

Pension Board

Date: Thursday, 9th June, 2022

Time: 10.00 am

**Venue: Virtual Meeting - Zoom - Public Access via
YouTube**

<https://www.youtube.com/bathnescouncil>

Board Members: Nick Weaver, Helen Ball (Member Representative), Steve Harman (Employer Representative), David Yorath (Member Representative), Tony Whitlock (Employer Representative), Stuart Anstead (Employer Representative) and Alison Wyatt (Member Representative)

Chief Executive and other appropriate officers
Press and public



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NOTES:

1. **Inspection of Papers:** Papers are available for inspection as follows:

Council's website: <https://democracy.bathnes.gov.uk/ieDocHome.aspx?bcr=1>

2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above.

3. **Recording at Meetings:-**

The Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control. Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators. We request that those filming/recording meetings avoid filming public seating areas, children, vulnerable people etc; however, the Council cannot guarantee this will happen.

The Council will broadcast the images and sounds live via the internet www.bathnes.gov.uk/webcast. The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

4. **Public Speaking at Meetings**

The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group.

Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.

Further details of the scheme can be found at:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

5. **Emergency Evacuation Procedure**

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are signposted. Arrangements are in place for the safe evacuation of disabled people.

6. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13505>

Pension Board - Thursday, 9th June, 2022

**at 10.00 am in the Virtual Meeting - Zoom - Public Access via YouTube
<https://www.youtube.com/bathnescouncil>**

A G E N D A

1. WELCOME & INTRODUCTIONS
2. APOLOGIES FOR ABSENCE
3. DECLARATIONS OF INTEREST
4. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR
5. ITEMS FROM THE PUBLIC
6. ITEMS FROM MEMBERS
7. MINUTES OF PREVIOUS MEETING: 22ND MARCH 2022 (Pages 7 - 16)
8. BRUNEL UPDATE (VERBAL)

The Group Manager for Funding, Investment & Risk will provide the Panel with an update at the meeting.
9. LEGISLATION UPDATE (Pages 17 - 20)

The purpose of this report is to update the Local Pension Board on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration.
10. PENSION FUND ADMINISTRATION (Pages 21 - 34)

The purpose of this report is to present the Fund's performance for the three months to 31st March 2022 against its key performance indicators (KPI's) in relation to the administration of pension benefits.
11. ANNUAL REVIEW OF COMMITTEE & PENSION BOARD GOVERNANCE ARRANGEMENTS (Pages 35 - 132)

This report sets out a summary of the annual review of the governance arrangements for the Pension Board. It also provides an overview of the annual governance review undertaken by Committee in June.

12. RISK REGISTER UPDATE (Pages 133 - 138)

The purpose of this report is to update the Pension Board with the latest risk register as at March 2022.

13. PENSION BOARD WORKPLAN & TRAINING PLAN (Pages 139 - 146)

The purpose of this report is to receive regular updates on Training and Work Plan issues from the Board and request high level training needs from Board Members.

The Committee Administrator for this meeting is Mark Durnford who can be contacted on 01225 394458.

BATH AND NORTH EAST SOMERSET

PENSION BOARD

Tuesday, 22nd March, 2022

Present:- Nick Weaver (Chair), Mark King (Member Representative), Stuart Anstead (Employer Representative) and Alison Wyatt (Member Representative)

Also in attendance: Tony Bartlett (Service Director - Financial Control and Pensions), Jeff Wring (Service Director for Commercial and Governance), Geoff Cleak (Pensions Manager), Anna Capp (Member Services Manager), Claire Newbery (Employer Services Manager) and Carolyn Morgan (Governance and Risk Advisor)

44 WELCOME & INTRODUCTIONS

The Chair welcomed everyone to the meeting.

45 APOLOGIES FOR ABSENCE

Helen Ball, Tony Whitlock, Steve Harman and David Yorath had sent their apologies to the Board for this meeting.

46 DECLARATIONS OF INTEREST

There were none.

47 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

48 ITEMS FROM THE PUBLIC

There were none.

49 ITEMS FROM MEMBERS

There were none.

50 MINUTES OF PREVIOUS MEETING: 30TH NOVEMBER 2021

The Board approved the minutes of the previous meeting.

51 UPDATE ON LEGISLATION

The Pensions Manager introduced this report to the Board and highlighted the following areas.

McCloud Judgement

- The Public Sector Pensions and Judicial Offices Bill has received Royal Assent.
- The first two sets of regulations are expected before the Summer recess.
- DLUHC plans to consult on a second set of regulations in Autumn re: Taxation and Compensation
- Delay expected in implementation date – now 1st October 2023.
- Employer data collection ongoing.
- When the detail of the remedy is announced administration work to implement remedy could be challenging.

Mark King asked if financial provision had already been made with regard to the judgement.

The Service Director for Financial Control and Pensions replied that all employers have had to make provision within their statutory accounts. He said that he believed the Fund itself was well placed, in terms of costs covered, but added that the full impact would not be known until the remedy work had been done.

The Chair asked if any further legislation / activity was forthcoming, including Levelling Up.

The Service Director for Financial Control and Pensions replied that funds were being asked to identify a level of investment through infrastructure and that investments should align with foreign policy.

He said that further consultation on pooling was expected in the Summer and that investment strategies may have to adjust if guidance received on Government policies.

Ukraine

The Fund has undertaken a series of overseas indicator reports to ascertain that there aren't any pensioner or dependant members with accounts either in Russia or the Ukraine.

The Pension Dashboard

- A decision on implementation of the dashboard was impending, it was expected to be between 2-3 years.
- Some resources in place for this work.
- Key risk – Is the dashboard achievable whilst McCloud remains ongoing.

The Pension Board **RESOLVED** to note the current position regarding the developments that could affect the administration of the fund.

52 PENSION FUND ADMINISTRATION

The Pensions Manager introduced this report to the Board and highlighted the following areas.

Workload

Generally, the Fund continues to operate below its desired target of >90% for most case types, although the case-by-case breakdown evidences an overall improvement in critical processes for retirements and death cases from the previous quarter. Generally, however, KPI benchmarking performance has declined over the past year.

A contributory factor relating to underperformance can be associated with the inclusion of the current backlog project and the processing of historic workload cases impacting KPI's. As outlined in the previous report, a short-term project is in progress to complete the build-up of processing work identified at the end of September 2021. The project was set to run from October to March with the aim being to clear down all 'backlog' cases over a six-month period whilst continuing to maintain all new business as usual tasks in time.

Currently there is a projected six to eight week overrun on the original completion date which has been attributed to; an increase in staff officer resource transitioning from the project to support business as usual and the complexity of a number of backlog cases remaining. The intention is to now complete this work by the end of May.

He informed the Board that Annex 2 showed figures compared to local SLA targets which have shorter timescales than the national guidelines. He added that they would soon be using a new tool 'Insights' that would be able to provide a better example of data for reporting.

Stuart Anstead asked if the new end date, 31st May, was achievable.

The Member Services Manager replied that she felt that half the remaining cases were workable and that the other half were awaiting responses. She added that the project is reviewed on a weekly basis.

The Pensions Manager added that if no responses were received from members steps would be taken to close down those cases. He said that members have been sent reminders and that a high volume of requests are received in terms of transfers out, but these are not all carried out due to the benefits that are in place.

He added that they would not want to compromise employer liabilities and that a focus would be given to smaller employers as a priority to be cleared.

The Chair commented that he felt it was sensible and fair to report on the locally set targets.

Mark King said that he agreed and that he found the information within the report useful to use.

The Service Director for Financial Control and Pensions commented that it remains a challenge to receive the right data from all parties and that where possible they should try to make sure that data is flowing from employers. He added that when the Pension Dashboard is in place data will need to be accurate and robust.

Data Quality

The Pensions Manager informed the Board that officers are developing the TPR DIP report to provide an annual trending view of the outstanding cases for the last 12 months.

The Employer Services Manager added that any cases that were over 12 months old would be operated on a project basis.

Projects

McCloud – A further 43 employers covering 920 members have been completed. We are still working with 2 of our largest employers to gain the service data we require, one has begun sending data the other has been rejected due to poor data submission.

- Next steps: Work with remaining employers yet to make data submissions and escalate to Finance Officers for compliance.
- Upload data and deal with queries by 31st March 2022
- Consider requirements and resource for remedy in preparation for regulations.

Address Tracing – As at 31st January 2022 a total of 4,590 members have been written to, to confirm their current addresses. We have received 2,195 positive responses equating to 47%, 291 negative responses equating to 6.3%.

2,791 follow up chase letters were sent out in October 2021 and we have received 519 positive address responses equating to 18.5% and 89 negative responses 0.03%.

From the original tracing requests, we still have 1,101 cases yet to be traced. These were sent to Mercers in December 2021 for next stage tracing along with the negative responses noted above. We are currently awaiting tracing results from Mercer.

- Next steps: Write to members identified in last batch of tracing once Mercer response is received.
- Wrap up project of Historic tracing and 'gone aways'
- Ongoing processes to trace members as new 'gone away' notifications are received

i-Connect – Monthly Data Returns

Current IC Totals

- Employers on IC – 270 (60% of Employers)
- Employers targeted for IC – 179 (40% of Employers)
- Active Members covered by IC – 30,996 - 78% of active membership covered by IC (figures as at 8/2/2022)

Progress has been made with Online Return employers, 17 smaller employers have been trained and are now submitting monthly data. 11 remaining to go live.

We are currently in the testing stage with 5 MAT/payrolls covering 46 employers. These will go live after Year End.

Fire Pension Scheme – MoU & Framework Agreement

The Fund continues to support the Avon Fire Authority in providing affected members with retirement options as identified under the immediate detriment and framework (IDF) agreement in lieu of the McCloud remedy.

The Pensions Manager explained that he and the Service Director for Financial Control and Pensions had recently met with the Avon Fire Authority to explain that due to the challenging nature of the work the Fund would not be seeking to administer on their behalf in the coming years and that support would cease sometime in 2023 / 24.

The Chair commented that he accepted their decision and said that officers should let him know if any formal support from the Board was required.

The Pensions Manager said that Avon Fire Authority were aware of their need to procure a service and would go out to tender in due course.

Accommodation

- 15 desks available to use within the Guildhall, Bath on a rota basis.
- Secured space within the River Suite, Keynsham to use approximately 45/55 workstations from the end of the year following refurbishment.

Service Plan 2022 / 2025

The Fund is currently preparing the 2022/2025 Service Plan and Budget for approval by the committee at its meeting on 25th March. A number of key changes to the business operational model will be taken forward in order to support the drive to deliver a more efficient automated service.

The Pensions Manager gave an overview of the proposed operational model and top level structure concept.

Tier 1: Digital Services

- I-Connect Processing
- I-Connect Engagement Team
- Member Contact Centre

Tier 2: Operations

- Employer Services
- Member Services

Tier 3: Support & Development

- Technical & Compliance
- Communications & Marketing
- Transformation

The Governance & Risk Advisor said that the model had been developed over the last year and that officers felt that if Tier 1 can be put in place to the best of its ability then more time would be available to work on the other tiers.

The Pensions Manager stated that as part of the Admin Strategy 2022-25 implementation of the new operating model was scheduled for April 2023 following work in relation to the structure, job descriptions and career grading.

Alison Wyatt commented that a lot of thought appeared to have been given to the model and hoped that it would solve some of the issues mentioned earlier in the meeting.

The Service Director for Financial Control and Pensions said that resources now need to be put in the right place to make the model come to fruition. He added that the ability to restructure would be key to put themselves in a better position for future work.

Stuart Anstead commented that he supported the ethos outlined and asked if there were any shift in targets over the coming 1 – 3 years.

The Service Director for Financial Control and Pensions replied that there was in terms of the Communications Strategy. He said that work would continue on developing employer self service and they will be working with software providers in terms of delivery.

Stuart Anstead said that he was a little concerned as to how staff might view the reference to tiers in the new operational model.

The Service Director for Financial Control and Pensions replied that they could look to see if amendments were required, but stated that the tiers do not reflect categories of working or capability and they would make sure that messages are in place for staff to reflect that.

The Chair said that he welcomed the proposals for staff development and it would be important to have enough resources in place to support and grow our staff.

The Pension Board **RESOLVED** to note:

- i) Fund performance for the three months to 31st December 2021.
- ii) The plan to undertake the tri-annual valuation.

53 BRUNEL UPDATE (VERBAL UPDATE)

The Service Director for Financial Control and Pensions addressed the Board.

Ukraine

- Fund has taken steps to disinvest from all Russian assets. Fund had previously divested from emerging markets.
- Depending on nature of sanctions the Fund might not be able to realise any associated assets.

Budget

- Brunel Oversight Board and shareholders agreed an annual budget of £10.5m.
- Review strategic direction – how to concentrate resources.
- Stocktake review – Asset holdings / carbon footprint. Workshops planned for later in the year.

The Chair asked if ESG principles would be compromised following any steps taken with regard to the conflict in Ukraine.

The Service Director for Financial Control and Pensions replied that the Fund would be faced with some challenges but said that decisions taken may promote the acceleration of alternative fuel supplies and remove a reliance on Russian oil / gas.

He added that challenges would also come in the form of rising inflation.

The Board **RESOLVED** to note the update.

54 RISK MANAGEMENT UPDATE - RISK REGISTER

The Governance & Risk Advisor introduced this report to the Board and highlighted the following areas.

The quarterly review took place in March 22 and the management team agreed the following changes and updates:

In response to the developing Russia / Ukraine crisis we have increased the following risks:

R42 – Political pressure to reform the scheme and direct investment

Likelihood has been increased to almost certain. Brunel PP have issued a statement to say that amongst a number of other measures they will divest (where able given

sanctions) from all Russian controlled and owned assets, bonds and equities as well as prohibiting any new investments to Russian assets.

As part of the Levelling Up agenda, further regulations are expected to direct investments of LGPS Funds. In addition under the Public Services and Judicial Offices Bill currently passing through parliament the Secretary of State would be able to issue guidance to those authorities that administer public sector pension schemes, including the local government pension scheme, that they may not make investment decisions that conflict with the UK's foreign and defence policy.

R26 – Failure to earn investment returns

Likelihood has been increased to almost certain. Ensuing sanctions, the disruption to the oil/gas sector and supply chains which will increase inflationary pressure and investor responses are expected to have a negative impact on broad asset markets and there is a risk of stranded assets (limited direct exposure to Russian assets; main risk in global companies that have Russian assets).

Alison Wyatt referred to **R40 – Cashflow profile is maturing** and asked if an explanation could be given as to why Unitary Authorities and now Universities are paying their future service rate in advance for 22/23.

The Service Director for Financial Control and Pensions replied that these bodies are able to save money by paying in advance as there is no interest to pay.

The Pensions Manager added that this was an issue that the Actuary would be able to cover in the June workshop.

Alison Wyatt asked what implications there would be to the Fund with regard to the proposed consolidation of academies within the Oasis Multi-Academy Trust into one LGPS Fund.

The Pensions Manager replied that on 9 December 2021 DLUHC (Department for Levelling Up, Housing and Communities) started a second consultation on this matter. He added that Oasis were looking to consolidate with the LPFA and that this would require a decision from the Secretary of State.

He stated that Oasis currently participates in 16 LGPS Funds, including the Avon Fund. He added that should agreement be reached for the consolidation to proceed, it is likely to have a number of implications for the Funds involved in transferring the individual Oasis academies to the single-fund, including administration, investment, funding and governance.

The Pension Board **RESOLVED** to note the report.

55 PENSION BOARD - TRAINING AND WORK PLAN UPDATE

The Governance & Risk Advisor introduced this report and highlighted the following areas.

Future Meeting Dates

Suggested meeting dates for 2022 are as follows:

24th May at 10am

13th September at 10am

8th December at 10am

The Governance & Risk Advisor advised the Board that Helen Ball had already informed her that she would not be able to attend the meeting scheduled for 24th May.

The Chair said that he would be willing to move this date if it were possible.

The Governance & Risk Advisor replied that she would consult members about arranging a new meeting date.

Stuart Anstead commented that whilst he understood the intention to return to in person meetings he felt that Zoom provides a much more convenient way to work.

The Service Director for Commercial and Governance said that hybrid meeting facilities were likely to be in place as part of the refurbishment of Keynsham Civic Centre and that public access would have to be considered as part of this process. He said that he would update the Board on this matter when possible.

Hyman's LGPS Online Learning Academy (LOLA)

The training is split into a number of modules covering the revamped CIPFA Knowledge & Skills Framework and TPR's Code of Practice 14. (The training will be updated to reflect the Single Code of Practice once published).

In the last newsletter members were asked to complete the Introduction to the LGPS module in time for the February meeting. Members are asked to complete module 2, LGPS Governance & Regulators plus module 3, Administration & Fund Management, by the May meeting.

Modern Gov & Library

All Pension Board members have been asked to access meeting papers via Modern Gov from January 2022 onwards. It is intended that some of the more routine monitoring reports will be available on the Modern Gov library and will not form part of the meeting reports pack.

In order to ensure all members have the correct access to Modern Gov and the library, the APF Communications Team, led by Jason Morel, have been contacting members to provide the relevant support & training required.

The Pension Board **RESOLVED** to:

- i) Note the workplan & training plan for 2022/23
- ii) Note the dates for future meetings.

The meeting ended at 12.03 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

Bath & North East Somerset Council		
MEETING	AVON PENSION FUND LOCAL PENSION BOARD	
MEETING	9 JUNE 2022	Agenda Item Number
TITLE:	Update on Legislation	
WARD:	All	
AN OPEN PUBLIC ITEM		

1 THE ISSUES

1.1 The purpose of this report is to update the Local Pension Board on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration. An updated list of regulatory updates is available to view in the Modern Gov Library.

2 RECOMMENDATION

The Board is asked to;

2.1 Note the current position regarding the developments that could affect the administration of the fund.

3 THE REPORT

The table below provides a summary of the main regulatory updates since the last meeting covering McCloud, Stronger Nudge, Annual Allowance, the Pensions Dashboard and the conflict in Ukraine, including brief comment on what the implications are for the Fund and what next steps will be. Further details can be found in the updated list which can be accessed on the Modern Gov library via the following text path – Modern Gov/Library/Avon Pension Fund/2022-2023 Quarter 01/01 Regulatory Update.

Item	Latest Position	Relevant Links	Action by Fund / Next Steps
McCloud Judgment / Cost Management	<p>The Public Sector Pensions and Judicial Offices Bill has now received Royal Assent.</p> <p>The next stage in the process will be for Regulations for each of the Public Sector Schemes to be released together with a consultation on draft guidance to assist Funds in implementing the remedy (both expected in the summer).</p> <p>There have been no updates on the joint judicial review brought by 6 trade unions in relation to the inclusion of McCloud in the Cost Management process.</p>	<p>https://bills.parliament.uk/bills/3032</p>	<p>Fund to continue work on collating/analysing data from employers in relation to implementing the remedy.</p>
<p>Page 16</p> <p>Stronger Nudge</p>	<p>With effect from 1 June 2022, the Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer Members to Guidance etc) (Amendment) Regulations 2022 (SI 2022/30) will be introduced – known as the “Nudge Regulations”.</p> <p>The regulations introduce additional requirements on administering authorities to assist members making decisions in relation to their Defined Contribution investments i.e. AVCs in the LGPS.</p> <p>The LGA have published a guide to help administering authorities with these requirements.</p>	<p>LGA guide to the Stronger Nudge (lgpslibrary.org)</p>	<p>Alongside updating processes and procedures in relation to increased requirements for administering authorities on transfer values, the administration team is also considering the required changes in relation to the Stronger Nudge requirements relating to members with AVCs.</p> <p>The extra requirements (alongside those already effective in relation to transfers) will increase time taken by the administration team to process AVC cases and hence there may be implications on KPIs and resource needed for other projects, which will need to be monitored going forwards,</p>
Annual Allowance	<p>In March 2022, the LGA issued its response to the HMRC consultation on the Registered Pension Schemes (Miscellaneous</p>	<p>LGA response to HMRC consultation (lgpslibrary.org)</p>	<p>In line with guidance issued by the LGA, the administration team will need to ensure that policies and processes are updated in order that</p>

	Amendments) Regulations 2022, which coupled with changes emerging from the Finance Act 2022 mean there are now additional requirements on administering authorities (and members) in relation to dealing with retrospective changes to pension input amounts for past pension input periods.		retrospective cases can be dealt with in the right manner and within the necessary timescales. Depending on the number of cases to emerge, these requirements may be an additional burden on the administration team alongside the work associated with issuing 2022 Pension Saving Statements in the autumn.
The Pension Dashboard	A number of concerns have been raised in response to the DWP consultation (e.g. via the LGAs response to the consultation and also direct with DWP and also in the response the Fund has submitted) with regard to Funds having sufficient resource available to ensure Pensions Dashboard requirements are met, at the same time as having to implement the McCloud remedy.	LGA's response to pensions dashboards consultation on draft regulations (lgpslibrary.org) UK Pensions Dashboards Programme Homepage	The Fund has appointed a dedicated Pensions Dashboard officer to work will continue to ensure the Fund is prepared for the requirements of the new regulations once they are published e.g. data quality, ISP considerations and ensuring sufficient resource is available. The current proposed staging date for the LGPS is 30 April 2024.
Ukraine (Responsible Investment and administration)	In light of events in Ukraine and the sanctions being imposed on Russia by the UK government, LGPS Funds were advised by SAB to consider the implications for their investment portfolios. A follow-up note was issued by the SAB on 4 March 2022 providing further details to Funds and a letter from the Secretary of State Rt Hon Michael Gove MP has subsequently been issued on 9 March 2022. The conflict has also required the administration team to consider payment of benefits to overseas members. The impact on funding strategy will be considered further as part of the 2022 actuarial valuation.	Investments in Russia 4 March 2022.pdf (lgpsboard.org) https://lgpsboard.org/images/PDF/BDS/SoS_DLUHC_to_Committee_Chairs9Mar22.pdf	In relation to administration, the Fund has undertaken a series of overseas indicator reports to ascertain that there aren't any pensioner or dependant members with accounts in Russia. Any further implications of the conflict (impacting investment, funding, covenant and administration) will be considered as and when they arise by the relevant teams.

4 FINANCIAL IMPLICATIONS

- 4.1 The administrative and management costs incurred by Avon Pension Fund are recovered from the employing bodies through the employer's contribution rates.
- 4.2 Any other specific financial implications will be reported as appropriate.

5 RISK MANAGEMENT

- 5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

6 EQUALITIES STATEMENT

- 6.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

7 CLIMATE CHANGE

- 7.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

8 OTHER OPTIONS CONSIDERED

- 8.1 None

9 CONSULTATION

- 9.1 The Council's Monitoring Officer and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication.

Contact person	<i>Geoff Cleak, Pensions Manager; Tel 01225 395277</i>
Background papers	<i>LGA Bulletins SAB Meeting Minutes National Technical Group Meeting Minutes</i>
Please contact the report author if you need to access this report in an alternative format	

Bath & North East Somerset Council	
MEETING:	LOCAL PENSION BOARD
MEETING DATE:	9 June 2022
TITLE:	PENSION FUND ADMINISTRATION Overview & Summary Performance Report
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report:	
Appendix 1 – Performance against SLA & Workload	
Appendix 2 – TPR Data Improvement Plan	
Appendix 3 - Progress on Key Projects	

1 THE ISSUE

1.1 The purpose of this report is to present the Fund's performance for the three months to 31st March 2022 against its key performance indicators (KPI's) in relation to the administration of pension benefits.

2 RECOMMENDATION

The Pension Board is asked to Note:

2.1 Fund performance for the three months to 31st March 2022.

3 COVID-19 AND BUSINESS CONTINUITY

3.1 As COVID restrictions are removed, APF officers are undertaking a more blended working approach in line with arrangements introduced by Bath & North East Somerset Council. Whilst the Civic Centre remains closed temporary working arrangements remain in place in the short term to occupy 15 workstations in the Guildhall.

3.2 Arrangements for alternative future long term office space have been discussed with accommodation secured in Keynsham at the Riverside Suit. Planning and design of the space are currently taking place with the Preparing for the Future team with an expected relocation towards the end of 2022.

4 WORKLOAD & PERFORMANCE

- 4.1 **Appendix 1** provides details of APF performance down to the end of the last quarter for KPI's measured against the current SLA. With Increasing volumes of work the Fund continues to operate below its desired target of >90% for most case types (Annex 1) and the case-by-case breakdown (Annex 2) demonstrates an overall general maintenance from the previous quarter. Generally, however, KPI benchmarking performance has declined over the past year (Annex 3).
- 4.2 A contributory factor relating to underperformance can be associated with the inclusion of the current backlog project and the processing of historic workload cases impacting KPI's. Including the ongoing training with the shift from a bucket task list to an alpha split requiring the team to be multi skilled and the continued loss of experienced staff.
- 4.3 The Backlog project has exceeded the original six-months allocated timeframe. The final cases are more complex requiring Senior Pensions Officer's sign off and cases waiting for outstanding information that will be dealt with outside the backlog project.
- 4.4 Detail on progress made to clear the backlog are shown below and is in the final stages of completion. Cases currently flagged as reply due will be re-stated as completed.
- 4.5

Member Services Backlog Dashboard as at 26/05/2022 16:29:04											
Project Start	11/10/2021	Starting Backlog	4218	Completed	3138	Outstanding	548	Reply Received	26	Reply Due	505
Today's Date	26/05/2022				74.40%		12.99%		0.62%		11.97%
Project End	31/03/2022										

5 RESOURCE RECRUITMENT & TRAINING

- 5.1 Recruitment and retention remain a key factor impacting business operations. Employer Services currently have 4 FTE vacancies and member services teams have 3 FTE vacancies in addition the Technical & Compliance post remaining unfilled. The administration is also carrying three maternity absences across the service at this time. The Fund is currently engaging with a specialist recruitment agency to secure 4 technical posts on a temporary basis pending ongoing recruitment campaigns
- 5.2 Recruitment continues to backfill vacant posts, maternity cover and secondment to projects and overstaffing is being considered at Assistant Pensions Officer level to mitigate the impact of further staff movement.
- 5.3 To mitigate operational workload some project work has already been outsourced. In particular; GMP reconciliation project and the address tracing project. Mercer consultants continue to provide Technical & Compliance advice and guidance.

