

# People's Partnership Holdings Limited

Annual report and financial statements  
for the year ended 31 March 2023



## We are People's Partnership

Founded for social good with our members at the heart of everything we do and delivering better member outcomes through profit for people.

### Our purpose

Our purpose is to provide products and support that help people to build financial foundations for life, giving greater financial security to millions of people across the UK.

[Click here to see why employers choose us](#)



#### We are People's Partnership – Introduction

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## We are People's Partnership continued

Founded with a social mandate to do things for the greater good, and structured without shareholders, we invest our profits back into what we do, keep our members at our heart, and constantly look for better, more efficient ways to deliver great products that meet our members' needs.

Our purpose is to provide products and support that help people to build financial foundations for life, giving greater financial security to millions of people across the UK. Today we're one of the UK's largest workplace pension providers, and have helped more than 6 million people, from over 100,000 employers, save more than £20bn for their futures with The People's Pension. So, in November 2022, we changed our name from B&CE to People's Partnership (the "Group") to better reflect who we are.

In addition, People's Partnership Limited (PPL) has taken over responsibility for the strategy of the Group (see page 8) and the board of People's Partnership Holdings Limited (PPHL) which is the ultimate owner of the Group companies, has assumed a purely governance role.

"The renaming of People's Partnership is more than just a name change. For a company that has gone about its business fairly quietly in the past, this is a statement of intent. We want everyone to understand why and how we do what we do and to continue to be different in financial services."

**Patrick Heath-Lay**  
CEO, People's Partnership

[Read more on pages 04 and 05](#)

Helped more than

# 6m

people, from over 100,000 employers...

"People's Partnership is one of the leading financial services organisations in the UK with a rich heritage stretching across nine decades. Our new name perfectly reflects how we build a long-term relationship with our customers and earn their trust through living our values and maintaining a clear focus on our purpose."

**Jim Islam**

Non-executive Chair, People's Partnership Limited

[Read more on page 06](#)

...save more than

# £20bn

for their futures with The People's Pension.

"I am delighted to assume the role of Chair of PPHL this year, with its new responsibilities for upholding the Core Social Business Principles ("CSBP's") of People's Partnership and holding PPL to account under our new governance structure. The CSBP's are of utmost importance to protect as they ensure we remain an organisation founded for social good with our members at the heart of everything we do and delivering better member outcomes through profit for people."

**James O'Callaghan**

Non-executive Chair, People's Partnership Holdings Limited

### People's Partnership at a glance

#### How we are different

As a business without shareholders, we are not driven by the short-term need to make profits on their behalf and take decisions based upon a longer-term view, with our members financial interests at heart.

Because we do not have to deliver dividends to shareholders, our priority is to reinvest our profits to improve our products and services on behalf of our members – a principle we call 'profit for people'. An example of this can be seen with our charging structure which includes a rebate so that members who save more get money back. We pay more than £1.2m back to our membership each month, currently worth more than £15m per annum, helping members save thousands more towards their future.

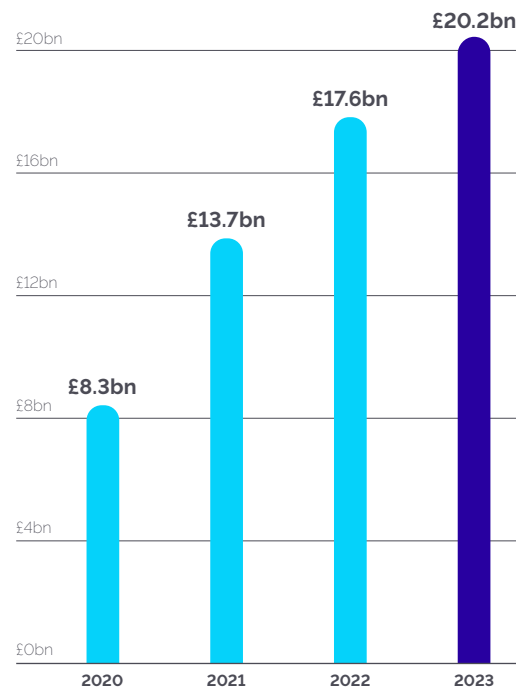
As we've grown into a major player in the workplace pensions market, looking after some £20.2 billion of assets on behalf of The People's Pension as at 31 March 2023, our values and purpose have remained a constant, and will continue to do so.

## Our key performance indicators

We use a range of measures to monitor our performance against our objectives and the outcomes we aim to deliver.

### Total assets under management (£bn)

# £20.2bn



#### Commentary

Our flagship financial product The People's Pension continued to grow both its membership and increase assets under management by 15% to £20.2bn in spite of challenging conditions in financial markets.

#### We have more than

# 6.2m members

#### Where we are now

The Group is the provider of The People's Pension which has also become a major player in the master trust market, with over 105,000 employers and more than 6.2m scheme members.

### Group revenue

# £79.9m



#### Commentary

Group revenue continued to grow in 2023 as management fees from The People's Pension (TPP) increased to £74.0m as TPP's assets under management grew to £20.2bn.

Alongside The People's Pension, we also operate a life and accident cover scheme for the construction industry that covers around 118,000 employees and over 3,100 employers.

### Key employer retention

# 98%



#### Commentary

Employers are the gateway through which we recruit members. The service we provide to employers is key to driving our overall growth. Retaining the larger employers is important to protect our active membership base. Retention of these key employers remained at 98% during 2023.

### Profit after tax

# (£0.1m)



#### Commentary

£(0.1)m loss after tax was due to increased Group strategic investment of £22m (2022: £9.3m) during the financial year and included significant focus on IT enhancements to cyber security, system efficiencies and service deliverables which are fundamental to increasing our financial performance and keeping our members safe whilst providing consistent service levels whilst we grow.

### Customer satisfaction

# 83%



#### Commentary

Customer satisfaction levels measured through the survey process remained strong throughout the year and reflect the consistent high level of satisfaction experienced by customers contacting us.

### Colleague engagement

# 76%



#### Commentary

Our focus is on our people and our colleague engagement has risen considerably over the year.

We pay close attention to the needs of our talent, and recruit, train and manage our colleagues with a full focus on inclusion, diversity and equality of opportunity.

### Service level performance

# 76%



#### Commentary

Despite a challenging start to the year, we saw an improvement in service levels over the prior year in spite of a 20% increase in the volume of transactions.

Increased automation and headcount continued to improve response times further. We have seen increased digital access via our online portal to members' products with a 13.5% uplift in logins over the financial year.



## Our purpose, values and what makes us different

### Investing for the longer term...



**It's not just the fact that we are investing for the longer term and our 'profit for people' model that makes us different, but how we go about our business every day. Everyone needs financial planning and access to competitive, straightforward, and accessible products to support them in their lives.**

### ...an issue worth solving.



According to the 2022 FCA Financial Lives Survey, 12.9m people – that's 24% of adults – have low financial resilience. We believe that's an issue worth solving and it's our key focus.

#### Make it easy...

We make it easy for our customers to interact with us however they want, whether that be by telephone, online or through email. And we offer extra support to those who are vulnerable or have additional needs.

#### ...available to all...

Unlike other financial service providers, our ambition is to offer our products to everyone, no matter how great or small the size of their current financial resources. The People's Pension is available to all employers – from those with a payroll of thousands down to those with just a few employees – to deliver a retirement savings scheme to their own people.

#### ...cost-effective and worthwhile.

This promise of cost-effective and worthwhile financial products available to all is underpinned by our purpose, our differences, and our values.

## Our business – who we are

# Creating value for our customers

We have put in place a set of clear strategic aims to help us retain and grow our customer base while maintaining excellence in customer service. We will be purposefully efficient in all we do, and on behalf of our members, to increase underlying profitability for the future.

Lead by our purpose

Profit for people

## To help people to build financial foundations for life

As a business without shareholders, we re-invest our profits to help customers and achieve better financial outcomes for everyone

1

Products for everyone

Provide straightforward and accessible products and services that can benefit everyone

2

Customers before profit

Put customers at the heart of what we do and prioritise their needs

3

Trusted for life

Build a long term relationship with customers and earn their trust through living our values and vision

4

Better for society

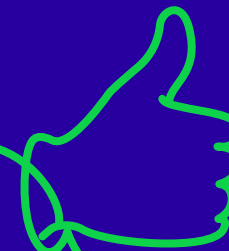
Improve our industry by championing better financial outcomes for people

Our values

Understanding people

Keeping our promises

Creating simplicity





## Chair's Statement, People's Partnership Limited, Jim Islam

**Our first year as People's Partnership marks a significant milestone in our journey. For more than 80 years, we've helped to provide greater financial security to people across the UK.**

Over that time, the world has become a very different place. Working life has completely transformed, and with the cost of living rapidly rising, the population ageing and life expectancy increasing, retirement provision is more important than ever.

Through The People's Pension we're proud to have played our part in making auto-enrolment a success and continue working hard to help people build financial foundations for life.

Re-naming to People's Partnership represents an evolution from our foundations in construction to now serving all sectors. We've also changed the structure of our boards to ensure we have the right mix of expertise and experience to take us forward.

Although People's Partnership is almost unrecognisable to when we were founded in 1942, our core values and purpose remain the same; we have a key role to play in enhancing financial resilience in the UK by providing simple and accessible products that meet our members' needs, and by championing better financial outcomes for people across the UK.

Retirement planning involves some of the most complex and important decisions someone will need to make, so we intend to be there for our members throughout their career. Providing excellent customer service is always top of our mind, and we're passionate about listening to those who get in touch with us. We're committed to catering for all customers and members by enabling them to choose how they interact with us – whether that's by telephone, digitally, or through the post.

There's also a wider role we can play to address the lack of financial education that many people grow up with. The low level of financial resilience in the UK is only exacerbated by the complexity of financial products, and by little trust in the system. By making pensions simple and accessible, using everyday language and by always being on the side of the member, we want to play an even bigger part in tackling this issue and helping them to lead financially stronger lives.

The future for People's Partnership is incredibly exciting, but we can't do any of it without our people. I am dedicated to ensuring we become a truly inclusive and diverse organisation. More than 50% of our colleagues are female and we have already made great strides in recruiting more women into senior management roles – currently 34% – but there is more to do. Given our large and diverse customer base, it is always important that we seek better representation of all so that we are truly inclusive.

Not only has the working world significantly shifted over the past nine decades but once ignored issues like climate change have now come to the fore. Our commitment to responsible investment and countering climate change is of huge importance and is an area we continue to focus our efforts on. In the wider context of environment, social and governance, it is the social aspect, 'profit for people' that sets us apart within the industry. It is what makes us different and our constant focus on putting members at the heart of every decision is one of the reasons why we've been so successful.

**"The future for People's Partnership is incredibly exciting, but we can't do any of it without our people."**



## Our structure

The Group Governance arrangements were restructured, moving the Board that is responsible for strategic direction of the Group from the Company to its subsidiary, PPL.

**People's Partnership Holdings Limited** is the ultimate owner of the other Group companies and its role is to act as custodians of our core social business principles, to hold our strategic board to account, and to give representation to our founding members.

**People's Partnership Limited (PPL)** is a wholly owned subsidiary of People's Partnership Holdings Limited. PPL is the parent company to People's Administration Services Limited (formerly B&CE Financial Services Limited), B&CE Insurance Limited, People's Investments Limited and The People's Pension Trustee Limited which have been held for the whole year and it is also parent to 4 other dormant entities.

PPHL is also the parent company to B&CE Holdings Limited, which is a dormant entity.

In addition, **Building and Civil Engineering Charitable Trust** is our trust which supports individuals in the construction industry who are experiencing hardship. It also supports the construction industry by working with other corporate organisations to provide training, re-training and education and helps with occupational health needs.

### Our key entity structure

#### Trustee

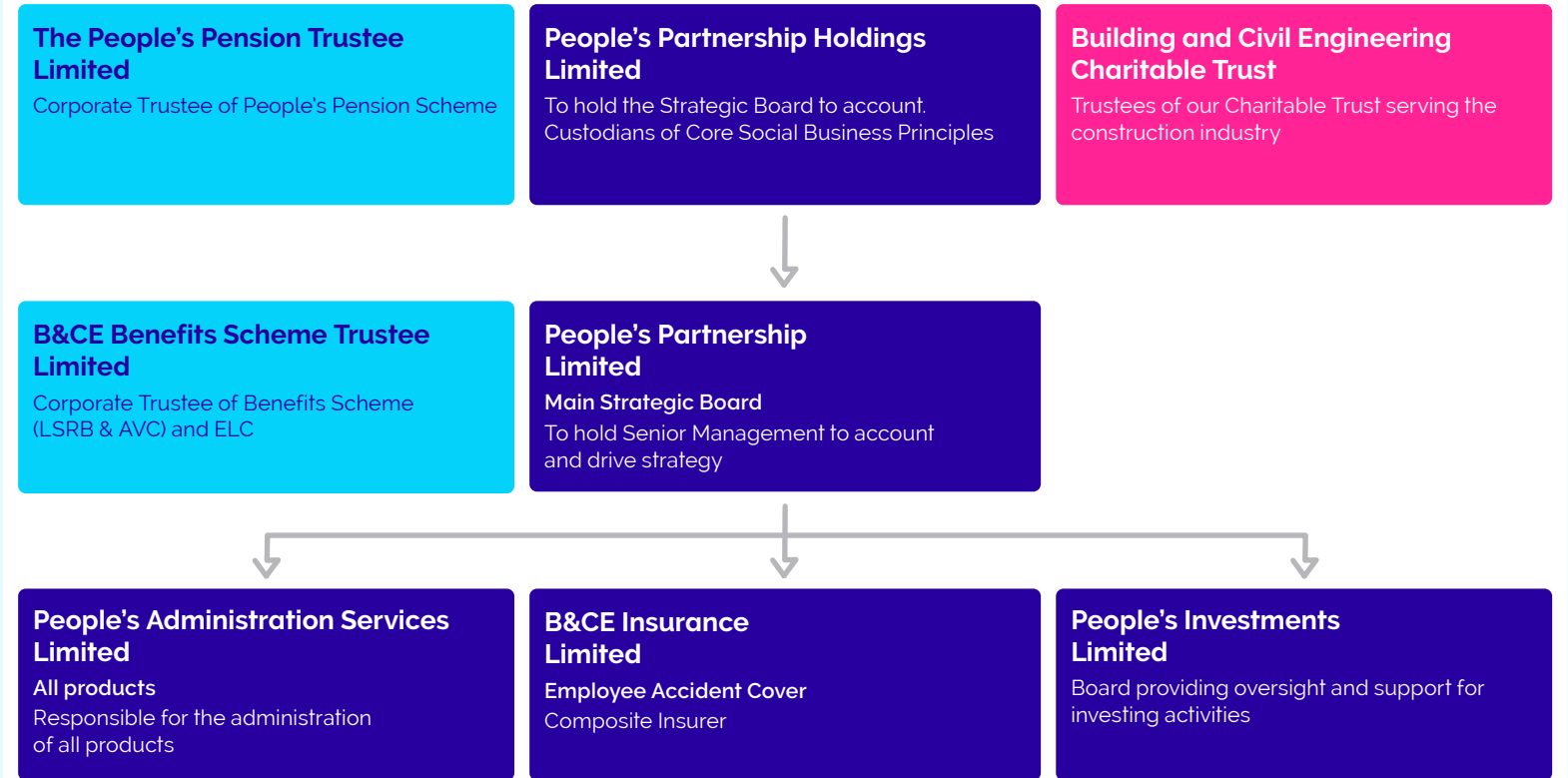
Responsible for running The People's Pension Trustee scheme and looking after the pots of money held by the schemes.

#### Corporate strategy

Responsible for oversight of the Group's products and reinvestment of surplus to service growth and improvement.

#### Charitable Trust

Responsible for providing payment to relieve financial need, help for training and support for relevant construction industry related research.



Read more on page 30

## The Board of Directors of People's Partnership Limited – The Strategic Board

The following served as Directors of People's Partnership Limited during the year, and up to the date of signing of the financial statements, unless otherwise stated:

### Directors

#### Non-Executive Independent Chair

Jim Islam (Appointed as Chair on 1 January 2023)

C Ramamurthy resigned as Non-executive Independent Chair on 31 December 2022.

