the Fund's investment strategy. The Trustees have produced a Statement of Investment Principles (SIP) as required by section 35 of the Pensions Act 1995. A copy of the SIP is available on the Fund's website, along with the SIP Implementation Statement which is included on pages 38 to 50 of this Report.

Most of the Closed Fund's liabilities were bought-in through an insurance policy with Pension Insurance Corporation in April 2011. The remaining assets of the Closed Fund form the "Reserve Assets".

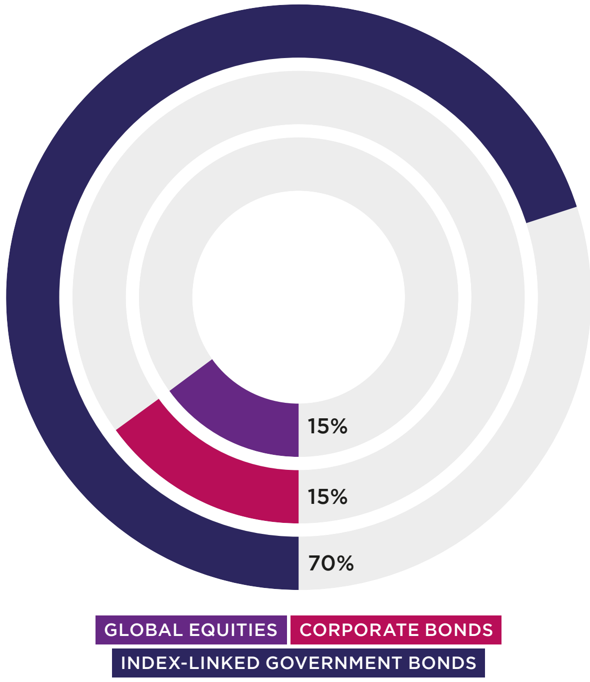
The results of the 31 March 2020 annual funding update showed that the Closed Fund had a surplus of £34m (196%) on the existing technical provisions basis, compared to a surplus of £32m (184%) reported by the 31 March 2019 annual funding update.

The Trustees have not made any changes to the Closed Fund's objectives during the year, which are:

- To hold suitable assets to match the cost of current and future benefits.
- To hold the Reserve Assets in suitable assets of appropriate diversification, which will generate additional capital growth to meet further benefit enhancements.
- To achieve low volatility of the Reserve Assets relative to annuity pricing.
- To minimise the long-term costs of the Closed Fund by implementing a simple and low-cost investment strategy and maximising the return whilst having regard to the previous point.

Asset Allocation – Reserve Assets

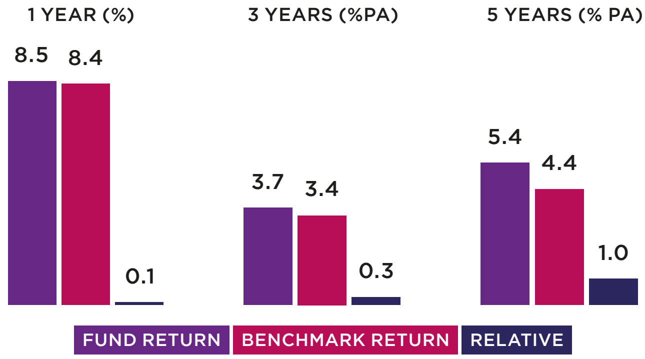
The target asset allocation for the Reserve Assets throughout the year to 31 March 2021 was as follows:



The actual asset allocation as at 31 March 2021 was broadly the same as the target asset allocation. The asset allocations complied with the Statement of Investment Principles (SIP) throughout the year.

Investment Performance

The performance of the Closed Fund Reserve Assets for the year ended 31 March 2021, after investment manager fees, over one, three and five years to 31 March 2021 is shown below:



INVESTMENT MARKETS YEAR ENDED 31 MARCH 2021

Economic Overview

In response to the COVID-19 crisis, which was declared a pandemic in March 2020, major central banks, including the US Federal Reserve, the Bank of England and the ECB, maintained or further relaxed an extremely accommodative monetary stance (having previously established near-zero or negative interest rate regimes) and restarting, or expanding, Quantitative Easing programmes in an attempt to cushion the effects of the lockdowns imposed to curb the spread of the virus. Governments also unleashed unprecedented spending packages; the US government alone has signalled its intention to spend more than $6trillion in fiscal stimulus since the early days of the pandemic.

Since 31 March 2020, the Bank of England has resorted to a range of monetary easing measures, primarily by offering unlimited short-term financing for large companies and expanding its Quantitative Easing programme with the commitment to purchase an additional £250billion of gilts and investment-grade corporate bonds. Throughout the 12-month period to the end of March, Chancellor Rishi Sunak announced several fiscal initiatives to mitigate the pandemic's effects, including a number of extensions to the nation's job support schemes, and an extra £65billion of public funding in 2021, aimed at keeping businesses and jobs afloat.

The coronavirus outbreak pushed EU-UK trade discussions off centre stage until the latter half of 2020. Negotiations reached apparent breaking point on several occasions; nonetheless, Britain and the EU still managed to secure a post-Brexit agreement on 24 December 2020 – just one week before the Brexit transition deadline. Although the deal does not come close to replicating Britain's existing accord with the EU, it avoided the economically sapping consequences of a "No-deal Brexit" and set out the future UK-EU relationship on a range of areas – from trade and investment to transport and energy.

News in the final months of 2020 of the development of several effective vaccines against the virus lifted hopes that the worst stage of the pandemic might be over soon. The first months of 2021 saw vaccinations progress; developed world inoculations are anticipated to reach 60-70% of the population by mid-2022 (with the US and Europe reaching this threshold by end 2021). However, expectations of a consequent economic reopening ignited fears that inflation may overshoot central bank targets in several major economies, which could knock the still nascent recovery off track.

Equities

Despite the pandemic-induced slump in global markets in the first quarter of 2020, equities rebounded strongly over the following 12 months on the back of the unprecedented government and central bank policy support and latterly, positive vaccine news.

November's arguably market friendly US-election result, the ratification of a $900billion fiscal stimulus package, as well as positive vaccine news saw US equities finish 2020 strongly. The positive trajectory continued in the first quarter of 2021, supported by a further $1.9trillion fiscal stimulus package and good progress on COVID-19 vaccinations.

The performance of Eurozone markets mirrored that of the US, rebounding from the lows of March 2020. However, the region's stock markets lost some momentum as a resurgence of COVID-19 infections sparked worries about the resilience of the economic recovery, while uncertainty over a Brexit trade deal also weighed on sentiment. On the positive side though, news of effective vaccines and further stimulus packages supported returns of European equities to 31 March 2021.

Whilst the UK stock market also rallied after a woeful first quarter of 2020, it lagged many major equity market indices, in part due to its unfavourable sectoral biases (mainly a low allocation to tech stocks and a high allocation to more cyclical areas such as energy and financials). Renewed fears of a disorderly Brexit over the latter part of 2020 saw UK equities post negative third quarter returns. Things improved significantly over the last quarter of 2020 following November's positive vaccine news and a last-minute UK-EU Brexit deal in December. The resumption of many company dividend payments, a very successful vaccination programme alongside further fiscal support, helped UK equities outperform overseas peers in the first quarter of 2021.

Over the year to 31 March 2021, Sterling's performance against major currencies was volatile; although overall, it did strengthen against the US Dollar and most other major currencies.

Bonds

Despite a rebound in investor sentiment for risk assets following the unprecedented market downturn in the first quarter of 2020, returns on UK government bonds were broadly positive over the latter 9 months of the calendar year. This was primarily due to the further loosening of monetary conditions, as the Bank of England expanded its Quantitative Easing programme with the commitment to purchase an additional £50billion of gilts and investment-grade corporate bonds.

However, bond yields (which are inversely related to prices) rose sharply in the first quarter of 2021 on the back of the UK's successful vaccination rollout and US fiscal stimulus both of which fuelled optimism of a swifter than anticipated return to economic normality. Expectations of higher inflation, which became more engrained in early 2021, meant that index-linked gilts significantly outperformed their fixed income counterparts over the financial year.

In spite of the surge in yields in the March 2021 quarter, corporate bonds performed strongly over the year to 31 March 2021 as credit spreads (the additional return demanded by investors to hold a given bond compared with the return available on an equivalent risk-free government bond) tightened to below pre-pandemic levels on the increasingly positive economic outlook, thus counteracting the uptick in yields. This "spread compression" received added impetus from the Bank of England's decision to include corporate debt in its bond-purchasing programme.

UK Property

At the aggregate level, UK property produced a positive annual return over the year to 31 March 2021. Both rental income and capital values experienced a recovery in the second half of 2020 which carried over into early 2021. Performance dispersion among sectors remains high: the retail and leisure sectors have continued to struggle with falling valuations, while industrial property has strengthened further, with demand for warehousing remaining high.

RESPONSIBLE INVESTMENT

The Trustees have considered how environmental, social, governance ("ESG") and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Open and Closed Fund and their members.

The Trustees expect the investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustees seek to appoint managers that have appropriate skills and processes to do this, and from time to time review how the managers are taking account of these issues in practice.

Given the specific financial risks arising from climate change, the Trustees have specifically sought to address climate risk in the Defined Contribution Section's lifestyle investment strategies through the introduction, after the year-end, of an equity fund which seeks to reduce exposure to carbon emissions over time.

The Trustees have limited influence over managers' investment practices where assets are held in pooled funds but expect their investment managers to take account of financially material considerations (including climate change and other ESG considerations) as the managers consider appropriate.

The Trustees do not generally take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments. However, within the DC Section the Trustees recognise that some members may wish for ethical matters to be taken into account in their investments and, therefore, have made available the L&G Ethical Global Equity Index Fund as an investment option.

MANAGEMENT AND CUSTODY OF INVESTMENTS

The Trustees have delegated management of investments to professional investment managers which are listed on page 10. These managers, which are regulated by the Financial Conduct Authority in the United Kingdom, manage the investments within the restrictions set out in investment management agreements or in accordance with pooled investment vehicle policy documents, which are designed to ensure that the objectives and policies set out in the Statements of Investment Principles are followed.

The Trustees have appointed JP Morgan Chase Bank to keep custody of the Open Fund's segregated assets. The Bank of New York Mellon is appointed, under a tripartite agreement with BlackRock, as custodian for the pooled funds managed by BlackRock for the Closed Fund. The investment managers of the pooled funds are responsible for appointing custodians for the underlying assets of the other pooled funds. Mayer Brown International holds the title deeds of the Open Fund's one remaining property. Master policy documents for insurance policies are held by the Trustees.

The Trustees have considered the nature, disposition, marketability, security and valuation of the Funds' investments and consider them to be appropriate relative to the reasons for holding each class of investment. More details about investments are given in the notes to the financial statements.

EMPLOYER-RELATED INVESTMENTS

There were no employer-related investments in the year (2020 – none).

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees' Responsibilities in respect of The Financial Statements

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

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

In discharging these responsibilities, the Trustees are 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 Funds will continue as a going concern.

The Trustees are also responsible for making available certain other information about the Funds in the form of an annual report. The Trustees have a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Funds and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The trustees are also responsible for the maintenance and integrity of the ITB Pension Funds website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustees' Responsibilities in respect of Contributions

The Trustees are responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Funds by or on behalf of employers and the active members of the Funds and the dates on or before which such contributions are to be paid.

The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Funds and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Funds in accordance with the schedule of contributions.

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

FINANCIAL DEVELOPMENT DURING THE YEAR

The financial statements of the Funds for the year ended 31 March 2021 are set out on pages 57 to 80. During the year, the net assets of the Funds increased from £1.20bn to £1.23bn.

CONTACT

If members have a query or wish to make their views known to the Trustees on any aspect of the ITB Pension Funds they should in the first instance write to the ITB Pension Funds, 23 King Street, Watford, Herts, WD18 0BJ or email pensions@itbpen.com.

The Trustees' Report was approved by the Trustees on 18 October 2021 and signed on their behalf by:

D N McGuiness
Trustee

P G Rogerson
Trustee

Chairman's Annual Governance Statement

FOR THE YEAR ENDED 31 MARCH 2021

INTRODUCTION

This statement has been prepared by the Trustees to demonstrate how the Funds have complied with the governance standards introduced under the Occupational Pension Schemes (Charges and Governance) Regulations 2015. It covers the scheme year to 31 March 2021 and six key areas relating to the Open Fund Defined Contribution Section (DC Section):

1. The investment strategy relating to the DC default investment arrangement
2. The financial transactions made within the DC Section
3. The charges and transaction costs within the DC Section
4. The Trustees' compliance with knowledge and understanding requirements
5. Appointment of Trustees
6. Membership engagement

Where applicable, this statement also applies to the Additional Voluntary Contribution (AVC) arrangements.

1. DC DEFAULT INVESTMENT ARRANGEMENT

The DC Section is currently invested in various funds offered by Legal & General Assurance Society Limited (L&G). Members who join the DC Section and who do not choose an investment option are placed into a default arrangement called ITB Drawdown. This is a lifestyle fund that targets income drawdown at retirement and automatically switches investments to a progressively lower risk investment strategy from 15 years before retirement. The Trustees' objective in relation to the default arrangement is to grow members pots materially above inflation whilst they are far from retirement, and then to gradually reduce investment risk as members become close to retirement, targeting an allocation which the Trustees consider appropriate for a member intending to drawdown in retirement.

The Trustees are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangement.

The Trustees have adopted a Statement of Investment Principles (SIP) which covers both the DB and DC sections of the Open Fund. The latest DC Section SIP, dated 26 May 2021, is reproduced in the schedule to this statement. It sets out the investment principles for the DC funds, including a detailed description of the default arrangement and the Trustees' objectives and policies in relation to it.

In November 2019 the Trustees, after considering advice from the Funds' investment adviser, decided to disinvest from the Aberdeen Standard Global Absolute Return Strategies Fund (GARS Fund), which formed part of the lifestyle funds, including the default fund, and was also available as a self-select fund, and to re-allocate these assets to the L&G Multi Asset Fund. This decision was reached mainly because the GARS Fund had not met its investment objective over the long-term. The reallocation to the L&G Multi Asset Fund was implemented in April 2020.

The last full review of the DC Section investment strategy and performance, including the default arrangement, was conducted on 6 November 2020. The next full review is scheduled for November 2023.

The outcome of the November 2020 review was that it was concluded that the lifestyle strategy targeting drawdown at retirement remained appropriate for achieving the default arrangement's objective and that the self-select range of funds offered a sufficiently broad range of options to members. However, after considering advice from the Trustees' investment consultant, it was decided to amend the equity component of the default fund arrangement in order to address the potential impact of climate change on members' investments and remove a bias to UK equities relative to market capitalisation weights.

The amendments were implemented to the default fund arrangements after the financial year end, in July 2021, by replacing the L&G Global Equity Market Weights 30:70 Index Fund with the L&G Low Carbon Transition Fund, which is a climate-tilted equity fund that seeks to reduce exposure to carbon emissions over time and has a geographic allocation broadly aligned with market capitalisation weights. Also, in July 2021, the L&G Low Carbon Transition Fund was added to the self-select investment fund range and replaced the L&G Global Equity Market Weights 30:70 Index Fund in the Cash and Annuity lifestyle strategies available to DC and AVC members.

In addition to the full strategy review, the performance of funds in the default arrangement is reviewed each quarter. The reviews that took place during the year concluded that the funds are performing broadly as expected, consistent with the Trustees' targets and other objectives.

2. FINANCIAL TRANSACTIONS

This section explains how, during the scheme year the Trustees monitored that core financial transactions of the DC Section were processed promptly and accurately. Core financial transactions include the investment of contributions, transfers out, fund switches, and payments out, both to and in respect of members. These transactions are undertaken on the Trustees behalf by the Funds' DC platform provider, L&G, under a policy to administer the Funds' DC Section.

The Trustees worked closely with the participating employers to help them understand their responsibilities as regards contributions and sharing information about members. Staff at the ITB Pension Funds (the Funds Office) were in regular communication with the employers about the detail of their obligations in respect of the DC Section. The Funds Office was notified by the participating employers of the various percentages of employer and employee contributions due and performed reconciliations to ensure the correct payments were deducted. All contributions deducted from members' pay by the participating employers were paid to L&G by the end of the first week following the end of the calendar month in which they were taken from members' pay. This was well within the legislative requirement. L&G invested the contributions in funds within 24 hours following receipt of contributions, well within the period expected by The Pensions Regulator.

