

University of Bristol Pension and Assurance Scheme (“UBPAS”)

Newsletter to members - 2021

Welcome to the annual newsletter from the UBPAS Trustee. It contains a summary of what has been happening with the pension scheme over the past year, information about the Trustee, and other updates.

The funding level of the Scheme continues to be closely monitored and the three yearly actuarial valuation is currently being carried out.

I hope that you find this newsletter interesting and useful. **Jonathan Lord - Trustee Chair**

The UBPAS Trustee board and advisers

The UBPAS is governed by a Trustee board comprising:

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| 1 Independent Trustee Director nominated by the University: | 3 Trustee Directors nominated by the University: |
| <ul style="list-style-type: none"> • Jonathan Lord - the chairman | <ul style="list-style-type: none"> • Len Hall • Jason Smerdon • Jayne Oram |
| 3 Member Nominated Trustee Directors (“MNDs”): | |
| <ul style="list-style-type: none"> • Tony Macdonald • Pat French • Matti Punt | |

The board takes advice from specialist advisers. Osborne Clarke provide legal advice, Willis Towers Watson are the Scheme’s Actuary and also provide covenant advice, Mercer manage and advise on the Scheme’s investments and Barnett Waddingham are administrators to the Scheme.

Change to Sole Trustee – Spring 2022

The current Trustee board is made up of the 7 Directors noted above. Jonathan Lord will be retiring in May 2022 after 12 years in the role of independent chair. The University has decided to change the governance model to an independent Sole Trusteeship from Spring 2022 which is an increasingly popular method of governance. This means there will be one independent professional Trustee Company appointed by the University to govern the Scheme and that the current Trustee Board will no longer be required, also that there will no longer be a requirement for Member Nominated Trustee Directors. The University’s intention is to retain a Governance Board (similar to the one operated by the UBGPP scheme) to facilitate continued member engagement in the running of the scheme.

The new Sole Trustee will work closely with the advisers and the University in running the scheme in a very similar way to that which the current Trustee board has done for many years. The scheme advisers will not change unless the new Sole Trustee subsequently decides that a change is required. In order to select the new Sole Trustee, a public procurement exercise is currently in progress. Evaluation and selection of the bidders is being carried out by a subgroup comprising three of the existing Trustees plus Mick Axtell, (University Chief Financial Services Officer) and an independent adviser.

UBPAS investment update

Following the sharp sell-off in Q1 2020, as a result of the COVID-19 pandemic, markets have since recovered well, enjoying a strong rally that has seen positive returns across the majority of “growth” asset classes such as equities, for the 1 year period ending 31 July 2021. Equities have been the best performing asset class over the period, whilst other growth assets have delivered a positive return. The rally was largely driven by the successful rollout of the COVID-19 vaccine in developed countries, as well as the continued monetary and fiscal policies introduced in response to the pandemic in a number of countries, such as the UK furlough scheme.

The yields on UK government bonds (“gilts”) are a key determinant of the amount of money needed to pay member pensions. Gilt yields increased dramatically in early 2021 in response to rising inflation concerns, before then adopting a downward trend over the summer months. Overall, for the 1 year period ending 31 July 2021, gilt yields have increased and had a favourable impact on the Scheme’s funding position.

Although the pandemic is by no means over and we may see further market movements as a result, the Scheme’s investment strategy has weathered the period and recovered the losses which occurred at the start of the pandemic. As a reminder, since July 2018, the Scheme’s investments have been managed by Mercer according to a de-risking strategy set by the Trustee. The strategy seeks to ensure the Scheme’s assets are gradually moved from growth assets into safer assets and that investment opportunities are able to be captured as they arise. Since the strategy was implemented in 2018, the Scheme has de-risked on a number of occasions, which did help to protect the Scheme from the difficult market environment caused by the pandemic.

UBPAS key statistics and finances

	Year to July 2021 (£m)	Year to July 2020 (£m)
Contributions:		
Member contributions	0.0	0.0
University contributions	8.6	16.2
Total contributions	8.6	16.2
Expenditure:		
Benefits paid	11.6	11.3
Payments to and on account of leavers	0.2	0.5
Expenses (e.g. insurance and fees)	0.8	0.7
Total expenditure	12.6	12.5
Assets at year end		
Invested assets	410.2	372.7
Net current assets	9.2	11.0
Total assets	419.4	383.7
Membership		
	July 2021	July 2020
Active	0	0
Deferred members	2,613	2,729
Pensioners and dependants	1,884	1,824
Total members	4,497	4,553

The Scheme closed to future accrual of benefits for active members on 31 December 2019, therefore there are no longer any active members. Members that were categorised as active members on 31 December 2019 and are still employed by the University are included above within the deferred category.

Members who are currently in employment with the University are now enrolled onto the University of Bristol Group Pension Plan (UBGPP) to build up future pension.

Please note, the above figures are based on the unaudited Report and Accounts and therefore may be subject to change once the audit has been finalised

Developments in pensions

In November 2020, the Government and UK Statistics Authority (UKSA) confirmed the RPI measure of inflation will be aligned with the CPIH measure of inflation from 2030. This is broadly expected to result in RPI inflation being around 1% per year lower in the longer term. In UBPAS, some of the benefits increase in line with RPI prior to retirement, and those benefits will be affected by this announcement.

In July 2021, the Pensions Regulator launched a consultation on draft guidance outlining its approach for schemes to identify, assess and manage climate-related risks and opportunities. The climate reporting requirements currently only impact schemes with assets greater than £1bn, but climate-related risks are relevant to all schemes and the Trustee considers these where appropriate for the Scheme.

Member self-service portal

You can now register online to view your scheme details, including your pension entitlement.

This online portal is provided by the Scheme administrators Barnett Waddingham and is accessed via the following link:

<https://logon.bwebstream.com>

If you need assistance with the online portal please contact Barnett Waddingham using the contact details at the bottom of this page.

University Contributions and UBPAAS actuarial valuation

As part of the July 2018 actuarial valuation, a University payment schedule was agreed that is intended to eliminate the funding shortfall of the Scheme. The University have paid the contributions due this year under the schedule, and in July 2021 the University also made a pre-payment of £7.16m in respect of payments that were due at a later time in the schedule.

Legislation requires that every three years the trustees of pension schemes must commission an Actuarial Valuation to assess the value of the benefits promised to be paid out of the scheme in the future, and compare this to the value of the assets held.

The Trustee of the UBPAAS last completed an Actuarial Valuation as at 31 July 2018, which showed a deficit of £50m and a funding level of 87%. An interim update carried out as at 31 July 2020 showed a deficit of around £100m and a funding level of 80%. Work has begun on the Actuarial Valuation as at 31 July 2021, and is expected to be completed in 2022.

We will provide you with a further update on the latest funding position of the UBPAAS once this valuation has been completed.

Further information about UBPAAS can be found online:

- The University website: <http://www.bristol.ac.uk/directory/finance/pensions/ubpas/>
- The administrators website (Barnett Waddingham): <https://ubpas.co.uk>
- Self-service portal: <https://logon.bwebstream.com>

If you have any queries please contact University of Bristol Pension and Assurance Scheme, Pension Administration, Barnett Waddingham LLP, Hartwell House, Victoria Street, Bristol, BS1 6AD or telephone 0333 11 11 222. This is a local rate number and you will be charged your provider's standard landline rate.