#### Non-Executive Directors

John Allott

Ciarán Barr

Pat Billingham

Jim McKinnon

Laura Chappell (appointed 6 June 2023)

Kyla Farmer (appointed 1 April 2022)

Dean Lamble (appointed 1 September 2022)

John Neal (appointed 1 April 2022)

Veronica Oak (appointed 1 April 2022)

Rupert Perkins (appointed 1 April 2022)

#### Executive Directors

Patrick Heath-Lay

Sue Hunter

### Non-Executive Directors

[Read our full biographies online](#)



**Jim Islam**  
Non-Executive Independent Chair

Jim is Chair of People's Partnership Limited, having previously served as a Non-Executive for the Group. Jim is also Chair of the of the Remuneration & Nominations Committee.

Jim is an actuary with extensive board level leadership experience in insurance, investment management, and life and pensions sectors. He is a Fellow of the Society of Actuaries, USA, and a Fellow of the Institute and Faculty of Actuaries.

Jim has held senior finance and general management roles at Lloyd's of London and Legal & General Group. Jim is also a RNLI Trustee as well as serving on the Board of OneFamily.



**Pat Billingham**  
Non-Executive Director

Pat is Chair of Group Audit & Risk Committee and is a Non-Executive Chair of B&CE Insurance Limited and Non-Executive Director of People's Administration Services Limited.

Pat has extensive board experience which includes roles as a Board member, Audit and Risk Committee Chair and Board Chair and is currently an independent NED at Hamilton Group Limited. Pat's Executive career was as a tax specialist, both as an Inspector of Taxes and a subsequent career as a tax partner at EY.



**John Allott**  
Non-Executive Director

Non-Executive Director representing Construction Industry Employee Groups. John also serves on our Group Audit & Risk Committee and Remuneration & Nominations Committee.

John was appointed National Officer for Unite the Union in 2002. John has extensive Board experience and has served on the Construction Industry Training Board and for Joint Industry for Plumbing Mechanical Engineering Services for England and Wales & Scottish and Northern Ireland Joint Industry for Plumbing.



**Jim McKinnon**  
Non-Executive Director

Jim is also a member of Group Audit & Risk Committee. Jim brings a wealth of information technology & business experience to the board having spent more than 40 years at The Goodyear Tire & Rubber Co, most recently in the role of Chief Information Officer, based in Ohio, USA.

Since returning to the UK, Jim has undertaken a number of roles including Trustee & Director at Compton Care Group Ltd as well as a voluntary business mentor with The Prince's Trust.



**Ciarán Barr**  
Non-Executive Director

As well as serving on our strategic board, Ciarán is Chair of People's Investments Limited and a member of the Remuneration & Nominations Committee.

Ciarán is an investment professional with over 25 years' experience in financial markets across fund management, strategy and economics, including a transformational leadership role at the Railways Pension Scheme, one of the UK's largest and most complex schemes. Ciarán is currently a Board member at LGPS Central, a Board member of the Railway Benefit Fund and a Director and Finance & Audit Committee Chair at Studio Wayne McGregor Ltd.



**Laura Chappell**  
Non-Executive Director

Laura joined People's Partnership on 6 June 2023 and is a prominent pensions industry figure, with 30 years' experience in asset management, and is currently Chief Executive of Brunel Pension Partnership, which she helped to set up in 2017.

Having worked within institutional fund management for much of her career including, Barclays Global Investors (now BlackRock), M&G, Schroders and Brewin Dolphin, Laura has a passion for seeing responsible and sustainable investing in action.

## The Board of Directors of People's Partnership Limited – The Strategic Board continued



**Kyla Farmer**  
Non-Executive Director

Kyla is a Non-Executive Director representing the Construction Industry Employer Groups and is also a member of Remuneration & Nominations Committee. Kyla has over 20 years' experience working in HR and people functional leadership roles. She has worked for large PLC organisations as well as owner operated, and private equity backed, SME's.

She is passionate about how employers can have a positive impact on their employees, and how creating a great place to work enables both the business and the team to thrive. She is currently Chief People Officer at Indigo, a digital engineering business.



**Dean Lamble**  
Non-Executive Director

Dean Lamble joined People's Partnership on 1 September 2022 as a Non-Executive Director. He is a Non-Executive Director of B&CE Insurance Limited and People's Administration Services Limited. Dean also serves on our Group Audit & Risk Committee.

Until recently, Dean was Chief Executive Officer and Board member of SunLife Insurance where he led a significant transformation of the business repositioning the strategy, refreshing the brand, building a top-class management team, and driving a high-performance culture, with a clear focus on customer benefits. Dean is currently working as an adviser within private equity and as a non-executive director in the insurance sector.

### Executive Directors

[Read our full biographies online](#)



**Patrick Heath-Lay**  
Executive Director

Patrick became Chief Executive Officer in 2012 and is also a Director of People's Partnership Limited as well as Director of the Boards of People's Administration Services Limited and B&CE Insurance Limited. Patrick is Chair of our Charitable Trust which is focused on supporting those in need from the construction industry.

Patrick has over 30 years of financial services expertise and was instrumental in the launch of The People's Pension. Patrick is also a Non-Executive Director of Manor Royal Business Improvement District in Crawley.



**John Neal**  
Non-Executive Director

Non-Executive Director representing Construction Industry Employee Groups. John is the National Pensions Officer for Unite the Union, providing support and advice to Unite members and officers on collective issues relating to pensions.

John is a trustee on Unite's Pension Scheme Trustee board leading the board on ESG matters. John is a scheme advisory board (SAB) member for the NHS Pensions Scheme and a Joint Superannuation Committee member for the Civil Service Pension Scheme.



**Veronica Oak**  
Non-Executive Director

Veronica joined People's Partnership on 1 April 2022 and is also Chair of People's Administration Services Limited. Veronica brings a wealth of experience gained within the financial services sector. She has spent over 20 years as an independent marketing and business development consultant helping companies develop their strategy, new products, and services for their customers. Veronica has held a number of non-executive director positions, including two with mutual organisations (OneFamily and The Hanley Economic Building Society).



**Rupert Perkins**  
Non-Executive Director

Non-Executive Director representing Construction Industry Employer Groups. Rupert is the Managing Director of John Perkins Construction, an award-winning construction company named Building Contractor of the Year in England (turnover under £15m) at the 2020 Construction Awards of Excellence.

Rupert has held a variety of external board-level positions for organisations, including the Considerate Constructors Scheme, the National Federation of Builders, the South West Builders Federation, and the Building Safety Group. He is also part of the Construction Industry Training Board Industry Funding Committee.



**Sue Hunter**  
Executive Director

Sue Hunter is Chief Finance Officer at People's Partnership. Sue also serves on People's Partnership Limited as well as the Boards of People's Administration Services Limited and B&CE Insurance Limited.

Sue was previously at the Legal and General Group. During her long tenure there, she has held a variety of finance director roles in the savings, corporate and business performance divisions. She is also a member of the Chartered Institute of Management Accountants (ACMA).

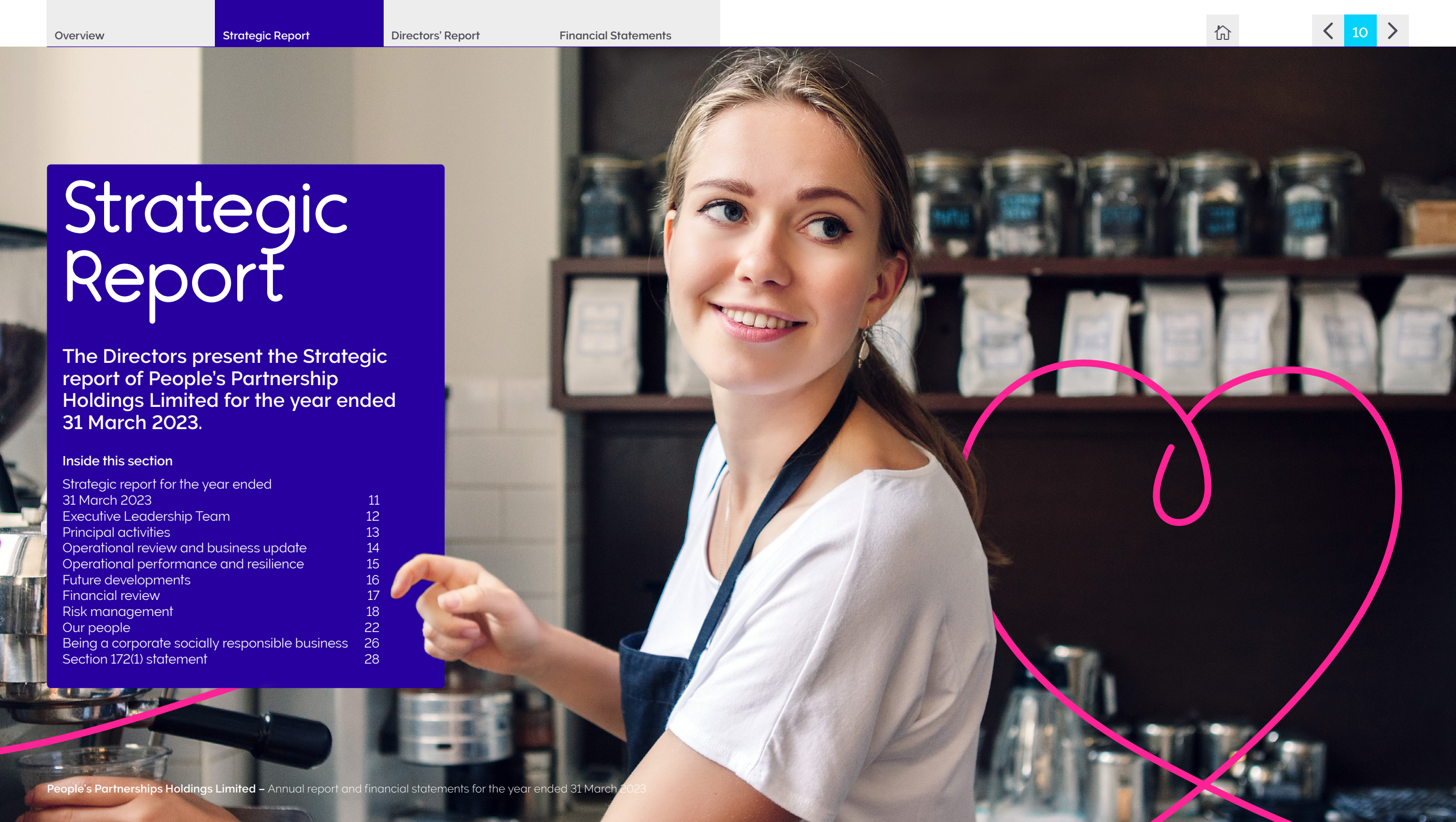


# Strategic Report

The Directors present the Strategic report of People's Partnership Holdings Limited for the year ended 31 March 2023.

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## Strategic report for the year ended 31 March 2023

### The Directors present the Strategic report of People's Partnership Holdings Limited for the year ended 31 March 2023.

#### From our Chief Executive Officer – Patrick Heath-Lay, People's Partnership Limited

Changing the name of our group to People's Partnership represents a natural evolution of all the things we've been doing for years: Most notably enabling anyone in the UK to save for a pension in a highly effective way and having an organisation on their side who takes decisions in their interest, not in the interests of shareholders. I hope that as well as clearly articulating what we stand for today, our new name will serve as a statement of intent for where we are going.

When we launched The People's Pension, it was based on everything we had learned from providing employee benefits to the construction industry. Whilst we were confident in the proposition, we've been energised by its popularity. We've demonstrated that there is a real need in the financial services market for an organisation that works for everyone – putting people at the

heart of decision making and developing new propositions that are designed to help them. That's why we've become People's Partnership – a name that better reflects us today.

We've built many good relationships with over 6 million people who use us and more than 105,000 employers. We see long-term saving as a powerful focal point, and our objective is to substantially grow the assets we have under management to deliver even greater value for our members.

We are continuing to invest in The People's Pension to increase its reach across the market and support greater engagement with members. We're also investing in wider products and services to guide members in planning for their retirement. That includes help in setting retirement goals and monitoring whether they're saving enough.

Given the challenges in the wider economy over the last 12 months, the organisation has responded well. Our service teams have continued to invest in improvements, ensuring members can get the time they need with our skilled customer service teams. We don't underestimate the trust that people are putting in us by continuing to save their hard-earned money with us.

Our investment activities will continue to be a focus. Improving the risk adjusted returns from our financial market investment activities and supporting the Trustee to continue to invest responsibly whilst getting value out of every pound invested for the members is key.


When you compare us to other pension schemes, there are many similarities. But while others are looking to generate money for people who invest in their company, we're looking to generate money that will be invested in the people who are saving with us. And in this industry, I am proud to say that is a material difference that is worth striving for.



## Executive Leadership Team

The Executive Leadership Team is responsible for setting high-level strategic direction (outcomes and success criteria) together with accountability for overall business performance and successful delivery of all business plan activities.

The following are the current members of that team:

 [Read our full biographies online](#)



**Patrick Heath-Lay**  
Chief Executive Officer



**Dominic Fielding**  
Chief Risk Officer



**Deborah Finlayson**  
Chief People Officer



**Sue Hunter**  
Chief Finance Officer



**David Meliveo**  
Chief Commercial Officer



**Joanne Palmer**  
Chief Operating Officer



**Nigel Rodgers**  
Chief Information Officer



## Principal activities

**As a Group, People's Partnership is the provider of The People's Pension (the Scheme) and other financial products.**

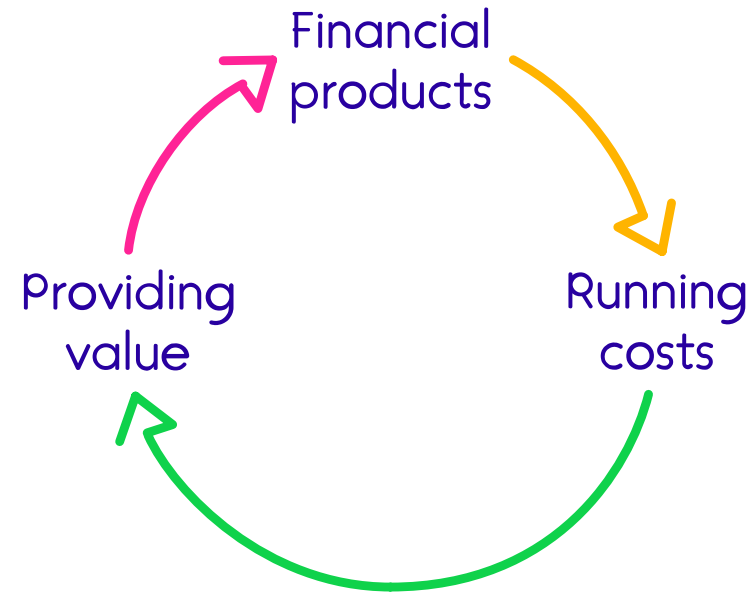
The Scheme is an award-winning master trust pension that is growing annually by value of assets under management and by number of members. We expect the Scheme to continue growing and to deliver a rising income stream to People's Partnership over the long run.

### Our business model

As a business set up without shareholders, when we make a profit, it is reinvested in our business to help members achieve better financial outcomes. We take a long-term view and invest in better, more efficient ways to deliver accessible and straightforward products and services – as well as bolstering our high levels of financial stability.

[Click here to see more online](#)

### Our "profit for people" model

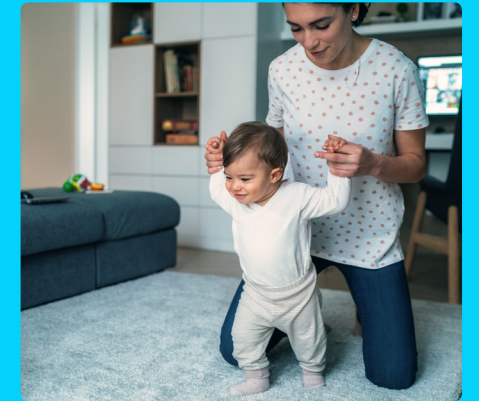


### How our model provides value

Because we don't have shareholders, there's a lot more we have been able to invest in such as:

1. Giving back to members of The People's Pension through a rebate on the annual management charge.
2. Research and insights to influence the industry for the better. We champion better outcomes for everyone saving for a pension.
3. Moving members to better value products when the legacy ones stop offering good value.
4. Increasing the benefit rates to our life cover without increasing the cost to customers.

### Our commitment to profit



People's Partnership is not a charity – we have a clear commitment and a consistent record in most years of generating profits in order that we can make future investments in the business and deliver on our purpose.