The Trustees obtained and reviewed administration reports each quarter. The reports showed L&G's performance against service level agreements (SLAs) for processing all core financial transactions. The SLA's are comprehensive and cover the processing of joiner and contribution files, allocating contributions to investments, investment switches, issuing maturity and leaver packs, issuing quotes for events like retirement, ill health and transfers, and customer enquiries.

The Trustees also reviewed the AAF 01/06 Assurance Reports on Internal Controls issued during the year by L&G Investment Management and by L&G Assurance Society Ltd. These reports provide independent assurance on the strength of the systems and controls operating within the investment manager and the administrator of the DC funds.

Staff at the ITB Pension Funds reconciled L&G's quarterly reports to monthly contribution summaries supplied by the participating employers to monitor whether contributions had been processed accurately. Any identified errors were rectified quickly and processes at L&G and the employers were reviewed to help prevent further similar errors. There were no contributions paid into the DB Section AVC arrangements during the year.

The staff at the ITB Pension Funds liaised with the administrator each month about the service levels to identify any systemic administration issues that might affect members' interests. Transfers out, fund switches and payments out, both to and in respect of members, were processed by L&G, on behalf of the Trustees. The promptness of processing these transactions was monitored by the Trustees through the service level performance reporting each quarter. The accuracy of processing these transactions was monitored by the Funds Office, which reconciled L&G's advance notice of the transactions to separate fund accounting reports.

The Trustees' review of SLA performance identified no substantive issues during the scheme year for contribution allocations, individual transfers in and investment switches, as over 99.9% of cases in each of these categories was processed within the SLA target. Of the 36 transfer out payments in the year, 11 were processed within the 5 working days SLA target, but 25 were processed after it. For these 25, the average number of days outside the SLA was 10 days. There were 29 lump sum retirement payments, 13 of which were processed within the 5 working days SLA and 16 processed outside of it by an average of 4 working days each. Of the 5 surrender payments, 2 were processed within the 5 working days SLA target and 3 outside of it by an average of 8 working days each. The coronavirus pandemic contributed to L&G having a relatively high number of transfer outs, lump sum retirements and surrenders processed outside the SLA. The Trustees have been actively engaging with L&G to improve the SLA performance in these areas.

L&G has processes in place to help meet the SLAs, for example the dedicated L&G contributions team performed a daily contribution data reconciliation for all contribution payments received. L&G also performed daily automatic reconciliations of investment fund units purchased and sold within its fund reconciliation process controls. These reconciliations ensured that all units purchased and sold are recorded against a member's record.

The Trustees reviewed the DC Section's governance processes and internal controls each quarter and were satisfied that the processes and controls were consistent with The Pensions Regulator's DC Code of Practice No. 13.

Based on the above, the Trustees are satisfied that the core financial transactions relating to the DC Section and AVCs have been processed accurately during the scheme year and that for transactions processed outside service levels, the volume and delays were not excessive given the exceptional circumstances that prevailed during 2020/21.

3. MEMBER BORNE CHARGES AND TRANSACTION COSTS

The level of annual charges (as measured by the total expense ratio (TER), which includes L&G's platform fee of 0.30% pa, but not transaction charges) for the lifestyle options, including the current default arrangement, are as shown below in Table 1. The annual charges varied according to the mix of assets, which begins to change from when members are 15 years from retirement. Shown in the table below is the annual charge before 15 years to retirement and the annual charges at five-yearly intervals within the period from 15 years to retirement.

Table 1: Annual charges for lifestyle options

PERIOD TO RETIREMENT:	MORE THAN 15YRS %PA	15 YRS %PA	10 YRS %PA	5 YRS %PA	0 YRS %PA
Drawdown Lifestyle *(Default Option)*	0.44	0.44	0.43	0.43	0.42
Annuity Lifestyle	0.44	0.44	0.43	0.42	0.39
Cash Lifestyle	0.44	0.44	0.43	0.43	0.39

From July 2021, due to the L&G Global Equity Market Weights 30:70 Index Fund being replaced by the L&G Low Carbon Transition Fund, annual charges for the Drawdown Lifestyle default option changed to: More than 15 years 0.39% pa; 15 years 0.39% pa; 10 years 0.41% pa; 5 years 0.42% pa; 0 years 0.42% pa.

The level of annual charges (as measured by the total expense ratio (TER), which includes L&G's platform fee of 0.30% pa, but not transaction charges) for the self-select funds were as shown below in Table 2.

Table 2: Annual charges for self-select funds

FUND	%PA
Over 5 Years Index-Linked Gilt Fund	0.38
Over 15 Years Gilts Index Fund	0.38
AAA-AA-A Corp Bond Over 15 Years Index	0.42
Global Equity Market Weights 30:70 Index Fund	0.44
Ethical Global Equity Index Fund	0.60
HSBC Islamic Global Equity Index Fund	0.65
Multi Asset Fund	0.43
Cash Fund	0.39

From July 2021, a currency unhedged version of the L&G Low Carbon Transition Fund, which has an annual charge of 0.37%pa, was added to the self-select fund range.

The Investment Manager, L&G, has provided transaction costs information for the DC Section funds. Table 3 below sets out annual average transaction costs for the lifestyle options (including the default arrangement) and Table 4 sets out annual average transaction costs for the self-select funds. Transaction costs were borne by members. Explicit costs are those directly charged to or paid by the fund, e.g. taxes, levies and broker commissions, whereas implicit costs are costs such as differences between selling and buying prices (spreads) which may vary depending on market liquidity and the size of transaction. Implicit costs are calculated on the 'slippage' basis, as recommended by the Financial Conduct Authority. Under this basis negative implicit costs can arise when the actual price paid ends up being lower than the mid-market price at the time of placing an order.

Table 3: Transaction costs for lifestyle options

	ANNUAL AVERAGE TO 31 MARCH 2021				
PERIOD TO RETIREMENT:	MORE THAN 15YRS %PA	15 YRS %PA	10 YRS %PA	5 YRS %PA	0 YRS %PA
Drawdown Lifestyle *(Default Option)*	0.03	0.03	0.03	0.03	0.02
Annuity Lifestyle	0.03	0.03	0.03	0.03	0.02
Cash Lifestyle	0.03	0.03	0.03	0.03	0.00

Table 4: Transaction costs for self-select funds

	YEAR TO 31 MARCH 2021			ANNUAL AVERAGE
FUND	EXPLICIT %PA	IMPLICIT %PA	TOTAL %PA	TOTAL* %PA
Over 5 Years Index-Linked Gilt Fund	0.00	0.02	0.02	0.06
Over 15 Years Gilts Index Fund	0.00	0.00	0.00	0.01
AAA-AA-A Corp Bond Over 15 Years Index	0.00	0.01	0.01	0.00
Global Equity Market Weights 30:70 Index Fund	0.02	0.02	0.04	0.04
Ethical Global Equity Index Fund	0.02	-0.02	0.00	0.00
HSBC Islamic Global Equity Index Fund	0.03	0.00	0.03	0.06
Multi Asset Fund	0.01	0.02	0.03	0.03
Cash Fund	0.00	-0.01	-0.01	0.00

* The Annual Average Total transaction costs have been provided by the investment manager, L&G. They are based on the average costs over the 5 years to 31 March 2021 or, where data was available for fewer than 5 years, the average costs over the maximum number of years up to 31 March 2021 for which data was available.

The Trustees have prepared the following illustrative example of the cumulative effect of costs and charges incurred by members, which has been prepared in accordance with statutory guidance. The charges and costs deducted are the charges and transaction costs set out in tables 1 to 4 above. The funds illustrated include the most popular, the funds with the highest and lowest expected return and highest and lowest total charges.

Table 5: Projected pension pot in today's money

	FUND CHOICE													
	"MOST POPULAR"		"MOST POPULAR, AGE 50, RETIRING AT 65"		"POPULAR"		"HIGHEST EXPECTED RETURN"		"LOWEST EXPECTED RETURN"		"HIGHEST COST"		"LOWEST COST"	
	Default Fund Growth Phase		Default Fund at Age 50 Retiring at 65		Multi Asset		Global Equity		Over 5 Year Index-Linked Gilts		Islamic Global Equity		Over 15 Years Gilts	
Yrs	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted	Before charges	After all charges + costs deducted
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
1	19,905	19,837	19,898	19,831	19,798	19,733	19,951	19,882	19,255	19,193	19,934	19,831	19,255	19,199
3	31,311	31,025	31,251	30,967	30,881	30,607	31,497	31,205	28,765	28,521	31,428	30,993	28,765	28,546
5	43,069	42,450	42,871	42,259	42,164	41,578	43,462	42,828	37,843	37,345	43,316	42,375	37,843	37,397
10	74,074	72,083	72,882	70,953	71,273	69,431	75,311	73,255	58,773	57,381	74,850	71,820	58,773	57,525
15	107,524	103,314	101,562	97,730	101,715	97,903	110,132	105,741	77,403	74,823	109,157	102,737	77,403	75,087
20	143,613	136,228	N/A	N/A	133,552	127,009	148,201	140,426	93,988	90,007	146,482	135,198	93,988	90,413
25	182,548	170,916	N/A	N/A	166,848	156,762	189,823	177,459	108,751	103,225	187,088	169,281	108,751	103,785
30	224,554	207,473	N/A	N/A	201,669	187,177	235,327	216,999	121,893	114,733	231,265	205,068	121,893	115,454
35	269,874	246,001	N/A	N/A	238,086	218,269	285,077	259,215	133,591	124,751	279,328	242,643	133,591	125,636
40	318,768	286,604	N/A	N/A	276,171	250,052	339,469	304,289	144,005	133,472	331,617	282,095	144,005	134,521

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. The starting pot size is assumed to be £14,331 – the median pot size as at 31 March 2021.
3. Inflation is assumed to be 2.5% each year.
4. It is assumed the current average level of contributions of £5,314 pa is made each year.
5. There are no charges levied on contributions.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund or arrangement are as follows:
   Default Fund Growth Phase: 1.53% above inflation
   Default arrangement at Age 50 and retiring at 65: between 0.10% and 1.49% above inflation
   Multi Asset: 0.9% above inflation
   Global Equity: 1.8% above inflation
   Over 5 Year Index-Linked Gilts: 2.3% below inflation
   Islamic Global Equity: 1.7% above inflation
   Over 15 Years Gilts: 2.3% below inflation
   Cash: 2.3% below inflation

It is an objective of the Trustees that members receive value for money, as small differences in charges can have a major impact on the size of members' pension funds by the time they retire. In order to meet this objective, a value for members assessment of the DC arrangements is carried out by the Trustees' investment consultant each year. The latest annual assessment, conducted on 6 November 2020 as part of the triennial DC strategy review, concluded that given the size of the DC Section, the fees members pay are good value. The Trustees considered the extent to which the cost of membership compares against the services and benefits provided by the DC Section, which include scheme governance and management, investment, administration and communications services. The assessment recognised that the only charges borne by members are the charges deducted from the funds (i.e. the TERs shown above, plus transaction costs), while the charges for all other services are borne by the participating employers. The assessment had particular regard to the services funded by member-borne charges, in particular the investment, platform, administration and communication services provided by L&G, which were felt to be good relative to the charges. These assessments were made after considering the advice of the Trustees' investment consultant on the level of TERs based on their knowledge of the market as a whole, that members only pay the direct cost charged for the investment funds (which includes the L&G platform charge of 0.30% pa) and all other services are paid for directly by employers. In addition, the other costs and charges borne by employers are kept as low as possible by rigorous budgetary control and the charges borne by members are well below the government 'charge cap' of 0.75% pa in respect of default funds.

4. TRUSTEE KNOWLEDGE AND UNDERSTANDING

The Trustees are expected to meet the requirements for knowledge and understanding, as set out in s247 of the Pensions Act 2004 pertaining to individual Trustees, i.e. that they are conversant with key documents relating to the Funds, and have knowledge and understanding of pensions and trust law and the principles of funding and investment. This section describes the policies and programmes in place (including during the scheme year) to ensure these knowledge and understanding requirements are met, and specific steps taken during the year.

The Trust Deed & Rules provide for the Funds to be governed by a board of 14 Trustees, consisting of seven Employer Nominated, five Member Nominated and two Pensioner Nominated Trustees. As at 31 March 2021 there were four Members' Trustees with one vacancy, which was filled shortly after the year-end. Each Trustee serves for a fixed three-year term and can be re-appointed following each term. As at 31 March 2021, the average period of service as a Trustee is 8 years – 6 Trustees have been in office for 6 years or less, whilst 5 Trustees, including the Chair and the Deputy Chairs, have been in office for 10 years or more. There is a wide spectrum of trustee experience and, therefore, the training programme both keeps the experienced Trustees up to date with pension developments and gives newer Trustees a basis, in line with the minimum requirements, on which to develop their knowledge and experience.

The training programme comprises the following elements:

- All new Trustees attend an induction programme that introduces the Trust Deed and Rules, Statement of Investment Principles, Statement of Funding Principles and other Funds policy documents, for example the Funds' Management of Conflicts of Interest policy. This programme was completed by all new Trustees appointed during the scheme year.
- Every year, each Trustee completes a training needs self-assessment. The Funds Office uses this, and any other feedback provided by the Trustees on their knowledge and skills, to identify areas where training is required and to prepare a training plan for each Trustee.
- The Funds also provide access to an ITB Funds Trustee website on which all key documentation can be accessed and Trustees are encouraged to maintain a good working knowledge of those documents. The documents include the Trust Deed and Rules, Statement of Investment Principles and Statement of Funding Principles. The website also includes links to training course providers and the Pensions Regulator's e-learning course, the Trustee Toolkit, which all Trustees have completed.
- The papers for quarterly Trustee meetings included legal updates specifically prepared for the Funds, with the legal advisers present to discuss any questions raised by the Trustees.
- A formal training session is usually provided following each quarterly Trustee meeting, that is attended by all Trustees. Sessions during the scheme year included an update on the draft Pensions Bill, RPI reform and audit of pension schemes. Significant training is also provided in the form of formal briefings and training provided at Trustee and Investment Committee meetings. This year all Trustees received a briefing on transfer and trivial commutation factors.
- Trustees have completed the Scam Module of the Trustee Toolkit to increase their awareness of pension scams and understand the processes that the Regulator expects to be in place to protect Fund members from being scammed. This is one of the steps to be completed for the Funds to achieve a longer-term goal of signing-up to the Regulator's pledge to combat pension scams.
- The Trustees normally have a dedicated training seminar each year at which training is provided by the Funds' advisers and investment managers. Due to the outbreak of COVID-19, the seminar due to take place in April 2020 was cancelled. An annual training seminar has however since been held, by video-call, after the year-end in July 2021.

All training needs and training received is logged on a central training register that is used by the Funds Office to identify relevant subjects for training, which are then delivered within the framework described above. Each new individual Trustee is required to complete the Trustee Toolkit and other training to meet the minimum requirements for knowledge and understanding.

The combined training, knowledge and understanding of the trustee board, together with the available advice, enables the Trustees to properly exercise their functions. The combined knowledge of the board includes many years of trustee experience and training as described above. Several of the Trustees are current or former senior executives with substantial experience of financial, managerial and governance matters; for example, one Trustee was an HR Director with substantial pensions knowledge; another was Chief Engineer and Technology Director at a major oil company. Trustees are nominated by participating employers, or employees and pensioners of participating employers. This ensures detailed knowledge of the participating employers is available to the board, which is useful for interpreting and understanding advice on employer covenant strength, subject to managing conflicts of interest. The Trustees' combined knowledge and understanding is also enhanced by the support of the Funds Office. The Funds Chief Executive is a Chartered Accountant with 9 years' experience in life insurance and 14 years' experience in the pension industry, the Funds Accountant is also a Chartered Accountant with 23 years' experience in the pension industry, and the Pension Administration Manager has a CII Diploma and 32 years' experience in the pension industry.