6 SUMMARY OF FUND MEMBERSHIP DATA QUALITY

- 6.1 The Fund continues to maintain a Common Data score above 95%, the TPR DIP report provides an overview and annual trending view of the outstanding cases for the last 12 months, please refer to **Appendix 2**.

7 PROGRESS ON KEY PROJECTS

- 7.1 **Appendix 3** provides the current position on a number of key operational projects currently in progress with an outline of further actions to be taken.

7.2 This is not a comprehensive list of all strategic administration projects, and the report will continue to evolve, reflecting APF expectations measured against those as set out in the service plan.

8 RISK MANAGEMENT

8.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. In addition, it monitors the benefits administration, the risk register and compliance with relevant investment, finance and administration regulations.

9 EQUALITIES STATEMENT

9.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

10 CLIMATE CHANGE

10.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

11 OTHER OPTIONS CONSIDERED

11.1 There are no issues to consider not mentioned in this report.

12 CONSULTATION

12.1 The Report and its contents have been discussed with the Service Director – Financial Control & Pensions representing the Avon Pension Fund and the Service Director – Commercial & Governance representing the administering authority.

Contact person	<i>Geoff Cleak, Pensions Manager; Tel 01225 395277</i>
Background papers	<i>Various statistical documents.</i>
Please contact the report author if you need to access this report in an alternative format	

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Annex 1 Overall Performance by Case Type

		Cases Last Quarter				
		Measured Against SLA				
		Total Processed	Total Processed in Target	Percentage Processed within Target	Total Processed within 5 days of Target	Percentage Processed within 5 days of Target
Retirement (from Active)	Quote - 15 days	250	152	60.80%	49	80.40%
	Payment - 15 days	201	166	82.59%	22	93.53%
Retirement (from Deferred)	Quote - 30 days	63	28	44.44%	10	60.32%
	Payment - 15 days	179	131	73.18%	23	86.03%
Deaths	Notification - 5 days	93	43	46.24%	27	75.27%
	Payment - 10 days	54	43	79.63%	2	83.33%
Refund of contributions	Quote - 10 days	498	76	15.26%	109	37.15%
	Payment - 10 days	109	55	50.46%	9	58.72%
Deferreds (early leavers)	30 days	629	585	93.00%	44	100.00%
Transfers In	Quote - 10 days	65	9	13.85%	1	15.38%
	Payment - 10 days	10	6	60.00%	0	60.00%
Transfers Out	Quote - 10 days	617	205	33.23%	123	53.16%
	Payment - 10 days	21	10	47.62%	5	71.43%
Estimates	Member - 15 days	140	119	85.00%	9	91.43%
	Employer - 15 days	71	53	74.65%	5	81.69%
Divorce	Quote - 45 days	39	30	76.92%	0	76.92%
	Actual - 15 days	1	0	0.00%	0	0.00%
Starters	40 days	1187	1187	100.00%	0	100.00%
		4227	2898	68.56%	438	78.92%

RAG key	
Red	Less than 75%
Amber	75 - 89%
Green	90 - 100%

Annex 2
Case No's vs Target

		Tasks Last Quarter							
		Average Days to Process	Actual Days to Process						
			0 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30	31+
Retirement (from Active)	Quote - 15 days	12	66	38	48	49	25	14	10
	Payment - 15 days	8	85	51	30	22	6	6	1
Retirement (from Deferred)	Quote - 30 days	10	38	4	2	3	3	2	11
	Payment - 15 days	9	88	22	21	23	15	5	5
Deaths	Notification - 5 days	11	43	27	11	12	0	0	0
	Payment - 10 days	5	31	12	2	4	3	1	1
Refund of contributions	Quote - 10 days	32	45	31	109	96	29	19	169
	Payment - 10 days	15	44	11	9	14	14	12	5
Deferreds (early leavers)	30 days	13	239	159	83	65	25	14	44
Transfers In	Quote - 10 days	25	5	4	1	10	5	6	34
	Payment - 10 days	36	2	4	0	2	0	1	1
Transfers Out	Quote - 10 days	39	155	50	123	121	94	62	12
	Payment - 10 days	20	6	4	5	4	0	0	2
Estimates	Member - 15 days	12	74	34	11	9	4	5	3
	Employer - 15 days	7	37	7	9	5	3	5	5
Divorce	Quote - 45 days	23	7	5	3	6	2	1	15
	Actual - 15 days	0	0	0	0	0	0	0	1
Starters	40 days	24	892	230	64	0	1	0	0

RAG key	Processed
Red	More than 5 days over target
Amber	Within 5 days of target
Green	Within target

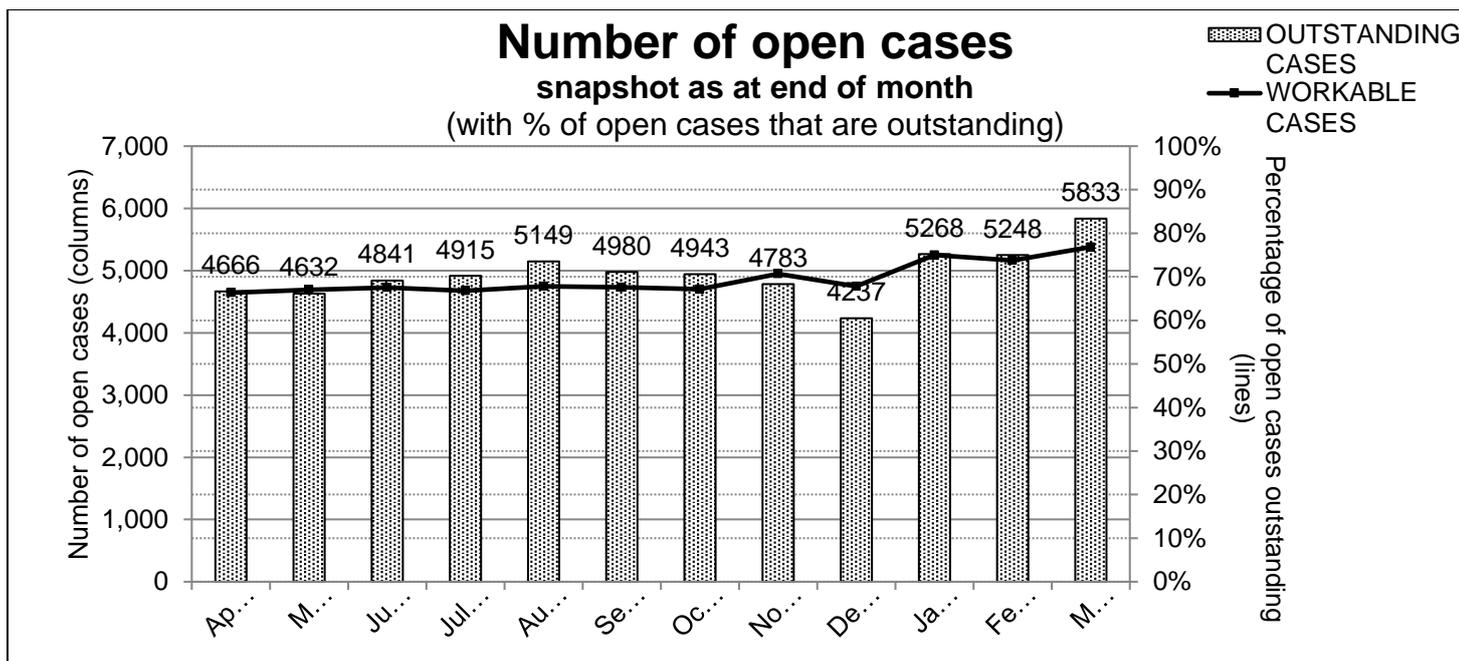
Annex 3 Trend in Overall Performance

SLA Standards for Processing Admin Tasks

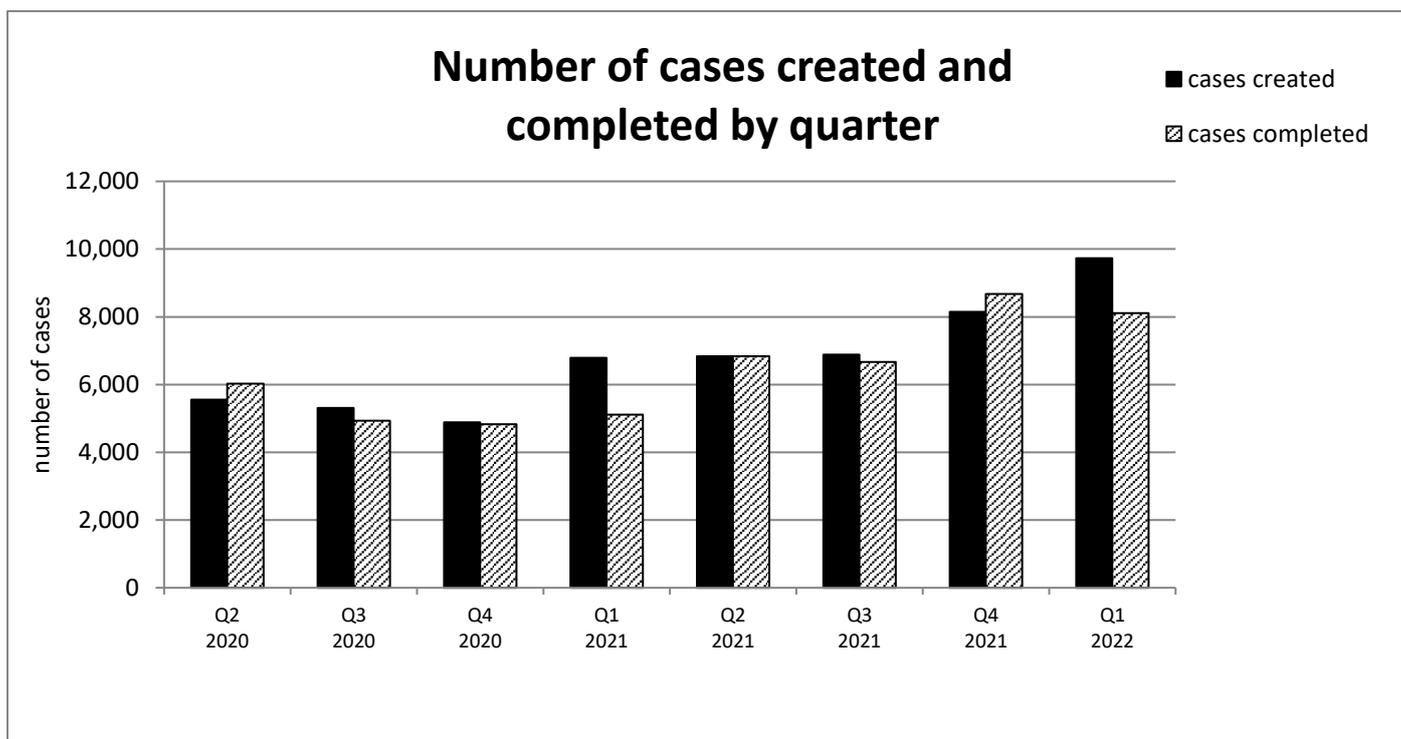
Work Type	Target Processing SLA (Old/New)	Q2 Apr 21 - Jun 21	Q3 Jul 21 - Sept 21	Q4 Oct 21 - Dec 21	Q1 Jan 22 - Mar 22	Trend
Retirement (from Active)	Quote - 5 / 15 days	55.26%	45.05%	80.65%	60.80%	
	Payment - 5 / 15 days	76.39%	87.39%	90.22%	82.59%	
Retirement (from Deferred)	Quote - 30 days	50.00%	31.52%	37.50%	44.44%	
	Payment - 5 / 15 days	74.03%	82.93%	82.07%	73.18%	
Deaths	Notification - 5 days	87.91%	93.68%	83.51%	46.24%	
	Payment - 5 / 10 days	80.00%	97.73%	90.28%	79.63%	
Refund of contributions	Quote - 10 days	28.57%	9.50%	26.68%	15.26%	
	Payment - 10 days	24.37%	65.22%	77.65%	50.46%	
Deferreds (early leavers)	Notification - 20 / 30 days	65.56%	65.78%	95.28%	93.00%	
Transfers In	Quote - 10 days	41.91%	1.36%	21.92%	13.85%	
	Payment - 10 days	28.57%	1.61%	0.00%	60.00%	
Transfers Out	Quote - 10 days	10.00%	10.13%	38.57%	33.23%	
	Payment - 10 days	47.06%	63.64%	55.56%	47.62%	
Estimates	Member - 10/15 days	45.99%	87.86%	81.87%	85.00%	
	Employer - 15 days	68.97%	76.47%	73.68%	74.65%	
Divorce	Quote - 45 days	90.48%	93.94%	92.59%	76.92%	
	Actual - 15 days	100.00%	100.00%	50.00%	100.00%	
Starters	40 days	72.53%	97.91%	100.00%	100.00%	
Total Cases Processed		4425	4224	5483	4277	

RAG key	
Red	Less than 75%
Amber	75 - 89%
Green	90 - 100%

Annex 4



Annex 5



Annex 1 – TPR Errors by Member Numbers

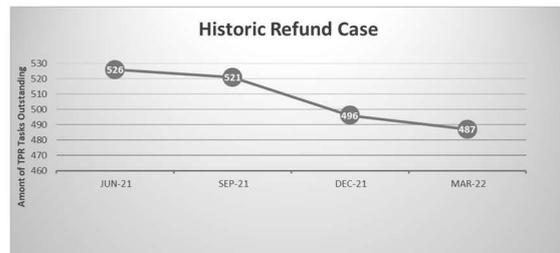
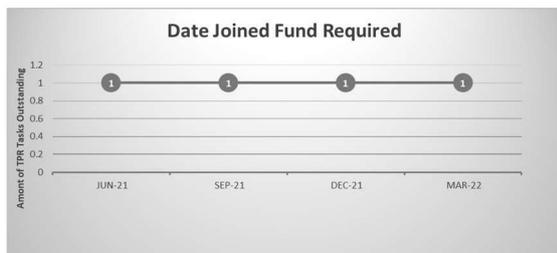
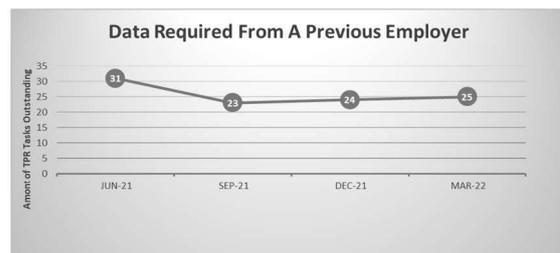
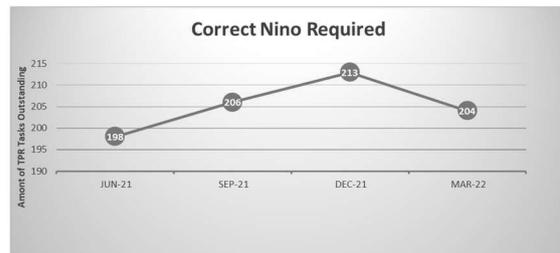
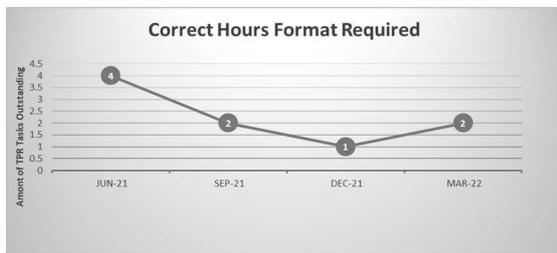
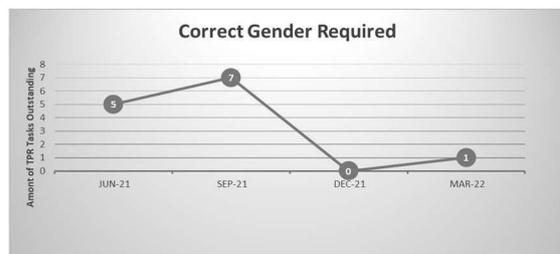
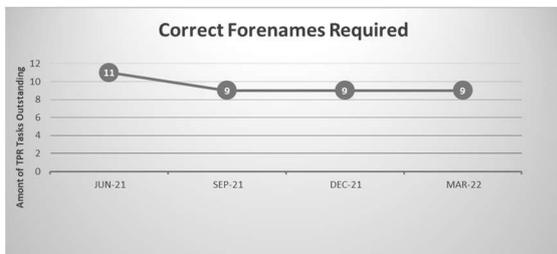
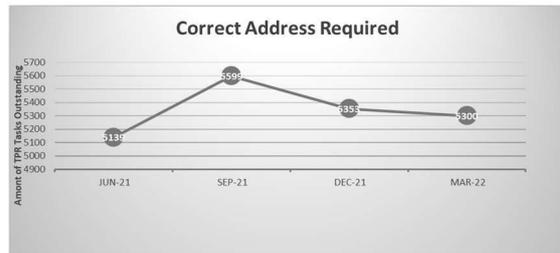
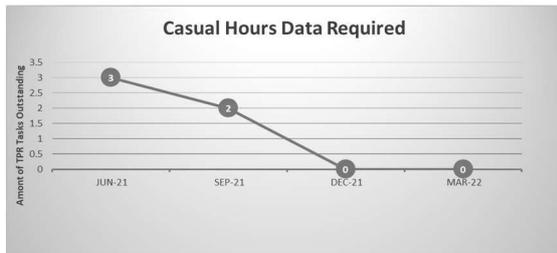
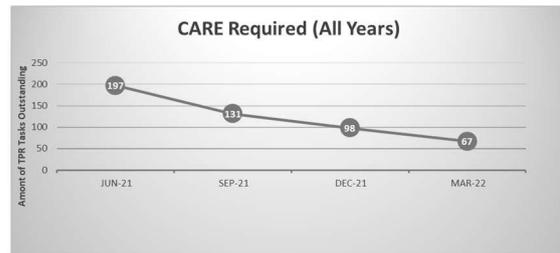
	Dec-21				Mar-22				*Trend
	Member Records	TPR Errors	% Errors	Data Score	Member Records	TPR Errors	% Errors	Data Score	
ACTIVE	39216	336	0.86%	99.14	39537	215	0.54%	99.46	- 121
UNDECIDED	5681	457	8.04%	91.96	5271	390	7.40%	92.60	- 67
DEFERRED	42784	3772	8.82%	91.18	43152	3730	8.64%	91.36	- 42
PENSIONERS	34300	285	0.83%	99.17	34691	289	0.83%	99.17	+ 4
DEPENDANTS	5201	147	2.83%	97.17	5235	151	2.88%	97.12	+ 4
FROZEN	4396	1474	33.53%	66.47	4704	1599	33.99%	66.01	+ 125
TOTALS	131578	6471	4.92%	95.08	132590	6374	4.81%	95.19	- 97

Annex 2 – Outstanding Queries by Type (there may be multiple queries per member)

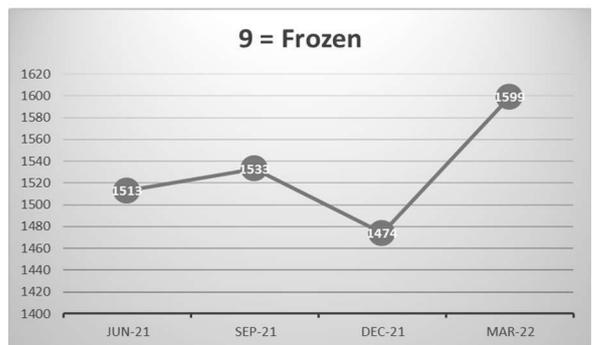
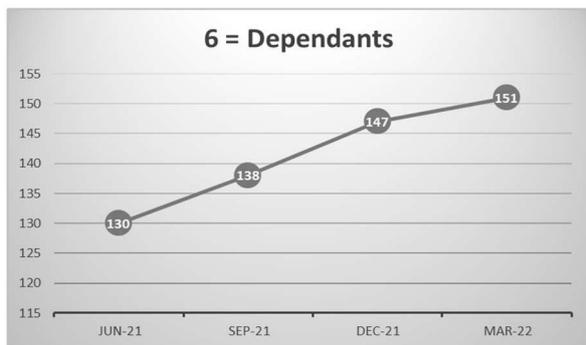
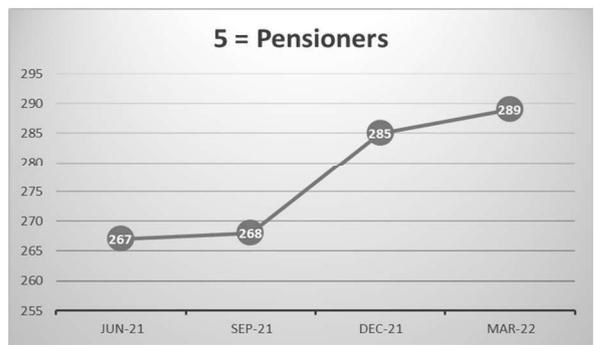
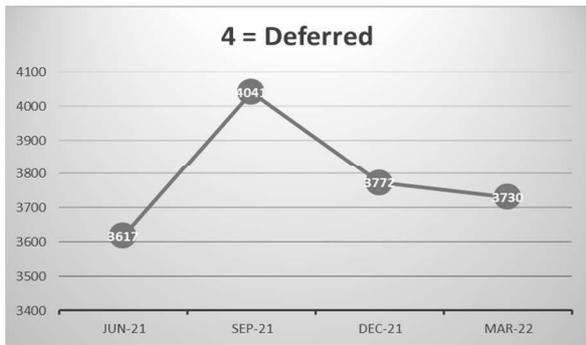
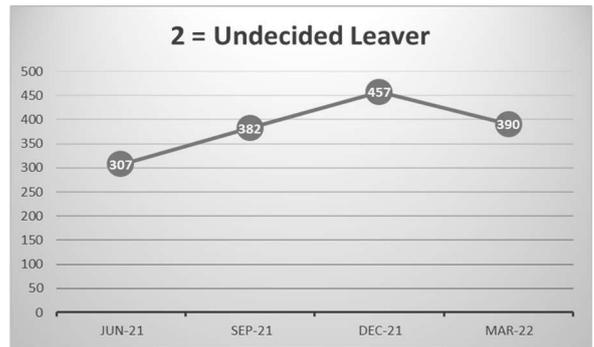
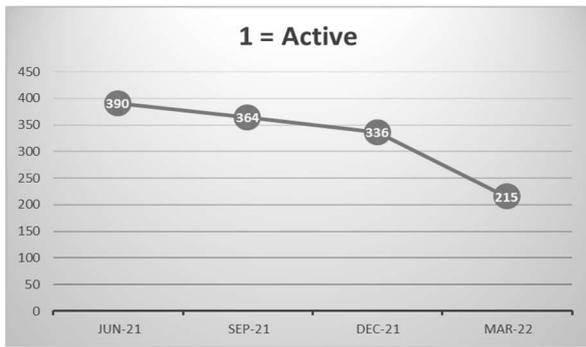
	Dec-21		Mar-22		*Trend
	TPR Errors	%	TPR Errors	%	
Age 75 Exceeded Lgps Eligibility Issue	71	1.08%	72	1.12%	+ 1
Care Pay For 2014-2015 Required	7	0.11%	5	0.08%	- 2
Care Pay For 2015-2016 Required	6	0.09%	4	0.06%	- 2
Care Pay For 2016-2017 Required	8	0.12%	6	0.09%	- 2
Care Pay For 2017-2018 Required	28	0.43%	24	0.37%	- 4
Care Pay For 2018-2019 Required	14	0.21%	9	0.14%	- 5
Care Pay For 2019-2020 Required	10	0.15%	7	0.11%	- 3
Care Pay For 2020-2021 Required	25	0.38%	12	0.19%	- 13
Missing data on leaver form - Escalation	0	0.00%	0	0.00%	0
Casual Hours Data Required	0	0.00%	0	0.00%	0
Correct Address Required	5353	81.70%	5300	82.08%	- 53
Correct Forenames Required	9	0.14%	9	0.14%	0
Correct Gender Required	0	0.00%	1	0.02%	+ 1
Correct Hours Format Required	1	0.02%	2	0.03%	+ 1
Correct Nino Required	213	3.25%	204	3.16%	- 9
Correct Title Required ie Miss Or Mr	4	0.06%	8	0.12%	+ 4
Data Required From A Previous Employer	24	0.37%	25	0.39%	+ 1
Date Joined Fund Required	1	0.02%	1	0.02%	0
Historic Refund Case	496	7.57%	487	7.54%	- 9
Leaver Form Required	280	4.27%	278	4.31%	- 2
Pay Ref Required	2	0.03%	3	0.05%	+ 1
Grand total	6552	100%	6457	100%	

*Trend is influenced by number of errors

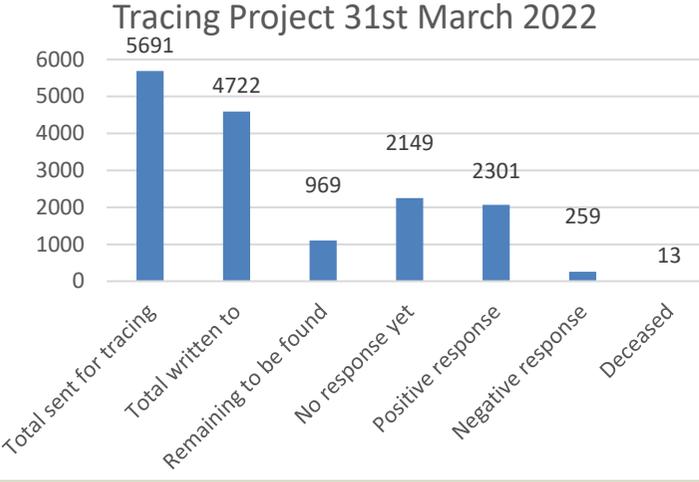
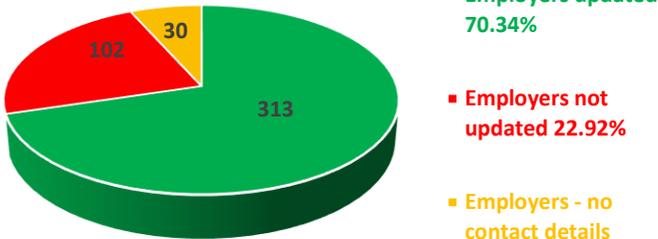
TPR Error Numbers by Error Type