## Operational review and business update

### Highlights

#### Flagship financial product membership

**6.2m** (up 9%)  
(2022: 5.7m)

#### Employer accounts

**105,000**  
(2022: 100,000)

#### Assets under management

**£20.2bn** (up 15%)  
(2022: £17.6bn)

Read more on pages 03 and 17

### Products and services

#### The People's Pension product

Our flagship financial product continued to grow its membership, which rose 9% from 5.7m to 6.2m, extended employer accounts to over 105,000 (2022: 100,000) and increased its assets under management, up 15% from £17.6bn to £20.2bn. The growth in assets under management was achieved notwithstanding a negative impact of £929.3m from investment performance (2022: growth of £785m) as exceptionally, both equities and fixed-interest securities fell heavily during the last 12 months as the war in Ukraine and the aftermath of the Covid pandemic driving higher Government debt and interest rates in many countries impacted.

As the Scheme's assets under management continue to grow, the administration fee received by People's Administration Services Limited will continue to increase accordingly.

Given that the Scheme received master trust authorisation in 2020, information about the Group's related capital requirements can be found in note 22 of the Notes to the financial statements.

#### New products and services

People's Partnership has plans to introduce a number of new features for members of The People's Pension. This will include enhancements to the online member portal with the addition of a new financial wellbeing proposition to support members with their holistic financial planning, the development of a member app, and improvements to our retirement proposition.

### Insurance products

We have 2 active protection products – Employee Accident Cover and Employee Life Cover – which are sold to employers in the construction industry, and allied trades and are provided by over 3,000 employers. Beyond regulatory work, the business is increasing its marketing activity in the year ahead. We'll be carrying out some initial activity to understand the growth opportunity available, both through continuing our work with partners and with the Business Development team and engaging with the membership base of The People's Pension.

Since 1 April 2022, B&CE Insurance Limited is no longer subject to Solvency II regulations and now reports under the NDR regime under which the Capital Resources Requirement (CRR) for the Company is £5m which is made up of £3m for the Long-Term Fund (LTF) and £2m for the General Fund (GF). This is disclosed in further detail in note 22 of the notes to the financial statements.

### Legacy schemes and products

We constantly review all our products – current and legacy – to ensure we're delivering real value for money for our customers, who are mainly employers and their members. When there is clearly a better option for members, we will inform them accordingly. Overall, our legacy schemes, namely Lump Sum Retirement Benefit (LSRB) and Additional Voluntary Contribution (AVC), still serve 349k members (2022: 357k – restated).



## Operational performance and resilience

### Providing timely customer service is one of the key areas in which we measure our operational performance.

In the early part of the year, like many organisations, we faced a significant challenge in recruiting and retaining customer-facing colleagues.

This shortage in resources led to a temporary decline in some areas of our response to customers, notably in the time taken to answer calls and to carry out pension transfers. However, the quality of our customer service responses remained good during this period. We stepped up our recruitment effort and took innovative steps to hire from non-financial backgrounds as well as a continued strong focus on colleague retention. As a result, our performance returned to its normal high level by the end of the year, within the SLAs.

Other areas of our operational performance remained strong throughout. Our client banking team has exceeded all of its SLA targets, processing new members transfers into The People's Pension the next day was 99.9%. We formed a new operational data team to continue to improve the quality of our core underlying member and employer data, and we undertook work to prepare for the introduction of the Government's Pension Dashboard, which has now been delayed. During the year, we confirmed our commitment to The Pension Regulator's pledge on scams, which commits us to regularly warning members about scams, and to reporting our own concerns when they arise.

Finally, we took an important step towards protecting vulnerable customers, by appointing vulnerable customer champions throughout the business. These are individuals who have volunteered to receive additional training in order to be able to support customers across a range of vulnerabilities including disability, bereavement and financial hardship – especially pertinent during the cost-of-living crisis. We now, with customer consent, collect data on individual customer needs which will be integral in helping us further enhance the support we are able to provide our customers.

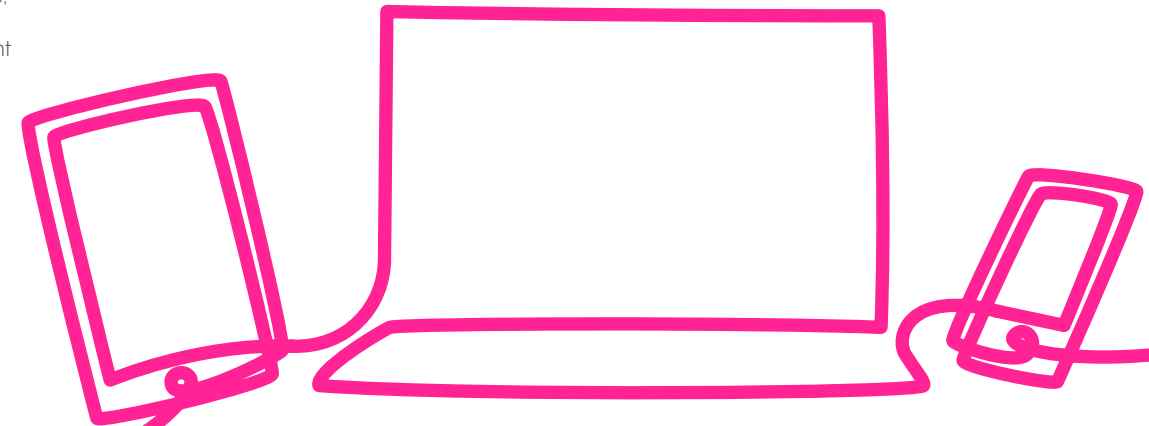
We also took further action to implement regulator's requirements on due diligence for members wishing to transfer their pension out of the Scheme, introduced in November 2021. These new regulatory requirements impacted on our ability to quickly turn around pension transfers to other providers. However, we worked hard with our industry colleagues to come up with innovative ways to improve service while meeting the new requirements.

#### Investing in technology

During the year, we completed implementation of our 3-year IT security programme, which is designed to fundamentally enhance the cyber security footprint of People's Partnership. Cyber security is vital to our Group's overall resilience to external threats. At a time when cyber-crime continues to proliferate and those with malevolent intent are constantly exploring new ways to exploit any vulnerabilities they can find, what's important to us above all is to ensure that our customers' assets and their data are kept safe.

Another aspect of that strategy is that while focusing on automation where the opportunity arises, we'll continue to enable access to our products and services across multiple channels, including contact centres, websites and online portals. Our main impetus in digital development is driven not by saving money, but by improving customer service and customer choice.

**“We took an important step towards protecting vulnerable customers, by appointing vulnerable customer champions throughout the business. These are individuals who have volunteered to receive additional training in order to be able to support customers across a range of vulnerabilities including disability, bereavement and financial hardship – especially pertinent during the cost-of-living crisis.”**





## Future developments

Our strategy is about continuing to serve our existing customers in a competitive marketplace, while attracting new customers. The auto-enrolment pension market in which we are a major player – is maturing, with limited growth potential available through employers coming into the market or passing the threshold to participate. Government-backed plans for the age threshold for individuals to enrolment to be lowered from 22 to 18, will provide some stimulus.

There is a growing trend for people to consolidate their individual pension pots through transfers. Anyone transferring should have access to information around charges, investment performance and product features – alongside guidance and advice if needed. In particular, small pot consolidation is an area the industry is reviewing and we'll continue to play an active role in those discussions.

People's Partnership is committed to engaging with our individual members to encourage them to build a much closer relationship with us, and one that can last throughout their lives. In the coming years, we also want to become the instinctive choice for employers and their advisers looking for a straightforward, accessible, trusted workplace pension that is suitable for everyone.

What all this means in practice is that we'll enhance our product offering, initially through new retirement planning tools that help guide our members towards a secure retirement. We will continue to invest in IT to make all our products and services available to our customers and members as simply and as flexibly as possible. And we'll improve how we make information available to intermediaries to support their business activities.

At People's Partnership, we also recognise the need to adopt a higher profile, and to use our differences and standing within the sector, to champion better outcomes for savers. Whether that be by lowering the age threshold to 18 or bringing the self-employed and gig economy workers into the auto-enrolment sphere, we believe every worker should have the chance to save for better retirement.



## Financial review

The consolidated Group financial statements are shown on pages 38 and 39.

### 2023 highlights

#### Consolidated loss

**£(57)k**

(2022: £10.1m profit)

#### Group revenue

**£79.9m** (up £6.2m)

(2022: £73.7m)

#### Net operating expenses

**£82.8m** (up £19.9m)

(2022: £62.9m)

#### Investment spend

**£22.0m**

(2022: £8.0m)

#### Finance income

**£1.6m**

(2022: £57k)

Read more on pages 34 to 53

The consolidated loss for the financial year was £(57)k (2022: £10.1m profit).

Revenue for the year increased by £6.2m to £79.9m (2022: £73.7m) driven by increased management fees from The People's Pension as funds under administration grew. Revenue from the insurance business increased slightly by £0.1m to £0.6m (2022: £0.5m).

Net operating expenses have increased by £19.9m to £82.8m (2022: £62.9m) as the Group has grown and also invested in product enhancements and digitalisation of services to The People's Pension members which has required additional headcount, both permanent and expert technical contractor resource.

The Group more than doubled its investment spend during the year to £22m on technology and improved operational capabilities, from approximately £8m in 2022 to £22m in 2023. In the coming years, we intend to continue to re-invest to support our strategic priorities of growing our pension business, building our brand and reputation, investing in new products and services. Finance income increased to £1.6m (2022: £57k) due to the higher interest rate environment and active management of the cash balances to generate increased returns. The group had a tax credit of £1.6m (2022: tax charge of £0.9m) driven by an increase in the deferred tax balance held in PASL in relation to utilisation of carried forward tax losses against future profits – this benefited from the corporation tax rate change to 25%.

### Capital

PASL is subject to The Pensions Regulator requirements and has held the necessary capital to meet its obligations throughout the financial year. At 31 March 2023, PASL held Master Trust reserves of £33m (2022: £23.5m). Throughout the year PASL more than covered its FCA capital requirement of £20k (2022: £20k).

Since 1 April 2022, B&CE Insurance Limited is no longer subject to Solvency II regulations and now reports under the NDR regime under which the Capital Resources Requirement for the Company is £5m which is made up of £3m for the LTF and £2m for the GF.

This is disclosed in further detail in note 22 of the notes to the financial statements.





# Risk management

## Risk management framework

### Risk context

The future is uncertain, and it carries risk and opportunity for our business. These risks and opportunities may be related to our strategy and delivery of our objectives, the activities and processes of the organisation, the expectations of our stakeholders, or our key relationships and dependencies.

### Risk strategy

Our enterprise-wide risk management helps with the delivery of our strategy by supporting better decision making through a good understanding of risks and their likely impact.

Effective management of risk and opportunity is fundamental for the long-term success for the Group. We operate a "3 lines of defence" risk governance framework to ensure that we're comprehensive and structured in our approach. The framework delivers a thorough view of our risk exposure to inform our decision-making and enable the alignment, effectiveness and efficiency of our strategic, tactical, operational and compliance processes. The approach ensures we fulfil our obligations and provides assurance that our activities are appropriately controlled.

### Risk appetite

The strategic board determines the nature and extent of the principal risks it is willing to take and communicates this through the Group risk appetite. It forms the foundation of the framework and guides management decision-making across the Group. The risk appetite is reviewed at Board-level and is monitored by management on an ongoing basis.

## Risk governance

We operate the "3 lines of defence" risk governance model.

**Firstly**, each of our business functions are responsible for identifying, assessing, and managing risks within the parameters of our risk framework.

**Secondly**, we have a team of experts from our risk oversight and compliance functions, under the direction of our Chief Risk Officer, who work with our leaders and managers challenge them on the risks they face and what they're doing to manage those risks. Our risk management team administers a Group Risk Register of every material risk and in each case, the strategy to address it.

What they're particularly looking for is anything that can seriously affect our ability to achieve our strategic objectives, impact our members, or performance, or affect our reputation. They then support the business to assess the potential impact of each risk and the likelihood of it happening.

We manage risk both at the Group level and within each department, such as Marketing or Finance, on an ongoing basis, with follow-up and challenge by the risk management function throughout the year. At the Group level, each risk has an executive owner. The Chief Executive Officer has overall accountability for the control and management of risk. The Board has overall responsibility for risk management.

The content of the Group Risk Register is considered and discussed in regular meetings with senior management and reviewed by the Executive Leadership Team, the Group Audit and Risk Committee and the Board.

**Thirdly**, our Internal Audit function provides independent assurance on the effectiveness of risk management and our risk framework.

## Risk management occurs across the organisation

Complementary management structures provide assurance over our risk management and internal control through standards, accountability, oversight, and independent and external assessments.

Front-line management	Compliance and control	Executive accountability	Independent assurance	Board oversight
Operational activity	Regulatory Compliance	Executive Leadership Team	Internal audit	Board of Directors
Management reviews	Group Compliance	Risk owners	External consultants	Group Audit & Risk Committee
Control monitoring	Risk Team & Finance Reporting Committee			





## Risk management continued

### Risk management activities

Risk management activities occur at all levels of the organisation. The risk governance framework provides structure for these activities to ensure consistency of approach, alignment to the risk appetite and monitoring of our risk exposure across the organisation.

The Risk function coordinates regular risk assessments to review management of risks we already know about, and to identify, analyse and evaluate new and emerging risks.

These assessments are consolidated through the Risk team and reported to the Executive Leadership Team by the risk owners. Summarised reports and key outcomes are reviewed by the Group Audit and Risk Committee (GARC) and the PPL Board. In addition to the core reporting processes described, a range of key risk management activities occurred during the year.

### Risk management in practice

Recognising risk as the effect of uncertainty on objectives, our ability to manage risk enables delivery of our objectives. To ensure our assessments and management of risk are action-oriented we categorise our risks considering not just significance of risk exposure, but also the opportunity for management action.

### Priorities in 2023/2024

Our priority for the coming year is to further enhance the Group risk management framework to increase its use in decision making and supporting the continued growth of the Group. The risk management approach should constantly evolve to reflect changes in the internal and external environment, feedback from stakeholders and best practice. We seek to ensure that it remains an effective tool throughout all levels of the organisation, contributing to controlled growth and continued success.

### Principal risks and uncertainties

The last 12 months have brought a number of risks to the fore. The risk posed by investment performance has impacted in several areas – firstly, for our members, especially those on the glide path to retirement, and secondly for our finances, since most of the Group's income is generated by administration charges based on assets. Short-term investment performance is not one of our key risks because our horizons are much more long-term, but it continues to be of significance going forward because of the extremely level high of uncertainty in financial markets.

Other risks that stood out in the last year and continue to demand attention were the recruitment challenges in some areas; the risk to the wellbeing of our colleagues posed by a mental health crisis post-pandemic; as well as broader issues such as the impact of inflation, fraud activity switching from banking to pensions, the perennial risk to cyber security, and geo-political risks including the war in Ukraine.

We have performed a robust and systematic review of the risks we believe could cause detriment to our members, seriously affect our ability to achieve our strategic objectives, meet our performance targets or affect our reputation.

The Group is exposed to a comparable range of risks as in previous years, and we've identified and detailed the principal ones on page 31 as at the date of this Report – not in priority order.

We monitor the broader risk environment continuously and, when required to do so, implement specific strategies to defend against or mitigate risks to being within our appetite – a level we find acceptable. Our approach integrates concepts of strategic planning and operational management into the following framework elements, all with a focus on customer outcomes.

## Financial risk

### Risk description

The main financial risks that have been assessed based on their potential impact on our Statement of financial position are:

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk

### Strategies to defend and protect against risk

- We operate a group-wide risk management framework. The principal financial risks relating to our Group and associated strategies to defend and protect against those risks are set out in note 22 of the notes to the financial statements.
- We hold capital against these financial risks and review the risks on an ongoing basis.
- Financial projections are produced and reviewed on a regular basis by the Board. As well as forecasting under a set of central assumptions, stressed scenarios are also produced.
- Moreover, we stress-test and assess our resilience to insurance, market, credit and liquidity risk.

## Strategic risk – business strategy

### Risk description

This is the risk that the Company could fail to implement its strategies effectively. Risks to delivering the strategy need to be properly understood and managed to deliver long-term growth.

### Strategies to defend and protect against risk

- We have a clear focus in place to deliver our social purpose, growth, financial stability and good customer outcomes.
- We monitor progress against these areas and any risks to their delivery. These are regularly reviewed by the Executive Leadership Team, GARC and Board.
- We ensure that the strategy is communicated and understood by all our people on a continual basis.

## Risk management continued

### Principal risks and uncertainties continued

#### Operational risk – IT systems and infrastructure

##### Risk description

The Group's operations are dependent on our ability to process a very large number of transactions accurately and efficiently. Any significant disruption or failure could result in service disruption.

