



Northern Ireland
Assembly

The Northern Ireland Assembly Members' Pension Fund Annual Report and Accounts

NIA 153/17-22

Year ended 31 March 2021

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The Trustees' Report

Introduction

The Assembly Members' Pension Scheme (NI) 2016

The Assembly Members' Pension Scheme (AMPS) provides benefits for Members and qualifying office-holders of the Northern Ireland Assembly and the Attorney General for Northern Ireland.

Contributions are paid by Members, qualifying office-holders, the Attorney General and the Consolidated Fund into the Fund established under the Scheme, and the assets in the Fund are managed by an external Investment Manager. The contract for Investment Management services is held by M&G Investments Ltd.

The Independent Financial Review Panel (the Panel) was appointed on 1 July 2011 and had responsibility for Members pay, allowances and pensions. More information on the Panel may be found at: <http://ifrp.org.uk/>.

In April 2016 the Panel issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016, which introduced a Career Average Revalued Earnings (CARE) Scheme for new and existing members. Existing members born on or before 1 April 1960 retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The new Scheme is named the Assembly Members' Pension Scheme (Northern Ireland) 2016 and replaced the 2012 Scheme.

The terms of appointment of the first Panel ended on 1 July 2016. During 2016-17 the Assembly Commission (the Commission) received briefings and considered a number of options to reform the Panel, however this work was not completed prior to the Assembly election in March 2017. In the absence of normal Assembly business, this work was paused until the appointment of the new Commission in February 2020, when the work was resumed.

After considering the matter further, and in the absence of a Panel, a motion was brought to the Assembly on 30 June 2020 to confer powers on the Commission to determine allowances payable to Members. This motion did not seek to amend the process for determining Members' salaries or pensions; the powers for such will continue to reside with a Panel, when it is appointed. At the commencement of the new mandate in 2022, the Commission will continue its work to reform the Panel. At that stage, it will proceed with a Bill to change the remit and scope of the Panel to focus solely on Members' salaries and pensions.

On the introduction of the new Scheme in May 2016, the consolidated fund contribution was reduced from 20.6% to 14.4% of salaries. Following the triennial valuation of the Scheme in 2017 the consolidated fund contribution level remained at 14.4%.

The Deloitte Total Reward and Benefits team, assisted by the Assembly Commission's Finance Office, administer the Scheme on a day-to-day basis, on behalf of the Trustees.

The Scheme operates on an "opt-out" basis, meaning that all Members, Ministers and Office Holders are members of the Scheme from the date they are appointed unless they opt out.

The legislative background to the AMPS can be found at Annex A.

Aim of this Report

In order to comply with best practice in relation to reporting requirements the Trustees consider it appropriate to disclose actuarial and other accounting details to all members of the Fund.

The Trustees are pleased to present this report, which has been prepared in accordance with best practice and covers the year ended 31 March 2021. The purpose of the report is to describe how the Fund and its investments have been managed during the year.

How the Trustees of the Fund are Appointed

The Trustees are Members of the Northern Ireland Assembly, appointed by Resolution of the Assembly in accordance with rules of the Assembly Members' Pension Scheme (NI) 2016.

Part B, Section B2 of the Scheme rules states that the Assembly shall by resolution appoint not more than five members of the Assembly to be the Trustees of this Scheme.

A person appointed as a Trustee:

- A) May resign from office by notice in writing to the Presiding Officer;
- B) May be removed from office by resolution of the Assembly;
- C) Shall, without prejudice to sub-paragraph (b), cease to hold office on the expiry of six months from the date on which he ceases to be a member of the Assembly.

During the reporting period there were no changes to the Trustees:

Trustees

Mr Jim Wells MLA (Chairperson, appointed 30 July 2020)

Mr Roy Beggs MLA

Mr Pat Catney MLA

Dr Caoimhe Archibald MLA

Mr Andrew Muir MLA

Trustees' Responsibilities

A statement of Trustees' responsibilities is set out on page 21.

Information about the Trustees

- The Northern Ireland Assembly Members' Pension Fund shall be vested in and administered by the Trustees. The Trustees shall hold the assets comprised in the Fund upon trust in accordance with the provisions of the AMPS.
- The procedure of the Trustees shall be such as the Trustees may determine.
- The quorum for any meeting of the Trustees shall be three.
- The Trustees may act by a majority of those present at any meeting.
- The Trustees may employ such staff and obtain such professional advice and services as they think necessary in connection with the performance of their functions under this Scheme.
- The expenses of the Trustees in the exercise of their functions shall be defrayed out of the Fund.

Trustee Meetings

Three regular meetings were held during the financial year ending 31 March 2021.

The minutes of the meetings are published on the Assembly Commission's website or can be accessed using the following link:

Other Parties Appointed in Connection with the Fund as at 31 March 2021

| Responsibility | Name | Appointed By |
|--|--|---|
| Actuarial Advice | The Government Actuary | Part Q1 (2) of the Assembly Members' Pension Scheme (NI) 2016 |
| External Auditor of Trustees' report and Annual Accounts | Comptroller and Auditor General | Schedule 1 of the Assembly Members' Pension Scheme (NI) 2016 |
| Investment Management | M & G Investments Ltd | Trustees |
| AVC Provider | Clerical Medical | Trustees |
| Legal Advice | Assembly Legal Services (Constitutional & Institutional Advice Only) Eversheds LLP | Trustees |
| Pension Administration | Deloitte Total Reward and Benefits Ltd | Trustees |

An Administration Agreement between the Northern Ireland Assembly Commission and the Pension Trustees had been in place from 1 October 2013 to cover the administration support provided by the Assembly Secretariat. However, from 1 December 2020, full administration of the Scheme is now undertaken by Deloitte Total Reward and Benefits Ltd. Any queries about pensions or requests for further information regarding the day-to-day administration of the Scheme should be sent to the Deloitte Team at the following address:

Assembly Members Pension Scheme
Tax & Legal
Deloitte Total Reward and Benefits Ltd
Lincoln Building
27 -45 Great Victoria Street
Belfast
BT2 7SL

Tel: 028 90322861

E-mail: AMPS@deloitte.co.uk.

Remuneration Report

No remuneration report is required for this pension Scheme since there are no employees and the Trustees do not receive any payment for their work in respect of the Scheme.

Declaration of Interests

In order to achieve the maximum degree of openness and impartiality, the Trustees have an opportunity at each meeting to declare any conflicts of interest. A register of Members interests is held and is available on the Assembly website at:

<http://www.niassembly.gov.uk/your-mlas/register-of-interests/>

Income of the Fund

The income of the Fund is derived from three main sources:

1. Contributions: from Members and holders of qualifying Offices;
2. Investments: See the Investment Report; and
3. Consolidated Fund: A Consolidated Fund contribution, calculated in accordance with the recommendations contained in the Actuary's report under article Q2 (3b), shall be paid into the Fund out of money appropriated by Act of the Assembly for that purpose.

Members and Office Holders in the CARE Scheme contribute 9% of their salaries.

Members and Office Holders who remain in the Final Salary Scheme under transitional protection arrangements, up to 5 May 2021, contribute either 9% or 12.5% per cent of their salaries depending on their choice of accrual rates.

On the introduction of the CARE Scheme the Consolidated Fund contribution rate was reduced from 21.6% to 14.4% effective from 6 May 2016. Following a valuation of the Scheme by the Government Actuary's Department in March 2017, the Consolidated Fund contribution rate remained unchanged. This will be reviewed as part of the current triennial valuation process.

In the absence of a NI Executive following the March 2017 Assembly Election powers were conferred on the Secretary of State for Northern Ireland under the provisions of The Northern Ireland Assembly Members (Pay) Act 2018 to determine salaries and other benefits for Members of the Assembly in respect of periods when there is no Executive.

