Capita

The British Tourist Boards' Staff Pension & Life Assurance Scheme

Scheme Registration Number: 10085336

Trustees' Annual Report and Financial Statements for the Year Ended 31 March 2020

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Foreword by the Chairman and Trustees

The Trustee Board of the British Tourist Boards' Staff Pension and Life Assurance Scheme ("BTBSPLAS", "the Scheme") held four meetings and a separate investment managers' day during the financial year ended 31 March 2020 as well as separate conference calls when the need arose. Meetings of the various board sub-committees relating to Audit, Investment and Scheme Administration were also convened. Board meetings were predominantly held at our advisers' offices in London, although the Trustees met once for the first time at the offices of VisitScotland in Edinburgh.

As at 31 March 2020, the value of total net assets under management was £351.5 million (2018/19: £356.5 million). This represents a net decrease of £5.0 million from the same position the previous year after allowing for cash outflows and net returns on investments. A breakdown of the assets under management by class are given on page 17 of this report.

The year-end position in terms of the value of our assets was markedly – and continues to be – affected by the outbreak of the global COVID-19 pandemic which had a dramatic effect on financial markets in February and March. Risk assets fell in late February, particularly global equity markets. Conversely, safer assets rallied, with government bond yields falling to new historic lows, in part buoyed by central banks' emergency monetary policy actions. Commodities also fell sharply, particularly oil, reflecting depressed global demand as a result of lockdown restrictions in many countries.

During the last financial year, we continued to monitor closely our investment holdings to ensure that fund managers offered value for money and were on track to meet their performance targets notwithstanding the impact of COVID-19. In February 2020, the Trustees took the decision to redeem the full investment (circa £34 million) in the actively-managed Fidelity Select Global Fund due to investment performance concerns and reinvest those funds in the LGIM Diversified Multi-Factor Equity Fund. This transition from one broad global equity portfolio to another was being completed in tranches from May 2020 onwards to mitigate the potential impact of any market volatility.

Following the provision of formal legally-binding guarantees ("the Crown Guarantee") from the UK Government via the Department for Digital, Culture, Media and Sport (DCMS) and the Scottish Government, a Deed of Amendment was enacted on 28 June 2019 legally sectionalising the assets and liabilities of the 'Main' Scheme into three new constituent sections ("the Sections") relating to VisitBritain, VisitScotland and Welsh Government (formerly, Visit Wales). The assets belonging to Visit London members have already been held in a separate section since 1 April 2011. The fact that the VisitBritain, VisitScotland and Welsh Government Sections have now legally-binding guarantees mean that these new Sections have become ineligible for Pension Protection Fund (PPF) purposes. The effects of this are two-fold. First, no PPF levy is now payable (2018/19: £152,000) thereby a cost saving for the sponsoring Employers. Secondly, in the event of an employer insolvency or other event which might ordinarily trigger entry to the PPF, the members of the relevant Sections would not be entitled to PPF compensation. However, the Crown Guarantee received from each respective government means the Trustees have sufficient certainty that members' benefits in these sections will be paid in full in such circumstances.

The provision of the Crown Guarantee then enabled the Trustees to classify the Employers' covenant as 'Strong' and submit simultaneously the Triennial Valuations for the three-year period ended 31 March 2018 and the

significantly overdue 31 March 2015 one with that rating to The Pension Regulator by 30 June 2019. With effect from 1 July 2019, new future service contribution rates of 22.8% and 25.1% were agreed and implemented with the employers, VisitBritain and VisitScotland respectively, along with new fixed additional cash contributions to meet their estimated share of future Scheme expenses.

Funding Position as at 31/03/2018	**VisitBritain**	**VisitScotland**	**Welsh Government**	**Visit London**
Technical Provisions (L)	£173.8m	£83.7m	£46.3m	£28.4m
Value of Assets (A)	£178.8m	£75.3m	£59.2m	£30.6m
Surplus / (Deficit) (A-L)	£5.0m	(£8.4m)	£12.9m	£2.2m
Funding Level (A/L)	103%	90%	128%	108%

It is a regulatory requirement that, in the event of the sectionalisation of a defined benefit pension scheme, the subsequent statutory valuation is then undertaken after two rather than three years. Consequently, work is currently underway to assess the value of the assets and liabilities of the new VisitBritain, VisitScotland and Welsh Government Sections as at 31 March 2020 with a target completion date of 31 December 2020. This requirement does not apply to the Visit London Section which will next be valued as at 31 March 2021, enabling the Trustees to pay particular attention to its funding and investment characteristics since it is without a sponsoring employer.

Against the backdrop of the Crown Guarantees and sectionalisation creating the potential for each section to adopt its own funding and investment strategy, the Trustees established a new Investment Sub-Committee in December 2019 that meets on a quarterly basis. This decision was reached on account of the increasing complexity in managing the assets of the Scheme given the emerging different employer pension, funding and investment strategies. The provision of the Crown Guarantee from DCMS enabled VisitBritain to complete the reforms to its pension strategy by ceasing future accrual for current employees who are members of the Scheme. The Trustees concluded a Deed of Amendment with VisitBritain with regard to this change that became effective from 1 April 2020. Current VB employees are now 'ex-active current' members retaining a salary link for the calculation of final pensionable pension benefits and length of service enhancements in the event of ill-health related early retirement. We are grateful to our investment advisors for their support in implementing the sectionalised investment strategies which was completed in February 2020. This work involved ensuring that the mix of assets held in each Section was in line with the strategic asset allocations deemed appropriate to provide growth-seeking returns and a revenue stream to fund current and future pension payments to members.

It is also the case that there has been an increased level of regulatory compliance during the past financial year to discharge. In August 2019, the Trustees adopted a new triennial Statement of Investment Principles (SIP) setting out the primary investment objectives for each of the new four Sections which also gave consideration to the relevance of financially material factors, including environmental, social and governance (ESG) ones, at different stages in the investment process. Investment managers are challenged both directly by the Trustees and also by our investment advisers on the impact of any significant issues including, where appropriate, ESG issues and the principle of Responsible Investment that may affect the prospects for return from the portfolio.

The most significant new project that the Trustees progressed and implemented during the past financial year was the selection and appointment of a new scheme administrator. A new Scheme Administration Sub-Committee was established in August 2019 to undertake this project supported technically by the external consultants, Muse Advisory. Following a thorough competitive tender exercise and site visits to the finalists' offices, the decision was made to appoint Buck as the new provider in December 2020. The Trustees were very impressed with the service Buck could offer and the greatly improved online services that will be available to members to help them plan for and in retirement. A joint Trustees/Buck project delivery group was then convened and met monthly to oversee the complex data migration from the outgoing service provider and ensure that the overall transition ran to schedule meeting the go-live date of 1 June 2020.

The Trustees recognise that the administrator is the single point of contact the vast majority of members have with the Scheme, often at key life stage events. We recognise that the news about the change of administrator came as unexpected to members but confidentiality considerations meant that we could not pre-announce our intention to seek a new administrator. The change of scheme administrator has resulted in increased communications from the members directly with the Trustees. We welcome this engagement as we are always keen to hear members' questions as to how the administrative service can be improved. To help members understand better their pension benefits in the context of sectionalisation, the Trustees have revised and updated the Scheme guide which is available on the website, www.btbpensionscheme.org.uk

As Chairman, I would like to pay special thanks to both the Trustees and also our professional advisers for their resolve, patience and hard work over the past financial year. Sadly, we said goodbye this past year to two longstanding colleagues whose service, wise counsel and good humour have shaped our many discussions over the past ten years: Susan Garland, fondly known to so many VB/VE members, retired from the Trustee Board in April 2020 and John Walbaum stood down upon his retirement from Hyman Robertson as our investment advisor in August 2019. In succession, we welcomed Mary Chapman as a new member-nominated trustee and Damien Hyland as our new lead investment advisor.

David Kidd
Chairman of Trustees

Trustees' Report

The Trustee Board is pleased to present this thirty-sixth Annual Report of the British Tourist Boards' Staff Pension and Life Assurance Scheme which is presented in a format that complies with the Occupational Pension Scheme (Disclosure of Information) Regulations 1996, as amended.

Scheme Management

1. Constitution of the Scheme

The Scheme is a defined benefit scheme and provides retirement and death in service benefits for members (and their dependants). The Scheme, which is legally and financially separate from the Employers, is constituted by a Trust Deed and administered in accordance with Rules by the Trustees. It is contracted-out of the State Second Pension (S2P).

The Scheme is a registered scheme under the Finance Act 2004. Full tax relief is allowed on members' and Employers' contributions up to the statutory limit, and on United Kingdom investment income, except for dividends arising from UK equities where tax relief is not available.

2. Participating Employers

The participating Employers are:

VisitBritain (The Principal Employer)
4th Floor, 151 Buckingham Palace Road
London
SW1W 9SZ
Registered no: 05055109

VisitScotland
Ocean Point One
94 Ocean Drive
Edinburgh
EH6 6JH
Registered no: SC264598

Welsh Government (for Pension Protection Fund purposes only)
Crown Building
Cathays Park
Cardiff
CF10 3NQ

<u>VisitBritain</u>

Active members of the VisitBritain Section on 31 March 2020 became deferred as a result of the Employer's decision to cease future accrual and who remain employed by VisitBritain continue to enjoy a final salary link on their deferred benefits.

Welsh Government

The Welsh Government (Visit Wales) ceased to contribute to the Scheme on 1 February 2009. This Employer cessation event triggered a section 75 debt and the Trustees entered into a withdrawal agreement which resulted in the repayment of the then deficit.

In addition, a guarantee has been agreed for the remaining debt on a buy-out basis. The amount of the guarantee has not been calculated, but will be calculated by the Scheme Actuary at the time of any event which triggers payment under the guarantee. In addition, further funding can be requested from the Welsh Government should the funding of the Scheme significantly worsen in the future. As a result of the financial guarantee provided by the Welsh Government, it remained a participating employer for PPF purposes, however as of 30 June 2019 as a result of sectionalisation this is no longer the case.

2. Participating Employers (continued)

Members of the Scheme who became deferred as a result of the Welsh Government cessation on 31 January 2009 and who remain employed by the Welsh Government continue to enjoy a final salary link on their deferred benefits.

Visit London

Visit London was a participating Employer until it entered into administration on 1 April 2011. The Greater London Authority paid a rescue payment of £6m to the Scheme, which was the additional amount the Scheme's Actuary anticipated was necessary for the Trustees to pay benefits in full to all Visit London members of the Scheme when they fall due. The assets of the Visit London Section of the Scheme are now invested in low risk corporate and government bonds, with the aim of ensuring that there are sufficient funds in the Scheme to pay all Visit London members' future pension benefits as they become payable.