Failure to manage the implementation of change successfully may result in increased costs or service disruption.

##### Strategies to defend and protect against risk

- We work continually to ensure that systems remain suitable for both our strategic needs and the risk environment.
- We have appropriate controls in place to maintain the integrity and efficiency of our systems, including detailed recovery plans in the event of a significant failure.
- We ensure that robust testing is completed before introducing a system change.
- We invest in our technology platforms to maintain/improve performance and resilience.

#### Operational risk – material failure in our business processes

##### Risk description

Human or system error give rise to process failures that have a negative impact on the firm or its customers.

##### Strategies to defend and protect against risk

- Our risk, compliance and internal audit functions have undertaken reviews to ensure that our core control processes continue to operate effectively.
- We have appropriate controls in place to maintain control over our processes which seek to ensure ongoing compliance with relevant legislation and regulation.
- Conduct risk is considered as a key element of all these operational risks.

#### Operational risk – cyber attacks

##### Risk description

The Group relies on IT in all aspects of its operations.

Cyber-crime continues to be a threat. The risk remains that new, evolving forms of this type of crime, whether for financial gain or political advantage, have the potential to move ahead of our ability to defend our systems against them.

##### Strategies to defend and protect against risk

- We're committed to safeguarding data and invest regularly in maintaining strong and reliable threat monitoring tools.
- We monitor operations to defend and protect against the threat of a malicious electronic attack. This is regularly reviewed and documented.
- We maintain IT equipment in a controlled environment and the maintenance and development of systems, applications and software is authorised, tested and approved before implementation.
- We train our colleagues in how to identify potential attacks and what to do if they are suspicious.

#### Operational risk – people engagement, recruitment, retention and capability

##### Risk description

The Group now employs over 750 people who are vital to the success of our business.

We may be unable to attract and/or retain talented people.

##### Strategies to defend and protect against risk

- Colleague engagement is formally assessed twice a year, via a third party, and our scores are measured against a comparable external benchmark. Actions plans are formulated and delivered to address any shortfalls against the benchmark.
- Our people policies are designed to ensure our colleagues are treated fairly and equally.
- Our remuneration and benefits packages are regularly reviewed against the external market.
- Every colleague has the opportunity to develop in our organisation which is encouraged through their ownership of an individual development plan aligned with their ambition.
- Our performance management process is delivered on a continuum throughout the year, with regular feedback, sessions between colleague and manager to address any concerns about conduct or deliverables and / or to ensure that individuals are getting the development they need.
- We invest in training and development, which is essential to the efficiency and sustainability of our operations.

## Risk management continued

### Principal risks and uncertainties continued

#### Operational risk – impact of legal and regulatory changes and risk of non-compliance

##### Risk description

The Group operates in a highly regulated environment and is subject to a variety of complex, demanding and evolving legal and regulatory risks.

Changes in law and regulation can have a significant impact on our operating model – both positive and negative. We continue to remain in a period of significant regulatory change, particularly in the pensions industry.

This is the risk that future regulatory and/or legislative change impacts on our business model and requires us to make changes to our processes and systems in an unplanned and ineffective way. This also includes that we might not comply with regulatory or legal obligations.

##### Strategies to defend and protect against risk

- We continually scan the legislative, regulatory and policy landscapes for potential change. This allows us to identify change at the earliest possible stage and plan to ensure we appropriately manage the change into our processes and systems.
- We actively engage with regulators and government bodies, often with our stakeholders, to support and develop the industry and the interests of our members.
- We operate independent compliance, risk and internal audit functions who undertake annual plans of assurance activities to monitor compliance with pensions regulation and our own internal processes.





## Our people

We pay close attention to the needs of the talented people who choose to work at People's Partnership. We recruit, train, incentivise and manage our colleagues in the most appropriate way possible – with a full focus on inclusion and diversity, and equality of opportunity.

As we move further from the pandemic, our approach to hybrid working has become well-established. How we work together is an important element of our Employee Value Proposition and influences how we attract and retain our talent.

At the year-end, the Company had 779 colleagues, an increase from 634 in the prior year. Of these, 343 colleagues (44% of our workforce) are male, and 436 colleagues (56%) are female, while 687 colleagues (88%) are full-time, and 92 colleagues (12%) are part-time. People's Partnership makes the utmost efforts to recruit local talent with the intention of supporting the Crawley and wider Sussex economies and contributing to fewer commuting miles in aggregate. 62% of the colleague population live within a 15-mile radius of the office, 36% of that from Crawley where the offices are based, having a positive impact on the local economy.





## Our people continued

### Reward, recognition, and cost of living

During the year, many of our people were impacted by inflation and the higher costs of living. We recognised that through the annual salary review, and by giving all our lower paid colleagues a special payment of £400 in the form of vouchers to ease the impact. In addition, we offered fresh fruit and soup in our offices for free and continued to subsidise our cafe. And we provided a stream of information including webinars about help with the cost of living. We also provide a helpline for those struggling with mental health issues, which is relevant to those who are struggling with their finances.

We continue to reward our people for their performance, measured against individual and Group targets. We compete to attract and retain talent based on a total reward offering benchmarked against comparable organisations in the financial services sector. To further support investment in our people, we have set targets to reduce attrition and increase internal mobility – recruitment from within the organisation – on an annual basis.

People's Partnership is a Living Wage Employer, which means we're committed to ensuring minimum pay levels. Alongside other colleague benefits typical in the financial services sector we offer a compelling pension proposition which demonstrates that we are living our values and delivering on our purpose with respect to our own people.

### Learning and development

We're committed to learning and development for colleagues at all levels of People's Partnership and are keen to support our people as they develop the skills, knowledge, and mindset to progress in their careers. We actively financially support training and development for our colleagues, and we're also utilising our contribution to the Government's Apprenticeship Levy to use for our own people's development. As part of this, we intend to fund around 35 management and leadership development places with a leading external provider and 3 Executive Masters of Business Administration courses at Cranfield School of Management.

### Colleague engagement and internal communication

In our latest engagement survey, we saw an 8% point increase in our overall engagement score, with the result going up to 76% (2022: 58%). 82% of those who participated agreed with the statement "I am proud to work for People's Partnership". There was also a significant improvement on scores about Leadership and Culture, while our perception scores on inclusion are notably above the benchmark.

This survey is one of the ways we listen to our colleagues and seek their views on a wide range of topics. That helps us to create an environment where their priorities are met, so that we can continue developing engagement and improving their experience of working at People's Partnership.

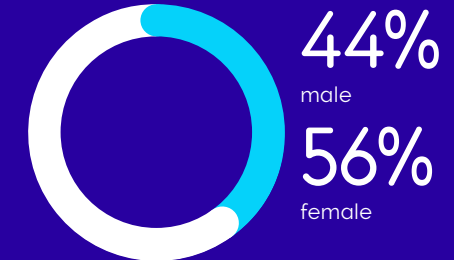
We hold regular engagement events where we share information about our strategic objectives and welcome questions from colleagues to our senior teams. And we encourage colleagues to share their experiences via blog posts on our intranet and invite them to nominate their preferred local charity for the organisation to support each year. We recently implemented 'Lunch with the Board' which allows our people to connect with our board of directors in an informal session in which both sides can give their perspective on People's Partnership.

### 2023 overview

#### Colleagues

779  
(2022: 634)

#### Gender split



#### Employee engagement score

76%  
(2022: 58%)

82%

of those who participated agreed with the statement "I am proud to work for People's Partnership".

#### Key highlights

- During the year, many of our people were impacted by inflation and the higher costs of living. We recognised that through the annual salary review, and by giving all our lower paid colleagues a special payment of £400 in the form of vouchers to ease the impact.
- We have set targets to reduce attrition and increase internal mobility – recruitment from within the organisation – on an annual basis.
- We intend to fund around 35 management and leadership development places with a leading external provider and 3 Executive Masters of Business Administration courses.

## Our people continued



### Wellbeing

We provide a wealth of resources and activities to support our colleagues physical and mental wellbeing and make People's Partnership a healthy workplace. In the last year, we introduced the concept of Employee Resource Groups to focus on specific needs, and we added menopause support and a parenting group to the resources available. Our resources also include access to a trained team of Mental Health First Aiders, an Employee Assistance Programme, colleague healthcare provided by Westfield Health, articles on the dedicated wellbeing area of our intranet, as well as a monthly schedule of virtual and in-person events. These events are delivered by both our own colleagues and external partners who specialise in supporting organisational wellbeing. They range from meditation sessions to supporting colleagues mental health, from one-to-one appointments with healthcare professionals to discuss physical wellbeing, to practical group webinars on financial wellbeing, and craft activities to boost psychological wellbeing.

### Equal opportunities

At People's Partnership, it's our strong belief that an inclusive and diverse culture is crucial to the long-term success of our business. Ensuring our environment is one where our colleagues can be their authentic selves. Bringing people together from a wide range of backgrounds with different experiences, expertise and skills is a critical element of the creation of a high-performing organisation. We're an equal opportunity employer and are fully committed to treating all colleagues and job applicants equally. This is enshrined in our equal opportunities policy, something all colleagues must adhere to.

In gender terms, women represent more than 50% of our colleagues overall, and 34% at senior levels. Our objective is to achieve more women at senior levels which will enable us to introduce more role modelling. We are building our understanding of diversity within our organisation and have included a number of new questions in our colleague survey which will give a baseline to monitor progress.

Inclusion and Diversity (I&D) is incorporated into our end-to-end people processes, from attraction and recruitment through to succession and development. We ensure that our recruitment agencies are aligned to this approach and strive to present us with balanced applicant listings for our vacancies. We also train our line managers in interviewing skills which includes a section on I&D. All our colleagues undertake annual mandatory training on equal opportunities and diversity, and we offer further e-learning programmes to underpin this.

People's Partnership is an equal opportunities employer. We believe everyone has the right to be treated fairly, with dignity and respect. We are committed to treating all our people (and all who apply for a role at People's Partnership) equally and enabling them to perform at their best and demonstrate what they have to offer. We are also a disability committed employer.

We will not tolerate any form of harassment, whether by colleagues or third parties that do business with People's Partnership.

We also take all reasonable steps to provide a work environment in which all colleagues are treated with respect and dignity, and which is free of harassment. The Group will not tolerate any form of harassment, whether by colleagues or third parties that do business with People's Partnership.



## Our people continued

### Disability and different ability

We continue to be a Disability Confident Employer accredited business. This is a UK Government scheme designed to help businesses recruit and retain disabled people and people with health conditions for their skills and talent.

In practical terms, this reinforces our commitment to treating all job applicants appropriately – because we make hiring decisions based on the aptitude of that individual, relative to the current demands of available roles, and what those might be in the future. We also consider the support we can offer to people, once they're in the role.

If an existing colleague were to experience a disability, we make every effort to ensure their employment with us continues and that the appropriate support is arranged. It's Group policy that the training, career development and promotion of a person with a disability or a different ability will be, as far as possible, identical to that of a person without a disability.

### Colleagues and business ethics

We aim to keep high standards of business conduct at the forefront of our colleagues day-to-day work. A big part of this is our extensive Acceptable Use Policy, which brings together various IT, data protection and confidentiality policies, including coverage of the General Data Protection Regulation (GDPR) into one easily accessible policy and reference guide.

All people working at People's Partnership are required to undertake annually a set of mandatory e-learning courses covering the following topics: GDPR, Modern Slavery, Anti-Money Laundering, Anti-Bribery and Corruption, Equality and Diversity and Anti-Bullying and Harassment.





## Being a corporate socially responsible business

**We take our responsibilities to the world at large – members, charitable causes, community and wider society, and the environment – very seriously. The social purpose embedded in our business model is only one of the ways we can play our part in benefiting society.**

### The environment

We have introduced numerous measures to reduce our impact on the environment, both locally and globally.

These include:

- installation of Electric Vehicle charging points and a 'cycle to work' scheme
- removal of under desk waste bins and installation of mixed recycling bins across both buildings
- planting to encourage bees and butterflies
- introduction of "Go Green in the Canteen", with our catering supplier switching all plastic cutlery, cups and take-away containers with recyclable replacements
- we use only FSC-certified paper
- our weekly fruit baskets supplied through partner Fruitful Office have contributed to 226 trees being planted
- partnership with food waste app OLIO sees leftover food and sandwiches given to charity
- partnership with a 'Zero to Landfill' waste supplier, ensuring that all of our waste is sent to an Energy Recovery Facility and recycled
- reducing our printed paper booklets to lighter versions to help reduce our carbon footprint
- removal of all plastic cups across our vending and water machines.

The Streamlined Energy & Carbon Reporting in the Directors' report on pages 32 and 33 contains more detailed information on our carbon footprint and energy usage.





## Being a corporate socially responsible business continued

### Support for the community

We give each of our colleagues 2 volunteer days each year to give back to the community – either as an individual or as part of a team – a total of more than 1500 days. Some of the organisations we have helped, either through volunteering or donations, during the last 12 months are:

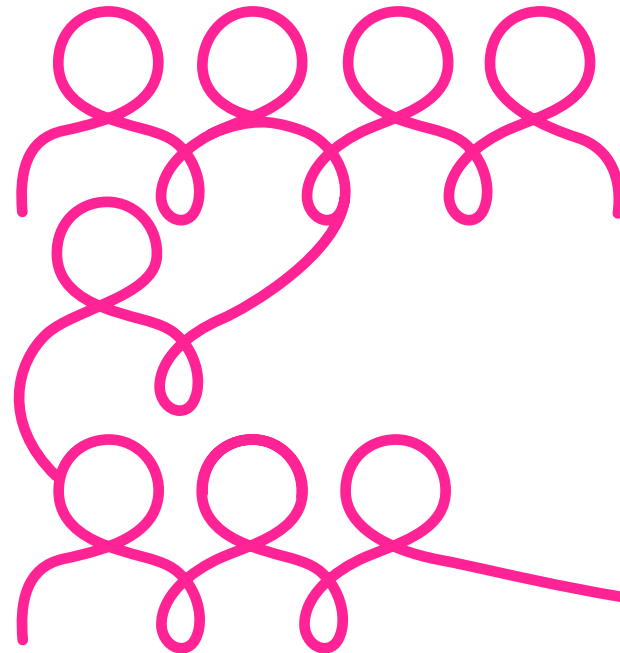
- **Hazelwick High School, Crawley.** Our Dare to Dream project works with an organisation called Love Local Jobs to provide 5 mentors who work with Year 9 students, helping them build their resilience and prepare for their GCSEs.
- **Crawley Jets.** This local disabled Rugby Union team was in danger of closing down and needed 6 specialised wheelchairs to enable them to train and compete. We donated £19,100 to purchase these, as well as shirts, arm protectors and gloves. The support received widespread coverage.
- **Crawley Open House** is a local homeless shelter that also offers help with training and interview skills. Before Christmas, several of our colleagues volunteered to help wrap gifts, sort out donations and cook a meal for the users of the service. Crawley Open House has been chosen as our colleagues People's Partnership's Charity of the Year for 2023-24.
- **The Olive Tree** is a hospice that was chosen by our colleagues as our Charity of the Year last year. We have raised several thousand pounds through fundraising events.

We also partnered with the organisation Better with Money to run a seminar for our colleagues to help them to be more knowledgeable with their finances.

### Our Charitable Trust

The Building and Civil Engineering Charitable Trust, which we set up in 1991, is a national scheme to support individuals who have worked or do work within the construction industry. Today the Trust is funded by People's Partnership and provides financial help for people working in the sector who are in need, as well as grants towards education and training, and occupational health and safety initiatives.

During the financial year to 31 March 2023, we supported the Charitable Trust with resources and our colleagues as well as a donation of £302,883 from the Group (2022: £237,500).



*We donated specialist wheelchairs to Crawley Jets Wheelchair Rugby Club*



## Section 172(1) statement

The Directors of People's Partnership Holdings Limited believe, both individually and collectively, that they have acted in good faith in a manner most likely to promote the success of the Company and its subsidiaries for the benefit of its members as a whole. In doing so, the Directors take the following into consideration:



a)

### The likely consequences of any decision in the long term

We consistently focus on decisions that will provide the utmost value to members. A core belief of the Group is returning profits to members in ways that reduce charges or improve products and services. An example of this in 2021/22 was the decision to close the TUTMAN B&CE Contracted-out Pension Scheme and transfer members to The People's Pension which has lower charges for the majority of members.