During this time the provisions of the Assembly Members (Salaries and Expenses) Determination (Northern Ireland) 2016 Determination (2016 Determination) were subsequently amended following the introduction of two determinations:

- (i) The Assembly Members (Inflationary increase to salary) (Period when there is no Executive) Determination (Northern Ireland) 2018; and
- (ii) The Assembly Members (Salaries and Expenses) (Present period when there is no Executive) Determination (Northern Ireland) 2018 (2018 Determination).

The second of these determinations revoked the first, and its introduction meant that salaries payable to Members and officeholders were reduced in two phases from 1 November 2018 and any inflationary increases due were deferred. Following the appointment of the Executive on 11 January 2020, the provisions of the 2016 Determination were restored in full and Members' salaries returned to the levels prescribed in the 2016 Determination. During this period Members were treated as having whatever salary they would generally have had, apart from the amending Determinations. That meant for pension purposes benefits continued to accrue on the salaries that are generally payable under Table 1 of 2016 Determination.

Benefits Payable

The benefits payable for 2020-21 were £1,134,661 (2019–20 £1,092,113).

Benefits are uprated in line with the Consumer Prices Index in line with public sector schemes and many private schemes. Pensions in payment were increased by 1.7% from 6 April 2020.

Losses and Special Payments

There were no losses identified during 2020-21 (two in 2019-20).

Scheme Provisions

The main provisions of the scheme are:

| | CARE Section | Final Salary Section |
|-------------------|--|--|
| Retirement Age | 65 or State Pension Age, whichever is the later | 65 |
| Normal Retirement | | |
| (i) Pension | 2% of pensionable salary each CARE year | Accrual rate (1/50 or 1/40) multiplied by reckonable service multiplied by final Member salary |
| (ii) Lump Sum | By exchanging some of the annual pension for a tax free lump sum on cost neutral terms | By exchanging some of the annual pension for a tax free lump sum on cost neutral terms |
| Early Retirement | From age 55 – the pension will be permanently reduced for early payment | From age 55 – the pension will be permanently reduced for early payment |

| | CARE Section | Final Salary Section |
|--|--|--|
| Ill Health Early Retirement | <p>Pension paid immediately without reduction for early payment; and</p> <p>An enhancement to the earlier of - the end of the current Assembly mandate or normal retirement age</p> | <p>Pension paid immediately without reduction for early payment; and</p> <p>An enhancement to the earlier of - the end of the current Assembly mandate or age 65</p> |
| Benefit Limits | No restrictions on CARE pension | Annual pension capped at 2/3rds of final Member salary |
| <p>Dependents Benefits</p> <p>(i) Spouse/Partner</p> <p>(ii) Child</p> | <p>On the death of the Member a pension is payable to widow / widower, legal Civil Partner or qualifying unmarried partner at a rate of 3/8ths of the value of the Members pension; and</p> <p>A pension is payable to children aged 17 or less (22 or less if in full time education) at a rate of 1/4 of the value of the Members pension for 1 child and 3/8ths if 2 or more children</p> | <p>On the death of the Member a pension is payable to widow / widower or legal Civil Partner at a rate of 5/8ths of the value of the Members pension; and</p> <p>A pension is payable to children aged 17 or less (22 or less if in full time education) at a rate of 1/4 of the value of the Members pension for 1 child and 3/8ths if 2 or more children</p> |
| <p>Death in Service</p> <p>(i) Lump Sum (dependent on the Scheme the Member is in at the date of death)</p> <p>(ii) Dependents Pension</p> | <p>Higher of two (2) times annual salary or refund of pension contributions paid to nominated person/s</p> <p>As for 'Dependents Benefits' but with enhancement to the earlier of - the end of the current Assembly mandate or normal retirement age</p> | <p>Higher of three (3) times annual salary or refund of pension contributions paid to nominated person/s</p> <p>As for 'Dependents Benefits' but with enhancement to the earlier of - the end of the current Assembly mandate or normal retirement age</p> |

| | CARE Section | Final Salary Section |
|--------------------------------|--|--|
| Death after Retirement | | |
| (i) Lump Sum | None | None |
| (ii) Dependents Pension | As for 'Dependents Benefits' If the pensioner member dies within five years of retirement the spouses pension is payable at the rate of the members own pension for the remainder of the five year guarantee period | As for 'Dependents Benefits' If the pensioner member dies within five years of retirement the spouses pension is payable at the rate of the members own pension for the remainder of the five year guarantee period |
| Pension Increases | | |
| (i) pensions in payment | Annual increase in line with the Consumer Prices Index (CPI) | Annual increase in line with the Consumer Prices Index (CPI) |
| (ii) in deferment | Annual increase in line with the Consumer Prices Index (CPI) | Annual increase in line with the Consumer Prices Index (CPI) |
| (iii) during active membership | Annual increase in line with the Consumer Prices Index (CPI) | Pension calculated with reference to final Member salary |

Additional Voluntary Contributions (AVCs)

During the 2020-21 financial year Clerical Medical continued to act as AVC provider for the scheme.

During the period of this report one member has taken advantage of the facility to pay additional voluntary contributions.

The AVC scheme is closed to new contributors.

Investment Details and Performance

The Trustees have decided to produce a "Statement of Investment Principles" in order to comply with best practice for Funded Schemes. The Statement covers items such as how investments are chosen, the balance between asset classes, the Trustees' attitude to risk and the expected return and review procedures. It has been designed to cover the fundamental aspects of investment policy that are not expected to differ greatly from one year to the next and has been drawn up in consultation with the Government Actuary.

The Trustees have delegated responsibility for the investment management of the Fund entirely to M&G Investments Ltd. M&G have provided investment management services since 2007 and were re-appointed in December 2013 following an open tender exercise. Insofar as the Statement of Investment Principles for the scheme relates to investments in M&G Investments Pooled Pension Funds, these funds have been managed in accordance with their stated aims and objectives.

There was no investment income during the year, see Note 7 to the accounts.

The overall effect of the movements in pensions payable, income and investments was an increase of £8,853,991 in the Net Assets of the Fund during the period.

The assessed value as at 31 March 2021 of benefits accrued under the scheme prior to 31 March 2021 show that the deficit was £21.1m (£23.0m 2019-20).

Events After The Reporting Period

There have been no events after the reporting period.

Membership Statistics

The membership of the Fund at 31 March 2021 was as follows:

| Active Members | Number in Category |
|---|--------------------|
| Members (at 1 April 2020) | 89 |
| Add New Entrants | 2 |
| Add Rejoiners | - |
| Less Retirements in the Period | - |
| Less Deferred Awards | (1) |
| Less Death in Service | (1) |
| Total Active Members as at 31 March 2021 | 89 |

| Deferred Members | Number in Category |
|---|--------------------|
| Deferred Members (as at 1 April 2020)* | 60 |
| Add New Deferred Members | 1 |
| Less Rejoiners | - |
| Less Deferred Awards Coming into Payment | (1) |
| Less Transfers Out | - |
| Total Deferred Members as at 31 March 2021 | 60 |

| Pensions in Payment (Beneficiaries of the Fund) | Number in Category |
|--|--------------------|
| Pensions in Payment 1 April 2020 – Members* | 91 |
| Pensions in Payment 1 April 2020 - Dependants | 21 |
| Add Members Retiring in the Period | - |
| Add Deferred Members Retiring | 1 |
| Less Deaths in the Period | (3) |
| Add New Dependants | 4 |
| Pensions in Payment as at 31 March 2021** | 113 |
| * Small opening adjustment rec difference amended to correctly reflect membership data | |
| ** Of Which – Members 89 Dependants 25 | |

The benefits payable during the year amounted to £1,134,661. Pensions in payment increased by 0.5% in April 2020

Preparation and Audit of Annual Accounts

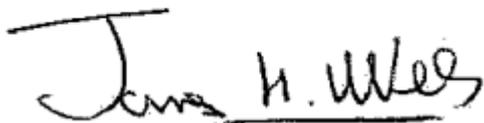
Summary of Financial Information

| | | |
|---|--------------------|---------------------|
| Total Fund at 1 April | £34,494,862 | £37,693,144 |
| | £ | £ |
| What Went Into the Fund | 2020 - 21 | 2019 - 20 |
| Consolidated Fund Contributions | 748,890 | 767,750 |
| Contributions from Members/Office Holders | 474,387 | 333,011 |
| Additional Voluntary Contributions | 7,650 | 6,441 |
| Investment Income | - | 4,695 |
| Change in Market Value of Investments | 9,024,013 | (2,893,041) |
| Total | £10,254,940 | (£1,781,144) |

| | | |
|----------------------------------|--------------------|--------------------|
| What Went Out of the Fund | | |
| Benefits Payable | 1,134,661 | 1,092,113 |
| Transfers out of the Scheme | - | 128,095 |
| Administrative Expenses | 18,185 | 12,935 |
| Advisory Fees | 26,806 | 13,273 |
| Actuarial Expenses | 120,708 | 73,383 |
| Investment Management Expenses | 99,869 | 97,339 |
| Trustee Training | 720 | - |
| Total | £1,400,948 | £1,417,138 |
| Total Fund at 31 March | £43,348,854 | £34,494,862 |

The summary above is not the financial statements but a summary of information relating to both the Fund Account and the Net Assets Statement.