3. Trustees

The Trustees who served during the financial year, and subsequently, were:

- The Law Debenture Pension Trust Corporation plc
  (represented by David Kidd) (Chair) (Employer Nominated)
- Ms Mary Chapman (Member Nominated) (Appointed on 23 June 2020)
- Mrs Susan Garland (Member Nominated) (Resigned on 30 April 2020)
- Mr Richard Lamont (Employer Nominated)
- Ms Mary Lynch (Member Nominated)
- Mr Anthony Murphy (Member Nominated)
- Mr William Smart (Employer Nominated)
- Ms Yeshi Abay (Employer Nominated) (Appointed 11 September 2019)
- Secretary to the Trustees, Pegasus Pensions plc
  (Represented by Catherine Palarca)

The Trustees are appointed and can be removed by the Principal Employer in accordance with the provisions of the Trust Deed and having regard to the arrangements currently in place for the election of Member Nominated Trustees as required by the Pensions Act 2004. There were four quarterly Trustee Board meetings, investment panel meetings and a number of telephone conference calls, held in the last year. All decisions are decided by a majority of Trustees present. If there is an equality of votes the Chairman of the meeting has the casting vote.

Scheme Management (continued)

4. Technical assistance

Many of the aspects of administering the Scheme call for specialist help and the following suppliers advise the Trustees and the Employers:

(a) **Investment**

During the financial year the assets of the Scheme were invested with FIL Pensions Management ("Fidelity"), Baillie Gifford Life Limited ("Baillie Gifford"), Threadneedle Investments (Channel Islands) Limited ("Threadneedle"), Legal and General Investment Management Limited ("L&G"), BlackRock Investment Management Limited ("BlackRock"), Partners Group AG ("Partners Group") and Absolute Insight Funds plc ("Insight").

All of the managers are authorised under the Financial Services and Markets Act 2000 to undertake investment business as the Scheme's investment managers.

Members' additional voluntary contributions are invested in policies with the Prudential Assurance Company, Legal and General Investment Management Limited and the Equitable Life Assurance Society. However, no members have paid contributions to the Equitable Life facility since November 2000 following the announcement to close to any new business. The Equitable Life confirmed the transfer of all UK policies to Utmost Life and this was completed on 1 January 2020.

Hymans Robertson LLP are the Scheme's appointed Investment Adviser.

(b) **Actuarial**

The Scheme Actuary is Jonathan Seed of XPS Pensions Group, Scotia House, Castle Business Park, Stirling, FK9 4TZ.

The latest actuarial valuation was carried out as at 31 March 2018. The results of this valuation, together with a summary of the main assumptions used are shown in the Report on Actuarial Liabilities on pages 22 to 27.

(c) **Legal**

The Trustees are advised on legal matters relating to the Scheme by Squire Patton Boggs (UK) LLP of 2 & A Half Devonshire Square, Cutlers Gardens, London, EC2M 4YH.

(d) **Audit**

The Independent Auditor to the Scheme is Haysmacintyre LLP of 10 Queen Street Place, London, EC4R 1AG.

On 29 March 2019 Haysmacintyre resigned as Independent Auditor to the Scheme. On their resignation they stated *"There are no circumstances connected with our resignation which we consider significantly affect the interests of the members of, or beneficiaries under, the Scheme."* Haysmacintyre LLP were appointed in their place with effect from 12 April 2019.

(e) **Bank**

The Scheme bank account, managed by Capita Employee Benefits, was held with National Westminster Bank, Sheffield up until 29 May 2020. Following the appointment of Buck Consultants Limited trading as Buck as the scheme administrator with effect from 1 June 2020, Lloyds Bank are the new bankers to the Scheme providing banking facilities for each of the four individual Sections.

Scheme Management (continued)

4. Technical assistance (continued)

(f) **Administration**

The administration for the Scheme was provided by Capita Employee Solutions up until 29 May 2020 from its Whitstable office. This service is now provided by Buck with effect from 1 June 2020 from its Ipswich office. Enquiries about the Scheme generally or about an individual's entitlement to benefit should be addressed to Buck (Ipswich), PO Box 323, Mitcheldean, Gloucestershire, GL14 9BL or by e-mail to btb@buck.com

More information can also be found on the Scheme website at www.btbpensionscheme.org.uk

5. HM Revenue & Customs

The Scheme is registered with the HM Revenue & Customs in accordance with the Finance Act 2004. This enables the Scheme, including its membership, to enjoy a number of important and valuable tax advantages.

6. Growth of the fund

The Statement of Net Assets available for benefits on page 33 shows that the Scheme had net assets with a value of £351,536,000 at 31 March 2020 (2019: £356,487,000). This represents a decrease of £4,951,000 from the position at 31 March 2019. This decrease is comprised of a net decrease of £8,185,000 from dealings with members and net returns on investments of £3,234,000.

7. Contributions

Following the Actuarial Valuation as at 31 March 2018, a Schedule of Contributions was agreed and certified by the Scheme Actuary on 28 June 2019. This sets out the level of contributions, including administrative expenses, payable by each Employer from 1 July 2019 to 31 March 2033.

8. GMP Equalisation

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at future meetings and decisions will be made as to the next steps.

Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

Scheme Management (continued)

9. COVID-19

The outbreak of Coronavirus (COVID-19), declared by the World Health Organisation as a global health emergency on the 30 January 2020, has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Trustees are monitoring developments relating to COVID-19 and also coordinating their operational response based on existing business continuity plans and on guidance from global health organisations, UK Government and general pandemic response best practice.

Following the emergence and spread of COVID-19, the net asset value (NAV) of the Scheme's assets invested in pooled investment vehicles (PIVs) has suffered following the spread of decline in global stock markets. The Trustees have continued to monitor closely the NAV of these assets as a result of a decline in global stock markets from the start of 2020 and the latest NAV as at the close of business on 31 July 2020 remained stable by +0.048% (£334,505,038) compared to the NAV at the year-end on 31 March 2020.

During March 2020, the worldwide spread of COVID-19 caused increased volatility and significant falls in global equity markets. This has had an impact on the operations and funding level of the Scheme. However, having considered funding matters, operational matters and the position of the Principal Employer, the Trustees consider the preparation of the financial statements on a going concern basis to be appropriate.

10. Membership

A summary of the membership of the Scheme is given below:

	31.3.2020	31.3.2019
Active contributing members	361	367
Deferred members	1,082	1,089
Pensioners	832	816
	2,275	2,272

Active contributing members		
Number of active members at commencement	367	375
New members from a previous period	-	5
Entrants in period, including those returning from maternity and sabbatical leave	28	37
Members leaving with defined benefits	(20)	(21)
Members leaving with defined benefits from previous period	-	-
Members leaving with undetermined benefits, or becoming inactive	(2)	(14)
Members leaving with undetermined benefits, or becoming inactive from previous period	(6)	(4)
Members leaving with contribution refunds	(2)	(5)
Members leaving with contribution refunds from previous period	-	(1)
Retirements	(2)	(3)
Retirements from previous period	-	-
Transfer out	(2)	(2)
Transfer out from previous period	-	-
Active and contributing members at account date	**361**	367

Deferred members		
Number of deferred members at commencement	1,089	1,117
New Entrants	16	22
New Entrants from previous period	7	-
Transferred out	(8)	(7)
Refunded from previous period	-	(1)
Retirements	(22)	(37)
Retirements from previous period	-	(1)
Commuted Benefits from previous period	-	-
Unclaimed deferred benefits	-	(1)
Unclaimed deferred benefits from previous period	-	(1)
Deaths	-	(2)
Died in previous period	-	-
Deferred members at account date	**1,082**	1,089

10. Membership (continued)

	31.3.2020	31.3.2019
Pensioners		
Number of pensioners at commencement	816	789
Spouse pension during year	6	10
New pensioners in year	27	40
New pensions in previous period	5	1
Pensions reinstated from suspend	-	1
Pensions reinstated from suspend in previous period	-	1
Expiration of child's pension	-	(2)
Commutation of pension	-	(2)
Deaths	(16)	(20)
Suspended pension	(6)	(2)
Pensioner members at account date	**832**	**816**

11. Increases in pensions

Certain preserved pensions and all pensions in payment were increased during the Scheme year in accordance with The Pensions Increase (Review) Order 2020 which reflects the rise in the cost of living linked to the Consumer Prices Index (formerly the Retail Prices Index was used). For pensions that began before 8 April 2019 (and therefore apply to the year covered in this annual report) the increase was 1.7% (2019 – 2.4%), on benefits accrued prior to 6 April 1997 the increase was 2.4% (2019 - 3.3%). Pensions that began on or after 8 April 2019 received an increase on a *pro rata* basis.

12. Cash equivalent (transfer value)

The 'Public Sector Transfer Club' arrangements are operated where appropriate and, in the course of the Scheme year, a cash equivalent (transfer value) was calculated on request and verified in the statutory manner for each member entitled to preserved benefits whom, having left service, did not wish to leave those benefits preserved under the Scheme.

Each cash equivalent was not less than the full statutory amount appropriate to the member's preserved benefits.

There were no discretionary benefits granted in the year.

13. Complaints

Internal Disputes Resolution Procedure

The Scheme administrators should be able to resolve any queries in connection with the Scheme or member's entitlement to benefits. However, a formal Internal Disputes Resolution Procedure (IDRP) has been set up for members should they feel that a problem has not been resolved to their satisfaction. Details of the IDRP can be obtained from the Secretary to the Trustees, Catherine Palarca, at Pegasus Pensions plc.

13. Complaints (continued)

The Pensions Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Scheme in connection with difficulties which they have failed to resolve with the Trustees or Administrator of the Scheme and may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme.

1st Floor 10 Colonnade

Canary Wharf

London

E14 4PU

Telephone: 0800 917 4487

Website address: www.pensions-ombudsman.org.uk

The Money and Pensions Service

Launched on 1 January 2019, The Money and Pensions Service (MaPS) brought together three financial guidance bodies: The Money Advice Service, The Pensions Advisory Service and Pension Wise. MaPS is an arm's length body sponsored by the Department for Work and Pensions and also engages with HM Treasury on policy matters relating to financial capability and debt advice.

Telephone: 0115 965 9570

Email: contact@maps.org.uk
Website address: www.maps.org.uk

14. Summary funding statement

In accordance with legislation, the most recent annual Summary Funding Statement based on the methodology of the Triennial Valuation as at as at 31 March 2018, specific to each of the four sections to which they belong, was sent to all members of the Scheme within the statutory timescales in June 2019. This is included in this report on pages 48 to 58.