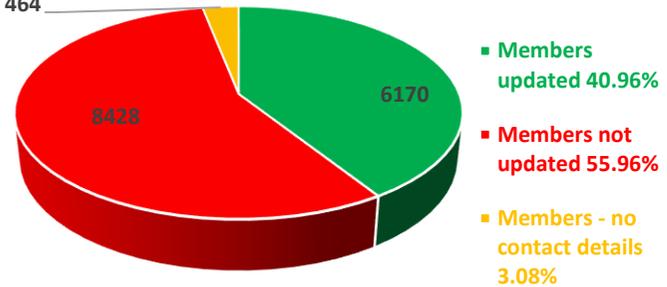


TPR Error Numbers by Status



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Item	Details	Action by Fund / Next Steps																
<p>Address Tracing</p>	<p style="text-align: center;">Tracing Project 31st March 2022</p>  <table border="1"> <caption>Tracing Project 31st March 2022 Data</caption> <thead> <tr> <th>Category</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Total sent for tracing</td> <td>5691</td> </tr> <tr> <td>Total written to</td> <td>4722</td> </tr> <tr> <td>Remaining to be found</td> <td>969</td> </tr> <tr> <td>No response yet</td> <td>2149</td> </tr> <tr> <td>Positive response</td> <td>2301</td> </tr> <tr> <td>Negative response</td> <td>259</td> </tr> <tr> <td>Deceased</td> <td>13</td> </tr> </tbody> </table>	Category	Value	Total sent for tracing	5691	Total written to	4722	Remaining to be found	969	No response yet	2149	Positive response	2301	Negative response	259	Deceased	13	<p>The project is now in the latter stages and we aim to finalise the final replies from members over the coming weeks.</p> <p>Business as Usual processes are now in place to manage the ongoing tracing of new “Gone Away” members. This will be supported by the new Digital Strategy that is being rolled out by the fund over the next 12 months.</p>
Category	Value																	
Total sent for tracing	5691																	
Total written to	4722																	
Remaining to be found	969																	
No response yet	2149																	
Positive response	2301																	
Negative response	259																	
Deceased	13																	
<p>McCloud</p>	<p style="text-align: center;">Employers Completed</p>  <table border="1"> <caption>Employers Completed Data</caption> <thead> <tr> <th>Category</th> <th>Count</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Employers updated</td> <td>313</td> <td>70.34%</td> </tr> <tr> <td>Employers not updated</td> <td>102</td> <td>22.92%</td> </tr> <tr> <td>Employers - no contact details</td> <td>30</td> <td>6.74%</td> </tr> </tbody> </table>	Category	Count	Percentage	Employers updated	313	70.34%	Employers not updated	102	22.92%	Employers - no contact details	30	6.74%	<p>In the last quarter, a further 51 employers covering 1,002 members have been completed.</p> <p>Next steps:</p> <p>All employers without a response are being contacted by phone to discuss their returns.</p> <p>Data is still outstanding from 2 of the main 4 Unitary Authorities, one is due to deliver their data by mid-June and the other does not yet have a workable solution but has a deadline of 31st August 2022.</p> <p>The Fund is now planning to engage with Aon to support us through the next stages of project deliver, including data completion and remedy implementation.</p>				
Category	Count	Percentage																
Employers updated	313	70.34%																
Employers not updated	102	22.92%																
Employers - no contact details	30	6.74%																

	<p>Members Completed</p>  <table border="1"> <thead> <tr> <th>Category</th> <th>Count</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Members updated</td> <td>6170</td> <td>40.96%</td> </tr> <tr> <td>Members not updated</td> <td>8428</td> <td>55.96%</td> </tr> <tr> <td>Members - no contact details</td> <td>464</td> <td>3.08%</td> </tr> </tbody> </table>	Category	Count	Percentage	Members updated	6170	40.96%	Members not updated	8428	55.96%	Members - no contact details	464	3.08%	
Category	Count	Percentage												
Members updated	6170	40.96%												
Members not updated	8428	55.96%												
Members - no contact details	464	3.08%												
<p>iConnect – Monthly Data Returns</p>	<p>Current IC statistics:</p> <p>Employers on IC – 274 (60% of Employers) Employers targeted for IC – 184 (40% of Employers) Active Members covered by IC – 30,700 78.5% of active membership covered by IC</p>	<p>In the last quarter 4 more employers have gone live with i-Connect.</p> <p>The loading of data extracts has been handed back to employers w.e.f April 22 with the exception of payroll providers.</p> <p>As planned, progress with new employers using IC is on pause over the Year End & Valuation period. Work will recommence in July 22.</p>												

Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	9 June 2022	AGENDA ITEM NUMBER
TITLE:	GOOD GOVERNANCE REVIEW & FUND GOVERNANCE FRAMEWORK	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix 1 – Annual review of Pension Board Governance Appendix 2 – Pension Board’s Terms of Reference Appendix 3 – Scheme of Delegation – Schedule Appendix 4 – Scheme of Delegation – Authorisations Appendix 5 – Draft Terms of Reference for APF Committee & Investment Panel Appendix 6 – Governance Compliance Statement Appendix 7 – Draft Conflicts of Interest Policy Appendix 8 – Draft Training Strategy Policy Appendix 9 – Draft Representation Policy Appendix 10 – Decision Making Matrix Appendix 11 – Gap analysis</p>		

1 THE ISSUE

- 1.1 This report sets out a summary of the annual review of the governance arrangements for the Pension Board.
- 1.2 It also provides an overview of the annual governance review undertaken by Committee in June.

2 RECOMMENDATIONS

- 2.1 That the Board notes the report

3 FINANCIAL IMPLICATIONS

- 3.1 There are no financial considerations as this report is for information only.

4 PENSION BOARD ANNUAL GOVERNANCE REVIEW

- 4.1 The annual review of governance arrangements for the Pension Board was undertaken and a summary of the findings is set out in appendix 1
- 4.2 The current terms of reference for the Pension Board are attached as appendix 2

5 APF COMMITTEE ANNUAL GOVERNANCE REVIEW

- 5.1 Annually in June the Avon Pension Fund Committee review its governance arrangements as follows:

- 5.2 Members are reminded of the roles and responsibilities of members, advisors and officers of the Avon Pension Fund and the governance framework for the Fund as a whole.
- 1.1 Approve the Scheme of Delegation (Appendix 3 & 4) which sets out how the Committee delegates some of its responsibilities to Officers. The Schedule details the responsibilities delegated, and the authorisation list sets out who is authorised and the limit of transaction they can authorise.
- 5.3 Approve the draft Terms of Reference for the Committee and Investment Panel set out in Appendix 5.
- 5.4 Approve the Governance Compliance Statement set out in Appendix 6.
- 5.5 Invites members to nominate themselves to the Investment Panel. The term of appointment to the Panel is for a full 4-year term.
- 5.6 Members are invited to nominate themselves as the Fund's representative on the Local Authority Pension Fund Forum.
- 5.7 Members are requested to give delegated powers to Officers and the Chair to draft the Annual Report to Council on Committee activity in the past twelve months.
- 5.8 It should be noted that appendices 3 & 6 are the documents approved in 2021 as the amended versions for the June committee were not finalised in time for this meeting.
- 5.9 Following recommendations from the SAB's Good Governance Review and gap analysis conducted by Hymans Robertson (see Appendix 11) a draft Conflicts of interest policy (appendix 7), Training Strategy Policy (Appendix 8), Representation Policy (Appendix 9 which will be an appendix to the Governance Compliance Statement) and a decision making matrix (Appendix 10) have been drafted for the Committee's approval in June.

6 RISK MANAGEMENT

- 6.1 An effective governance structure, defining clear responsibilities, and ensuring that the decision making body has an adequate level of knowledge and access to expert advice, is a key aspect of the risk management process.

7 EQUALITIES STATEMENT

- 7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

8 CLIMATE CHANGE

- 8.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee

9 OTHER OPTIONS CONSIDERED

- 9.1 None

10 CONSULTATION

10.1 The Council's Monitoring Officer and Section 151 Officer have had the opportunity to input to this report and have cleared it for publication

Contact person	Carolyn Morgan, Governance & Risk Advisor, 01225 395240
Background papers	None
Please contact the report author if you need to access this report in an alternative format	

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Pension Board Annual Governance Review – May 2022

The PB's Terms of Reference	May-22	No changes recommended
The Committee's annual governance review	May-22	as per governance report in PB & PC meeting papers
Do any terms of service for members end in the next year?	May-22	Steve Harman (Employer) & David Yorath (member) term ends June 23
Is the recruitment process & documents up to date?	May-22	Last updated April 21
Induction Training	May-22	Up to date - Alison & Stuart received induction training Nov 21
PB training plan	May-22	Training plan in place but discuss any further requirements in June meeting
Meeting attendance over 70%	May-22	Chair 100%, Member Reps 75%, Employer Reps 75%
Training attendance at workshops over 70%	May-22	38% attendance at Valuation Workshop 12/21 & 100% attendance at Induction Training
TPR toolkit completed & evidence received	May-22	43% of current members
Hymans LOLA modules completed	May-22	see table below
Register of interest forms completed & on website	May-22	Register of interest held for all members
Independent check of declarations carried out	May-22	Confirmed by Democratic Services
Is chair attending committee meetings?	May-22	Yes
Is committee chair attending PB meetings?	May-22	Yes
Communications to PB members appropriate?	May-22	Newsletter sent on a quarterly basis and adhoc emails with training seminars etc

Hymans LGPS Online Learning Academy (LOLA) Modules completed as at 1 May 2022

LOLA Modules	Module 1	Module 2	Module 3	Module 4	Module 5	Module 6
Chair	Complete	In progress	In progress			In progress
Employer Rep						
Employer Rep						
Employer Rep						
Member Rep	In progress					
Member Rep	Complete	Complete				
Member Rep	Complete					

Module 1 - An introduction to the LGPS

Module 2 - LGPS Governance & Oversight Bodies

Module 3 - Administration & Fund Management

Module 4 - Funding and Actuarial Matters

Module 5 - Investments

Module 6 - Current Issues

TERMS OF REFERENCE - LOCAL PENSION BOARD OF AVON PENSION FUND

Function and role

The regulations state that the role of the local Pension Board (the “Board”) is to assist the administering authority.

- a) to secure compliance with:
 - i. The LGPS (Amendment) (Governance) Regulations 2014 (the “regulations”)
 - ii. Any other legislation relating to the governance and administration of the Scheme
 - iii. Requirements imposed by the Pensions Regulator in relation to the Scheme; and
- b) to ensure the effective and efficient governance and administration of the Scheme.

The Board has an advisory role in assisting the Administering Authority by making recommendations about compliance, process and governance. The Board does not have a decision making role with regard to strategy or policy nor will it ratify or challenge decisions made by the administering authority. Its role is to have oversight of the governance process for making decisions and agreeing policy and assisting the Avon Pension Fund Committee in improving its governance and administrative arrangements.

The Board will exercise its responsibilities in the following areas:

1. Through monitoring and progress reporting to the Committee including making recommendations on the following activities;
 - a. Implementation of the Pensions Administration Strategy
 - b. Implementation of the Communications policy including the emerging digital strategy.
 - c. Monitoring compliance with the relevant legislation and Codes of Practice as set out by The Pensions Regulator;
 - d. Reviewing all new and emerging regulatory issues and themes and identifying material implications for the Fund
2. That governance arrangements and controls are in place to;
 - a. Ensure strategies policies and processes are in place to deliver the objectives of the Avon Pension Fund Committee
 - b. Policies and processes are in place to achieve Employer and Fund compliance with their obligations under the Scheme and regulations
 - c. Monitor the administration performance, including implementation of compliance and improvement projects
 - d. Review Internal and External audit reports and other external inspection reports

- e. Recommending improvement actions on the above to Pensions Committee where necessary.
3. From time to time the administering authority may consult the Board or ask assistance on specific issues.
4. The Pension Board in undertaking its duties may make recommendations to the Avon Pension Fund Committee aimed at improving the effective governance and administration the scheme

The costs of the Board will be met by the Avon Pension Fund (as set out in the regulations) subject to approval of their annual workplan and budget. This may enable the Board to commission independent advice as appropriate. It is important that the Board maintains its independence from the Avon Pension Fund Committee's decision-making process in order to effectively scrutinise the decision-making process.

Board Membership

There will be up to seven Board members comprising three member representatives, three employer representatives and an Independent Chairperson.

Member representatives can be drawn from the membership and are not restricted to Trades Union representatives. Employer representatives should be representative of the employers within the scheme.

No officer or councillor of the administering authority who is responsible for the discharge of any function under the LGPS regulations can be a member of the Board.

In respect of the Chairperson the term independent means having no current employment, contractual, financial or other material interest in either the Council or any scheme employer in the Avon Pension Fund. The Chairperson can delegate to another Board member if unable to attend a meeting.

The Service Director – One West will represent the Administering Authority as an independent support to the Board and oversee the operation of the Board to ensure it is achieving its terms of reference. They can make recommendations on any changes to Board membership or the terms of reference of the board to Council on an annual basis.

Appointment process

The Avon Pension Fund will facilitate the nominations process for all Board members; the appointment process will be undertaken by the Service Director – One West. The appointment of the Chair will be following an advertised competitive process, which shall be subject to the Board's approval of the successful candidate.

The selection process for employer and employee reps will take into account their capacity to fulfil the role as set out in the Role and Person Specification.

Role of advisors

The Board may appoint professional advisors as appropriate to their work plan. The cost will be met within the budget approved by the administering authority.

Role of officers

Democratic Services will be responsible for providing secretariat services to the Board. The Service Director – One West will ensure appropriate officer support is provided to the Board. Avon Pension Fund officers will be required to provide information to the Board for the Board to fulfil its task.

Frequency of meetings

Meeting frequency will be dictated by the work plan of the Board and formal meetings will be held in public, though the public may be excluded from individual items of business in accordance with the usual exemption procedures.

Voting rights

The objective is to reach consensus on all issues; however, each employer and employee rep has one vote. The Under Regulation 106 (7) of the LGPS Regulations 2013 the Independent Chairperson is explicitly excluded from having the right to vote.

Board Quorum

The quorum of the Board shall comprise three members who shall include at least one member and one employer representative.

Substitutes and Sub-Committees

Substitutes will not be permitted as they would have to be nominated as part of the appointment process. Sub-committees will not be permitted.

Board work plan and Budget

The Board will agree its work plan annually and the budget required to deliver it. As the expenses of the Board are to be met by the Avon Pension Fund the Board's workplan and budget, having taken advice from the Service Director – One West, will be submitted to the Avon Pension Fund Committee for approval annually. The Board will be required to operate within the approved budget and approved budget purposes. It is envisaged that the Board will review aspects of the pension fund over time rather than react to the regular monitoring cycle of the pension committee.

Access to Board papers

The agenda papers will be circulated in in line with normal council democratic processes and minutes of meetings will be recorded and published in the same way.

Term of office

All appointments will be for a four year term with the maximum term of Board membership limited to two terms. All new appointments will be subject to a review of performance after 12 months to assess any additional training requirements.

Code of Conduct

Board members are required to adhere to the Council's Code of Conduct

Declarations of Interest and Conflicts of interest

Board members are required to adhere to the Council's policy for declarations of interests. Members must provide information that the administering authority may reasonably require from time to time.

The Board is required to act within its Terms of Reference. The Board should ensure that in addition to the Council Policy it has its own policy for managing conflicts of interest in line with any further stipulations from the Pensions Regulator and members must abide by this policy.

Removal from Board

A Board member can be removed from the Board in the following circumstances (but not limited to):

- Competency issues;
- Poor attendance record;
- If a member does not undertake training as requested by the administering authority to meet their statutory duties;
- If a member is in breach of Council's Code of Conduct / Declarations policy i.e. If a member has a conflict of interest that cannot be managed in accordance with the Board's conflicts policy;
- If a representative member ceases to represent his constituency e.g. leaves the employer so no longer has the capacity to represent the Fund's employers. If there is an unsatisfactory annual review of individual members

If there is a vote of no confidence in the Chairperson by the Board then the Administering Authority will conduct a process to appoint another Chairperson

The Service Director – One West will consult with the Monitoring Officer to determine the correct process prior to any removal from the Board.

Expenses

The pension fund will meet reasonable meeting expenses, reasonable training expenses relevant to discharging the role and independent advice required to support work agenda (including legal, technical and other professional advice).

Allowances

An annual allowance will be paid to the Independent Chairperson.

Knowledge and understanding

The Board are required to agree and maintain a policy and framework to address the knowledge and understanding requirements, as set out in various legislation and the Pension Regulator's Code of Practice, that apply to its members. The knowledge and understanding requirement applies to each Board member individually rather than to the members as a collective group. The policy and framework will be considered in light of the role of the Board; however, Board members will need to understand the duties and obligations of the administering authority in order to be able to assist it.

Board members will be required to undertake training to ensure they acquire the appropriate level of knowledge and understanding and keep a record of the learning activities of individual members and of the Board as a whole.

Reporting

The Board will publish an annual report to Council outlining the work it has carried out to fulfil its terms of reference including any recommendations on process or governance. This should be available via the Avon Pension Fund website to members and employers.

Direct reporting line if the Board has material concerns – Service Director – One West

The Board minutes will be circulated to administering authority and the Pension committee.

The Board is required to report breaches of law or material (and not actioned) breaches of the Code of Practice to the Pensions Regulator.

Where any breach of duty is committed or alleged to have been committed by the Administering Authority (the Pensions Committee) the Board shall:

1. Discuss the breach or alleged breach that is identified with Pension Committee Chair and the proposed actions to be taken by the Board
2. Enable the Chair of the Committee to review the issue and report back the Board on the breach
3. The Board will determine action and if sufficiently material will report the breach to the Pensions Regulator or the Scheme Advisory Board as set out in the regulations.

Data protection and Freedom of Information

For legal purposes the Board is considered a committee of and part of the administering authority legal entity. Therefore the Board must comply with the Council's Data Protection and Freedom of Information policies.

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Scheme of Delegations – May 2021

In addition to the responsibilities listed in the Council's schemes of delegation, some additional responsibilities for functions specifically related to pension fund activities have been delegated to officers by the Pension Fund Committee.

Power of Attorney – Custody Accounts and Investment Managers	The authorisation of Power of Attorney's on behalf of the Pension Fund is delegated to Officers on the Authorised Signatory list.
Termination of Contracts and Investment Managers	The Section 151 Officer has authority to dismiss investment managers, advisors and 3 rd party providers if urgent action is required (does not refer to performance failures but to their inability to fulfil their contractual obligations or a material failing of the company).
Debt management	The Section 151 Officer has authority to manage the liabilities of the Fund including the recovery of debt.
Admissions of new bodies	Officers have authority to admit new admission bodies that are guaranteed subject to them meeting Fund policy. If a body is not guaranteed or does not meet Fund policy, approval is required from the Pension Fund Committee
Approval of Pension Fund Accounts	In consultation with the Chair of the Committee, the Head of Business Finance & Pensions has delegated authority to approve the draft Statement of Accounts and Annual Report for audit.
Reports back to the Committee	In all cases where a decision has been delegated to Officers, decisions made will be reported back to the Committee or Panel at the next meeting for information only.
Internal Dispute Resolution Procedure	Members can appeal against decisions made by the employer or the Fund about pension entitlement. This is a two-stage process: Stage 1 – Employer decision - dealt with by the appointed person at the employer organisation. Stage 1 – Fund decision - dealt with by the Fund's Technical & Compliance Advisor. Stage 2 – Employer decision - dealt with by the Fund's Technical & Compliance Advisor. Stage 2 – Fund decision – dealt with by the administering Authority following a review of the case being undertaken by Osborne Clarke.
Death Grants	The decision to pay a death grant to the member's beneficiary: - Non contentious cases sign off from the relevant Service Manager plus Pension Manager

	- Contentious cases require the third signature of the Head of Business Finance & Pensions
Discretions	Officers are responsible for exercising the Administering Authority discretions specified in the LGPS regulations. Full details of the discretions can be found here https://www.avonpensionfund.org.uk/sites/default/files/DR03-20140627.pdf
Early release of Benefits	The decision to release benefits early for members where their employer no longer exists is delegated to the Administering Authority (Bath & North East Somerset Council)
Strategies & Policies	Officers are responsible for the day to day implementation & monitoring of the investment, funding & administration strategies and related policies with progress reported regularly to the Pension Committee
Strategic Asset Allocation	The Pension Committee has delegated the following to Officers which are reported back to the next Committee or Panel if not discussed prior to the decision:
	Implementing investments in emerging opportunities within strategic allocations, either to be managed outside Brunel or instruct allocation to Brunel portfolio.
	Implementing investment management arrangements in line with the strategic policy as follows: <ul style="list-style-type: none"> a. For assets managed outside Brunel, this includes the setting of mandate parameters and the appointment of managers, in consultation with the Investment Panel. b. For assets managed within Brunel, deciding and instructing the allocation to each Brunel portfolio. One authorised signatory required to approve instruction.
	Restructuring the risk management strategies as required where sensitive to market prices or technical in nature, having taken expert advice.
	Rebalancing the investment assets to target strategic allocations, when deemed prudent to do so, taking account of tactical allocations approved by the Investment Panel.
	The Section 151 Officer has authority to suspend policy (in consultation with the Chairs of Committee and Panel) in times of extreme market volatility where protection of capital is paramount.

Contracts and Agreements	<p>Officers have authority to enter into contracts on behalf of the pension fund. Where appropriate, agreements are sealed under the Sealing arrangements of Bath & North East Somerset Council. Other contracts are signed by two Officers from the Authorised Signatory list.</p>
	<p>Where an investment is made (i.e. via a pooled fund), Officers have authority to subscribe/redeem units on behalf of the pension fund (notices to be signed by two Officers from the Authorised Signatory list).</p>
	<p>Officers have authority to commission Elective Services from Brunel and issuing instructions as permitted under the Brunel Service Agreement to Brunel Pension Partnership Ltd.</p>
	<p>Officers have authority to appoint specialist advisors to support the Committee and Officers in discharging their functions. Appointments must be in line with the Council's procurement framework and make use of LGPS National Frameworks where available.</p>

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Scheme of Delegations – Authorisations May 2021

The Pension Fund Committee has delegated responsibility for agreeing authorisation of transactions to officers. The s151 officer for Pensions (Head of Business Finance & Pensions) agrees the job role or person authorised and the limits as set out below and in the appropriate schedules.

Authorised Signatory List	Instructions which result in the movement of cash with a value of under £10m can be authorised by one of the signatories. Movement of cash with a value of £10m or more must be authorised by two of the signatories. Legal agreements require two authorised signatories unless the agreement is sealed by Bath & North East Somerset Council. All other instructions of a more routine nature can be signed by only one of the signatories.		Names as per schedule Delegations
Authorisation of Pension Benefits	Up to £100,000	Up to £150,000	Over £150,000
	Member Services Senior Pension Officers	Member Services Team Leaders (excluding Pensions Payroll TL)	Administration Managers Plus Pension Manager or Head of Service
Authorisation to request AVC payments from Aviva	Individual cases	Officers registered with Aviva EServe access	..\..\Delegations
Authorisation to set up new AVC schemes (employers) with Aviva	Individual new employers	Officers listed as ‘Trustees’ with Aviva	
Authorisation of payments list to be paid via PT-X	Individual cases	Administration Managers & Pension Manager	
Authorisation of PT-X (Payroll Bacs Payments)	All Amounts	Named Pension & Finance Managers not involved in day to day processing of Benefits	Names as per schedule ..\..\Delegations

Agresso Payments (Invoices & pension related payments)	Limits as per schedule (link)	Head of Business Finance & Pensions Pensions Manager Investments Manager Payroll Services Manager Head of Audit (Pension Board Transactions)	Names as per schedule ..\..\..\Delegations
Treasury Management transactions (on behalf of Pension Fund)	All amounts	Treasury Management Team on authorised list	Names as per schedule ..\..\..\Delegations

Appendix 5

(1) AVON PENSION FUND COMMITTEE

Committee Scope

Bath and North East Somerset Council, in its role as administering authority, has executive responsibility for the Avon Pension Fund. The Council delegates its responsibility for administering the Fund to the Avon Pension Fund Committee which is the formal decision-making body for the Fund.

The Avon Pension Fund is a member of the Brunel Pension Partnership (Brunel). Brunel Pension Partnership Ltd (BPP Ltd) who will be responsible for implementing the Fund's Investment Strategy. Most of the Fund's assets have transferred to portfolios offered by Brunel with only less liquid legacy assets remaining under direct management of the Fund. Once Avon's assets are held within a Brunel portfolio, the appointment, monitoring and deselection of managers will be the responsibility of BPP Ltd.

Functions and Duties

To discharge the responsibilities of Bath and North East Somerset Council in its role as lead authority for the administration of the Avon Pension Fund. These include determination of all Fund specific policies concerning the administration of the Fund, the investment strategy and the investing of Fund monies and the management of the Fund's solvency level. In addition, the Committee is responsible for all financial and regulatory aspects of the Fund. At all times, the Committee must discharge its responsibility in the best interest of the Avon Pension Fund.

The key duties in discharging this role are:

1. Having taken appropriate advice determining the following:
 - a. the investment strategy and strategic asset allocation
 - b. the administration strategy
 - c. the funding strategy.
2. Monitoring the performance of the investment strategy, scheme administration, and external advisors.
3. Ensuring that the investment strategy can be delivered by the portfolios offered by BPP Ltd. If not, agree alternative arrangements. In relation to Brunel Pension Partnership:
 - a. Monitoring the performance of BPP Ltd in delivering investment services to the Fund. Make representations to the Brunel Oversight Board on matters of concern regarding the service provided by BPP Ltd and the performance of its portfolios.
 - b. Monitoring the governance of Brunel Pension Partnership and making recommendations to the Brunel Oversight Board. Terminating the Service Agreement with BPP Ltd.
4. Approving and monitoring compliance of statutory statements and policies required under the Local Government Pension Scheme Regulations.