The Report for the year ended 31 March 2021 including the attached Investment Report and Compliance Statement is approved on behalf of all the Trustees by:



Chairperson of the Trustees

Date: 16th December 2021

Government Actuary's Report

This is an extract from a full report prepared for the Trustees by the Government Actuary's Department, dated 20 May 2021.

Introduction

- A. This statement has been prepared by the Government Actuary's Department at the request of the Trustees of the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS (NI) 2016). The Trustees have commissioned GAD to assess the liabilities of the Scheme in accordance with International Accounting Standard 19 (IAS19), and to prepare a statement for inclusion in the Scheme's accounts.
- B. The AMPS (NI) 2016 is a final salary and career average revalued earnings (CARE) defined benefit scheme, the rules of which are set out in the Assembly Members' Pension Scheme (Northern Ireland) 2016. I am not aware of any informal practices operated within the Scheme which lead to a constructive obligation (under IAS 19 constructive obligations should be included in the measurement of the actuarial liability).
- C. The statement is based on an assessment of the liabilities as at 31 March 2017, with an approximate uprating to 31 March 2021 to reflect known changes.

Membership Data

- D. Tables A to C summarise the principal membership data as at 31 March 2017 and 31 March 2021 used to prepare this statement.

Table A - Active Members (Members & Office Holders combined)

| 31 March 2017 | | | 2020 - 21 |
|---------------|--|------------------------|----------------|
| Number | Total salaries in membership data (pa) | Total accrued pensions | Total Salaries |
| | (£ million) | (£ million) | (£ million) |
| 92 | 5.0 | 0.777 | 5.2 |

Table B - Deferred Members

| | 31 March 2017 |
|--------|---|
| Number | Total deferred pensions (pa) (£ million) |
| 64 | 0.433 |

Table C - Pensions in payment

| | 31 March 2017 |
|--------|-----------------------------------|
| Number | Total pension (pa) (£ million) |
| 105 | 0.727 |

Methodology

- E. The present value of the liabilities has been determined using the Projected Unit Credit Method, with allowance for expected future pay increases in respect of active members on any final salary benefits, and the principal financial assumptions applying to the 2020-21 Resource Accounts. The contribution rate for accruing costs in the year ended 31 March 2021 was determined using the Projected Unit Credit Method and the principal financial assumptions applying to the 2019-20 Resource Accounts.
- F. This statement takes into account the benefits normally provided under the scheme, including age retirement benefits and benefits applicable following the death of the member.

Principal Financial Assumptions

- G. The principal financial assumptions adopted to prepare this statement are shown in Table D

Table D - Principal Financial Assumptions

| | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| | (% pa) | (% pa) |
| Gross discount rate | 2.00 | 2.25 |
| Price inflation (CPI) | 2.40 | 2.00 |
| Earning increases* (excluding promotional increases) | 4.15 | 4.00 |
| Real discount rate (net of CPI) | (0.40) | 0.25 |

*This is the rate of long-term earnings increases. A short-term assumption to reflect capping of salary increases to £500 applies in 2022.

Demographic Assumptions

- H. The demographic assumptions adopted for the assessment of the liabilities as at 31 March 2021 are based on those adopted for the 2017 funding valuation of the AMPS (NI) 2016.
- I. The standard mortality tables known as S2NxA are used. Mortality improvements are in accordance with those incorporated in the 2018-based principal population projections for the United Kingdom.
- J. The contribution rate used to determine the accruing cost in 2020-21 was based on the demographic and financial assumptions applicable at the start of the year: that is, those adopted for the 2019-20 Resource Accounts.

Liabilities

- K. Table E summarises the assessed value as at 31 March 2021 of benefits accrued under the scheme prior to 31 March 2021 based on the data, methodology and assumptions described in paragraphs E to J. The corresponding figures for the previous year end are also included in the table. Allowance has been made for the possible cost arising as a result of the McCloud case. It should be noted that there is considerable uncertainty around the potential additional costs as a result of the judgment, as the form of remedy is uncertain. No allowance has been made for possible costs arising as a result of GMP equalisation.

Table E – Statement of Financial Position

| | (£ million) | |
|------------------------------|---------------|---------------|
| | 31 March 2021 | 31 March 2020 |
| Total market value of assets | 43.0 | 34.2 |
| Value of liabilities | (64.1) | (57.2) |
| Surplus/(Deficit) | (21.1) | (23.0) |
| Funding Level | 67% | 60% |

Pension Cost

- L. The cost of benefits accruing in the year ended 31 March 2021 (the Current Service Cost) is based on a standard contribution rate of 61.3% (including member contributions but excluding expenses) [2020: 51.2%], as determined at the start of the year. Members accruing final salary benefits at an accrual rate of 1/40th contribute 12.5% of reduced pay, and members accruing final salary benefits at an accrual rate of 1/50th or CARE benefits contribute 9% of reduced pay. Table F shows the standard contribution rate used to determine the Current Service Cost for 2019-20 and 2020-21. The Employer tops up Member contributions to the full rate.

Table F – Current Service Cost

| | Percentage of pensionable pay | |
|--|-------------------------------|---------------|
| | 2020 - 21 | 2019 - 20 |
| Current Service Cost (excluding expenses) | 61.3% | 51.2% |
| Members' contribution rate (average) | <u>(9.3%)</u> | <u>(9.3%)</u> |
| Employer's Current Service Cost (excluding Member contributions and expenses) | 52.0% | 41.9% |

- M. For the avoidance of doubt the employer's share of the standard contribution rate determined for the purposes of the Resource Accounts is not the same as the actual rate of contributions payable by the Assembly, currently 14.4%, which was determined based on the methodology and the financial and demographic assumptions adopted for the funding of the scheme. The most significant difference between the actuarial assessments for Resource Accounts and for scheme funding purposes is the discount rate net of pension increases, which was 0.25% p.a. for the 2020-21 Current Service Cost (0.25% p.a. for 2019-20) compared with 2.5% p.a. for scheme funding. The higher discount rate for scheme funding purposes results in a lower assessed cost of benefit accrual. The discount rate for scheme funding is determined considering the assets held by the scheme and the expected returns on those assets.

- N. The pensionable payroll for the financial year 2020-21 was £5.20 million [2019: £4.68 million]. Based on this information, the accruing cost of pensions in 2020-21 (at 61.3% [2019: 51.2%] of pay) is assessed to be £3.2 million [2019: £2.4 million].

- O. A negative past service cost of £2.1 million has been included in the disclosure items. This was determined in respect of the change in the scope of members covered by the McCloud judgment.

Julia Leunig
Fellow of the Institute and Faculty of Actuaries
20 May 2020
Government Actuary's Department

The Compliance Statement

Benefits

All pensions paid in the year were authorised under the appropriate Act and thus made in accordance with the regulations of the Fund.