15. Commutation factors

Following the statutory triennial valuation of the Visit London Section as at 31 March 2018, the Trustees reviewed in February 2020 the appropriateness of the cash commutation factors in place for members of this section. This review led to a change in the factors with effect from March 2020.

The factors are age-related so that the cash sum provided takes into account the period over which the pension would have been paid. The factors also take into account the low risk investment strategy adopted by the Visit London Section.

Please note that the amount of tax free cash taken at retirement is subject to HMRC limits. Retirement quotations will show the maximum amount of cash that a member can take.

Members should consider taking independent financial advice when deciding whether to exchange part of their pension for a tax free cash sum. Members should also note that the Trustees will review the factors in place for each of the four sections from time to time and may update the factors again in future.

Trustees' Report (continued)

Scheme Management (continued)

Summary of Contributions payable for the Scheme year ended 31 March 2020

During the Scheme year, the contributions payable to the Scheme by the Employers were as follows:

	Employee	Employer	Total
Required by the Schedule of Contributions	**£'000**	**£'000**	**£'000**
Normal contributions	692	2,874	**3,566**
Deficit funding contributions	-	142	**142**
Contributions towards administrative costs	-	409	**409**
Total	**692**	**3,425**	**4,117**
Other contributions payable			
Deficit funding contributions not required under the Schedule of Contributions	-	322	**322**
Additional voluntary contributions, including added years	25	-	**25**
Total	**717**	**3,747**	**4,464**

Signed on behalf of the Trustees: …..David Kidd……..

(Trustee)

…..Anthony Murphy……..

(Trustee)

Date: …..25 September 2020……..

Investment Matters

Overview

The Trustees, with the assistance of their appointed investment adviser, determine the overall investment strategy for the Scheme and sets out the broad policy to be adopted by each of the appointed fund managers.

Investment managers

The names of those who have managed the Scheme's investments during the year are listed on page 8. The Trustees have delegated the day-to-day management of investment to their appointed fund managers. A written agreement between the Trustees and each manager sets out the terms on which the manager will act.

The managers' duties include the consideration of social, environmental or ethical issues in the selection, retention and realisation of investments as well as voting and corporate governance in relation to the Scheme's assets. The Trustees have reviewed each of the investment managers' policies on these issues. The Trustees believe that the policies adopted by the managers are consistent with their own views.

Investment principles

In accordance with Section 35 of the Pensions Act 1995, the Trustees have prepared a Statement of Investment Principles which includes the Trustees' policy relating to ethical investment and the exercise of the rights attaching to investments. Any member may request a copy. This Statement may change from time to time according to advice received from the investment manager or consultants.

Departures from investment principles

During the year ended 31 March 2020 the Scheme's investments with BlackRock were above the strategic target allocation. The portfolio has been designed to hedge a specific portion of the Scheme's liability interest rate and inflation sensitivity, therefore reducing the allocation back to target would reduce the Scheme's level of interest rate and inflation hedging. In order to maintain the Scheme's hedging levels, the Trustees have therefore allowed for this allocation to 'float' and not rebalanced back to target.

Employer-related investments

The Scheme did not hold any employer-related investments at the end of the Scheme year (2019: Nil).

Investment Matters (continued)

Asset allocation

Following the sectionalisation of the Scheme as at 30 June 2019 there is not a Scheme level strategic benchmark; each underlying section of the Scheme has its own strategic benchmark allocation. The strategic benchmark weights for each section are set out below:

Strategic benchmark allocations				
Asset class	**VisitBritain**	**VisitScotland**	**Welsh Government**	**Visit London**
Equities	**14%**	**40%**	**10%**	**-**
LGIM Market Cap Equity Portfolio and Diversified Multi-Factor Equity Fund	*7%*	*20%*	*5%*	*-*
Fidelity Select Global Fund	*7%*	*20%*	*5%*	*-*
Multi-asset	**23%**	**20%**	**15%**	**10%**
Baillie Gifford Diversified Growth Fund	*11.5%*	*10%*	*7.5%*	*10%*
Insight Broad Opportunities Fund	*11.5%*	*10%*	*7.5%*	*-*
Partners Multi-Asset Credit Fund	**15%**	**15%**	**15%**	**-**
BlackRock Diversified Credit Fund	**5%**	**2.5%**	**5%**	**-**
Threadneedle Property Unit Trust	**15%**	**10%**	**15%**	**-**
Liability Driven Investments	**22%**	**12.5%**	**34%**	**90%**
BlackRock Leveraged Gilt / Index-Linked Gilts	*22%*	*12.5%*	*34%*	*-*
LGIM Matching assets	*-*	*-*	*-*	*90%*
BlackRock Liquidity Fund	**6%**	**-**	**6%**	**-**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The value of the invested assets of Visit London Scheme as at 31 March 2020 was £30.9m. Visit London had £2.6m invested in the Baillie Gifford Diversified Growth Fund and held £28.3m in a separate index-linked gilts account managed by Legal & General.

The total value of the invested assets of the Fund excluding Visit London assets shown above for £303.5m plus the Visit London assets shown above for £30.9m total the £334.4m shown for pooled investment vehicles on the Statement of Net Assets available for benefits on page 33.

At the year end, other than £25.6m invested in the Threadneedle Property Unit Trust noted in the table above, which is currently not trading, all of the Fund's investments were considered to be marketable on a short-term basis.

Trustees' Report (continued)

Investment Matters (continued)

Review of investment performance

The table below shows a summary of the performance of each of the Scheme's investment managers. These performance figures are shown gross of annual management fees.

Investment Mandate	1 Year (%)		3 Year (% per annum)		5 Year (% per annum)	
	Performance	**Benchmark**	**Performance**	**Benchmark**	**Performance**	**Benchmark**
Fidelity Select Global Fund	-5.53	*-6.72*	1.75	*1.81*	6.19	*6.63*
L&G Equities	-16.47	*-16.55*	-2.99	*-3.06*	1.93	*1.80*
Baillie Gifford Diversified Growth Fund	-8.16	*4.37*	-0.81	*4.13*	1.44	*4.06*
BlackRock Leveraged Gilt / Index-Linked Gilts	15.03	*15.03*	8.68	*8.68*	14.98	*14.98*
BlackRock Diversified Credit Fund	-2.61	*2.74*	4.32	*2.71*	N/A	*N/A*
Threadneedle Property Unit Trust	0.87	*-0.01*	5.53	*4.89*	6.68	*5.77*
Partners Multi-Asset Credit Fund 2017	1.44	*5.90*	N/A	*N/A*	N/A	*N/A*
Insight Broad Opportunities Fund	-5.15	*4.71*	N/A	*N/A*	N/A	*N/A*

Gross returns have been estimated for managers that produce net returns only. BlackRock LSF Diversified Credit Fund three-year performance figure is since inception 10 March 2015. BlackRock LDI three-year performance figure is since inception 10 March 2015.

The five-year performance figure for the Threadneedle Property Unit Trust is shown net of management fees.

The holdings in the Partners Multi-Asset Credit Fund and the Insight Broad Opportunities Fund have been held for less than three (3) years.

Investment risk disclosures

Investment risks are disclosed in note 18 on pages 42 to 45.

Statement of Trustees' Responsibilities

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

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in Regulation 3A of the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

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

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

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.

The Trustees are responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employers and the members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employers in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Contact for Further Information

Any enquiries or complaints about the Scheme, with effect from 1 June 2020, including requests from individuals for information about their benefits or Scheme documentation, should be sent to:

British Tourist Boards' Staff Pension and Life Assurance Scheme
c/o Buck (Ipswich)
PO Box 323
Mitcheldean
Gloucestershire
GL14 9BL

Email: btb@buck.com

Approval of the Trustees' Report

The Scheme information, membership information, Statement of the Trustees' Responsibilities and Executive Summary of the Actuarial Valuation included in this document form part of the Trustees' Report.

Signed on behalf of the Trustees by:

David Kidd ..... **Date:** 25 September 2020

Trustee

Anthony Murphy ..... **Date:** 25 September 2020

Trustee

AVC Governance Statement

1. As Trustees of the British Tourist Boards' Staff Pension and Life Assurance Scheme ("the Scheme"), we have reviewed and assessed that our systems, processes and controls across the key governance functions relating specifically to the Scheme's Additional Voluntary Contribution ("AVC") arrangements are consistent with Regulatory governance requirements.

2. In doing so, the Trustees have taken into account the fact that the main purpose of the Scheme is to provide members with a defined benefit pension on retirement from the main section of the Scheme. As such, the AVC benefit forms a small part of the overall Scheme benefit. The Trustees have therefore taken a proportionate approach when applying the governance requirements.

3. Based on our assessment, we believe that we have adopted an appropriate and proportionate approach which takes into account the standards of practice set out in the Defined Contribution (DC) code and associated regulatory guidance. This helps to demonstrate the presence of DC quality features, which we believe will help deliver better outcomes for members at retirement.

4. To ensure that an appropriate standard of governance is applied to the management of AVC funds, we will carry out the following work at the stated intervals:

   - A triennial review of the legacy AVC arrangements in place. The review will consider the following key criteria for each AVC provider:

   - Financial strength of provider and commitment to the AVC marketplace
   - Recognised and respected brand
   - Investment performance of the funds under management

     Following the recent change of Scheme administrator a review of the AVC arrangements will be carried out and completed by 31 March 2021.

   - The Trustees will provide an annual communication to AVC members detailing the investment performance and charging structure of the AVC arrangements in place and highlighting the need for members to review their own AVC arrangements and take independent advice.

5. Whilst the Trustees are not required to produce a governance statement, the Trustees wish to reassure members that appropriate governance measures are in place with respect to the AVC funds held within the Scheme.

