

Pension Board

Date: Wednesday, 4th September, 2024

Time: 10.00am

Venue: Kaposvar Room - Guildhall, Bath

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

Chief Executive and other appropriate officers
Press and public



Mark Durnford

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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.

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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 - Wednesday, 4th September, 2024
at 10.00am in the Kaposvar Room - Guildhall, Bath

A G E N D A

1. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out under Note 5.

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: 12TH JUNE 2024 (Pages 5 - 12)

8. INVESTMENT UPDATE

The Board will receive a verbal update regarding this item from the Group Manager for Funding, Investment & Risk.

9. PENSION BOARD - ANNUAL REPORT 2024 (Pages 13 - 26)

The purpose of this report is to review and approve the Pension Board's annual report.

10. PENSION FUND ADMINISTRATION - PERFORMANCE REPORT (Pages 27 - 60)

The purpose of this report is to present the Fund's administration performance for the three months to 30th June 2024 vs key performance indicators (KPI's).

11. ANNUAL GOVERNANCE REVIEW (Pages 61 - 130)

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 MANAGEMENT UPDATE - RISK REGISTER (Pages 131 - 138)

The purpose of this report is to update the Pension Board with the quarterly review of the risk register.

13. GOVERNANCE UPDATE (Pages 139 - 146)

The purpose of this report is to receive regular governance updates as well as 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

Wednesday, 12th June, 2024

Present:- Nick Weaver (Chair), Helen Ball, Stuart Anstead and Alison Wyatt

Also in attendance: Liz Woodyard (Group Manager for Funding, Investment & Risk), Anna Capp (Pensions Payroll Manager), Claire Newbery (Pensions Operations Manager), Carolyn Morgan (Governance and Risk Advisor), Nicky Russell (Technical & Compliance Advisor) and Charlotte Curtis (Governance & Risk Officer)

1 EMERGENCY EVACUATION PROCEDURE

The Chair welcomed everyone to the meeting and asked the Democratic Services Officer to read out the Emergency Evacuation Procedure.

2 APOLOGIES FOR ABSENCE

The Democratic Services Officer informed the Board that apologies had been received from Steve Harman (Employer Representative), Nick Dixon (Head of Pensions) and Jeff Wring (Director of Financial Services, Assurance & Pensions).

3 DECLARATIONS OF INTEREST

There were none.

4 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

5 ITEMS FROM THE PUBLIC

There were none.

6 ITEMS FROM MEMBERS

There were none.

7 MINUTES OF PREVIOUS MEETING: 20TH FEBRUARY 2024

The Board approved the minutes of the previous meeting and they were duly signed by the Chair.

8 INVESTMENT STRATEGY STATEMENT 2024

The Group Manager for Funding, Investment & Risk introduced the report to the Board. She explained that regulations state that the Investment Strategy Statement (ISS) must be kept under review and revised from time to time, particularly when there is a material change in risk and reviewed at least every three years.

She informed the Board that the latest ISS was reviewed by the Pensions Committee in March 2024 at the conclusion of the investment strategy review.

She highlighted the following changes that have been made to the investment strategy.

- Revised climate targets to support the assets aligning with Net Zero by 2045 – including short to medium targets to reduce emissions and divest (by 2030) from companies that are not aligning with the Paris Agreement.
- Reduction in the Equity Protection Strategy hedge ratio from 100% to 50% - to provide significant downside protect but participate more in rising markets (to reduce the drag on equity returns over the long term).

Stuart Anstead asked if any further comment could be made on the Digital Strategy that was referenced in section 9.1 of the report.

The Group Manager for Funding, Investment & Risk replied that the Pension Fund as a whole was moving to a more online enabled service.

The Pensions Operations Manager added that this was a part of the whole Administration Strategy and explained that this was due to be rewritten later in the year.

The Board **RESOLVED** to agree that the Investment Strategy Statement complies with the LGPS Regulations 2016 and guidance and they had no additional comments for the Avon Pension Fund Committee.

9 PENSION FUND ADMINISTRATION - PERFORMANCE REPORT

The Pensions Operations Manager introduced the report to the Board and the following points were highlighted from it.

- Recruitment for the two key posts of Employer Services Manager and Member Service Manager are under way.
- McCloud: Awaiting guidance from the Scheme Advisory Board (SAB) with respect to the application of the McCloud remedy. This is now expected to be issued following the General Election (4th July). Early reporting suggests the fund has c1,000 members that will require the remedy.
- GMP: The fund is in the final stages of reviewing the Mercer closure report for member reconciliation. 5,150 remain outstanding as “stalemate cases” out of a population of 91,369 members, (a reduction of 8,916 previously reported to

the Board in February 2024). The review will aim to be completed in July and we plan to bring recommendations to Board & Committee in September.

- **Process Controls:** The fund is working with an external consultancy company to carry out a piece of work to map and review existing processes and relevant controls. The initial project will review the top 15 processes based on risk. The review is due to complete at the end of June and a full report will be brought to Board in September.

The Chair asked to what extent could officers see Altair taking steps to improve some of the controls or how they will use their best practice guidance to attempt to improve processes.

The Pensions Payroll Manager replied that Heywood's have a core product and that when a new release occurs, the guidance notes relate to that specific moment in time. She added that there is a 'Help' function within the product and that if you know enough about what you are looking for you could find some best practice guidance.

The Chair said that he believed that as they support around 60 Funds they should act as more of a conduit to help finding solutions.

The Pensions Operations Manager commented that she and other officers would be attending an AGM next month and hoped to have further discussions on this matter. She added that previously she had asked for a core leaver form to be created for employers to directly access and was told that it would not be possible as every fund would want different elements included within the form.

Stuart Anstead commented that he would expect there to be a number of possibilities to use AI in some way that would help with processing mainstream tasks.

The Chair referred to GMP and asked that when the analysis takes place for the Fund to consider whether they do implement any possible reductions or simply find a way of identifying / quantifying it, so as to not then pay any beneficiaries and therefore know it is a true cost, rather than the likely upset it would cost if the money were to be removed.

The Pensions Operations Manager said that she was in agreement with that sentiment, but there was still a process for the Fund to go through.

- 2024-year end is ongoing with data being validated from employers. The fund is on track to complete its annual benefit statement obligations for 2024.

The Pensions Operations Manager gave an additional presentation to the Board, a copy of which can be found as an online appendix to these minutes and a summary is set out below.

Re-structure

- 45-day consultation began on 30th May 2024, ends 14th July 2024. New structure to create new teams – Digital Services, Member Contact Team & Payroll.
- Structure will create capacity for the operational teams and support for business change and digital transformation. Increasing from 83 to 94 FTE across APF, overall increase of 11 FTE, 8 within Operations.

The Chair asked how staff were feeling about the proposed changes and the culture behind supporting them through the process.

The Pensions Operations Manager replied that a large team meeting was held to announce the re-structure and ongoing support was available to staff to talk through any issues they may have. She added that Korn Ferry have provided evaluations on the old job descriptions and said that through the process of moving to role profiles a lot of the team were likely to see an increase in pay.

She said that the new structure would also open up more opportunities for promotion.

The Chair asked if staff were willing to make the changes work and understood why they were being proposed.

The Pensions Operations Manager replied that she thought that they were and that messages regarding the changes were included in their monthly updates and have been for some time. She said that it was an important step to take to enable services to be delivered in the future.

The Pensions Payroll Manager added that she felt that the teams are feeling engaged and that there was a sense of positivity overall, especially regarding pay and the formalising of roles.

Helen Ball asked when it would be known how many job vacancies will exist under the new structure.

The Pensions Operations Manager replied that this was likely to be towards the end of 2024.

McCloud – Pensions in-to payment from 1st October 2023 to 31st May 2024

- From 925 normal (from active or deferred) pensions 18 (2%) have had the underpin applied resulting in an annual uplift of £6,735 which equates to £561 monthly.
- From 204 dependant pensions there has been no need to apply the underpin.

SLA – Performance average June 23 to May 2024

- Figures are not improving much which is still due to the backlog of cases.

The Pensions Operations Manager explained to the Board that delays from individual fund members can lead to targets not being achieved and that this is not always within their control.

Stuart Anstead said that he felt that the Fund should be able to stop the clock in these particular scenarios.

Alison Wyatt asked if year end work has an effect on their performance figures.

The Pensions Operations Manager replied that it would not normally have too much of a detrimental effect.

KPI's - cases outstanding under 31 days

- 1,601 as at 2nd June 2024

KPI's - cases outstanding over 31 days

- 734 as at 2nd June 2024

Service performance – plan v's actual

- Good progress being made – deliver sooner if possible.

The Technical and Compliance Manager addressed the Board and provided them with an update on the Pensions Increase.

Phase 1 is complete

- Remediated 801 members using Retro PI process:
- 696 members paid arrears/interest and corrected their monthly pensions going forward (645 LGPS and 51 Teachers).
- 105 members fixed in readiness for 2024 PI.

Lessons learned - Phase 1

- We have improved our knowledge of the PI annual process. Heywood support has been invaluable and effective.
- Communication with the APF Committee, Pension Board, Council and within the APF project team has been constructive.
- We achieved the Phase 1 timeline within the hard deadline imposed by the 2024 PI run.

The Chair asked for clarification on the progress of the supplementary PI issue for lump sums.

The Technical and Compliance Manager replied that they were still awaiting confirmation from Heywood on a system fix, for it was an issue that affected all Heywood users. The Pensions Payroll Manager confirmed that the system fix was in the latest software release and was in the process of being tested.

Future Phases plan

- Population
 - Cases are more complex than Phase 1 and require deeper analysis.
 - Not all of population will require remediation.
- Approach
 - Technical Manager to lead project and will form part of teams BAU project work.
 - Likely to be more resource intensive for manual calculations.
 - Use full end-to-end bulk remediation process where possible – run smaller batches with similar profiles once analysis and any correction work complete.
- Aiming to address all cases by end 2024.

Stuart Anstead asked if checks would take place following manual calculations.

The Technical and Compliance Manager replied that they would.

The Chair said that members of the Board project group would be keen to learn progress in between meeting cycles and would be willing to help further, in terms of pragmatism -v- process.

The Board **RESOLVED** to note the service performance for the period ending 31st March 2024.

10 LEGISLATION UPDATE

The Technical and Compliance Manager introduced the report and highlighted the following points to the Board.

McCloud Judgement

A closed consultation on the draft McCloud Statutory guidance ran between March 2024 and April 2024. Generally, across the sector, a number of concerns have been raised on the issues of administrative burden, communication challenges, and consistency of treatment both within the LGPS and across the public sector. A response to the latest consultation is awaited, now expected to be delayed due to the General Election.

Codes of Practice / Good Governance

Following on from publication of the General Code of Practice in January 2024, this became effective on 28 March 2024.

Whilst a further consultation on the outcomes of the SAB's Good Governance project was expected in the summer, this may now be delayed due to the General Election.

The Chair asked if the Fund had needed to use consultants to assist them with the Codes of Practice.

The Governance & Risk Advisor replied that they have purchased a checking tool from Hymans. She added that they hope to complete this work by the end of the year if possible.

She also informed the Board that a workshop with Hymans for both Committee and Board members had been arranged for 26th September online.

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

11 GOVERNANCE UPDATE

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

Risk Register

No changes to risks or scores.

Workshop

24th October – Interim Valuation (Mercer)

Hymans Learning Academy

All modules should be completed by the end of July.

Board Member Recruitment

The process to recruit new Board members has begun and the closing date for applications is 31st July. Hope to have two new members in place by the Board meeting in September.

The Chair commented that he was pleased to see the Audit Plan in place following the requests for further work to be carried out. He said that it was important to have those assurances in place and asked to be informed if any problems were to occur.

The Board **RESOLVED** to:

- i) Note the workplan & training plan for 2024.
- ii) Note the dates for future meetings.
- iii) Note the risk register.
- iv) Note the audit plan.

The meeting ended at 11.53 am

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

Bath & North East Somerset Council			
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND		
MEETING DATE:	4 September 2024	AGENDA ITEM NUMBER	4
TITLE:	Pension Board – Annual Report 2024		
WARD:	ALL		
AN OPEN PUBLIC ITEM			
List of attachments to this report: Appendix 1 – Local Pension Report Annual Report 2024			

1 THE ISSUE

1.1 The purpose of this report is to review and approve the Pension Board’s annual report.

2 RECOMMENDATION

That the Board

2.1 Approves the report.

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 The Public Service Pensions Act 2013 required the Council to establish a local pension board to assist the administering authority with the effective and efficient management and administration of the scheme.

4.2 The Pension Board reports annually to Council on the work it has undertaken in the previous twelve months and reference is also made in the report to the future work programme.

4.3 The report will be taken to Council on 21st November 2024 along with the Pension Committee’s annual report to Council.

4.4 Appendix 1 contains the draft report for review and approval by the Pension Board.

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 Reports and its contents have been discussed with the Head of Pensions representing the Avon Pension Fund and Director of Financial Services, Assurance & Pensions, representing the administering authority.

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

Chairman's Summary

Welcome to the Annual Report of the Local Pension Board (The Board) of Avon Pension Fund.

The purpose of the Board is to assist the Administering Authority (BANES Council) of the Avon Pension Fund (The Fund) ensure compliance with LGPS regulations and requirements of The Pensions Regulator (TPR) and ensure effective governance and administration of the fund.

This report covers the period 1st August 2023 to 31st July 2024 within which the Board has held four formal meetings plus two informal workshops, obtaining feedback and input from Board members regarding the content of future annual reports and discussion around climate change targets. Board members had the opportunity to debate and put forward suggestions along with members of the Committee before the revised climate and net zero targets were agreed at Pensions Committee in December 2023.

The key priority for the Board has been to monitor service performance at each meeting and it was pleased to see good progress on the Fund's change programme and emerging improvements in service by the end of the reporting period. The Board looks forward to further progress through implementation of a new organisation structure, process improvements, and developments in digital services, with the vital objective of ensuring that the Fund delivers a good service to members and employers.

The Pension Regulator's new General Code of Practice came into force on the 28 March 2024. Fund officers are reviewing the guidance to identify gaps and the Board look forward to receiving the results and subsequent action plan later in 2024. Hymans Robertson will be delivering a workshop on the requirements of the new General Code of Practice to the Board in September.

I am pleased to say that, with the support of the officers to the Fund, the Board has made good progress in fulfilling its terms of reference and continuing to support the administering authority in its statutory duties. During this period members of the Board have continued to develop their knowledge and understanding of LGPS governance arrangements as required by law. All members have now committed to study the Hyman's Online Learning Academy and as Chair I have asked all Board members to refresh their knowledge of the modules on an annual basis.

This year also saw two of our Pension Board members' terms come to an end and I would like to thank both Tony Whitlock and David Yorath for their valued contribution. They have both been members of the Pension Board since its inception in 2015 so their valuable knowledge and experience will be greatly missed.

Last but not least, I would like to thank my fellow Board members for their commitment to their roles on the Local Pension Board and I commend this report to you.

Nick Weaver
Independent Chair

Local Pension Board Members

The requirement for an Independent Chair and Board Membership of three employer representatives and three member representatives was outlined in the terms of reference to the Board which were agreed by full BANES Council on the 15 January 2015.

During the year, one employer representative and one member representative left, and recruitment is ongoing for their replacements.

Member Type	Active/Retired	Member Name	Date of Appointment	Date of Term End	Extensions This Year
Chairman		Nick Weaver	01/11/19	31/10/27	
Employer Representative	Active	Tony Whitlock	01/05/16	01/05/24	
Employer Representative	Active	Steve Harman	01/07/15	30/06/25	
Employer Representative	Active	Stuart Anstead	01/12/21	30/11/25	
Member Representative	Retired	Helen Ball	01/03/20	28/02/24	28/02/28
Member Representative	Retired	Alison Wyatt	01/05/22	30/04/26	
Member Representative	Retired	David Yorath	01/06/15	31/01/24	

During the year, the Board met four times. Attendance is shown below.