In March 2022 the remaining members of the TUTMAN B&CE Contracted-out Pension Scheme ("COPS") were transferred to The People's Pension. The Company was the administrator of both pension arrangements and the decision to transfer members was taken on the basis that The People's Pension offered better value for money for customers. A total of £187.5m was transferred during the year. Whilst the scheme is now closed, there may still be some residual funds received which relate to historic investment claims and taxation, which will be allocated to the remaining scheme members when received. The members' assets will now be managed within The People's Pension scheme.

b)

### The interests of the company's colleagues

Our people are critical to the success of our business and our core component of our business model. We endeavour to recruit the best people, train them well and look after them so that they provide the best possible service for our customers and remain with us long term. Further details and examples of activities with colleagues are provided on pages 22 to 25 of this Strategic Report.

c)

### The need to foster the company's business relationships with suppliers, customers, and others

The Company has a dedicated Procurement function which aims to create mutually beneficial supplier relationships across the business, for all entities within the Group.

Given the nature of the Company, as a holding company, it has limited customers beyond other entities within the Group. The majority of Group income is received by 2 of its subsidiaries: People's Administration Services Limited and B&CE Insurance Limited. Both of these companies operate products that are sold to – and which derive fee income from – employers and/or individual members.

d)

### The impact of the company's operations on the community and the environment

As part of a profit-for-people Group we give back to our members and community. Pages 32 and 33 of this Strategic Report includes sections on the environment, and page 27 on our support for the community, our Charitable Trust, and how we put our people first. Since the B&CE Charitable Trust was set up in 1991 it has helped thousands of people, hundreds of employers and funded research into occupation health and safety in the construction industry.

e)

### The desirability of the company maintaining a reputation for high standards of business conduct

Our Group's reputation for putting members first and providing good quality financial products has been hard won. This is based on a set of values that we try to adhere to on a daily basis. Central to this is a desire to keep high standards of business conduct at the forefront of our colleagues day-to-day work. The Group has subsidiaries that are regulated by the Financial Conduct Authority and Prudential Regulation Authority and the Directors are aware and fully supportive of their requirements. PPL and PASL are involved in the operation and running of The People's Pension, which is authorised and supervised by The Pensions Regulator, and individuals involved with PPL and PASL must satisfy The Pensions Regulator's fitness and propriety criteria. All Group colleagues are assigned mandatory learning courses, such as the Senior Managers Certification Regime and Treating Customers Fairly, appropriate to their position within People's Partnership and compliance is monitored regularly.

f)

### The need to act fairly between members of the company

The Company is limited by guarantee and all members of the Industrial Parties have representation on the Board of Directors. Decisions are taken as a collective to ensure the best outcome for all in line with our values: keeping our promises, understanding people and creating simplicity.

The Strategic Report was approved by the Board of Directors on 2 August 2023 and signed on its behalf by:

**James O'Callaghan**

Director

2 August 2023

Company number: 00377361 (England and Wales)

Registered office:  
Manor Royal  
Crawley  
West Sussex  
RH10 9QP

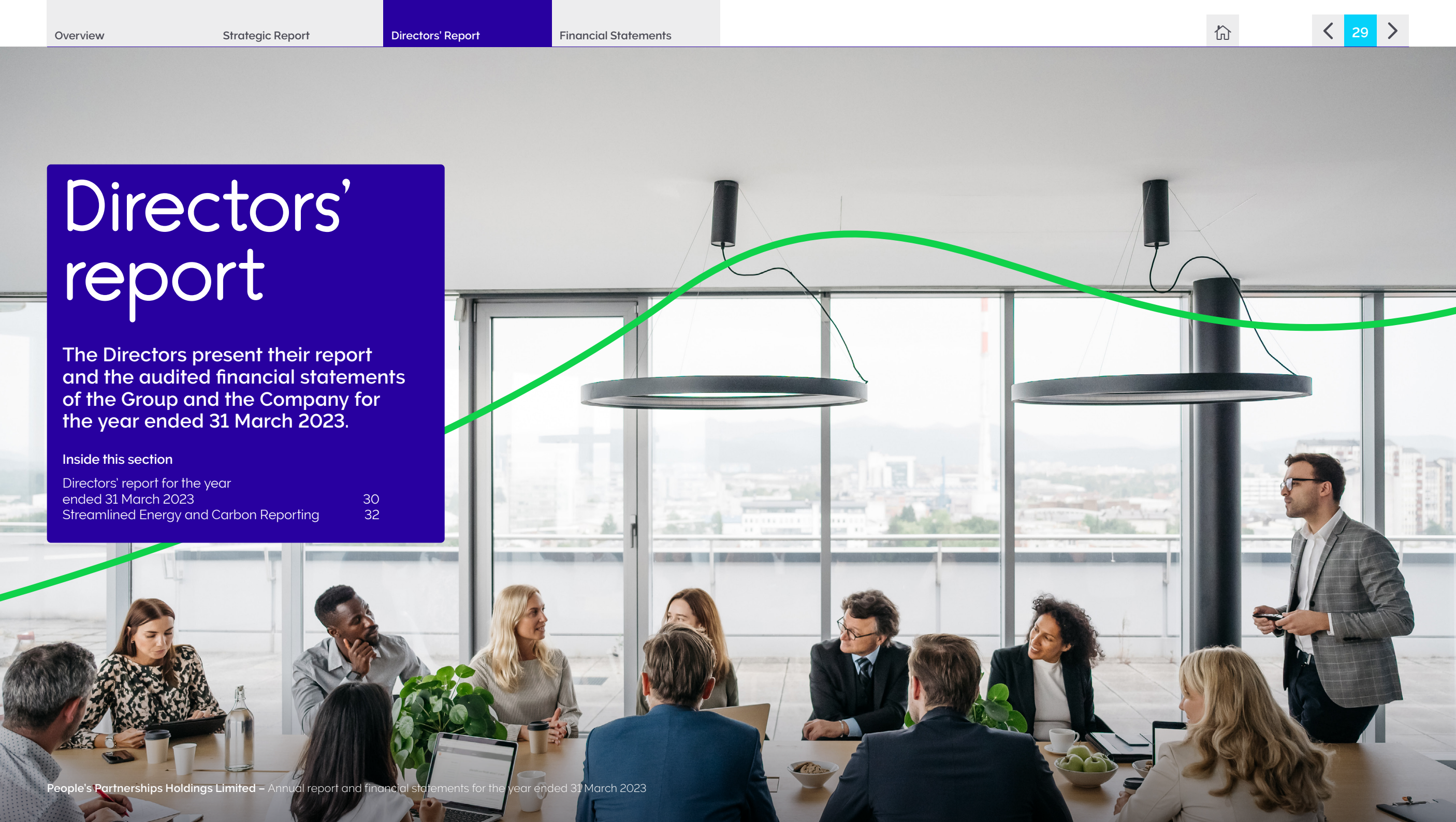


# Directors' report

The Directors present their report and the audited financial statements of the Group and the Company for the year ended 31 March 2023.

## Inside this section

Directors' report for the year ended 31 March 2023	30
Streamlined Energy and Carbon Reporting	32





## Directors' report for the year ended 31 March 2023

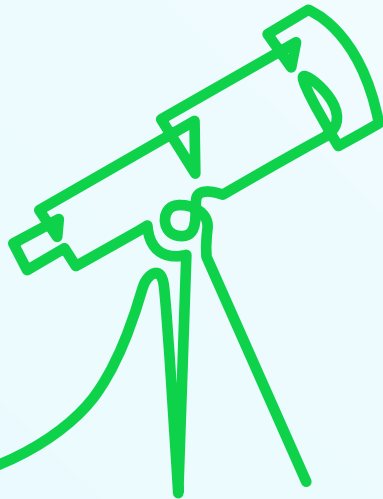
### The Directors present their report and the audited financial statements of the Group and the Company for the year ended 31 March 2023.

#### Directors

The Directors who held office during the year and up to the date of signing this report are as follows:

The Non-executive Independent Chair is James O'Callaghan OBE.

The non-Executive Directors are: Brian Berry – appointed 1 May 2022 (nominated by Federation of Master Builders); Robert Blackman (nominated by UNITE the Union); Steven Dillon – appointed 1 April 2022 (nominated by UNITE the Union); Vaughan Hart (nominated by Scottish Building Federation); Vincent McCoy – appointed 1 April 2022 (nominated by UNITE the Union); Suzannah Nichol – appointed 1 April 2022 (nominated by Build UK); Brian Phoenix (nominated by National Federation of Builders); Alasdair Reisner – appointed 1 May 2022 (nominated by Civil Engineering Contractors Association); Jeremy Swain (nominated by UNITE the Union); and Graham Dow (nominated by GMB).



#### Directors' liability insurance

The Directors have the benefit of an indemnity. This is a qualifying third-party indemnity as defined by section 234 of the Companies Act 2006. The indemnity was in force during the year and at the date of approval of the financial statements. The third-party indemnity provides against liability incurred by the director to a person other than the company or an associated company.

#### Corporate governance

##### Corporate governance and overall Framework

The Company's Board is made up entirely of Non-Executive Directors with half representing construction employer federations and half representing trade unions, together with an Independent Chairman. This governance structure is designed to ensure that decisions taken are in the best interests of our members.

On 1 April 2022, the Group Governance arrangements were re-structured, moving the Board that is responsible for strategic direction of the Group from the Company to its subsidiary, PPL. The Board of the Company has now become the board whose principal objectives are to be the custodians of the core social business principles and to hold the Strategic Board ("StratCo") of the PPL to account.

The PPL strategic board consists of founding director seats occupied by representatives of employer industrial parties (Employer IPs) and Trade Union IPs (Operative IPs) and specialists (including senior executive directors) with diverse skills. The StratCo Board structure is designed to bring a diverse range of skills and experience in order to drive People's Partnership's strategic priorities.

#### Charitable Trust

The B&CE Charitable Trust benefits from a governance structure that includes both Employers' representatives and trade unions from the construction industry who provide valuable insight into how the Trust can support the industry and how it can make a real difference on the ground with the workforce. The Trust has a board of trustees from across the industry.

#### Ethics, bribery and corruption

Our Anti-bribery and Corruption Policy is reviewed annually and sets out our policy towards bribery and corruption, and applies strictly to all colleagues, directors, consultants, contractors and to any other people or bodies associated with People's Partnership companies. Bribery and corruption are not tolerated in any form. Anyone aware of any incidence of either activity has a duty to report this in accordance with our whistleblowing policy, or to the Chief Risk Officer.

Our Operational Procedure on Anti-money laundering ("AML") sets out in detail how checks should be carried out to ensure that we minimise the risk of any customer of People's Partnership carrying out money laundering activities.

Anti-bribery and Corruption and Anti-money laundering are among key topics on which all colleagues must undertake mandatory e-learning annually.

#### Remuneration governance framework

Our People's Partnership Group Remuneration and Nominations Committee sets the overall policy for rewarding our directors, both executive and non-executive, as well as deciding on individual pay and other benefits for our senior leadership team. We report the total amount of remuneration paid to Directors but not individual amounts.

In overall terms, we pay people in accordance with their contribution to the business where they have made an outstanding contribution that can also include a performance-related bonus, which is a way of sharing in our success. All our remuneration and benefits packages are regularly reviewed against the external market.

We also consider the potential of our remuneration schemes and any performance targets to lead to fraud.

All of our people also benefit from access to our award-winning employee pension scheme, The People's Pension.

#### Future developments

An indication of likely future developments of the Group is given in the Strategic report.



## Directors' report for the year ended 31 March 2023 continued

### Financial risk management

The Group's operations expose it to a variety of financial risks, disclosed in further detail in the notes to the financial statements. They include the effects of the following:

- **Credit risk**  
The Group's transactions in sterling cash deposits, investments and trading with customers expose it to the risk that the counterparty may not repay the amounts owed. For sterling cash deposits and investments, the Group mostly deals with a list of highly rated UK counterparties to reduce the risk that the counterparty will not repay the deposit or investment. Counterparty risk may also arise from revenue that can't be recovered from financial products administered by the Group. This risk is managed through active credit control and cashflow monitoring.
- **Liquidity risk**  
Financial instruments held by the Group include on demand sterling cash deposits and investments designed to ensure the Group has sufficient available funds for operations.
- **Market risk – interest rate risk**  
The Group invests its surplus funds in investment funds which may hold a proportion of interest-bearing assets. Changes in the interest rates may result in income increasing or decreasing. However, the Group is not reliant on interest receivable for its income.
- **Market risk – price risk**  
The significant majority of the Group investments have been in Sterling Liquidity Funds so there is no material price risk.
- **Market risk – Foreign exchange risk**  
Given the nature of the Group's operations, no significant exposure to foreign exchange risk exists.

### Disabled colleagues

Details of the Group's approach to providing equal opportunities, including those with disability and different ability, are included within the Strategic report.

### Colleague consultation

Details of the Group's approach to communication with colleagues is included within the Strategic report.

### Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2022: nil).

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### Going concern

The Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements. The Directors have prepared forecasts for the Company and the Group, including its cash position, for at least 12 months from the date of signing of these financial statements. The Directors have also considered the effect upon the Company and the Group's business, financial position and liquidity of more pessimistic, but plausible, trends in its business using stress testing and scenario analysis techniques.

The scenarios tested showed that the Company and the Group will be able to operate at adequate levels of liquidity for at least the next 12 months from the date of signing the financial statements. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.





## Streamlined Energy and Carbon Reporting

**We recognise our responsibility to conserve and protect our environment as far as possible across the business. It is a requirement of large organisations to include energy and carbon data in their Annual Reports, under the Streamlined Energy and Carbon Reporting ("SECR") Regulations. We've reviewed the relevant activities, relating to buildings and business travel, and made the calculations, as shown on page 33.**



As a financial services business, our main environmental impact is primarily through the consumption of resources and emissions at our premises together with colleague travel. We look to reduce waste where possible and minimise environmental impact of our business and activities as far as we can through sensible policies and initiatives.

We've adopted our Environmental Policy showing the company's commitment to managing our environmental impacts. Our new Environmental Committee brought people together from across the company to develop our Environmental Action Plan, which will look at energy, transport, waste and resources. We have partnered with an Environmental Consultant to deliver an Environmental Management Plan, which will measure our carbon footprint and set reduction metrics and targets.

Efficiency activities this year have been related to running our sites effectively, whilst keeping colleagues safe.

Our working pattern post-pandemic is a hybrid model based on 40% office and 60% home working. We continued to look for ways to reduce energy and carbon. For example, we focussed attention on the running times of the heating and ventilation plant at head office to save energy. At the Manhattan building, we have closed two floors on quiet days when our colleagues are mostly working from home. We have installed two EV charge points to encourage our colleagues to use electric cars.

Plans are underway for a full refurbishment of head office, which will include sustainable upgrades to lighting, water usage and heating and cooling plant. We are also investigating solar PV panels for the roof.

We now purchase 100% green electricity at our Manhattan Building, with HQ to follow at contract renewal, which has had a considerable impact on our overall emissions.

We continue to encourage our colleagues to use more sustainable forms of transport. During the year, we have introduced a season ticket loan to promote the use of public transport and we also help with the cost of public transport travel for our colleagues if they switch to public transport. We have put a cycle loan scheme in place, and provide showers and locker facilities for those that would like to walk or cycle to work.

Our SECR carbon emissions for the financial reporting year 31 March 2023 amounted to 252.9 tCO<sub>2</sub>e, with 183.7 of this arising from electricity consumption. Since last year, overall emissions have risen by 3.3% while relative emissions have fallen by 3%.

**Plans are underway for a full refurbishment of head office, which will include sustainable upgrades to lighting, water usage and heating and cooling plant. We are also investigating solar PV panels for the roof.**



## Streamlined Energy and Carbon Reporting continued



The table below summarises our greenhouse gas ("GHG") emissions for the year ended 31 March 2023

	Unit	2022-23	2021-22	% change
<b>Energy consumption</b>	kWh	<b>1,304,609</b>	1,180,514	
<b>Scope 1 – Direct emissions</b>	tCO <sub>2</sub> e	<b>54.9</b>	47.2	
<b>Scope 2 – Energy indirect emissions – location-based</b>	tCO <sub>2</sub> e	<b>183.7</b>	192.0	
<b>Scope 2 – Energy indirect emissions – market-based</b>	tCO <sub>2</sub> e	<b>133.5</b>	49.0	
<b>Scope 3 – Other indirect emissions</b>	tCO <sub>2</sub> e	<b>14.4</b>	5.6	
<b>Total emissions – location-based</b>	tCO <sub>2</sub> e	<b>253.0</b>	244.8	<b>3.3%</b>
<b>Relative emissions – location-based</b>	tCO <sub>2</sub> e/£m	<b>3.2</b>	3.3	<b>-3.0%</b>
Taking into account green energy purchased				
<b>Total emissions – market-based</b>	tCO <sub>2</sub> e	<b>202.8</b>	101.8	<b>99.2%</b>
<b>Relative emissions – market-based</b>	tCO <sub>2</sub> e/£m	<b>2.5</b>	1.4	<b>78.6%</b>

For SECR reporting, Scope 1 (Direct) emissions are those arising from natural gas heating and company vehicles. Scope 2 (Energy indirect) emissions are from electricity. Scope 3 (Other indirect) emissions come from grey fleet and hire vehicles.