5. Approving the annual budget and 3-year Service Plan and resource requirements to deliver the work plan.
6. Approving variances to budget within a financial year.
7. Approving the annual budget for the Pension Board subject to the approval of Pension Board's work plan.
8. Commissioning actuarial valuations in accordance with the provisions of the Local Government Pension Scheme Regulations.
9. Making representations to government and responding to consultations as appropriate concerning any proposed changes to the Local Government Pension Scheme.
10. Nominating a representative (and named substitute) from the Committee to represent the Committee on the Oversight Board for Brunel Pension Partnership.

Delegations

In discharging its role, the Committee can delegate any of the above or implementation thereof to the Sub-Committee (referred to as the Investment Panel) or Officers. The current delegations are set out below.

Composition

Voting members (14)	<p>5 elected members from B&NES (subject to the rules of political proportionality of the Council)</p> <p>3 independent members</p> <p>1 elected member nominated from each of Bristol City Council, North Somerset Council and South Gloucestershire Council</p> <p>1 nominated from the Higher and Further education bodies</p> <p>1 nominated from the Academy bodies</p> <p>1 nominated by the trades unions</p>
Non-voting members (3)	<p>1 nominated from the Parish Councils</p> <p>Up to 2 nominated from different Trades Unions</p>

The Council will nominate the Chair and Vice Chair of the Committee. The Vice Chair will be the Chair of Investment Panel.

Meetings

Meetings will be held at least quarterly. Meetings will be held in public, though the public may be excluded from individual items of business in accordance with the usual exemption procedures.

Quorum

The quorum of the Committee shall be 5 voting members who shall include at least 1 member from Bath and North East Somerset Council

Substitution

Named substitutes to the Committee are allowed.

(2) INVESTMENT PANEL

Committee Scope

The role of the Avon Pension Fund Committee Investment Panel shall be to consider, in detail matters relating to the investment of the assets within the strategic investment framework and performance of investment managers in achieving the Fund's investment objectives.

Functions

The Investment Panel will:

1. Review strategic and emerging opportunities outside the strategic asset allocation and make recommendations to the Committee.
2. Review the performance of the investment and risk management strategies
3. Report matters of strategic importance to the Committee.

And have delegated authority for:

4. Monitoring the transition of assets to the Brunel portfolios and allocate assets to the relevant portfolio offered by Brunel
5. Approve and monitor tactical positions within strategic allocation ranges.
6. Approve allocations to emerging opportunities within the strategic allocations.
7. Approve commitments to Brunel's private market portfolios at each commitment cycle to maintain strategic allocations.
8. For the Risk Management Strategies monitor the outcome versus strategic objectives and consider whether any strategic changes are required to manage emerging risks.
9. For assets held outside Brunel:
 - a) Implement investment management arrangements in line with strategic policy.
 - b) Monitor investment managers' investment performance and make decision to terminate mandates on performance grounds.
10. Monitor the investment performance of the portfolios managed by BPP Ltd and report to Committee on investment matters with specific reference to strategy delivery.
11. Delegate specific decisions to Officers as appropriate.

Composition

The Panel shall comprise a maximum of 6 voting Members of the Avon Pension Fund Committee, of which 3 shall be Bath and North East Somerset Councillors (including the Chair and Vice-Chair of the Committee) and the 3 Independent Members.

Note: The appointment of Bath and North East Somerset Councillors to the Panel is subject to the rules of political proportionality of the Council.

Members shall be appointed to the Panel for a full 4-year Committee term.

The Council will nominate the Chair of the Panel.

Panel Meetings

Though called a "Panel", it is an ordinary sub-committee of the Committee. Accordingly, meetings must be held in public, though the public may be excluded from individual items of business in accordance with the usual exemption procedures.

The Panel shall meet at least quarterly ahead of the Committee meeting on dates agreed by Members of the Panel.

Quorum

The quorum of the Panel shall comprise 3 Members, who shall include at least one Member who is not a Bath & North East Somerset Councillor.

Substitution

Substitutes for the Panel must be members of Committee or their named Committee substitute.

Minutes

Minutes of Panel meetings (whether or not approved by the Panel) shall appear as an item on the next agenda of the meeting of the Committee that follows a meeting of the Panel.

(3) BRUNEL OVERSIGHT BOARD REPRESENTATIVE

Committee Scope

Brunel Oversight Board (the Board) is the primary governance body within the Brunel Pension Partnership. Each Fund within the partnership has a representative on the Board and this representative represents the Committee when discharging its duties.

Functions

Acting for the administering authorities in their capacity as shareholders in BPP Ltd., the Board has responsibility for ensuring that BPP Ltd delivers the services required to achieve investment pooling across the Brunel Pension Partnership.

Subject to the terms of reference for the Board and the applicable shareholder documentation, the Board's role is to consider and address relevant matters on behalf of the administering authorities. These include the monitoring and strategic oversight functions necessary to its role, as well as acting as a conduit and focus of shareholder requirements and views.

Consistent with this role, the Board's duties include reviewing and discussing any matter which it considers appropriate in relation to BPP Ltd including BPP Ltd.'s services, performance, operations, governance, strategy, financing and management.

The main duties of the Board Representative are:

1. To represent the Committee and Shareholder on the Brunel Oversight Board.
2. To ensure that the Committee's views are communicated to the Board and BPP Ltd.
3. To ensure the Fund's and shareholder's interests are protected within Brunel in line with the legal framework within which Brunel operates.
4. To report back to the Committee and Shareholder all relevant issues discussed by the Board and recommendations to the Brunel Client Group and/or the Shareholders.
5. To seek the consensus view of the Committee for Shareholder and Board matters where necessary.
6. To raise issues with the Board at the request of Committee members, the shareholder representative or Head of Pensions.

(4) BRUNEL PENSION PARTNERSHIP WORKING GROUP

Committee Scope

This is a group of Committee members whose role is to consider in greater detail any issues arising from Brunel Pension Partnership with Officers, for example Reserve Matters, papers to be discussed at BOB. This will not include routine investment matters which are monitored by the Investment Panel.

Functions

With regard to any matters arising from Brunel Pension Partnership where the Avon Pension Fund have an interest:

- a) to consider each matter that will be brought to the Pension Committee and/or Shareholder representative for decisions in due course
- b) to provide guidance to the Pension Committee and/or Shareholder Representative in relation to each matter when they are being considered
- c) to provide guidance to the BOB representative as required
- d) to make recommendations to the Pension Committee regarding general oversight of the pool, as considered appropriate.

Composition

This group will consist of:

- a) the BOB Representative,
- b) named BOB substitute
- c) the Chair and/or Vice Chair if not the BOB representative /substitute
- d) an independent committee member.
- e) Head of Pensions
- f) Group Manager, Funding, Investments and Risk

Quorum

The Working Group shall be quorate if three members are in attendance, with at least 2 that are not fund officers. The Head of Pensions shall chair the Working Group.

Meeting Arrangements

The Working Group shall meet as and when required as determined by the Head of Pensions. Meetings may be via telephone conference.

Key discussions and action points from the Working Group will be recorded and the committee will be updated at the next committee meeting.

(5) OFFICER DELEGATIONS

In addition to the responsibilities listed in the Council's scheme of delegation, some additional responsibilities for functions specifically related to pension fund activities and the authorisation of transactions have been delegated to officers by the Pension Fund Committee. These are set out in the Fund's Scheme of Delegation and include the following:

1. Implementation and day to day monitoring of the administration, investment and funding strategies and related policies.
2. Implementing investments in emerging opportunities within strategic allocations, either to be managed outside Brunel or instruct allocation to Brunel portfolio.
3. Implementing investment management arrangements in line with the strategic policy as follows:
 - a. For assets managed outside Brunel, this includes the setting of mandate parameters and the appointment of managers, in consultation with the Investment Panel.
 - b. For assets managed within Brunel, deciding and instructing the allocation to each Brunel portfolio.

4. Implement the strategic risk management objectives of the Fund and take necessary action to ensure delivery of strategic outcomes. Ongoing consideration of these issues will be undertaken by the Funding and Risk Management Group (see section 6) who will report decisions and ongoing considerations to the Investment Panel.
5. Rebalancing the investment assets to target strategic allocations, when deemed prudent to do so, taking account of tactical allocations approved by the Investment Panel.
6. Representing the Fund on the Brunel Client Group to develop Brunel investment strategies and policies which effectively support the interests of the Fund.
7. Commissioning Elective Services from BPP Ltd and issuing instructions as permitted by the Brunel Service Agreement to BPP Ltd.
8. The appointment of specialist advisors to support the Committee and Officers in discharging their functions.
9. Determining policies that support the investment and funding strategies having taken expert advice.
10. In consultation with the Chair of the Committee, the Head of Pensions will approve the draft Statement of Accounts and Annual Report for audit.
11. Authorising expenditure from the Fund in accordance with the annual budget.
12. Admitting new admitted bodies into the Fund subject to them meeting Fund policy.
13. The Head of Pensions has authority to dismiss investment managers, advisors and 3rd party providers if urgent action is required (does not refer to performance failures but to their inability to fulfil their contractual obligations or a material failing of the company).
14. The Head of Pensions has authority to suspend policy (in consultation with the Chairs of Committee and Panel) in times of extreme market volatility where protection of capital is paramount.
15. Under its wider delegated powers, the Head of Pensions has delegated authority to effectively manage the liabilities of the Fund including the recovery of debt.
16. Exercising the discretions specified in the Local Government Pension Scheme Regulations in connection with deciding entitlement to pension benefits or the award or distribution thereof.
17. The Scheme Advisory Board's (SAB) Good Governance Review recommends that *"Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund (the LGPS senior officer)."* The Head of Pensions has been formally recognised as the LGPS Senior Officer in the Council's constitution at Council Meeting held 21st July 2022.

(6) FUNDING AND RISK MANAGEMENT GROUP

Committee Scope

The Funding and Risk Management Group (FRMG) is a group of Avon Pension Fund officers and specialist advisors whose role is to consider in greater detail all strategic and operational aspects of the Risk Management Strategies.

Functions

In addition, it has specific delegated authority as follows:

1. Agree the operational structures to meet the strategic objectives determined by the Avon Pension Committee
2. Make changes to the structures as needed to ensure strategic outcomes continue to be achieved or to manage emerging risk
3. Implement the strategies including
 - a. Counterparty selection
 - b. Trigger frameworks
 - c. Collateral arrangements
 - d. Setting benchmarks
4. Determine the framework for monitoring the strategies and reporting to Panel & Committee

Composition

The Group will consist of the following:

From the Avon Pension Fund:

- Head of Pensions
- Group Manager, Funding, Investments and Risk
- Investment Manager
- Senior Investments Officer
- Other Fund Officers as required (for example Funding Manager, Governance & Risk Advisor)

Advisors

- Investment Consultant or deputy
- Risk Consultant or deputy
- Scheme Actuary or deputy
- Investment Manager as required

Quorum

FRMG shall be quorate if the following are in attendance:

- 2 Pension Fund Officers one of which must be the Head of Pensions or Group Manager, Funding, Investments and Risk
- Risk Consultant or deputy
- Investment Consultant or Scheme Actuary

Meeting Arrangements

FRMG will meet as and when required as determined by the Head of Pensions/Group Manager, Funding, Investments and Risk, but at a minimum quarterly. Meetings will be virtual.

Meetings will be chaired by the Head of Pensions or Group Manager, Funding, Investments and Risk. Key discussion and action points will be recorded, and minutes will be circulated to the Investment Panel. The group will also update the Panel at the following meeting.

Draft to be approved by the Avon Pension Fund Committee 24 June 2022

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Avon Pension Fund - Governance Compliance Statement

The Local Government Pension Scheme Regulations 2013 (as amended) require the administering authority to prepare a Governance Compliance Statement. This statement should be read in conjunction with the Avon Pension Fund Terms of Reference.

Statutory Governance Principles	Compliance status and justification of non-compliance
A - Structure	Compliant
<p>a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.</p> <p>b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.</p> <p>c) That where a secondary committee or panel has</p>	<p>Bath & North East Somerset Council, as administering authority, has executive responsibility for the Fund. The Council delegates its responsibility for administering the Fund to the Avon Pension Fund Committee (APFC) which is the formal decision making body for the Fund. The committee is subject to Terms of Reference as agreed by the Council, the Council's standing orders and financial regulations including the Codes of Practice. In addition to the responsibilities listed in the Council's scheme of delegation, some additional responsibilities for functions specifically related to pension fund activities and the authorisation of transactions have been delegated to officers by the Pension Fund Committee and these are set out in the Fund's Scheme of Delegation.</p> <p>The APFC consists of 14 voting members, viz:</p> <ul style="list-style-type: none"> - 5 elected members from Bath & North East Somerset Council - 3 elected members from the other West Of England unitary councils - 1 nominated by the trades unions - 1 nominated by the Higher/Further education bodies - 1 nominated by Academy bodies - 3 independent members <p>and 3 non-voting members, viz:</p> <ul style="list-style-type: none"> - 2 nominated by the trades unions - 1 nominated by the Parish/Town Councils <p>The Avon Pension Fund has a sub-committee, the Investment Panel, to consider</p>

been established, the structure ensures effective communication across both levels.

- d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.
- e) The terms, structure and operational procedures relating to the Avon Pension Fund Pension Board have been established

matters relating to the management and investment of the assets of the Fund in greater detail. The Investment Panel is made up of members of the main committee. The Panel has delegated powers to take decisions on specific issues and otherwise makes recommendations to the Committee. The minutes of Investment Panel meetings form part of the main committee agenda.

Every member of the Investment Panel is a member of the main committee.

The Board's remit is to assist the administering authority to

- (i) secure compliance with the LGPS regulations, any other legislation relating to the governance and administration of the Scheme, the requirements imposed by the Pensions Regulator in relation to the Scheme and
- (ii) ensure the effective and efficient governance and administration of the Scheme.

The Pension Board comprises 7 members, 3 employee members, 3 employer members and an independent chairperson. Employer and employee members have voting rights.

The Board will publish an annual report to Council containing any recommendations on process or governance. The Board will report any material concerns to the S151 Officer.

Board minutes will be circulated to the administering authority (the Pension Committee), S151 Officer and Monitoring Officer. The Board is required to report breaches of law or material (and not actioned) breaches of the Code of Practice to the Pensions Regulator.

Where any breach of duty is committed or alleged to have been committed by the Administering Authority (the Pension Committee) the Board shall:

<p>f) The Avon Pension Fund is represented on the governance arrangements of Brunel Pension Partnership.</p>	<ol style="list-style-type: none"> 1. Discuss the breach or alleged breach that is identified with Pension Committee Chair and the proposed actions to be taken by the Board 2. Enable the Chair of the Committee to review the issue and report back to the Board on the breach 3. The Board will determine action and if sufficiently material will report the breach to the Pensions Regulator or the Scheme Advisory Board as set out in the regulations. <p>The Fund has established an FCA regulated company (Brunel) with 9 other LGPS funds which implements the investment strategies of all 10 funds (known as the Brunel Pension Partnership). The Fund allocates its assets to portfolios offered by Brunel in line with the Investment Strategy agreed by the Committee. The Chair of the APFC represents the Avon Pension Fund on the Brunel Oversight Board (BOB). The Investments Manager represents the Fund on the Client Group, a practitioner group to support BOB and engage directly with Brunel.</p> <p>Minutes of BOB meetings are included in Pension Fund Committee and Pension Board agendas.</p> <p>A Brunel Working Group, comprising the Chair and Vice Chair of the Committee, the BOB representative (if not the Chair or Vice Chair), the Head of Pensions and the Investments Manager has been established to consider in detail any issues arising from Brunel Pension Partnership such as reserve Matters.</p>
<p>B – Representation</p>	<p>Partial Compliance</p>
<p>a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ol style="list-style-type: none"> i) employing authorities (including non-scheme employers , e.g. admission bodies); 	<p>In 2019 The Avon Pension Fund changed the structure of the Committee to represent a wider range of employers by including an Academies representative plus a further independent representative.</p>

<p>ii) scheme members (including deferred and pensioner scheme members);</p> <p>iii) where appropriate, independent professional observers;</p> <p>iv) expert advisors.</p> <p>b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings,</p>	<p>There are 14 voting members representing employers across the unitary authorities, Higher and Further Education bodies and now Academies, plus 1 non-voting member representing the Parish /Town Councils. Admission Bodies are not formally represented within the committee structure as it is difficult from a purely practical perspective to have meaningful representation from such a diverse group of employers. The appointment of independent members with voting rights was, in part, to provide representation on the committee independent of all the employing bodies. All employing bodies are included in all consultation exercises that the Fund undertakes with its stakeholders.</p> <p>There are arrangements in place for the public, including employing bodies and members of the Avon Pension Fund to make representations to the committee at the committee meetings.</p> <p>There are up to 3 trades union representatives (1 with voting rights and 2 non-voting), nominated by the individual trade unions on the committee. These committee members also represent the deferred and pensioner members.</p> <p>The Fund has not appointed an independent professional observer. The committee has procedures in place to monitor and control risk and there is significant external oversight of the Fund, committee and decision-making process.</p> <p>Furthermore, three members are appointed to the committee independent of the administering authority and other stakeholders to strengthen the independence of the governance process. Lastly the pension fund and its governance processes are scrutinised annually by the external audit.</p> <p>The Fund's investment consultant attends all committee and panel meetings and other expert advisors, such as the Scheme Actuary, attend on an adhoc basis when appropriate.</p> <p>All members of the committee are treated equally in terms of access to papers, meetings and training. Although some members do not have voting rights, they</p>
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training and are given full opportunity to contribute to the decision making process, with or without voting rights.	are given full opportunity to undertake training and contribute to the decision making process.
C – Selection and role of lay members	Compliant
<p>a) That the committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p> <p>b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>	<p>The Fund has separate job descriptions for the voting and non-voting members, which set out the role and responsibilities for each position within the committee. These are circulated to the relevant bodies prior to members being appointed to the committee.</p> <p>Declarations of interest is a standing item on every committee agenda.</p>
D – Voting	Compliant
<p>a) The policy of individual administering authorities on voting rights is clear and transparent, including justification for not extending voting rights to each body or group on main LGPS committees.</p>	<p>The Fund has a clear policy on voting rights and has extended the voting franchise to non-administering authority employers and scheme member representatives.</p>
E – Training/Facility time/ Expenses	Compliant
<p>a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision making process.</p> <p>b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.</p> <p>c) That the administering authority considers the adoption of annual training plans for committee</p>	<p>The Fund has a clear policy on training and maintains a training log. The costs of approved external training courses are paid by the Fund for all members. All members are invited to workshops organised by the Fund. Expenses are paid in line with the allowances scheme for each employer/stakeholder.</p> <p>See above.</p> <p>The Fund requires new members without prior experience of the Local Government Pension Scheme to attend a customised training course. A formal</p>

members and maintains a log of all such training.	training plan is not set on an annual basis as it is responsive to the needs of the committee agenda. A training log is maintained.
F – Meetings (frequency/quorum)	Compliant
<p>a) That an administering authority's main committee or committees meet at least quarterly.</p> <p>b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.</p> <p>c) That administering authorities who does not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.</p>	<p>The committee meetings are held quarterly.</p> <p>The Investment Panel meets at least quarterly, synchronised to occur ahead of the main committee meetings.</p> <p>Lay members are included in the formal arrangements.</p>
G – Access	Compliant
<p>a) That subject to any rules in the council's constitution, all members of main and secondary committees or panels has equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.</p>	All members of the committee have equal access to meeting papers and advice.
H - Scope	Compliant
<p>a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.</p>	The terms of reference include all aspects of benefits administration and admissions to the Fund.
I – Publicity	Compliant
<p>a) That administering authorities have published</p>	All statutory documents including the Governance Compliance Statement are

details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.

made available to the public via the Avon Pension Fund's website or are available on request from the Governance & Risk Advisor. A summary of the governance compliance statement is included in the Annual Report.

Approved by Avon Pension Fund Committee on 28 June 2021

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Avon Pension Fund Conflicts of Interest Policy

Version	Reason for change	Date
DRAFT V1.0	First draft	May 2022

1 Background

This policy sets out how Bath and North East Somerset Council (the “Council”) will identify, manage and mitigate potential conflicts of interest that may arise in carrying out its role as the administering authority for the Avon Pension Fund (the “Fund”).

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest. Furthermore, those individuals involved in managing, overseeing or advising the Fund may, from time to time, find that they face competing incentives, financial or otherwise, as a result of their professional or personal circumstances.

In addition, members of the committee who represent an employer or stakeholder group may also have conflicts of interest between their role as committee member and the view or stance of their employer/ stakeholder group.

It is important, therefore, that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all the Fund’s employers and scheme members are treated fairly and equitably.

2 Objectives

- To ensure that those involved in the operation of the Fund fulfil their duties under public law to act solely in the interests of the Fund’s employers and scheme members.
- To provide confidence to scheme members, employers, regulators or any other interested parties that those responsible for the Fund are fully committed to identifying, managing and monitoring conflicts of interest.
- To minimise the risk to the Fund that conflicts of interest arise that prejudice good decision making or any other aspect of the good management of the Fund.
- To promote openness, transparency and a commitment to the Seven Principles of Public Life in all aspects of the Fund’s business.

3 Application of this policy

This policy applies to all members of the Avon pension committee, local pension board, section 151 officer, officers who carry out functions on behalf of the Pension Committee and any third parties providing advice or services to the Fund.

Every individual covered by this policy must take individual responsibility for the management of potential conflicts of interest.

The **Governance & Risk Advisor** will be responsible for ensuring that this policy is adhered to and that any processes for managing conflicts of interest are followed.

In any situation where the Governance & Risk Advisor may have a potential or actual conflict of interest, the responsibility for ensuring that this policy is adhered to and that any relevant processes are followed shall lie with the monitoring officer for Bath and North East Somerset Council.

4 Defining Conflicts of Interest

The Fund has adopted the definition of conflict of interest defined in The Public Service Pensions Act 2013¹;

“conflict of interest”, in relation to a person, means a financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).

In addition to this policy there are other legal requirements which are also relevant to the Fund's management of conflicts of interest, these include;

- Regulation 108 of The LGPS Regulations 2013, which places duties on The Council, as the administering authority to the Fund, to be satisfied that Local Pension Board members do not have conflicts of interest on appointment to, or whilst a member of, the Board.
- The Localism Act 2011² requires elected members to comply with their own authority's code of conduct and to declare pecuniary interest and interests other than pecuniary interests.
- The 'Seven Principles of Public Life', also known as the 'Nolan Principles', with which any holder of public office is also expected to comply. These are;

Selflessness Holders of public office should act solely in terms of the public interest.

Integrity Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty Holders of public office should be truthful.

Leadership Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

5 Managing conflicts of interest

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest to arise in certain areas. It is important that these potential conflicts are managed in order to ensure that no actual or

¹ Section 5(5)

² Chapter 7

perceived conflict of interest arises and that all the Fund's employers and scheme members are treated fairly and equitably.

These areas are considered in more detail below.

Contribution setting for employers

The setting of employer contribution rates must be done in a way that is fair and transparent. No employer or individual should be in the position to unduly influence the contribution setting process.

The Fund achieves this in the following ways:

- The Funding Strategy Statement sets out the Fund's approach to all funding related matters including the setting of contribution rates. This policy is set with regard to the advice of the Fund Actuary and is opened to consultation with all Fund employers before being formally adopted by the Pension Committee. The approach to contribution setting is based on specific employer characteristics such as its time horizon, strength of covenant and risk profile. This approach ensures consistency across all employers and removes the possibility of any employer receiving more, or less, favourable treatment.

Delivering the LGPS function for all employers

All employers within the Fund are entitled to receive the same high-quality service and support from the Fund. Equally, the expectation on employers in respect of their obligations under the LGPS are the same for all employers. There should be no perception that the Council receives more favourable terms with regards to the service received from, or the obligations expected to, the Fund.

- The Fund's administration strategy sets out the way in which the Fund works with its employers and the mutual service standards expected. The policy details how the Fund will assist employers to ensure that they are best placed to meet their statutory LGPS obligations. On occasions where an employer's failure to comply with required processes and standards has led to the Fund incurring additional cost, the policy also provides for that cost to be recovered from the employer in question. This policy has been opened to consultation with all the Fund's employers and is operated in a consistent fashion across all the employer base.
- The pension fund is run for the benefit of its members and on behalf of all its employers. It is important therefore that the Fund's budget is set and managed separately from the expenditure of the Council. Decisions regarding pension fund resource are approved by the Pension Committee on recommendation from the Head of Pensions.

Investment decisions

The primary investment objective of the Fund is to ensure that over the long term there will be sufficient assets to meet all pension liabilities as they fall due. Investment decisions have an impact on all employers within the Fund and so should reflect the long-term requirements of the Fund.

- The Investment Strategy Statement sets out how the Fund's money will be invested in order to meet future liabilities and contains the Fund's investment objectives and the asset classes in which it will invest. It also contains the Fund's approach to assessing environmental, social and governance risks and how it will act as a responsible asset owner with regard to engagement and voting shares for companies in which it is invested. The Statement also explains the Fund's approach to investments which deliver a social impact as well as a purely financial return.
- The Investment Strategy Statement is a statement of the beliefs, objectives and strategies pertaining to pension fund investments and is separate to and distinct from any policies that apply to the Council, any other employer or stakeholder group. For example, the local authorities within the Fund may have particular strategies regarding tobacco investment as a consequence of their public health duties. This should remain distinct from the Fund's

investment strategy, as set by the Pension Committee and which is operated on behalf of all Fund employers. A similar situation arises in respect of a local authority's policy regarding matters such as investment in local housing or other infrastructure within the Avon area, which remain distinct from the policies and strategies of the Pension Fund.