The Trustees also have ready access to actuarial advice from the Government Actuary's Department, investment advice from LCP and legal advice from Mayer Brown International. The actuarial and legal advisers attend each Trustee board meeting, and the investment adviser attends each Investment Committee meeting. This independent professional support further enhances the combined knowledge that enables the Trustees to properly exercise their functions.

5. APPOINTMENT OF TRUSTEES

The Funds are a relevant multi-employer scheme under the 2015 Regulations. The Funds are, therefore, subject to a special requirement under Regulation 22, whereby a majority of the Trustees, including the Chair, must be "non-affiliated". For a Trustee to be "non-affiliated", he or she must be appointed through an open and transparent process (OTP); must be independent of the Funds' service providers; and must not have been in office for longer than prescribed periods.

All Trustees, including the Chairman, met the above requirements during the scheme year as explained below, and so were (and still are) non-affiliated. All Trustees were appointed through an OTP. None of the Trustees is (or has in the last five years been) a director, manager, partner or employee of any undertaking which provides advisory, administration, investment or other services for the ITB Pension Funds, or any undertaking which is connected to a service provider. Furthermore, none of the Trustees receive any payment or benefit from any undertaking which provides advisory, administration, investment or other services for the ITB Pension Funds, or any undertaking which is connected to a service provider. Neither do any of the Trustees have any obligations to any such service provider that conflict with their obligations as a Trustee.

None of the Trustees has (since the 2015 Regulations came into force), served for more than 10 years, with no single period in office being more than 6 years. In order to support compliance with Regulation 22, the Trustees have, during the scheme year and over the longer term, made arrangements to ensure that new Trustees are appointed through the process described below, which the Trustees consider to be an OTP. As described below, in relation to Members' Trustees, the process meets the member-nominated trustee requirements under s241(2) Pensions Act 2004 and, in relation to Employers' Trustees appointments are made through reasoned decisions, based on relevant and appropriate criteria, and made through due process, with both the process and the ultimate decision being clearly communicated to interested parties. During the scheme year and over the longer-term, the Trustees have monitored compliance with the conditions as to independence and term of office.

Members' Trustees are nominated and selected by members or by trade unions which represent them, and the Trustees are satisfied that these arrangements meet the OTP requirement.

Employers' Trustees are selected by employers and, to ensure that the OTP requirement is met, the Trustees stipulate that employers should follow certain ground rules when selecting candidates. Under the ground rules, employers must determine the constituency from which Trustees will be selected and the process used to make the selection, which must involve a panel of at least three individuals; notice as to these matters must be given to people in the constituency and to the employer's active members (the "interested parties"); the selection must take account of candidates' fitness and propriety to act as Trustees; the Chairman of Trustees must be consulted as to the proposed appointment; notice as to the final decision must be given to the interested parties; and the employer must confirm to the Trustees that the ground rules have been followed.

As regards non-affiliated Trustees appointed or reappointed during the scheme year, the OTP requirement was met as follows. Richard Capewell, Employer's Trustee for Lantra: Lantra followed the ground rules in making its selection; Joanna Woolf, Employer's Trustee for Cogent SSC: Cogent SSC followed the ground rules in making its selection; Ben Alexander-Dann, Members' Trustee for Enginuity: nomination and selection process was by Enginuity members, consistent with the member-nominated trustee legislation; David Wake, Members' Trustee, CITB: the selection was made by the trade union Unite which represents active members employed by CITB; David Lewis, Members' Trustee for ECITB: nomination and selection was by ECITB members, consistent with the member-nominated trustee legislation; Robert Tabor, Members' Trustee for Lantra: nomination and selection was by Lantra members, consistent with the member-nominated trustee legislation. David Barnett, Open Fund Pensioner Trustee: re-appointed following a nomination process in which he was the sole nominee of the Open Fund Pensioner members. Maurice Alston, Closed Fund Pensioner Trustee: re-appointed, following a nomination process in which he was the sole nominee of the Closed Fund Pensioner members.

6. MEMBERSHIP ENGAGEMENT

The Trustees encourage members of the Funds to make their views known by operating a website (www.itb-online.co.uk) for the Funds which includes a "feedback" button and contact details. This website is a useful resource for members looking for further information about their pension arrangement including guidance about contributions and how salary sacrifice arrangements operate, benefits available at retirement, investment choices and how to make changes to them. Members can also find the following documents on the website:

- The DC Scheme Member Booklet: This provides practical information about all aspects of DC Scheme membership.
- This Annual Report and Financial Statements, including the Chairman's Statement and Statement of Investment Principles Implementation Statement.
- The annual newsletter, copies of which are distributed to all members who request it (currently 543 members).

DC Section members are provided with access to L&G's secure website from which they can obtain their annual pension statements and other comprehensive documentation and guidance on the Funds' DC section. Through this website members can communicate directly with the L&G administration team.

Engagement with members also takes place through communications with the Pensioners' Association and informally through the Members' Trustees, who frequently discuss pensions matters with workplace colleagues and provide feedback to the Trustee board.

The Trustees believe that the above arrangements are appropriate for the DC Section, having regard to the size, nature and demographic of the membership. In particular, the Trustees are conscious that the DC Section is a relatively small and new arrangement. The contact details of the Funds are as follows:

The ITB Pension Funds, 23 King Street, Watford, Herts, WD18 0BJ

Telephone: 01923 226264

E-mail: pensions@itbpen.com

Website: www.itb-online.co.uk

Signed by the Chairman on behalf of the Trustees

Signed: DNMcGuiness

Dated: 18 October 2021

David Newell McGuiness (Chairman of Trustees)

Chairman's Statement Schedule

DC SECTION STATEMENT OF INVESTMENT PRINCIPLES – 26 MAY 2021

WHAT IS THE TRUSTEES' OVERALL INVESTMENT OBJECTIVE?

The Trustees recognise that members of the Defined Contribution Section may have differing investment needs. These needs may change during the course of a member's working life and members may have differing attitudes to risk. The Trustees believe that members should make their own investment decisions based on their individual circumstances.

The Trustees' investment objective is, therefore, to make available a range of pooled investment funds which serve to meet in general the varying investment needs and risk tolerances of the members of the Defined Contribution Section.

WHAT RISKS DO THE TRUSTEES CONSIDER AND HOW ARE THESE MEASURED AND MANAGED?

The Trustees have considered risk for the Defined Contribution Section from a number of perspectives, including, but not limited to, those set out below. Some of the risks are more quantifiable than others, but the Trustees have tried to allow for the relative importance and magnitude of each risk.

Risk of Inadequate Long-Term Returns

As members' benefits are crucially dependent on the investment returns achieved, it is important that investment vehicles are available which can be expected to produce adequate real returns over the longer term.

Risk of Deterioration in Investment Conditions Near Retirement

For a given amount of money the level of pension secured for a member will depend upon investment conditions at retirement. A sharp deterioration in these conditions in the period just prior to retirement will have a substantial impact in the benefits provided. To protect against this, the Trustees have made a lifestyle strategy, the ITB Drawdown, which targets drawdown at retirement.

Risk of Lack of Diversification and Unsuitable Investments

Within each fund available to members the holdings should be adequately diversified. To achieve this, the Trustees have selected funds which invest in a suitable diversified range of holdings. The Trustees' policy is to make available to members funds which, in normal circumstances, should prove easy to buy and sell.

Risk from Excessive Charges

If the investment management charges together with other charges levied on, for example, transfers or early retirement are excessive then the value of members' accounts will be reduced unnecessarily. The Trustees have, therefore, looked closely at the terms and conditions of the investment manager and are comfortable that the charges applicable to the Open Fund are in line with market practice and assess regularly whether these represent good value for members.

Investment Manager Risk

This is the risk that the investment manager fails to meet its investment objective. The Trustees monitor the investment manager on a regular basis.

Other Risks

The Trustees recognise that there are other, non-investment, risks within the Defined Contribution Section. Unlike the Defined Benefit Section, these risks fall generally on the individual Defined Contribution Section members rather than on the membership generally and/or the sponsoring employer. Examples of these risks include longevity risk (the risk that insurers expect members to live longer, which increases the cost of securing a pension), and knowledge/understanding risk (the risk that members make inappropriate investment choices, given their circumstances).

WHAT ARE THE INVESTMENT STRATEGY ARRANGEMENTS?

The Trustees have provided to members a range of investment options, having regard to the long-term performance characteristics of various asset classes, in terms of their expected returns and the variability of those returns.

Following a review of the strategy in 2020, the Trustees decided to address the potential impact of climate change on members' Defined Contribution investments by changing the equity component of the Open Fund's Defined Contribution lifestyle investment strategies to equity funds which seek to reduce their exposure to carbon emissions over time. The full range of funds that is available is set out below.

Current Fund Range

MANAGER	FUND NAME	BENCHMARK	TARGET
L&G	Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	Composite of 30/70 distribution between UK and overseas, 75% GBP Hedged	To track the benchmark
L&G	Ethical Global Equity Index Fund	FTSE4Good Global Equity Index	To track the benchmark to within +/- 0.50% pa for two years in three
L&G	Low Carbon Transition Global Equity Index Fund Unhedged	Solactive L&G Low Carbon Transition Global Index	To track the benchmark
HSBC	Islamic Global Equity Index Fund	Dow Jones Islamic Titans 100 Index	To track the benchmark
L&G	Multi Asset Fund	ABI UK – Mixed Investment 40%-85% Shares Pension Sector	To provide long-term investment growth through exposure to a diversified range of asset classes
L&G	AAA-AA-A Corporate Bond (Over 15 Years) Fund	iBoxx £ Non Gilts (ex BBB) Over 15 year Index	To track the benchmark to within +/- 0.50% pa for two years in three
L&G	Over 5 Year Index-Linked Gilts Index Fund	FTSE Actuaries UK Index-Linked Gilts (Over 5 Years) Index	To track the benchmark to within +/- 0.25% pa for two years in three
L&G	Over 15 Year Gilts Index Fund	FTSE Actuaries UK Conventional Gilts (Over 15 Years) Index	To track the benchmark to within +/- 0.25% pa for two years in three
L&G	Cash Fund	7 Day LIBID	To match the CAPS Pooled Pension Fund median.

DEFAULT OPTION

The Open Fund also has three lifestyle strategies and the default investment option is a lifestyle strategy which targets income drawdown at retirement. The default option provides an automated investment switching facility, following a pre-selected investment strategy, which will move the funds into lower risk investments as retirement approaches.

Until 15 years prior to each member's selected retirement age, the lifestyle strategy invests in:

- 35% in the L&G Low Carbon Transition Global Equity Index Fund GBP Hedged,
- 35% in the L&G Low Carbon Transition Global Equity Index Fund Unhedged; and
- 30% in the L&G Multi Asset Fund.

Fifteen years prior to each member's selected retirement age, automatic monthly switches commence.

The investment split at each member's target retirement age would be as follows:

- 75% in the L&G Multi Asset Fund; and
- 25% in the L&G Cash fund.

The table below outlines how the proportion of portfolio holdings changes in the 15 years up to retirement under the strategy.

YEARS TO RETIREMENT	GLOBAL EQUITIES (GBP HEDGED) (%)	GLOBAL EQUITIES (UNHEDGED) (%)	MULTI-ASSET (%)	CASH (%)
15 or more	35.00	35.00	30.00	0.00
14	32.75	32.75	34.50	0.00
13	30.50	30.50	39.00	0.00
12	28.25	28.25	43.50	0.00
11	26.00	26.00	48.00	0.00
10	23.75	23.75	52.50	0.00
9	21.50	21.50	57.00	0.00
8	19.25	19.25	61.50	0.00
7	17.00	17.00	66.00	0.00
6	14.75	14.75	70.50	0.00
5	12.50	12.50	75.00	0.00
4	10.00	10.00	75.00	5.00
3	7.50	7.50	75.00	10.00
2	5.00	5.00	75.00	15.00
1	2.50	2.50	75.00	20.00
0	0.00	0.00	75.00	25.00

It is for each member to decide on their required strategic allocation to each of the available investment funds. The fund range offered also includes three "lifestyle" strategies that automatically combine the investments in proportions that vary according to the proximity to retirement age. Each of the three lifestyle strategies targets a different investment option for members at retirement; income drawdown, a cash lump-sum or the purchase of an annuity. If a member does not choose an investment option, their account will be invested into the default lifestyle option, which targets income drawdown at retirement.

The lifestyle strategies are designed to offer some protection against the risks described above.

WHAT DID THE TRUSTEES CONSIDER IN SETTING THE OPEN FUND'S DEFINED CONTRIBUTION SECTION INVESTMENT STRATEGY ARRANGEMENTS?

In determining the investment arrangements for the DC Section the Trustees took into account:

- the best interests of all members and beneficiaries;
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- the risks, rewards and suitability of a number of possible asset classes and

lifestyle strategies and whether the return expected for taking any given investment risk is considered sufficient given the risk being taken. The main risks considered were inflation risk (the risk that a member's investments fail to keep pace with inflation over the longer term), conversion risk (the risk of a deterioration in the terms available for converting funds into pension at retirement – applicable to the annuity lifestyle), capital risk (the risk of a fall in the amount of cash available to take at retirement), and climate risk (the risk of a fall in the value of investments caused either by direct impacts of changes to the global climate or policy changes to mitigate the effects of climate change);

- the need for appropriate diversification within the default strategy and other lifestyle options to ensure that, for each such option, both the overall level of investment risk and the balance of individual asset risks are appropriate;
- the need for appropriate diversification within the other investment options offered to members;
- the Trustees' investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

Some of the Trustees' key investment beliefs are set out below.

- In deciding upon the funds to offer to members, the Trustees' primary asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity and credit are the primary rewarded risks;
- risks that are typically not rewarded should generally be avoided, hedged or diversified;
- investment markets are not always efficient and there may be opportunities for good active managers to add value;
- investment managers who can consistently spot and profitably exploit market opportunities are difficult to find and therefore passive management (which includes a range of rules-based portfolio construction strategies), where available, is usually better value;
- responsible investment in well governed companies and engaging as long-term owners can reduce risk over time and may positively impact Open Fund's returns; and
- costs have a significant impact on long-term performance.

APPOINTMENT OF FUND PROVIDER

The Trustees have appointed one main provider to provide the funds in which the Defined Contribution Section invests. The provider offers funds managed internally and by third party investment managers.

The provider's primary role is to maintain the funds in which the Defined Contribution Section invests. The provider is authorised under the Financial Services and Markets Act 2000 to carry out such activities.

Statement of Investment Principles Implementation Statement

FOR THE YEAR ENDED 31 MARCH 2021

OVERVIEW

The Trustees of the ITB Pension Funds (the "Funds") are required to produce an annual statement to set out how, and the extent to which, the Trustees have followed the Statements of Investment Principles ("SIPs") for the Closed Fund and the Open Fund of the Funds during the year to 31 March 2021, as well as details of any review of the SIPs, subsequent changes made with the reasons for the changes, and the date of the last SIP review. Information is provided on the last review of the SIPs in Section 1 and on the implementation of the SIPs in Sections 2-11.

The Statement is also required to include a description of the voting behaviour during the year by, and on behalf of, the Trustees (including the most significant votes cast by the Trustees or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 12.

This Statement uses the same headings as the Funds' SIPs dated January 2021 for the Open Fund and November 2019 for the Closed Fund and should be read in conjunction with them.

1. INTRODUCTION

The SIP for the Open Fund was reviewed and updated during the year in April 2020, September 2020 and January 2021 to reflect:

- the removal of the Aberdeen Standard Global Absolute Return Strategies Fund ("GARS") from all lifestyles and from the self-select fund range. The allocation to GARS in the lifestyles was replaced by an increased allocation to the L&G Multi-Asset Fund. Self-select members invested in GARS were moved to the L&G Multi-Asset Fund;
- an update to the Trustees' policy on financially material considerations (including environmental, social and governance factors), non-financial factors and engagement activities;
- changes to the LDI hedging portfolio as a result of a review of the LDI portfolio using updated liability cashflows from the 2019 Actuarial valuation, and a further subsequent change to reflect changes to the inflation assumptions underlying the technical provisions; and
- changes to the asset allocations to reflect the lower weighting to the buy-ins and increased weighting to the LDI portfolio as a proportion of total assets.

The SIP for the Closed Fund dated November 2019 was reviewed during the year, although no changes were made..