Signed: David Kidd

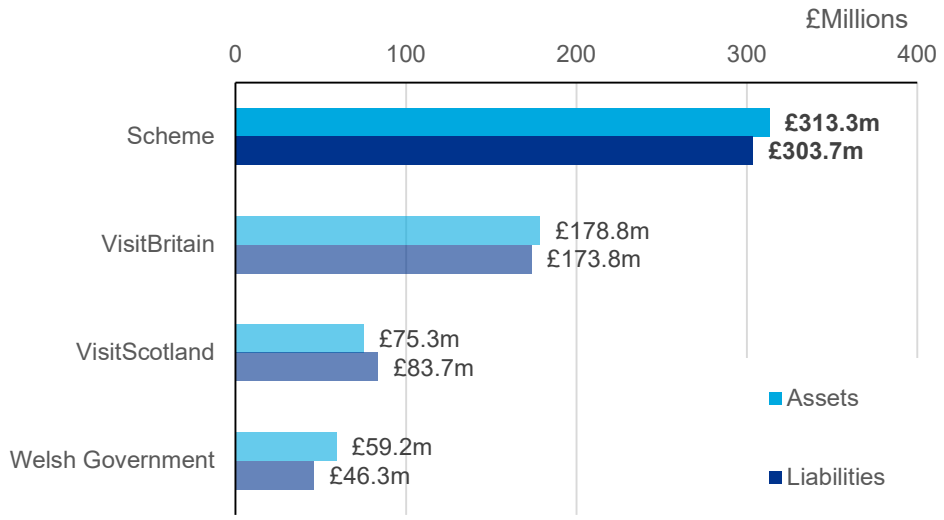
Chairman of the Trustees
British Tourist Boards' Staff Pension and Life Assurance Scheme

Date: 25 September 2020

Report on Actuarial Liabilities

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

The most recent full actuarial valuation of the Scheme was carried out as at 31 March 2018. The key results are as follows:



Main funding assessment

In funding the Scheme, the Trustees' key objective is to ensure that there will be sufficient assets to meet all benefit payments as they fall due. With this in mind, the Trustees have set a target reserve for the Scheme based on a prudent estimate of the amount needed to meet all payments in respect of the benefits earned up to the valuation date.

The Funding Assessment gives a target reserve of £303,720,000 as at 31 March 2019. This compares with an asset value as at the same date of £313,284,000. Thus, there was a funding surplus of £9,564,000 and a funding level (assets as a percentage of the target reserve) of 103%.

The previous valuation was undertaken as at 31 March 2015. That valuation revealed a funding shortfall of £9,200,000.

The key influences on the funding position between the two valuations were as follows:

- Higher investment returns than expected over the valuation period
- This was offset by a significant fall in gilt yields on which the valuation assumptions are set resulting in an increase to the deficit;

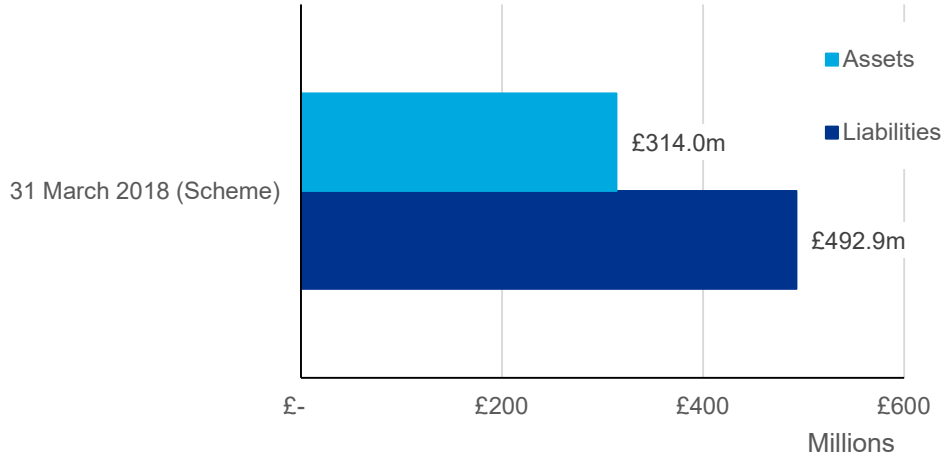
To fund the continuing accrual of benefits, VisitBritain contributed 22.8**%** of pensionable salary and VisitScotland contributed 25.1% of pensionable salary. Following the conclusion of the statutory triennial valuation of the former Main Scheme, involving VisitBritain, VisitScotland and the Welsh Government, as at 31 March 2018, these new employer contribution rates came into effect from 1 July 2019. This is in addition to the member contribution of 5% and contributions towards Scheme expenses.

Report on Actuarial Liabilities (continued)

Winding-up assessment

We have also completed a winding-up assessment of the Scheme as at 31 March 2018. This determines the extent to which the Scheme's assets would be sufficient to secure members' benefits by the purchase of insurance policies if the Scheme were to be closed and wound up. The winding-up assessment places a value on the Scheme's liabilities of £492.9m compared with the asset value of £314.0m as shown in the graph below.

This gives a winding-up funding level of 64%.



The winding-up liabilities are much higher than the ongoing funding liabilities because the estimated cost of purchasing insurance policies to secure the benefits is significantly higher than the anticipated cost of providing benefits from the Scheme's assets.

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Financial assumptions

The Trustees base their financial assumptions on financial market statistics, in particular the yields on fixed interest and index-linked government bonds. Changes in these underlying statistics mean that the discount rate before and after retirement are lower whilst future price inflation is higher.

Discount rates – scheme funding basis (past service)

	As at 31 March 2015	As at 31 March 2018
Discount rate before retirement	BoE Gilts plus 1.5%	4.75%
Discount rate after retirement	BoE Gilts plus 1.5%	2.75%

Discount rates – future service contributions

	As at 31 March 2015	As at 31 March 2018
Discount rate before retirement	BoE Gilts plus 2.25%	5.25%
Discount rate after retirement	BoE Gilts plus 2.00%	VisitBritain – 3.25% VisitScotland – 2.75%

Inflation assumptions – scheme funding basis

	As at 31 March 2015	As at 31 March 2018
Future price inflation (RPI)	BoE Inflation curve less 0.1%	3.35%
Future price inflation (CPI)	RPI less 0.75%	2.45%
Salary growth	CPI	2.95%
Revaluation of deferred pensions before retirement:		
Deferred revaluation – excess over GMP	CPI	2.45%
Deferred revaluation – GMP	CPI	2.95%
Pension increases in payment:		
Pre88 GMP – nil	0.00%	0.00%
Post88 GMP – CPI maximum 3%	CPI (capped at 3%)	2.45%
Pre 97 – Pension Increase Orders (CPI)	CPI	2.45%
Post 97 – RPI max 5%	RPI (capped at 5%)	3.30%

Demographic assumptions

The most important demographic assumption is that for the future life expectancy of members. As part of the valuation process the Trustees reviewed the prospects for members' life expectancies. As a result, the Trustees have updated their assumptions to take account of the most recently available data. The key demographic assumptions are set out in the table below:

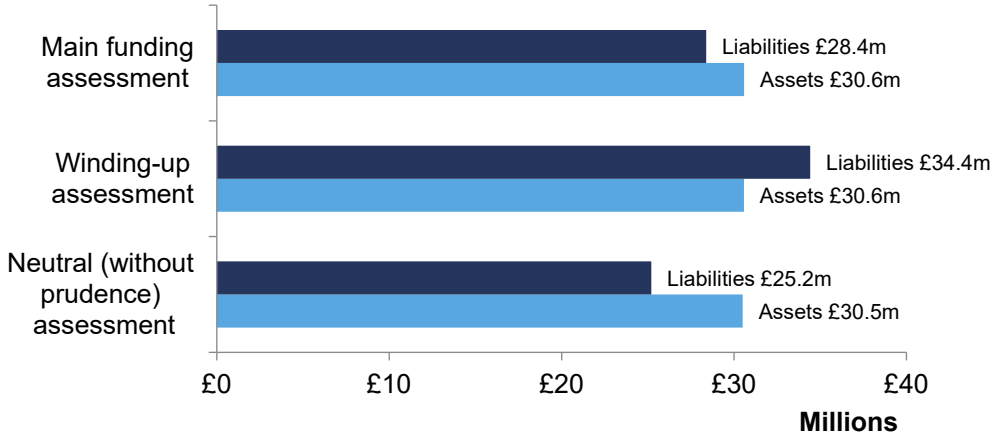
Demographic assumptions – scheme funding basis

	As at 31 March 2015	As at 31 March 2018
Base table	S2NA_Light	S2PA
Adjustment to base table	M/F	M/F
VisitBritain (VB)	97%/90%	90%/92%
VisitScotland (VS)	97%/90%	98%/98%
Welsh Government (WG)	97%/90%	96%/94%
Projection	CMI 2014 1.25%	CMI 2016 1.5%
Commutation	10% of pension	10% of pension

Report on Actuarial Liabilities (continued)

Visit London Section

The most recent full actuarial valuation of the Visit London Section ("the Section") was carried out as at 31 March 2018. The key results are as follows:



Main funding assessment

In funding the Section, the Trustees' key objective is to ensure that there will be sufficient assets to meet all benefit payments as they fall due. With this in mind, the Trustees have set a target reserve for the Section based on a prudent estimate of the amount needed to meet all payments in respect of the benefits earned up to the valuation date.

The Funding Assessment gives a target reserve of £28.4m as at 31 March 2018. This compares with an asset value as at the same date of £30.6m. Thus, there was a funding surplus of £2.2m and a funding level (assets as a percentage of the target reserve) of 108%.

The previous valuation was undertaken as at 31 March 2015. That valuation revealed a funding surplus of £0.3m.

The key influences on the funding position between the two valuations were as follows:

- A significant fall in gilt yields on which the valuation assumptions are based;
- A greater than expected return on the Section's index linked gilt holdings.

Report on Actuarial Liabilities (continued)

Winding-up assessment

The Trustees also completed a winding-up assessment of the Section as at 31 March 2018. This determines the extent to which the Section's assets would be sufficient to secure members' benefits by the purchase of insurance policies if the Section were to be closed and wound up. The winding-up assessment places a value on the Section's liabilities of £34.4m compared with the asset value of £30.6m as shown in the graph below. This gives a winding-up funding level of 89%.

The winding-up liabilities are much higher than the ongoing funding liabilities because the estimated cost of purchasing insurance policies to secure the benefits is significantly higher than the anticipated cost of providing benefits from the Section's assets.

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Financial assumptions

The Trustees base their financial assumptions on financial market statistics, in particular the yields on fixed interest and index-linked government bonds. Changes in these underlying statistics mean that the discount rate before and after retirement are lower whilst future price inflation is higher.