Role	Board Member	Number of Meetings Attended
Independent Chairman	Nick Weaver	4
Employer Representative	Steve Harman	2
Employer Representative	Tony Whitlock	2
Employer Representative	Stuart Anstead	4
Member Representative	David Yorath	0
Member Representative	Helen Ball	4
Member Representative	Alison Wyatt	4

Training

Background

In accordance with the Pension Regulator (TPR) guidance, every individual member of the Board must be conversant with the rules of the Local Government Pension Scheme (LGPS) and have knowledge and understanding of the law relating to pensions.

Degree of Knowledge and Understanding

The legal requirement is that members of the Board must be conversant with the rules of the LGPS and any document recording policy about the administration of the fund. This is implied as working knowledge so that members are aware of which legislation/policies to refer to when carrying out their role.

Areas of Knowledge and Understanding

Board Members should be conversant with, but not limited to the following areas:

- a) Scheme approved policies
- b) Risk assessment/management
- c) Scheme booklets/members communications
- d) Role of Board Members and the scheme manager
- e) Policies in relation to discretions
- f) Communications with scheme members and employers
- g) Key policy documents on administration, funding and investment

Training Undertaken

During the year on-going technical training was provided to Board members by officers from or advisors to the Fund on a full range of topics covering the LGPS framework and TPR requirements.

Members have been studying the Hymans LGPS Learning Academy to improve knowledge and understanding as recommended as part of the Scheme Advisory Board (SAB) Good governance review and in line with upcoming agenda items.

Throughout the year members attended The Local Government Association's Governance Conference and Brunel Pension Partnership's Investor Day. The Fund delivered an Annual Report workshop to members as well as a Climate Target workshop. These events help to broaden understanding of topics of relevance to the LGPS and the role of a pension board member.

The Board's training plan is a topic at each board meeting and a training log is maintained to assist in the identification of on-going training needs.

Review of Areas Covered in 2023/24 and Recommendations

Over the last year of operation, the Board focussed on key administration and governance themes of KPIs, legal compliance, risk management, and best practice. A summary of the areas covered is as follows:

Review of Local Pension Board Arrangements

- Terms of Reference, Code of Conduct, Conflicts of Interest and Breaches
- Training requirements
- Workplan

Review of Pension Fund Activities

- Avon Pension Fund Committee and Investment Panel minutes and governance arrangement
- Funding Strategy Statement meets regulatory compliance requirements
- Investment Strategy Statement meets regulatory compliance requirements
- Scheme employers and admitted bodies
- Business continuity

Review of Pension Fund Administration

- Compliance reports and legal timeframes at all meetings
- Risk register reviewed at all meetings
- Service Plan reviewed annually
- Statutory annual requirements (Annual Benefit Statement, Pensions Savings Statement)
- Regulatory projects (McCloud remedy, dashboard implementation)
- Annual Report

Independent Assurance

- TPR, SAB and Chartered Institute of Public Finance and Accountancy (CIPFA) external benchmarking exercises
- External audit plan and reports
- Internal audit plan and reports

Areas of Review Covered at Pension Board Meetings

6th September 2023

At September's meeting, the Board supported the Fund's decision to no longer take part in the CIPFA Benchmarking Exercise and to look for alternative benchmarking reporting. The Board also approved the 2023 annual report and noted the annual review of governance arrangements, administration service performance and the work and training plans for the year ahead.

For more information, you can see the [full September meeting minutes on the B&NES website](#).

7th December 2023

The Board approved the Fund's Death in Service Policy and captive insurance for employers in December's meeting. They noted the position of the Fund regarding developments in legislation in the regulatory update and received a report of both internal and external audit findings. Suggestions were made for inclusion in the 2024/25 Internal Audit Plan.

For more information, you can see the [full December meeting minutes on the B&NES website](#).

20th February 2024

During February's meeting, it was requested that the Internal Audit workplan was shared with the Board and the latest service performance, work plan and training plan reports were noted.

For more information, you can see the [full February meeting minutes on the B&NES website](#).

12th June 2024

The Board agreed that the Investment Strategy Statement complies with the LGPS Regulations 2016, and the guidance and they supported the work being carried out around the McCloud judgement and TPR's General Code of Practice.

For more information, you can see the [full June meeting minutes on the B&NES website](#).

Forward Plan for 2023/24

The workplan for the next 12 months is detailed as follows and will be kept under regular review.

To be reviewed at all meetings:

- Workplan (to be dynamically updated)
- Training plan (updated as required)
- Minutes for Pensions Committee, Investment Panel and Brunel Oversight Board
- Risk register review
- TPR General Code of Practice compliance updates
- Administration Strategy review

- Fund and employers' compliance/TPR reporting

Other items to be reviewed at specified meetings:

Board Governance

- Terms of Reference (Governance) review – September
- Code of Conduct/Conflicts of Interest Policy – September
- Annual budget setting and monitoring – June
- Annual Report to Pensions Committee and Council approval – September

Scheme and Fund Governance

- Legal, policy and regulatory developments – December and June
- Annual Service Plan – June
- Governance review – September
- Internal Audit plan/reports on APF - December
- External Audit Governance Report and Accounts - December

Funding/Investments

- Investment and Funding Strategy – September and March
- Climate change and progress on net zero targets – September and December

Benefits, Administration and Communications

- Breaches policy, register and TPR reporting - December
- GDPR compliance - December
- Record keeping, data security and business recovery - December
- Annual Benefit Statement process (annual review) - December
- Administration performance benchmarking – all meetings

Training Plan

Training	Type of Training	Date
Local Government Association Fundamentals (for new members)	Seminar	Autumn 2024
Brunel Investor Days	Seminar	September 2024
TPR's New General Code of Practice	Workshop	September 2024
Results of the Interim Valuation	Workshop	October 2024
Governance Conference	Conference	January 2025
Hymans Robertson LGPS Online Learning Academy	Online modules	2024/25

Costs and Budget

In meeting the requirements of the Public Sector Pension Act (2013) and establishing a Local Pensions Board, Bath & North East Somerset Council approved terms of reference and necessary supporting arrangements at its meeting of its full Council on the 15th January 2015.

The LPB agrees a budget on an annual basis to enable the Board to perform its duties and a summary of the costs is included below:

Budget Area	2023/24 Budget	2023/24 Actual Spend
Members allowances & expenses	8,102	10,189
Training	6,000	925
Recruitment	5,000	0
Meeting and Democratic Services costs	6,000	3,276
Total:	25,102	14,390

As with all elements of the public sector there is exceptional pressure to ensure value for money can be demonstrated and the Board will continue to consider this in its future operations.

Appendix 1 – Legal Basis of Local Pension Board

Specific Role and Purpose

The Public Sector Pension Act 2013 sets out the requirements for the establishment of a Local Pension Board with the responsibility for assisting the LGPS local scheme manager (BANES) in relation to the following:

- a) Securing compliance with the regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation and:
- b) To ensure the effective and efficient governance and administration of the Scheme.

The Board assists the ‘scheme manager’ by monitoring and advising on compliance with the pension scheme regulations, along with all other legislation and the requirements imposed by the Pensions Regulator to ensure the effective and efficient governance and administration of the scheme.

The role of the Board can be likened to that of a “critical friend” but is not a decision making body. It has an important advisory role for the APF and works with the Pensions Committee to scrutinise its decision making processes and to ensure the Fund’s compliance with all its legislative requirements.

The Pensions Regulator (TPR)

The Pension Regulator has responsibility for the LGPS. Therefore, one focus for the Board is ensuring the fund’s compliance with TPR Codes of Practice. This is split into several areas which covers governance, risk management and resolving issues.

The Board as part of their work plan has needed to consider these areas, to ensure the Fund is compliant and if not to make recommendations to the APF Pensions Committee to address these requirements.

Code of Conduct & Conflicts of Interest

All Board members have signed up to BANES Council’s Code of Conduct policy, which emphasises that as a holder of public office there is an expectation that Board members will comply with the ‘seven principles of public life’, also known as the ‘Nolan Principles’.

All Board members have also signed up to the Fund’s Conflicts of Interest Policy. This requires all members to notify the Fund of any potential conflict of interest arising as a result of their position on the Board.

All meetings of the Board include a standing item titled ‘Declaration of Interests’ at the start of the meeting where any declaration in relation to the items on the agenda should be made.

All Board members have formally completed their declaration of interest forms. More information on conflicts of interest and declarations at each meeting can be found on the [B&NES website](#).

Terms of Reference

Terms of Reference for the LPB can be found on the [B&NES website](#).

Appendix 2 – Risk Management

Risk management processes for the Fund follow the framework laid down by the LGPS administering authority (BANES Council) as well as CIPFA guidance. The Fund's Risk Register identifies the significant risks that could have a material impact in terms of value, reputation, compliance or provision of service and sets out the mitigating action taken to manage down each risk.

The Register is reviewed regularly and the key risks fall into one of the following categories:

- Failures in the fund administration and control of operational processes and strategic governance processes and TPR compliance
- Service delivery partners not delivering in line with their contracts or SLAs
- 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
- Changes to the LGPS nationally and increasing political pressure to reform the scheme structure, governance frameworks and to centrally direct investment decisions

The LPB's ongoing review of the risk register concurred with the Pensions Committee that the top risks facing the fund revolve around:

- Ability to deliver the service to agreed standards, including recruitment and retention of staff
- Cyber security and data protection
- Governance of the Fund is not in accordance with APF policies and internal controls are not adequate
- Delivering the future funding and investment strategies
- Brunel fails to deliver client objectives
- Employers unable to meet financial obligations to the Fund

The Fund continues to invest significantly in systems and resources to ensure the risks are managed effectively and resilience is built into the service and the arrangements in place are supported by external and internal audit reviews.

The Board has actively engaged on the key risks facing the Fund and supports increases in resources to mitigate some of these risks as well as discussing issues around capacity, skills gaps and recruitment and retention.

The Board will continue to ensure that a review of the Fund's risk register will remain a regular agenda item at each meeting.

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Bath & North East Somerset Council	
MEETING:	Avon Pension Fund – Local Pension Board
MEETING DATE:	4th September 2024
TITLE:	PENSION FUND ADMINISTRATION Performance Report
WARD:	ALL
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1 – Performance against SLA & Workload</p> <p>Appendix 2 – TPR Data Improvement Plan</p> <p>Appendix 3 – Administration Update</p>	

1 THE ISSUE

1.1 The purpose of this report is to present the Fund’s administration performance for the three months to 30th June 2024 vs key performance indicators (KPI’s).

2 RECOMMENDATION

The Committee:

2.1 Notes the service performance for the period ending 30th June 2024.

3 PERFORMANCE –

3.1 Appendix 1 summarises service performance vs SLAs¹ to 30th June 2024. Within Q2 performance remains below its target of >90%. However, mid Q3 reports indicate an improvement in performance with 9 KPI’s within standard (see Annex 3) this is a significant improvement in performance for the majority of case types. Further details will be shared with the board at the meeting.

3.2 The following are key updates to be shared with the board that impact the service and performance.

People:

- The new structure has taken effect from 1st August 2024, creating additional roles and new teams across the fund. The new structure increases total head count from 83.5 to 94.3 FTE.

¹ service level agreements

- Following the restructure, APF have 16 vacant posts, 8 of which are in the Operations team. Recruitment for these posts will commence in September.
- Key appointments have been made to the Employer Services and Member Services manager roles, officers take up their posts from August and October respectively.
- 1 officer remains on long term sick.

McCloud:

- The 24.3 Altair release is in test which is expected to fix the errors in McCloud bulk calculations. This is currently affecting the pensioner population which will be our priority remedy population. Once these bulk calculations are tested and resolved, we will be able to identify the true number of pensioners who are due an underpin.
- The team are looking at the guidance and regulations already published to determine the what the remediation process will be for the pensioner population. Further guidance was expected in July 2024 from the Local Government Association but the team are pushing ahead with building a model to calculate the arrears and interest due to members with an underpin pension.

GMP

- The fund continues to review the data with final recommendations still outstanding.
- The review will aim to be completed in October and we plan to bring recommendations with supporting MI to Board & Committee in December.

Pension Increases:

- Supplementary PI is planned for October pay run.
- The team are progressing complex cases which is slow going but have made good progress. September will be a significant milestone with a further 95 cases being put through for bulk payment. A presentation on the Pension Increase project for Phase 2 members will be given at the meeting.

Process Controls:

- The fund has engaged with an external consultancy company to carry out a piece of work to map and review their highest risk processes and relevant controls.
- The review finished at the end of June with an observation report being submitted to the APF management team. The fund is now reviewing the recommendations of the report and a separate workshop will be arranged in November to report findings and next steps to Board and Committee members.

Procurement

- The fund has begun the procurement process for the main software system and an Integrated Service Provider for Pensions Dashboard. This will be done as one contract using the LGPS framework.
- An external consultant has been appointed to support officers with the management of this procurement project.

4 YEAR END & VALUATION

- 4.1 The 2024-year end data collection process is complete and all employer data has been validated and loaded on to the system.
- 4.2 Additional data cleansing has taken place to support the employers in the interim valuation process.
- 4.3 A review is under way to assess employers' performance with respect to data quality and timeliness of data returns.
- 4.4 The fund is on track to complete its annual benefit statement obligations for 2024.

5 SUMMARY OF FUND MEMBERSHIP DATA QUALITY

- 5.1 The Fund maintains a Common Data score above 95%. The TPR² report summarises an annual view of outstanding cases for the last 12 months, please refer to Appendix 2.
- 5.2 The missing Care Pay cases continue to be reviewed and the overall case workload continues to reduce.

6 RISK MANAGEMENT

- 6.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund, with 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.

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

- 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 addresses 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 report and its contents have been discussed with the Head of Pensions representing the Avon Pension Fund and the Director of Financial Services, Assurance & Pensions, representing the administering authority.

Contact person	Claire Newbery Pensions Operations Manager
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² The Pensions Regulator

	01225 395247
Background papers	Various statistical documents
Please contact the report author if you need to access this report in an alternative format.	