Further detail and the reasons for the changes to the Open Fund SIP are set out in Section 3 and 4. As part of the SIP update process, the sponsoring employers were consulted and confirmed they were comfortable with the changes.

The Trustees have, in their opinion, followed the policies in the Funds' SIPs during the year. The following Sections provide detail and commentary about how and the extent to which they did this. With regards to the voting and engagement policies during the year, the Trustees have continued to delegate to their investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. The Trustees took a number of steps to review the Funds' existing managers and funds over the period, as described in Section 7 (Financially Material Considerations and Non-Financial Matters).

2. INVESTMENT OBJECTIVES

Progress against the long-term journey plan is reviewed as part of the quarterly performance monitoring reports. The Trustees are also able to view the progress on an ongoing basis using LCP Visualise online.

As at 31 March 2021, the DB Funds were broadly on track to achieve their respective longer-term objectives.

As part of the performance and strategy review of the DC default arrangement in November 2020 the Trustees considered the DC Section membership demographics and the variety of ways that members may draw their benefits in retirement from the Section.

Based on the outcome of this analysis, the Trustees concluded that the default option has been designed to be in the best interests of the majority of the DC Section members and reflects the demographics of those members.

The Trustees provide DC Section members with access to a range of investment options which they believe are suitable to members' needs and enable appropriate diversification. The Trustees have made available alternative lifestyle strategies and a self-select fund range to members covering all major asset classes as set out in the Open Fund SIP. The Trustees monitor the take up of these funds and it is limited. The Trustees have reminded members to review their investment holdings and check that they are suitable for their risk tolerances and retirement planning.

3. INVESTMENT STRATEGY

The Trustees, with the help of their advisers and in consultation with the sponsoring employers, reviewed the strategy for the Open Fund in 2020 and concluded that the target liability hedge ratio should be updated. This was implemented by making adjustments to the Fund's LDI portfolio.

As part of the Open Fund strategy review, the Trustees made sure the Fund's assets were adequately and appropriately diversified between different asset classes.

The Trustees, with the help of their advisers and in consultation with the sponsoring employers, also reviewed the DC strategy and performance of the default arrangement over the period. The Trustees reviewed membership data as part of the performance and strategy review of the DC default arrangement, to determine how members will choose to access their benefits as well as at what age they will access them. The Trustees also reviewed changes in overall member choices, behaviour and trends. Based on this analysis, the Trustees concluded that a lifestyle strategy targeting drawdown remained appropriate to the objectives and as a target retirement outcome. The Trustees also concluded that the alternative lifestyles remained suitable and that the self-select range was appropriate.

As part of the DC strategy review, the Trustees focused on the funds used within the growth phase of the lifestyle strategies, in particular around the overweight to UK equities compared to a market capitalisation-weighted index, and with regard to the extent to which climate risk is specifically addressed in the equity component. The Trustees also reviewed the appropriateness of the alternative investment options, the alternative lifestyles and self-select range. The Trustees decided to replace the global equity fund in the lifestyles with a climate-tilted global equity fund, which addresses climate risks and invests more in line with market capitalisation weights to reduce the UK equity bias. The Trustees decided to implement this by replacing the L&G Global Equity Market Weights 30:70 Index Fund with the L&G Low Carbon Transition Fund in all three lifestyle strategies and by adding the L&G Low Carbon Transition Fund to the self-select range. The SIP was updated shortly after the year end to reflect these changes.

The Trustees reviewed the extent to which the Fund's DC default arrangement was adequately and appropriately diversified between different asset classes and that the self-select options provide a suitably diversified range to choose from. The performance of the investment funds was also considered as part of the DC strategy review, which also included an assessment of the value members receive from the DC arrangements.

The Trustees monitor the DB Funds' asset allocation each quarter and compare this to the strategic asset allocation. Further detail of changes in the Funds' allocations are set out in Section 6.

4. CONSIDERATIONS IN SETTING THE INVESTMENT ARRANGEMENTS

When the Trustees reviewed the DB investment strategies (in July 2019 for the Closed Fund and in 2020 for the Open Fund), and the performance and strategy review of the DC default arrangement, they considered the investment risks set out in Appendix A of the SIPs. They also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustees reviewed their investment beliefs in 2019. As part of this, the investment adviser held an ESG training and discussion session which gathered the opinions of the Trustees.

As a result, the Trustees updated the investment beliefs in the SIP and following this, reviewed the investment managers' mandates to understand the extent to which ESG factors are incorporated in the Funds' investment arrangements.

5. IMPLEMENTATION OF THE INVESTMENT ARRANGEMENTS

The Funds' investment adviser monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser also monitors any developments at managers and informs the Trustees promptly about any significant updates or events they become aware of with regard to the Funds' investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant changes to the investment process or key staff for any of the funds the Funds invests in, or any material change in the level of diversification in the fund.

For the DB sections, the Trustees have not made any changes to their manager arrangements over the period.

For the DC section, in April 2020, the Trustees removed Aberdeen Standard GARS from all of the lifestyle strategies and the self-select fund range; there were a number of factors behind this decision including instability within the investment team and returns being behind target. The allocation to GARS in the lifestyles was replaced by an increased allocation to the L&G Multi-Asset Fund. Self-select members invested in GARS were moved to the L&G Multi-Asset Fund.

The Trustees regularly invite the Funds' investment managers to present at Investment Committee meetings, seeing each manager at least once every year. Over the period, the Trustees met with BlackRock, Allianz, Insight and L&G to discuss the Funds' investments.

The Trustees monitor the performance of the Funds' investment managers each quarter, using a quarterly performance monitoring report. Performance is considered in the context of the manager's benchmark and objectives.

The most recent quarterly report shows that all managers have produced performance broadly in line with expectations over the long-term.

During the year, the Trustees undertook a value for members assessment of the DC Section which assessed a range of factors, including the fees payable to managers which were found to be reasonable when compared against schemes with similar sized mandates. Overall, the Trustees believe that the investment managers provide good value for money.

6. REALISATION OF INVESTMENTS

The Trustees review the DB Funds' net current and future cashflow requirements on a regular basis. The Trustees' policy is to have access to sufficient liquid assets in order to meet any outflows while maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

In June 2020 (and subsequently in February 2021) the Trustees disinvested £1.9m (and £1.7m) from the Closed Fund's global equity fund and transferred the proceeds to Index-Linked Gilt funds in order to bring the portfolio closer to the strategic allocation following a strong rally in equities. The Trustees also disinvested £0.5m from Index-Linked Gilt funds in July 2020 to meet the cashflow requirements of the Closed Fund.

The actual asset allocation of the Open Fund DB Section did not deviate materially from the strategic allocation over the year. The Fund is currently winding down its property allocation, and the proceeds from the sale of one property managed by Fletcher King were received in June 2020 for £0.8m.

The Fund also receives income from the holding in Insight's Buy and Maintain Credit portfolio which is transferred to the Insight LDI portfolio to manage collateral and meet disinvestments for benefit payments. During the year, the Trustees disinvested £5.5m from the Insight LDI portfolio to meet the cashflow requirements of the Open Fund DB Section.

For the DC Section, all funds are dealt on a daily basis, which enables members to realise and change their investments readily.

7. FINANCIALLY MATERIAL CONSIDERATIONS AND NON-FINANCIAL MATTERS

As part of its advice on the selection and ongoing review of the investment managers, the Funds' investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

In May 2020, the Trustees reviewed LCP's responsible investment (RI) scores for the Funds' managers and funds, along with LCP's qualitative RI assessments for each fund and red traffic lights to identify any managers of concern. These scores cover the manager's approach to ESG factors, voting and engagement. The fund scores and assessments are based on LCP's ongoing manager research programme and it is these that directly affect LCP's manager and fund recommendations. The manager scores and traffic lights are based on LCP's Responsible Investment Survey 2020. The Trustees were satisfied with the results of the review and no further action was taken.

Within the DC investment strategy review, consideration was given to ESG factors and climate change in particular. The Trustees decided to switch the equity fund to one that has lower exposures to companies with relatively high carbon emissions, as a way to mitigate the risks of climate change, which the Trustees consider to be a financially material factor.

8. VOTING AND ENGAGEMENT

This is covered in Section 7 above.

9. INVESTMENT GOVERNANCE, RESPONSIBILITIES, DECISION-MAKING AND FEES (APPENDIX C OF SIP)

As mentioned in Section 5, the Trustees assess the performance of the Funds' investments on an ongoing basis as part of the quarterly monitoring reports they receive.

The performance of the professional advisers is considered formally every three years by the Trustees.

The Trustees have put in place formal objectives for their investment adviser and will review the adviser's performance against these objectives on a regular basis. The last review was in November 2020 and the Trustees were satisfied with the performance.

10. POLICY TOWARDS RISK (APPENDIX A OF THE SIP)

Risks are monitored on an ongoing basis with the help of the investment adviser.

The Trustees maintain a risk register and this is discussed at quarterly meetings of the Funds' executive team, which are overseen by a Trustee sub-committee. The risk register is formally reviewed by the Trustees once a year.

The Trustees' policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Funds' investment adviser or information provided to the Trustees by the Funds' investment managers. These include credit risk, equity risk, currency risk and counterparty risk.

For the DB sections the Trustees invest the assets to produce an adequate long-term return. The Open Fund's interest rate and inflation hedging levels are monitored on an ongoing basis. In September 2020 and February 2021 the Trustees updated the target liability hedge ratio to around 100% of technical provisions, based on updated liability cashflows from the Scheme Actuary.

With regard to collateral adequacy risk within the Open Fund, the Trustees hold investments in the Insight Liquidity Fund alongside the LDI portfolio, to be used should the LDI manager require cash to be posted for a deleverage event.

For the DC section, with regard to the risk of inadequate returns, the Trustees make use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the default arrangement and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

Together, the investment and non-investment risks set out in Appendix A of the SIPs give rise generally to funding risk. The Trustees formally consider the impact of changes in market conditions on the Funds' funding position as part of their review of an annual actuarial report. On a triennial basis the Trustees review the funding position allowing for changes in membership and other experience. The Trustees also informally monitor the funding position of the Open Fund more regularly, as they have the ability to monitor this daily through LCP's Visualise online funding model.

The following risks are covered earlier in this Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

11. INVESTMENT MANAGER ARRANGEMENTS (APPENDIX B OF THE SIP)

This section of the SIPs sets out arrangements with investment managers and there are no specific policies in this section that require explanation about how they are implemented.

12. DESCRIPTION OF VOTING BEHAVIOUR DURING THE YEAR

All of the Trustees' holdings in listed equities are within pooled funds and the Trustees have delegated the exercise of voting rights to the investment managers. Therefore, the Trustees are not able to direct how votes are exercised and the Trustees themselves have not used proxy voting services over the year.

In this section we have sought to include voting data on the funds that hold equities as follows:

Closed Fund:

- BlackRock Aquila Life MSCI World Fund

Open Fund – DB Section:

- Allianz Best Styles Global AC Equity Fund
- Insight Maturing Buy and Maintain Funds*

*The Insight Maturing Buy and Maintain Funds do not hold listed equities nor usually have any voting rights, but areincluded in the Statement as Insight made an extraordinary vote during the year.

The Closed Fund and Open Fund DB Section also invest in a number of other investments but either the manager confirmed no voting opportunities (e.g. BlackRock Buy and Maintain Credit fund) or voting disclosures were not relevant for the asset class (e.g. LDI, property and index-linked gilts).

Open Fund – DC Section:

- HSBC Islamic Global Equity Index Fund
- L&G Ethical Global Equity Index Fund
- L&G Global Equity (30:70) Index Fund – 75% GBP Currency Hedged
- L&G Multi-Asset Fund

For the DC Section we have included the funds used in the default strategy and self-select funds which hold physical equities that convey voting rights.

Aberdeen Standard Investments were unable to provide voting data for the Aberdeen Standard Global Absolute Return Strategies (GARS) Fund. However, this fund was held only between 1 April 2020 and 29 April 2020 within the reporting period.

In addition to the above, the Trustees contacted Legal and General, to ask if any of the assets held by the DC Section that do not have listed equities had voting opportunities over the period. L&G has confirmed that there were no voting opportunities for the funds that do not have listed equities.

12.1 Description of the voting processes by each manager

CLOSED FUND

BlackRock

BlackRock has voting guidelines which it applies to ensure that it takes into account each company's unique circumstances. BlackRock's voting decisions are based on research, and it also takes into account clients' perspectives.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas, Asia-Pacific, and Europe, Middle East and Africa. The analysts within each team determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

Blackrock subscribes to research from proxy advisory firms Institutional Shareholder Services ("ISS") and Glass Lewis, although it notes that this is only one of many inputs into its vote analysis process, and it does not blindly follow the advisory firms' recommendations. Other sources of information BlackRock uses include the company's own reporting (such as the proxy statement and the website), its engagement and voting history with the company, and the views of its active investors, public information and ESG research.

BlackRock uses ISS's electronic platform to execute its vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply its proxy voting guidelines to filter out routine or non-contentious proposals and refer to them any meetings where additional research and engagement might be required to inform their voting decision.

OPEN FUND – DB SECTION

Allianz

Allianz Global Investors ("Allianz") approach to corporate governance and proxy voting is set out in its Global Corporate Governance Guidelines. The Guidelines outline Allianz's expectations with regard to corporate governance practices at investee companies, including composition and effectiveness of corporate boards, shareholder rights, capital related authorities, executive compensation, quality of external audit, and sustainability-related issues.

All proxy voting research and initial voting recommendations are generated on the basis of Allianz's own proxy voting policy. Proxy voting research is provided by ISS. Allianz uses the electronic proxy voting platform provided by ISS to cast its votes. In addition, Allianz has access to MSCI ESG research and corporate governance indicators, as well as sell-side analysis that its uses to supplement its analysis and assessment.

Insight

Insight has a proxy voting policy which sets out its approach to voting on resolutions, and is designed around best-practice standards which Insight believes are essential to delivering long term value to shareholders.

Insight uses the services of Minerva Analytics ("Minerva") for the provision of proxy voting services and votes at meetings where it is deemed appropriate and responsible to do so. Minerva provides research expertise and voting tools through proprietary IT systems allowing Insight to take voting decisions. Independent corporate governance analysis is drawn from thousands of market, national and international legal and best practice provisions from jurisdictions around the world. The research provides advance notice of voting events and rules-based analysis to ensure contentious issues are identified. Minerva analyses any resolution against Insight-specific voting policy templates which will determine the direction of the vote.

Insight utilises Minerva to analyse resolutions against Insight-specific voting policy templates to determine the direction of the vote, where applicable. During 2020, Insight voted with the recommendation of Minerva 100% of the time. Minerva monitors company meeting agendas and items to be voted on. It reviews each vote against Insight's specific criteria and provides a recommendation for each item. Insight then votes in line with the recommendations of Minerva and documents where it makes a voting decision against the recommendation. The rationale for, abstaining or voting against the voting recommendation is retained on the Minerva platform on a case-by-case basis.

OPEN FUND – DC SECTION

HSBC Global Asset Management (UK) Limited

The legal right to the underlying votes lies with the directors of the HSBC Islamic Global Equity Index Fund and they have delegated execution of this voting to HSBC Global Asset Management (UK) Limited.

The directors exercise their voting rights as an expression of stewardship for client assets. They have global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to tactics used by target companies designed to prevent or discourage hostile takeover attempts.

They use the ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene HSBC guidelines. They review voting policy recommendations according to the scale of their overall holdings. The bulk of holdings are voted in line with the recommendation based on HSBC guidelines.

The directors regard the votes against management recommendation as the most significant. With regards to climate, in their engagement they encourage companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosure. Where companies in energy intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, the directors will generally vote against the re-election of the Chair. They also generally support shareholder resolutions calling for increased disclosure on climate-related issues.

Legal & General Investment Management ("LGIM")

All decisions are made by LGIM's Investment Stewardship team and in accordance with LGIM's relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to vote clients' shares electronically. All voting decisions are made by LGIM and they do not outsource any part of the strategic decisions. Their use of ISS recommendations is purely to augment their own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports that they receive from ISS for UK companies when making specific voting decisions.