Tax Status of the Fund

The Northern Ireland Assembly Members' Pension Fund is a statutory pension scheme within the meaning of Chapter 1, Part XIV of the Income and Corporation Taxes Act 1988 and is an 'approved scheme' for the purposes of accepting transfer values.

Funding Standard

The Northern Ireland Assembly Members' Pension Scheme is not subject to the Minimum Statutory Funding Objective requirements of the Pensions Act 2004. Accordingly, it is not appropriate for the actuarial statement to include an assessment of the statutory funding objective set out in the legislation and used by defined benefit schemes that are subject to technical provisions. Regular valuations at least every three years are required to check whether the statutory funding objective is met. Where it is not, trustees and employers agree a recovery plan.

Nevertheless, the Trustees have asked the Government Actuary to provide periodical reassurances that this level of funding would be met.

Investments

All investments are in holdings that are permitted by the regulations of the Fund. Although the Trustees cannot direct the investment strategy of the Fund in which the Assembly Members' Pension Scheme (NI) 2016 invests, nevertheless, it will consider socially responsible investment policy issues when comparing two providers who are otherwise of equal preference.

Investment Managers Report

Northern Ireland Assembly Members Pension Scheme Report for the Year Ending 31 March 2021

Introduction

The Scheme invests in pooled pensions fund units provided by Prudential Pensions Limited (PPL), a wholly owned subsidiary within Prudential plc. The units held by the pension fund are part of an agreement between the Trustees and Prudential Pensions Limited, which is in the form of an Insurance Policy. The policy itself is the 'asset' that the Trustees own, and the units within the funds provide an easy method of valuation of the policy. These units can be bought and sold on a daily basis and the underlying assets are invested in marketable securities and in the case of the property holding, commercial property. Total discretion for the day-to-day management of the assets has been delegated to M&G Investment Management Limited, the fund management company owned by Prudential.

M&G pooled pensions has invested the assets of the Scheme in accordance with a strategic benchmark allocation set by the trustees shown below.

| Asset Class | Active/ Passive | Benchmark % | Control Range % |
|---------------------------------|-----------------|--------------|-----------------|
| UK Equity | Passive | 23.5 | 13.5 - 33.5 |
| North America Equity | Passive | 10.5 | 5.5 - 15.5 |
| Europe Equity | Passive | 13.5 | 7.0 - 20.0 |
| Japan Equity | Passive | 6.0 | 3.0 - 9.0 |
| Pacific Basin (ex-Japan) Equity | Passive | 8.5 | 4.5 - 12.5 |
| Global Emerging Markets | Active | 5.0 | 2.0 - 8.0 |
| Long Dated Corporate Bond | Active | 25.0 | 15.0 - 35.0 |
| Index-Linked Passive Fund | Passive | 8.0 | 4.0 - 12.0 |
| Total | | 100.0 | |

Investment Distribution/Strategy

The following table provides a breakdown of the Scheme assets at the beginning and end of the period. (Source: M&G, Bid price basis)

| Asset Distribution by Fund | 31.03.21 % | 31.03.20 % |
|---|--------------|--------------|
| UK Equity Passive | 25.2 | 21.0 |
| North America Equity Passive | 11.8 | 10.7 |
| Europe (ex-UK) Equity Passive | 14.4 | 13.3 |
| Japan Equity Passive | 6.1 | 6.5 |
| Pacific Basin (ex-Japan) Equity Passive | 10.1 | 8.2 |
| Global Emerging Markets | 5.8 | 4.4 |
| Long Dated Corporate Bond | 21.0 | 27.2 |
| Long Term Gilt Passive | 0.0 | 0.0 |
| Index Linked Passive | 5.6 | 8.8 |
| Total | 100.0 | 100.0 |

The scheme also has a separate holding under PPL 6658. The assets at the beginning and end of the period are shown below. (Source: M&G, Bid price basis)

| Asset Distribution (By Fund) | 31.03.20 | 31.03.19 |
|-------------------------------------|-----------------|-----------------|
| | % | % |
| Episode Allocation | 98.6 | 98.3 |
| Cash | 1.4 | 1.7 |
| Total | 100.0 | 100.0 |

Review of Investment Markets

It was an extraordinary 12 months for global stockmarkets which recovered swiftly from the steep pandemic-induced sell-off at the start of 2020. Initially driven by unprecedented levels of fiscal and monetary support from governments and central banks, the 'risk-on' environment continued, despite economic growth being pressured by further lockdowns. November 2020 was one of the strongest months on record following positive news on the efficacy rates of several Covid-19 vaccines, with Joe Biden's victory in the US presidential election also raising hopes of further massive US fiscal stimulus. The stockmarket rally continued into 2021 as the rollout of vaccines boosted optimism that life could start to return to normal.

US equities led the advance for much of the review period, as the technology companies in particular were able to capitalise on people having to work, shop and play from home. However, popular growth stocks relinquished their lead towards the end of the review period, undermined by rising bond yields and increased inflation expectations. Instead, investors rotated into stocks with value characteristics, benefitting UK, European and Japanese equities. All stockmarkets recorded robust double-digit gains, with many closing the review period at/near record highs. UK mid-cap stocks were among the best performers as the UK economy proved more resilient than many had feared. For UK investors, returns from overseas assets were held back by an appreciation in the British pound, which rallied strongly following a last-minute trade agreement with the EU.

Global bonds sold off sharply. Benchmark bond yields in many markets rose back to pre-pandemic levels as massive fiscal stimulus and the rollout of vaccines boosted the outlook for the global economy. While central banks kept interest rates at record lows, inflation expectations surged amid supply-chain bottlenecks and increased input costs. With short-dated bond yields pegged by ultra-low interest rates, yield curves steepened as longer dated yields rose.

The Covid-19 crisis had a mixed impact on UK commercial property. Unsurprisingly, retail was amongst the hardest hit sectors, with trading constrained by government lockdowns and in the face of cyclical and structural headwinds. In contrast, industrials continued to surge ahead, turbo-charged by the growing dominance of e-commerce. Whilst total returns were largely supported by rental income over the past twelve months, capital declines have moderated, moving back into positive territory in February 2021.

Performance

Investment returns as at the year end for this Scheme are shown in the table below.

| Fund | Performance to 31/03/21 (Annualised) % | | |
|--|---|----------------|----------------|
| | 1 year | 3 years | 5 years |
| Northern Ireland Assembly Members Pension Scheme | 26.7 | 7.5 | 9.9 |
| Benchmark | | | |
| Composite Scheme Benchmark | 25.8 | 7.7 | 10.0 |

Source: M&G and BNY Mellon. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

Investment returns as at the year end for these funds are shown in the table below.

| Fund | Performance to 31/03/21 (Annualised) % | | |
|--------------------------------|--|---------|---------|
| | 1 year | 3 years | 5 years |
| M&G PP Episode Allocation Fund | 22.6 | 2.4 | 5.8 |
| Benchmark | | | |
| 3 Month Libor +5% p.a. | 5.1 | 5.6 | 5.5 |

Source: M&G and ABI. Percentage change in offer price. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

| Fund | Performance to 31/03/21 (Annualised) % | | |
|--|--|---------|---------|
| | 1 year | 3 years | 5 years |
| M&G PP Long Dated Corporate Bond | 10.7 | 6.6 | 7.9 |
| Benchmark iBoxx £ >15 Years Non-Gilt Index | 9.2 | 5.9 | 7.0 |
| M&G PP Cash Fund | 0.0 | 0.4 | 0.3 |
| Benchmark London Interbank 7 Day Deposit Rate | 0.1 | 0.4 | 0.3 |

Source: M&G. Percentage change in bid prices. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

| Fund | Performance to 31/03/21 (Annualised) % | | |
|-------------------------------------|--|---------|---------|
| | 1 year | 3 years | 5 years |
| M&G PP Global Emerging Markets Fund | 49.1 | 5.7 | 11.3 |
| Benchmark | | | |
| MSCI Emerging Markets Index | 42.8 | 7.5 | 13.4 |