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
Death Notification	5 Days	186	74	39.8%	105	96.2%
Death - Act/Def/Pen - Payment	10 Days	143	119	83.2%	6	87.4%
Retirement (Active) - Quote	15 Days	342	106	31.0%	25	38.3%
Retirement (Active) - Actual	15 Days	295	187	63.4%	23	71.2%
Retirement (Deferred) - Quote	30 Days	507	226	44.6%	102	64.7%
Retirement (Deferred) - Actual	15 Days	318	168	52.8%	23	60.1%
Divorce - Quote	45 Days	65	37	56.9%	12	75.4%
Divorce - Actual	15 Days	1	0	0.0%	0	0.0%
Refund - Quotes	10 Days	740	350	47.3%	217	76.6%
Refund - Actual	10 Days	286	232	81.1%	13	85.7%
Deferred Benefits	30 Days	678	443	65.3%	18	68.0%
Transfer In (Active) - Quote	10 Days	207	8	3.9%	2	4.8%
Transfer In (Active) - Actual	10 Days	14	7	50.0%	0	50.0%
Transfer Out (Active/Deferred) - Quote	10 Days	211	17	8.1%	12	13.7%
Transfer Out (Active/Deferred) - Actual	10 Days	29	25	86.2%	4	100.0%
Employer Estimate - Quote	15 Days	45	31	68.9%	2	73.3%
Member Estimate - Quote	15 Days	157	88	56.1%	21	69.4%
Joiner	40 Days	2914	2912	99.9%	0	99.9%

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

Annex 2

As at 30 June 2024

Case No's vs Target

		Tasks Last Quarter									
		Actual Days to Process									
		0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31 to 40	41 to 45	46 to 59	60+
Death Notification	5 Days	74	105	5	2	0	0	0	0	0	0
Death - Act/Def/Pen - Payment	10 Days	100	19	6	10	4	2	2	0	0	0
Retirement (Active) - Quote	15 Days	47	36	23	25	26	23	62	12	23	65
Retirement (Active) - Actual	15 Days	113	46	28	23	25	18	19	9	9	5
Retirement (Deferred) - Quote	30 Days	23	24	44	36	67	32	102	27	74	78
Retirement (Deferred) - Actual	15 Days	96	39	33	23	27	25	46	13	8	8
Divorce - Quote	45 Days	11	3	5	3	1	1	9	4	12	16
Divorce - Actual	15 Days	0	0	0	0	0	0	0	0	0	1
Refund - Quotes	10 Days	216	134	217	81	32	6	5	3	3	43
Refund - Actual	10 Days	156	76	13	14	4	4	5	2	8	4
Deferred Benefits	30 Days	79	122	132	75	21	14	18	5	19	193
Transfer In (Active) - Quote	10 Days	6	2	2	1	3	7	13	7	71	95
Transfer In (Active) - Actual	10 Days	6	1	0	2	2	3	0	0	0	0
Transfer Out (Active/Deferred) - Quote	10 Days	12	5	12	11	5	7	20	4	20	115
Transfer Out (Active/Deferred) - Actual	10 Days	25	0	4	0	0	0	0	0	0	0
Employer Estimate - Quote	15 Days	10	18	3	2	5	2	3	0	2	0
Member Estimate - Quote	15 Days	53	12	23	21	24	5	9	1	2	7
Joiner	40 Days	450	133	69	353	1443	395	69	0	2	0

Annex 2

Case No's vs Target % of Total Completed Within Day Range

As at 30 June 2024

		Tasks Last Quarter									
		Actual Days to Process									
		0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31 to 40	41 to 45	46 to 59	60+
Death Notification	5 Days	40%	56%	3%	1%	-	-	-	-	-	-
Death - Act/Def/Pen - Payment	10 Days	70%	13%	4%	7%	3%	1%	1%	-	-	-
Retirement (Active) - Quote	15 Days	14%	11%	7%	7%	8%	7%	18%	4%	7%	19%
Retirement (Active) - Actual	15 Days	38%	16%	9%	8%	8%	6%	6%	3%	3%	2%
Retirement (Deferred) - Quote	30 Days	5%	5%	9%	7%	13%	6%	20%	5%	15%	15%
Retirement (Deferred) - Actual	15 Days	30%	12%	10%	7%	8%	8%	14%	4%	3%	3%
Divorce - Quote	45 Days	17%	5%	8%	5%	2%	2%	14%	6%	18%	25%
Divorce - Actual	15 Days	-	-	-	-	-	-	-	-	-	100%
Refund - Quotes	10 Days	29%	18%	29%	11%	4%	1%	1%	0%	0%	6%
Refund - Actual	10 Days	55%	27%	5%	5%	1%	1%	2%	1%	3%	1%
Deferred Benefits	30 Days	12%	18%	19%	11%	3%	2%	3%	1%	3%	28%
Transfer In (Active) - Quote	10 Days	3%	1%	1%	-	1%	3%	6%	3%	34%	46%
Transfer In (Active) - Actual	10 Days	43%	7%	-	14%	14%	21%	-	-	-	-
Transfer Out (Active/Deferred) - Quote	10 Days	6%	2%	6%	5%	2%	3%	9%	2%	9%	55%
Transfer Out (Active/Deferred) - Actual	10 Days	86%	-	14%	-	-	-	-	-	-	-
Employer Estimate - Quote	15 Days	22%	40%	7%	4%	11%	4%	7%	-	4%	-
Member Estimate - Quote	15 Days	34%	8%	15%	13%	15%	3%	6%	1%	1%	4%
Joiner	40 Days	15%	5%	2%	12%	50%	14%	2%	-	-	-

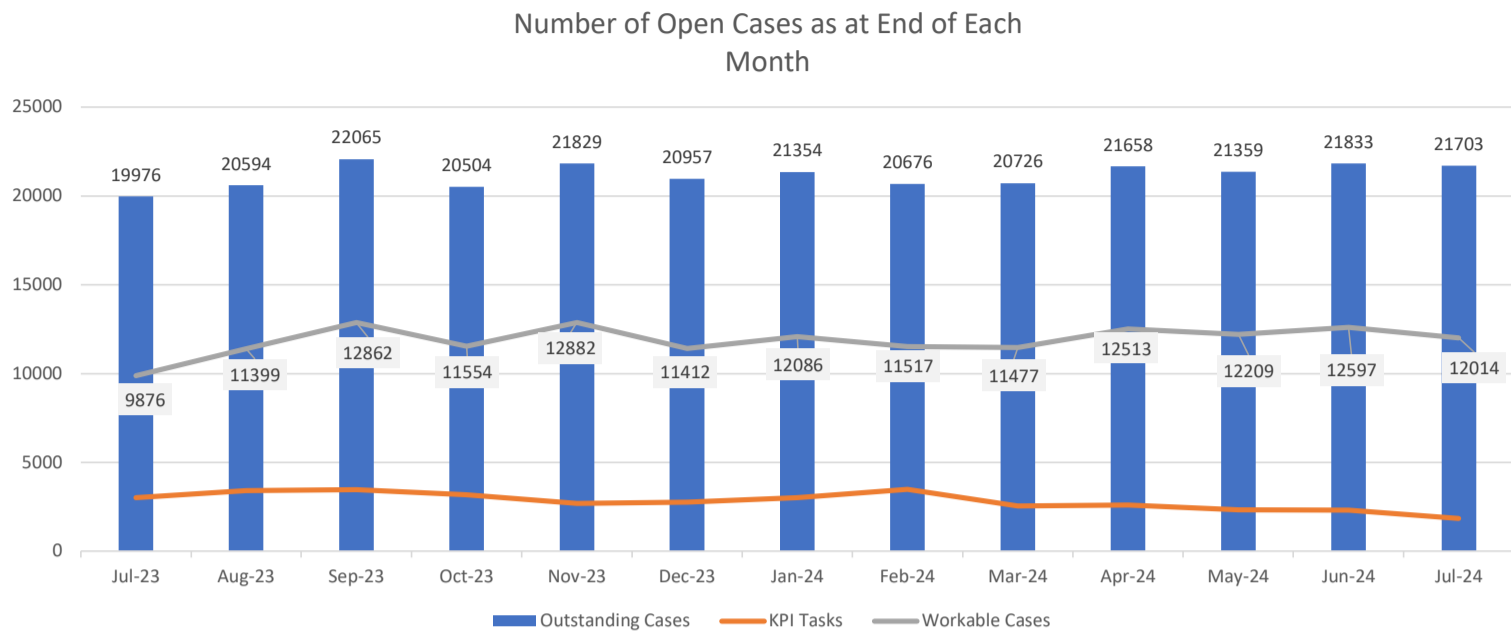
Annex 3 Trend in Overall Performance

As at 18 August 2024

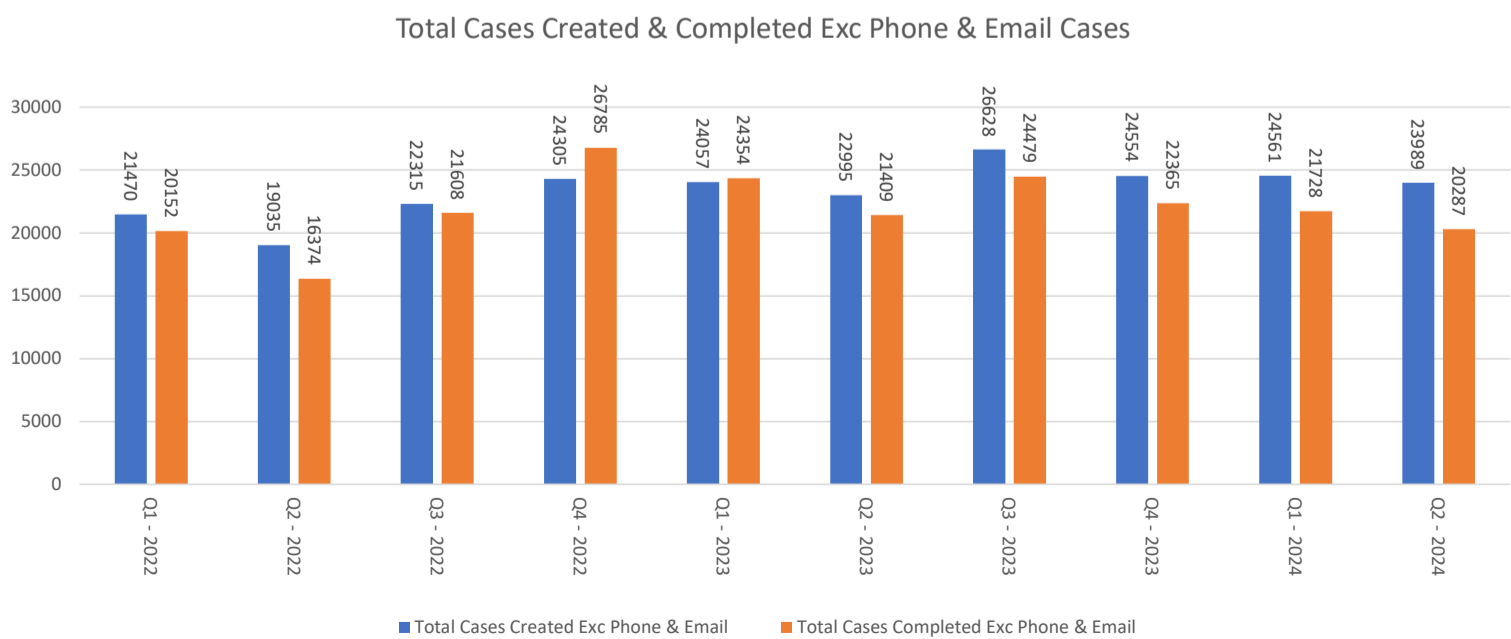
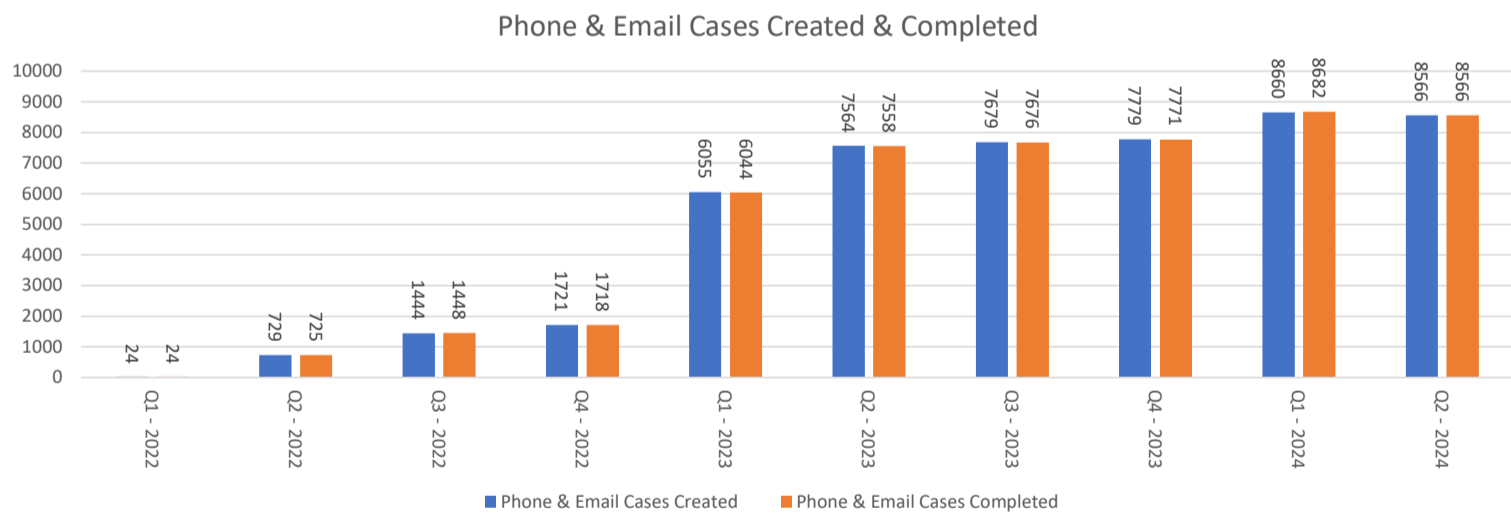
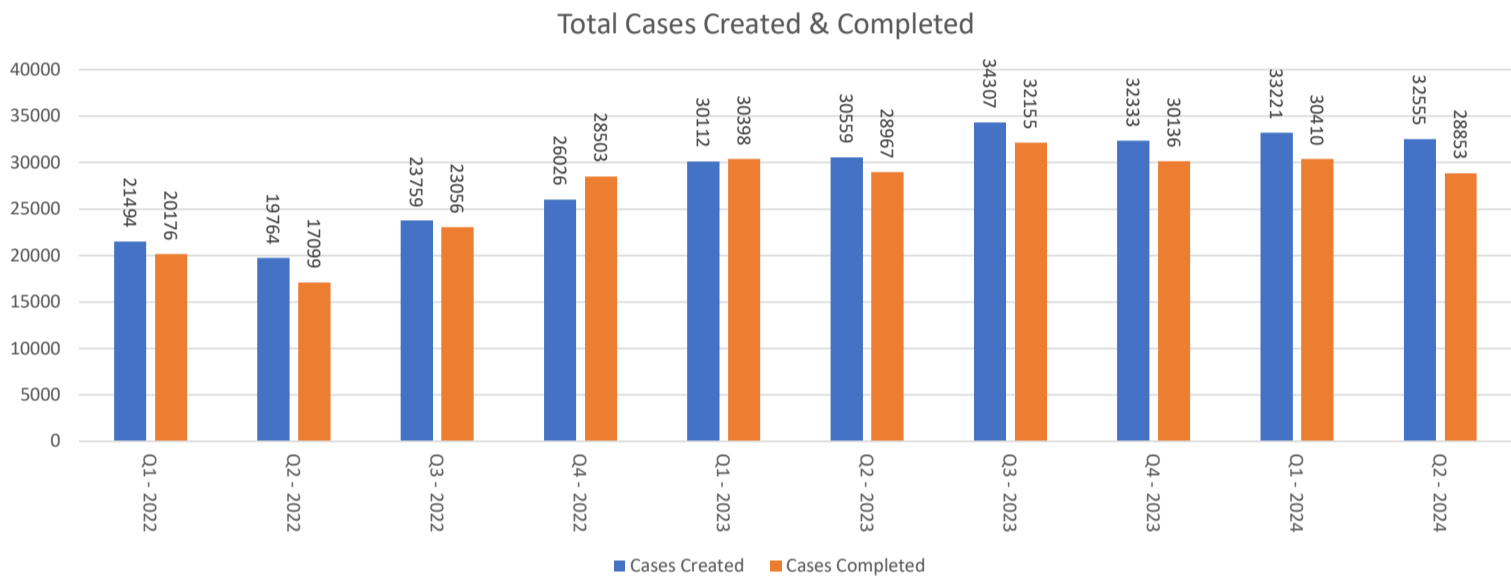
Work Type	Target Processing SLA	Q3	Q4	Q1	Q2	Q3	Trend
		Jul-23 to Sep-23	Oct-23 to Dec-23	Jan-24 to Mar-24	Apr-24 & Jun-24	01/07/24 to 18/08/2024	
Death Notification	5 Days	57.1%	75.0%	46.0%	39.8%	75.3%	
Death - Act/Def/Pen - Payment	10 Days	72.5%	79.7%	79.8%	83.2%	96.4%	
Retirement (Active) - Quote	15 Days	52.1%	27.7%	28.7%	31.0%	61.1%	
Retirement (Active) - Actual	15 Days	75.1%	74.4%	81.0%	63.4%	86.5%	
Retirement (Deferred) - Quote	30 Days	49.8%	30.1%	22.8%	44.6%	89.6%	
Retirement (Deferred) - Actual	15 Days	71.4%	81.3%	55.3%	52.8%	80.1%	
Divorce - Quote	45 Days	80.2%	88.2%	58.2%	56.9%	83.3%	
Divorce - Actual	15 Days	0.0%	100.0%	100.0%	0.0%	100.0%	
Refund - Quotes	10 Days	33.1%	11.3%	46.1%	47.3%	53.1%	
Refund - Actual	10 Days	49.0%	64.7%	11.0%	81.1%	72.8%	
Deferred Benefits	30 Days	54.0%	31.2%	27.7%	65.3%	81.1%	
Transfer In (Active) - Quote	10 Days	23.5%	24.0%	22.8%	3.9%	42.9%	
Transfer In (Active) - Actual	10 Days	40.0%	20.7%	34.5%	50.0%	37.7%	
Transfer Out (Active/Deferred) - Quote	10 Days	32.8%	17.6%	8.6%	8.1%	23.2%	
Transfer Out (Active/Deferred) - Actual	10 Days	51.4%	85.7%	100.0%	86.2%	96.8%	
Employer Estimate - Quote	15 Days	55.3%	65.5%	84.0%	68.9%	90.6%	
Member Estimate - Quote	15 Days	92.0%	86.5%	85.8%	56.1%	82.1%	
Joiner	40 Days	98.6%	99.1%	97.7%	99.9%	99.5%	