Key financial assumptions

	Funding Assumptions at 31 March 2018	**Winding-up Assumptions at 31 March 2018**	**Funding Assumptions at 31 March 2015**
Discount rate before retirement and after retirement	Bank of England fixed rate interest curve plus 0.3% addition at all terms to allow for the expected long term return on the diversified growth fund.	Based on adjustments to a swap curve to replicate insurers' pricing and expenses.	Bank of England fixed rate interest curve plus 0.3% addition at all terms to allow for the expected long term return on the diversified growth fund.
Future price inflation (RPI)	Bank of England RPI inflation curve	Bank of England RPI inflation curve	Bank of England RPI inflation curve
Future price inflation (CPI)	Retail price inflation less 0.5%	Retail price inflation less 0.4%	Retail price inflation less 0.5%
Revaluation of deferred pensions before retirement	Equal to the CPI assumption		
Pension increases in payment			
> Post 1988 GMP – CPI max 3%	Equal to the CPI assumption capped at 3% p.a.		
> Pre 97 excess over GMP – CPI	Equal to the CPI assumption		
> **Post 97 pension – RPI max 5%**	**Equal to the RPI assumption capped at 5% p.a.**		

Report on Actuarial Liabilities (continued)

Demographic assumptions

The most important demographic assumption is that for the future life expectancy of members. As part of the valuation process the Trustees reviewed the prospects for members' life expectancies. As a result, the Trustees have updated their assumptions to take account of the most recently available data. The key demographic assumptions are set out in the table below:

Demographic assumptions

	Funding Assumptions at 31 March 2018	Winding-up Assumptions at 31 March 2018	Funding Assumptions at 31 March 2015
Mortality			
> In service/deferment	As per mortality in retirement	AC00 tables with nil projections	As per mortality in retirement
> In retirement	93% SAPS S2PMA light tables for males, 94% SAPS S2PFA light tables for females, with CMI 2015 projections with a long-term improvement trend of 1.5% per annum	93% SAPS S2PMA light tables for males, 94% SAPS S2PFA light tables for females, with CMI 2015 projections with a long-term improvement trend of 1.5% for males and 1.25% for females.	97% S1NMA light tables for males, 90% S1NFA light tables for females, with CMI 2015 projections with a long-term improvement trend of 1.25% per annum.
Retirement	**Members assumed to retire at Normal Retirement Age**		

Actuary's Certification of the Schedule of Contributions

British Tourist Boards' Staff Pension and Life Assurance Scheme – Main Section

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated June 2019.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated June 2019.

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

Signature	**Date**
[redacted]	28 June 2019.
Name Jonathan Seed	**Qualification** Fellow of the Institute and Faculty of Actuaries
Address Scotia House Stirling FK9 4TZ	**Employer** XPS Pensions

Independent Auditor's Report to the Trustees of the British Tourist Boards' Staff Pension and Life Assurance Scheme

Opinion

We have audited the financial statements of the British Tourist Boards' Staff Pension and Life Assurance Scheme for the year ended 31 March 2020 which comprise the Fund Account, the Statement of Net Assets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2020, and of the amount and disposition at that date of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of and the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

This report is made solely to the Scheme's Trustees, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

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

Conclusions relating to going concern

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

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

Independent Auditor's Report to the Trustees of the British Tourist Boards' Staff Pension and Life Assurance Scheme (continued)

Other information

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control 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.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Scheme, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Haysmacintyre LLP

Haysmacintyre LLP
Statutory Auditor
London

Date: 25 September 2020

Independent Auditor's Statement about Contributions, under Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees of the British Tourist Boards' Staff Pension and Life Assurance Scheme

We have examined the Summary of Contributions payable to the British Tourist Boards' Staff Pension and Life Assurance Scheme, for the Scheme year ended 31 March 2020 which is set out in the Trustees' Report on page 15.

In our opinion contributions for the Scheme year ended 31 March 2020, as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the former Scheme Actuary on 11 December 2013 and by the Scheme Actuary on 28 June 2019.

Scope of work on statement about contributions

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

Respective responsibilities of the Trustees and Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employers and the members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any member of the Scheme and for monitoring whether contributions are made to the Scheme by the participating Employers in accordance with the Schedule of Contributions.

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

Use of our Statement

This statement is made solely to the Scheme's Trustees, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustees, as a body, for our work, for this statement, or for the opinions we have formed.

Haysmacintyre LLP

Haysmacintyre LLP
Statutory Auditor
London

Date: 25 September 2020 2020

Fund Account

	Note	2020 £'000	2019 £'000
Contributions and benefits			
Employer contributions	4	3,747	4,127
Employee contributions	4	717	715
Total contributions		**4,464**	4,842
Transfers in	5	35	7
Other income	6	-	20
		4,499	4,869
Benefits paid or payable	7	(9,499)	(9,704)
Payment to and on account of leavers	8	(2,016)	(1,494)
Administrative expenses	9	(1,125)	(1,014)
Other payments	10	(44)	(44)
		(12,684)	(12,256)
Net withdrawals from dealings with members		**(8,185)**	(7,387)
Returns on investments			
Investment income	11	15,034	4,608
Change in market value of investments	12	(11,245)	15,322
Investment management expenses	13	(555)	(820)
Net returns on investments		**3,234**	19,110
Net (decrease) / increase in the fund during the year		**(4,951)**	11,723
Net assets of the Scheme at 1 April		356,487	344,764
Net assets of the Scheme at 31 March		**351,536**	356,487

The accompanying notes on pages 34 to 46 are an integral part of these financial statements.

Statement of Net Assets available for benefits

	Note	At 31 March 2020 £'000	At 31 March 2019 £'000
Investment assets:	12		
Pooled investment vehicles	15	334,343	340,519
AVC investments	16	486	452
Insurance policies – annuities		12,708	14,250
Accrued income		576	425
Total investments		**348,113**	355,646
Current assets	19	3,724	1,406
Current liabilities	20	(301)	(565)
Net assets of the Scheme at 31 March		**351,536**	356,487

The 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, is dealt with in the Report on Actuarial Liabilities on pages 22 to 27 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 34 to 46 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Trustees on 25 September 2020.

Signed on behalf of the Trustees: ……David Kidd……..

(Trustee)

……Anthony Murphy……..

(Trustee)

Notes to the Financial Statements

Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised 2018).

This is the first set of financial statements in which Scheme Trustees have adopted the amendments to FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland Triennial Review 2017 incremental Improvements and Clarification issued December 2017, and the SORP (revised 2018). No restatement of corresponding or prior years' figures was necessary as a result of the first-time adoption of the 2018 SORP.

Identification of the Financial Statements

The Scheme is established as a Trust under English law. The address for enquires to the Scheme is included in the Trustees' Report.

Accounting policies

The principal accounting policies of the Scheme are as follows:

Contributions

Employee contributions, including AVCs, are accounted for by the Trustees when they are deducted from pay by the Employers, except for the first contribution due where the employee has been auto-enrolled by the Employers in which case it is accounted for when received by the Scheme.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions in force during the year.

Employer augmentation contributions are accounted for in accordance with the agreements under which they are payable.

Employer deficit funding and administration expense contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the Employers and Trustees.

Employer S75 debt contributions are accounted for when a reasonable estimate of the amount receivable can be determined.

Payments to members

Benefits are accounted for in the later of the period in which the member notifies the Trustees of his or her decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Pensions in payment are accounted for in the period to which they relate.

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or discharged which is normally when the transfer amount is paid or received.

Group transfers are accounted for in accordance with the terms of the transfer agreement.

Expenses

Expenses are accounted for on an accruals basis, net of recoverable VAT.

3. Accounting Policies (continued)

Investment income

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

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Receipts from annuity policies held by the Trustees to fund benefits payable to Scheme members are included within investment income on an accruals basis.

Investments

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

Investments are included at fair value as described below:

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

Presentation currency

The Scheme functional and presentation currency is Pounds Sterling.

4. Contributions

	2020 £'000	2019 £'000
Employer contributions		
Normal	2,874	2,446
Deficit funding contributions	464	1,404
Contributions towards administrative costs	409	277
	3,747	**4,127**
Employee contributions		
Normal	692	703
Additional voluntary contributions, including added years	25	12
	717	715
	4,464	**4,842**

A new Schedule of Contributions was certified on 28 June 2019 which states that no additional contributions to the Scheme are required in respect of the shortfall in funding. Employers will continue to pay contributions in respect of administrative expenses of £220,000 per annum for VisitBritain, £150,000 per annum for VisitScotland and £80,000 per annum for the Welsh Government increasing by 2.45% annually from 1 April 2020.

VisitBritain paid additional deficit contributions in the year to 31 March 2020 of £265,000 (2019: £850,000). VisitScotland paid additional deficit contributions in the year to 31 March 2020 of £57,000 (2019: £nil).

5. Transfers in

	2020 £'000	2019 £'000
Individual transfers from other arrangements	**35**	**7**

6. Other income

	2020 £'000	2019 £'000
Compensation	-	20

7. Benefits paid or payable

	2020 £'000	2019 £'000
Pensions	8,832	8,513
Commutations of pensions and lump sum retirement benefits	667	1,191
	9,499	**9,704**

8. Payments to and on account of leavers

	2020 £'000	2019 £'000
Refunds to members leaving service	89	80
Individual transfers out to other arrangements	1,927	1,414
	2,016	**1,494**

9. Administrative expenses

	2020 £'000	2019 £'000
Administration and processing	127	99
Audit fee	15	15
Legal and other professional fees	490	363
Actuarial expenses	193	201
Other expenses	28	8
PPF levy	138	152
Irrecoverable VAT	134	176
	1,125	**1,014**

10. Other payments

	2020 £'000	2019 £'000
Life assurance premiums	**44**	**44**

11. Investment income

	2020 £'000	2019 £'000
Management fee rebate	142	223
Interest on cash deposits	2	1
Annuity income	1,558	1,599
Income from pooled investment vehicles	13,332	2,785
	15,034	**4,608**

12. Reconciliation of investments

	Value at 1 April 2019 £'000	Purchases at cost £'000	Sales proceeds £'000	Change in market value £'000	Value at 31 March 2020 £'000
Pooled investment vehicles	340,519	257,144	(253,583)	(9,737)	334,343
Insurance policies - annuities	14,250	-	-	(1,542)	12,708
AVC investments	452	23	(23)	34	486
	355,221	**257,167**	**(253,606)**	**(11,245)**	**347,537**
Accrued income	425				576
	355,646				**348,113**

12. Reconciliation of investments (continued)

Concentration of Investments

The Scheme's net assets comprised of the following at the year end.

Investments	2020 £'000	Percentage of Scheme's net assets %
Fidelity World Equities	25,239	7.18
Legal & General UK Equity Index	17,984	5.12
Partners Group MAC 2017 Fund	47,326	13.46
Baillie Gifford Diversified Growth Fund	32,824	9.34
Threadneedle Property Unit Trust Class A Units	25,612	7.29
Legal & General Gilts (Visit London)	28,264	8.04
Fidelity Emerging Markets	3,421	0.97
Legal & General North America Equity Index	1,991	0.57
Legal & General Europe (ex-UK) Equity Index	1,968	0.56
Legal & General Japan Equity Index	1,219	0.35
Legal & General Asia Pacific (ex-Japan) Equity Index	1,150	0.33
BlackRock Fixed Income	13,293	3.78
BlackRock Liability Hedging	80,110	22.79
BlackRock Cash & Commitments	22,689	6.45
Insight Broad Opportunities Fund	31,253	8.89
AVCs	486	0.14
Insurance policies - annuities	12,708	3.61
Accrued income	576	0.16
Invested assets	**348,113**	**99.03**
Current assets less current liabilities	3,423	0.97
Total net assets	**351,536**	**100**

The annuity policies above are issued by Prudential, Aviva, Reassure and Friends Life and are valued by the Scheme Actuary. No collateral is held in relation to these assets.