Source: M&G. Percentage change in bid prices. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

| Fund | Performance to 31/03/21 (Annualised) % | | |
|---|--|---------|---------|
| | 1 year | 3 years | 5 years |
| M&G PP UK Equity Passive Fund | 26.6 | 3.2 | 6.3 |
| Benchmark FTSE All-Share Index | 26.7 | 3.2 | 6.3 |
| M&G PP North America Equity Passive Fund | 42.1 | 16.9 | 16.9 |
| Benchmark FTSE World North America Index | 42.8 | 17.7 | 17.4 |
| M&G PP Europe ex-UK Equity Passive Fund | 34.0 | 7.7 | 10.6 |
| Benchmark FTSE World Europe (ex-UK) Index | 34.9 | 8.4 | 11.2 |
| M&G PP Japan Equity Passive Fund | 25.6 | 6.9 | 11.5 |
| Benchmark FTSE Japan Index | 26.3 | 7.0 | 11.8 |
| M&G PP Pacific Basin ex-Japan Equity Passive Fund | 52.2 | 10.4 | 13.6 |
| Benchmark FTSE World Asia Pacific ex-Japan Index | 53.2 | 11.0 | 14.2 |

Source: M&G. Percentage change in bid prices. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

| | Performance to 31/03/21 (Annualised) % | | |
|---|--|---------|---------|
| | 1 year | 3 years | 5 years |
| Fund M&G PP Long Term Gilt Passive Fund | (10.4) | 3.4 | 4.8 |
| Benchmark FTSE Actuaries UK Conventional Gilts Over 15 Years Index | (10.4) | 3.5 | 4.8 |
| Fund M&G PP Index-Linked Passive Fund | 2.0 | 3.4 | 6.3 |
| Benchmark FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index | 2.6 | 3.5 | 6.4 |

Source: M&G. Percentage change in bid prices. Returns shown are net of fees. Past performance is not a guide to the future. The value of units can go down as well as up and you may not get your money back. The value of overseas investments may be affected by currency exchange rates.

- The M&G PP Episode Allocation Fund gains its exposure through the M&G Episode Allocation Fund, an M&G OEIC. The Fund seeks to manage risk by investing globally across multiple asset classes, sectors, currencies and countries. The Fund will typically invest 20-60% of its assets in equities and convertibles, 30-75% in fixed income securities or cash, and up to 20% in other assets. These allocations reflect the net exposure of the portfolio. The Fund will typically take investment positions at index or sector level, but it may also take positions in individual shares or bonds. The Fund's investment strategy may involve the use of derivatives to take long or short positions.
- The fund rose by 22.6% over the 12 months under review, significantly ahead of its comparator which rose by 5.1%. Global equities surged over the 12-month period. While technology stocks initially led the advance, cyclical stocks returned to favour as vaccines started to be rolled out towards the end of 2020. Energy stocks also recovered strongly from a pandemic-induced sell-off, while financial companies rebounded as higher bond yields lifted the outlook for banks' profit margins. In contrast, government bonds sold off as inflation expectations increased.
- The fund's equity exposure was the main driver of its positive return. European, Asian and US stocks all contributed strongly, as did investments in UK stocks, including the M&G Recovery Fund. An exposure to European and US banks was also helpful. In contrast, an allocation to US Treasury bonds detracted from performance, although selected holdings in emerging market debt, including Mexico and South Africa, were beneficial, as was an exposure to global high yield bonds. The M&G Property Portfolio was a modest detractor.
- The M&G PP Global Emerging Markets Fund gains its exposure through the M&G Global Emerging Markets Fund, an M&G OEIC. The fund is actively managed and performance is compared to the MSCI Emerging Markets Index. At least 80% of the Fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled or do most of their business in Emerging Market countries. The Fund employs a bottom-up stock picking approach to identify companies whose long-term prospects are, in the fund manager's opinion, being undervalued. The Fund's approach incorporates three elements: return on capital, valuations and corporate governance. It is the core belief of the fund manager that company-specific factors, in particular their profitability (which is measured in terms of return on capital), drive share prices over the long run. The Fund's country and sector exposure is not influenced by top-down views. The Fund may also invest in other transferable securities directly and via collective investment schemes (including funds managed by M&G). The Fund may also hold cash and near cash for liquidity purposes. Derivatives may be used for Efficient Portfolio Management and hedging.
- The fund rose by 49.1% over the 12 months under review, ahead of its benchmark which returned 42.8%. Emerging market equities rallied strongly, boosted by optimism over the outlook for the global economy, with Indian equities among the strongest performers. In contrast, Turkey was one of the few markets to retreat amid fears that the country would return to unorthodox policies following the sacking of its finance minister just days after he raised interest rates.

- For much of the review period, the fund had no exposure to Chinese e-commerce giant Alibaba. This positioning was beneficial as the company came under increased regulatory pressure. The financials sector was also an area of relative strength. US-listed oil exploration firm Kosmos Energy was another top contributor, as was copper miner First Quantum Minerals, as commodity prices rallied strongly amid hopes of stronger demand. In contrast, stock selection in the information technology sector held back returns. Detractors included Hollysys Automation Technology and a below-index holding in Taiwan Semiconductor Manufacturing.
- The M&G PP Long Dated Corporate Bond Fund invests mainly in high quality Sterling corporate bonds with over 15 years to maturity. The fund is actively managed against its benchmark, the iBoxx Sterling Over 15 Years Non-Gilts Index. The fund may also hold UK government gilts and limited amounts of high yield and hedged non-sterling corporate bonds. Derivative instruments may be used for efficient portfolio fund management.
- The fund rose by 10.7% over the 12 months under review, ahead of its benchmark which returned 9.2%. Corporate bonds outperformed sovereign debt by a significant margin over the review period as investors regained their appetite for risk. Credit spreads tightened significantly, snapping back to near record lows after widening sharply in the first quarter of 2020. This spread narrowing helped to offset the negative impact of the overall rise in government bond yields.
- Security selection was the main driver of the fund's outperformance, particularly in the industrial sector. Overweight positions relative to the benchmark in the industrial and financial sectors also contributed positively, although being underweight quasi and foreign governments, as well as the utility sector, hurt. An overweight position in credit risk relative to the benchmark also helped initially as spreads tightened sharply. This was gradually moved to an underweight credit risk position towards the end of 2020.
- The M&G PP Cash Fund invests in both secured (reverse repurchase agreements) and unsecured interest bearing deposits, as well as short-term UK Government bonds and bills and Certificates of Deposit. It is actively managed against its benchmark, the London Interbank LIBID 7 Day Deposit rate.
- The fund returned 0.0% over the 12 months under review, slightly lagging its benchmark which returned 0.1%. The Bank of England kept interest rates at a record low of 0.1%, maintained its bond-buying programme and indicated it was exploring the possibility of implementing negative interest rates. However, despite repeated lockdowns, the UK economy proved more resilient than many had feared, helped in part by a successful vaccine roll-out.
- The fund continued to be actively managed with a focus on capital preservation and liquidity. The fund was primarily invested in reverse repurchase agreements ('reverse repos') which provide collateral, typically short-term gilts, against cash deposits made by the fund. All reverse repos were transacted with banks from M&G's counterparty credit risk panel and had a maturity of no more than one month.
- The M&G PP UK Equity Passive Fund invests in the shares of UK companies. The fund is passively managed against its benchmark, the FTSE All-Share Index. The fund tracks the index by holding all of the companies which make up the FTSE 100 Index (excluding Prudential plc), together with a representative sample of the remainder of the companies in the All-Share Index.
- The M&G PP North America Equity Passive Fund invests in the shares of North American companies. The fund is passively managed against its benchmark, the FTSE World North America Index. The fund tracks the index by holding all the larger companies in the index, together with a representative sample of the remainder of the companies in the index.
- The M&G PP Europe Equity Passive Fund invests in the shares of European companies outside the UK. The fund is passively managed against its benchmark, the FTSE World Europe (ex UK) Index. The fund tracks the index by holding all the larger companies in the index, together with a representative sample of the remainder of the companies in the index.