- From time to time the Council may pursue certain climate related goals, for example a commitment to being carbon neutral by a certain date. Actions taken in pursuit of these goals may impact on members and employees of the Council in certain ways, for example members and staff may be required to pursue low carbon travel options when travelling on Council business. Where this is the case, members and employees carrying out work related to the management of the Fund will be subject to the same policies as all other Council members or staff, insofar as they reflect operational matters. However, decisions in respect of Fund investments are made by the Pension Fund Committee on behalf of all employers in the Fund and as such will be made independently of any such Council or scheme employer policies and strategies, though the Committee could independently reach the same outcomes.
- All investment decisions are taken in accordance with the Investment Strategy Statement, following appropriate professional advice. No person with a conflict of interest relating to a particular investment decision may take part in that decision.
- The Fund invests its assets in a wide range of investments across the world. Inevitably, some of the businesses it invests in may be regulated by one or more of the scheme employers. Any conflict of interest between the Fund and the scheme employers is mitigated as far as reasonably practicable. Fund officers responsible for the operation of the Fund are a separate team in the Council and separated from all other employing bodies and they will act for, and represent the views of, the pension fund and not an employer and will adhere to pension fund policies at all times.
- Selection and management of the investment portfolios have been delegated to Brunel Pension Partnership (Brunel) and the Fund only directly manages a few legacy pooled funds. Decisions regarding the legacy portfolios are the responsibility of the Committee. The Fund is not involved in the decisions regarding the selection of individual companies in the Brunel managed portfolios. Neither does the Fund direct voting decisions concerning companies held within its portfolios as this is delegated to Brunel.

Standards and behaviours

It is important that those managing the Fund adhere to the highest standards of public office.

- The Bath and North East Somerset Council Code of Conduct for Members applies to all members or voting co-opted members of the Council. In addition, the code has been adopted to apply to all members of the Pension Committee and Local Pension Board. The policy (<http://vm-civ-mgov/documents/s67874/Code%20of%20Conduct%20and%20Interest%20rules.pdf>) sets out the Council's approach to;
 - Standards of behaviour
 - Registration of members' interests
 - Disclosable pecuniary interests
 - Sensitive interests
 - Gifts and hospitality

Pooling

The Council is one of 10 equal shareholders in the Brunel Pension Partnership ("BPP"). The shareholders, as LGPS administering authorities, also purchase investment management services

from BPP. The nature of this relationship has the potential to lead to conflicts of interest that must be managed. The following mechanisms are in place.

- The interests of the shareholders of BPP and those of any specific administering authority may not always be aligned. To ensure that the interests of the shareholders and of those procuring services from BPP are both protected it is important that there is appropriate separation between the two functions. The Shareholder Agreement sets out the obligations and rights for each party in the pool and the Service Agreement sets out the services to be provided to each client. Included are processes for resolving disagreements and conflicts between the differing parties. The governance arrangements that include committee representatives and officer representatives is designed to reach consensus across the pool on all matters where possible.
- BPP has its own conflicts of interest policy, contained within the Service Agreement (specifically Schedule 7 (Manager's Conflicts of Interest Policy)) signed by all 10 client funds. This document contains the key principle that "Brunel should not provide services in a manner that will advance one client's interest over another's". The policy sets out how BPP manages potential conflicts of interest through the various mechanism, which are summarised below;
 - Training staff on the types of conflicts which may arise, including providing examples of such potential conflicts
 - Adopting specific policies on potential conflict situations that may arise through the possession of inside information, such as its Market Abuse & Insider Information Policy, Personal Account Dealing Policy and Gifts & Entertainment Policy
 - Requiring all staff to disclose conflicts immediately upon becoming aware of them
 - Setting out clear roles and responsibilities, both in relation to the Policy and the processes described within it
 - Maintaining a register of staff external interests to allow potential conflicts to be identified and avoided before they arise
 - Maintaining a register of instances of conflicts as they arise
 - Carrying out a rigorous assessment of any potential conflicts that are identified and adopting appropriate measures, including escalation where required, to avoid or minimise any actual conflicts, always putting clients' interests first
- It is important that no administering authority has undue influence on decisions made by Brunel. In order ensure this is the case the service agreement requires that BPP must act in the interest of the Pool as a whole and may not favour any individual or group of funds over the rest. The Shareholders Agreement requires that certain key decision must be carried with agreement from eight of the ten constituent funds. Some decisions must be carried unanimously.
- There is a provision within the Service Agreement for individual client funds to contract separately for service from BPP. This might occur where a funds wishes to access an asset class that no other funds require. In reaching such agreements BPP must recognise its obligation to act in the interest of all Pool members and so may not enter into such an arrangement where there may be a conflict of interest with other constituent funds or where doing so may lead to a detrimental service being provided to the Pool as a whole.
- Given the nature of the LGPS the likelihood exists that individuals with particular skills may move from employment with an administering authority to BPP or the other way around. This is perfectly appropriate, and the transfer of knowledge can be beneficial to all parties. However, it is important that there is no suggestion that any individual is in a position to influence unduly the recruitment or remuneration setting processes. This is managed by ensuring that all recruitment to BPP and to the constituent funds is carried out through a

robust, open, competitive recruitment process involving HR professionals. Furthermore, key shareholder decisions such as those relating to remuneration policy must be carried unanimously by the ten funds. This ensures that no one individual has the ability to influence policy in those areas unduly.

Third parties

- The Fund requires its professional advisors, suppliers and any other third-party providing advice or services to have in place conflict management plans which set out how those firms will;
 - declare any potential conflict of interest that exists on appointment;
 - communicate with the Administering Authority on any conflicts of interest that arise during the course of the contract;
 - put in place processes that will manage those conflicts;

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6 How conflicts of interest will be managed

In addition to the framework of policies set out in section 5, Bath and North East Somerset Council will manage conflicts of interest in the following way;

Declarations of interest on appointment

On appointment to the pension committee, local pension board or to a role on the Pension Management Team, or at the date of commencement of this policy if later, all individuals will be provided with a copy of this policy and be required to complete a declaration of interest form. This information will be collated in the Fund's register of interests.

Advisers and service providers will be provided with a copy of this policy on appointment, or at the date of commencement of this policy if later. Advisers and service providers must declare any commercial or personal relationships which may result in conflicts of interest arising or which may give the perception that a conflict of interest exists or may do so in future.

Continued monitoring of potential conflicts of interest

Any individual covered by this policy must declare, at the earliest opportunity, if their circumstances change in such a way that a new potential or actual conflict of interest arises, or if a former conflict ceases to apply. The register of interests will be updated accordingly.

If any individual covered by this policy becomes aware that a pension committee meeting, local pension board meeting or any other meeting concerning matters relating to the Avon Pension Fund will contain an item that places them in a conflicted position they must advise the Chair of the meeting and Head of Pensions. The Head of Pensions, taking such advice as they consider appropriate will be responsible for determining the action to be taken.

From time to time a conflict of interest may arise during a meeting which was not anticipated prior to the meeting. In such cases the individual to whom the conflict pertains should advise the clerk and make an immediate declaration. Any other person may make the clerk aware if they believe an individual participating in the meeting has a conflict of interest. The clerk of the meeting and the chair, taking such advice as they consider appropriate will be responsible for determining the action to be taken.

Managing conflicts of interest

The options for managing a conflict are as follows;

- The individual is excluded from the meeting for the period during which the item pertaining to the potential or actual conflict of interest is discussed. If the item is one in which papers are not made public under Part I of Schedule 12A of the Local Government Act 1972 then the member will not have access to those papers, or minutes relating to that item.
- If the item is one at which members of the public are allowed to speak, the individual may also speak having first declared their interest. The individual must not take any further part in that agenda item including the decision-making process.
- If the Head of Pensions, having taken advice that they consider appropriate, believes that an individual has a significant or persistent conflict of interest, such that it is impossible or impractical to manage and undermines their ability to carry out their role, the individual may be removed from their position.

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Local Government Pension Scheme

Avon Pension Fund Training Strategy

May 2022

Contents

	Page
Avon Pension Fund Training Strategy	3
Introduction	2
Objectives	2
Management and delivery	8
Approach	10
Flexibility	10
Maintaining knowledge	11
Risk Management	11
Reporting and Compliance	11
Budget and costs	11
Effective date	11
Review	11



Introduction

This is the training strategy of the Avon Pension Fund (“the Fund”). It has been established to aid the Pension Committee, Pension Board and Officers understanding of their respective responsibilities in relation to the Fund. This training strategy sets out how these key roles within the Fund will obtain and maintain the necessary knowledge and understanding to fulfil their role.

Objectives

The Fund’s objectives relating to knowledge and understanding are to:

- Ensure the Fund is appropriately managed and those individuals responsible for its management and administration have the appropriate knowledge and expertise;
- Ensures that there is the appropriate level of internal challenge and scrutiny on decisions and performance of the Fund;
- Ensure the effective governance and administration of the Fund; and
- Ensure decisions taken are robust and based on regulatory requirements or guidance of the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Housing, Communities and Local Government.

CIPFA Knowledge and Skills Framework – Pension Fund Committees

Although there is currently no legal requirement for knowledge and understanding for members of the Pension Committee it is the Fund’s opinion that members of the Pension Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board. As at date of writing, the ongoing SAB ‘good governance’ project signals a much stronger requirement on Pension Committee members knowledge and understanding.

The CIPFA framework, that was introduced in 2010, covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pension accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

Under each of the above headings the Framework sets out the knowledge required by those individuals responsible for Fund’s management and decision making. This framework is expected to be updated and the training strategy will be reviewed at this time.

CIPFA Technical Knowledge and Skills Framework – Local Pension Boards

CIPFA extended the Knowledge and Skills Framework in 2015 to specifically include Pension Board members, albeit there is an overlap with the original Framework. The 2015 Framework identifies the following areas as being key to the understanding of local pension board members;

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.

In 2021, CIPFA revised its Knowledge and Skills framework for Pension Committee, Boards and Senior Officers. The guide confirmed that Administering authorities must maintain effective, ongoing maintenance and development of knowledge, addressing gaps where required and increasing skills as appropriate. The new guide slightly adjusted the named topics for LGPS funds:

- Pensions legislation and guidance and national guidance;
- Local governance and pensions procurement, contract management and relationship matters;
- Funding Strategy and actuarial methods, and financial, accounting and audit matters;
- Investments – Strategy, asset allocation, pooling performance and risk management;
- Investments – Financial markets and products;
- Pensions Administration and Communications.

Links to The Scheme Advisory Board’s Good Governance project

In February 2019 the Scheme Advisory Board commissioned Hymans Robertson to consider options for enhancing LGPS governance arrangements to ensure that the Scheme is ready for the challenges ahead and at the same time retains local democratic accountability. Following extensive consultation and engagement with the LGPS community the SAB published 2 reports. The following recommendations from the second report relate directly to the attainment of knowledge and skills;

- Key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
- A requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.
- Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.

- Relevant professional bodies to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.

The findings of the Good Governance Review have yet to be formally adopted in statutory form, however, this Training Strategy recognises the principles behind the recommendations and seeks to embed them into the culture of the Avon Pension Fund.

The Pensions Regulator's E-learning toolkit

The Pensions Regulator has developed an online toolkit to help those running public service schemes understand the governance and administration requirements set out in its code of practice 14 – *Governance and administration of public service pension schemes*. The toolkit covers 7 short modules, which are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;
- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

The modules of the Regulator's toolkit are by their very nature generic, having to cater for all public service pension schemes. While they give a minimum appreciation of the knowledge and understanding requirements set out in the Code of Practice they do not cater for the specific requirements of the individual public service schemes.

As a result the Regulator's toolkit does not cover knowledge and skills requirements in areas such as Scheme regulations, the Fund's specific policies and the more general pension's legislation.

The new **single** code of practice from TPR is due in Summer 2022 and we will adjust this training strategy where appropriate at that time to account for this change.

Pension Committee

Under the constitution of Bath and North East Somerset Council, the Pension Committee has the responsibility "*To discharge the responsibilities of the Council as lead authority for the administration of the Avon Pensions Fund* ¹".

Members of the Committee must, therefore, have an understanding of all aspects of running the Fund and how to exercise their delegated powers effectively.

Members of the Pension Committee require an understanding of:

- their responsibilities as delegated under the constitution of Avon Council as the administering authority for the fund;
- the requirements relating to pension fund investments;
- the management and administration of the Fund;

¹ Section 2 : Council Functions Pg 53 ([Public Pack](#))[Agenda Document for Constitution, 28/08/2020 15:30](#)
(bathnes.gov.uk)

- controlling and monitoring the funding level; and
- effective governance and decision making in relation to the management and administration of the Fund.

There also exists a specific requirement under MiFID II², that those making investment decisions, must be able to demonstrate that they have the capacity to be treated as professional investors.

Expectations on Pension Committee Members

The role of Pension Committee member is an important one and there are certain expectations on those undertaking the role. These include;

- A commitment to attend and participate in training events and to adhere to the principles of this Training Strategy;
- The ability to use acquired knowledge to participate in meetings and to ask questions constructively of the information provided by officers, advisers and others;
- Judge the information provided in a fair and open-minded way that avoids pre-determining outcomes; and
- Operate within the terms of reference for the Pension Committee and the elected member code of conduct.

Local Pension Board

Under the constitution the Local Pension Board is required;

To provide assistance to Bath & North East Somerset Council as the LGPS Scheme Manager in securing compliance with:

- LGPS Regulations and any other legislation relating to the governance and administration of the LGPS;
- requirements imposed in relation to the LGPS by The Pensions Regulator;
- the agreed investment strategy; and
- any other matters as the LGPS regulations may specify.

The role of the Local Pension Board is to provide assistance to the administering authority to ensure that the fund is well run and complies with its legal responsibilities and best practice. The Local Pension Board does not replace the administering authority or make decisions which are the responsibility of the administering authority.

Local Pension Board members must be conversant with:

- the relevant LGPS Regulations and any other regulations governing the LGPS;
- guidance issued by The Pensions Regulator and other competent authorities, relevant to the LGPS;
- any policy or strategy documents as regards the management and administration of the Fund; and
- the law relating to pensions and such other matters as may be prescribed.

Expectations on Local Pension Board members

The training provided to members of Local Pension Boards will ensure that they are familiar with certain legal requirements with they must comply. These are listed below;

- Members must have the capacity to represent employers or scheme members, according to whether they themselves are an employer or scheme member representative;

² Markets in Financial Instruments Directive II (2014/65/EU)

- Members must not have conflicts of interest and must provide the administering authority with any information they require in order to ensure that conflicts do not exist or arise in future; and
- Have the appropriate level of knowledge and skills to carry out their role.

In addition, Local Pension Board members will be expected to demonstrate other attributes, including;

- A commitment to attend and participate in training events and to adhere to the principles of this Training Strategy;
- The ability to use acquired knowledge to participate in meetings and to ask questions constructively of the information provided by officers, advisers and others;
- Judge the information provided in a fair and open minded way that avoids pre-determining outcomes; and
- Operate within the terms of reference for the Pension Board.

Chief Finance Officer (Section 151 Officer)

The Chief Finance Officer has the responsibility under s151 of the Local Government Act 1972 for the proper administration of the authority's financial affairs, including those relating to the LGPS fund.

It is important therefore that the individual carrying out the role of the Chief Finance Officer has an appropriate knowledge of LGPS and pension matters.

The Chief Finance Officer should be familiar with:

- The LGPS landscape and the role of the administering authority;
- The wider legal and regulatory framework;
- Key bodies and organisations;
- External Scrutiny;
- Employer issues including outsourcing and restructuring; and
- The role of the actuary.

In addition, the Chief Finance Officer should be familiar with certain specific aspects of his or her role in respect of the LGPS, these include;

- CIPFA guidance of the role of the Chief Finance Officer in the LGPS;
- Fiduciary duties;
- Relevant case law; and
- LGPS funds in a local authority context.

The Chief Finance Officer has delegated specific LGPS related powers to the Head of Pensions under the constitution of Bath and North East Somerset Council. These include;

- The authority to dismiss investment managers, advisors and 3rd party providers if urgent action is required (does not refer to performance failures but to their inability to fulfil their contractual obligations or a material failing of the company).
- The authority to suspend policy (in consultation with the Chairs of Committee and Panel) in times of extreme market volatility where protection of capital is paramount

- The authority to effectively manage the liabilities of the Fund including the recovery of debt.

Head of Pensions

The Head of Pensions has responsibility for the operation of all aspects of the Fund and has delegated responsibilities in connection with the Council's role as administering authority for the Fund. Furthermore, the Head of Pensions provides expert advice and guidance to the pension committee. It is, therefore, expected that the Head of Pensions retains an exceptional level of knowledge, commensurate with the role.

The Head of Pensions should have an exceptional knowledge of;

- **Pensions legislations:** including LGPS, wider relevant pensions and guidance;
- **Pensions governance:** including legal and constitutional matters, relevant legal bodies and performance monitoring;
- **Pensions administration:** including administration and communications strategy, best practice in administration delivery and data management and security;
- **Funding and actuarial matters:** including setting funding strategy, employer risk and covenant, valuations and funding reporting and scrutiny;
- **Accounting and auditing:** including financial strategy, accounting, financial reporting and audit standards;
- **Investment strategy:** including asset allocation, pooling, performance and risk management;
- **Financial markets and products knowledge:** including MiFID II, pooling and asset classes; and
- **Procurement:** Including contract management, SLA's and relationship management.

Other officers responsible for the management and administration of the Fund

All individuals responsible for the management and delivery of the LGPS or who have a decision-making, scrutiny or oversight role require the appropriate training to ensure they are equipped to do their job well.

The knowledge and skills required of staff are set out in their job descriptions, including any formal qualifications required.

The exact nature and level of knowledge required will vary considerably by role.

Fund officers should have a strong understanding of:

- Relevant areas of the LGPS as required for the delivery of their role;
- The processes and procedures required to successfully carry out their role; and
- Any pension fund or Bath and North East Somerset Council policies which apply, for example IT security, data management, equality and diversity.

Participating Employers

The success of the Fund depends on the strength of the relationship between the administering authority and the employers that participate in it. Employers have a range of responsibilities within the LGPS and must employ individuals who have an understanding of those responsibilities.

Employers must be able to identify individuals who have an understanding of;

- Employer discretion policies;
- The role of the appointed person and the Internal dispute resolution procedure;
- Their responsibilities for starters, leavers and changes to membership as set out in the Fund's administration strategy;
- Their responsibilities for collecting and remitting contributions (including additional contributions);
- The reasons for leaving under the LGPS regulations;
- Providing information requested by the Fund at year end or as required; and
- Their responsibilities with respect to outsourcing, staff transfers and reorganisations.

Management and delivery

To achieve these objectives, the Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework (KSF) and the Pension Regulator Code of Practice to meet the skills set within that Framework. Attention will also be given to any guidance issued by the Scheme Advisory board (SAB), the Pensions Regulator and the Secretary of State.

The implementation of this Strategy and the delivery of the accompanying Training Plan will be the responsibility of the Fund's Governance & Risk Advisor. However, each individual with a requirement to attain knowledge and skills under this Strategy has a personal responsibility to ensure they meet the required standards and must fully engage with the process.

Training Needs Assessment

Committee and Board members, and officers covered by this Strategy will undergo a Training Needs Assessment (TNA), either following the adoption of this Strategy or upon commencing their role, whichever is later. The TNA will be used to identify areas of potential strength and weakness and will form of part of developing the Fund's training plan.

Specific TNA's on particular subjects will also be carried out as and when required by the Governance & Risk Advisor and will be used to inform subsequent training requirements.



Level of knowledge and skills required

In developing the training plan, consideration will be given as to the level of knowledge needed for each group of individuals. For example, the committee and board may require only an “awareness” or “general understanding” of some areas while an officer may require “detailed” or “expert” knowledge of the same topic.

The levels of knowledge that will be considered when drawing up the training plan and scheduling training events will be, in ascending order;

For committee and board members:

- An awareness – i.e. recognition that the subject matter exists
- A general understanding – i.e. understanding the basics in relation to the subject matter
- A strong understanding – i.e. a good level of knowledge in relation to the subject matter (but not necessary at detailed level).

For the officers:

- A strong understanding – i.e. a good level of knowledge in relation to the subject matter (but not necessary at detailed level)
- Detailed knowledge – i.e. knowledge of all aspects of the subject matter
- Expert knowledge – i.e. in-depth mastery of all aspects of knowledge in relation to the subject matter

Measuring the effectiveness of training

Following the delivery of training, each recipient of the training will be required to complete a biennial assessment of knowledge. The responses will be marked and the results collated and used to evidence level of understanding.

The Governance & Risk Advisor will also maintain a log of all training events and each individual’s attendance and assessment score.

Timing

Ideally, targeted training will be provided that is timely and directly relevant to the Committee and Board’s activities as set out in the Fund’s business plan.



Approach

This Strategy sets out how the Fund provides training to members of the Pension Committee and Pension Board. The Officers involved in the management and administration of the Fund will have their own team and personal training plans and career development objectives.

- **Induction training** - Pension Committee and Pension Board members will receive induction training to cover the role of the Fund, Pension Board and understand the duties and obligations of Bath and North East Somerset Council as the Administering Authority, including funding and investment matters.

Induction training will be arranged by the **Governance & Risk Advisor** and will be provided prior to the member attending their first committee or board meeting.

- **External courses** - Additionally, a number of specialist courses are run by bodies such as the Local Government Association, actuarial, governance and investment advisers as well as fund managers. Appropriate courses will be selected by the Governance & Risk Advisor and information circulated to members in advance. Courses will be selected for their relevance to the Training Plan.
- **Conferences** - There are also a number of suitable conferences run annually, which will be brought to members attention where appropriate. Of particular relevance are the LGA Annual Governance Conference, LGA Fundamentals Training, Pension and Lifetime Savings Association (PLSA) Conference, the Local Government Chronical (LGC) Local Authority Conference, and the Local Authority Pension Fund Forum (LAPFF) annual conference.

Appropriate conferences will be selected by the Governance & Risk Advisor and information circulated to members in advance. Conferences will be selected for their relevance to the Training Plan.

Additionally, consideration will be given to various training resources available in delivering training to Pension Committee and Pension Board members. These may include but are not restricted to:

- In-house and shared training events such as committee workshops where it improves economy, efficiency and effectiveness;
- Self-improvement and familiarisation with regulations and documents;
- The Pension Regulator's e-learning programme;
- Attending courses, seminars and external events;
- Internally developed training days and pre/post meeting sessions;
- Regular updates from officers and/or advisers;
- Informal discussion and one-to-one sessions;
- Formal presentations;
- Circulated reading material;
- E-learning.

Flexibility

When considering training for members of the Pension Committee and Pension Board it is recognised that individuals may have different learning styles. The Fund will seek, where possible, to ensure flexibility in the manner in which training is provided to support these different learning styles.



Maintaining knowledge

In addition to undertaking ongoing training to achieve the requirements of the CIPFA knowledge and skills framework Pension Committee and Pension Board members are expected to maintain their knowledge and understanding of topical issues through attendance at internal/external events and seminars where appropriate.

Owing to the changing world of pensions, it will also be necessary to attend ad hoc training on emerging issues or on a specific subject on which a decision is to be made in the near future.

Risk Management

The delivery of this training strategy is at risk in the event of -

- Frequent changes in membership of the Pension Committee or Pension Board;
- Poor individual commitment;
- Resources not being available;
- Poor standards of training;
- Inappropriate training plans.

These risks will be monitored, recorded and cross referenced with attendance details and assessment scores by the Governance & Risk Advisor and reported to the Pension Committee and Pension Board if their impact is likely to prevent the Fund from achieving the objectives of this Strategy.

Reporting and Compliance

In line with the CIPFA Code of Practice a disclosure will be made in the Fund's Annual Report and Accounts that covers:

- How the Knowledge and Skills framework has been applied;
- What assessment of training needs has been undertaken; and
- What training has been delivered against the identified training needs.

Budget and costs

A training budget will be agreed with the Pension Committee and costs fully scoped.

All direct costs and associated reasonable expenses for attendance of external courses and conferences will be met by the Fund, provided that the Governance & Risk Advisor's prior approval is sought before incurring any such expenses (other than routine costs associated with travelling to and from Pensions Board/Committee meetings) and appropriate receipts are sent to the Scheme Manager evidencing the expenses being claimed for.

Effective date

This strategy comes into effect from **[insert date]**.

Review

This strategy will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.



Signed by

_____ (Section 151 officer)

_____ (Head of Pensions)

_____ (Chair of Pension Committee)

_____ (Chair of Pension Board)

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Avon Pension Fund – Representation Policy

Background

The Local Government Act 1972 allows local authorities wide discretion over Committee appointments and delegations and so the issue of representation on the Pensions Committee remains one for local democracy.

Many pension committees have non-administering authority employer and scheme member representatives and practice varies as to whether these members have voting rights. Whilst administering authorities should retain a majority vote on decision making committees to reflect their statutory duties, best practice suggests that wider employer and scheme member representation on the Pension Committee is desirable.

The Fund is required under the regulations to publish a Governance Compliance Statement which demonstrates the extent to which the Fund complies with best practices in pension fund governance, including representation.

The Scheme Advisory Board’s Good Governance review phase 2 report published in November 2019 also made the recommendation that *“Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each party.”*

The terms of reference and composition of the Pension Committee is also set out within Bath & North East Somerset’s constitution:

<https://democracy.bathnes.gov.uk/documents/g5469/Public%20reports%20pack%2028th-Aug-2020%2015.30%20Constitution.pdf?T=10&Info=1>

Representation

The Fund aims to provide the opportunity for all stakeholders to be represented within the committee and Local Pension Board structures.

This policy sets out the Fund’s approach to representation of scheme members and non-administering authority employers.

Pension Committee

As administering authority, Bath and North East Somerset Council (the Council) has legal responsibility for the pension fund as set out in the Local Government Pension Scheme Regulations.

The Council has delegated responsibility for the Fund to the Avon Pension Fund Committee (the Committee) which is the formal decision-making body for the Fund. The Committee’s role is strategic in nature, setting policy framework and monitoring implementation and compliance within that framework.

Key stakeholders are represented as follows:

Unitary Authorities

Bath & North East Somerset Council nominates the Chair and Vice Chair of the Committee plus three further Councillors subject to the rules of political proportionality.

The other three unitary authorities within the Avon Pension Fund area (Bristol, South Gloucestershire & North Somerset) nominate a representative each.

Education Bodies

One representative nominated by Higher & Further education bodies and one nominated from Academy & Multi Academy Trust employers.

Parish Councils

One member is nominated by Parish Councils. This member is a non-voting member.