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

Annex 4



Annex 5



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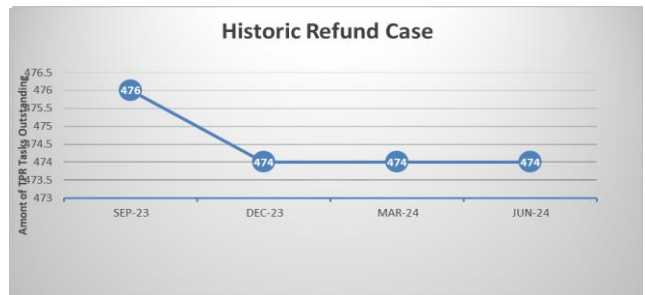
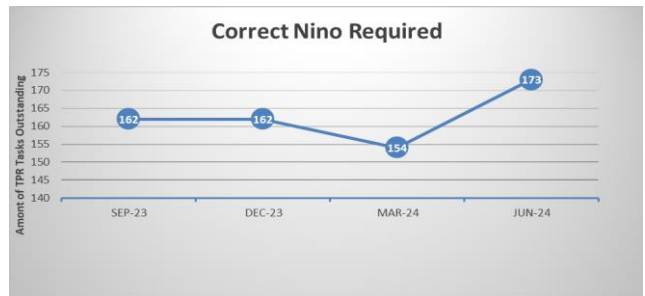
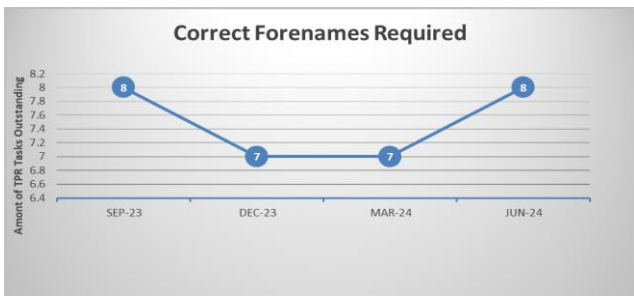
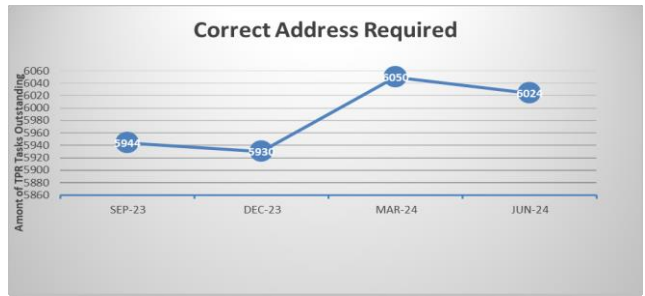
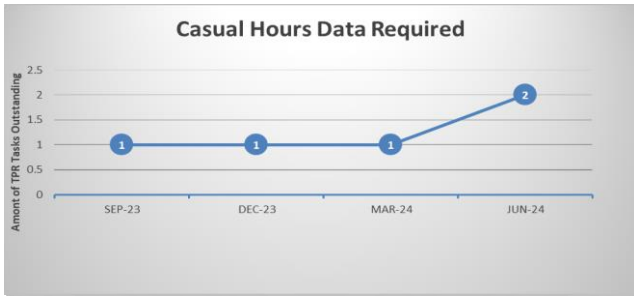
Annex 1 – TPR Errors by Member Numbers

	Mar-24				Jun-24				*Trend
	Member Records	TPR Errors	% Errors	Data Score	Member Records	TPR Errors	% Errors	Data Score	
ACTIVE	40,643	108	0.27%	99.73	40,557	58	0.14%	99.86	-50
UNDECIDED	6,972	97	1.39%	98.61	7,213	130	1.80%	98.20	+33
DEFERRED	44,516	4,118	9.25%	90.75	44,594	4,103	9.20%	90.80	-15
PENSIONERS	36,085	482	1.34%	98.66	36,471	478	1.31%	98.69	-4
DEPENDANTS	5,158	136	2.64%	97.36	5,240	168	3.21%	96.79	+32
FROZEN	7,657	1,924	25.13%	74.87	7,832	1,959	25.01%	74.99	+35
TOTALS	141,031	6,865	4.87%	95.13	141,907	6,896	4.86%	95.14	+31

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

	Mar-24		Jun-24		*Trend
	TPR Errors	%	TPR Errors	%	
Age 75 Exceeded Lgps Eligibility Issue	106	1.54%	105	1.52%	-1
Care Pay For 2014-2015 Required	0	0.00%	0	0.00%	+0
Care Pay For 2015-2016 Required	0	0.00%	0	0.00%	+0
Care Pay For 2016-2017 Required	0	0.00%	0	0.00%	+0
Care Pay For 2017-2018 Required	2	0.03%	0	0.00%	-2
Care Pay For 2018-2019 Required	1	0.01%	0	0.00%	-1
Care Pay For 2019-2020 Required	3	0.04%	2	0.03%	-1
Care Pay For 2020-2021 Required	6	0.09%	1	0.01%	-5
CARE pay for 2021-2022 required	12	0.17%	3	0.04%	-9
CARE pay for 2022-2023 required	6	0.09%	4	0.06%	-2
CARE pay for 2023-2024 required	1	0.01%	15	0.22%	+14
Casual Hours Data Required	1	0.01%	2	0.03%	+1
Correct Address Required	6,050	88.13%	6,024	87.35%	-26
Correct Forenames Required	7	0.10%	8	0.12%	+1
Next of kin address required?	18	0.26%	17	0.25%	-1
Correct Hours Format Required	0	0.00%	0	0.00%	+0
Correct Nino Required	154	2.24%	173	2.51%	+19
Correct Title Required ie Miss Or Mr	1	0.01%	1	0.01%	+0
Data Required From A Previous Employer	2	0.03%	2	0.03%	+0
Date Joined Fund Required	1	0.01%	1	0.01%	+0
Historic Refund Case	474	6.90%	474	6.87%	+0
Leaver Form Required	14	0.20%	58	0.84%	+44
Pay Ref Required	6	0.09%	6	0.09%	+0
Correct Surname Required	0	0.00%	0	0.00%	+0
Correct Date Of Birth Required	0	0.00%	0	0.00%	+0
Grand total	6,865	100%	6,896	100%	

TPR Error Numbers by Error Type



TPR Error Numbers by Status



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Administration Update September 2024

Claire Newbery

Pensions Operations Manager

Page 41



Avon
Pension
Fund



Your pension, your future

Agenda



- Restructure
- Workflow & MI
- Pensions Increase – Phase 2
- Pensions Dashboard

Restructure update



- New structure in place wef 1st August
- All Ring-fenced officers got their first choice of roles
- New roles and grading take effect from 1st August
- All officers received confirmatory letters

Next Steps

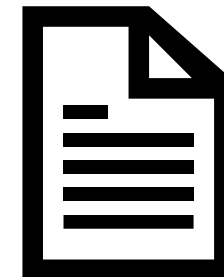
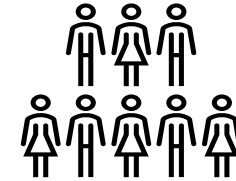
- Recruitment into new structure & new roles – Q3-Q4
- Movement of work and responsibilities – Q3

Workflow & MI



Q1 and beyond – what's been happening

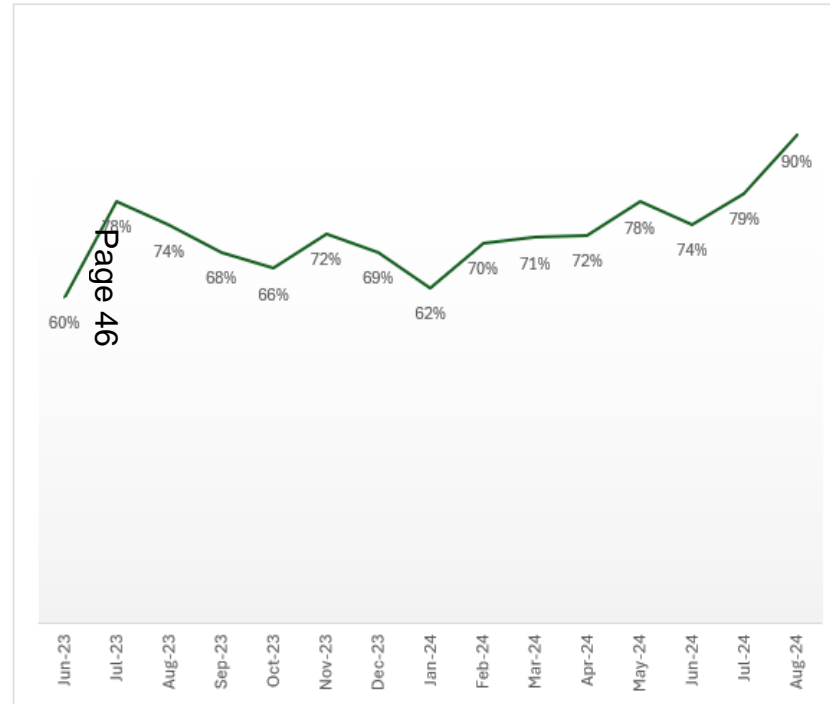
- Permanent team leaders appointed
- Training – new and existing officers
- Continued focus us on backlogs
- Temporary “retirement team”
- Deeper MI insight



SLA monthly performance average July 23 – 18th August 24

Average SLA Performance

*Based on weekly KPI data

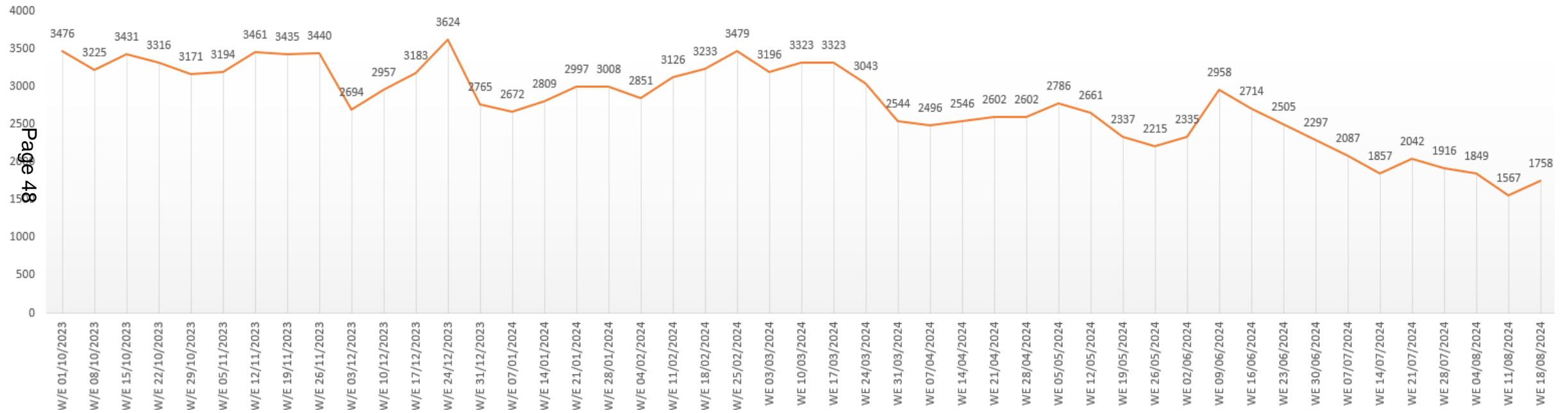


KPI Category	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Cases Created Jul-23 to 18th Aug 24
Death Notification	25%	25%	59%	68%	74%	64%	92%	57%	20%	62%	46%	31%	65%	64.6%	89.7%	758
Death - Act/Def/Pen - Payment	76%	67%	87%	47%	77%	79%	84%	76%	68%	88%	100%	69%	88%	93.2%	100.0%	601
Retirement (Active) - Quote	58%	72%	37%	37%	30%	25%	39%	32%	37%	30%	31%	30%	35%	51.5%	81.0%	2,101
Retirement (Active) - Actual	64%	86%	60%	91%	68%	73%	83%	77%	76%	95%	95%	77%	47%	78.1%	90.7%	1,223
Retirement (Deferred) - Quote	83%	97%	62%	36%	34%	28%	38%	17%	30%	35%	36%	57%	60%	91.0%	83.2%	2,660
Retirement (Deferred) - Actual	54%	78%	71%	50%	90%	83%	73%	52%	33%	82%	75%	66%	40%	68.5%	97.9%	1,719
Divorce - Quote	N/A	82%	100%	92%	100%	67%	84%	39%	78%	49%	59%	66%	66%	83.2%	100.0%	335
Divorce - Actual	N/A	0%	N/A	N/A	100%	N/A	N/A	100%	N/A	N/A	N/A	N/A	N/A	100.0%	100.0%	10
Refund - Quotes	0%	24%	24%	25%	5%	26%	15%	31%	66%	68%	22%	77%	69%	33.7%	88.4%	3,633
Refund - Actual	50%	19%	62%	89%	72%	93%	37%	12%	31%	13%	84%	85%	65%	77.8%	88.0%	1,145
Deferred Benefits	50%	72%	64%	44%	34%	73%	35%	35%	50%	28%	62%	67%	62%	79.5%	79.1%	3,374
Transfer In (Active) - Quote	0%	50%	6%	50%	0%	9%	19%	20%	17%	26%	3%	6%	13%	17.2%	73.8%	512
Transfer In (Active) - Actual	N/A	50%	56%	67%	18%	54%	50%	0%	29%	64%	100%	33%	56%	27.5%	55.6%	153
Transfer Out (Active/Deferred) - Quote	N/A	45%	41%	0%	22%	4%	29%	14%	17%	1%	16%	14%	4%	30.0%	26.2%	1,330
Transfer Out (Active/Deferred) - Actual	N/A	44%	40%	0%	55%	94%	100%	100%	100%	100%	73%	100%	100%	93.8%	100.0%	138
Employer Estimate - Quote	74%	67%	100%	79%	60%	54%	50%	93%	89%	77%	65%	100%	36%	93.8%	77.8%	243
Member Estimate - Quote	78%	99%	98%	81%	83%	92%	88%	94%	99%	81%	66%	94%	50%	85.1%	92.9%	827
Joiner	82%	98%	98%	98%	96%	99%	99%	93%	100%	100%	100%	100%	100%	98.5%	100.0%	16,395
Weighted Average	60%	78%	74%	68%	66%	72%	69%	62%	70%	71%	72%	78%	74%	79%	90%	