- The M&G PP Japan Equity Passive Fund invests in the shares of Japanese companies. The fund is passively managed against its benchmark, the FTSE Japan Index. The fund tracks the index by holding all the larger companies in the index together with a representative sample of the remainder of the companies in the index.
- The M&G PP Pacific Basin ex-Japan Equity Passive Fund invests in the shares of companies around the Pacific Basin excluding Japan. The fund is passively managed against its benchmark, the FTSE World Asia Pacific ex-Japan Index. The fund tracks the index by holding all the larger companies in the index, together with a representative sample of the remainder of the companies in the index.
- The M&G PP Long Term Gilt Passive Fund invests in UK Government gilts with over 15 years to maturity. The fund is passively managed against its benchmark, the FTSE Actuaries UK Conventional Gilts Over 15 Years Index. Tracking this index is achieved by fully replicating the stocks in the index.
- The M&G PP Index-Linked Passive Fund invests in UK Government index-linked gilts with over five years to maturity. The Fund is passively managed against its benchmark, the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index. Tracking this index is achieved by fully replicating the stocks in the Index.

Issued by M&G Financial Services Limited, which is authorised and regulated by the Financial Conduct Authority in the UK. M&G Pooled Pensions funds are provided under an insurance contract issued by Prudential Pensions Limited and Prudential Pensions Limited has appointed M&G Financial Services Limited as a distributor of its products. The registered office of both companies is 10 Fenchurch Avenue, London, EC3M 5AG. Both companies are registered in England under numbers 923891 and 992726 respectively.

Statement of Trustees' Responsibilities

The preparation of financial statements is the responsibility of the Trustees. Pension scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which show a true and fair view of the financial transactions of the Scheme during the scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year.

The financial statements are prepared in accordance with the Accounts Direction issued by the Comptroller and Auditor General, which refers to the Statement of Recommended Practice (SORP) (revised July 2018) Financial Reports of Pension Schemes, as far as appropriate.

The Trustees are responsible for agreeing suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

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

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained, and from time to time revised, a schedule of contributions payable towards the scheme by the Consolidated Fund and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the scheme, and for monitoring whether contributions are made to the Scheme from the Consolidated Fund in accordance with the schedule of contributions, the Scheme rules and recommendations of the actuary.

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

As Trustees we have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to ensure that the Assembly Members' Pension Scheme's auditors have knowledge of that information. So far as we are aware, there is no relevant information of which the auditors did not have access to or were not notified of.

Governance Statement

Scope of Responsibility

We acknowledge our responsibility as Trustees for maintaining a sound system of governance to safeguard the public funds and assets connected with the Assembly Members' Pension Scheme (NI) 2016 (AMPS (NI) 2016).

The AMPS (NI) 2016 is a statutory scheme and operates within a legislative framework.

Up to November 2020 support was provided to the Trustees by the staff of the Assembly Commission's Finance Office and Deloitte Total Reward and Benefits Ltd undertook the administration of the Scheme. From 1 December 2020, the Administrative Agreement with the Assembly Commission came to an end and Deloitte Total Reward and Benefits Ltd assumed responsibility for the full administration of the Scheme and for providing secretariat support to the Trustees.

Deloitte Total Reward and Benefits Ltd have provided administration services to the scheme since 1 September 2012 and were re-appointed in June 2017 following a tender exercise.

The Assembly Commission's Finance Office, continue to provide support in terms of processing pension payments and managing accounting responsibilities.

Governance Framework

The Trustees are Members of the Northern Ireland Assembly, appointed by Resolution of the Assembly in accordance with rules of the Assembly Members' Pension Scheme (NI) 2016.

Part B, Section B2 of the Scheme rules states that the Assembly shall by resolution appoint not more than five members of the Assembly to be the Trustees of this Scheme. The responsibilities of the Trustees are clearly defined in the Statement of Trustees' responsibilities on page 21 within this Annual Report.

The following Members were appointed as Trustees:

| Role | Name | Percentage of Regular Meetings Attended |
|--------|--------------------------|---|
| Chair | Mr Jim Wells MLA | 100% |
| Member | Mr Roy Beggs MLA | 100% |
| Member | Mr Pat Catney MLA | 100% |
| Member | Dr Caoimhe Archibald MLA | 100% |
| Member | Mr Andrew Muir MLA | 100% |

Three regular meetings were held during the financial year ending 31 March 2021. One extraordinary meeting was also held to discuss a single agenda item related to serious ill-health commutations.

During the year the Trustees considered a number of briefing papers prepared and presented by the Scheme's professional advisors. This information together with additional briefing papers prepared by the Secretariat provided good quality data which allowed the Trustees to exercise their functions effectively.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the AMPS (NI) 2016 aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is based on a framework of regular management information, financial regulations, administrative procedures including the segregation of duties, and a system of delegation and accountability. This system of internal control has been in place in AMPS (NI) 2016 for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

Significant Internal Control Problems

There were no Significant Internal Control Problems noted during the year.

Capacity to Handle Risk

The Scheme's day-to-day administration is undertaken on behalf of the Trustees by Deloitte; along with the responsibility for the development and maintenance of the control framework. The principle risks to the Trustees are identified and managed through a risk management regime, where principle risks are recorded on a register, which is reviewed and updated as required. The responsibility for preparing the Annual Report and Resource Accounts for the Scheme still resides with the Assembly Commission's Finance Office.

Personal Data Incidents

There have been no personal data related incidents or data losses during the year.

Risk Management

During the period of this report the risk register for the Scheme was reviewed, updated and agreed with the Trustees at each Trustee meeting. Each risk is identified and assessed into three categories, high/medium/low, based on factors such as the likelihood of the risk materialising, the impact that the risk might have if it did occur and the controls currently in place to manage each identified risk. Each risk has an identified risk owner. The resulting register was used to identify any additional measures considered necessary to effectively manage the risks. The following are examples of the risks that have been identified and the measures put in place to minimise their impact:

- Investment: The pension fund is invested in line with the Statement of Investment Principles and responsibility has been delegated to the investment managers, M&G Investments Ltd;
- Pension Scheme Records: Accurate records have been maintained of past and present members, transactions into and out of the Scheme and of Trustees' meetings;
- Pension Trustee Meetings are held regularly to monitor the steps taken by the administrative staff to manage risks in their areas of responsibility;
- Members: It is ensured that the Trustees appointed meet the member-nominated Trustee requirements. There is a procedure in place to resolve disputes about the Scheme with members. Information is provided to scheme members; and
- Registration and Collecting the Levy: The registrar of Pensions is provided with information required by law and informed of any changes to Scheme information.

Review of effectiveness

The Assembly Commission is subject to review by an Internal Audit unit, which operates to standards defined in the Public Service Internal Audit Standards. The work of the Internal Audit unit is informed by an analysis of the risk to which the Assembly Commission is exposed and annual Internal Audit plans are based on this analysis. The administration of the Scheme and the support provided to the Trustees is covered by the work of the unit.

The review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the senior managers within the Assembly Commission who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Report to those charged with Governance.

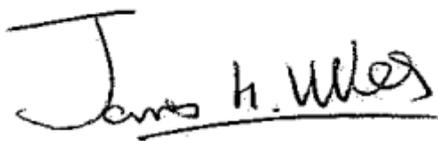
The most recent Internal Audit review of the Pension Scheme was carried out in June 2020. At that time Audit concluded that the controls established by management were adequate to ensure that business objectives were met. A satisfactory level of assurance was awarded.

General

As in previous years, there are perhaps two issues that should be mentioned to provide context to the Annual Report and Resource Accounts of the Scheme. The first being the McCloud judgement that has the potential to increase the liabilities by an estimated £2.8 million. In the absence of the Panel to consider and develop a remedy for those Members who will be affected by this judgement an estimate for the costs have been factored in by the Government Actuary Departments calculations.

The second issue is the ongoing worldwide COVID-19 pandemic. Whilst there has been recovery in the markets to a degree, the long term effect of this pandemic is unknown.