To ensure the proxy provider votes in accordance with LGIM's position on ESG, LGIM have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best practice standards which they believe all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. They have strict monitoring controls to ensure votes are fully and effectively executed in accordance with LGIM's voting policies. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform them of rejected votes which require further action.

12.2 Summary of voting behaviour over the Year

A summary of voting behaviour over the year is provided in the table below for the DB Funds.

	FUND 1	FUND 2	FUND 3
Manager name	Insight	BlackRock	Allianz GI
Fund name	Maturing Buy and Maintain Funds	Aquila Life MSCI World Fund	Best Styles Global AC Equity Fund
Total size of fund at end of reporting period	£1,333m	£7,790m	£121.7m
Value of Funds assets at end of reporting period	£95.9m	£11.4m	£27.0m
Number of holdings at end of reporting period	225	1,562	573
Number of meetings eligible to vote	3	1,091	407
Number of resolutions eligible to vote	5	15,759	5,742
% of resolutions voted	100.0%	90.7%	98.6%
Of the resolutions on which voted, % voted with management	100.0%	92.7%	75.2%
Of the resolutions on which voted, % voted against management	0.0%	6.5%	23.8%
Of the resolutions on which voted, % abstained from voting	0.0%	0.8%	1.0%
Of the meetings in which the manager voted, % with at least one vote against management	0.0%	N/A*	N/A*
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.0%	N/A*	N/A*

* Manager does not currently track these statistics

A summary of voting behaviour over the year is provided in the table below for the DC Section of the Open Fund.

	FUND 1	FUND 2	FUND 3	FUND 4
Manager name	HSBC Global Asset Management (UK) Limited	Legal & General Investment Management	Legal & General Investment Management	Legal & General Investment Management
Fund name	Islamic Global Equity Index Fund	Ethical Global Equity Index Fund	Global Equity (30:70) Index Fund – 75% Currency Hedged	Multi Asset Fund
Total size of fund at end of reporting period	£1.5bn	£0.1bn	£1.0bn	£15.0bn
Value of Funds assets at end of reporting period	£10,475	£417,401	£18,067,127	£14,634,069
Number of holdings at end of reporting period	103	1,008	4,553	6,530
Number of meetings eligible to vote	109	1,274	7,515	11,238
Number of resolutions eligible to vote	1,597	18,215	79,697	114,616
% of resolutions voted	91.6%	99.9%	99.9%	99.8%
Of the resolutions on which voted, % voted with management	87.8%	83.7%	84.3%	81.7%
Of the resolutions on which voted, % voted against management	12.2%	16.0%	15.0%	17.7%
Of the resolutions on which voted, % abstained from voting	0.0%	0.3%	0.7%	0.6%
Of the meetings in which the manager voted, % with at least one vote against management	54.9%	5.1%	5.4%	6.4%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	8.4%	0.6%	0.3%	0.2%

12.3 Most significant votes over the Funds Year

Commentary on the most significant votes over the year, from the selection of the Funds' investment managers who hold listed equities, is set out below. The Trustees' criteria for what is a significant vote will develop over time with input from its investment adviser and investment managers.

For the purposes of this report, the Trustees have interpreted "most significant votes" to mean the votes which relate to investments with the highest percentage allocation in each fund. Where information for more than three votes was provided, we have included the three votes in each fund which represent the highest portion of the fund.

Commentary has been provided by the investment managers, with the exception of Aberdeen Standard which was unable to provide voting information on an individual vote basis.

CLOSED FUND

BlackRock

ALPHABET, June 2020 **Vote**: Against **Summary of resolution**: Elect Director Ann Mather	**Rationale**: BlackRock has a longstanding focus on board effectiveness. Board members should be able to contribute effectively to the board as corporate strategy evolves and business conditions change, and all directors, regardless of tenure, must demonstrate appropriate engagement in their duties. Serving on an excessive number of boards limits a director's capacity to focus on issues important to each company. BlackRock expects non-CEO directors to serve on a total of no more than four public company boards. Since Ms Mather sits on five public boards, BlackRock considered her to be overcommitted and voted against her re-election to the Board of Directors.
AMAZON, May 2020 **Vote**: For all management proposals, against shareholder proposals **Summary of resolution:** Multiple (AGM – 4 management, 12 shareholder proposals)	**Rationale:** Blackrock voted for all management proposals including all director elections, the ratification of auditors, and the advisory resolution to approve executive compensation as it had no concerns relating to these items. Blackrock also voted for management's proposal to lower the stock ownership threshold for shareholders to request a special meeting from 30% to 25%. BlackRock voted against all shareholder proposals as it felt, after thorough review of the company's existing disclosures, along with insights gleaned from multiple engagements, that Amazon was actively addressing those material issues raised by the various shareholder proposals. BlackRock will continue to engage with the company regarding the governance of and reporting on material business risks and opportunities.
FACEBOOK, May 2020 **Vote:** Against **Summary of resolution:** Elect Director Marc L. Andreessen	**Rationale:** BlackRock voted against Mr. Andreessen as he serves on the audit committee and BlackRock did not consider him independent. BlackRock considered Mr. Andreessen to be affiliated as he is a founding partner at Andreessen Horowitz which has held significant stakes in companies acquired by Facebook (e.g. Instagram, Oculus, and wit.ai). BlackRock believes all members of key committees, including audit, should be independent.

OPEN FUND – DB SECTION

Allianz

APPLE, February 2021 **Vote**: Against **Summary of resolution**: Elect directors Al Gore, Andrea Jung and Art Levinson	**Rationale**: Allianz considered the nominees non-independent because of tenure on board of 13 years or more. Allianz believes that the board's Remuneration and Nomination committees should be at least majority independent and comprise directors who have qualifications, experience, skills and capacity to effectively contribute to the committee's work. Allianz also encourages the appointment of a Lead Independent Director to ensure appropriate checks and balances on the Board, support the Chairman, implement an orderly succession plan for the Chairman, and act as a point of contact for shareholders, non-executive directors and senior executives where normal channels of communication through the board Chairman are considered inappropriate.
MICROSOFT CORPORATION, December 2020 **Vote**: Against **Summary of resolutions**: Advisory vote to Ratify Names Executive Officers' Compensation and Ratify Deloitte & Touche LLP as Auditors.	**Rationale:** *Against Executive Officers' Compensation*: Allianz supports management incentive plans where incentive awards are subject to robust performance targets and encourages all companies to require that the management build substantial shareholding in the company to better align their interests with the interests of shareholders. Allianz also believes that all incentive awards should be time pro-rated and tested for performance, including in the event of an early termination due to the change of control. Termination payments following a change of control should be similar to those available under normal circumstances. Allianz expects clear disclosure of KPIs under all management incentive plans to enable investors to better assess the link between management incentives and corporate strategy and performance. Allianz encourages companies to consider a five-year performance period for long-term incentive plans or introducing an additional holding period. *Against Deloitte & Touche LLP as Auditors*: Allianz considers it prudent for companies to tender the audit mandate at least every 10 years and to change the auditor after 20 years to ensure auditor independence and benefit from a fresh perspective that a new auditor brings. There is also a mounting evidence from companies that rotated their external auditors in the past five years of the improvement in the quality of audits both before and after the transition of the auditor.
AMAZON.COM, INC, May 2020 **Vote**: For **Summary of resolution**: Human Rights Risk Assessment, Health Harms to Communities of Colour and Lobbying Payments and Policy	**Rationale:** Allianz noted that the proposal was warranted as additional disclosure of the company's direct and indirect lobbying-related expenditures and oversight mechanisms would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.

Insight

INTU, November 2020 and March 2021

Vote: For

Summary of resolution: To ensure Intu retains a stable financial platform.

Rationale: Insight confirmed there had been several consent solicitations as the business was reshaped under new management. The solicitation in November 2020 was a change to the legal language in the bonds which covered clarifying how proceeds would be distributed in the event a property is sold. The new payment priority reflects the new super-senior money raised in 2020. The solicitation in March 2021 was to waive the event of default which would have been triggered by the non-payment of coupons. The coupon interest has been added to the principal payable upon maturity. These measures will ensure that Intu retains a stable financial platform during the implementation of its long-term financial restructuring.

Other information: Insight has confirmed that voting wouldn't usually be applicable to the Maturing Buy and Maintain Funds as rights are not attached to the holdings. This was an atypical situation relating to the financing required for that specific holding.

OPEN FUND – DC SECTION

HSBC Global Asset Management (UK) Limited

ALPHABET INC., March 2020.

Vote: For

Summary of resolution: Approve Recapitalization Plan for all Stock to Have One-vote per Share

Rationale: HSBC support the principle of one share-one vote as it believes that this is the best means of ensuring accountability to all shareholders, in the long-term interest of the company.

HSBC considered this vote to be relevant on the basis it was cast against the management recommendation and covered a relevant shareholder right issue.

FACEBOOK INC., May 2020.

Vote: For

Summary of resolution: Report on Median Gender/ Racial Pay Gap

Rationale: HSBC favour transparency around gender pay as it believes this can encourage appropriate management of the issue.

HSBC considered this vote to be relevant on the basis it was cast against the management recommendation and covered a relevant issue affecting the company's governance and social reputation.

EXXON MOBILE CORPORATION, May 2020.

Vote: For

Summary of resolution: Require Independent Board Chairman

Rationale: HSBC regard the role of Chairman of the board as extremely important; it is time-consuming and requires a particular perspective. Whilst HSBC recognise that the role is often combined with that of CEO in some markets, HSBC believe that the roles should normally be distinct and separate.

Separation of the roles of CEO and Chairman is an important governance principle. It has particular relevance at Exxon Mobil as HSBC are concerned that the company has not yet sufficiently addressed the strategic challenge of transition to a low carbon economy and believe that increased independent board representation could help with this.

Legal & General Investment Management

QANTAS AIRWAYS LIMITED, October 2020.

Vote: Against resolution 3 and supported resolution 4

Summary of resolution: Resolution 3 – Approve participation of Alan Joyce in the Long-Term Incentive Plan. Resolution 4 – Approve Remuneration Report.

Rationale: The COVID crisis has had an impact on the Australian airline company's financials. In light of this, the company raised significant capital to be able to execute its recovery plan. It also cancelled dividends, terminated employees and accepted government assistance. The circumstances triggered extra scrutiny from LGIM as they wanted to ensure the impact of the COVID crisis on the company's stakeholders was appropriately reflected in the executive pay package. In collaboration with their Active Equities team, LGIM's Investment Stewardship team engaged with the Head of Investor Relations of the company to express concerns and understand the company's views. The voting decision ultimately sat with the Investment Stewardship team. LGIM supported the remuneration report (resolution 4) given the executive salary cuts, short-term incentive cancellations and the CEO's voluntary decision to defer the vesting of the long-term incentive plan (LTIP), in light of the pandemic. However, LGIM's concerns as to the quantum of the 2021 LTIP grant remained, especially given the share price at the date of the grant and the remuneration committee not being able to exercise discretion on LTIPs, which is against best practice. LGIM voted against resolution 3 to signal their concerns.

INTERNATIONAL CONSOLIDATED AIRLINES GROUP, September 2020.

Vote: Against

Summary of resolution: Resolution 8 – Approve Remuneration Report

Rationale: The COVID-19 crisis and its consequences on international transport have negatively impacted this airline company's financial performance and business model. As a result of the crisis, the company took up support under various government schemes. The company also announced a 30% cut to its workforce. On the capital allocation front, the company decided to withdraw its dividend for 2020 and sought shareholder approval for a rights issue of €2.75 billion at its 2020 AGM in order to strengthen its balance sheet. The remuneration report for the financial year to 31 December 2019 was also submitted to a shareholder vote. LGIM was concerned about the level of bonus payments, which are 80% to 90% of salary for current executives and 100% of salary for the departing CEO. LGIM noted that the executive directors took a 20% reduction to their basic salary from 1 April 2020. However, whilst the bonuses were determined at the end of February 2020 and paid in respect of the financial year end to December 2019, LGIM would have expected the remuneration committee to exercise greater discretion in light of the financial situation of the company, and also to reflect the stakeholder experience (employees and shareholders). Over the past few years, LGIM has been closely engaging with the company, including on the topic of the succession of the CEO and the board chair, who were long-tenured. This engagement took place privately in meetings with the board chair and the senior independent director. This eventually led to a success, as the appointment of a new CEO to replace the long-standing CEO was announced in January 2020. A new board chair: an independent non-executive director, was also recently appointed by the board. He started his new role in January 2021.

PEARSON, September 2020. **Vote**: Against **Summary of resolution**: Resolution 1 – Amend remuneration policy	**Rationale**: Pearson issued a series of profit warnings under its previous CEO. Yet shareholders have been continuously supportive of the company, believing that there is much value to be gained from new leadership and a fresh approach to their strategy. However, the company decided to put forward an all-or-nothing proposal in the form of an amendment to the company's remuneration policy. This resolution at the extraordinary general meeting (EGM) was seeking shareholder approval for the grant of a co-investment award, an unusual step for a UK company, yet if this resolution was not passed the company confirmed that the proposed new CEO would not take up the CEO role. This is an unusual approach and many shareholders felt backed into a corner, whereby they were keen for the company to appoint a new CEO, but were not happy with the plan being proposed. However, shareholders were not able to vote separately on the two distinctly different items, and felt forced to accept a less-than-ideal remuneration structure for the new CEO. LGIM spoke with the chair of the board earlier this year, on the board's succession plans and progress for the new CEO. LGIM also discussed the shortcomings of the company's current remuneration policy. LGIM also spoke with the chair directly before the EGM, and relayed their concerns that the performance conditions were weak and should be re-visited, to strengthen the financial underpinning of the new CEO's award. LGIM also asked that the post-exit shareholding requirements were reviewed to be brought into line with their expectations for UK companies. In the absence of any changes, LGIM took the decision to vote against the amendment to the remuneration policy.

Actuarial Certificates

Government Actuary's Department

ACTUARIAL CERTIFICATE – SCHEDULE OF CONTRIBUTIONS

Name of scheme: **The ITB Pension Funds – The Closed Fund**

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 could have been expected on 31 March 2018 to continue to be met for the period for which the schedule is to be in force.
2. I also certify that any rates of contributions forming part of this schedule which the scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

3. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 25 January 2019.

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:		**Date:**	28 January 2019
Name:	Martin Clarke	**Qualification:**	Fellow of the Institute and Faculty of Actuaries
Address:	Finlaison House 15-17 Furnival Street London EC4A 1AB	**Name of Employer:**	Government Actuary's Department

Government Actuary's Department

ACTUARIAL CERTIFICATE – SCHEDULE OF CONTRIBUTIONS

Name of scheme: **The ITB Pension Funds – The Open Fund**

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.

2. I also certify that any rates of contributions forming part of this schedule which the scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

3. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 30 November 2019.

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:		**Date:**	18 December 2019
Name:	Martin Clarke	**Qualification:**	FIA
Address:	Finlaison House 15-17 Furnival Street London EC4A 1AB	**Name of Employer:**	GAD

The Schedule of Contributions referred to in this certificate is that dated 30 November 2019.

Summary of Contributions

PAYABLE IN THE YEAR

During the year, the contributions payable to the Open Fund by the Employers under the Schedule of Contributions was as follows:

	2021 £'000	2020 £'000
CONTRIBUTIONS PAYABLE UNDER THE SCHEDULE OF CONTRIBUTIONS		
Employers' normal contributions	5,663	5,922
Employers' deficit contributions	–	85
Employers' life assurance contributions	294	251
Members' normal contributions	227	271
Total contributions payable under the Schedule	**6,184**	**6,529**
OTHER CONTRIBUTIONS		
Employers' augmentation costs	41	–
Employers' buy-out contributions	328	2,200
TOTAL PAYABLE TO THE SCHEME	**6,553**	**8,729**

The Summary of Contributions was approved by the Trustees on 18 October 2021 and signed on their behalf by:

D N McGuiness
Trustee

PG Rogerson
Trustee

Independent Auditors' Report

TO THE TRUSTEES OF THE ITB PENSION FUNDS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, The ITB Pension Funds' financial statements:

- show a true and fair view of the financial transactions of the Funds during the year ended 31 March 2021, 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 (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included in the Annual Report & Financial Statements, which comprise: the statement of net assets (available for benefits) as at 31 March 2021; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions Relating to Going Concern

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 Funds' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Funds' ability to continue as a going concern.