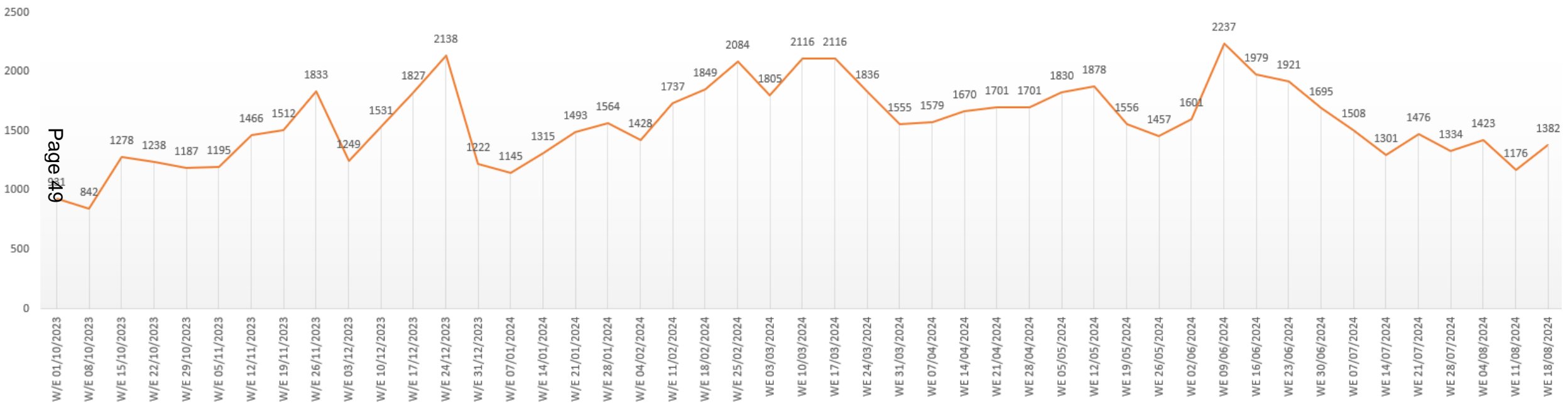
KPI cases completed as % July & August 24

		01/07/2024 to 18/08/2024									
		Actual Days to Process									
		0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31 to 40	41 to 45	46 to 59	60+
Death Notification	5 Days	75%	21%	1%	-	1%	-	-	-	-	1%
Death - Act/Def/Pen - Payment	10 Days	86%	11%	1%	1%	1%	-	-	-	-	-
Retirement (Active) - Quote	15 Days	29%	23%	9%	6%	5%	5%	6%	3%	4%	10%
Retirement (Active) - Actual	15 Days	75%	7%	4%	3%	2%	2%	4%	-	-	3%
Retirement (Deferred) - Quote	30 Days	9%	16%	19%	38%	6%	2%	5%	-	1%	4%
Retirement (Deferred) - Actual	15 Days	57%	17%	7%	10%	3%	2%	3%	-	1%	-
Divorce - Quote	45 Days	32%	15%	5%	12%	3%	3%	7%	5%	13%	5%
Divorce - Actual	15 Days	-	100%	-	-	-	-	-	-	-	-
Refund - Quotes	10 Days	28%	25%	15%	22%	2%	2%	5%	0%	0%	1%
Refund - Actual	10 Days	37%	35%	14%	4%	3%	1%	1%	1%	2%	1%
Deferred Benefits	30 Days	12%	17%	20%	18%	7%	7%	9%	2%	2%	6%
Transfer In (Active) - Quote	10 Days	18%	24%	11%	12%	7%	5%	4%	2%	1%	16%
Transfer In (Active) - Actual	10 Days	31%	7%	-	2%	3%	-	3%	3%	33%	18%
Transfer Out (Active/Deferred) - Quote	10 Days	16%	7%	2%	4%	4%	0%	7%	7%	4%	50%
Transfer Out (Active/Deferred) - Actual	10 Days	74%	23%	3%	-	-	-	-	-	-	-
Employer Estimate - Quote	15 Days	47%	41%	3%	-	-	3%	3%	-	3%	-
Member Estimate - Quote	15 Days	60%	21%	1%	2%	3%	4%	4%	1%	-	3%
Joiner	40 Days	9%	3%	5%	39%	44%	-	-	-	-	-

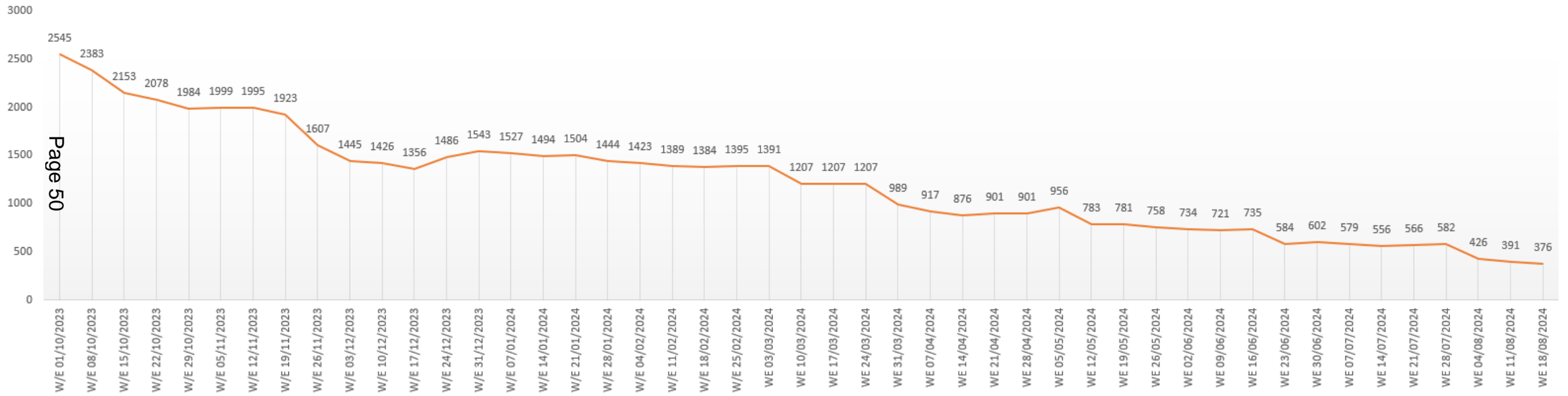
Total KPI's outstanding



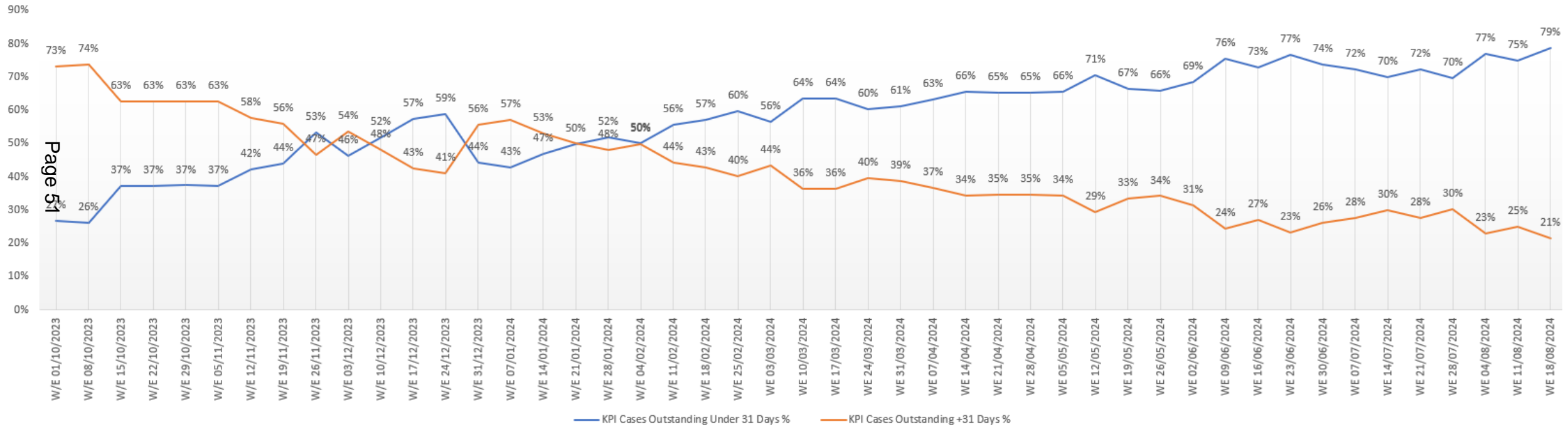
KPI cases outstanding under 31 days



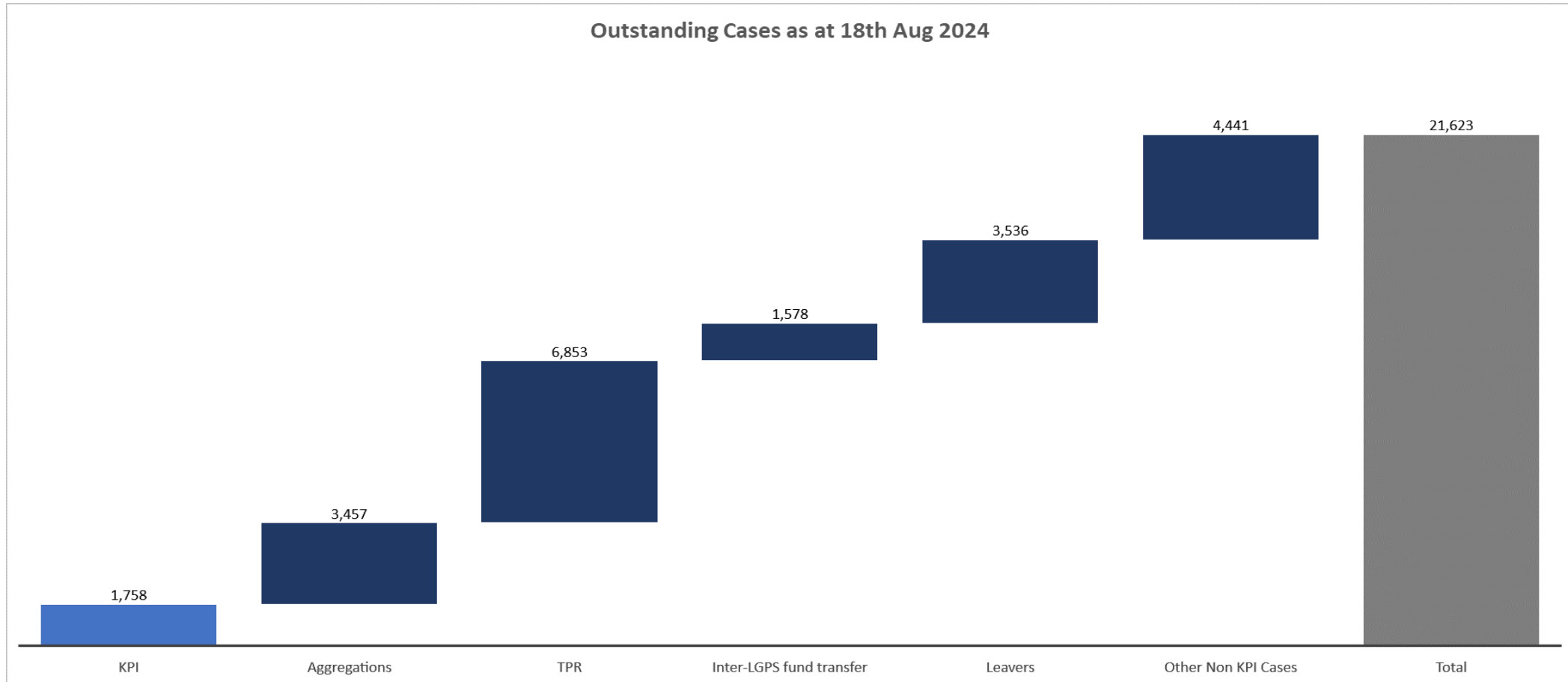
KPI's outstanding over 31 days



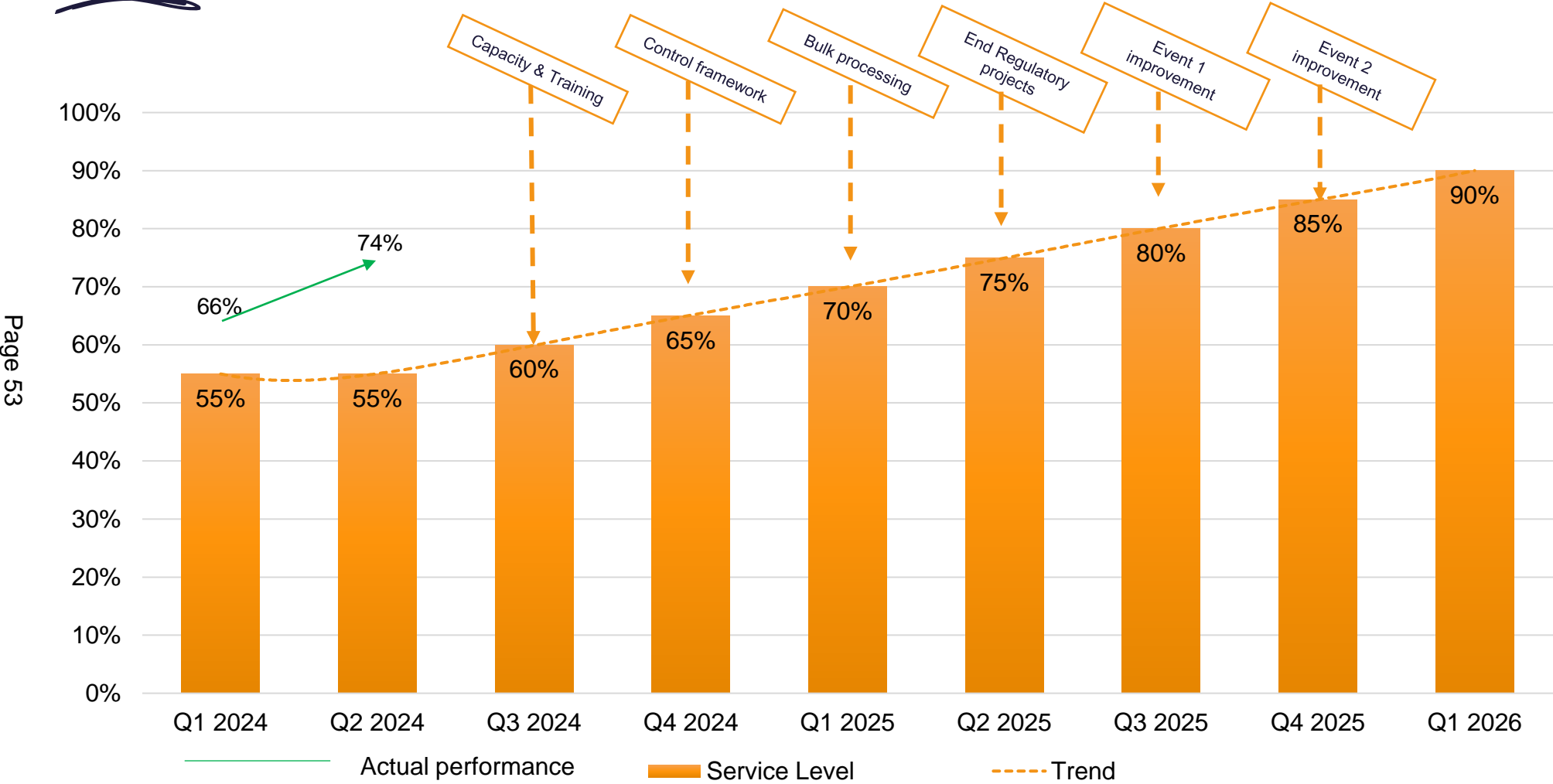
KPI's case by age



All outstanding cases August 2024



Service performance – plan v's actual – August 24



Pension Increase remediation update

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Phase 2 – Completed



- 39 cases have been manually calculated, with arrears / interest paid in July and August 2024.
- 95 cases are going through the bulk remediation process and will have the arrears / interest paid in September 2024.
- 68 cases have been reviewed and no further remediation is due.