Approved on behalf of the Trustees by:



Mr Jim Wells MLA
Chairperson of the Trustees

Date: 16th December 2021



Mr Patrick Catney MLA
Trustee

Date: 16th December 2021

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the NORTHERN IRELAND ASSEMBLY MEMBERS' PENSION SCHEME for the year ended 31 March 2021 under Schedule 1 to the Assembly Members' Pension Scheme (Northern Ireland) 2016. The financial statements comprise the Fund Account, Net Assets Statement, and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- give a true and fair view of the state of the Assembly Members' Pension Scheme's affairs as at 31st March 2021 and of the net decrease in the Fund during the year and of the amount and disposition at that date of its assets and liabilities other than liabilities to pay benefits after the Scheme year end; and
- have been properly prepared in accordance with the Schedule 1 of the Assembly Members' Pension Scheme (Northern Ireland) 2016 and the Comptroller and Auditor General directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Northern Ireland Assembly Members' Pension Scheme in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Northern Ireland Assembly Members' Pension Scheme's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Northern Ireland Assembly Members' Pension Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The other information comprises the information included in the annual report other than the financial statements, Report of the Actuary and my audit certificate and report. The Trustees are responsible for the other information included in the Trustees report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, the Compliance Statement and Investment Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Assembly Members' Pension Scheme and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report and Accounts.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Northern Ireland Assembly Members' Pension Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Northern Ireland Assembly Members' Pension Scheme will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with Schedule 1 of the Assembly Members' Pension Scheme (Northern Ireland) 2016.

My 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 a certificate that includes my 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Assembly Members' Pension Scheme through discussion with management and application of extensive public sector accountability knowledge
- making enquires of management and those charged with governance on the Assembly Members' Pension Scheme's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Assembly Members' Pension Scheme's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud.
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;

- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB

19 December 2021

Financial Statements

Fund Account for the year ended 31 March 2021

| | Note | £ 2020 - 21 | £ 2019 - 20 |
|--|------|--------------------|--------------------|
| Contributions and Benefits | | | |
| Contributions receivable | 3 | 1,230,927 | 1,107,202 |
| Individual transfers in from other schemes | | 0 | 0 |
| | | 1,230,927 | 1,107,202 |
| Individual Transfers paid to other schemes | | - | (128,095) |
| Benefits payable | 4 | (1,134,661) | (1,092,113) |
| Other Payments | 5 | (720) | 0 |
| Administrative expenses | 6 | (165,699) | (99,591) |
| | | (1,301,079) | (1,319,799) |
| Net additions from dealings with members | | (70,152) | (212,597) |
| Returns on Investments | | | |
| Investment Income | 7 | - | 4,695 |
| Change in market value of investments | 8 | 9,024,013 | (2,893,041) |
| Investment management expenses | 10 | (99,869) | (97,339) |
| Net returns on Investments | | 8,924,144 | (2,985,685) |
| Net Increase/(decrease) in the Fund During the period | | 8,853,991 | (3,198,282) |
| Net Assets of the Fund at 1 April 2020 | | 34,494,862 | 37,693,144 |
| At 31 March 2021 | | 43,348,854 | 34,494,862 |

The notes on pages 31 to 36 form part of these accounts.

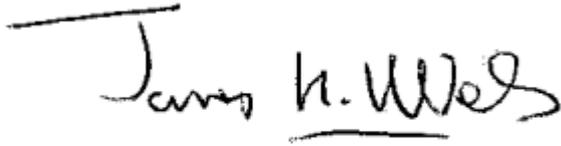
Net Assets Statement as at 31 March 2021

| | Note | £ 2020 - 21 | £ 2019 - 20 |
|---|------|-------------------|-------------------|
| Investments | | | |
| Managed Fund | 8 | 42,976,986 | 34,189,392 |
| AVC Investment | 8 | 207,311 | 201,522 |
| Net current (liabilities) / assets | 11 | 164,557 | 103,948 |
| Net Assets of the Fund as at 31 March 2021 | | 43,348,854 | 34,494,862 |

The notes on pages 31 to 36 form part of these accounts.

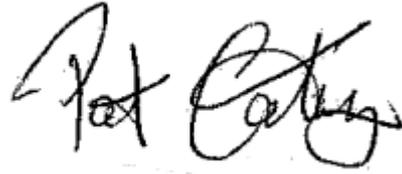
These financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the defined benefit section, is dealt with in the Report of the Actuary on page 10 of the annual report and these financial statements should be read in conjunction with this report.

These financial statements were approved on behalf of the Trustees by:



Mr Jim Wells MLA
Chairperson of the Trustees

Date: 16th December 2021



Mr Patrick Catney MLA
Trustee

Date: 16th December 2021

Notes to the Financial Statements

1 Basis of Preparation

The accounts meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP) (revised July 2018) Financial Reports of Pension Schemes, as far as appropriate.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Government Actuary's valuation report on the position of the Fund as at 31 March 2020 and these financial statements should be read in conjunction with that report.

2 Accounting Policies

The principal accounting policies are:

- Normal pension contributions are accounted for on an accruals basis;
- Pension benefits are accounted for on an accruals basis;
- Transfer values from and to other pension schemes represent the amounts received and paid during the year for members who either joined or left the Fund;
- The change in the 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;
- Pooled investments vehicles are included at fair value at the latest available bid price provided by the investment manager: and
- All other expenditure is accounted for in the period to which it relates.

3 Contributions Receivable

| | £ 2020 - 21 | £ 2019 - 20 |
|------------------------------------|------------------|------------------|
| Exchequer contributions: | | |
| Normal | 748,890 | 767,750 |
| Members' contributions: | | |
| Normal | 474,387 | 333,011 |
| Additional Voluntary Contributions | 7,650 | 6,441 |
| | 1,230,927 | 1,107,202 |

Consolidated Fund contributions are paid out of money appropriated by Act of the Assembly.

4 Benefits Payable

| | £ 2020 - 21 | £ 2019 - 20 |
|------------------------------------|------------------|------------------|
| Pensions | 937,346 | 896,963 |
| Lump sum payable on retirement | 76,279 | 188,688 |
| Lump sum payable at age 75 | - | - |
| Lump sum payable on death | 102,000 | - |
| AVC lump sum payable on retirement | 19,035 | 6,462 |
| | 1,134,661 | 1,092,113 |

Where members can choose whether to take their benefits as a full pension or as a lump sum with a 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.

5 Other Payments

| | £ 2020 - 21 | £ 2019 - 20 |
|---------------------|----------------|----------------|
| Consultancy Fees | - | - |
| Trustee Training | 720 | - |
| Contribution Refund | - | - |
| | 720 | - |

6 Administrative Expenses

| | £ 2020 - 21 | £ 2019 - 20 |
|----------------------|----------------|----------------|
| Actuarial Fees | 120,708 | 73,383 |
| Administration Costs | 18,185 | 12,935 |
| Advisory Fees | 26,806 | 13,273 |
| | 165,699 | 99,591 |

An Administration Agreement with the Assembly Commission was in place for the provision of pension administration services to the Trustees. This agreement came to an end during the year and full administration and secretariat services were taken over by Deloitte Total Rewards and Benefits Ltd from 1 December 2020, by an extension to the existing contract. The Assembly Commission's Finance Office continued to provide some informal support during a period of transition, while full services transferred to Deloitte. The administrative costs of the Deloitte contract are borne by the Scheme. The Finance Office continues to provide support to the Trustees by undertaking payroll and payment processing and in preparing the Annual Report and Accounts. These on-going costs, while acknowledged by the Trustees are borne by the Assembly Commission and are not included in these accounts. The cost of this service by the Assembly Commission was £41,824 for 2020-21 (£46,068 2019-20).

The notional cost of the work performed by the Northern Ireland Audit Office for 2020-21 was £8,500 (comparative figure for 2019-20 was £6,000). This cost is borne by the Northern Ireland Assembly Commission.