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

Reporting On Other Information

The other information comprises all the information in the Annual Report & Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for The Financial Statements and The Audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Trustees are responsible for assessing the Funds' 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 Trustees either intend to wind up the Funds, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Funds and their environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Funds in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustees and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets and inappropriate adjustments of asset valuations. Audit procedures performed included:

- Testing of journals where we identified particular risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Reviewing estimates and judgements made in the preparation of the financial statements.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, contracts and agreements, and holding discussions with the Trustees to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinion, has been prepared for and only for the Trustees as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Bristol

18 October 2021

Independent Auditors' Statement

ABOUT CONTRIBUTIONS TO THE TRUSTEES OF THE ITB PENSION FUNDS

STATEMENT ABOUT CONTRIBUTIONS

Opinion

In our opinion, the contributions payable under the schedules of contributions for the Funds year ended 31 March 2021 as reported in The ITB Pension Funds' summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Funds actuary on 28 January 2019 and 18 December 2019.

We have examined The ITB Pension Funds' summary of contributions for the Funds year ended 31 March 2021 which is set out on page 53.

Basis for Opinion

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 in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Funds under the schedules of contributions, and the timing of those payments.

Responsibilities for The Statement About Contributions

Responsibilities of the Trustees in respect of contributions

As explained more fully in the statement of Trustees' responsibilities, the Funds' Trustees are 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 Funds by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustees as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Pricewaterhouse Coopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Bristol

18 October 2021

THE ITB PENSION FUNDS

Financial Statements

For the year ended 31 March 2021

Fund Account

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	CLOSED FUND 2021 £'000	OPEN FUND DB SECTION 2021 £'000	OPEN FUND DC SECTION 2021 £'000	COMBINED FUND 2021 £'000	COMBINED FUND 2020 £'000
Employer contributions	5	-	369	5,957	6,326	8,458
Employee contributions	5	-	-	227	227	271
Total contributions		**-**	**369**	**6,184**	**6,553**	**8,729**
Transfers in	6	-	-	89	89	77
Other income		-	31	-	31	186
		-	**400**	**6,273**	**6,673**	**8,992**
Benefits paid or payable	7	9,212	32,981	304	42,497	44,616
Payments to and on account of leavers	8	51	5,149	633	5,833	10,358
Other payments:						
Life assurance premiums		-	-	290	290	251
Administrative expenses:						
General administration	9	470	701	86	1,257	1,409
Professional services	9	114	372	19	505	685
Pension fund levy		3	27	3	33	34
Property revaluation		-	-	-	-	95
		9,850	**39,230**	**1,335**	**50,415**	**57,448**
NET (WITHDRAWALS)/ ADDITIONS FROM DEALINGS WITH MEMBERS		**(9,850)**	**(38,830)**	**4,938**	**(43,742)**	**(48,456)**
NET RETURNS ON INVESTMENTS						
Investment income	10	9,398	37,685	-	47,083	50,591
Change in market value of investments	13	1,917	20,406	6,960	29,283	(39,905)
Investment management expenses	11	(105)	(626)	(48)	(779)	(659)
Taxation	12	-	-	-	-	49
NET RETURNS ON INVESTMENTS		**11,210**	**57,465**	**6,912**	**75,587**	**10,076**
NET INCREASE/ (DECREASE) IN THE FUNDS DURING THE YEAR		1,360	18,635	11,850	31,845	(38,380)
Opening net assets		**167,957**	**1,004,694**	**22,469**	**1,195,120**	**1,233,500**
CLOSING NET ASSETS		**169,317**	**1,023,329**	**34,319**	**1,226,965**	**1,195,120**

The notes on pages 60 to 80 form part of these financial statements.

Statement of Net Assets

(AVAILABLE FOR BENEFITS) AS AT 31 MARCH 2021

	Notes	CLOSED FUND 2021 £'000	OPEN FUND DB SECTION 2021 £'000	OPEN FUND DC SECTION 2021 £'000	COMBINED FUND 2021 £'000	COMBINED FUND 2020 £'000
INVESTMENT ASSETS						
Bonds		-	427,346	-	427,346	447,565
Property		-	650	-	650	1,600
Pooled investment vehicles	14	75,361	123,116	34,338	232,815	199,970
Derivative assets	15	-	2,844	-	2,844	-
Insurance policies	16	93,827	516,030	-	609,857	592,418
AVC investments	17	-	290	-	290	249
Cash		142	10,271	502	10,915	12,669
Other investment balances	19	-	1,163	-	1,163	1,704
		169,330	**1,081,710**	**34,840**	**1,285,880**	**1,256,175**
INVESTMENT LIABILITIES						
Derivative liabilities	15	-	(5,212)	-	(5,212)	(15,793)
Amounts payable under repurchase agreements	19	-	(56,456)	-	(56,456)	(51,155)
Other investment balances	19	-	(233)	-	(233)	(1)
		-	**(61,901)**	**-**	**(61,901)**	**(66,949)**
TOTAL NET INVESTMENTS	13	**169,330**	**1,019,809**	**34,840**	**1,223,979**	**1,189,226**
TANGIBLE FIXED ASSETS	22	-	967	-	967	997
CURRENT ASSETS	23	212	3,314	210	3,736	6,571
CURRENT LIABILITIES	24	(225)	(761)	(731)	(1,717)	(1,674)
NET ASSETS AVAILABLE FOR BENEFITS		**169,317**	**1,023,329**	**34,319**	**1,226,965**	**1,195,120**

The financial statements summarise the transactions of the Funds and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits that fall due after the end of the scheme year. The actuarial position of the Funds, which does take account of such obligations for the defined benefit sections of the Funds, is dealt with in the Report on Actuarial Liabilities on pages 17 and 18 and these financial statements should be read in conjunction with this report.

The notes on pages 60 to 80 form part of these financial statements.

The financial statements on pages 58 to 80 were approved by the Trustees on 18 October 2021.

DNMcGuiness

D N McGuiness
Trustee

PG Rogerson

PG Rogerson
Trustee

Notes to the Financial Statements

FOR THE YEAR ENDED 31 MARCH 2021

1. BASIS OF PREPARATION

The financial statements 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").

2. ORGANISATION OF THE FUNDS

The financial statements reflect the Actuary's report dated 22 January 1985 regarding the apportionment of assets between the Closed and Open Funds. This apportionment of the market value of the assets was made on 1 April 1985.

The Closed Fund relates to former employees of discontinued Industry Training Boards as at 1 April 1985; all employees of continuing Boards whose service ceased before 31 March 1982; and, certain other employees of those Boards whose service ceased before 31 March 1983 and whose membership was specifically agreed with Government.

On 1 April 2012 the Open Fund introduced a defined contribution section. On 18 September 2019 the Open Fund was authorised as a Master Trust scheme for the purposes of The Pension Schemes Act 2017.

The Funds, which are required to be administered as separate ring-fenced sections of the scheme, are established as a trust under English law.

The contact address for the Funds is on page 82.

3. COMPARATIVE DISCLOSURES FOR THE PRIMARY STATEMENTS

FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020	Notes	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Employer contributions	5	-	2,285	6,173	8,458
Employee contributions	5	-	-	271	271
Total contributions		**-**	**2,285**	**6,444**	**8,729**
Transfers in	6	-	-	77	77
Other income		-	1	185	186
		-	**2,286**	**6,706**	**8,992**
Benefits paid or payable	7	10,094	33,879	643	44,616
Payments to and on account of leavers	8	-	6,973	3,385	10,358
Other payments:					
Life assurance premiums		-	-	251	251
Administrative expenses:					
General administration	9	534	778	97	1,409
Professional services	9	121	503	61	685
Pension fund levy		5	26	3	34
Property revaluation		-	95	-	95
		10,754	**42,254**	**4,440**	**57,448**
NET (WITHDRAWALS)/ADDITIONS FROM DEALINGS WITH MEMBERS		**(10,754)**	**(39,968)**	**2,266**	**(48,456)**
NET RETURNS ON INVESTMENTS					
Investment income	10	10,856	39,731	4	50,591
Change in market value of investments		(14,536)	(23,088)	(2,281)	(39,905)
Investment management expenses	11	(135)	(491)	(33)	(659)
Taxation	12	-	49	-	49
NET RETURNS ON INVESTMENTS		**(3,815)**	**16,201**	**(2,310)**	**10,076**
NET DECREASE IN THE FUNDS DURING THE YEAR		(14,569)	(23,767)	(44)	(38,380)
NET ASSETS AS AT 31 MARCH 2019		**182,526**	**1,028,461**	**22,513**	**1,233,500**
NET ASSETS AS AT 31 MARCH 2020		**167,957**	**1,004,694**	**22,469**	**1,195,120**

3. COMPARATIVE DISCLOSURES FOR THE PRIMARY STATEMENTS (continued)

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AT 31 MARCH 2020	Notes	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
INVESTMENT ASSETS					
Bonds		-	447,565	-	447,565
Property		-	1,600	-	1,600
Pooled investment vehicles	14	69,856	107,720	22,394	199,970
Insurance policies	16	97,915	494,503	-	592,418
AVC investments	17	-	249	-	249
Cash		206	11,918	545	12,669
Other investment balances	19	-	1,704	-	1,704
		167,977	**1,065,259**	**22,939**	**1,256,175**
INVESTMENT LIABILITIES					
Derivative liabilities	15	-	(15,793)	-	(15,793)
Amounts payable under repurchase agreements	19	-	(51,155)	-	(51,155)
Other investment balances	19	-	(1)	-	(1)
		-	**(66,949)**	**-**	**(66,949)**
TOTAL NET INVESTMENTS	13	**167,977**	**998,310**	**22,939**	**1,189,226**
TANGIBLE FIXED ASSETS	22	-	997	-	997
CURRENT ASSETS	23	190	6,047	334	6,571
CURRENT LIABILITIES	24	(210)	(660)	(804)	(1,674)
NET ASSETS AS AT 31 MARCH 2020		**167,957**	**1,004,694**	**22,469**	**1,195,120**

4. ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Contributions

i) Employer normal contributions relating to wages and salaries earned up to the year end have been included in these financial statements.

ii) Employer augmentation contributions represent amounts recoverable from employers to improve the benefits of certain members and these are due to the Open Fund from the relevant Participating Employers. These are recognised when agreed with the Participating Employer concerned.

iii) Employer deficit funding contributions have been paid to the Funds in accordance with an agreed Schedule of Contributions. These are recognised when received.

iv) Employer buy-out contributions, due under section 75 of the Pensions Act 1995 when an employer ceases to be a Participating Employer, are accounted for when received or determined by the Actuary, whichever is earliest, taking into account the likelihood of recovery.

v) Employee contributions, including AVCs, relating to wages and salaries earned up to the year end have been included in these financial statements.

vi) Life assurance premium funding contributions have been paid to the Funds and are used to fund life assurance cover for members. Contributions received match the premiums paid.

b) Transfers receivable

Transfers from other pension funds into the Defined Benefit sections of the Funds are not currently accepted. Transfers into the Defined Contribution section are allowed and are recognised on settlement date when the liability is accepted. These transfers represent the capital sums receivable in respect of members from other pension schemes of previous employers.

c) Benefits payable

i) Pension payments are accounted for in the period to which they relate.

ii) Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

iii) Other benefits are accounted for on an accruals basis on the date of retirement or death as appropriate.

iv) Where the Trustees agree or are required to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Funds, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within benefits.

d) Payments to and on account of leavers

i) Refunds of contributions relating to members who leave the Funds and are entitled to a refund of these, including interest, are recognised in the year of leaving.

ii) Opt-outs are accounted for when the Trustees are notified of the opt-out.

iii) Individual transfers out are accounted for when the member liability is discharged, which is normally when the transfer is paid.

e) Administrative expenses

i) Administrative expenses are accounted for on an accruals basis.

ii) The Funds bear all the costs of administration. Direct costs are charged to the section to which they relate. Indirect expenses are allocated between the Closed Fund and Open Fund's DB and DC sections in accordance with a basis determined by the Trustees.

iii) Administrative expenses include depreciation on equipment.

f) Investment income

i) Interest on bonds is recognised on an accruals basis and includes interest bought and sold on investment purchases and sales.

ii) Rental income is recognised when due.

iii) Income from cash and short-term deposits is accounted for on an accruals basis.

iv) Annuity income is recognised on an accruals basis.

v) Interest payable under repurchase agreements is recognised on an accruals basis.

vi) Foreign income has been translated into sterling at the rate ruling at the date of the transactions. Income due at the year end is translated at the rate ruling at the year end. All differences are taken to the Fund Account.

g) Change in market value of investments

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 sales of investments during the year.

h) Valuation of investment assets and liabilities

Investments are valued at fair value determined as follows:

i) Bonds and certain pooled investment vehicles are valued at last traded price or bid-market price ruling at the year end date.

ii) Unitised pooled investment vehicles which are not traded on an active market but where the manager is able to demonstrate that they are priced daily, weekly or at each month end, and are actually traded on substantially all pricing days are included at the last price provided by the manager at or before the year end.

iii) Properties are included at open market value as at 31 March 2021 determined in accordance with Practice Statement 4 of the Royal Institute of Chartered Surveyors' Appraisal and Valuation Standards. The properties have been valued by BNP Paribas, Chartered Surveyors, who have recent experience in the locations and class of the investment properties held by the Open Fund.

As at 31 March 2020, the valuation was reported on the basis of 'material valuation uncertainty' as per VPS3 and VPGA 10 of the RICS Valuation Global Standards. There was no material valuation uncertainty as at 31 March 2021.

iv) Forward foreign exchange contracts are 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.

v) Exchange traded derivatives are stated at fair values determined using market quoted prices.

vi) Over the counter derivatives are stated at fair value using pricing models and relevant market data as at the year end date.

vii) Repurchase agreements and reverse repurchase agreements are included at the amount payable or receivable under the agreement. The scheme continues to value, and recognise in investments, the securities that are delivered out as collateral under repurchase arrangements. Cash received is recognised as an asset and the obligation to pay it back is recognised as a liability. Similarly, under reverse repurchase arrangements, cash delivered to the counterparty is recognised as a receivable in other investment assets and the scheme does not recognise the collateral securities received as an asset.

viii) The insurance policies have been valued by the insurance companies under the assumptions set out in note 16.

i) Currency

The Fund's functional currency and presentational currency is pounds sterling (GBP). Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction. Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

j) Tangible fixed assets

Tangible assets are initially recorded at cost. Freehold properties are revalued annually to fair value and the revaluation amount is disclosed in the Fund Account. Depreciation is provided on other tangible fixed assets based on cost, in equal annual instalments over the estimated useful lives of the assets. The depreciation charge is part of administrative expenses. The rates of depreciation are as follows:

Furniture – 10% per annum

Equipment – 20% per annum

k) Critical accounting judgements and estimation uncertainty

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Funds, the Trustees believe the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Funds' investments and, in particular, those classified in Level 3 of the fair-value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included within (h) above and within notes 20 and 21.

5. CONTRIBUTIONS

2021	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
EMPLOYER CONTRIBUTIONS:				
Normal	-	-	5,663	5,663
Augmentation	-	41	-	41
Buy-out contributions (section 75 debt)	-	328	-	328
Other	-	-	294	294
Total employer contributions	**-**	**369**	**5,957**	**6,326**
EMPLOYEE CONTRIBUTIONS:				
Normal	-	-	227	227
	-	**369**	**6,184**	**6,553**

2020	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
EMPLOYER CONTRIBUTIONS:				
Normal	-	-	5,922	5,922
Deficit funding	-	85	-	85
Buy-out contributions (section 75 debt)	-	2,200	-	2,200
Other	-	-	251	251
Total employer contributions	**-**	**2,285**	**6,173**	**8,458**
EMPLOYEE CONTRIBUTIONS:				
Normal	-	-	271	271
	-	**2,285**	**6,444**	**8,729**

Employer normal contributions include contributions in respect of salary sacrifice arrangements made available to members by certain Employers.

DC Section other employer contributions represent life assurance premium funding contributions which are used to fund life assurance cover for members.

Normal contributions receivable by the Scheme during the year, including amounts outstanding at the year-end (see note 23), were paid in accordance with the Scheme Rules (and the recommendation of the Actuary).