Location-based emissions are calculated as the average emissions intensity of the electricity grid, while market-based emissions take into account green energy purchasing.

### SECR emissions calculations – methodology

We've reported on all of the emission sources required by SECR, under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

We've followed the methodology of ISO 14064-1 (Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals) and emission factors from UK Government GHG Conversion Factors for Company Reporting 2022.

Further information can be found on page 26 in 'Being a corporate socially responsible business'.

### Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware.
- Each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors' Report was approved by the Board of Directors on 2 August 2023 and signed on its behalf by:

### James O'Callaghan

Director  
2 August 2023

Company number: 00377361 (England and Wales)

Registered office:  
Manor Royal  
Crawley  
West Sussex  
RH10 9QP



# Financial statements

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## Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## Independent auditor's report to the members of People's Partnership Holdings Limited (formerly B&CE Holdings Limited)

### Opinion

We have audited the financial statements of People's Partnership Holdings Limited ("the Company") for the year ended 31 March 2023 which comprise the Group and Parent Company Statements of Financial Position, the Group Statement of Comprehensive Income, the Group and Parent Company's Statements of Changes in Equity, the Group Cash Flow Statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors, the Group Audit and Risk Committee, internal audit, legal, risk and compliance and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board, Group Audit and Risk Committee meeting minutes;
- considering remuneration incentive schemes and performance targets for management;
- using analytical procedures to identify any usual or unexpected relationships;
- reviewing the audit misstatements from prior period to identify fraud risk factors; and
- inspecting correspondence with regulators to identify instances or suspected instances of fraud.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is no judgement or estimation uncertainty related to revenue.

We did not identify additional fraud risks.

We also performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by unauthorised personnel, seldom used accounts or descriptions and those posted with unusual account combinations.

### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and have discussed the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.



## Independent auditor's report to the members of People's Partnership Holdings Limited (formerly B&CE Holdings Limited) continued

### Fraud and breaches of laws and regulations – ability to detect continued

#### Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations continued

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), Pensions legislation, distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified regulatory capital and liquidity as those most likely to have such an effect recognising the financial and regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the breach in the Long Term Fund capital requirement discussed in note 22 we assessed the disclosure against our understanding from correspondence with the regulator.

#### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 35, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company'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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### William Greenfield (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
London  
E14 5GL  
2 August 2023

## Consolidated statement of comprehensive income for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Revenue	3	79,884	73,732
Net operating expenses	5	(82,807)	(62,900)
(Losses)/gains from financial instruments	4	(333)	44
<b>(Loss)/Profit before interest and taxation</b>		<b>(3,256)</b>	10,876
Finance income	4	1,584	57
<b>(Loss)/Profit before taxation</b>		<b>(1,672)</b>	10,933
Tax credit/(charge) on (loss)/profit	7	1,615	(882)
<b>(Loss)/Profit for the financial year</b>		<b>(57)</b>	10,051
<b>Other comprehensive income</b>			
Actuarial (loss)/gain on pension scheme	18	(3,464)	4,515
Deferred tax credit/(charge) on pension surplus	18	1,137	(1,573)
<b>Other comprehensive income for the year, net of income tax</b>		<b>(2,327)</b>	2,942
<b>Total comprehensive income for the year</b>		<b>(2,384)</b>	12,993

The above amounts derive from continuing activities.

The notes and information on pages 40 to 53 form part of these financial statements.

The Company applies the exemption available in section 408 in the Companies Act 2006 and does not present the Company's profit and loss account for the year.

## Statement of financial position as at 31 March 2023

	Note	Group		Company	
		2023 £000	2022 £000	2023 £000	2022 £000
<b>Non-current assets</b>					
Tangible assets	9	3,247	3,018	3,247	3,018
Investments in subsidiaries	10	–	–	5,000	5,000
Deferred tax asset	17	2,712	2,243	–	–
Pension scheme surplus	18	3,616	6,864	3,616	6,864
Amounts due from group undertakings	11	–	–	64,050	64,050
		<b>9,575</b>	12,125	<b>75,913</b>	78,932
<b>Current assets</b>					
Financial instruments – fair value through profit or loss	12	5,618	5,675	–	–
Trade and other receivables	13	10,793	8,793	10,637	8,174
Deferred tax asset	17	1,032	248	–	–
Reinsurers share of technical provisions	14	15	15	–	–
Cash and cash equivalents	15	112,107	114,083	55,744	55,295
		<b>129,565</b>	128,814	<b>66,381</b>	63,469
<b>Current liabilities</b>					
Trade and other payables	16	43,212	41,491	39,397	36,820
		<b>43,212</b>	41,491	<b>39,397</b>	36,820
<b>Net current assets</b>		<b>86,353</b>	87,323	<b>26,984</b>	26,649
<b>Total assets less current liabilities</b>		<b>95,928</b>	99,448	<b>102,897</b>	105,581
<b>Non-current liabilities</b>					
Deferred tax liability – pension scheme surplus	18	1,266	2,402	1,266	2,402
		<b>1,266</b>	2,402	<b>1,266</b>	2,402
<b>Net assets</b>		<b>94,662</b>	97,046	<b>101,631</b>	103,179
<b>Reserves</b>					
Retained earnings		94,662	97,046	101,631	103,179
<b>Total funds</b>		<b>94,662</b>	97,046	<b>101,631</b>	103,179

The notes and information on pages 40 to 53 form part of these financial statements.

The financial statements were approved by the Board of Directors on 2 August 2023 and were signed on its behalf by:

**James O'Callaghan**

Director  
2 August 2023

Company number: 00377361



## Statement of changes in equity for the year ended 31 March 2023

Group	Retained earnings	Total
	£000	£000
<b>Balance as at 1 April 2021</b>	<b>84,053</b>	<b>84,053</b>
Profit for the financial year	10,051	10,051
Other comprehensive income for the year	2,942	2,942
Total comprehensive income for the year	12,993	12,993
Balance as at 31 March 2022	<b>97,046</b>	<b>97,046</b>
<b>Balance as at 1 April 2022</b>	<b>97,046</b>	<b>97,046</b>
(Loss) for the financial year	(57)	(57)
Other comprehensive (expense) for the year	(2,327)	(2,327)
Total comprehensive (expense) for the year	(2,384)	(2,384)
<b>Balance as at 31 March 2023</b>	<b>94,662</b>	<b>94,662</b>

Company	Retained earnings	Total
	£000	£000
<b>Balance as at 1 April 2021</b>	<b>100,406</b>	<b>100,406</b>
Loss for the financial year	(169)	(169)
Other comprehensive income for the year	2,942	2,942
Total comprehensive income for the year	2,773	2,773
Restated balance as at 31 March 2022	<b>103,179</b>	<b>103,179</b>
<b>Balance as at 1 April 2022</b>	<b>103,179</b>	<b>103,179</b>
Profit for the financial year	779	779
Other comprehensive income for the year	(2,327)	(2,327)
Total comprehensive income for the year	(1,548)	(1,548)
<b>Balance as at 31 March 2023</b>	<b>101,631</b>	<b>101,631</b>

The notes and information on pages 40 to 53 form part of these financial statements.

## Consolidated statement of cash flows for the year ended 31 March 2023

	2023		2022	
	£000	£000	£000	£000
<b>Cash flows from operating activities</b>				
(Loss)/Profit for the financial year	(57)		10,051	
Adjustments for:				
Depreciation of tangible assets	629		477	
R&D other revenue	(507)		-	
Dilapidation provisions	170		169	
Finance income	(1,584)		(57)	
Loss/(gains) from financial instruments	333		(44)	
Tax (credit)/charge on profit/(loss)	(1,615)		882	
		<b>(2,631)</b>		11,478
Difference between pension charge and cash contributions	(216)		20	
Increase in trade receivables	(890)		(2,232)	
Increase in trade payables	1,948		2,660	
		<b>842</b>		448
Tax paid	(502)		(515)	
Tax received	34		694	
		<b>(468)</b>		179
<b>Net cash from operating activities</b>		<b>(2,257)</b>		12,105
<b>Cash flows from investing activities</b>				
Purchase of tangible assets	(1,027)		(455)	
Sale of financial instruments	(276)		194	
Interest and investment income received	1,584		57	
<b>Net cash from investing activities</b>		<b>281</b>		(204)
Net increase in cash and cash equivalents		<b>(1,976)</b>		11,901
Cash and cash equivalents at the beginning of the year		<b>114,083</b>		102,182
<b>Cash and cash equivalents at the end of the year</b>		<b>112,107</b>		114,083

The notes and information on pages 40 to 53 form part of these financial statements.

# Notes to the financial statements for the year ended 31 March 2023

## 1. General information

People's Partnership Holdings Limited (the Company) is a private limited company, limited by guarantee, not having a share capital and the liability of the members is limited to £1. The Company is incorporated and domiciled in England and Wales. The address of its registered office is Manor Royal, Crawley, West Sussex, RH10 9QP.

Collectively the Company and all its subsidiaries are known as 'People's Partnership' or the 'Group'.

## 2. Summary of significant accounting policies

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

### Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities, measured at fair value through profit or loss and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting judgements and estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in "Critical judgements and estimates in applying the accounting policies" on page 43.

### Going concern

The Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements. The Directors have prepared forecasts for the Company and the Group, including its cash position, for at least 12 months from the date of signing of these financial statements. The Directors have also considered the effect upon the Company and the Group's business, financial position and liquidity of more pessimistic, but plausible, trends in its business using stress testing and scenario analysis techniques.

The scenarios tested showed that the Company and the Group will be able to operate at adequate levels of liquidity for at least 12 months from the date of signing the financial statements. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Basis of consolidation

The Group financial statements consolidate the results of the Company and its subsidiaries. A subsidiary is an entity that is controlled by the Company. Uniform accounting policies have been applied across the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

## 2. Summary of significant accounting policies continued

### Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which the member is consolidated.

The Company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Company financial statements have been applied:

- No separate Company cash flow statement with related notes is included.
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

### Revenue

Revenue represents scheme administration fees (excluding value added tax), employer charges (excluding value added tax) for new employers joining The People's Pension and general insurance premium income (excluding insurance premium tax) receivable. Revenue is measured at fair value of the services provided, net of tax (if applicable), and recognised when the right to consideration has been earned.

### Insurance contracts

#### Long-term business reinsurance contracts

B&CE Insurance Limited retain 10% of the long-term business, with the balance ceded to a reinsurer under a quota share agreement.

### Premiums

General business premiums written relate to business incepted during the year. All general business written is United Kingdom accident insurance. Premiums, gross of commission (if applicable) and net of insurance premium tax, are recognised when they become payable.

### Claims outstanding

A provision is made for claims outstanding at the period end as follows:

General business – amounts are provided to cover the estimated ultimate cost of settling claims arising out of events which have occurred by the end of the accounting period, including claims incurred but not reported less amounts already paid in respect of those claims. Under the terms of the policies, all potential claims must be notified to the Company within twelve months of the insured event occurring.



## Notes to the financial statements for the year ended 31 March 2023

### continued

#### 2. Summary of significant accounting policies continued

##### Colleague benefits

The Group provides a range of benefits to colleagues, including annual bonus arrangements, paid holiday arrangements and defined benefits and defined contribution pension plans.

##### Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### Defined contribution scheme

Since the defined benefit pension scheme closed to new entrants in January 2014, the Group provides a defined contribution arrangement for colleagues in People's Partnership's trust based The People's Pension, the assets of which are independent of the Group. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of financial position.

##### Defined benefit scheme

The Group operates a defined benefit pension scheme for the benefit of a group of its colleagues, the assets of which are held separately from those of the Group in independently administered funds. The scheme closed to new members from 3 January 2014.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from colleague service in the period is charged to net operating expenses. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Consolidated statement of comprehensive income.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the Statement of financial position.

##### Value added tax

Most of the Group's activities are exempt from value added tax and only a small proportion of the input tax suffered was recoverable. The Company no longer recovers input tax as the costs of doing so outweigh the amounts recovered.

##### Operating leases

Operating lease rentals are charged on a straight-line basis to the Consolidated statement of comprehensive income, over the lease term. Lease incentives are spread over the life of the lease.

##### Tax

The tax expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation asset and liabilities are not discounted.

#### 2. Summary of significant accounting policies continued

##### Tax continued

##### Current taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations on which applicable tax regulation is subject to interpretation and establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

##### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

##### Tangible assets and depreciation

Property, plant and equipment are held at their historical cost less accumulated depreciation and any accumulated impairment, where applicable. Additions to property, plant and equipment are capitalised at cost including any direct installation costs.

Provision is made for depreciation of property, plant and equipment on a straight-line basis at the following rates per annum:

	%		%
Freehold land	–	Freehold premises – building	3.0
Office furniture	10.0	Freehold premises – plant and machinery	10.0
Motor vehicles	20.0	Office machinery – computer equipment	33.3
Leasehold improvements	10.4	Office machinery – office equipment	20.0

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Dilapidation provision is made for the best estimate of dismantling and removing leasehold improvements made to leasehold buildings under the terms of the leasehold agreement. The provision is capitalised as a tangible asset which is depreciated over the lease term.

Repairs and maintenance are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposals, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Net operating expenses'.

## Notes to the financial statements for the year ended 31 March 2023

### continued

#### 2. Summary of significant accounting policies continued

##### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, where applicable, are shown within borrowings in current liabilities.

##### Financial instruments

The Group has chosen to adopt the recognition and measurement provisions of IAS and disclosure requirements of sections 11 and 12 of FRS 102 in respect of financial instruments.

##### Classification

###### Financial assets

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss ("FVTPL")
- loans and receivables
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired and is determined at initial recognition.

###### Financial liabilities

The Group classifies its financial liabilities at FVTPL.

##### Recognition and de-recognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

##### Measurement

At initial recognition, the Group measures a financial asset and liability at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in the Consolidated statement of comprehensive income within gains from financial instruments
- for monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Investment assets, quoted shares and other securities are recorded at market value which is bid price or where investments are dealt at a single price this value is used.

The realised profit or loss on all investment disposals is recognised in the Consolidated statement of comprehensive income under gains from financial instruments. The unrealised profit or loss on financial instruments at fair value through profit or loss is recognised in the Consolidated statement of comprehensive income under gains from financial instruments.

#### 2. Summary of significant accounting policies continued

##### Financial instruments continued

###### Measurement continued

Unrealised profits on financial instruments available for sale are recognised in the Consolidated statement of comprehensive income and create an investment revaluation reserve on the Statement of financial position. Unrealised losses on financial instruments available for sale are recognised in the Consolidated statement of comprehensive income under gains from financial instruments, unless previously recognised unrealised gains are held in the investment revaluation reserve, in which case the unrealised loss reduces or eliminates the unrealised gains and is recognised in the Consolidated statement of comprehensive income.

In the Company's financial statements, investments in subsidiaries are valued at cost or, where there has been an impairment in value, at their recoverable amount. This policy is applied consistently throughout the Group where a company has subsidiary undertakings.

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments, are recognised in the Consolidated statement of comprehensive income as part of gains from financial instruments, when the Group's right to receive payment is established.

Interest income from financial assets at fair value through profit or loss is included in gains from financial instruments. Interest on available-for-sale securities, held-to-maturity investments and loans and receivables calculated using the effective interest method, is recognised in the Consolidated statement of comprehensive income as part of revenue from continuing operations.

Financial liabilities designated as fair value through profit or loss on initial recognition, are subsequently measured at fair value with all gains and losses being recognised in the Consolidated statement of comprehensive income. Details on determination of the fair value of financial instruments are disclosed in the notes.

###### Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.



## Notes to the financial statements for the year ended 31 March 2023

continued

### 2. Summary of significant accounting policies continued

#### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Estimates:

##### Defined benefit pension scheme

The Group has obligations to pay pensions benefits to certain colleagues. The cost of these benefits and present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of financial position. The assumptions reflect historical experience and current trends.