Total = 202 completed

Phase 2 –What's in progress



- 11 suspended child pensions have had arrears calculated. Dependants have been written to for current bank details.
- 39 death cases have been reviewed and arrears are being calculated.
- 10 cases are currently in checking

Total = 60 in progress

Phase 2 – What's left



- 142 pensions suspended from outset (Member tracing) – These members are being traced and this population will be removed from the project as they are not a pension increase issue. These will be owned and dealt with as part of the normal tracing process.
- 94 GMP cases. These are complex cases and will require manual calculation and resolution.
- 11 Payroll cases – Once payroll queries are resolved, increases will need to be calculated.

Total = 247 – 142 = 105 to action

Thank you



If you have any questions please contact:

Claire Newbery

Pensions Operations Manager

Claire_Newbery@bathnes.gov.uk

Avon
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Fund



Your pension, your future

KPI cases completed July & August 24

		01/07/2024 to 18/08/2024									
		Actual Days to Process									
		0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31 to 40	41 to 45	46 to 59	60+
Death Notification	5 Days	67	19	1	0	1	0	0	0	0	1
Death - Act/Def/Pen - Payment	10 Days	71	9	1	1	1	0	0	0	0	0
Retirement (Active) - Quote	15 Days	73	59	22	15	13	12	15	8	9	26
Retirement (Active) - Actual	15 Days	139	13	8	5	4	3	7	0	0	6
Retirement (Deferred) - Quote	30 Days	49	84	100	206	33	9	28	2	7	21
Retirement (Deferred) - Actual	15 Days	222	65	26	41	13	7	13	0	3	1
Divorce - Quote	45 Days	19	9	3	7	2	2	4	3	8	3
Divorce - Actual	15 Days	0	2	0	0	0	0	0	0	0	0
Refund - Quotes	10 Days	95	83	51	73	7	6	16	1	0	3
Refund - Actual	10 Days	55	52	21	6	4	1	2	1	3	2
Deferred Benefits	30 Days	45	66	79	71	26	27	33	7	8	25
Transfer In (Active) - Quote	10 Days	22	29	13	14	8	6	5	2	1	19
Transfer In (Active) - Actual	10 Days	19	4	0	1	2	0	2	2	20	11
Transfer Out (Active/Deferred) - Quote	10 Days	9	4	1	2	2	0	4	4	2	28
Transfer Out (Active/Deferred) - Actual	10 Days	23	7	1	0	0	0	0	0	0	0
Employer Estimate - Quote	15 Days	15	13	1	0	0	1	1	0	1	0
Member Estimate - Quote	15 Days	87	30	2	3	5	6	6	1	0	5
Joiner	40 Days	134	42	70	601	673	5	2	5	1	2

KPI cases completed, cumulative % July & August 24

		01/07/2024 to 18/08/2024									
		Actual Days to Process									
		0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31 to 40	41 to 45	46 to 59	60+
Death Notification	5 Days	75%	97%	98%	98%						
Death - Act/Def/Pen - Payment	10 Days	86%	96%	98%	99%	100%	100%	100%			
Retirement (Active) - Quote	15 Days	29%	52%	61%	67%	72%	77%	83%	86%	90%	100%
Retirement (Active) - Actual	15 Days	75%	82%	86%	89%	91%	93%	97%	97%	97%	100%
Retirement (Deferred) - Quote	30 Days	9%	25%	43%	81%	88%	89%	94%	94%	96%	100%
Retirement (Deferred) - Actual	15 Days	57%	73%	80%	91%	94%	96%	99%	99%	100%	100%
Divorce - Quote	45 Days	32%	47%	52%	63%	67%	70%	77%	82%	95%	100%
Divorce - Actual	15 Days	-	100%	100%	100%	100%	100%	100%	100%	100%	100%
Refund - Quotes	10 Days	28%	53%	68%	90%	92%	94%	99%	99%	99%	100%
Refund - Actual	10 Days	37%	73%	87%	91%	94%	95%	96%	97%	99%	100%
Deferred Benefits	30 Days	12%	29%	49%	67%	74%	81%	90%	91%	94%	100%
Transfer In (Active) - Quote	10 Days	18%	43%	54%	66%	72%	77%	82%	83%	84%	100%
Transfer In (Active) - Actual	10 Days	31%	38%	38%	39%	43%	43%				
Transfer Out (Active/Deferred) - Quote	10 Days	16%	23%	25%	29%	32%	32%	39%	46%	50%	100%
Transfer Out (Active/Deferred) - Actual	10 Days	74%	97%	100%							
Employer Estimate - Quote	15 Days	47%	88%	91%	91%	91%	94%	97%	97%	100%	
Member Estimate - Quote	15 Days	60%	81%	82%	84%	88%	92%	96%	97%	97%	100%
Joiner	40 Days	9%	11%	16%	55%	99%	99%	99%			

Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	4 September 2024	AGENDA ITEM NUMBER 3
TITLE:	Annual Governance Review	
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 – Terms of Reference for APF Committee & Investment Panel Appendix 6 – Governance Compliance Statement Appendix 6a – Representation Policy Appendix 7 – Conflicts of Interest Policy Appendix 8 – Decision Making Matrix Appendix 9 – Policy on Under & Over Payments</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 updated terms of reference for the Pension Board are attached as appendix 2. A couple of minor changes have been made to reflect name changes.

5 APF COMMITTEE ANNUAL GOVERNANCE REVIEW

- 5.1 Annually in June the Avon Pension Fund Committee review its governance arrangements. The table below sets out a summary of the review with more detail set out below the table:

5.2

Appendix	Appendix Name	Detail of changes
3	Scheme of Delegation – Schedule	No material change
4	Scheme of Delegation – Authorisations	No material change
5	Terms of Reference for APF Committee & Investment Panel	Change set out in para 5.4
6	Governance Compliance Statement	No material change
6a	Representation Policy	No material change
7	Conflicts of Interest Policy	Change set out in para 5.5
8	Decision Making Matrix	No change to decisions but matrix simplified
9	Under & Over Payments Policy	New – see para 5.6

5.3 Scheme of Delegation - following recommendations in a recent internal audit a number of minor changes to the schedule and authorisation lists have been made to clarify roles, responsibilities and processes.

5.4 Pension Committee's Terms of Reference – a change has been made to reflect decisions regarding the Local Impact Portfolio Framework being delegated to The Head of Pensions in conjunction with the working group. The formal decision will be taken by the Head of Pensions as an Officer Decision Report via the normal democratic reporting processes within Bath and North East Somerset Council. The revised Terms of Reference was approved by Council in June.

5.5 Conflicts of Interest Policy - a couple of changes have been made to the Pooling section to reflect the current voting arrangements for Brunel. The wording originally stated decisions required a unanimous vote, this has been updated to reflect a majority vote.

5.6 Under & Over Payments Policy – The Committee approved the policy in March 2024. The Fund identified the need to put in place a clear policy to establish the principles of rectification for members where there has been either an overpayment or underpayment of pension benefits.

6 RISK MANAGEMENT

6.1 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.

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 Report and its contents have been discussed with the Head of Pensions representing the Avon Pension Fund and the Director of Financial Services, Assurance & Pensions representing the administering authority.

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's Term of Reference			No changes
Pension Committee's Annual Governance Review			Contained in Pensions Committee papers for June
Terms of Service			Two terms ending in 2025 - Steve Harman (30/06/25) and Stuart Anstead (01/12/25)
Recruitment Process and Documents Updated			Documents updated in May for member and employer representative advertising (until end of August)
Induction Training			Updated in June
Pension Board Training Plan			Training plan in place, two workshops organised for Sept & Oct 24
Meeting Attendance (70%+)		One member 50%	Three members 100%, one member 75%
Training Attendance at Workshops (70%+)		60% attendance at Climate Target Workshop in Oct 23	
The Pension's Regulator Toolkit Completion and Evidence Received	No evidence for one member		
Hymans Robertson's Learning Academy Module Completion (based on version 1.0 of the academy, as per the review date)	Two members not accessed or completed any of the training		Three members completed all modules
Register of Interest Forms Completed and Updated		One member not updated since August 23	Three members updated following July email for annual update
Chair Attending Pension Committee Meetings			Chair attending Committee meetings
Chair Attending Pension Board Meetings			Chair attending all Board meetings
Appropriate Communications to Pension Board			Adhoc emails sent with news and training opportunities, newsletter sent via email quarterly

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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 of 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 Director of Financial Services, Assurance & Pensions 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 Director of Financial Services, Assurance & Pensions. 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 Director of Financial Services, Assurance & Pensions 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 Director of Financial Services, Assurance & Pensions, 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 processes. 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 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 Director of Financial Services, Assurance & Pensions 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 General Code of Practice, that applies 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 is to the Director of Financial Services, Assurance & Pensions.

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.

Scheme of Delegations – June 2024

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 Director of Financial Services, Assurance & Pensions 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 Director of Financial Services, Assurance & Pensions 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 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 (or the Pensions Operations Manager in their absence). Stage 2 – Employer decision - dealt with by the Fund's Technical & Compliance Advisor (or the Pensions Operations Manager in their absence).

	Stage 2 – Fund decision – dealt with by the administering Authority the Head of Pensions 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: <ul style="list-style-type: none"> - Non contentious cases sign off from the relevant Service Manager plus Pensions Operations Manager - Contentious cases require the third signature of the Head of 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 an appropriate officer of 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: <ol 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.

Commented [CC1]: As per Toby Simon's recommendation at 28th June Committee

	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 Director of Financial Services, Assurance & 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.
Contracts and Agreements	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.
	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).
	Officers have authority to commission Elective Services from Brunel and issuing instructions as permitted under the Brunel Service Agreement to Brunel Pension Partnership Ltd.
	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.

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Scheme of Delegations – Authorisations June 2024

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

Authorised Signatory List	Instructions (for investment transactions) 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 Authorised Signatory List - April 23 (Signed and Certified).pdf
Authorisation of Pension Benefits	Up to £100,000	Up to £150,000	Over £150,000
All types of pension benefits including retirements, deaths, transfers and refunds	Member Services Senior Pension Officers	Member Services Team Leaders (excluding Pensions Payroll TL)	Service Managers or Technical & Compliance Advisor Plus Pensions Operations Manager or Head of Pensions
Authorisation to request AVC payments from Legal & General Authorisation to set up new AVC schemes (employers) with Legal & General	Individual cases Individual new employers	Officers listed on authorisation list Officers listed as 'Trustees' with Legal & General	L&G Authorised Signatory List April 2023.pdf
Authorisation of payments list to be paid via PT-X	Individual cases	Service Managers & Pensions Operations 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 Authorisation List for PTX - April 2024.xlsx
Agresso Payments (Invoices & pension related payments)	Limits as per schedule (link)	Head of Pensions Group Manager, Funding, Investments and Risk Pensions Operations Manager Payroll Services Manager Director of Financial Services, Assurance & Pensions (Pension Board Transactions)	Names as per schedule Agresso authorisation levels 03.05.2024.xlsx
Treasury Management transactions (on behalf of Pension Fund)	All amounts	Treasury Management Team on authorised list	Names as per schedule BANES Treasury Management Authorised signatures May 2023.pdf

Avon Pension Fund



Your pension, your future

Avon Pension Fund Committee Terms of Reference 2024

Appendix 1

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(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)

- 5 elected members from B&NES (subject to the rules of political proportionality of the Council)
- 3 independent members
- 1 elected member nominated from each of Bristol City Council, North Somerset Council and South Gloucestershire Council
- 1 nominated from the Higher and Further education bodies
- 1 nominated from the Academy bodies
- 1 nominated by the trades unions

Non-voting members (3)

- 1 nominated from the Parish Councils
- Up to 2 nominated from different Trades Unions

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 not 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 3 will be the 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. The Fund’s representative will be the Committee Chairperson.

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 Director of One West & APF 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 Director of One West & APF 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 Director of One West & APF 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. Decisions regarding the Local Impact Portfolio Framework are delegated to The Head of Pensions in conjunction with the working group. The Working Group will consist of at least 3 Panel members including the Chair of the Panel and 1 independent member, plus the Head of Pensions, Group

Manager Investments and the Investments Manager. The formal decision is taken by the Head of Pensions as an Officer Decision Report via the democratic reporting processes within Bath and North East Somerset Council.

(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.

Approved by Council 16 May 2024

Avon Pension Fund



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Governance Compliance Statement

Avon Pension Fund

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>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>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>The APF Committee consists of 14 voting members:</p> <ul style="list-style-type: none"> - 5 elected members from Bath & North East Somerset Council - 1 elected member nominated from each of Bristol City Council, North Somerset Council and South Gloucestershire Council - 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:</p> <ul style="list-style-type: none"> - 2 nominated by the trades unions - 1 nominated by the Parish/Town Councils
<p>c) That where a secondary committee or panel has been</p>	<p>The Avon Pension Fund has a sub-committee, the Investment</p>

<p>established, the structure ensures effective communication across both levels.</p>	<p>Panel, to consider 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.</p> <p>The Funding & Risk Management Group (FRMG) has also been set up and 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 and to make recommendations to the Committee.</p>
<p>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.</p>	<p>Every member of the Investment Panel is a member of the main committee.</p>
<p>e) The terms, structure and operational procedures relating to the Avon Pension Fund Pension Board have been established.</p>	<p>The Board's remit – set out in its formal Terms of Reference – is to assist the administering authority to</p> <ul style="list-style-type: none"> (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 effective and efficient governance and administration of the Scheme. <p>The Pension Board comprises 7 members – 3 employee members,</p>

	<p>3 employer members and an independent chairperson. Employer and employee members have voting rights.</p> <p>The Board publishes an annual report to Council containing any recommendations on process or governance. The Board reports any material concerns to the S151 Officer.</p> <p>Board minutes are 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.</p> <p>Where any breach of duty is committed or alleged to have been committed by the Administering Authority (the Pension Committee) the Board shall:</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>f) The Avon Pension Fund is represented on the governance arrangements of Brunel Pension Partnership (BPP).</p>	<p>The Fund has established an FCA regulated company (Brunel) with 9 other LGPS funds which implements the investment strategies of the 10 funds who participate in BPP. The Fund allocates its assets to portfolios offered by Brunel in line with the</p>

	<p>Investment Strategy agreed by the Committee.</p> <p>The Chair of the APFC represents the Avon Pension Fund on the Brunel Oversight Board (BOB). The Group Manager, Funding, Investments & Risk represents the Fund on the Client Group, a practitioner group engaging 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, an independent member (on the Panel), the Head of Pensions and the Group Manager, Funding, Investments & Risk 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> <ul style="list-style-type: none"> i) employing authorities (including non-scheme employers, e.g. admission bodies); ii) scheme members (including deferred and pensioner scheme members); iii) where appropriate, independent professional observers; 	<p>There are 14 voting members representing employers across the unitary authorities, Higher and Further Education bodies and 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>iv) expert advisors.</p>	<p>There are also 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. There is significant external oversight of the Fund, committee and decision-making process. Furthermore, three members are appointed to the committee independent of the administering authority and employers to strengthen the independence of the governance process. And the pension fund and its governance processes are scrutinised annually by 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 ad hoc basis when appropriate.</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, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.</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 are given full opportunity to undertake training and contribute to the decision-making process. The attached appendix contains the Fund's full policy on representation.</p>
<p>C – Selection and role of lay members</p>	<p>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.	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.
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.	Declarations of interest is a standing item on every committee agenda.
D – Voting	Compliant
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.	The Fund has a clear policy on voting rights and has extended the voting franchise to non-administering authority employers and scheme member representatives.
E – Training/Facility time/ Expenses	Compliant
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.	The Fund has a clear policy on training and maintains a training log. Costs of approved external training is paid by the Fund. All members are invited to workshops organised by the Fund. Expenses are paid in line with the allowances scheme for each employer/stakeholder.
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.	See above.
c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training.	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 agreed on an annual basis

	which is responsive to the needs of the committee agenda. A training log is maintained.
F – Meetings (frequency/quorum)	Compliant
a) That an administering authority's main committee or committees meet at least quarterly.	The committee meetings are held quarterly.
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.	The Investment Panel meets at least quarterly, synchronised to occur ahead of the main committee meetings.
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.	Lay members are included in the formal arrangements.
G – Access	Compliant
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.	All members of the committee have equal access to meeting papers and advice.
H - Scope	Compliant
a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	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 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.</p>	<p>All statutory documents including the Governance Compliance Statement are 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.</p>

Approved by Avon Pension Fund Committee on 28 June 2024

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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.