Trade Unions

Members (active, deferred and pensioner members) are represented by three trade union representatives from each of the main trade union bodies. One member will have voting rights. Voting rights are rotated between the three representatives each year.

Admission Bodies

Admission Bodies are currently not formally represented within the committee structure as it is difficult from a purely practical perspective to have meaningful representation from such a diverse group of employers.

All employing bodies are included in all consultation exercises that the Fund undertakes with its stakeholders.

There are arrangements in place for the public, including employing bodies and members of the Avon Pension Fund to make representations to the committee at the committee meetings.

Independent Members

Three independent members are appointed to the committee independent of the administering authority and other stakeholders to strengthen the independence of the governance process and to provide specialist knowledge of investments, funding and pensions administration.

The existing committee structure consists of:

Voting members (14):	<ul style="list-style-type: none"> • 5 elected members from Bath & North East Somerset Council • 3 elected members nominated from each of the other West of England unitary councils • 3 independent members • 1 nominated from the Higher/Further Education bodies • 1 nominated from Academy bodies • 1 nominated by the Trades Unions
Non-voting members (3):	<ul style="list-style-type: none"> • 1 nominated from the Parish Councils • 2 nominated from the Trades Unions

All members of the committee are treated equally in terms of access to papers, meetings and training. Although some members do not have voting rights, they are given full opportunity to undertake training and contribute to the decision making process.

The representation of the Committee was last reviewed in 2019 and will be further reviewed on a regular basis or at least every 3 years.

Pension Board

In accordance with Section 5 of the Public Service Pensions Act 2013 and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended), the Fund has established its Local Pension Board. The role of the Board is to assist the administering authority with compliance with regulations, requirements of the Pension Regulator (TPR) and to ensure effective and efficient governance and administration of the Scheme.

The Board has an advisory role in assisting the Administering Authority by making recommendations about compliance, process and governance. The Board does not have a decision-making role with regard to strategy or policy nor will it ratify or challenge decisions made by the administering authority. Its role is to have oversight of the governance process for making decisions and agreeing policy and assisting the Avon Pension Fund Committee in improving its governance and administrative arrangements.

There will be up to seven Board members comprising three member representatives, three employer representatives and an Independent Chairperson.

Member representatives can be drawn from the membership and are not restricted to Trades Union representatives. Employer representatives should be representative of the employers within the scheme.

No officer or councillor of the administering authority who is responsible for the discharge of any function under the LGPS regulations can be a member of the Board.

In respect of the Chairperson the term independent means having no current employment, contractual, financial or other material interest in either the Council or any scheme employer in the Avon Pension Fund. The Chairperson can delegate to another Board member if unable to attend a meeting.

The Service Director – One West will represent the Administering Authority as an independent support to the Board and oversee the operation of the Board to ensure it is achieving its terms of reference. They can make recommendations on any changes to Board membership or the terms of reference of the board to Council on an annual basis.

All member and employer representatives have voting rights. The independent chair is a non-voting member.

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Area	Task	Pension Committee	Pension Board	Investment Pool	S151 Officer	Senior LGPS Officer
Fund mission, objectives and beliefs	Develop Fund Mission Statement	Oversight	Specific Input	N/A	Specific Input	Specific Input
	Agree Fund Mission Statement	Approve	Notified	N/A	Notified	Recommend
	Develop structure of the pension function	Oversight	Specific Input	N/A	Specific Input	Specific Input
	Sign off structure	Approve	Notified	N/A	Notified	Recommend
	Develop Fund policy on representation	Oversight	Specific Input	N/A	Specific Input	Specific Input
	Recommend to Full Council representation policy	Recommend	Notified	N/A	Agree	Agree
	Develop Fund objectives for Governance, Funding, Investment and Delivery	Oversight	Specific Input	N/A	Notified	Specific Input
	Agree Fund objectives for Governance, Funding, Investment and Delivery	Approve	Notified	N/A	Notified	Recommend
	Agree Fund investment beliefs	Approve	Notified	N/A	Notified	Recommend
	Governance functions	Develop and oversee risk management framework	Approve	Oversight	Specific Input	Notified
Monitor and oversee the Valuation process		Oversight	Notified	N/A	Notified	Specific Input
Review of Fund covenant arrangements		Oversight	Notified	N/A	Notified	Specific Input
Agree assumptions to be used in valuation exercise		Approve	Notified	N/A	Notified	Agree
Agree Funding Strategy Statement		Approve	Oversight	N/A	Notified	Agree
Sign off contribution rates		Oversight	Notified	N/A	Notified	Agree
Sign off valuation results		Oversight	Notified	N/A	Notified	Agree
Approve adequate systems of internal controls		Approve	Oversight	N/A	Oversight	Recommend
Produce governance compliance statement		Approve	Oversight	N/A	Specific Input	Recommend
Develop business plan (inc. budget)		Specific Input	Specific Input	N/A	Oversight	Specific Input
Agree and sign off business plan		Approve	Oversight	N/A	Oversight	Recommend
Agree and sign off conflicts of interest policy		Approve	Oversight	N/A	Notified	Recommend
Develop administration strategy		Specific Input	Specific Input	N/A	Notified	Specific Input
Agree and sign off administration strategy		Approve	Oversight	N/A	Notified	Recommend
Agree Administration Authority discretionary policies		Approve	Oversight	N/A	Notified	Recommend
Agree and sign off communications policy		Approve	Oversight	N/A	Notified	Recommend
Agree and sign off training strategy		Approve	Oversight	N/A	Notified	Recommend
Agree cyber security policy and associated documents (i.e incident response plan)		Approve	Oversight	N/A	Notified	Recommend
Agree recommendations from Independent Governance Review		Approve	Oversight	N/A	Notified	Notified
Report breaches of the law		Specific Input	Specific Input	Specific Input	Specific Input	Specific Input
Approval of Terms of Reference for Committee and Pension Board		Approve	Notified	N/A	Oversight	Recommend
Approval of Scheme of Delegation		Approve	Oversight	N/A	Oversight	Recommend
Draft & approval of Committee's annual report to Council		Approve	Notified	N/A	Notified	Recommend
Draft and approval of Pension Board's annual report		Notified	Approve	N/A	Notified	Oversight
Approve report to Council for PC & PB's annual report to Council		Notified	Notified	N/A	Approve	Recommend
Fund Delivery	Completion of Year-end exercise/monthly data process	Notified	Oversight	N/A	Notified	Oversight
	Annual benefit statement process	Notified	Oversight	N/A	Notified	Oversight
	Issue annual allowance pension savings statements	Notified	Oversight	N/A	Notified	Oversight
	Develop appropriate key performance indicators (KPIs) - Governance compliance sta	Specific Input	Specific Input	N/A	Specific Input	Specific Input
	Sign off KPIs	Approve	Notified	N/A	Notified	Recommend
	Manage administrator performance against KPIs (inc. outsourced)	Oversight	Oversight	N/A	Notified	Specific Input
	Agree business continuity plans	Notified	Notified	N/A	Notified	Approve
	Compile and publish Fund Annual report	Notified	Notified	N/A	Notified	Approve
	Recommend approval of fund accounts to relevant committee	Notified	Notified	N/A	Recommend	Agree
	Agree anti-pension scam (anti-fraud) policy	Approve	Oversight	N/A	Oversight	Recommend
Agree data improvement plan	Approve	Specific Input	N/A	Notified	Recommend	
LGPS Investment	Agree asset allocation	Approve	Notified	Specific Input	Notified	Recommend
	Agree allocations to new asset classes	Approve	Notified	Specific Input	Notified	Recommend
	Agree Investment strategy statement (including RI)	Approve	Oversight	Specific Input	Notified	Recommend
	Recommend LGPS Investment pool for Fund to Full Council	Recommend	Notified	Specific Input	Agree	Agree
Monitoring and Oversight	Monitor the Fund's Investment performance	Oversight	Notified	Specific Input	Notified	Specific Input
	Monitor fund managers ESG and sustainability policies	Oversight	Notified	Specific Input	Notified	Specific Input
	Cashflow management	Oversight	Notified	Specific Input	Notified	Specific Input
	Treasury Management Policy	Approve	Notified	N/A	Notified	Recommend

Approve	Final approval to be given to a decision, usually following formal recommendation
Recommend	Recommendation of formal decision, having sought necessary advice and input from others
Advise	Professional advice
Oversight	Scrutiny of decisions or recommendations
Specific Input	Providing specific input or expertise in relation to recommendations or decisions to be taken
Agree	Agree decisions
Notified	Notified of decisions as part of overall responsibilities, where the decisions may be of interest
N/A	Specific group or individual is not impacted by the recommendations or decisions taken

Avon Pension Fund

Good Governance GAP Analysis

February 2022

Ian Colvin

Andrew McKerns

For and on behalf of Hymans Robertson LLP

Contents

Good Governance GAP Analysis

Page

1	Introduction	3
2	Executive Summary	5
3	Structure and Senior LGPS Officer	6
4	Annual Governance Compliance Statement	9
5	Conflicts of Interest Policy	12
6	Approach to Representation	14
7	Knowledge and Skills Policy	17
8	Roles and Responsibilities Matrix	20
9	Administration Strategy Review	23
10	Key Performance Indicators	25
11	Approach to Business Planning	29
12	Conclusions	32
13	Reliances and Limitations	34

Appendices

Good Governance Recommendations

1 Introduction

Background

The Good Governance review was undertaken by Hymans Robertson on behalf of the England and Wales Scheme Advisory Board (“SAB”). The [Phase 2 report](#) was published in November 2019 and set out several recommendations which, if acted upon, would improve the Governance of the LGPS, and achieve a level of parity in terms of Governance across the LGPS Funds in England and Wales.

The [Phase 3 report](#) was published in February 2021. It contained further details on the implementation of the recommendations of the Phase 2 report.

Purpose of this report

Hymans Robertson has been commissioned by the Avon LGPS Pension Fund (“the Fund”) to undertake a high-level review of the its Governance arrangements, with reference to the recommendations laid out in the Good Governance Review. The purpose of our review is to identify any gaps between The Fund’s current arrangements and those proposed by The Good Governance project.

We will also set out high level recommendations and next steps.

Whilst the timeline for the statutory guidance necessary for Good Governance recommendations to take formal effect is in the hands of the Department of Levelling Up Housing and Communities (“DLUHC”), the SAB remain committed to the principles of Good Governance and LGPS funds can benefit from improved governance without waiting for statutory guidance.

Methodology

In order to provide this report, we have reviewed at a high level, the following documents:

- Avon Pension Fund Annual Report 2019/2020
- Fund Governance Framework
- DRAFT Avon Pension Fund Terms of Reference May 2021
- Scheme of Delegations Authorisations May 2021
- Scheme of Delegations Schedule May 2021
- Governance Compliance Statement 2021
- Annex 1 to Report Service Plan 2021-24
- Service Plan 2021-24
- Local Pension Board Terms of Reference
- Avon Pension Fund Administration Strategy Statement 2019
- Governance Compliance Statement 2020
- 2021/22 Interim Finance Structure
- Organisational Structure
- Avon Pension Fund Website
- Bath and North East Somerset Council Constitution

- 2021 Pension Committee agendas and minutes

Rating

For each 'Good Governance' area assessed, we will provide a 'star' rating (with a maximum of 5 stars) on the current Fund position:

1 star = Non-compliance

2 stars = Weak compliance

3 stars = Partial compliance

4 stars = Satisfactory compliance

5 stars = Full compliance

Following the analysis of the Fund's present position against the Good Governance recommendations, it will have a set of recommendations and actions to implement.

2 Executive Summary

Based on our analysis of the Fund, engagement with Officers and access to information available to us, we have assessed where the Governance arrangements of the Fund currently sits, relative to the requirements set out in the Good Governance project.

We have concluded that on the anticipated requirements resulting from Good Governance, the Fund is in a '*satisfactorily compliant*' stage of preparedness.

Overall, the Fund is "*satisfactorily compliant*" with some of the Good Governance recommendations but there are areas which need addressed



The Fund is demonstrating good compliance in the following areas:

- Structure
- Governance compliance statements
- Knowledge and skills
- Roles and responsibilities
- Administration strategy
- Performance indicators
- Approach to business planning and budget setting

There are recommendations throughout this report to further develop these areas.

In order to achieve the standards set out in the SAB recommendations, we recommend that over the next few months the Fund should focus on the following areas:

- Conflicts of interest
- Representation

Our report contains suggested next steps to address these areas.

3 Structure and Senior LGPS Officer

Background

The recommendation from the Good Governance report was that:

“Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. (“the LGPS senior officer”).”

The role of senior LGPS officer, therefore, is to oversee the delivery of all LGPS related activity for the Fund. They should be of sufficient seniority within the Council to ensure they can represent the interests of the Fund. The post holder should also have sufficient capacity to give their LGPS responsibilities the requisite attention. This includes day-to-day administration as well as funding and investments. Furthermore, it is appropriate that those with key LGPS functions come under a reporting structure within the Senior Officer’s supervision.

In order to assess the appropriateness of existing arrangements for the Fund, Hymans spoke with Fund Officers regarding the current structure of the Council and where the Senior LGPS Officer role (or similar) currently sits within that structure. Our observations, following these discussions, have then be used to determine the suitability of the current arrangements and any changes that may be required within the Council’s structure to comply with Good Governance.

In undertaking our analysis of the Fund’s current structure and approach to LGPS responsibility we have considered:

- Whether or not delegated responsibility has been formally recognised within the host Authority’s Scheme of Delegation;
- The extent to which delegated powers cover all aspects of the management and administration of the Fund (i.e. investments, funding and administration);
- The current reporting structure and responsibilities across investments, funding and administration and the extent to which these can hamper effective decision making; and
- The extent to any individual with delegated responsibility for the Fund has the capacity to give appropriate time and commitment to that role.

Findings

In order to assess the structure and whether the role of Senior Officer is at an appropriate level, we assessed the Fund against the following scoring system:

1. Non-compliance – there is no reference to Fund responsibility within the authority’s scheme of delegation. No single person is taking responsibility for the Fund, with the potential for poor decision making and lack of accountability
2. Weak compliance – the scheme of delegation confirms the Senior officer with Fund responsibility, but no structure underneath to confirm subordinate delegations or lines of responsibility.
3. Partial compliance – the scheme of delegation confirms the Senior officer with Fund responsibility. The structure in place underneath, however, separates responsibility for elements of Fund business across different departments (e.g. investments and funding within finance and administration within HR) and/or the named Senior Officer has insufficient time to devote to their Fund responsibilities.

4. Satisfactory compliance - the scheme of delegation confirms Senior officer with Fund responsibility. The structure in place underneath ensures the named Senior Officer is responsible for all aspects of the Fund (i.e. investments, administration, and funding). There is concern, however, that the named Senior Officer has insufficient time to devote to their Fund responsibilities.
5. Full compliance – the structure that the Fund has in place aligns completely with the Good Governance recommendation. There is clarity over the officer with ultimate responsibility for the Fund.

Evidence

The Governance & Management structure of the Fund, as at 31 March 2020, is set out in the Fund Annual Report.

The Administering Authority, Bath and North East Somerset council has legal authority for the Fund, as set out in the LGPS Regulations. This responsibility is delegated to the Avon Pension Fund Committee. The Council Officers who are referenced in the Annual Report include:

- Andy Rothery - Director of Finance (s151 Officer)
- Tony Bartlett - Head of Business Finance & Pensions
- Liz Woodyard - Group Manager, Funding, Investments & Risk
- Geoff Cleak - Pensions Manager
- Maria Lucas - Head of Legal and Democratic Service

Delegated responsibility has been recognised within the Council's scheme of delegation. As s151 officer, Andy Rothery assumes overall responsibility for the Fund's financial affairs, with Tony Bartlett reporting to Andy, as Pensions Director. This framework is in line with Good Governance recommendations.

Responsibility for the management and administration of the Fund is split between two senior officers. As Group Manager, Liz Woodyard is responsible for Funding, Investment and Risk, while Pensions Manager Geoff Cleak, oversees Administration at the Fund. Both report to Tony Bartlett, as Head of Pensions, who in turn reports to Andy Rothery as s151 Officer.

There is no explicit recognition that Tony Bartlett is acting Senior LGPS Officer, albeit his job title and the operational structure of the Fund indicates this.

The Terms of Reference document that accompanies the Annual Report, references the additional responsibilities delegated to Fund Officers. It confirms that Officers have operational responsibility for key areas of Fund management and administration. For example, Officers are noted as being responsible for oversight of the Fund's administration, investment, and funding strategies. Further specified delegations relate to implementing and managing investments, risk management, budget authorisation, admission arrangements and approval of the Annual Report.

The executive responsibilities of the s151 Officer are outlined in the Fund's Scheme of Delegations. The s151 Officer is noted as having authority to:

- dismiss investment managers, advisors and 3rd party providers;
- suspend policy in times of extreme market volatility;
- manage the liabilities of the Fund including the recovery of debt;

- and to exercise the discretions specified in the Local Government Pension Scheme Regulations in connection with deciding entitlement to pension benefits or the award or distribution thereof.

The Fund's Scheme of Delegation was approved by the Pension Committee at 28 June meeting, as part of the Fund Governance Framework review.

The findings from our analysis are as follows:

Structure and Senior Officer – “*satisfactory compliance*”



Recommendations

Based on our analysis, we recommend the following:

- Formally recognising the role of Senior LGPS Officer within its governance structure.
- Reviewing the current accountabilities and responsibilities of the role of Head of Business Finance & Pensions, to consider whether all of the core requirements of a Senior LGPS Officer are already included or could be e.g. ultimate responsibility for funding, investment, administration, governance and communication lie with the Head of Business Finance & Pensions.
- Consideration as to whether the Head of Business Finance & Pensions has the capacity to give appropriate time and commitment to the role.

Possible solutions might be undertaking a comprehensive review of the role of a Senior LGPS Officer, to ensure that appropriate reporting lines are in place and that Senior Officers are adequately aware of their own responsibilities in relation to the management and administration of the fund.

In our view the Head of Business Finance and Pensions already broadly meets the SAB requirements outlined above. Although, this could be more clearly documented.

4 Annual Governance Compliance Statement

Background

The recommendation from the Good Governance report was that:

“Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be co-signed by the LGPS senior officer and, where different, co-signed by the S151 officer.”

Currently Administering Authorities are required by regulation 55 of the LGPS Regulations 2013 to publish and maintain a Governance Compliance Statement. The Statement must set out details of how the administering authority delegates its LGPS functions and the extent to which it complies with supporting statutory guidance. The Compliance Statement is usually included within each fund’s Annual Report and Accounts, which are published annually.

At the moment, funds must continue to comply with regulation 55 and the guidance as it stands, however, the intention of the SAB recommendations is to enhance the existing statement, in order to reflect the additional compliance requirements resulting from the Good Governance review, such as the role of the Senior LGPS Officer, representation, conflicts of interest, etc.

For the purposes of this exercise, we have assessed the Fund against the current Governance Compliance Statement guidance.

In undertaking our analysis of the Fund’s current governance compliance policy and statement we have considered:

- Whether or not the Fund has a written policy setting out its governance arrangements;
- Whether or not any policy is published and readily available;
- The appropriateness of the Fund’s current Governance Compliance Statement, ensuring it meets all current statutory requirements; and
- Whether it is published within its Annual Report and Accounts

Findings

In order to assess the annual compliance statement, we have looked at the most recently published compliance statement, from the 2020 accounts. This statement has been assessed against the following scoring system:

1. Non-compliance – the Fund has no formal policy on its governance arrangements and/or has failed to publish a compliant Governance Compliance Statement.
2. Weak compliance - the Governance Compliance Statement is considered to be weak, lacking in detail on how the Fund will meet its governance responsibilities. The Governance Compliance Statement does not comply fully with the current regulatory requirements.
3. Partial compliance - the Fund’s Governance Compliance Statement largely complies with current regulatory requirements but is lacking in some relatively small areas.
4. Satisfactory compliance - Satisfactory compliance - the Fund has a published Governance Compliance Statement but is not easily accessible.
5. Full compliance – the governance policy and governance compliance statement are fully compliant with The Regulations and supporting guidance.

Evidence

Within the Annual Report the Fund confirms the existing requirement to publish a Governance Compliance Statement and summarises that a high level of compliance with current best practice has been achieved. The full statement is found [here](#). The statement was approved by the Avon Pension Fund Committee on 26 June 2020. In advance of the publication of the 2021 Annual Report, the Committee re-approved the Governance Compliance Statement at the 28 June meeting, as part of the Fund Governance Framework review.

The Statement indicates that the Fund is compliant with LGPS regulations on the following areas:

- Governance structure
- Selection / role of lay members
- Voting
- Training / Facility time / Expenses
- Meetings
- Access
- Scope
- Publicity

The Fund has described itself as only partially compliant with Representation requirements. Explanations are given by the Fund for the following:

- The lack of Admission Bodies within the Committee structure – it is difficult to have meaningful representation from such a diverse group of employers.
- The rationale behind granting voting rights to independent members – to provide representation on the Committee independent of all the employing bodies.

The statement also notes that:

- All employing bodies are included in consultation exercises.
- That there are arrangements in place for the public, including employing bodies and members of the Avon Pension Fund to make representations to the Committee at the Committee meetings.
- That Trade Union representatives are nominated by the individual trade unions on the Committee. These Committee members also represent the deferred and pensioner members.
- The Fund has not appointed an independent professional observer. Instead the Committee has procedures in place to monitor and control risk and there is significant external oversight of the Fund, Committee and decision-making process.
- That the appointment of 3 Committee members with no affiliation to the Council or key stakeholders, helps strengthen the independence of the governance process.
- The pension fund and its governance processes are scrutinised annually by external audit.
- The Fund's investment consultant attends all Committee and panel meetings and other expert advisors, such as the Scheme Actuary, attend on an ad-hoc basis when appropriate.

- Finally, that all members of the Committee are treated equally in terms of access to papers, meetings and training and while some members do not have voting rights, they are given full opportunity to undertake training and contribute to the decision making process.

The findings from our analysis are as follows:

Governance Compliance Statement – “*satisfactory compliance*”



Recommendations

The Fund complies with the existing requirements. To become fully compliant with recommendations concerning representation, the Fund should consider expanding Committee membership to better represent participating admitted bodies. The Fund should continue to regularly review its position regarding Admission Bodies and consider expansion of the Committee, if it can be achieved without significantly affecting its operational effectiveness. Beyond this, the implementation of the recommendations elsewhere in the report will ensure that the Fund is in a good position to evidence compliance with any new requirements from the Good Governance review.

5 Conflicts of Interest Policy

Background

The recommendation from the Good Governance report was that:

“Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.”

Conflicts of Interest were one of the driving forces behind the Good Governance project. In the Private Sector, pension funds are kept distinct from the sponsoring employer and are managed by Trustees. Trustees have a very defined role and set of responsibilities. There is clear guidance that they must act in the best interests of the Scheme members.

The LGPS is quite different. The structure is such that the Administering Authority is typically the host Authority, which is also an employer within the Fund. This can be seen externally as problematic, due to the conflict between managing the scheme in the best interest of all employers and members and avoiding any bias towards the host Authority. Host Authorities will have ways of recording and mitigating conflicts of interest, such as registers of interest and members codes of practice. In most cases, however, there is no Fund specific policy which is adhered to and records all the mitigation and risk management procedures the Fund has for managing conflicts of interest.

In undertaking our analysis of the Fund’s current approach to representation we have considered:

- Whether or not the Fund has a separate written policy setting out its approach to conflicts of interest;
- Whether or not any policy is published and readily available;
- The extent to which any policy identifies the specific conflicts relevant to a local authority acting as administering authority, including the potential conflicts that may arise for Officers.
- The extent to which the policy contains robust measures for identifying and managing potential conflicts.

Findings

To assess Fund’s current mechanisms for managing conflicts of interest we looked at the following

1. Non-compliance – there is no evidence of a Conflicts of Interest Policy being in place for either the Fund or the host Authority;
2. Weak compliance – the Fund relies on the host Authority’s Conflicts of Interest Policy, but this policy itself is considered to be weak;
3. Partial compliance – the Fund relies on the host Authority’s Conflicts of Interest Policy, which does not reflect the specific mitigation and risk management procedures we would expect the Fund to have in place for managing conflicts of interest. Alternatively, the Fund has its own Conflicts of Interest Policy, but there are some gaps covering elements we would expect to see included within a good policy;

4. Satisfactory compliance - the Fund has its own Conflicts of Interest Policy, covering all of the mitigation and risk management procedures the Fund has for managing conflicts of interest we would currently expect to see included within a good policy
5. Full compliance – the Fund has a separate Conflicts of Interest Policy covering all of the mitigation and risk management procedures the Fund has for managing conflicts of interest and reflecting the additional compliance requirements resulting from the Good Governance review

Evidence

The Annual Report recognises that the Administering Authority has duties in relation to training Committee members, board members and pension fund staff specifically in relation to managing conflicts of interest and references the existence of a training framework based on CIPFA’s Knowledge and Skills Framework for LGPS Funds. However, there is no reference to a specific conflicts of interest policy.

Individual declarations of interest by Committee members are available on the Avon Pension Fund website – available [here](#).

The Governance Compliance Statement confirms that that declarations of interest are a standing item on every Committee agenda. This was confirmed by review of Committee agendas and minutes from meetings in 2021.

The codes of conduct rules and working protocols outlined in Bath and North East Somerset Council’s Constitution (available [here](#)) provide some guidance on conflicts of interest; however, the rules outlined provide insufficient guidance on what constitutes a conflict of interest and how it should be registered.

There is no Fund specific conflicts of interest policy, as recommended by the Good Governance Review. On that basis we would rate the Fund as:

Conflicts of Interest Policy – “*weak compliance*”



Recommendations

Based on our analysis, our recommendation is as follows:

- A. Produce a Fund specific Conflicts of Interest Policy that reflects all the mitigation and risk management procedures the Fund has for managing actual, potential, and perceived conflicts of interest and reflecting the additional compliance requirements resulting from the Good Governance review.

6 Approach to Representation

Background

With regards to representation, the recommendation from the Good Governance report was that:

“Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its Committees, explaining its approach to voting rights for each party.”