The funds are all UK registered except the Threadneedle Property Unit Trust which is held with Threadneedle Investments (Channel Islands) Limited and registered in Jersey.

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. The Scheme incurs no direct transaction costs.

13. Investment management expenses

	2020 £'000	2019 £'000
Administration, management and custody	**555**	820

14. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

15. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at year-end comprised:

	2020 £'000	2019 £'000
Equity	52,972	75,799
Bonds	191,681	183,812
Property	25,612	26,808
Absolute Return	64,078	54,100
	334,343	**340,519**

16. AVC investments

AVC investments are identified and accounted for separately from the investments of the Scheme. They are used to provide additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement made up to 31 March confirming the amounts held in their AVC fund and the movements in the year. The aggregate amounts of AVC investments are as follows

The aggregate amounts of AVC investments are as follows:

	2020 £'000	2019 £'000
Utmost Limited (formerly, The Equitable Life)	6	5
Prudential Assurance Company	451	429
Legal & General	29	18
	486	**452**

Members may also purchase additional years with contributions to the main fund.

17. Fair value determination

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

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

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

As at 31 March 2020	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Pooled investment vehicles (PIVs)	-	262,804	71,539	**334,343**
AVC investments	-	128	358	**486**
Insurance policies - annuities	-	-	12,708	**12,708**
Other investment balances	576	-	-	**576**
	576	**262,932**	**84,605**	**348,113**

As at 31 March 2019	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Pooled investment vehicles		266,713	73,806	340,519
AVC investments	-	111	341	452
Insurance policies - annuities	-	-	14,250	14,250
Other investment balances	425	-	-	425
	425	266,824	88,397	355,646

18. Investment risk disclosures

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

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

Market risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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

Credit risk

The Scheme invests through pooled investment vehicles in assets that contain credit risk as follows:

- Index-linked gilts mandate managed by Legal and General.
- Liability driven investment and diversified credit mandates, both managed by BlackRock.
- Private lending mandate managed by Partners Group.

The credit risk from the index-linked gilts and liability driven investment mandates is mitigated by investing solely in index-linked gilts that are high quality investment grade bonds backed by the full credit and faith of the United Kingdom government. In order to achieve leverage in the liability driven investment and diversified credit funds BlackRock enter cashflow swaps with a wide range of counterparties monitored by them. The credit risk from the BlackRock diversified credit mandate and Partners Group Private Lending mandate is mitigated by the managers' investing in a diversified portfolio of assets to minimize the impact of default by any one issuer as well as the managers' continuous analysis on the credit quality of the securities held within the mandates.

The total indirect credit risk is as follows:

As at 31 March 2020	Investment Grade	Non-investment Grade	Unrated	Total
	£'000	£'000	£'000	£'000
PIVs	**143,895**	**160**	**45,941**	**189,996**

As at 31 March 2019	Investment Grade	Non-investment Grade	Unrated	Total
	£'000	£'000	£'000	£'000
PIVs	136,766	-	47,046	183,812

18. Investment risk disclosures (continued)

Credit risk (continued)

The Scheme also invests in two absolute return mandates managed by Baillie Gifford and Insight. The underlying assets held in these mandates may contain indirect credit risk, however due to the dynamic asset allocation and holistic risk management focus employed by both managers a look-through basis has not been used for these mandates. Instead, the risks have been accounted for in 'other price risk'.

The Scheme is also exposed to the credit risk arising from the financial instruments the investment managers use in the efficient management of the Scheme's pooled investment vehicles; this mostly concerns the use of derivative instruments.

Direct credit risk on units held in pooled investment vehicles is mitigated by the underlying assets held in trust and separate from the assets of the investment managers. The risk is further mitigated by the Trustees investing in regulated markets and regularly reviewing the investment managers in conjunction with their investment adviser, Hymans Robertson.

Currency risk

The Scheme is subject to currency risk because it invests through pooled investment vehicles in equity assets denominated in a foreign currency. Accordingly, the value of the Scheme's assets may be affected favourably or unfavourably by fluctuations in currency rates.

The Scheme's liabilities are denominated in Sterling. The Scheme is subject to indirect currency risk from the underlying equity holdings in the pooled investment vehicles managed by Fidelity and Legal and General. It is the Trustees policy to hedge all currency risk arising from the overseas equity holdings held with Legal and General, which amounts to approximately 25% of the Scheme's total indirect currency risk. No currency risk arising from the Fidelity mandate is hedged.

The Scheme's total net unhedged exposure at the year-end was as follows:

	2020 £'000	**2019 £'000**
PIVs	**26,826**	35,410

The Scheme also invests in two absolute return mandates managed by Baillie Gifford and Insight. The underlying assets held in these mandates may contain indirect currency risk, however due to the dynamic asset allocation and holistic risk management focus employed by both managers a look-through basis has not been used for these mandates. Instead, the risks have been accounted for in 'other price risk'.

Interest rate risk

The Scheme invests through pooled investment vehicles in assets that contain interest rate risk through its index-linked gilts mandate managed by Legal and General, its liability driven investment and diversified credit mandates, both managed by BlackRock and its private lending mandate managed by Partners Group. The Trustees invest the liability driven investment mandate in leveraged index-linked gilts that should move broadly in-line with the Scheme's liabilities as a consequence of changing interest rates.

18. Investment risk disclosures (continued)

Interest rate risk (continued)

The total indirect interest rate risk is as follows:

	2020 £'000	2019 £'000
PIVs	**189,996**	183,813

The Scheme also invests in two absolute return mandates managed by Baillie Gifford and Insight. The underlying assets held in these mandates may contain indirect interest rate risk, however due to the dynamic asset allocation and holistic risk management focus employed by both managers a look-through basis has not been used for these mandates. Instead, the risks have been accounted for in 'other price risk'.

Other price risk

Other price risk includes the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate, credit or currency risk), whether those changes are caused by factors specific to the financial instruments or their issuer, or factors affecting all similarly traded financial instruments in the market.

Other price risk arises principally in relation to the Scheme's return seeking portfolio which includes equities held in pooled vehicles, units held in a pooled property investment vehicle and units held in absolute return pooled investment vehicles. The Scheme manages this exposure by constructing a diversified portfolio of instruments across various markets. According to the Scheme's Statement of Investment Principles, each investment manager is expected to manage diversified portfolios and to spread assets across a wide range of individual assets with different characteristics. In addition, the asset allocation is detailed in the Appendix of the Statement of Investment Principles document and is monitored on a regular basis by the Trustees.

The total indirect other price risk is as follows:

	2020 £'000	2019 £'000
Equity held in PIVs	52,972	75,799
Absolute return held in PIVs	64,077	54,100
Property held in PIVs	25,612	26,808
	142,661	**156,707**

18. Investment risk disclosures (continued)

Additional risks

The Trustees have also identified a number of additional key risks that impact on the Scheme's funding level and contribute to funding risk. These include:

- Cash-flow risk: the Trustees manage this risk by taking into account the timing of future payments in order to minimise the probability that there is a shortfall in liquid assets relative to the Scheme's liabilities;
- asset concentration risk: the Trustees manage this risk by determining an investment policy with a view to spreading the risks of investing in any one investment market, currency or asset class;
- covenant risk: the Trustees manage this risk by considering the strength of the sponsoring Employer when setting investment strategy, and by consulting with the Employer as to the suitability of the proposed strategy;
- operational risk: the Trustees manage this risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

19. Current assets

	2020 £'000	2019 £'000
Other debtors	410	112
Cash balances	3,314	1,294
	3,724	**1,406**

Within other debtors is a balance of £60,000 owed by Welsh Government in respect of their expense contribution; £172,189 owed by VisitScotland; £112,500 expense contribution as set out in the latest Schedule of Contributions, and £59,689 for administrative and deficit contributions from the previous Schedule of Contributions and a balance of £112,000 owed by VisitBritain in respect of March contributions,

The amount due from Welsh Government was received on 17 April 2020. However, as the amount is due monthly, £53,333 was paid the Scheme later than the date set out in the Schedule of Contributions.

The amount owed by VisitScotland was settled in full on 28 April 2020. As a result, the entire amount owed by this employer was received late.

The balance owed by VisitBritain was settled in full and on time, in accordance with the Schedule of Contributions.

20. Current liabilities

	2020 £'000	2019 £'000
Unpaid benefits	-	113
Accrued expenses	297	336
Contributions paid in advance	-	114
Taxation due on refunds to members	4	2
	301	**565**

Contributions paid in advance relate to overpaid Deficit and Administration contributions being offset against future contributions due.

21. Related party transactions

During the year, the Scheme received employee contributions and accrued pension rights in respect of certain Trustees of the Scheme. These transactions were in accordance with the Scheme Rules and were on the same basis as for other members.

The participating Employers meet the costs associated with the Law Debenture Pension Trust Corporation plc acting as an employer nominated Trustee of the Scheme. The amount paid in 2019/20 was £115,424 plus VAT (2018/19: £71,405).

The Scheme met the costs associated with the Pegasus Pensions plc for secretarial work carried out in 2019/20 for £73,171 (2018/19: £87,546). This amount was paid directly from the Scheme and is included in Note 9.

At 31 March 2020 the Scheme had a debtor balance of £48,277 (2018-19: £50,589) owed from the Principal Employer within other debtors in Note 19. This is in respect of VAT paid by the Scheme which can be reclaimed by the Principal Employer.

22. GMP equalisation

On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgement arise in relation to many other defined benefit pension schemes. The Trustees of the Scheme are aware that the issue will affect the Scheme and will be considering this at future meetings and decisions will be made as to the next steps.

Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustees do not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

APPENDICES

I) Summary Funding Statement: VisitBritain Section

II) Summary Funding Statement: VisitScotland Section

III) Summary Funding Statement: Welsh Government Section

IV) Summary Funding Statement: Visit London Section

British Tourist Boards' Staff Pension & Life Assurance Scheme (the "Scheme")
VisitBritain Section (the "VB Section")
Summary Funding Statement 31 March 2019

What's this statement for?