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](#).

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):

- 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):

- 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 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.

Avon Pension Fund June 2024

Avon Pension Fund – Conflicts of Interest Policy

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 are a representative of 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 they represent.

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.

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.

Application of this policy

This policy applies to all members of the Avon pension committee, local pension board, section 151 officer, Director – One West and 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.

Avon Pension Fund, Local Government Pension Scheme administered by Bath & North East Somerset Council.

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.

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.

¹ Section 5(5)

² Chapter 7

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 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 clients over the rest. The Shareholders Agreement requires that certain key decision must be carried

with agreement from eight of the ten constituent client funds. Some decisions only require a simple majority.

- There is a provision within the Service Agreement for individual client funds to contract separately for service from BPP. This might occur where a client 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 clients 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 clients is carried out through a robust, open, competitive recruitment process involving HR professionals. 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.

Officers

- The Conflicts of Interest Policy applies to all employees within the Avon Pension Fund. All officers, including senior managers, are required to:
 - declare any potential conflict of interest that exists on employment;
 - communicate with the Administering Authority on any conflicts of interest that arise during the course of their employment.
- In addition to this policy, officers must adhere to the Council's Employee Code of Conduct that can be found [here](#).

Area	Task	Pension Committee	Pension Board	S151 Officer	Director Fin Systems, Assurance & Pensions	Head of Pensions	Fund Officers	Advisors
Mission Objectives Beliefs	Mission Statement	Approve	Informed	Informed	Consult	Accountable	Consult	Consult
	Recommend representation policy to full Council	Approve	Informed	Informed	Consult	Accountable	Consult	
	Objectives for Governance, Funding, Investments	Approve	Informed	Informed	Consult	Accountable	Consult	
	Investment beliefs inc. climate change	Approve	Informed	Informed	Consult	Accountable	Consult	Consult
Governance	Risk management framework	Approve	Consult	Informed	Consult	Accountable	Consult	Consult
	Valuation - annual & triennial - inc. assumptions & contributions	Approve	Informed	Informed	Consult	Accountable	Consult	Consult
	Funding Strategy Statement	Approve	Oversight	Informed	Consult	Accountable	Consult	Consult
	Adequate systems of internal controls	Approve	Oversight		Consult	Accountable	Consult	
	Governance compliance statement	Approve	Oversight		Consult	Accountable	Consult	
	Business plan (inc. budget)	Approve	Oversight	Informed	Consult	Accountable	Consult	
	Conflicts of interest policy	Approve	Oversight		Consult	Accountable	Consult	Consult
	Administration strategy	Approve	Consult	Informed	Consult	Accountable	Consult	Consult
	Discretionary policies	Approve	Oversight		Consult	Accountable	Consult	
	Training strategy	Approve	Consult		Consult	Accountable	Consult	Consult
	Cyber security policy inc. incident response plan	Approve	Consult	Informed	Consult	Accountable	Consult	Consult
	ToR for Committee and Pension Board	Approve	Consult	Informed	Consult	Accountable	Consult	
	Scheme of Delegation	Approve	Oversight	Informed	Consult	Accountable	Consult	
	Committee's annual report to Council	Approve	Informed	Approve	Consult	Accountable	Consult	
	Covenant arrangements	Approve	Informed	Informed	Informed	Accountable	Consult	Consult
	Treasury Management Policy	Approve	Informed	Informed	Informed	Accountable	Consult	
	Report regulatory breaches	Informed	Consult	Informed	Informed	Approve	Accountable	
	Pension Board's annual report	Informed	Approve	Approve	Consult	Accountable	Consult	
Control	Finalise fund accounts	Informed	Informed	Approve	Consult	Accountable	Consult	
	Recommend fund accounts to relevant Council Committee	Approve	Informed	Approve	Consult	Accountable	Consult	
	Agree anti-pension scam (anti-fraud) policy	Approve	Informed	Informed	Consult	Accountable	Consult	Consult
	Fund Annual report	Approve	Informed	Informed	Consult	Accountable	Accountable	
	Completion of Year-end exercise	Informed	Informed		Informed	Approve	Accountable	
	Annual benefit statement process	Informed	Informed		Informed	Approve	Accountable	
	Issue annual allowance statements	Informed	Informed		Informed	Approve	Accountable	
	Set target service standards	Approve	Consult		Consult	Accountable	Consult	
	Manage fund vs service standards, Reporting, Actions	Approve	Consult		Consult	Accountable	Consult	
	Procure admin system provider	Informed	Consult	Informed	Approve	Accountable	Consult	
	Agree business continuity plans	Informed	Informed	Informed	Informed	Approve	Accountable	
	Organisation Structure of pension service	Oversight	Consult	Informed	Approve	Accountable	Consult	
Investments	Agree Investment strategy statement (including RI)	Approve	Oversight	Informed	Consult	Accountable	Consult	Consult
	Agree asset allocation	Approve	Informed		Consult	Accountable	Consult	Consult
	Agree allocations to new asset classes	Approve	Informed		Consult	Accountable	Consult	Consult
	Appoint fund manager outside Brunel, e.g. local impact	Consult	Informed		Consult	Approve	Accountable	Consult
	Appoint fund actuary / investment advisor	Consult	Informed		Consult	Approve	Accountable	
Oversight	Monitor the Fund's Investment performance	Informed	Informed		Informed	Accountable	Consult	Consult
	Monitor fund managers' ESG and sustainability policies	Informed	Informed		Informed	Accountable	Consult	Consult
	Monitor cashflow management	Informed	Informed	Informed	Informed	Accountable	Consult	Consult

Approve	Approval of a decision following recommendation
Accountable	Recommendation of decision - with advice & input from others
Consult	Active input sought
Informed	FYI
Oversight	Scrutiny of decisions or recommendations
	No role

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AVON PENSION FUND

Policy on the Overpayment and Underpayment of Pension Scheme Benefits and Contributions

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1. Introduction

This is the Overpayment and Underpayment of Pension Scheme Benefits and Contributions Policy for the Avon Pension Fund ('the Fund'), which is managed by Bath and North East Somerset Council ('the Administering Authority').

Underpayments and Overpayments of benefits can arise due to various reasons. Member benefits are explicitly outlined in the Local Government Pension Scheme (LGPS) Regulations and other relevant legislation, and it is impermissible under law for members to receive amounts other than those stipulated by these rules. However, it is crucial for the Fund to establish a clear policy for managing over and underpayments once identified.

Bath and North East Somerset Council acknowledges the importance of adopting a proactive approach to identify fraudulent activities, rectify overpayments, and pursue recovery where necessary. This commitment extends to maintaining effective processes that minimise the risk of over and underpayments, swiftly identifying such cases, and resolving them promptly in the interest of all affected parties.

2. Scope

The policy applies to:

- All members and former members of the Avon Pension Fund, and their dependants, councillor members and pension credit members.
- Executors of the Estate and personal representatives of deceased Avon Pension Fund members/dependants.
- Any person who has a right to make an application under the LGPS internal disputes resolution policy under regulation 74 of the LGPS Regulations 2013;
- Administrators of the scheme;
- Employers participating in the scheme; and

This policy does not give, nor shall it be deemed to give, any rights, whether contractual or legally enforceable or otherwise to any member of the Fund, or to any other person whatsoever. Nothing in this document will cause the Administering Authority's capacity to exercise its discretionary powers to be unlawfully fettered or restricted in any way.

The Administering Authority has several other discretionary policies in place, and the details set out in this policy are consistent with the approaches set out in those discretionary policies. The Administering Authority reserves the right to apply discretion in any under or overpayment scenario.

3. Regulations

This policy is formulated under the Local Government Pension Scheme Regulations 2013 (as amended) - "LGPS Regulations" and related legislation.

The Fund will also implement this policy in line with the provisions of the various other LGPS Regulations and other legislation, including but not limited to:

- Registered Pension Scheme (Authorised Payments) Regulations 2009

- The Limitation Act 1980
- The Pensions Act 1995
- The Finance Act 2004
- The principles of Law of Equity including the doctrine of equitable recoupment

Nothing within this policy can overwrite the legal requirements within those provisions.

4. Purpose of the policy

The roles and responsibilities of the Administering Authority and the quality and performance standards expected of the Fund are set out in the Pension Administration Strategy. The Fund's administration and communications objectives are:

- The Fund and Employers are aware of and understand their respective roles and responsibilities under the LGPS Regulations and in the delivery of administrative functions (largely defined in the Service Level Agreement);
- The Fund operates in accordance with LGPS regulations and is aligned with The Pension Regulator in demonstrating compliance and scheme governance;
- Communication processes are in place to enable both the Fund and Employers to proactively and responsively engage with each other and other partners;
- Accurate records are maintained for the purpose of calculating pensions entitlements and Employer liabilities, ensuring all information and data is communicated accurately, timely and in a secure and compliant manner;
- The Fund and scheme employers have appropriate skills, and that guidance/training is in place to deliver a high-quality service and effectively contribute to the changing pensions agenda;
- Standards are set and monitored for the delivery of specified activities in accordance with Regulations and minimum standards as set out in the Service Level Agreement;
- Administrative services are developed and delivered digitally as outlined in the ICT Strategy, in order to streamline processes and maximise efficient use of resources.

Having a policy setting out what approach will be taken when a member has been underpaid or overpaid compared to the benefits due under the LGPS Regulations, or where an employer and/ or member has underpaid the contributions required to meet the cost of the members' benefits is integral to the Administering Authority achieving these objectives.

The purpose of this policy is to ensure that the relevant objectives as set out above are met, and the administration of the Fund is carried out in line with the governance objectives of the Fund. In particular, it aims to:

- Ensure a consistent approach to the treatment of overpaid/underpaid members, their dependants, or personal representatives, ensuring that all identified affected members are treated in a fair and equitable manner to the extent possible;
- Ensure that all necessary steps are taken to rectify overpayments in cooperation with the individuals or their personal representatives and to recover overpaid pensions when they occur;
- the Fund attempts to reimburse members or their beneficiaries where underpayments have occurred; and

- Ensure the Fund has processes in place to prevent and mitigate potential fraudulent activity.

More specifically, this policy aims to ensure that:

- The correct amount of benefits are paid to the right people at the right time;
- The Fund maintains accurate records and ensures data is protected and has authorised use only;
- Errors are identified as soon as possible;
- Overpayments are recovered with the cooperation of the individual but acknowledging that there may be legal reasons and/or other circumstances which mean that an overpayment may not, in practice, be able to be recovered (in whole or in part);
- Underpayments are reimbursed with the cooperation of the individual;
- Individuals understand the importance of checking their payslips/payments for any reasonably identifiable errors; and
- Minimise the necessity of resorting to the Internal Dispute Resolution Procedure (IDRP) by effectively managing the identification, rectification and repayment processes.

This document is designed to provide the Fund with practical guidance rather than a rigid framework, providing flexibility for the Fund to consider alternative courses of action when circumstances warrant.

5. Managing overpayments of pensions and lump sums

Under Regulation 14 of the Registered Pension Scheme (Authorised Payments) Regulations 2009 the Fund is obliged to correct any overpayment they discover within a reasonable period of time, in order to avoid tax consequences. The Pensions Regulator recognises that there is a legal obligation for pension fund managers to have in place appropriate controls to ensure the scheme is managed in accordance with the scheme regulations. In practice, that means we must ensure the correct benefits are paid and where that is not the case, that we need to recover any past overpayments as well as correcting the benefit payments for the future.

There are circumstances in which an overpayment may not be recovered from the member and may be written off by the Administering Authority. Factors taken into account to consider recovery include:

- How long after the overpayment first occurred that it was discovered;
- Whether the member could reasonably have been aware that they were being or had been overpaid;
- Whether the member died before the overpayment was discovered;
- The size of the aggregate amount of the overpayment;
- The cost of recovering the overpayment;
- Whether the overpayment was the result of a criminal act;
- Whether the recovery of the overpayment would impose "material hardship" on the member and the extent to which this hardship would impact their circumstances. See section 5.10 for more information.

Where a member claims that they are not able to repay any overpayment due to having spent the overpaid funds, and have changed their financial position as a result (for example on improving their lifestyle), the Administering Authority's understanding of the law is that this does not necessarily prevent recovery, and it may be for the member to prove in a court of law that they would not have incurred the equivalent expenditure anyway (i.e. had there not been the overpayment). In such cases it may be that partial recovery will be agreed i.e. the amount spent on changing the lifestyle will not be recoverable.

Where the Administering Authority is attempting to recover a lump sum overpayment, if the scheme member or representative refuses to engage with the correspondence, or cannot be found, the Finance/Accountancy team at the Administering Authority will make a recommendation on next steps. The administrators will be given instructions with appropriate sign-off. See section 10 for authorisation levels.

The Administering Authority's approach is designed to engage the member and encourage a dialogue to agree how the over/under payment will be resolved. However, in the case of an overpayment where the member does not respond after the Fund has written to them on two previous occasions over three months, the Fund will suspend the pension at the third time of writing. In such cases where appropriate, the Fund will seek expert legal advice.

Overpayment (and underpayment) of benefits will be recorded as a breach of the law in the Fund's breaches register. Such breaches will, in accordance with the Pensions Regulator guidance and the Fund's Procedure for Reporting Breaches of the Law, be reported to the Pensions Regulator where considered of material significance (for example, large in size or indicative of wider administrative issues).

The below sections set out the Fund's approach to overpayments in the following areas:

- Overpayments to an individual of an aggregate amount of less than £250;
- Overpayments discovered within 6 years;
- Overpayments discovered after 6 years;
- Recovery period;
- Recovery of overpaid pension on the death of a Scheme member;
- Recovery of overpayments of pension due to incorrect amounts being paid by the Administering Authority;
- Recovery of Pension Commencement Lump Sum overpayments;
- Recovery of overpayments of pension or lump sum due to incorrect information supplied by the employer;
- Overpayments due to Fraud or Corruption;
- Overpayments to an individual where recovery will cause material hardship.

5.1 Overpayments to an individual of an aggregate amount of less than £250

In line with the guidance set out in the HM Treasury document "Managing Public Money" (May 2023¹), the Administering Authority will consider the cost of recovery of the pension alongside the amount of the overpayment.

¹ <https://www.gov.uk/government/publications/managing-public-money>

The Administering Authority will not look to recover overpayments if the aggregate amount of the overpayment is less than £250, due to the anticipated administrative cost of recovering such amounts. This amount will be kept under review.

5.2 Overpayments discovered within 6 years

The Limitation Act 1980 sets out that a claim to recover overpayments has to be made within 6 years of the date when the cause (i.e. error, fraud or other criminal act) was first discovered or could, with reasonable diligence, have first been discovered. Where a claim is made within the 6-year period, all of the overpayment can be recovered.

The Administering Authority's approach is to seek full recovery in these circumstances unless there are other factors which need to be taken into account (as explained elsewhere in this policy).

5.3 Overpayments discovered after 6 years

Under the Limitation Act 1980, if the claim for recovery is made more than 6 years after the date when the overpayment could, with reasonable diligence, first have been discovered, only overpayments made within the 6 years prior to the date the formal claim for recovery was made are recoverable. Any overpayments that have occurred outside of this period will have the appropriate portion written off in accordance with section 10. In line with the outcome of the *Webber v Department of Education* court case, there may be circumstances where an overpayment already extends beyond six years, or there may be reasons to believe the case may protract. In these situations, advice should be sought from the Council's legal team to determine the benefit of initiating legal proceedings.