The Local Government Act 1972 allows local authorities wide discretion over Committee appointments and delegations and so the issue of representation on the Pensions Committee remains one for local democracy. Many Pension Committees now have non-administering authority employer and scheme member representatives. However, practice varies whether these members have voting rights.

While administering authorities should retain a majority vote on decision making committees in order to reflect their statutory duties, best practice would suggest that some form of wider employer and scheme member representation on the Pension Committee is desirable.

Every administering authority should set out the terms of reference and composition of its Pension Committee within its constitution. However, it is unlikely that the constitution will contain the detail required of the Good Governance Review. In particular it won't set out the reasoning behind certain decisions. A Fund's current approaches to representation might also be published its website, but the level of detail may need to be reviewed, in light of the increased focus from the above recommendation

In undertaking our analysis of the Fund's current approach to representation we have considered:

- Whether or not the Fund has a written policy setting out its approach to representation;
- Whether or not any policy is published and readily available;
- The extent to which scheme employers and scheme members are represented on the Pension Committee;
- The extent to which non-administering authority representatives have voting rights on the Pension Committee; and
- The extent to which any policy on representation clearly articulates the justification given for the Fund's given position.

Assessment Criteria

There are a number of elements we believe should exist to ensure the Fund's policy on representation meets the Good Governance requirements. To assess the appropriateness of the Fund's current arrangements we looked at its current policy in detail and measured against the following criteria:

1. Non-compliance – no Fund specific representation policy in place;
2. Weak compliance – Fund specific representation policy in place, but not published;
3. Partial compliance – Fund specific representation policy published and readily accessible. No justification given for stance on voting rights for each party;
4. Satisfactory compliance – Fund specific representation policy published and readily accessible. Weak justification given for stance on voting rights for each party;
5. Full compliance – Fund specific representation policy published and readily accessible. Policy includes appropriate comments regarding the Fund's approach to voting rights for each party.

Evidence

There is no Fund specific policy on representation, though there is good detail within the current Governance Compliant statement.

The Committee structure detailed in the Annual Report highlights the extent to which scheme employers and scheme members are represented on the Pension Committee, as follows:

Voting members (14)

- 5 elected members from Bath & North East Somerset Council
- 3 elected members nominated from the other West of England unitary councils
- 3 independent members
- 1 nominated from the Higher/Further Education bodies
- 1 nominated from Academy bodies
- 1 nominated by the Trades Unions

Non-voting members (3)

- 1 nominated from the Parish Councils
- 2 nominated from the Trades Unions

The Annual Report confirms that after a review of its governance structure was undertaken last year, the following actions in relation to representation where:

- Appointed an additional independent representative - to support retention of the Fund's professional investor status and make the Committee less exposed to the electoral cycle.
- Appointed an academy representative - to better represent academies and multi academy trust employers.

This indicates that the Fund has considered its position regarding representation on the Pensions Committee and sought to make improvements.

The Fund's Governance Compliance statement also recognises that the Fund is partially compliant with Representation requirements and explanations are provided for the following:

- The lack of Admission Bodies within the Committee structure – it is difficult to have meaningful representation from such a diverse group of employers.
- The rationale behind granting voting rights to independent members - to provide representation on the Committee independent of all the employing bodies.

The findings from our analysis are as follows:

Approach to Representation – “*partial compliance*”



Recommendations

Based on our analysis, we suggest that the Fund take action to address the lack of a policy on representation for the Pension Committee:

- A. Formally set out the Fund's position in a specific Representation Policy, approved by the Committee
- B. Publish the final policy via the Fund's website and include it within all future Annual Report and Accounts.
- C. The Fund should continue to regularly review its position regarding membership and seek to further democratise the Committee if this can be achieved without significantly affecting its operational effectiveness. This particularly related to representation of Admission Bodies.

We would advise that the Fund seeks to implement the above recommendation within the 2022/23 Business plan.

7 Knowledge and Skills Policy

Background

With regards to knowledge and skills, the Good Governance report made several recommendations for Funds to address, namely to:

“Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS Officers and pensions Committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.”.

“Introduce a requirement for s151 Officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding.”.

A key focus of the Good Governance review centres on the Fund’s Officers as well as Committee members having a sufficient level of knowledge to be able to perform their respective roles effectively, bringing them in line with the requirement that currently applies to members of local Pension Boards.

In addition, there is a requirement that the Section 151 officer should carry out regular training and ongoing CPD to ensure that their knowledge and understanding remains at an appropriate level to understand and fulfil their responsibilities in respect of the Fund.

The Good Governance review further recommends that:

“Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements”

As well as having all the necessary strategies and plans in place, therefore, it is equally important that they are transparent and visible to all interested parties.

In undertaking our analysis of the Fund’s current approach to knowledge and skills we have considered:

- Whether the Fund has a formal training strategy in place;
- Whether the Fund has a formal training plan in place, and the extent to which it is regularly monitored and maintained;
- The extent to which the effectiveness of training is measured to ensure appropriateness and effectiveness; and
- The extent to which training is reported to the Pension Committee and Board as well as within the Annual Pension Fund Accounts.

Findings

It is not uncommon for Funds to have a variety of approaches to setting out their approach to training and logging attendance at various courses, etc. This can sometimes make it difficult to assess the effectiveness of the arrangements and/or compare with peers. In considering the Good Governance recommendations in relation to knowledge and skills we have assessed the Fund’s current position against the following criteria:

1. Non-compliance – no formal training strategy or plan in place. No reporting of training received or its effectiveness

2. Weak compliance – no formal training strategy or plan in place, but some reporting of training received
3. Partial compliance – strategy and plan are in place but doesn't cover s.151 or other Officers. Significant reporting of training received and some reporting on its effectiveness
4. Satisfactory compliance – strategy and plan are in place, with strong monitoring and reporting in place, together with evidence of its effectiveness. May cover s.151 or other Officers.
5. Full compliance – Strategy and plan in place, covers PC, PB, s.151 and other Officers and is regularly reported to Committee and published in Annual Report and Accounts.

Evidence

The Annual Report references the Fund's Training Framework which is used to assess training needs and create a training plan with responsibility for this resting with the Strategic Director – Resources. The Annual Report sets out that the Fund is responsible for ensuring relevant training for Committee members, Pension Board members and Pension Fund staff and that the training framework is based upon the CIPFA Knowledge and Skills Framework for LGPS funds. The training provided both internally and externally in 2019/2020 is set out in the Annual Report.

The Governance Compliance Statement notes that the Fund has a clear policy on training and maintains a training log, which is evidenced in the Annual Report. All members are invited to workshops organised by the Fund. It also notes that the Fund requires new members, without prior experience of the Local Government Pension Scheme, to attend a customised training course. A formal training plan is not set on an annual basis as it is responsive to the needs of the Committee agenda. A training log is also maintained.

Guided by the CIPFA Framework a robust training approach appears to be in place. There is however little evidence of regular s151 Officer training and ongoing CPD to ensure that their knowledge and understanding remains at an appropriate level to understand and fulfil their responsibilities in respect of the Fund. More detail is required on how the Fund develop an appropriate training plan.

We note that it was encouraging that the Fund took part in the 2020 National Knowledge Assessment. This provided Fund Officers with evidence of the current knowledge levels for both the Pension Committee and Board. Further, the Fund has recently purchased licences for the Committee, Board and Officers to Hymans LGPS Online Learning Academy. In addition, Fund Officers have also requested quarterly support from Hymans on training and governance issues faced by the Fund, utilising our independent views on the progress made on these areas in the coming months and years.

The findings from our analysis are as follows:

Knowledge and Skills Policy – “satisfactory compliance”



Recommendations

Based on our analysis, there are several steps the Fund should take to strengthen its strategy for the delivery of training to Committee and Board members, as well as Officers. These are:

- A. Implement a formal training strategy and annual plan moving away from ad hoc approach currently in place, where the needs of the Committee agenda mostly shape the training plan.
- B. Agree a plan for utilising the Hymans Robertson LGPS Online Learning Academy to ensure that formal training covers all necessary topics and not only the Committee agenda
- C. Put in place more formal monitoring and reporting structure to ensure knowledge and understanding is a core element of Committee and Board agendas.

We would advise that the Fund seeks to address these over the next 3-6 months.

8 Roles and Responsibilities Matrix

Background

The recommendation from the Good Governance report was that:

“Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority’s scheme of delegation and constitution and be consistent with role descriptions and business processes.”.

A Fund can only function at its optimum level if there is clarity around roles, expectations and responsibilities. This covers the Pension Committee, Pension Board, the s151 officer, as well as other Fund Officers, the investment pool and professional advisers. In the context of administration this is not limited to the calculation of benefits, but extends across fund accountancy, investment support, employer liaison, systems, communications, etc.

And it is not only a case of having these roles and responsibilities defined, they also need to be clearly communicated to, and understood by, all of those involved. It follows that any such matrix should be published.

The roles and responsibilities should be laid out clearly, and uploaded in a shared space, accessible to the Pension Committee, Pension Board and the Fund Officers. It should be a live document which is updated regularly.

In undertaking our analysis of the Fund’s current approach setting out respective roles and responsibilities we have considered:

- Whether a formal document exists, setting out roles and responsibilities across all aspects of scheme management and administration;
- The extent to which any documentation reflects the authority’s scheme of delegation;
- The appropriateness of decision-making responsibilities relative to role descriptions; and
- Whether or not any documentation is published in a manner readily accessible to Officers and pension Committee and board members.

Findings

We have reviewed the current roles and responsibilities as they stand, together with the clarity in communicating them to each particular group. The following criteria has been used to assess this document:

1. Non-compliance – Roles and responsibilities not documented
2. Weak compliance – Roles and responsibilities documented, but not published and do not reflect the current host Authority Scheme of Delegation
3. Partial compliance - Roles and responsibilities documented, but not published. Incomplete links to how decisions made, by whom and how they reflect the authority’s scheme of delegation
4. Satisfactory compliance – Roles and responsibilities documented and published, but incomplete links to how decisions made, by whom and how they reflect the authority’s scheme of delegation
5. Full compliance – Roles and responsibilities documented and published, clearly set out how key decisions are made, by whom and how they reflect the authority’s scheme of delegation

Evidence

The Fund has recently been provided with a template decision making matrix, which has been developed to ensure the respective roles and responsibilities of all those with an interest in the Fund can be clearly identified (i.e. Committee, Board, Officers and Advisers). Further work will be required to develop this matrix and link to the existing scheme of delegation, terms of reference and frameworks:

- The Avon Pension Fund Terms of Reference document outlines the functions and duties of Committee, investment panel, Brunel oversight board and working group, Officers and funding and risk management group.
- The Fund Governance Framework report details roles and responsibilities of members, advisors and Officers of the Avon Pension Fund.
- The scheme of delegation and governance structure outlines roles of individuals at the fund and the Annual Report provides high-level descriptions of Committee, board and investment panel roles.

A review of roles and responsibilities at the Fund has been undertaken. Subsequently, the roles and responsibilities of members, advisors and officers was confirmed at 28 June Committee meeting as part of the Fund's governance framework review. The report from the Committee meeting notes that members, advisors, and officers all have definitive roles and responsibilities within the pension fund's governance structure. For example, the roles of the Committee and Officers are summarised as follows:

- Avon Pension Fund Committee and Investment Panel – 'The Committee's role is strategic in nature, setting the policy framework and monitoring compliance within that framework. Due to the wide scope of the Committee's remit, investment issues are delegated to the Investment Panel, (a sub-committee of the Committee) which explores the issues in greater detail before making decisions and/or recommendations to the Committee. The implementation of strategic decisions is delegated to Officers.'
- Fund officers – 'The officers' role within the governance structure is to ensure that all decision-making complies with the regulations, that the Fund fulfils its statutory requirements, and that all information regarding investment, financial and administrative issues is provided to the Committee/Panel. In addition, the officers are responsible for implementing Fund policy.'

The findings from our analysis are as follows:

Roles and Responsibilities Matrix – “satisfactory compliance”



Recommendations

In order to show full compliance within this area of the Good Governance report, we recommend:

- A consultation exercise to seek Committee and Board member input to the matrix.
- Formally agree the decision-making matrix at Committee and Board level.

C. Publish agreed document on Council (and Fund) website.

9 Administration Strategy Review

Background

The recommendation from the Good Governance report was that:

“Each administering authority must publish an administration strategy.”

A key proposal of the Good Governance review is that funds should be able to evidence that their administration is sufficient to meet regulatory requirements and that an appropriate budget is in place to enable this to be delivered. The recommendations that flow from this proposal encompass not only the requirement for funds to have an Administration Strategy in place, but also cover key performance indicators (see section 10 below) and business planning (see section 11 below). In totality they seek to ensure greater consistency across funds.

Considering the issue of the Administration Strategy, until now it has been a matter of fund discretionary as to whether it put one in place. While the LGPS Regulations themselves set out what must be included within any such Strategy, should a fund choose to have one, the depth and quality of the information contained within the documents can vary significantly.

In addition to the production of an Administration Strategy, therefore, is the need to ensure it is published and accessible and delivers on the requirements of the Regulations.

In undertaking our analysis of the Fund’s current approach to publishing an administration strategy we have considered:

- Whether a strategy is currently place;
- The extent to which it meets the requirements of the LGPS Regulations; and
- The extent to which it exceeds the current LGPS requirements.

Findings

When considering the issue of an Administration Strategy we have measured the Fund’s current position against the following criteria:

1. Non-compliance – No Administration Strategy in place
2. Weak compliance – Administration Strategy in place, but not published or easily accessible
3. Partial compliance – Administration Strategy published, but does not meet all of the current requirements of the Regulations
4. Satisfactory compliance – Administration Strategy in published and meets all the current requirements of the Regulations
5. Full compliance – Administration Strategy published and meets all current requirements and those additional requirements resulting from the Good Governance review

Evidence

The Fund has exercised its current discretion to put in place an Administration Strategy. A high-level review of this strategy indicates it covers all of the current regulatory requirements.

In line with the Good Governance recommendation, the Service Plan touches on the following areas:

- Service standards/SLAs
- Engagement and communication – capabilities and take-up
- Customer (member and employer) satisfaction
- Employer performance

Annex documentation within the current administration strategy details information relating to a schedule of additional admin charges and chargeable services from Officers is also included. This indicates that the Fund is currently exceeding current LGPS requirements.

The findings from our analysis are as follows:

Administration Strategy – “Full compliance”



Recommendations

Based on our review we recommend the following:

- A. Undertake regular review of the current Strategy, to ensure it remains appropriate based on current requirements and agree any changes that may be required.
- B. Subject to any guidance or legislative changes following the implementation of the Good Governance recommendation, review your Strategy to ensure it complies with any new requirements that may be introduced.

10 Key Performance Indicators

Background

The recommendation from the Good Governance report was that:

“Each administering authority must report the fund’s performance against an agreed set of indicators designed to measure standards of service.”

Historically performance standards have focussed on the service levels of administration teams, measuring performance against a set of metrics, which often didn’t always factor in quality. Not only is this considered to be a narrow assessment of the breadth and quality of the service, there was also a degree of inconsistency, with Funds either having their own standards or not reporting consistently against national surveys such as SF3 or CIPFA’s benchmarking club. It had also been noted that participation in CIPFA benchmarking had dropped in recent years. Good Governance proposes that performance is measured against a far broader range of issues, including Fund accounting, investment support, employer liaison, systems, communications, etc.

Good Governance standards will go beyond administration, therefore, and include areas of governance too. As a result, the standards to be reported against will include elements such as representation, training, compliance and risks and time spent on governance matters. Administration measures are expected to extend beyond service standards and include data quality, engagement and communication as well as customer satisfaction.

As well as broadening the scope of performance reporting, Good Governance also seeks to address the issue of consistency, by ensuring there is a standard set of clear indicators against which Funds measure their performance, even if they still report internally against their own local KPIs.

Reporting on performance is expected, therefore, to assume a far higher profile than may have been the case in the past.

In undertaking our analysis of the Fund’s current approach to performance indicators we have considered:

- The extent to which the Fund reports key administration performance indicators;
- The extent to which it considers elements such as quality and take up of its communication material;
- The extent to which the Fund measures time spent on governance related issues or reports on areas such as compliance and risk; and
- Whether the Fund measures customer satisfaction and reports the results

Findings

When considering the Fund’s key performance indicators, we have measured its current position against the following criteria:

1. Non-compliance – The Fund has no performance standards in place
2. Weak compliance – The Fund has a set of performance indicators that are focussed on administrative performance against set service standards only. The monitoring and reporting of those standards are considered to be weak
3. Partial compliance – The Fund has a set of performance indicators that are focussed on administrative performance against set service standards only. These standards are reported to Committee and Board and may be included within the Fund’s Annual Report and Accounts.

4. Satisfactory compliance – The Fund has a set of performance standards in place that cover administrative performance against set service standards and some additional elements around quality, Fund accounting, investment support, employer liaison, systems, communications, etc. These standards are reported to Committee and Board and may be included within the Fund's Annual Report and Accounts.
5. The Fund has a comprehensive set of performance standards in place that cover all of the elements expected to be covered by the Good Governance recommendations. These standards are reported to Committee and Board and included within the Fund's Annual Report and Accounts.

Evidence

The Fund has KPI reporting measured against CIPFA benchmark data in the Pensions Administration and Communications Section of the Annual Report. The Fund performance measurements during the reporting year 2018/2019 were generally within published statutory legal targets.

The Report details the Fund's comparative performance in key cost areas, compared against CIPFA benchmarking data from 2018/19. The Fund is said to be performing better than the national average in the following areas:

- Admin cost per member
- Net admin cost per FTE
- Members per FTE
- Administration costs
- Oversight and Governance costs
- Investment management costs

There is no accompanying information about the data used to come to these conclusions. The Fund should look to explain how administration, governance and investment costs are determined.

In terms of data quality, the Report notes that a data improvement plan is in place and that the Fund will undertake a review considering the scheme specific data items provided by the Scheme Advisory Board.

The Fund has statistics for the following areas of pensions administration:

- Letter detailing transfer in quote – 202 cases completed
- Letter detailing transfer out quote – 753 cases completed
- Process and pay refund – 1,213 cases completed
- Letter notifying estimates of retirement benefits – 1,941 cases completed
- Letter notifying actual retirement benefits – 1,825 cases completed
- Initial letter acknowledging death of member – 384 cases completed
- Letter notifying amount of dependent's benefits – 307 cases completed
- Calculate and notify deferred benefits – 2,280 cases completed

The Fund's administrative performance against its key performance indicators is also a regular item on Committee agendas. For example, in the 17/12/21 Committee pack, the Fund continues to operate below its desired target of >90% for most case types. Additionally, the Member Services team is said to have seen an increase in new monthly tasks over the previous 18 months from circa 1,800 to 2,200 tasks per month with the current outstanding cases totalling 4,980 (an increase of 87% since March 2020).

The Investment Report also has performance indicators for the following:

- Asset class returns over 1 and 3 years
- Asset allocation and stock selection impact on asset classes
- Contribution to performance – relative returns of investment managers
- Investment management costs

Up to date investment performance statistics are also provided during Committee meetings. The 17/12/21 report notes that the Fund's assets increased by £139m (2.9%) over the quarter ending 30 September 2021, giving a value for the Fund of £5,710m.

The Funding Report details funding level and asset allocation for the last six valuations.

The Fund reports thoroughly on risk in the annual report. The risk register included summarises risks facing the Fund, the impact of those risks, the severity of those risks as indicated by RAG status, how the risk is trending and a note on mitigating actions. Risks are further broken down by the key areas of Fund management and administration. All are measured by likelihood and impact:

- Governance – 4 risks identified
- Investment and Funding – 12 risks identified
- Administration – 13 risks identified
- Financial risks - 3 risks identified

The plan to integrate new technology solutions will allow the Fund to better record data allowing for more extensive reporting of KPIs. As the Fund increase digital communications to members, it should also gather data on engagement. The implementation of the i-Connect employer data solution should allow for better data on employer engagement.

The presence of a customer satisfaction survey on the pension fund website (available [here](#)) is welcome. The Fund does not however, appear to report on responses.

The findings from our analysis are as follows:

Key Performance Indicators – “satisfactory compliance”



Recommendations

Based on our review, we recommend the following:

- A. The Fund should undertake a review of current performance indicators and seek to expand to cover elements including data quality, employer and member engagement and communications.
- B. Consider the extent to which the Fund measures time spent on governance related issues or reports on areas such as compliance and risk to the Committee and Board.
- C Consider undertaking regular customer satisfaction surveys and reporting the results to the Committee and Board.

11 Approach to Business Planning

Background

The recommendation from the Good Governance report was that:

“Each administering authority must ensure their Committee is included in the business planning process. Both the Committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.”

It is important that the management and administration of LGPS Funds is resourced appropriately and that sufficient time and commitment is given to ensuring a suitable budget is set and managed separately from the finances and expenditure of the host authority.

Any Fund budget should be sufficient, therefore, to ensure it can:

- Meet all of its statutory requirements;
- Meet the expectations of regulatory bodies; and
- Provide a good quality of service to scheme members and employers.

The budget setting and business planning process should be managed by Fund Officers together with the Pension Committee, supported by the Pension Board. There should be alignment between the annual business plan objectives and the budget that is set. Simply increasing last year’s budget by an inflationary factor isn’t considered appropriate, as it does not reflect the actual needs of the team to deliver on objectives. Neither is setting an “available” budget and working back from that in terms of what can be achieved.

In undertaking our analysis of the Fund’s current approach to business planning we have considered:

- Whether the Fund has a formal business plan in place;
- The regularity with which any business plan is monitored, and progress against it reported;
- The process in place for setting the business plan and the extent to which the Pension Committee and senior Officers are engaged in setting business plan objectives;
- Whether there is a formal budget set for the Fund activities, and the way it is monitored; and
- The process in place for agreeing such budget.

Findings

When considering business planning, we have measured the Fund’s current position against the following:

1. Non-compliance – No budget in place or budget simply set via inflationary increases to the previous year’s budget. No formal reporting of Fund related expenditure to either Pension Committee or within the Fund’s Annual Report and Accounts
2. Weak compliance – No budget in place, or budget simply set via inflationary increases to the previous year’s budget. Annual expenditure reported to Pension Committee and as part of Annual Report and Accounts. No link to statutory requirements, expectations of regulatory bodies or sufficiency to meet all business plan objectives and provide a good quality of service to scheme members and employers.
3. Partial compliance – Some form of budget in place beyond simple inflationary increases, and annual expenditure reported to Pension Committee and as part of Annual Report and Accounts. No link to

statutory requirements, expectations of regulatory bodies and sufficient to meet all business plan objectives and provide a good quality of service to scheme members and employers

4. Satisfactory compliance – Evidence of budget setting and annual expenditure reported to Pension Committee and as part of Annual Report and Accounts. Some links to statutory requirements, expectations of regulatory bodies or sufficiency to meet all business plan objectives and provide a good quality of service to scheme members and employers. Some evidence that the Committee and LGPS senior officer are satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
5. Full compliance – The Fund has an agreed budget in place, set considering all statutory requirements, expectations of regulatory bodies and sufficient to meet all business plan objectives and provide a good quality of service to scheme members and employers. Evidence that both the Committee and appropriate senior LGPS officer are satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year. The budget is regularly reported to the Pension Committee and Pension Board and adjusted where exceptional events require.

Evidence

The Avon Pension Fund Service Plan 2021-24 is evidence of a formal business plan being in place.

Appendix 2a of the Service Plan reiterates the Fund's key objectives, the tasks linked with those objectives, along with target dates, completion dates and RAG status column.

The Service Plan was prepared by Officers at the Fund. Throughout the Service Plan there is reference to seeking Committee approval on proposed objectives.

A statement on the Pension Fund Budget is outlined in the Service Plan. Consideration has been given to the following:

- The costs of managing investment assets through Brunel.
- Governance and Compliance and Investment Management – because expenditure cannot be directly controlled, the budget reflects the expected volumes of work and fees.
- The costs of supporting the Fund's RI strategy to manage the impact of climate change on the asset portfolio.
- Those areas of administration they could directly control at the time of writing.
- Additional temporary resources to meet expected increased workload resulting from the McCloud.

This is evidence that appropriate consideration goes into the budget, beyond basic inflationary increases. Indeed, the Fund's service plan and budget are standing items on Committee meeting agendas. For example, the 17 December 2021 Committee meeting report notes that the forecast for the year to 31 March 2022 is for expenditure to be £174,568 below budget. Within the directly controlled Administration budget expenditure was predicted to be £147,610 under budget.

There is a recognition in the service plan that the budget is incomplete, and will require a further discussion when the Administration Strategy comes back to the Committee in the autumn/winter; by then there should be a clearer indication of digital investment required and over what period in order to make the necessary and/or available changes if this is a direction the Committee feel able to support, at which point the net impact on benchmark costs should also be clearer. This is another indication that the Fund Officers and Committee

cooperate to develop the budget and indicates that all parties must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.

The findings from our analysis are as follows:

Approach to Business Planning – “satisfactory compliance”



Recommendations

Based on our review, here are some recommendations:

- A. The Fund should evidence that both the Committee and appropriate senior LGPS officer are satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
- B. Continued reporting on the budget to the Pension Committee and Pension Board should include a process to drive adjustments for exceptional events.

12 Conclusions

When undertaking our Good Governance preparation GAP analysis, we would not necessarily expect any Fund to fully comply with the recommendations made as part of the SAB Good Governance review. It is to be expected that gaps would be identified and that has been the case here.

That said there is strong evidence that the Fund has many of the building blocks in place to ensure it complies with the Good Governance recommendations once implemented.

Based on the anticipated requirements resulting from Good Governance we believe the Fund is in a '*satisfactory compliant*' state of preparedness for the new requirements. Like most LGPS Funds, there is work to be done to become fully compliant with the Good Governance recommendations. Given our engagement with the Fund, and based on the evidence from this review, we believe it is well placed to make the necessary adjustment to become Good Governance compliant.

Below we have set out some immediate next steps we believe the Fund should consider in advance of the Good Governance recommendations being implemented.

Next steps

Throughout this report we have set out several recommendations we believe the Fund should consider, in order to ensure it is well placed to be "Good Governance compliant" prior to new regulation.