The Trustees are required to provide you with this statement giving you an update about the Scheme's financial security. We hope you find it useful and easy to understand, but if you have any questions please contact the Scheme's Administrators:

By email: BTBSPS@capita.co.uk

By post: The Trustees of the British Tourist Board's Staff Pension & Life Assurance Scheme, C/o Capita Employee Benefits, Radio House, Thanet Way, Whitstable, CT5 3QP

Previous statements you received showed the funding position for the whole Scheme i.e. including the assets and liabilites for other participating employers. Following the sectionalisation of the Scheme on 30 June 2019, future statements will only show the funding position for the section of the Scheme to which you belong i.e. the VisitBritain Section.

The last actuarial valuation at 31 March 2019

An actuarial valuation is an exercise to compare how much money the Scheme has (its 'assets') with how much it needs to be able to pay everyone the benefits they are entitled to (its 'liabilities'). If the Scheme's assets are more than its liabilities, there is a 'surplus'; if they are less, there is a 'shortfall' or 'deficit'.

Full valuations usually take place every three years and the last one was on 31 March 2018, with a yearly update carried out as at 31 March 2019. The results of these valuations for the VB Section are shown below:

VisitBritain Section	31 March 2019	31 March 2018
Assets (A)	£184.2m	£178.8m
Liabilities (B)	£183.1m	£173.8m
Surplus / (Shortfall) (A-B)	**£1.1m**	**£5.0m**
Funding level (A/B)	101%	103%

More information regarding the valuations outlined above are available upon request from the Scheme's Administrators.

Change in funding position since previous statement

The funding of the Scheme has improved since the previous statement issued in July 2014, mainly due to the provision of a Government Guarantee and subsequent changes in the actuarial assumptions used to value the liabilities.

Payment to the Employers

We have to tell you that there has not been any payment made to any of the participating employers (VisitBritain, VisitScotland or the Welsh Government) out of the Scheme's assets since the last summary funding statement.

Winding-up

If the VB Section winds up, the duty to pay all members' benefits may be transferred to an insurance company. In the 2018 valuation it was estimated that the amount needed to secure all the Section's benefits was £270.7m which was £91.3m more than the Section's assets. This is just an indication and does not mean that the Trustees or Employer is considering winding up the VB Section.

How the Scheme works

Below is some information about this statement and the Scheme. If you would like any more information about the Scheme or your benefits, then please contact the Scheme's administrators.

How is my pension paid for?

The Scheme is a defined benefit pension arrangement. This means members build up benefits based on length of service and their salary. The Scheme has a pool of money (assets) to pay for these benefits as they become due; it does not hold assets separately for each individual although assets are held separately in respect of each section of the Scheme. The Trustees' goal is for each section to have enough money to pay all members their benefits, both now and into the future.

How do you work out how much each section needs?

As part of the three-yearly actuarial valuation, the Trustees will agree separate funding plans (the Statement of Funding Principles) with each employer, which aims to make sure there is enough money in each section to pay for pensions now and into the future. The Employer also pays the cost of running their own section every year. This is why each section relies on the Employer's continuing support.

What would happen if the VB Section started to wind up?

Whilst the VB Section is still running, even though funding may temporarily be below target, benefits will still be paid in full. If the VB Section did start to wind up, benefits may be secured with an insurance company. If there weren't enough assets to secure all the benefits, the Employer would have to make up the difference. In the event that the Employer is not able to pay for any shortfall, the Government Guarantee will ensure you get all of the benefits you have built up. More information regarding this can be found in the accompanying document. The existence of the Government Guarantee means the VB Section is no longer eligible for the Pension Protection Fund ('PPF').

Why don't the Trustees aim to have enough money to secure benefits on wind up?

Insurers take a very cautious view of the future and need to make a profit; they will also take into account the future cost of running the Scheme. This means the cost of securing pensions in this way is considerably more expensive than if the VB Section runs normally with the continuing support of the employer. Aiming to have enough money to cover that cost would likely mean that the VB Section will have far more than it actually needs if it keeps running.

The Pensions Regulator

In certain circumstances the Pensions Regulator can:

- Direct how the Scheme's liabilities must be calculated
- Set the period for removing any funding shortfall
- Set the level of Company contributions to be paid
- Change the way members build up benefits in the future

None of these things have happened in the Scheme.

How are the Section's assets invested?

As at 31 March 2019, the Scheme's assets were invested in the following way;

- Fidelity Select Global 12.1%
- Partners Multi-Asset Credit 15.0%
- Baillie Gifford Diversified Growth 8.3%
- Insight Broad Opportunities 8.1%
- Threadneedle Property 8.8%
- BlackRock Index-linked Gilts 26.8%
- BlackRock Diversified Credit 2.6%
- BlackRock Liquidity 5.8%
- L&G Equities 12.4%

Protecting your data

New data protection laws came into force in May 2018, which placed new obligations on the Trustees and the Trustees' service providers when collecting and processing your personal data.

Your personal data is collected and processed in order to administer your benefits under the Scheme and will be disclosed to third parties in certain limited circumstances. The Trustees are required to make available to you a detailed explanation about various things, including how it will use your data, the legal basis for having your data and the rights you have in relation to the data held. This is contained in the privacy notice that you received. Copies can be obtained from the Scheme's administrators.

Thinking of leaving the Scheme?

If you are thinking of leaving the Scheme for any reason, you should talk to an independent financial advisor before doing so; you can find one local to you at **www.unbiased.co.uk**.

Stay in touch

If any of your personal details are changing, such as your name or address, please tell the Scheme's Administrators.

British Tourist Boards' Staff Pension & Life Assurance Scheme (the "Scheme")
VisitScotland Section (the "VS Section")
Summary Funding Statement 31 March 2019

What's this statement for?

The Trustees are required to provide you with this statement giving you an update about the Scheme's financial security. We hope you find it useful and easy to understand, but if you have any questions please contact the Scheme's Administrators:

By email: BTBSPS@capita.co.uk

By post: The Trustees of the British Tourist Board's Staff Pension & Life Assurance Scheme, C/o Capita Employee Benefits, Radio House, Thanet Way, Whitstable, CT5 3QP

Previous statements you received showed the funding position for the whole Scheme i.e. including the assets and liabilites for other participating employers. Following the sectionalisation of the Scheme on 30 June 2019, future statements will only show the funding position for the section of the Scheme to which you belong i.e. the VisitBritain Section.

The last actuarial valuation at 31 March 2019

An actuarial valuation is an exercise to compare how much money the Scheme has (its 'assets') with how much it needs to be able to pay everyone the benefits they are entitled to (its 'liabilities'). If the Scheme's assets are more than its liabilities, there is a 'surplus'; if they are less, there is a 'shortfall' or 'deficit'.

Full valuations usually take place every three years and the last one was on 31 March 2018, with a yearly update carried out as at 31 March 2019. The results of these valuations for the VS Section are shown below:

VisitScotland Section	31 March 2019	31 March 2018
Assets (A)	£79.3m	£75.3m
Liabilities (B)	£92.3m	£83.7m
Surplus / (Shortfall) (A-B)	**(£13.1m)**	**(£8.4m)**
Funding level (A/B)	86%	90%

Please note totals may be different due to rounding.

More information regarding the valuations outlined above are available upon request from the Scheme's Administrators.

Summary of the Recovery Plan

There was a shortfall at the 2018 valuation in respect of the VS Section. This is expected to be met by future assets returns over the next 20 years.

Change in funding position since previous statement

The funding of the Scheme has improved since the previous statement issued in July 2014, mainly due to the provision of a Government Guarantee and subsequent changes in the actuarial assumptions used to value the liabilities.

Payment to the Employers

We have to tell you that there has not been any payment made to any of the participating employers (VisitBritain, VisitScotland or the Welsh Government) out of the Scheme's assets since the last summary funding statement.

Winding-up

If the VS Section winds up, the duty to pay all members' benefits may be transferred to an insurance company. In the 2018 valuation it was estimated that the amount needed to secure all the Section's benefits was £147.8m which was £72.4m more than the Section's assets. This is just an indication and does not mean that the Trustees or Employer is considering winding up the VS Section

How the Scheme works

Below is some information about the VS Section about this statement and the Scheme. If you would like any more information about the Scheme or your benefits, please contact the Scheme's Administrators.

How is my pension paid for?

The Scheme is a defined benefit pension arrangement. This means members build up benefits based on length of service and their salary. The Scheme has a pool of money (assets) to pay for these benefits as they become due; it does not hold assets separately for each individual although assets are held separately in respect of each section of the Scheme. The Trustees' goal is for each section to have enough money to pay all members their benefits, both now and into the future.

How do you work out how much each section needs?

As part of the three-yearly actuarial valuation, the Trustees will agree separate funding plans (the Statement of Funding Principles) with each employer, which aims to make sure there is enough money in the section to pay for pensions now and into the future. The Employer also pays the cost of running their own section every year. This is why each section relies on the Employer's continuing support.

What would happen if the VS Section started to wind up?

Whilst the VS Section is still running, even though funding may temporarily be below target, benefits will still be paid in full. If the Section did start to wind up, benefits may be secured with an insurance company. If there weren't enough assets to secure all the benefits, the Employer would have to make up the difference. In the event that the Employer is not able to pay for any shortfall, the Government Guarantee will ensure you get all of the benefits you have built up. More information regarding this can be found in the accompanying document. The existence of the Government Guarantee means the Section is no longer eligible for the Pension Protection Fund ('PPF').

Why don't the Trustees aim to have enough money to secure benefits on wind up?

Insurers take a very cautious view of the future and need to make a profit; they will also take into account the future cost of running the Scheme. This means the cost of securing pensions in this way is considerably more expensive than if the VS Section runs normally with the continuing support of the Employer. Aiming to have enough money to cover that cost would likely mean that the VS Section will have far more than it actually needs if it keeps running.

The Pensions Regulator

In certain circumstances the Pensions Regulator can:

- Direct how the Scheme's liabilities must be calculated
- Set the period for removing any funding shortfall
- Set the level of Company contributions to be paid
- Change the way members build up benefits in the future

None of these things have happened in the Scheme.

How are the Section's assets invested?

As at 31 March 2019, the Scheme's assets were invested in the following way;

- Fidelity Select Global 12.1%
- Partners Multi-Asset Credit 15.0%
- Baillie Gifford Diversified Growth 8.3%
- Insight Broad Opportunities 8.1%
- Threadneedle Property 8.8%
- BlackRock Index-linked Gilts 26.8%
- BlackRock Diversified Credit 2.6%
- BlackRock Liquidity 5.8%
- L&G Equities 12.4%

Protecting your data

New data protection laws came into force in May 2018, which placed new obligations on the Trustees and the Trustees' service providers when collecting and processing your personal data.