##### Deferred tax assets

Deferred tax assets are assessed based on the current trading performance and expected future taxable profits of the Group. Management have previously decided to only recognise a deferred tax asset where profits are reasonably expected in the following reporting period. The Group now reasonably expects to be profitable in future years so has recognised a deferred tax asset for tax losses that are likely to be used in the next three financial years. Sensitivities have been used to assess the impact of changes in the key assumptions supporting profit forecasts, and further specific downside scenarios have been modelled in the current year to capture the heightened estimation uncertainty in the established profit forecast due to the current economic environment.

There are no critical accounting judgements.

### 3. Revenue

Revenue represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax. The Group operates exclusively within the UK and in two principal areas of activity, that of Administration services and Other services.

Group revenue is analysed as follows:

	2023			2022		
	Administration services £000	Other services £000	Group total £000	Administration services £000	Other services £000	Group total £000
Revenue						
Management fees	77,476	–	77,476	70,937	–	70,937
Insurance premiums/income	–	576	576	–	474	474
Other income	1,099	733	1,832	2,300	21	2,321
	<b>78,575</b>	<b>1,309</b>	<b>79,884</b>	<b>73,237</b>	<b>495</b>	<b>73,732</b>

### 4. Other income

	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
<b>(Losses)/Gains from financial instruments</b>				
Realised (losses)/gains on financial instruments	(276)	167	–	–
Unrealised gains on financial instruments	(57)	(123)	–	–
	<b>(333)</b>	<b>44</b>	<b>–</b>	<b>–</b>
<b>Finance income</b>				
Interest	1,584	57	815	5
	<b>1,584</b>	<b>57</b>	<b>815</b>	<b>5</b>

## Notes to the financial statements for the year ended 31 March 2023

continued

### 5. Expenses and auditor's remuneration

Included in Consolidated statement of comprehensive income are the following:

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Staff costs (note 6)	38,862	30,428	38,862	30,428
Directors' remuneration (note 6)	1,262	795	162	242
Operating lease charges (note 19)	817	754	817	754
Depreciation of tangible assets (note 9)	629	477	629	477
	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
<b>Services provided by the Company's auditor and their associates</b>				
Fees payable to the Company's auditor for the audit of the Company and the Group's consolidated financial statements	137	116	137	116
Fees payable to the Company's auditor and their associates for other services:				
– The audit of the Company's subsidiaries	223	153	19	16
– Audit-related assurance services	66	20	–	–

Audit related assurance services are the limited assurance opinion on the CASS (client asset) for PASL and the audit of the Non-Directive Return for B&CE Insurance Limited.

### 6. Employee information and Directors' remuneration

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Staff costs during the year amounted to:				
Wages and salaries	31,465	24,729	31,465	24,729
Social security costs	3,514	2,562	3,514	2,562
Other defined benefit pension costs (note 18)	472	554	472	554
Other defined contribution pension costs	3,102	2,242	3,102	2,242
Restructure costs	309	341	309	341
	38,862	30,428	38,862	30,428

Other defined benefit pension costs above are the current service costs under Section 28 of FRS 102 whereas the actual employer contributions amounted to £0.5m (2022: £0.5m).

Other defined contribution pension costs are in respect of employees who are not members of the defined benefits pension scheme and are members of The People's Pension.

	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
The average monthly number of staff employed during the year was:	726	621	726	621
Business Operations	503	432	503	432
Marketing & Sales	115	87	115	87
Business Support Functions	99	88	99	88
Executive Leadership Office	9	14	9	14
	726	621	726	621

The figures disclosed in this note include Non-Executive Directors but excludes Executive Directors as there are only Executive Directors of subsidiary undertakings and not the Company.

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Aggregate remuneration	835	795	162	242

The increase in Group and the decrease in Company remuneration is due to a change in how remuneration is allocated between different appointments and committees and an overall increase in directors who have held office during the year to 23 (2022: 17).



## Notes to the financial statements for the year ended 31 March 2023

continued

### 7. Tax

#### a) Analysis of tax (credit)/charge on (loss)/profit for the year

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Current tax	(409)	595	–	(79)
Adjustment in respect of previous periods	47	(386)	95	(373)
Total current tax (credit)/charge	(362)	209	95	(452)
Origination and reversal of timing differences	(893)	1,209	–	–
Deferred tax credit in respect of changes in tax rates	(360)	(539)	–	–
Deferred tax charge in respect of previous periods	–	3	–	–
Total deferred tax (credit)/charge	(1,253)	673	–	–
Total tax (credit)/charge	(1,615)	882	95	(452)

#### b) Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
<b>(Loss)/Profit before tax</b>	<b>(1,672)</b>	10,933	<b>874</b>	(622)
(Loss)/profit before taxation multiplied by the standard rate of tax in the UK of 19% (2022: 19%)	(318)	2,077	166	(118)
Effects of:				
Adjustment in respect of previous periods	47	(383)	95	(373)
Deferred tax credit in respect of changes in tax rates	(360)	(539)	–	–
Expenses not deductible	93	67	35	67
Pension scheme adjustments	(41)	4	(41)	4
Recognised tax losses	–	(1,545)	–	(1)
Change in deferred tax asset assumptions	(877)	1,201	–	–
Movement in deferred tax not provided	(44)	–	(45)	(31)
Income not taxable	(55)	–	(55)	–
Capital allowances super deduction	(60)	–	(60)	–
Total tax (credit)/charge for the year	(1,615)	882	95	(452)

### 7. Tax continued

#### Deferred tax

A deferred tax asset of £3.7m has been recognised by People's Administration Services Limited in respect of the losses carried forward (2022: £2.5m). The asset has been recognised at 25% (see below). The only net deferred tax liability recognised in the Group is in respect of the defined benefit pension scheme within the Company and is shown in Note 18 of the financial statements.

#### Factors affecting future tax changes

The main rate of corporation tax for the year ended 31 March 2023 is 19%. On 3 March 2021, the UK Budget 2021 included an announcement to increase the UK's main corporation tax rate to 25% from 1 April 2023, which was enacted on 10 June 2021. As this was enacted prior to the balance sheet date, deferred tax balances as at 31 March 2023 have been valued to take into account the 25% rate where appropriate.

The Group has tax losses of £27.6m (2022: £27.4m) available for offset against future trading profits of which £11.6m (2022: £17.0m) have not been recognised for deferred tax purposes given the uncertainty of future taxable profits against which these losses can be utilised, including £7.7m (2022: £8.3m) available and unrecognised losses relating to the Company.

### 8. Profit for the financial year

As prescribed by section 408 of the Companies Act 2006, the Company's statement of comprehensive income has not been included in these financial statements. The Company's total comprehensive loss for the financial year was £1.5m (2022: profit of £2.8m).

### 9. Tangible assets

	Freehold land and buildings £000	Dilapidation Provision £000	Office furniture £000	Office machinery £000	Total £000
<b>Group and Company</b>					
<b>Cost</b>					
As at 1 April 2022	6,670	508	905	3,477	11,560
Additions	9	–	2	1,016	1,027
Provision	–	(208)	–	–	(208)
<b>As at 31 March 2023</b>	<b>6,679</b>	<b>300</b>	<b>907</b>	<b>4,493</b>	<b>12,379</b>
<b>Accumulated depreciation</b>					
As at 1 April 2022	4,694	169	537	3,142	8,542
Charge/(credit) for the year	207	(39)	83	339	590
<b>As at 31 March 2023</b>	<b>4,901</b>	<b>130</b>	<b>620</b>	<b>3,481</b>	<b>9,132</b>
<b>Net book value</b>					
<b>As at 31 March 2023</b>	<b>1,778</b>	<b>170</b>	<b>287</b>	<b>1,012</b>	<b>3,247</b>
As at 31 March 2022	1,976	339	368	335	3,018

## Notes to the financial statements for the year ended 31 March 2023

continued

### 10. Investments in subsidiaries – Company only

On 1 April 2022, following the Group governance re-structure, 4 of the Company's subsidiaries were acquired at book value by People's Partnership Limited (formerly known as People's Financial Services Limited) and its investment in subsidiaries was reduced to 2 entities as shown below:

#### Investment in subsidiaries as at 31 March 2023

Name	Principal activity	Class of shares	Holding
People's Partnership Limited <sup>1</sup>	Intermediate holding company	Ordinary	100%
B&CE Holdings Limited <sup>2</sup>	Dormant	Ordinary	100%

1 Formerly People's Financial Services Limited (Company number: 10267951)

2 Formerly People's Partnership Holdings Limited (Company number: 13485806)

All subsidiary companies are incorporated and domiciled in England and Wales and share a registered address with the Company. The Directors believe the carrying value of the investments, all held at cost less accumulated impairments, is supported by either the underlying assets or future cash flows.

### 11. Amounts due from group undertakings – Company only

	Company	
	2023 £000	2022 £000
Amounts due from Group undertakings	64,050	64,050

Amounts due from Group undertakings are unsecured, interest free and payable on demand. However, while the amounts could be recalled at any time, the Directors do not expect to recall the amounts within 12 months so have chosen to disclose the balance as non-current.

### 12. Financial instruments

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
<b>Fair value through profit or loss</b>				
Shares and other variable yield securities and units in unit trusts:				
Market value	5,618	5,675	-	-
Purchase price	5,718	5,716	-	-

### 13. Trade and other receivables

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Amounts owed by Group undertakings	-	-	7,155	5,912
Trade receivables	6,245	6,340	1	8
Other receivables	418	21	145	1
Prepayments and accrued income	3,108	2,432	3,062	2,253
Taxation	1,022	-	274	-
	<b>10,793</b>	8,793	<b>10,637</b>	8,174

The increase in the overall operating expenses is the driver for the increase in amounts owed by group undertakings as these costs are recharged to subsidiaries and is similarly driving the increase in prepayments and accrued income.

Amounts owed by Group undertakings are unsecured, interest free and payable on demand.

### 14. Reinsurers' share of technical provisions

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Reinsurers' share of technical provisions for:				
Term assurance	15	15	-	-
	<b>15</b>	15	<b>-</b>	-

### 15. Cash and cash equivalents

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Cash at bank and in hand	70,830	46,870	29,809	12,150
Short term deposits	41,277	67,213	25,935	43,145
	<b>112,107</b>	114,083	<b>55,744</b>	55,295

Included in cash and cash equivalents is £33m of ring-fenced Master Trust reserves (see note 22).



## Notes to the financial statements for the year ended 31 March 2023

continued

### 16. Trade and other payables

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Trade creditors	1,664	2,530	1,618	2,530
Corporation tax	–	315	–	–
Other taxation and social security	896	740	971	719
Other payables	33,004	30,361	30,301	27,549
Accruals and deferred income	7,648	7,545	6,507	6,022
	<b>43,212</b>	41,491	<b>39,397</b>	36,820

Amounts owed to Group undertakings are unsecured, interest free and payable on demand.

### 17. Deferred tax assets and liabilities

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
<b>Deferred tax assets/(liabilities)</b>				
Fixed asset timing differences	(256)	1	(256)	–
Tax losses carried forward	4,000	2,507	256	–
Transitional adjustments	–	(17)	–	–
	<b>3,744</b>	2,491	–	–
As at 1 April	2,491	3,164	–	–
Credited/charged to Consolidated statement of comprehensive income	1,253	(673)	–	–
As at 31 March	<b>3,744</b>	2,491	–	–
Included on the Consolidated statement of financial position as:				
Non-current assets	2,712	2,243	–	–
Current assets	1,032	248	–	–
	<b>3,744</b>	2,491	–	–
Deferred tax liability	<b>(1,266)</b>	(2,402)	<b>(1,266)</b>	(2,402)

The deferred tax on the transitional adjustments was originally recognised in 2013 and related to a term life expense reserve within B&CE Insurance Limited. This provision has now been fully utilised at the balance sheet date.

### 17. Deferred tax assets and liabilities continued

Deferred tax assets have been recognised on the basis that management consider it probable that future taxable profits will be available against which the deferred tax asset on losses carried forward can be utilised. Key assumptions in the forecast are subject to sensitivity testing which, together with additional modelling and analysis, support management's judgement that the carrying value of deferred tax assets continues to be supportable. The evidence for the future taxable profits is a three-year forecast which is subject to internal review and challenge, including by the Board.

The value of the deferred tax asset on losses carried forward is sensitive to assumptions in respect of forecast profits. The impact of illustrative downward movements in key assumptions on the value of the UK deferred tax asset is summarised below. The relationship between the deferred tax asset and the sensitivities below is not always linear. Therefore, the cumulative impact on the deferred tax asset of combined sensitivities or longer extrapolations based on the table below will be indicative only.

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
<b>Illustrative impact on deferred tax asset:</b>				
5% decrease in revenue	(3,744)	(2,507)	–	–
5% increase in operating costs	(3,744)	(2,507)	–	–
1% reduction in market growth of AUM	(3,028)	(858)	–	–

Where the illustrative impacts are greater than the value of the deferred tax asset in relation to losses carried forward on the balance sheet, these have been capped to the value of the deferred tax asset.

### 18. Pension commitments – Group and Company

The Group operates an occupational defined benefit pension scheme known as the B&CE Staff Pension Scheme (Pension Scheme), which provides benefits based on final pensionable salary. The assets of the Pension Scheme are held separately from those of the Company, in an independently administered trust fund.

The trustees of the Pension Scheme seek contributions from the employer at such rates as the trustees determine, on the advice of the Pension Scheme actuary, to be sufficient to meet the expected cost of the benefits payable from the Pension Scheme. To assess the expected cost of the benefits payable from the Pension Scheme, the trustees obtain regular actuarial valuations of the Pension Scheme from the Pension Scheme actuary. The trustees choose an appropriate funding method for the actuarial valuation, together with an appropriate set of actuarial assumptions. The trustees seek the advice of the Pension Scheme actuary before determining the methods and assumptions.

If the actuarial valuation shows that the Pension Scheme's assets are insufficient to meet the expected cost of members' past service benefits, the trustees will put in place a recovery plan which will require additional contributions from the employer.

Combined contributions have continued to be 31% of pensionable salaries. Since 1 June 2018, the employee contribution is up to 9% and the Company implemented a salary sacrifice scheme. Employees can either contribute 9% of their salary to the Pension Scheme or sacrifice the equivalent amount of salary, so the Company can contribute the full 31% while saving the employee some National Insurance Contributions.

## Notes to the financial statements for the year ended 31 March 2023

continued

### 18. Pension commitments – Group and Company continued

The latest triennial actuarial valuation of the Pension Scheme, using the project unit method, performed by the professionally qualified appointed pension scheme actuary took place on 31 December 2019. The Scheme also carried out a funding update using membership data as at 31 December 2022. The professionally qualified appointed pension scheme actuary has project the results of this funding update forward to 31 March 2023. The triennial actuarial valuation of the Pension Scheme as at 31 December 2022 is underway. However, the interim funding update performed ahead of the formal triennial valuation of the purposes of the standalone Scheme Annual Report and Accounts, shows the scheme position to be 100% funded at 31 December 2022 (2019:100%).

On 3 January 2014, the Pension Scheme closed to new entrants and all non-member employees are offered membership into The People's Pension in its place.

The Company estimates the employer contributions into the Pension Scheme for the year ending 31 March 2024 to be £97k.

The principal assumptions used by the Pension Scheme actuary in agreement with the Company after updating the latest valuation of the Pension Scheme for Section 28 of FRS 102 purposes were:

	31 March 2023 % p.a.	31 March 2022 % p.a.
Discount rate	4.80	2.70
Rate of increase in salaries	2.70	3.05
Price inflation (RPI)	3.35	3.75
Consumer price inflation (CPI)	2.70	3.05
Pension increases:		
– on pension accrued before 1 January 1995	3.00	3.00
– on pension accrued between 1 January 1995 and 31 March 2006	3.25	3.55
– on pension accrued since 1 April 2006	2.00	2.15

The discount rate 4.8% has increased due to higher market yields on corporate bonds and a change in methodology which excluded corporate bonds issued by universities in the iboxx AA corporate bond index because these bonds are less "corporate" in nature. The increased corporate bond yield has acted to reduce the duration of the scheme liabilities to 14 years from 18 years in the prior year.

### 18. Pension commitments – Group and Company continued

#### Sensitivity analysis

The surplus on 31 March 2023 was £3,616,000 (2022: £6,864,000). The following shows what the surplus would have been if the actuarial assumptions used were changed as follows:

	Surplus on 31 March 2023 £000	Revised surplus on 31 March 2022 £000
– 0.5% decrease in discount rate	(3,608)	(6,366)
– 1 year increase in member life expectation	(1,490)	(3,185)
– 0.5% increase in salary increases	(342)	(601)
– 0.5% increase in inflation (RPI)	(921)	(1,385)
– 0.5% increase in CPI	(503)	(761)
	<b>Male</b>	<b>Female</b>
Average future life expectancy in years for a pensioner currently aged 60	27.3	29.4
Average future life expectancy in years at age 60 for a non-pensioner currently aged 40	28.9	31.1

#### Impact of change in the best estimate RPI-CPI wedge

For CPI, the Company reduced the assumed difference between the RPI and CPI by 5 basis points (from 0.7% to 0.65% collectively), which has an estimated impact of £0.05m decrease in the defined benefit obligation.