As a first step we recommend that the Pension Committee and Pension Board consider the contents of this Report, and agree the recommendations set out within it.

Following that, over the coming months we believe the Fund's immediate focus should lie in improving the following areas:

1. Conflicts of interest
2. Representation

With that in mind we believe the Fund's immediate next steps should be:

- Produce a Fund specific Conflicts of Interest Policy that reflects all the mitigation and risk management procedures the Fund has for managing actual, potential, and perceived conflicts of interest and reflecting the additional compliance requirements resulting from the Good Governance review.
- Formally set out the Fund's position in a specific Representation Policy, approved by the Committee. The final policy should be published via the Fund's website and include it within all future Annual Report and Accounts. Additionally, the Fund should continue to regularly review its position regarding membership and seek to further democratise the Committee, if it can be achieved without affecting its operational effectiveness. This particularly relates to representation of Admission Bodies.

In most areas addressed in this report, the Fund is meeting current regulatory requirements. Nonetheless, if implemented, the following recommendations will bring the Fund closer in line with the standards set out by the SAB Good Governance review:

- Formally recognise the role of Senior LGPS Officer within its governance structure. The Fund should review the current accountabilities and responsibilities of the role of Head of Business Finance & Pensions, to consider whether all of the core requirements of a Senior LGPS Officer are already included or could be e.g. ultimate responsibility for funding, investment, administration, governance and communication lie with the Head of Business Finance & Pensions. The Fund should also consider

whether the Head of Business Finance & Pensions has the capacity to give appropriate time and commitment to the role.

- Develop and articulate a training strategy and accompanying training plan, covering the needs of Committee and Board members, together with Fund officers. To ensure this, the Fund should agree a plan for utilising the Hymans Robertson LGPS Online Learning Academy. Additionally, a formal monitoring and reporting structure should be in place, to ensure knowledge and understanding is a core element of Committee and Board agendas.
- The Fund should consult with the Pension Committee and Board and seek their input into to the roles and responsibilities matrix provided. Once formally agreed, the document should be published on Council (and Fund) website.
- The Fund should undertake a review of current performance indicators and seek to expand to cover elements including data quality, employer and member engagement and communications. The Fund should consider tracking how much time is spent on governance related issues or reports on areas such as compliance and risk to the Committee and Board. Additionally, the Fund should consider undertaking regular customer satisfaction surveys and reporting the results to the Committee and Board.

Prepared by:-



Ian Colvin



Andrew McKerns

February 2022

For and on behalf of Hymans Robertson LLP

13 Reliances and Limitations

This report has been prepared for the Bath and North East Somerset Council.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as at December 2021.

Appendix

Good Governance Recommendations

Area	Proposal
A. General	A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. (“the Guidance”).
	A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. (“the LGPS senior officer”).
	A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be co-signed by the LGPS senior officer and S151.
B. Conflicts of interest	B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.
	B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making Committees, to the guide on statutory and fiduciary duty which will be produced by the SAB – now updated*
C. Representation	C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its Committees, explaining its approach to voting rights for each party.
D. Knowledge and understanding	D.1 Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS Officers and pensions Committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
	D.2 Introduce a requirement for s151 Officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding.
	D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
	D.4 CIPFA should be asked to produce appropriate guidance and training modules for s151 Officers.
E. Service Delivery for the LGPS Function	E.1 Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority’s scheme of delegation and constitution and be consistent with role descriptions and business processes.
	E.2 Each administering authority must publish an administration strategy.
	E.3 Each administering authority must report the fund’s performance against an agreed set of indicators designed to measure standards of service.
	E.4 Each administering authority must ensure their Committee is included in the business planning process. Both the Committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
F. Compliance and improvement	F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.
	F.2 LGA to consider establishing a peer review process for LGPS Funds.

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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	9 June 2022	AGENDA ITEM NUMBER
TITLE:	Risk Management Update – Risk Register	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 Avon Pension Fund Risk Register		

1. THE ISSUE

1.1. The purpose of this report is to update the Pension Board with the latest risk register as at March 2022.

2. RECOMMENDATION

2.1. That the Board notes the report.

3. FINANCIAL IMPLICATIONS

3.1. There are no direct implications related to the Pension Board in connection with this report.

4. REPORT – RISK MANAGEMENT PROCESS & RISK REGISTER

4.1. The risk register identifies the significant risks that could have a material impact on the Fund in terms of value, reputation, compliance or provision of service and sets out the action taken to manage the risk.

4.2. The Risk Register is reviewed every quarter by the pension management team. All risks with a review date are re-evaluated using the evaluation form and updates agreed and made to the risk register. Any new risks identified or changes to any other risks are also considered and the necessary amendments made.

4.3. The risk register including likelihood, impact and mitigating actions is included in Appendix 1.

4.4. The risks identified fall into the following general categories:

- (i) Fund administration & control of operational processes and strategic governance processes and TPR compliance – mitigated by having appropriate policies and procedures in place, use of electronic means to receive and send data and information
- (ii) Service delivery partners not delivering in line with their contracts or SLAs – mitigated by monitoring and measuring performance

- (iii) Financial loss due to payments in error, loss of assets due to investment strategy and/or managers failing to deliver required return, fraud or negligence of investment managers or custodian – mitigated by processes to reconcile payments, regular review of strategic return and manager performance and annual review of investment strategy, robust legal contracts to protect against fraud & negligence
- (iv) Changes to the scheme – mitigated by project plans with defined milestones and responsibilities, progress reviewed periodically by management team
- (v) Increasing political pressure to reform scheme structure and governance frameworks and direct investment decisions – mitigated by having well defined investment policies and by engaging with the government through the consultation process

5. QUARTERLY REVIEW OF RISK MANAGEMENT & REGISTER

5.1. The quarterly review took place in March 22 and the management team agreed the following changes and updates:

In response to the developing Russia / Ukraine crisis we have increased the following risks:

5.1.1. R42 – Political pressure to reform the scheme and direct investment

Likelihood has been increased to almost certain. Brunel PP have issued a statement to say that amongst a number of other measures they will divest (where able given sanctions) from all Russian controlled and owned assets, bonds and equities as well as prohibiting any new investments to Russian assets.

As part of the Levelling Up agenda, further regulations are expected to direct investments of LGPS Funds. In addition under the Public Services and Judicial Offices Bill currently passing through parliament the Secretary of State would be able to issue guidance to those authorities that administer public sector pension schemes, including the local government pension scheme, that they may not make investment decisions that conflict with the UK's foreign and defence policy.

5.1.2. R26 – Failure to earn investment returns

Likelihood has been increased to almost certain. Ensuing sanctions, the disruption to the oil/gas sector and supply chains which will increase inflationary pressure and investor responses are expected to have a negative impact on broad asset markets and there is a risk of stranded assets (limited direct exposure to Russian assets; main risk in global companies that have Russian assets).

Updates to other risks which did not result in a change of score are:

5.1.3. R60 – Climate emergency

Additional measures now to be undertaken on an annual basis to assess portfolios alignment with net zero and interim decarbonisation targets (Mercer ACT) from bottom up perspective.

5.1.4. R01 – Disaster recovery & business continuity

Business continuity plan currently being reviewed by Audit, draft plan now received for review. Cyber security benchmarking exercise completed with AON and results analysed August 2021. Further internal assurances required

from IT. An action plan is currently being developed and a full report will be taken to Pension Board in May 2022 & Committee in June 2022.

5.1.5. R40 – Cashflow profile is maturing

Unitary authorities and now Universities are paying their future service rate in advance for 22/23. With deficits also paid in advance this will mean approximately 40% of contributions for the year will be received in April. Our cash limit was due to be increased by £10m, so this will mean we can hold more cash to offset need for regular drawdowns. Cashflow is monitored daily and the Investments team are warned in advance of future expected divestments.

6. EQUALITIES

6.1. A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

7. CLIMATE CHANGE

7.1. The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

8. CONSULTATION

8.1. The Report and its contents have been discussed with the Service Director – Financial Control & Pensions representing the Avon Pension Fund and the Service Director – Commercial & Governance representing the administering authority.

Contact person	Carolyn Morgan - Governance & Risk Advisor – 01225 395240
Background papers	
Please contact the report author if you need to access this report in an alternative format	

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Risk	Risk Number	Impact	RAG	Trend	Mitigating Action
Recruitment of staff	R28	Fund's ability to develop & implement service plan and administer the Fund	Red	◀▶	Phase 3 of recruitment plan is now complete. However internal promotions have created further backfill requirements, there have been two further resignations & the Technical & Compliance Advisor post remains unfilled. Mercer are providing technical support as required.
McCloud/Sargeant Judgements resulting in the extension of protections	R63	Increase in workload on administration side and for scheme employers	Red	◀▶	On 13 May 2021, a Written Ministerial Statement outlining some key remedy policies was issued. A formal response to the consultation will be published later this year, and the new LGPS regulations giving effect to the changes are expected to come into force on 1 April 2023, and be retrospective to 1 April 2014. Home Office decision to enable FPS members to have early release of benefits under McCloud. LGA & FBU adopt a MOU and Immediate Detriment Framework agreement for relevant Fire Pension Scheme Members subject to approval by Avon Fire Authority. Additional admin resource and reprioritisation of workload required to ensure IDF can be delivered.
Political Pressure to reform the scheme & direct investment decisions eg ESG	R42	National decisions are not in best interests of the scheme	Red	▲	Participate in Brunel pool, ISS aligned with Fund's Climate Change policy. Have good local governance but national decisions could impact e.g. ability of SoS to direct investments, levelling up agenda. Ensure advisors engage on national LGPS issues. Brunel PP have issued a statement to say that amongst a number of other measures they will begin to divest from all Russian controlled and owned assets, bonds and equities as well as prohibiting any new investments to Russian assets.
Failure to earn investment returns	R26	scheme cannot meet liabilities, employer conts could rise	Red	▲	In response to the developing Russia / Ukraine crisis Brunel have stated that ensuing sanctions and investor responses are expected to have a negative impact on broad asset markets and there is a risk of stranded assets. • Q321 - No material underperforming managers • Agreement by Panel/Cmt in Sept to exit EM allocation due to the financial risk posed by climate change in the region. Advice commissioned to ensure expected investment returns not impacted by decision. • Sept FRMG discussed indicative changes to inv. strategy that would see risk/return increase to help support current valuation assumptions: agreed to adopt 2.7% reduction in contributions, aligned to a 25bps decrease in the discount rate and to maintain current inv. strategy and review as part of broader IS review next year.
Deterioration in financial stability of employers (employer Covenants)	R23	employers not able to meet their liabilities impact on rest of Fund	Red	◀▶	Have ongoing Covenant Review of employer identified as high risk. No immediate concerns about employers not being able to meet their liabilities. No contribution queries at present. The covenant cycle for 2021 is presently being finalised with no new issues. Only UoB is in USS and having made enquires we do not believe debt arrangements affect them. Deferred Debt Arrangement policy is in place and a DDA is being developed by us for use.
Increase in employers	R56	increased resources needed to support more employers	Red	◀▶	Additional resources have been put into Employer Services to support & train employers. A review of resources & processes will be picked up with Digital Transformation review.
Climate Change Emergency	R60	Significant financial risk to the value of the investments assets	Red	◀▶	SAA revised to a higher allocation to climate positive investments. Unable to control global markets in general only through strategy. Additional measures to now be undertaken on an annual basis to assess portfolios alignment with net zero and interim decarbonisation targets (Mercer ACT) from bottom up perspective.
Implementation of changes arising from scheme cost cap mechanism	R47	Additional burden on administration. Awareness of members & employers	Yellow	◀▶	On 16 July 2020 the Government made an announcement confirming that the cost control mechanism pause will be lifted for public sector schemes and the objective would be to complete the process by next year, taking into account the cost of the proposals to remedy age discrimination. The SAB further agreed that the LGPS cost cap arrangement should be un-paused in the same way as the HMT arrangement, but no action should be taken until the HMT Direction, on how McCloud costs are to be considered, is published early next year along with the final remedy details.
Iconnect data from employers	R59	Incorrect member data on records and valuation of employer liabilities	Yellow	◀▶	Iconnect Team has been set up and extracts are now loaded inhouse. New tolerances in IC will stop a load proceeding without the fund's approval enabling loading to be handed back to some employers. Plans being developed to hand back loading to Employers.
Inadequate knowledge of those charged with governance. Committee Members knowledge is impacted by re-election process. Failure to comply with statutory regulations	R25	delays in decision making for the Committee & Fund. Failure to meet MIFID & TPR regs	Yellow	◀▶	Undertaken gap analysis with Hymans re good governance review. Action plan to be taken to Committee & PB. New Hymans LOLA will provide more structure to ensuring Committee, PB, officer knowledge and understanding. Training strategy policy & representation policy also required as part of good governance review.
Failure to secure and manage personal data held by the Fund in line with Data Protection Regulations	R05	Personal data is corrupted, compromised or illegally shared resulting in fines & reputational damage.	Yellow	◀▶	Cyber security benchmarking exercise completed with AON and results analysed August 2021. An action plan is currently being developed and a full report will be taken to Pension Board in May 2022 & Committee in June 2022. More training for staff & better process notes being developed to identify SARs and data breaches as a couple have not been picked up on receipt.
Sustainability of working arrangements during Covid 19 outbreak	R64	Unable to deliver service to members and employers	Yellow	◀▶	Steps taken to mitigate the risk of Coronavirus impacting on the service as set out in our business continuity plan. Work has now started on re-design of Keynsham Civic Centre but not likely that staff will be regularly in the office until April 22. Roll out of new IT equipment for all staff is still in progress. Review of future working arrangements, admin strategy and digital transformation plans in place.
Brunel fails to deliver its objectives to clients in terms of service delivery	R65	Affects the Fund's ability to achieve its own investment objectives and/or implementing its strategy	Yellow	◀▶	Client assurance framework is in place providing detailed monitoring by Client Group and Brunel Oversight Board. Avon Panel monitors investment performance and related investment issues; Committee monitors overall service delivery, financial aspects, RI aspects and effectiveness of the governance framework. Avon has Brunel Working Group to discuss any issues or emerging risks and to agree response to SRM/RMs

Disaster Recovery & Business Continuity	R01	Fund is unable to operate and members do not receive pension payments in time		◀▶	Business continuity plan currently being reviewed by Audit, draft plan now received for review. Cyber security benchmarking exercise completed with AON and results analysed August 2021. Further internal assurances required from IT. An action plan is currently being developed and a full report will be taken to Pension Board in May 2022 & Committee in June 2022.
Service delivery efficiency & customer service	R29	poor member outcomes		◀▶	We have recently introduced mass email communication to the fund for the first time, which was used in May/June 2021 to communicate with our Deferred members regarding the introduction of Annual benefit statements being available to download from our online portal. This will be extended to Active members next year alongside a campaign to extend email communications to a greater portion of the membership. Impact on service of Fire immediate detriment work will be monitored.
Late / incorrect contributions from employers	R10	cashflow, employer funding position, TPR breach		◀▶	Monthly reconciliations of contributions continue to be undertaken. Late payers are also monitored and reported to committee/Pension Fund Manager. There is no significant increase in late payers. The top 34 employers are still paying on time.
Government plans to reform the LGPS eg The introduction of the exit payment cap	R53	This will place an additional burden on the administration resource		◀▶	MHCLG have confirmed that no action will be taken following the consultation they held on the Further Reforms to Exit Payments proposed for the LGPS, instead further consultation is expected in the future. In April 2021, MHCLG wrote to councils requesting for them to provide data on exit payments, which will be used to inform delivery of the Government's policy to end excessively high exit payments in the public sector.
Loss of capital or income on treasury investments	R39	Delayed return of principle or investment income		◀▶	Annual report to Committee to obtain approval for the fund's Treasury Management Policy. POST COVID : Cash held primarily in money market funds and although should not fall in value they could face liquidity issues if sudden increase in withdrawals if market volatility increases. A bank removed from the list last year has been added back in.
The Fund has not completed all the necessary work in readiness for the implementation of the Pensions Dashboard	R66	The Fund will be in breach of the regulations if it is not able to go live by the compulsion date, likely to be between Sept 2023 & March 2024		◀▶	Project lead officer appointed & project plan in place. Focus of project will be data quality, reducing backlogs and ensuring resources & processes are in place to deal with the expected increase in member queries following the implementation date. Data protection impact assessment to be carried out.
failure of employers to meet statutory responsibilities	R19	Potential fines, greater scrutiny and more reporting		◀▶	Employer training, reconciliation of member data at year end and regular reporting in line with TRP requirements
Introduction of Cost Transparency Disclosures	R57	full disclosure requirements may not be met (presentation of data in AR on a best endeacours basis)		◀▶	Full disclosure for FY2020/21. All managers reporting in line with CTI templates although not all managers reporting in a consistent manner. Different templates for private and public assets make data consolidation difficult and manually keying data increases risk of human error. Templates do not reflect all pricing conventions e.g. where fees are charged to NAV on a daily basis as opposed to being charged based on an average value over a predefined period. Some managers reported based on legacy CTI templates, others submitted their templates in PDF so had to manually convert data and pooled fund managers continue to report based on fund level (not individual client level). Some managers had to be prompted to submit the data and the use of the SAB platform is sporadic. Differences between CTI disclosures and fees reported as part of Statement of Accounts largely due to timing (where we estimate some fees in SoA to meet statutory deadlines).
Governance risk of Investment Managers, custodian & other investment suppliers	R20	loss of assets or inability to trade due to assets being inaccessible		◀▶	Robust procurement & contract management processes to protect Fund. However much of the risk has transferred to Brunel, monitored by Client Group and Brunel Oversight Board. Fund retains full oversight of legacy managers and advisors.
System Failure of BACs or Cseries	R14	pensions cannot be administered & paid		◀▶	APF uses BANES corporate system. Risk mitigation in line with BANES corporate policy for making payments. Payments system (Cseries) recently upgraded
Cashflow profile is maturing	R40	not enough cash in bank account to meet pension payments		◀▶	Unitary authorities and now Universities are paying their FSR in advance for 22/23. With deficits also paid in advance this will mean approximately 40% of contributions for the year will be received in April. Our cash limit has due to be increased by £10m, so this will mean we can hold more cash to offset need for regular drawdowns. Cashflow is monitored daily and the Investments team are warned in advance of future expected divestments
Ineffective stakeholder communication	R07	poor public relations with members & employers. TPR breach		◀▶	Recently introduced mass email communication to the fund for the first time, which was used in May/June 2021 to communicate with Deferred members regarding the introduction of Annual benefit statements being available to download from online portal. This will be extended to Active members next year alongside a campaign to extend email communications to a greater portion of the membership. Also plan to introduce social media (LinkedIn)
Internal Controls are not adequate & independently checked	R08/R09	committee & employers do not receive independent assurances		◀▶	Internal Audit reported to Pension Board in September 21 regarding audits performed in last year. Audits completed on IConnect, Scheme of delegation, Altair IT System, Risk Management & COP14. Each received an assurance level of 4 'Good' External audit of final accounts and annual report currently taking place. Audits currently taken place or planned for Pensions Payroll, Business Continuity, Digital Strategy Review.
Failure to comply with Council's policies & codes of practice	R41	fines for non-compliance, disciplinary issues & reputational risk		◀▶	Managers & staff undertake training in accordance with Council's codes of practices and standards
GMP Reconciliation	R51	Incorrect pension liability retained		◀▶	Project plan in place to reconcile GMPs with HMRC info and carry out necessary rectification. Mercer appointed to complete project.
Investment Strategy impact by MIFID II	R52	restrictions on investments as retail investor		◀▶	Fund given Elected Professional status from all Managers, annual review & Officer / Member training in place
Exit credits - disputes between exiting employer & outsourcing employer	R62	Court cases to decide who should receive exit credit		◀▶	There is an ongoing risk of a challenge to an exit credit determination, this would only be a risk if it was a large exit credit. At the moment there are no large exit credits in sight and we have a clear policy. However with more employers in surplus, the risk increases.

Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	9 June 2022	AGENDA ITEM NUMBER
TITLE:	Pension Board – Training and Work Plan Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Pension Board Workplan 2022/23 Appendix 2 – Pension Board Training Plan 2022/23		

1 THE ISSUE

1.1 The purpose of this report is to receive regular updates on Training and Work Plan issues from the Board and request high level training needs from Board Members.

2 RECOMMENDATION

That the Board

2.1 Notes the workplan & training plan for 2022/23

2.2 Notes the dates for future meetings

3 FINANCIAL IMPLICATIONS

3.1 There are direct implications related to the Pension Board in connection with this report, however these are all currently within the planned budget for the operation of the Board.

4 REPORT

4.1 Work Plan

- a) In developing a work plan the Board should reflect the need to maintain a balance between building the knowledge and understanding of Board Members along with delivery of the statutory obligations of the Board.
- b) The views of the Board are vital in informing the nature, frequency and cyclical nature of items as well as the timing of certain time-critical issues for consideration such as Project Brunel.

- c) An outline of the Work Plan is attached at Appendix 1 for consideration and will continue to be worked on and re-presented at each meeting as the year progresses using the comments and feedback of the Board, Officers and other stakeholders such as the Pension Fund Committee to inform its contents.

4.2 Modern Gov & Library

- a) All Pension Board members have been asked to access meeting papers via Modern Gov from January 2022 onwards.
- b) It is intended that some of the more routine monitoring reports will be available on the Modern Gov library and will not form part of the meeting reports pack.
- c) In order to ensure all members have the correct access to Modern Gov and the library, The APF Communications Team, led by Jason Morel, have been contacting members to provide the relevant support & training required.

4.3 Future Meeting Dates

- a) Next meeting dates for 2022 are as follows:
- 13th September at 10am
 - 8th December at 10am
- b) Any suggestions from members regarding the style and format of meetings is welcomed.

4.4 Training

- a) In developing a training plan Board Members should reflect on their own statutory requirements as set out in previous reports. In summary Board Members should have a breadth of knowledge and understanding that is sufficient to allow them to understand fully any professional advice the Board is given. They should also be able to challenge any information or advice they are given and understand how that information or advice impacts on any decision relating to the Board's duty to assist the Avon Pension Fund.
- b) As agreed at previous Board meetings individual board members should retain their own training log to evidence how they are fulfilling their responsibilities and update these on a quarterly basis to the Governance & Risk Advisor to aid future training needs analysis.
- c) Appendix 2 contains the proposed training programme for the year ahead. The workshops will be held jointly with the APF Pension Committee.
- d) Members are asked to consider any other training needs through the rest of 2022/23 to fit into the working cycle of the Board.

4.5 Hyman's LGPS Online Learning Academy (LOLA)

- a) The SAB's Good Governance Review is expected to include additional knowledge and skills requirements for Committee, Pension Board and Officers. Hymans Robertson have been working with the SAB to develop these requirements and have produced an LGPS Online Learning Academy (LOLA).

- b) The training is split into a number of modules covering the revamped CIPFA Knowledge & Skills Framework and TPR’s Code of Practice 14. (The training will be updated to reflect the Single Code of Practice once published)
- c) Included in the modules are sessions on:
 - 1. Introduction to the LGPS
 - 2. LGPS Governance & Regulators
 - 3. Administration & Fund Management
 - 4. Funding & Actuarial Matters
 - 5. Investments
 - 6. Current Issues – McCloud, Goodwin and Cost Sharing
- d) Members are asked to complete module 1, Introduction to the LGPS, module 2, LGPS Governance & Regulators and module 3, Administration & Fund Management, by the June meeting.
- e) The full timetable for completion of all modules is contained in Appendix 2.

5 RISK MANAGEMENT

5.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. In addition, it monitors the benefits administration, the risk register and compliance with relevant investment, finance and administration regulations.

6 EQUALITIES

6.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

7 CLIMATE CHANGE

7.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to its assets from climate change and is addressing this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

8 CONSULTATION

8.1 The Report and its contents have been discussed with the Service Director – Financial Control & Pensions representing the Avon Pension Fund and the Service Director – Commercial & Governance representing the administering authority.

Contact person	Carolyn Morgan – Governance & Risk Advisor – 01225 395240
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Please contact the report author if you need to access this report in an alternative format

Appendix 1

Pension Board Workplan	22/02/22	09/06/22	13/09/2022	08/12/2022
Quarterly Updates				
Administration Update (KPIs)				
Regulatory Update				
Brunel Update				
Risk Register review				
Workplan & training plan				
Annual Updates				
Breaches Log - review of regulatory & data Breaches				
Statutory annual requirements (year end/ABS/PSS)				
Annual review of committee & PB governance arrangements				
Pension Fund annual report & statement of accounts				
Pension Board's annual report				
Review of Audit reports				
CIPFA Benchmarking				
Update on service plan				
Administration Strategy				
Funding Strategy				
Investment Strategy				

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Appendix 2

Pension Board Training Plan

Type of training	Date	Content
Workshop	TBA	Good Governance Review
Workshop	Jun-22	Funding Strategy Review & Valuation
Workshop	TBA	Cyber Security Review

Hymans Learning Academy	Title of Module	Content	To be completed by
Module 1	Intro to the LGPS	Intro to LGPS (12 mins) Role of a Councillor (20 mins)	Feb-22
Module 2	Governance & Oversight	LGPS governance (20 mins) LGPS Oversight Bodies - TPR (15 mins) LGPS Oversight Bodies - DLUHC & GAD (10 mins) Business Planning (10 mins)	May-22
Module 3	Administration & Fund Management	Intro to Administration (22 mins) Accounting & Audit (11 mins) Additional Voluntary Contributions (12 mins) Policies & Procedures (21 mins) Public Procurement (11 mins)	May-22
Module 4	Funding & Actuarial	Introduction to Funding Strategy (10 mins) LGPS Actuarial Valuation - Process & considerations (17 mins) LGPS Actuarial Valuation - Technical aspects (15 mins) LGPS employers (19 mins)	Sep-22
Module 5	Investments	Intro to Investment Strategy (10 mins) Investments - Mifid II (18 mins) LGPS Investment Pooling (12 mins) Performance Monitoring (18 mins) Responsible Investing (12 mins)	Dec-22
Module 6	Current Issues	Understanding McCloud (8 mins) Understanding Goodwin (4 mins) Cost Sharing (10 mins)	ongoing

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