People 1st ceased to be a member of the Open Fund on 26 March 2018. Its Section 75 debt amounted to £6.4m, of which £327,662 was received on 25 February 2021 as a final settlement and is recognised in these financial statements.

OPITO Ltd. ceased membership of the Funds on 5 March 2020. Its Section 75 debt of £2.2m was reported in Employer Contributions for the year ended 31 March 2020 and was received on 22 May 2020.

6. TRANSFERS IN

OPEN FUND – DC SECTION	2021 £'000	2020 £'000
Individual transfers from other schemes	89	77

7. BENEFITS PAID OR PAYABLE

2021	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Pensions	9,212	30,492	-	39,704
Commutation of pensions and lump sum retirement benefits	-	2,425	304	2,729
Lump sum death benefits	-	64	-	64
	9,212	**32,981**	**304**	**42,497**

2020	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Pensions	10,050	30,262	-	40,312
Commutation of pensions and lump sum retirement benefits	44	3,496	401	3,941
Purchase of annuities	-	-	11	11
Lump sum death benefits	-	121	231	352
	10,094	**33,879**	**643**	**44,616**

8. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2021	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Individual transfers to other schemes	51	5,149	631	5,831
Refund of contributions	-	-	2	2
	51	**5,149**	**633**	**5,833**

2020	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Individual transfers to other schemes	-	6,979	3,377	10,356
Refund of contributions	-	(6)	8	2
	-	**6,973**	**3,385**	**10,358**

The Open Fund DB section was in net receipt of contributions equivalent premiums for leavers during the year ended 31 March 2020.

9. ADMINISTRATIVE EXPENSES

2021	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
GENERAL ADMINISTRATION:				
Employment costs	317	459	58	834
Office accommodation	16	23	3	42
General expenses	94	157	17	268
Trustees' honoraria	43	62	8	113
	470	**701**	**86**	**1,257**
PROFESSIONAL SERVICES:				
Audit fees	31	44	6	81
Legal and professional services	27	74	12	113
Actuarial services	54	190	1	245
Other	2	64	-	66
	114	**372**	**19**	**505**

2020	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
GENERAL ADMINISTRATION:				
Employment costs	362	523	67	952
Office accommodation	17	25	3	45
General expenses	113	169	19	301
Trustees' honoraria	42	61	8	111
	534	**778**	**97**	**1,409**
PROFESSIONAL SERVICES:				
Audit fees	27	39	5	71
Legal and professional services	47	75	56	178
Actuarial services	43	332	-	375
Other	4	57	-	61
	121	**503**	**61**	**685**

10. INVESTMENT INCOME

2021	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Income from bonds	-	5,503	-	5,503
Net rents from properties	-	53	-	53
Income from pooled investment vehicles	-	3,245	-	3,245
Annuity income	9,398	29,027	-	38,425
Interest on cash deposits	-	19	-	19
Interest paid under repurchase agreements	-	(161)	-	(161)
Underwriting commission	-	(1)	-	(1)
	9,398	**37,685**	**-**	**47,083**

2020	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Income from bonds	241	6,050	-	6,291
Net rents from properties	-	332	-	332
Income from pooled investment vehicles	391	4,572	-	4,963
Annuity income	10,220	29,338	-	39,558
Derivative cost	-	(163)	-	(163)
Interest on cash deposits	4	82	4	90
Interest paid under repurchase agreements	-	(478)	-	(478)
Underwriting commission	-	(2)	-	(2)
	10,856	**39,731**	**4**	**50,591**

Net rents from properties is stated after deducting £14,000 (2020 – £91,000) of property related expenses. Income related to derivative costs and interest paid under repurchase agreements is included in the related income categories.

11. INVESTMENT MANAGEMENT EXPENSES

2021	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Administration, management and custody	66	467	-	533
Advisory	21	125	44	190
Performance measurement service	18	34	4	56
	105	**626**	**48**	**779**

2020	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Administration, management and custody	43	389	-	432
Advisory	77	75	29	181
Performance measurement service	15	27	4	46
	135	**491**	**33**	**659**

12. TAXATION

The ITB Pension Funds is a Registered Pension Scheme under Chapter 2 of Part IV of the Finance Act 2004. The Scheme is therefore exempt from income tax and capital gains tax. There is no taxation related income in 2021 (2020: £49,000 of taxation withheld on investment income now recovered).

13. RECONCILIATION OF INVESTMENTS

The movements in investments during the year were:

CLOSED FUND	Notes	VALUE AT 1 APR 2020 £'000	PURCHASES AT COST £'000	SALES PROCEEDS £'000	CHANGE IN MARKET VALUE £'000	VALUE AT 31 MAR 2021 £'000
Pooled investment vehicles	*14*	69,856	3,775	(4,275)	6,005	75,361
Insurance policy	*16*	97,915	-	-	(4,088)	93,827
		167,771	**3,775**	**(4,275)**	**1,917**	**169,188**
Cash		206				142
		167,977				**169,330**

OPEN FUND – DB SECTION	Notes	VALUE AT 1 APR 2020 £'000	PURCHASES AT COST & DERIVATIVE PAYMENTS £'000	SALES PROCEEDS & DERIVATIVE RECEIPTS £'000	CHANGE IN MARKET VALUE £'000	VALUE AT 31 MAR 2021 £'000
Bonds		447,565	120,894	(107,995)	(33,118)	427,346
Property		1,600	-	(730)	(220)	650
Pooled investment vehicles	*14*	107,720	-	-	15,396	123,116
Derivatives	*15*	(15,793)	649	(1,030)	13,806	(2,368)
Insurance policies	*16*	494,503	-	(2,954)	24,481	516,030
AVC investments	*17*	249	-	(20)	61	290
		1,035,844	**121,543**	**(112,729)**	**20,406**	**1,065,064**
Cash		11,918				10,271
Other investment balances	*19*	(49,452)				(55,526)
		998,310				**1,019,809**

OPEN FUND – DC SECTION	Notes	VALUE AT 1 APR 2020 £'000	PURCHASES AT COST £'000	SALES PROCEEDS £'000	CHANGE IN MARKET VALUE £'000	VALUE AT 31 MAR 2021 £'000
Pooled investment vehicles	*14*	22,394	5,921	(937)	6,960	34,338
Cash		545				502
		22,939				**34,840**

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 sales of investments during the year.

There are no direct transaction costs included within the above purchases and sales figures. Costs are borne by the Scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

The Funds do not invest in any of the Participating Employers' businesses. Apart from the insurance policies disclosed in note 16, there are no other individual investments in which more than 5% of the total value of the net assets of the Funds is invested.

14. POOLED INVESTMENT VEHICLES

2021	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Equities	11,444	26,967	18,494	56,905
Bonds	63,917	95,884	247	160,048
Property	-	265	-	265
Diversified	-	-	14,634	14,634
Cash	-	-	963	963
	75,361	**123,116**	**34,338**	**232,815**

2020	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
Equities	11,099	19,236	13,509	43,844
Bonds	58,757	88,222	443	147,422
Property	-	262	-	262
Diversified	-	-	7,797	7,797
Cash	-	-	645	645
	69,856	**107,720**	**22,394**	**199,970**

15. DERIVATIVES – OPEN FUND

The Trustees hold derivatives in accordance with the Statement of Investment Principles for the Open Fund and use them to reduce the effect of interest rate and inflation fluctuations. At 31 March 2021 the Open Fund DB section had the following derivatives:

	2021 ASSET FAIR VALUE £'000	2021 LIABILITIES FAIR VALUE £'000	2020 ASSET FAIR VALUE £'000	2020 LIABILITIES FAIR VALUE £'000
Swaps	2,612	(5,212)	-	(15,468)
Futures	232	-	-	(325)
	2,844	**(5,212)**	**-**	**(15,793)**

Swaps

TYPE	NOTIONAL £'000	BASE	SETTLEMENT	ASSET VALUE £'000	LIABILITY VALUE £'000
Limited price index swaps	77,787	UK LPI	2021 – 2058	2,612	(5,212)
TOTAL 2021				**2,612**	**(5,212)**
TOTAL 2020				**-**	**(15,468)**

The contracts are traded over the counter. The counterparties for all the swaps are banks. At 31 March 2021 the Funds had received collateral of £2,371,000 (2020 – £nil) and pledged collateral of £4,020,000 (2020 – £10,658,000) in a mixture of cash and bonds. This collateral is not reported within the Scheme's net assets.

Future

The balance at 31 March 2021 represents the unrealised gain on a gilt future settled in June 2021.

16. INSURANCE POLICIES

2021	LIABILITY PROVISION BASIS	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
PIC	RPI	93,827	62,262	-	156,089
JRL	RPI	-	87,860	-	87,860
PIC	CPI	-	179,878	-	179,878
PIC	CPI	-	186,030	-	186,030
TOTAL		**93,827**	**516,030**	**-**	**609,857**
PERCENTAGE OF NET ASSETS		**55.4%**	**50.4%**	**0.0%**	**49.7%**

2020	LIABILITY PROVISION BASIS	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
PIC	RPI	97,915	60,049	-	157,964
JRL	RPI	-	86,700	-	86,700
PIC	CPI	-	170,815	-	170,815
PIC	CPI	-	176,939	-	176,939
TOTAL		**97,915**	**494,503**	**-**	**592,418**
PERCENTAGE OF NET ASSETS		**58.3%**	**49.2%**	**0.0%**	**49.6%**

The insurance policies are bulk annuity policies (also known as a "buy-in") with Pension Insurance Corporation PLC ("PIC") and Just Retirement Limited ("JRL"). The Closed Fund policy secures the benefits of Closed Fund members. The Open Fund policies secure all pensions in payment as at 31 December 2017. The policies are written in the name of the Trustees and do not discharge their liabilities to those members. The policies have been included in the Net Assets Statement at values provided by PIC and JRL, valued on an actuarial basis. The principal assumptions underlying the calculation of insurance contracts are as follows:

PIC

Mortality – Set with reference to the S3 series mortality tables published by the Continuous Mortality Investigation (CMI), adjusted according to several factors including gender, age, pension amount, occupation and place of residence. The assumption for future improvements to mortality is modelled using the CMI 2019 model with a period smoothing parameter of 7.0.

Valuation discount rate – Set at 100% of the risk adjusted yield on assets backing liabilities. Risk adjustments are applied for credit risk associated with the assets held to match liabilities. The risk adjustments are principally driven by ratings changes in PIC's investment portfolio and are applied via a fixed basis points default allowance by asset, based on historic levels of default and downgrade with prudent margins.

Inflation – Assumptions for expected future RPI inflation and CPI inflation are based on a curve derived from market prices of inflation-linked swap contracts.

Other – Internal costs of maintaining insurance contracts, the fees payable to third-party administrators engaged to manage payments due under the in-force policies, fees due to reinsurers and investment management expenses are factored into the calculation of liabilities by adding appropriate allowances, and include an estimate of the impact of future inflation where this is applicable.

JRL

Mortality – Set by reference to reinsurer supplied mortality tables underpinned by the Self-Administered Pension Scheme S1 tables, with modified CMI 2009 model mortality improvements, adjusted to reflect the future mortality experience of the policyholders, taking into account the medical and lifestyle evidence collected during the underwriting process, premium size, gender, and an assessment of how this experience will develop in the future.

16. INSURANCE POLICIES (continued)

Valuation discount rate – Set by considering the yields on the assets available to back the liabilities. The yields on lifetime mortgage assets are derived by JRL using internal models which project future cash flows expected to arise from each loan. An explicit allowance for credit risk is included by making an explicit deduction from the yields on debt and other fixed income securities, loans secured by commercial mortgages, and other loans based on an expectation of default experience of each asset class and application of a prudent loading. Allowances vary by asset category and by rating.

Inflation – The assumed future policy expense levels incorporate an annual inflation rate allowance derived from the expected retail price and consumer price indices implied by inflation swap rates and an additional allowance for earnings inflation.

Other – Assumptions for future policy expense levels are determined from JRL's recent expense analyses.

17. ADDITIONAL VOLUNTARY CONTRIBUTION (AVC) INVESTMENTS

The Trustees hold assets invested separately from the Funds to secure additional benefits on a money purchase basis for those members electing to pay AVCs. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

OPEN FUND – DB SECTION	2021 £'000	2020 £'000
Legal & General	**290**	**249**

18. DEFINED CONTRIBUTION ASSETS

Defined contribution section investments held in the Open Fund are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustees. The Fund administrator allocates investment units to members. The Trustees may hold investment units representing the value of employer contributions that have been retained by the Fund that relate to members leaving the Fund prior to vesting.

Defined contribution investment assets are allocated to members by the administrator and not allocated or designated to members (and therefore available to the Trustees to apply as specified in the Fund rules), as follows:

OPEN FUND – DB SECTION	2021 £'000	2020 £'000
Allocated to members	34,338	22,394
Not allocated or designated to members	502	545
TOTAL	**34,840**	**22,939**

Defined contribution assets (including those allocated to the Trustees in the table above) are not part of a common pool of assets available to meet defined benefit liabilities. The assets not allocated or designated to members represents the Financial Reserve which is held to provide capital to meet the costs of a master trust triggering event and is not freely available to the Trustees.

19. OTHER INVESTMENT BALANCES

2021	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
ASSETS:				
Investment revenue receivable	-	1,163	-	1,163
	-	**1,163**	**-**	**1,163**
LIABILITIES:				
VAT	-	1	-	1
Margin creditor	-	232	-	232
Repurchase agreements	-	56,456	-	56,456
	-	**56,689**	**-**	**56,689**
NET INVESTMENT BALANCES	-	(55,526)	-	(55,526)

2020	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	OPEN FUND DC SECTION £'000	COMBINED FUND £'000
ASSETS:				
Investment revenue receivable	-	1,379	-	1,379
Margin debtor	-	325	-	325
	-	**1,704**	**-**	**1,704**
LIABILITIES:				
VAT	-	1	-	1
Repurchase agreements	-	51,155	-	51,155
	-	**51,156**	**-**	**51,156**
NET INVESTMENT BALANCES	-	(49,452)	-	(49,452)

Repurchase agreements

At the year-end £55,525,000 (2020 – £45,531,000) of bonds reported in Scheme assets were held by a counterparty in respect of an amount payable under a repurchase agreement due in April 2021 (2020 – September 2020). In addition, collateral of £793,395 (2020 – £4,101,711) in the form of bonds had been pledged in respect of the liability under the repurchase agreement.

20. 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 fair valued using the above hierarchy categories as follows:

AT 31 MARCH 2021	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
CLOSED FUND				
Pooled investment vehicles	-	75,361	-	75,361
Insurance policies	-	-	93,827	93,827
Cash	142	-	-	142
	142	**75,361**	**93,827**	**169,330**

AT 31 MARCH 2021	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
OPEN FUND – DB SECTION				
Bonds	-	427,346	-	427,346
Property	-	-	650	650
Pooled investment vehicles	-	122,851	265	123,116
Derivatives	232	-	(2,600)	(2,368)
Insurance policies	-	-	516,030	516,030
AVC investments	-	290	-	290
Cash	10,271	-	-	10,271
Other investment balances	1,163	(56,689)	-	(55,526)
	11,666	**493,798**	**514,345**	**1,019,809**

AT 31 MARCH 2021	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
OPEN FUND – DC SECTION				
Pooled investment vehicles	-	34,338	-	34,338
Cash	502	-	-	502
	502	**34,338**	**-**	**34,840**

20. INVESTMENT FAIR VALUE HIERARCHY (continued)

AT 31 MARCH 2020	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
CLOSED FUND				
Pooled investment vehicles	-	69,856	-	69,856
Insurance policies	-	-	97,915	97,915
Cash	206	-	-	206
	206	**69,856**	**97,915**	**167,977**

AT 31 MARCH 2020	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
OPEN FUND – DB SECTION				
Bonds	-	447,565	-	447,565
Property	-	-	1,600	1,600
Pooled investment vehicles	-	107,458	262	107,720
Derivatives	(325)	-	(15,468)	(15,793)
Insurance policies	-	-	494,503	494,503
AVC investments	-	249	-	249
Cash	11,918	-	-	11,918
Other investment balances	1,378	(50,830)	-	(49,452)
	12,971	**504,442**	**480,897**	**998,310**

AT 31 MARCH 2020	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000
OPEN FUND – DC SECTION				
Pooled investment vehicles	-	22,394	-	22,394
Cash	545	-	-	545
	545	**22,394**	**-**	**22,939**

Investments reported under Level 3 are included at fair value based on values estimated by the underlying investment managers, or for property the independent valuer, using accepted methodologies and use of market information in the absence of observable market data.

21. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out as follows:

Credit risk 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 comprises currency risk, interest rate risk and other price risk, defined as follows:

- Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determine the Funds' investment strategy after taking advice from a professional investment adviser. The Funds have exposure to these risks because of the investments held to implement the investment strategy.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the agreements in place with the Funds' investment managers. The Trustees monitor the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, regularly.

Further information on these risks and the Trustees approach to risk management is set out below. This does not include AVC investments, as these are not considered significant in relation to the overall investments of the Funds.

Open Fund Defined Benefit Section and Closed Fund

Credit risk

The Funds are subject to credit risk because the Open Fund invests directly in bonds (£427m) and both Funds have cash balances (£10m). The Open Fund has further exposure to credit risk through its OTC derivative holdings (£(2)m). The Funds are also directly exposed to credit risk in relation to the "buy-in" insurance policies with Pension Insurance Corporation and Just Retirement Limited (£610m). Both Funds also invest in pooled investment vehicles (£198m) and are, therefore, directly exposed to credit risk in relation to the investments held in pooled investment vehicles. The Funds are indirectly exposed to credit risks arising on the financial instruments held within the pooled investment vehicles.

Credit risk arising on bonds held directly is mitigated by investing in government bonds where the credit risk is minimal, or corporate bonds which are almost entirely rated at least investment grade.

Cash is held within financial institutions which are at least investment grade credit rated.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over the counter (OTC). OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Open Fund is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements (see note 15).

In the case of the buy-in insurance policies, the credit risk is mitigated as a result of the protections in place under the UK insurance regime. The regime is intended to protect policyholders by ensuring insurance companies are adequately capitalised, to minimise the risk of not being able to meet their obligations.

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled investment manager, the regulatory environments in which the pooled investment managers operate and diversification of investments amongst a number of pooled arrangements. The Trustees carry out due diligence on the appointment of any new pooled investment managers and on an ongoing basis monitor any changes to the operating environment of the pooled investment managers.

The Funds are indirectly exposed to credit risks arising from the underlying investments held by the pooled investment vehicles, where they invest in bonds, derivatives or cash. The amount invested in each of these asset classes is shown in note 14. The managers of these pooled investment vehicles manage credit risk by having a diversified exposure to bond issuers, conducting thorough research on the probability of default of those issuers, and having limited exposure to bonds rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific bonds.

The legal nature of the pooled investment arrangements used by the Funds is as follows:

	CLOSED FUND		OPEN FUND	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Qualifying investor alternative investment fund	-	-	95,884	88,222
Closed ended fund	-	-	264	262
Unit linked insurance contracts	75,361	69,856	-	-
Open ended investment companies	-	-	26,968	19,236
	75,361	**69,856**	**123,116**	**107,720**

Currency risk
The Funds are subject to currency risk because some of the Funds' investments are held in overseas markets within pooled investment vehicles, however the only pooled investment vehicle denominated in an overseas currency is a European property fund (£264,000, 2020: £262,000). The exposure to foreign currencies within the pooled investment vehicles will vary over time as the manager changes the underlying investments, but is not expected to be a material influence on returns over the long-term.

The Trustees consider the overseas currency exposure in the context of the overall investment strategy, and believe that the currency exposure that exists is appropriate. Furthermore, the Trustees manage the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure.

Interest rate risk
The Funds are subject to interest rate risk because some of the Open Fund's investments are held in government bonds, limited price index swaps and cash (the liability driven investment "LDI" assets) and corporate bonds. In the Open Fund the Trustees have set a benchmark for hedging interest rate risk of 100% of liabilities. Under this strategy, if interest rates fall, the value of bonds and swaps will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI assets will fall in value, as will the actuarial liabilities because of an increase in the discount rate. Therefore, the interest rate exposure of these assets is structured to hedge the corresponding risks associated with the Funds' liabilities. The net effect is to reduce the volatility of the funding level of the Open Fund, and so the Trustees believe that it is appropriate to take exposures to these risks in this manner. At the year-end the LDI assets and corporate bonds represented 93% (2020: 95%) of the Open Fund investment portfolio, excluding the buy-in policies. In the Closed Fund the buy-in insurance policy mitigates all interest rate risk arising from the Closed Fund's liabilities.

Other price risk
Other price risk arises principally in relation to the Funds' return seeking assets, which includes equities and investment properties. The Open Fund has a target asset allocation of 5% (2020: 5%) of investments (excluding the buy-in policies) being held in return seeking investments. The Fund manages this exposure to overall price movements by investing in a diverse fund that invests across various markets.

Open Fund Defined Contribution Section

Credit Risk
The Open Fund Defined Contribution Section (DC Section) is subject to direct credit risk in relation to Legal & General Assurance Society Limited through its holding in unit linked insurance funds provided by Legal & General Assurance Society Limited.

Legal & General Assurance Society Limited is regulated by the Financial Conduct Authority and maintains separate funds for its policy holders. The Trustees monitor the creditworthiness of Legal & General Assurance Society Limited by reviewing published credit ratings. Legal & General Assurance Society Limited invests most of the Fund's

21. INVESTMENT RISKS (continued)

investments in its own investment unit linked funds. In the event of default by Legal & General Assurance Society Limited the Fund is protected by the Financial Services Compensation Scheme.

The DC Section is also subject to indirect credit and market risk (including interest rate risk) arising from the underlying investments held in the funds. Member level risk exposures will be dependent on the funds invested in by members.

At the Fund year-end the Bond, Cash and Multi-Asset funds were exposed to underlying credit risk.

Market Risk

The DC Section is subject to indirect foreign exchange, interest rate and other price risk arising from the underlying financial instruments held in the funds managed by Legal & General Assurance Society Limited.

The Equity funds are exposed to foreign exchange and other price risks. The Bond funds are exposed to interest rate risk. The Cash fund is exposed to foreign exchange and interest rate risk. The Multi-Asset fund is exposed to foreign exchange risk, interest rate risk and other price risk.

Trading has not been suspended in any of the DC Section funds in the volatile market during the period of the coronavirus impact. All the DC Section funds remain liquid and marketable.

22. TANGIBLE FIXED ASSETS

OPEN FUND – DB SECTION	PROPERTY £'000	EQUIPMENT £'000	TOTAL £'000
COST OR VALUATION			
Balance at 1 April 2020	875	562	1,437
Additions	-	36	36
Disposals	-	(1)	(1)
Balance at 31 March 2021	**875**	**597**	**1,472**
DEPRECIATION			
Balance at 1 April 2020	-	440	440
Charge	-	65	65
Balance at 31 March 2021	**-**	**505**	**505**
NET BOOK VALUE AT 31 MARCH 2021	**875**	**92**	**967**
NET BOOK VALUE AT 31 MARCH 2020	**875**	**122**	**997**

Freehold property is included at valuation. The property was valued by BNP Paribas, Chartered Surveyors at open market value on 31 March 2021. The historical cost of the property was £998,000 (2020 – £998,000).

At the year-end there were capital commitments of £26,783 (2020 – £40,174) for the purchase of equipment.

23. CURRENT ASSETS

2021	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	DC SECTION £'000	COMBINED FUND £'000
Bank balances	208	2,520	169	2,897
DEBTORS:				
Amounts due from employers				
Employer contributions	-	-	39	39
Employee contributions	-	-	1	1
Other debtors	4	54	1	59
External current assets	212	2,574	210	2,996
Interfund balance	-	740	-	740
CURRENT ASSETS	**212**	**3,314**	**210**	**3,736**

2020	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	DC SECTION £'000	COMBINED FUND £'000
Bank balances	189	2,976	289	3,454
DEBTORS:				
Amounts due from employers				
Employer contributions	-	2,215	43	2,258
Employee contributions	-	-	2	2
Other debtors	1	79	-	80
External current assets	190	5,270	334	5,794
Interfund balance	-	777	-	777
CURRENT ASSETS	**190**	**6,047**	**334**	**6,571**

Amounts due from employers in respect of contributions were paid in full to the Scheme within the timescale required by the Schedule of Contributions currently in force. The DC Section bank balance is not designated to members and is held by the Trustees to pay the ongoing administration costs of the DC Section.

24. CURRENT LIABILITIES

2021	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	DC SECTION £'000	COMBINED FUND £'000
External other current liabilities	188	761	28	977
Interfund balance	37	-	703	740
CURRENT LIABILITIES	**225**	**761**	**731**	**1,717**

2020	CLOSED FUND £'000	OPEN FUND DB SECTION £'000	DC SECTION £'000	COMBINED FUND £'000
External other current liabilities	182	660	55	897
Interfund balance	28	-	749	777
CURRENT LIABILITIES	**210**	**660**	**804**	**1,674**

25. RELATED PARTY TRANSACTIONS AND CONTINGENT ASSET

Related party transactions and balances comprise contributions (note 5) and contributions receivable (note 23) including amounts in respect of 5 Trustees and pensions paid in respect of 3 Trustees (2020: contributions 4, pensions 3). Fees and expenses of £126,088 (2020: £168,160) were paid to Trustees.

£24,510 (2020: £74,150) of fees and expenses were recharged to Employers during the year. At the year-end, recharges of £17,365 (2020: £44,345) were outstanding.

The Trustees hold a contingent asset in the form of a second ranking legal mortgage over Access House, Halesfield 17, Telford, Shropshire TF7 4PW with RTITB Ltd, fellow subsidiary with CAPITB Ltd of CAPITB Trust, as guarantee to the Trustees in respect of CAPITB Ltd's section 75 liabilities to the Funds.

26. CONTINGENT LIABILITIES AND COMMITMENTS

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension (GMP) benefits. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

A subsequent ruling, in November 2020, stated that pension scheme trustees must revise and equalise the values of historic transfers out of GMPs to ensure that there are no gender-based differences.

The Trustees have commenced identifying which of the Funds' members have benefits that will require adjustment due to the ruling, and by how much. A reliable estimate of the likely backdated amounts payable, plus interest, has not yet been calculated. However, based on an initial assessment, the Trustees do not expect it to be a material amount to the financial statements and therefore a liability has not been included in these financial statements.

The backdated amounts due, including interest, will be accounted for in the year that they are determined.

At the year-end there were capital commitments as disclosed in note 22.

In the opinion of the Trustees, the Funds had no other contingent liabilities or commitments as at 31 March 2021 (2020 – nil).

27. SUBSEQUENT EVENTS

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

Supplementary Information

INTERNAL DISPUTE RESOLUTION

The Pensions Act 1995 (as amended by the Pensions Act 2004) requires that all pension schemes have a formal internal dispute resolution procedure in place allowing members, prospective members, beneficiaries and contingent beneficiaries an avenue for complaint. It is hoped that members and beneficiaries will always be pleased with the service provided by the ITB Pension Funds and that no-one has reason to complain. However, in the unlikely event that a complaint arises and a member of the Funds' staff fails to provide a satisfactory answer, then a copy of the formal internal dispute resolution procedure is available upon request from:

The Chief Executive, The ITB Pension Funds, 23 King Street, Watford WD18 0BJ

THE PENSIONS OMBUDSMAN

You can at any stage seek free and impartial help from the Pensions Ombudsman's "early resolution" service. This independent service is available to assist members and beneficiaries in connection with any difficulty with the Funds. The contact details for this purpose are:
Telephone: 0800 917 4487 and select the option to discuss a potential complaint

Email: enquiries@pensions-ombudsman.org.uk

Address: The Pensions Ombudsman, 10 South Colonnade, Canary Wharf E14 4PU

Website: www.pensions-ombudsman.org.uk

The Pensions Ombudsman also has power to investigate and determine complaints about injustice caused by maladministration, and disputes of fact or law, which are referred to the Ombudsman in accordance with the Pension Schemes Act 1993. Normally the Ombudsman will expect the complainant first to go through the Funds' internal dispute resolution procedure. The Ombudsman's contact details for this purpose are:

Telephone: 0800 917 4487 and select the option to discuss a potential complaint

Email: enquiries@pensions-ombudsman.org.uk

Address and website as above.

THE PENSIONS REGULATOR

The Pensions Regulator is the UK regulator of work-based pension schemes and its objectives are:

- to protect the benefits of pension scheme members
- to promote good pension scheme administration
- to reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund
- to maximise employer compliance with employer duties and the employment safeguards introduced by the Pensions Act 2008
- In relation to DB scheme funding, to minimise any adverse impact on the sustainable growth of an employer

The Pensions Regulator can intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

Address: Napier House, Trafalgar Place, Brighton BN1 4DW

Website: www.thepensionsregulator.gov.uk

THE PENSION PROTECTION FUND

The Pension Protection Fund (PPF) is a public corporation, set up by the Pensions Act 2004 and run by an independent Board. It was established to pay regular compensation to members of pension schemes where the employer has become insolvent and there are insufficient assets in the pension scheme to cover PPF levels of compensation. The PPF is also responsible for the Fraud Compensation Fund which pays compensation to occupational pension schemes which have lost out financially to dishonesty.

Website: www.ppf.co.uk

Email: information@ppf.co.uk

Telephone: 0345 600 2541

MONEY AND PENSIONS SERVICE

The Money and Pensions Service has been set-up by the Government to ensure that people throughout the UK have guidance and access to the information they need to make effective financial decisions over their lifetime. It provides the following three services:

1. Pension Wise

Pension Wise is a free service for anyone who has a defined contribution (DC) pension. It offers broad, impartial guidance on options at retirement including how each DC option is taxed, the next steps to take and questions to ask DC pension providers. The guidance provided by Pension Wise is not regulated by the Financial Conduct Authority and is not intended to replace independent financial advice.

Website: www.pensionwise.gov.uk

Telephone: 0800 138 3944

2. The Pensions Advisory Service

The Pensions Advisory Service offers free and impartial guidance to people with workplace and personal pensions. It can help with all pension matters covering workplace, personal and stakeholder schemes and also the State Pension.

Website: www.pensionsadvisoryservice.org.uk

Telephone: 0800 011 3797

3. The Money Advice Service

The Money Advice Service provides free and impartial money advice.

Website: www.moneyadviceservice.org.uk

Telephone: 0800 138 7777

INDEPENDENT FINANCIAL ADVICE

An Independent Financial Adviser (IFA) can, for a fee, provide more detailed advice taking account of individual financial circumstances. The IFA directory can be accessed at:

www.unbiased.co.uk/life/pensions-retirement

PENSION TRACING SERVICE

If you think you may have an old pension, but are not sure of the details, contact the Pension Tracing Service. It will provide you with the contact details of your old pension scheme's administrator, with whom you will then be able to make further enquiries and ask for your pension to be paid out.

Website: www.gov.uk/find-pension-contact-details

Telephone: 0800 731 0193

ITB PENSION FUNDS TAX OFFICE

The Tax Office dealing with the ITB Pension Funds can be contacted via:

Address: HM Revenue & Customs, Pay As You Earn Self-Assessment, PO Box 1970, Liverpool, L75 1WX

Telephone: 0300 2003300

Open Fund Reference: 073/I1012A

Closed Fund Reference: 073/I1012

AGE UK

Age UK is the country's largest charity dedicated to helping everyone make the most of later life.

Website: www.ageuk.org.uk

Telephone: 0800 678 1602

KEEPING US INFORMED

Please ensure that you keep the Trustees of the ITB Pension Funds advised of any change of address. You can do this by writing to the Funds' Office, at the address below, or using the Funds' website **www.itb-online.co.uk**

CONTACT

The ITB Pension Funds, 23 King Street, Watford, Herts, WD18 0BJ

Telephone: 01923 226264

E-mail: pensions@itbpen.com

Website: www.itb-online.co.uk

Pension Scheme Registry Number: 10169800

The ITB Pension Funds

23 King Street, Watford, Herts, WD18 0BJ
Telephone: 01923 226 264
Website: www.itb-online.co.uk

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Enginuity

LANTRA

Scottish Electrical Charitable Training Trust

Pension Scheme Registry No.: 10169800