Your personal data is collected and processed in order to administer your benefits under the Scheme and will be disclosed to third parties in certain limited circumstances. The Trustees are required to make available to you a detailed explanation about various things, including how it will use your data, the legal basis for having your data and the rights you have in relation to the data held. This is contained in the privacy notice that you received. Copies can be obtained from the Scheme's administrators.

Thinking of leaving the Scheme?

If you are thinking of leaving the Scheme for any reason, you should talk to an independent financial advisor before doing so; you can find one local to you at **www.unbiased.co.uk**.

Stay in touch

If any of your personal details are changing, such as your name or address, please tell the Scheme's administrators.

British Tourist Boards' Staff Pension & Life Assurance Scheme (the "Scheme")
Welsh Government Section (the "WG Section")
Summary Funding Statement 31 March 2019

What's this statement for?

The Trustees are required to provide you with this statement giving you an update about the Scheme's financial security. We hope you find it useful and easy to understand, but if you have any questions please contact the Scheme's Administrators:

By email: BTBSPS@capita.co.uk

By post: The Trustees of the British Tourist Board's Staff Pension & Life Assurance Scheme, C/o Capita Employee Benefits, Radio House, Thanet Way, Whitstable, CT5 3QP

Previous statements you received showed the funding position for the whole Scheme i.e. including the assets and liabilites for other participating employers. Following the sectionalisation of the Scheme on 30 June 2019, future statements will only show the funding position for the section of the Scheme to which you belong i.e. the VisitBritain Section.

The last actuarial valuation at 31 March 2019

An actuarial valuation is an exercise to compare how much money the Scheme has (its 'assets') with how much it needs to be able to pay everyone the benefits they are entitled to (its 'liabilities'). If the Scheme's assets are more than its liabilities, there is a 'surplus'; if they are less, there is a 'shortfall' or 'deficit'.

Full valuations usually take place every three years and the last one was on 31 March 2018, with a yearly update carried out as at 31 March 2019. The results of these valuations for the WG Section are shown below:

Welsh Government Section	31 March 2019	31 March 2018
Assets (A)	£60.8m	£59.2m
Liabilities (B)	£48.5m	£46.3m
Surplus / (Shortfall) (A-B)	**£12.3m**	**£12.9m**
Funding level (A/B)	125%	128%

More information regarding the valuations outlined above are available upon request from the Scheme's Administrators.

Change in funding position since previous statement

The funding of the Scheme has improved since the previous statement issued in July 2014, mainly due to the provision of Government Guarantees and subsequent changes in the actuarial assumptions used to value the liabilities.

Payment to the Employers

We have to tell you that there has not been any payment made to any of the participating employers (VisitBritain, VisitScotland or the Welsh Government) out of the Scheme's assets since the last summary funding statement.

Winding-up

If the WG Section winds up, the duty to pay all members' benefits may be transferred to an insurance company. In the 2018 valuation it was estimated that the amount needed to secure all the Section's benefits was £74.3m which was £15.1m more than the Section's assets. This is just an indication and does not mean that the Trustees or Employer is considering winding up the WG Section.

How the Scheme works

Below is some information about this statement and the Scheme. If you would like any more information about the Scheme or your benefits, please contact the Scheme's Administrators.

How is my pension paid for?

The Scheme is a defined benefit pension arrangement. This means members build up benefits based on length of service and their salary. The Scheme has a pool of money (assets) to pay for these benefits as they become due; it does not hold assets separately for each individual although assets are held separately in respect of each section of the Scheme. The Trustees' goal is for each section to have enough money to pay all members their benefits, both now and into the future.

How do you work out how much each section needs?

As part of the three-yearly actuarial valuation, the Trustees will agree separate funding plans (the Statement of Funding Principles) with each employer, which aims to make sure there is enough money in each section to pay for pensions now and into the future. The Employer also pays the cost of running their own section every year. This is why each section relies on the Employer's continuing support.

What would happen if the WG Section started to wind up?

Whilst the WG Section is still running, even though funding may temporarily be below target, benefits will still be paid in full. If the WG Section did start to wind up, benefits may be secured with an insurance company. If there weren't enough assets to secure all the benefits, the Employer would have to make up the difference. In the event that the Employer is not able to pay for any shortfall, the Government Guarantee will ensure you get all of the benefits you have built up. More information regarding this can be found in the accompanying document. The existence of the Government Guarantee means that the WG Section is no longer eligible for the Pension Protection Fund ('PPF').

Why don't the Trustees aim to have enough money to secure benefits on wind up?

Insurers take a very cautious view of the future and need to make a profit; they will also take into account the future cost of running the Scheme. This means the cost of securing pensions in this way is considerably more expensive than if the WG Section runs normally with the continuing support of the Employer. Aiming to have enough money to cover that cost would likely mean that the WG Section will have far more than it actually needs if it keeps running.

The Pensions Regulator

In certain circumstances the Pensions Regulator can:

- Direct how the Scheme's liabilities must be calculated
- Set the period for removing any funding shortfall
- Set the level of Company contributions to be paid
- Change the way members build up benefits in the future

None of these things have happened in the Scheme.

How are the Section's assets invested?

As at 31 March 2019, the Scheme's assets were invested in the following way;

- Fidelity Select Global 12.1%
- Partners Multi-Asset Credit 15.0%
- Baillie Gifford Diversified Growth 8.3%
- Insight Broad Opportunities 8.1%
- Threadneedle Property 8.8%
- BlackRock Index-linked Gilts 26.8%
- BlackRock Diversified Credit 2.6%
- BlackRock Liquidity 5.8%
- L&G Equities 12.4%

Protecting your data

New data protection laws came into force in May 2018, and placed new obligations on the Trustees and the Trustees' service providers when collecting and processing your personal data.

Your personal data is collected and processed in order to administer your benefits under the Scheme and will be disclosed to third parties in certain limited circumstances. The Trustees are required to make available to you a detailed explanation about various things, including how it will use your data, the legal basis for having your data and the rights you have in relation to the data held. This is contained in the privacy notice that you received. Copies can be obtained from the Scheme's administrators.

Thinking of leaving the Scheme?

If you are thinking of leaving the Scheme for any reason, you should talk to an independent financial advisor before doing so; you can find one local to you at **www.unbiased.co.uk**.

Stay in touch

If any of your personal details are changing, such as your name or address, please tell the Scheme's administrators.

British Tourist Boards' Staff Pension & Life Assurance Scheme VisitLondon Section (the "Scheme")

Summary Funding Statement 31 March 2019

As a person entitled to benefits from the Scheme we are writing to give you an update of the funding position. We will send you a statement like this each year to provide you with the latest funding information for the Scheme.

Actuarial Valuation at 31 March 2018

The latest actuarial valuation of the Scheme showed that the funding position was as follows:

Assets	£30.6m
Liabilities	£28.4m
Surplus	**£2.2m**
Funding level	108%

How the Scheme is being financed

Following the insolvency of VisitLondon (*the "Employer"*) a special payment of £6.0m was made in June 2011 to remove the funding shortfall at that time and to bring the Scheme to a fully funded position on a low risk basis. In addition, the Trustees have invested the Scheme's assets to pay the benefits of the Scheme as they fall due as there are no further Employer contributions to be made to the Scheme.

What is the Scheme invested in?

The Trustees' invest the majority of the assets in order to match the nature and term of the benefit payments that need to be made. A small proportion of assets is invested in diversified funds aimed at generating long term returns above inflation. The asset split as at 31 March 2019 was:

Index Linked Gilts	89 %
Diversified Growth Funds	11 %

Change in funding position since previous statement

Full valuations usually take place every three years and the last one was on 31 March 2018, with a yearly update on 31 March 2019. The results of these valuations are shown below:

Actuarial Update as at	31 March 2019	31 March 2018
Assets	£31.2m	£30.6m
Liabilities	£29.8m	£28.4m
Shortfall	**£1.4m**	**£2.2m**
Funding level	105%	108%

The position has worsened slightly since the previous statement. This mainly due to the change in financial conditions underlying the actuarial assumptions used to value the liabilities being greater than the performance of the assets.

Winding-up

The estimated amount needed to ensure that all members' benefits could be paid in full if the Scheme had started winding up was £34.4m as at 31 March 2018, meaning there was a winding-up shortfall of £3.8m. There is no intention of winding up the Scheme – see overleaf for more details.

Payments to the Employer

As the Employer is insolvent, no money can be paid back to it.

Where can I get more information?

If you have any other questions, would like any other valuation documentation or if any of your personal details are changing, such as your name or address, please tell Capita, the Scheme's administrators:

By email: BTBSPS@capita.co.uk

By post: Trustees of the British Tourist Boards' Staff Pension and Life Assurance Scheme, C/o Capita Employee Benefits, Radio House, Thanet Way, Whitstable, CT5 3QP.

Yours sincerely
The Trustees of the British Tourist Boards' Staff Pension & Life Assurance Scheme (VisitLondon Section)

British Tourist Boards' Staff Pension & Life Assurance Scheme VisitLondon Section (the "Scheme")

Summary Funding Statement 31 March 2019

How is my pension paid for?

As the Employer is insolvent there are no further contributions. Scheme assets are invested in a common fund to pay benefits to Scheme members and dependants. The money is not held in separate funds for each individual.

How is the amount the Scheme needs pay benefits worked out?

As part of the three-yearly actuarial valuation, the Trustees agree a funding plan (*the Statement of Funding Principles*), which aims to make sure there is enough money in the Scheme to pay for pensions now and into the future. The funding level is monitored by regular updates of the funding position prepared by the Scheme Actuary (known as actuarial valuations).

What would happen if the Scheme started to wind up?

'Winding up' a pension scheme means terminating the scheme. In this circumstance the Scheme's assets would be used to secure individual members' benefits with an insurance company.

If the Scheme were to wind up, you may not get the full amount of benefits you have built up if there are insufficient Scheme assets to enable all members' benefits to be fully secured.

As there is no Employer the Scheme is not eligible to be covered by the Pension Protection Fund (PPF).

Why don't the Trustees aim to have enough money to secure benefits on wind up?

Insurers take a very cautious view of the future and need to make a profit; they will also take into account the future cost of running the Scheme. This means the cost of securing pensions in this way is considerably more expensive than if the Scheme runs normally. Aiming to have enough money to cover that cost would likely mean that the Scheme will have far more than it actually needs if it keeps running.

By contrast, the current funding plan assumes that the Scheme will continue and the corresponding cost of providing benefits as they fall due is lower.

The Pensions Regulator

In certain circumstances the Pensions Regulator can:

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- Set the level of Employer contributions to be paid
- Change the way members build up benefits in the future

None of these things have happened in the Scheme.

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