On the basis of Section 28 of FRS 102, the assets valued at bid price, where appropriate, and liabilities of the Pension Scheme and the expected rates of return were:

	Value at 31 March 2023 £000	Value at 31 March 2022 £000
Equity securities	5,597	10,164
Debt securities – government	15,853	15,746
Debt securities – corporate	14,385	22,191
Diversified growth fund	7,017	11,322
Cash and cash equivalents	10,446	16,689
Total market value assets	53,298	76,112
Present value of scheme liabilities	(49,682)	(69,248)
Surplus in the scheme	3,616	6,864
Deferred Tax Liability	(1,266)	(2,402)
Net scheme asset	2,350	4,462



## Notes to the financial statements for the year ended 31 March 2023

continued

### 18. Pension commitments – Group and Company continued

#### Recoverable surplus

The Group's ability to receive a refund, where a pension surplus exists on the wind up of the Pension Scheme, is not restricted by the Pension Scheme's trust deed and in the event that the scheme is run on until all members and former members have died and the Principal Employer then gives notice to terminate the scheme, any remaining surplus assets would be returned to the Principal Employer. Hence, the Group does not recognise any such surplus at the year-end.

	2023 £000	2022 £000
<b>Analysis of amounts recognised in the Consolidated statement of comprehensive income:</b>		
<b>Analysis of the amount charged to net operating expenses</b>		
Current service cost	(472)	(554)
<b>Total operating charge</b>	<b>(472)</b>	<b>(554)</b>
<b>Analysis of the amounts credited to finance income</b>		
Interest income on the scheme assets	2,032	1,488
Interest on pension scheme liabilities	(1,840)	(1,483)
<b>Net return</b>	<b>192</b>	<b>5</b>
<b>Charge recognised in the Consolidated statement of comprehensive income</b>	<b>(280)</b>	<b>(549)</b>
<b>Analysis of amounts recognised in other comprehensive income (OCI):</b>		
Actual return on assets excluding amounts included in net interest	(23,259)	(1,306)
Actuarial gain on scheme obligations	19,795	5,601
<b>Actuarial (loss)/gain recognised in OCI</b>	<b>(3,464)</b>	<b>4,295</b>
<b>Reconciliation of present value of scheme liabilities:</b>		
1 April	69,248	75,726
Current service cost	472	554
Interest cost	1,840	1,483
Contributions paid by members	15	15
Actuarial gains	(19,795)	(5,601)
Past service gain	–	(169)
Benefits paid	(2,098)	(2,760)
<b>31 March</b>	<b>49,682</b>	<b>69,248</b>

### 18. Pension commitments – Group and Company continued

#### Recoverable surplus continued

	2023 £000	2022 £000
<b>Reconciliation of fair value of scheme assets:</b>		
1 April	76,112	78,095
Interest income on scheme assets	2,032	1,539
Contributions paid by members	15	15
Contributions paid by employer	496	529
Actuarial return on assets	(23,259)	(1,306)
Benefits paid	(2,098)	(2,760)
<b>31 March</b>	<b>53,298</b>	<b>76,112</b>

The Pension Scheme asset and liability values recognised on the basis of Section 28 of FRS 102 reflect market conditions at the Group and Company's year-end date and can be expected to vary greatly from year to year, without necessarily affecting the Pension Scheme's long-term ability to provide the required benefits.

### 19. Operating leases

At 31 March 2023, the Group had the following future minimum lease payments, including VAT, under non-cancellable operating leases as follows:

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
<b>Payments due</b>				
Not later than one year	774	759	774	759
Later than one year and not later than five years	1,185	1,820	1,185	1,820
	<b>1,959</b>	<b>2,579</b>	<b>1,959</b>	<b>2,579</b>

During the year, £817k was recognised as an expense in the Statement of comprehensive income in respect of operating leases (2022: £754k).

## Notes to the financial statements for the year ended 31 March 2023

continued

### 20. Related party transactions

During the year, the Group and Company incurred transactions, inclusive of value added tax (VAT), with industrial organisations in respect of sponsorships at award functions and similar events as follows:

	Charge for the year		Balance outstanding	
	2023 £000	2022 £000	2023 £000	2022 £000
<b>Industrial organisation</b>				
Civil Engineering Contractors Association	1	1	–	–
National Federation of Builders	–	4	–	–
Federation of Master Builders	20	24	–	–

During the year, the Group and Company paid £0.4m to the defined benefit pension scheme (2022: £0.4m) and £3.1m to the defined contribution pension scheme, The People's Pension (2022: £2.2m).

All Directors (shown on page 30) and members of the Executive Leadership Team (shown on page 12) are considered key management personnel. During the year the Group and Company paid £2.5m (2022: £2.5m) compensation to key management personnel, including £0.4m to those that left during the year (2022: £0.2m).

There are no other related party transactions requiring disclosure in this year's financial statements in accordance with Section 33 of FRS 102.

The Group has taken advantage of the exemption available under paragraph 33.1A of FRS 102 "Related party disclosures" not to disclose transactions and balances between Group entities that have been eliminated on consolidation.

### 21. Ultimate parent and controlling party

The ultimate parent and the controlling party of the group is People's Partnership Holdings Limited (formerly B&CE Holdings Limited), a company incorporated and domiciled in England and Wales. People's Partnership Holdings Limited is the parent of the smallest and the largest group of undertakings to consolidate these financial statements.

### 22. Financial risk management

This note presents information about the major financial risks to which the Group is exposed, and its objectives, policies and processes for their measurement and management.

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. The most important components of financial risk are:

- Insurance risk
- market risk (including interest rate risk and equity price risk)
- credit risk
- liquidity risk.

### 22. Financial risk management continued

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. It manages these positions within an asset liability management framework that has been developed to achieve investment returns in excess of obligations, including those under insurance contracts.

All financial assets and liabilities are denominated in Pounds Sterling so no company within the Group is directly exposed to currency risk.

#### Group Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. Insurance risk only applies to B&CE Insurance Limited, the sole insurer within the Group.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

#### (i) Frequency and severity of claims

The accident liability contracts frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damage suffered as a result of exposure to construction hazards. The Group manages these risks through its underwriting strategy and proactive claims handling.

The concentration of accident insurance risk accepted is wholly within the United Kingdom and the Isle of Man. The carrying amount of outstanding claims arising from the accident insurance contracts is £213k (2022: £254k).

#### (ii) Sources of uncertainty in the estimation of future claims payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. Claim events covered by insurance contracts are required to be notified to the Group within a year of the event occurring and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability covers). Such awards are pre-determined lump-sum payments in accordance with the policy conditions.



## Notes to the financial statements for the year ended 31 March 2023

continued

### 22. Financial risk management continued

#### Group Insurance risk continued

##### (ii) Sources of uncertainty in the estimation of future claims payments continued

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period.

In calculating the estimated cost of unpaid claims (both reported and not), the Group estimation techniques are an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available.

##### (iii) Sensitivity analysis

The following table presents the general business sensitivities on the insurance liabilities to movements in the assumptions used in the estimation of insurance liabilities. No discounting has been used because the run-off period is not long enough to warrant it.

	Number of IBNR claims +10% £000	Number of IBNR claims -10% £000
<b>At 31 March 2023</b>		
<b>Impact on profit after tax and equity</b>	<b>11</b>	<b>(11)</b>
At 31 March 2022		
Impact on profit after tax and equity	8	(8)

##### (iv) Claim development tables

There are no material individual claims and open claims over 12 months old are immaterial. As a result, the Company has elected not to disclose claims development tables on the life business as the uncertainty about the amount and timing of the claims payments is typically resolved within one year.

#### Market risk – Group and Company

Market risk is the risk of an adverse financial impact resulting, directly or indirectly, from fluctuations from equity prices or interest rates. Market risk arises in the Group's operations due to the possibility that fluctuations in the value of liabilities are not offset by fluctuations in the value of investments held.

### 22. Financial risk management continued

#### Market risk – Group and Company continued

##### Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. In addition, to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk. The Group only has investments in a mixed investment fund, corporate bond fund and cash trust. These assets are generally fairly liquid, considerably reducing sensitivity to significant movements in interest rates compared to less liquid assets. The Directors consider that the exposure to interest rate risk of cash and cash equivalents balances is immaterial for the purposes of sensitivity analysis. The company is not exposed to interest rate risk.

A 1% increase in interest rates would have the below impact on profit after tax and equity from the investments in debt securities within listed funds without the Group disinvesting:

	2023 £000	2022 £000
<b>Decrease in profit after tax and equity</b>	<b>(173)</b>	<b>(109)</b>

#### Credit risk – Group and Company

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial or contractual obligations to the Group. The Group's credit risk exposure is largely concentrated to the following key areas:

- trade receivables of People's Administration Services Limited (formerly B&CE Financial Services Limited)
- amounts owed by Group undertakings.

The Group manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

The People's Pension is the largest customer and trade receivable of People's Administration Services Limited (formerly B&CE Financial Services Limited). Administration fees are normally collected monthly in arrears shortly after each month-end which mitigates credit risk to an acceptable level.

Throughout the year, Group undertakings could owe amounts to either the Company, other Group undertakings or both. Each month the Group prepares inter-company reconciliations to ensure the correct recording of these balances across the Group. Furthermore, there are regular transfers of funds between Group companies to ensure that inter-company balances are settled during the following month. The main exception is the £64.1m (2022: £64.1m) due to the Company from the People's Partnership Limited which is repayable on demand but not expected to be repaid within 12 months.

## Notes to the financial statements for the year ended 31 March 2023

continued

### 22. Financial risk management continued

#### Credit risk – Group and Company continued

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

Group	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Financial instruments – fair value through profit or loss	5,618	5,675	–	–
Trade receivables	6,245	6,331	1	8
Cash and cash equivalents	112,107	114,083	55,744	55,295
<b>Total assets bearing credit risk</b>	<b>123,970</b>	<b>126,089</b>	<b>55,745</b>	<b>55,303</b>
AAAm	40,025	75,393	25,935	43,145
AA-	77,700	44,365	29,809	12,150
Below BBB or not rated	6,245	6,331	1	8
<b>Total assets bearing credit risk</b>	<b>123,970</b>	<b>126,089</b>	<b>55,745</b>	<b>55,303</b>

No Group credit limits were exceeded during the year (2022: nil). No Group financial assets are past due or impaired at the reporting date (2022: nil) and management expects no significant losses from non-performance by these counterparties (2022: nil).

#### Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The primary liquidity risks of the Group are the obligation of the Company to pay suppliers and, to a lesser extent, of B&CE Insurance Limited to pay claims to policy holders as they fall due. The projected settlement of the insurance liabilities is modelled, on a regular basis, using actuarial techniques. The Board sets limits on the minimum proportion of maturing funds available to meet such calls to cover anticipated liabilities and unexpected levels of demand. The table below analyses the maturity of the Group's financial liabilities and outstanding claims. All liabilities are presented on a contractual cash flow basis.

### 22. Financial risk management continued

#### Liquidity risk continued

The amounts disclosed in the tables represent undiscounted cash flows.

Group	No contractual maturity date £000	< 6 months or on demand £000	Between 6 months and 1 year £000	Total and carrying value £000
<b>Financial liabilities</b>				
At 31 March 2023				
Payables	2,680	40,532	–	43,212
<b>Financial liabilities</b>	<b>2,680</b>	<b>40,532</b>	<b>–</b>	<b>43,212</b>

Group	No contractual maturity date £000	< 6 months or on demand £000	Between 6 months and 1 year £000	Total and carrying value £000
<b>Financial liabilities</b>				
At 31 March 2022				
Payables	1,758	39,418	315	41,491
<b>Financial liabilities</b>	<b>1,758</b>	<b>39,418</b>	<b>315</b>	<b>41,491</b>

Company	No contractual maturity date £000	< 6 months or on demand £000	Between 6 months and 1 year £000	Total and carrying value £000
<b>Financial liabilities</b>				
At 31 March 2023				
Payables	–	39,397	–	39,397
<b>Financial liabilities</b>	<b>–</b>	<b>39,397</b>	<b>–</b>	<b>39,397</b>

Company	No contractual maturity date £000	< 6 months or on demand £000	Between 6 months and 1 year £000	Total and carrying value £000
<b>Financial liabilities</b>				
At 31 March 2022				
Payables	–	36,820	–	36,820
<b>Financial liabilities</b>	<b>–</b>	<b>36,820</b>	<b>–</b>	<b>36,820</b>



## Notes to the financial statements for the year ended 31 March 2023

### continued

#### 22. Financial risk management continued

##### Capital management

Since 1 April 2022, the Insurance Company is no longer subject to Solvency II ("SII") regulations, following dialogue with the PRA around leaving the SII regime and reporting under the Non-Solvency II firms sector of the PRA Rulebook (referred to as the "NDR" regime). Therefore, the 31 March 2022 year-end was the last SII reporting requirements for the Insurance Company and the 31 March 2023 year-end is the first period reporting under the NDR regime as a non-Directive firm.

In reporting our financial strength, capital and solvency are measured using the regulations prescribed by the PRA under the NDR regime. Under NDR regime regulations, the CRR for the Insurance Company is £5m which is made up of £3m for the LTF and £2m for the GF, which is based on the Base Capital Resources Requirement for Long-Term and General Insurance business respectively as set by the PRA rulebook.

The capital held within the shareholder funds is generally available to meet any requirements. From 1 April 2022 through to 22 June 2023, including as at 31 March 2023, the Long-Term Fund did not meet its capital requirements with a FSR of 50%. This position has now been rectified following a transfer of assets from the General fund on 22 June 2023.

Since 2019, the capital requirements of the Group increased to support The People's Pension obtaining master trust authorisation as it is administered by People's Administration Services Limited. As part of master trust authorisation, various subsidiary undertakings were party to a guarantee provided to The People's Pension. Details of this can be found in note 23 of the Notes to the financial statements.

PASL is subject to the Pensions Regulator requirements and has held the necessary reserves to meet its obligations throughout the financial year. At 31 March 2023, PASL held Master Trust reserves of £33m (2022: £23.5m), as calculated within the Costs, Assets, Liability and Plan. Since entering in to a new Financial Support Undertaking with the Trustee of TPP on 30th May 2022, PASL has complied with the stipulation that the Master Trust reserves be held in separate ring-fenced accounts, to ensure ease of transferring the reserves into the pledged account in the unlikely occurrence of a trigger event.

Throughout the year PASL more than covered its FCA capital requirement of £20k (2022: £20k).

##### Fair value estimation

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction at the reporting date.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into a three-level fair value hierarchy as follows:

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical assets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide pricing information on an on-going basis.
- Level 2 fair value measurements are those derived from data other than quoted prices included within level 1 that are observable either directly (as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include significant inputs for the asset or liability valuation that are not based on observable market data (unobservable inputs). The Group did not have any such instruments.

#### 22. Financial risk management continued

##### Fair value estimation continued

Investments carried at fair value have been categorised using a fair value hierarchy as follows:

##### Group

As at 31 March 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial instruments – FVTPL	5,618	–	–	5,618
<b>Total</b>	<b>5,618</b>	<b>–</b>	<b>–</b>	<b>5,618</b>

As at 31 March 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial instruments – FVTPL	5,675	–	–	5,675
Total	5,675	–	–	5,675

##### Company

The Company held no financial instruments at 31 March 2023 or 31 March 2022.

The Group regularly assesses the classification of its assets. No liabilities were measured at fair value at 31 March 2023 or 31 March 2022.

#### 23. Guarantees

As at 30 May 2022, People's Administration Services Limited terminated the 2019 Financial Support Undertaking deed (FSU). This had the effect of terminating all existing covenants, liabilities, and obligations under the 2019 FSU. Subsequent to the termination, the People's Administration Services Limited entered into a new FSU with The People's Pension and this imposed an obligation on People's Administration Services Limited to ring-fence and hold cash or cash equivalents reserves amounting to £33m.

#### 24. Subsequent events

On 22 June 2023 a transfer of funds amounting to £2m from the General fund to the Long-Term fund was made to rectify a breach of the Capital Resources Requirement of the Long-Term fund as at 31 March 2023 and up to the date of the rectification.