7 Investment Income

| | £ 2020 – 21 | £ 2019 - 20 |
|-------------------|----------------|----------------|
| M&G - Bond Income | - | 4,695 |
| | - | 4,695 |

Income arising from a management fee rebate has been included as investment income as the rebate was reinvested with the purchase of additional units.

8 Investments

| | £ Value at 31 March 2020 | £ Purchases at cost | £ Sales | £ Retirement Benefits Paid | £ Changes in Market Value | £ Management Charges | £ Value at 31 March 2021 |
|--------------------|--------------------------------|---------------------------|------------|-------------------------------------|------------------------------------|----------------------------|--------------------------------------|
| M&G Main Fund | 29,402,877 | - | (120,000) | - | 7,912,659 | (67,047) | 37,128,489 |
| M&G - Bond | 4,786,515 | - | - | - | 1,094,804 | (32,822) | 5,848,497 |
| AVC Investments | 201,522 | 8,275 | - | (19,035) | 16,550 | - | 207,312 |
| | 34,390,914 | 8,275 | (120,000) | (19,035) | 9,024,013 | (99,869) | 43,184,298 |

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

Pooled investments vehicles are included at fair value at the latest available bid price provided by the investment manager.

Risks Arising from Financial Instruments

| | |
|--------------------|--|
| Market Risk | <p>Market risk or price risk is the risk of capital loss as a result of a fall in the price of investments. Fluctuations in price can arise from a variety of sources including interest rate risk, credit risk, currency risk and liquidity risk.</p> <p>The Fund is exposed to market risk as a result of its investment activities. The overall market risk of the Fund will depend on the actual mix of assets and market conditions and will encompass the different elements of risk, some of which may offset each other.</p> |
| Interest Rate Risk | <p>Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The AMPS does not hedge against the effect of such fluctuations and this position is reviewed regularly as part of the review of the investment strategy.</p> |
| Credit Risk | <p>Credit risk is the risk that the counterparty to a transaction or financial instrument will fail to discharge its obligation resulting in a financial loss. This risk is generally reflected in the market price of securities, resulting in the risk being implicitly accounted for in the carrying value of the Fund's investments. The Fund is exposed to credit risk in respect of its investment portfolio and this risk is managed through the selection and use of high quality counterparties and financial institutions.</p> |

| | |
|----------------|---|
| Currency Risk | Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. As a global investor whose liabilities are sterling based, the AMPS is exposed to fluctuations in exchange rates which can affect the valuation of its investments. |
| Liquidity Risk | Liquidity risk or cash flow risk is the risk that adequate cash resources will not be available to meet commitments such as the payment of benefits or future investment commitments as they fall due. |

The investment strategy of the Fund is highlighted in the Investment Managers Report on pages 15 - 20 of this report.

Fair Value Hierarchy

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

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the assessment dates.

Level 2

Inputs other than the quoted prices included within Level 1 which are observable (i.e. developed for the asset or liability either directly or indirectly).

Level 3

Inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Scheme's investment assets and liabilities fall within the above hierarchy as follows:

As at 31 March 2021

| | £ Level 1 | £ Level 2 | £ Level 3 | £ Total |
|----------------|--------------|--------------|--------------|------------|
| Equities | | 27,259,000 | | 27,259,000 |
| Bonds | | 9,949,584 | | 9,949,584 |
| Multi-Asset | | 5,768,403 | | 5,768,403 |
| AVC Investment | 207,311 | | | 207,311 |
| Total | 207,311 | 42,976,987 | - | 43,184,298 |

As at 31 March 2020

| | £ Level 1 | £ Level 2 | £ Level 3 | £ Total |
|----------------|--------------|--------------|--------------|------------|
| Equities | | 18,827,705 | | 18,827,705 |
| Bonds | | 10,655,305 | | 10,655,305 |
| Multi-Asset | | 4,706,382 | | 4,706,382 |
| AVC Investment | 201,522 | | | 201,522 |
| Total | 201,522 | 34,189,392 | - | 34,390,914 |

9 Additional Voluntary Contributions (AVCs)

The Trustees are responsible for administering an AVC scheme whereby participants in the Assembly Members' Pension Scheme may make contributions to secure additional benefits to those provided by the Pension Scheme. The AVC Scheme is closed to new contributors. At 31 March 2021 these contributions were invested separately from the Pension Fund, in a variety of Investment Funds, with an outside provider Clerical Medical. These investments secure additional benefits on a money purchase basis for those members electing to pay AVCs. Members participating in this arrangement will receive an annual statement confirming the amounts held in their account and the movements in the year.

10 Investment Management Expenses

The management fee paid to M&G Investments Ltd was £99,869 (fee for 2019-20 was £97,339). The management fee is a percentage rate fee based on the value of the portfolio and is deducted on a monthly basis within the price of units held by the Members' Pension Scheme. A management fee rebate of nil (2019-20, £4,695) was recognised as investment income as the rebate was reinvested with the purchase of additional units in the M&G-Bond. See note 7.

11 Net Current Assets / (Liabilities)

| | £ 2020 - 21 | £ 2019 - 20 |
|---|-----------------|-----------------|
| Current assets | | |
| Contributions and benefits: | | |
| Contributions due | 204,380 | 105,263 |
| Balance at bank | 6,658 | 29,655 |
| Prepayments | - | - |
| Sundry Debtors | - | - |
| | 211,038 | 134,918 |
| Current liabilities | | |
| Pension Arrears due | (13,328) | (12,485) |
| Other Creditors | - | - |
| Administrative Expenses: | | |
| Other Advisory Fees | (7,673) | - |
| Actuarial Fees | (19,502) | (12,955) |
| Other Expenses | (180) | (180) |
| Administration Fees | (5,798) | (5,350) |
| | (46,481) | (30,970) |
| Net Current assets / (liabilities) | 164,557 | 103,948 |

12 Related party transactions

None of the Trustees, key management staff or any other related party has undertaken any material transactions with the Fund during the year.

13 Events after the reporting period

There have been no events after the reporting period which require adjustment or disclosure under IAS10.

Date authorised for issue

The Trustees of the Assembly Members' Pension Scheme authorised these financial statements for issue on 16th December 2021

ANNEX A

LEGISLATIVE BACKGROUND TO THE AMPS

General

The Assembly Members' Pension Scheme (Northern Ireland) 2000 (AMPS (NI) 2000) was established on 13 May 2000 under the Assembly Members' Pensions Determination 2000, made by the Secretary of State under section 48 of the Northern Ireland Act 1998, by virtue of paragraph 9 of the Schedule of the Northern Ireland Act 2000. The scheme provides benefits for Members and qualifying office-holders of the Northern Ireland Assembly.

On 30 June 2008, under section 48 of the Northern Ireland Act 1998, the Assembly resolved to confer upon the Assembly Commission the power to amend the pension scheme. On 1 July the Commission amended the rules of the scheme and directed that the revised scheme be called The Assembly Members' Pension Scheme (NI) 2008.

In 2011 the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly.

The Scheme was updated during the 2012 – 13 year and was renamed the Assembly Members' Pension Scheme (NI) 2012.

In April 2016 the Panel issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016, which introduced a Career Average Revalued Earnings (CARE) scheme for new and existing members. Existing members born on or before 1 April 1960 retained their Final Salary pension under transitional protection arrangements until 6 May 2021.

The new scheme, the Assembly Members' Pension Scheme (Northern Ireland) 2016, replaced the 2012 scheme from 6 May 2016.

Preparation of Annual Accounts

Paragraph 5 of Schedule 1 of the Assembly Members' Pension Scheme (NI) 2016 requires that annual accounts are prepared in accordance with a direction given by the Comptroller and Auditor General for Northern Ireland. The accounts have been prepared, as far as appropriate, in accordance with the Statement of Recommended Practice (SORP) Financial Reports of Pension Schemes in order to conform to best practice reporting requirements. A statement of the Trustees' responsibilities with regard to the preparation of the accounts is on page 21.



Northern Ireland Assembly

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