Case law in 2018 (*Burgess and others v BIC UK*) has shown that if a Fund attempts to recover an overpayment via a reduction to the member's future pension i.e. via "recoupment", as opposed to requesting a lump sum repayment, the 6 year Limitation Act limit doesn't apply and Funds can reclaim all overpayments made.

The Administering Authority's approach is to seek maximum recovery in these circumstances unless there are other factors which need to be taken into account (as explained elsewhere in this policy).

5.4 Recovery period

The Administering Authority will engage in discussions with the scheme member, their representatives, or next of kin to determine a suitable repayment period. The aim is to arrive at a mutually agreeable timeframe if possible, however, ordinarily the Administering Authority will recover a pension overpayment through a reduction to the pension paid over the same time period as the overpayment occurred. In exceptional circumstances the Fund may permit the recovery period to be extended, up to a maximum of 25% of the time period over which the overpayment occurred, at its discretion. Each such case will be considered on its merits.

Unless otherwise specified, the Administering Authority will aim to recover a lump sum overpayment immediately through a one-off recovery payment. The Fund may permit

alternative approaches at its discretion depending on the particular circumstances of the overpayment.

5.5 Recovery of overpaid pension on the death of a Scheme member

Fund members' next of kin or their estate (e.g. personal representatives or executors of will) will be contacted to explain the overpayment, along with an invoice detailing the overpaid amount.

5.5.1 Overpayment of pension which relates to more than £250

The Fund will look to recover overpayments of pension in all cases where the aggregate amount is in excess of £250, due to the anticipated administrative cost of recovering such amounts. In the first instance, the administrators of the Fund will attempt to contact the deceased member's personal representatives or next of kin for the funds to be recovered through a one-off payment from the members estate.

The Fund administrators will discuss the method of repayment with the estate if a one-off repayment or reduction to death grant is not possible.

Pension payments which are made for more than six months after the death of a member are classified as unauthorised payments for tax purposes. Please see the section on unauthorised payments for more details.

5.5.2 Overpayment of death grant.

Where the Fund has overpaid a death grant, any dependant's pension(s) will not immediately be reduced. The Administering Authority will contact the recipient(s) of the death grant to explain the error and provide the option of returning the overpayment via a one-off payment which will be invoiced directly, or via a reduction to any dependant's pension they are receiving. The recovery period will be determined on a case-by-case basis depending on the size of the overpayment, the size of any dependant's pension and the age of the beneficiary.

Where there is more than one recipient, the Administering Authority will generally seek to engage with the adult recipient if possible, or the recipient's guardian if the recipient who has been overpaid is a minor.

In all instances where a Death Grant might become payable from the Fund in respect of an active member, administrators are required to check the LGA National Insurance database to confirm that no other LGPS entitlements exist that would mean that there is no death grant due from Avon Pension Fund. In cases where the deceased member has entitlements in other LGPS Funds, Avon Pension Fund will liaise with the relevant Fund(s) to ascertain which death grant should be paid and determine the communication process with potential beneficiaries, the next of kin or personal representatives.

5.6 Recovery of overpayments of pension due to incorrect amounts being paid by the Administering Authority

When the overpayment is discovered, the pension will be reduced to the correct level, effective from the next available month. Where appropriate, a notice period of two monthly

pension payments will be given to the member. This notice period is provided, for example, if the member has been receiving their pension for some time and could not have reasonably known about the overpayment. This aligns with the PASA guidance, which considers it a practical minimum to allow pensioners the opportunity to make any adjustments to their personal finances. To comply with this, the Fund will establish a cut-off date before implementing the change in the subsequent month.

The member will be notified in writing with an explanation of the situation and how the overpayment along with an invoice detailing the overpaid amount. Where further investigations are required in order to determine the cause of the overpayment and the correct level of pension, the member will be informed of the situation and the pension in payment will not be corrected until the investigations and checks are complete.

5.6.1 Situations where the member could reasonably be aware of the overpayment

There are certain situations where a member could reasonably have been aware of the correct level of pension due and therefore cannot claim to have been unaware of the pension overpayment. In particular, in cases where the member has been notified of the correct rate of pension in writing, it can be said that the member can reasonably be aware that they are being overpaid.

The following is a list of scenarios where this may occur (this list is not exhaustive):

- Upon retirement the member was informed of the correct pension amount but an administrative error led to the incorrect amount being input onto the payroll record;
- A child in receipt of a dependant's pension is over 18 and is no longer in full time education or vocational training and does not notify the Fund;
- A Pension Sharing Order or Earmarking Order on divorce has been put in place but processed late, resulting in the pension being overpaid since the specified implementation date;
- Following the death of a member, their spouse is informed that a short-term pension is payable at a higher rate for three months before reducing. However, an administrative error results in the inadvertent continuation of the short-term payments.

In these situations, unless the total overpayment is below £250, the Administering Authority will seek to recover the total value of the overpayment from a reduction to the member's ongoing pension. Where there is no ongoing pension from which to deduct the overpaid amount, the member will be invoiced for the overpayment.

5.6.2 Situations where the member cannot reasonably have known of the overpayment

There are situations where a member may not reasonably have been aware of a pension overpayment. For example (this list is not exhaustive):

- Administrative error within the calculation of benefit entitlement (includes dependants' pensions) with the incorrect pension amount communicated throughout the settlement process, the incorrect (overstated) rate of pension input into the payroll record and the member informed in writing of the incorrect rate of pension to be paid.

The origin of this error could include incorrect provision of information to the Fund by the scheme employer;

- The Pensions Increase is inaccurately applied to the elements of a pension in payment;
- New information from HMRC leads to a revised Guaranteed Minimum Pension (GMP) which, due to the different way cost of living increases are applied to GMP and the excess over GMP, means that, overall, a lower level of pensions increase should have been paid.
- Failing to implement a National Insurance Modification at State Pension Age for members who left the scheme before 1 April 1998 and had pre-1 April 1980 membership.

In general, in such situations the Administering Authority will not seek to recover the total value of the overpayment. However, where the size of the aggregate overpayment is significant (over £10,000 this will be considered by the Head of Pensions and reported to the Pensions Committee annually to ensure that the general policy of not seeking to recover such cases remains appropriate. Furthermore, where non-recovery would result in an unauthorised payment and therefore additional tax charges for the member and Fund, the case will be considered on its own merits, and referred to the Head of Pensions where the total cost to the Fund (of the write off and any additional tax charges) is significant (over£10,000). These cases and the decisions made will be recorded in a breaches log.

It is expected that in all overpayment cases, until the time of discovery of the error the Administering Authority will have believed the pension in payment to be correct (e.g. where the overpayment is discovered following reconciliation of GMP with HMRC records). Such overpayments will therefore not be considered an unauthorised payment and so will not be subject to any additional tax charges².

5.7 Recovery of Lump Sum overpayments

For the purpose of this policy, this section relates to Pension Commencement Lump Sums, Trivial Commutation & “de minimis” Lump Sum overpayments.

5.7.1 Situations where member could reasonably be aware of the overpayment

There are certain situations where a member could reasonably have been aware of the correct level of lump sum due and therefore cannot claim to have been unaware of the overpayment. In particular, in cases where the member has been notified of the correct lump sum in writing, and the amount was paid shortly afterwards (for example, within six months), it can be said that the member can reasonably be aware that they have been overpaid.

The following is a list of scenarios where this may occur (this list is not exhaustive):

² This assumes that the conditions in Regulation 13 of the Registered Pension Schemes (Authorised Payments) Regulations 2009 are met, i.e.

- the payment was genuinely intended to represent the payment of a pension under the LGPS regulations
- the payer believed that the recipient was entitled to the payment, and
- the payer believed that the recipient was entitled to the incorrect amount.

- Upon retirement the member was informed of the correct lump sum amount, but an administrative error led to the incorrect amount being paid.
- The Administering Authority paid the same (correct) lump sum amount twice, in error.
- In the period leading to retirement the member was given a retirement quotation with a correct estimated lump sum amount, but a later administrative error led to a much larger (incorrect) amount being stated on the final retirement documentation and being paid.

When the overpayment is discovered by the Administering Authority, an attempt to recover the overpayment will be made as soon as possible. The member will be notified in writing to explain the situation, and the Administering Authority will seek to recover the amount in full through one immediate repayment.

5.7.2 Situations where the member could not reasonably have known of the overpayment

There are situations where a member may not reasonably have been aware of a lump sum overpayment. For example, an administrative error within the calculation of the benefit entitlement resulted in the incorrect lump sum amount, which was communicated throughout the settlement process, and the incorrect amount was then paid, and the incorrect amount stated in any payment notification.

When the overpayment is discovered, by the Administering Authority, consideration will be given to the length of time which has passed since the error was made to determine the approach to take, but generally an attempt to recover the overpayment will be made as soon as possible. The member will be notified in writing to explain the situation, and a proposed recovery plan will be set out, which will depend on the amount overpaid and how much time has passed since it was paid. This recovery plan is subject to agreement with the member. The amount will not be recovered via a reduction of the member's pension unless this is agreed with the member.

5.8 Recovery of overpayments of pension or lump sum due to incorrect information supplied by the employer

This situation may arise for a number of reasons. An example might be if the employer initially notifies the Fund that a member is entitled to unreduced benefits, but this information is later revised, resulting in reductions to the payments being made before their normal pension age. Similarly, discrepancies in pensionable pay figures may be initially provided and subsequently corrected.

In cases where an overpayment of pension or lump sum occurs due to inaccurate information provided by the scheme member's employer on retirement, such as pensionable pay, the Administering Authority will seek to recover monies through the scheme member's ongoing pension.

The Administering Authority will manage any challenges resulting from such errors following the procedures set out in the Pensions Administration Strategy. For example, the Administering Authority may recharge the administrative cost of recovering such pension directly from the employer, and where recovery from the member in question is not

possible, the employer may be asked to repay the overpayment to the Fund.

5.9 Overpayments due to Fraud or Corruption

On rare occasions members' benefits may be overpaid due to:

- Fraud by the member, a relative or the member's estate
- Fraud by the employer
- Fraud by a pensions officer
- Other criminal activity such as blackmail or corruption

Where after reasonable investigation an overpayment is discovered to have been made due to fraud or any other criminal act, the pension will be suspended, and an attempt will be made to recover the overpayment of pension and lump sum immediately.

The Administering Authority will involve internal audit in such cases and the settlement of overpayments may be resolved through appropriate civil or criminal legal process which may include contacting the Police.

In dealing with such cases, we will also follow the principles set out in the Fund's Procedure for Reporting Breaches of the Law and the Bath and North East Somerset Council's Anti-fraud and Corruption Strategy <https://intranet.bathnes.gov.uk/anti-fraud-and-whistleblowing>
This strategy includes the following policies:

- Whistleblowing Policy
- Anti-Money Laundering Policy and Guidance
- Anti-Bribery and Corruption Policy

5.10 Overpayments to an individual where recovery will cause severe hardship

In line with the guidance set out in the HM Treasury document "Managing Public Money" (May 2023³), where the member has demonstrated that the recovery of an overpayment would cause hardship, the Administering Authority will consider whether to waive the recovery of the payment. Any such pleas of hardship must be supported by reasonable evidence that the recovery of the overpayment would be detrimental to the welfare (financial or mental) of the individual or their family.

For the purpose of this policy, severe financial hardship is broadly defined as the adverse financial impact that a reduction in pension payments could impose on a member's ability to maintain a basic living standard. This includes their capacity to cover essential expenses such as mortgage or rent payments, household bills, and any day-to-day necessities like food.

In general, when arranging recovery of an overpayment, the member's ongoing pension will not be reduced to below 50% of the full (corrected) amount. For the purpose of this policy, the full corrected amount refers to the accurate level of pension the member is entitled to after the identification of an overpayment. The ongoing pension represents the pension level after deducting a payment to recover the overpayment.

³ www.gov.uk/government/publications/managing-public-money

Further details of the procedure and the required evidence will be provided upon request. In these cases, officers of the Administering Authority will consult with the scheme member, and where appropriate the Administering Authority will seek expert legal advice.

This approach is intended to reduce the number of Internal Disputes and referral to the Pensions Ombudsman.

5.11 Monitoring repayments

When recovering any overpayment through payroll deductions, the Administering Authority will take responsibility for executing the necessary payroll entries for debit collection. This process involves ensuring the deductions cease promptly upon settlement of the debt by establishing an end date in Altair.

In instances where recovery is not facilitated through payroll deductions and an invoice has been raised, the responsibility for monitoring debit repayment falls to the Fund. In the event of a final reminder preceding legal action, the Head of Pensions will be promptly notified. The decision to pursue legal action will rest with the Head of Pensions, who will consider factors such as the overpayment amount, individual case circumstances, and the need for appropriate sensitivity.

6. Managing underpayments of benefits

In this section:

- General principles for repayment of underpaid pension or pension commencement lump sum payments;
- Underpayment of pension resulting from incorrect information supplied by the employer;
- Underpayment of pension discovered following the death of a Scheme member.

This section covers the general principles for ad hoc underpayments. Please see section 9 for underpayments arising as a result of the McCloud judgment.

6.1 General principles for repayment of underpaid pension or pension commencement lump sum payments

Where an underpayment of pension or lump sum is identified by the Administering Authority, the pension will be immediately increased to the correct level. The member will receive written notification of the underpayment if the total underpaid amount exceeds £5.

The underpayment will be reimbursed to the member in one lump sum payment which is paid through the pensions payroll with the next monthly pension payment. This is to ensure the correct rate of tax is applied.

Interest will be paid on the underpaid amount(s) in line with Regulation 81 of the LGPS Regulations (in particular, interest is due on pension payments which are more than 1 year late, and on lump sum payments which are more than 1 month late). Interest payable under this regulation is calculated at one per cent above base rate from the due date of payment and compounded with three-monthly rests.

Lump sum payments to rectify underpayments are treated as income for tax purposes and the tax will be deducted through Pay As You Earn (PAYE) in the usual way. The tax deducted will be estimated and may not be the correct amount once all of the member's income for the year is taken into account. After the next 5 April, HM Revenue & Customs (HMRC) will check whether each member has paid the correct amount of tax and if not they'll contact the member directly. Members can contact HMRC directly if they think they have paid too much tax and request a refund. Where the Administering Authority deems appropriate or upon receiving a request from a member, a year-by-year breakdown of the arrears will be provided. This enables the member to address any tax queries can be addressed with HMRC.

6.2 Underpayment of pension resulting from incorrect information supplied by the employer

The underpayment to the member will be dealt with as described in 7.1 above. The Fund may recharge the administrative cost of investigating and verifying the underpayment amount, as well as corresponding with the affected members or dependants, to the employer if it is deemed to require a disproportionate amount of work. This action will align with the Pensions Administration Strategy.

6.3 Underpayment of pension or death grant discovered following the death of a Scheme member

Where the member has died since the underpayment has been identified, the arrears will be paid to the deceased member's estate. In these cases, a claim form is sent to the member's next of kin, and if the total amount payable to the estate is below £5,000 the Administering Authority will pay the amount to the person specified on the claim form. If it is above £5,000 the original Grant of Probate or Letters of Administration is requested before payment is made.

If a death grant payment is discovered to have been underpaid, (including where the balance of 10 years' annual pension is due to a deceased member's estate following the death of a pensioner), the underpayment will be reimbursed to the party determined previously in accordance with the exercise of the Fund's discretion under the LGPS Regulations 2013 providing it is paid before the period of two years beginning with the earlier of the day on which the Administering Authority first knew of the members death and the day on which the admin authority could first reasonable have expected to have known of it. Any death grant underpayment paid after this period would be paid to the deceased's personal representatives and will be subject to a tax charge. For more information on this please see section 12.

7. Underpayments and Overpayments of Guaranteed Minimum Pensions (GMP)

A Guaranteed Minimum Pension (GMP) is the minimum pension the Fund must provide in relation to being contracted-out of the State Earnings Related Pension Scheme from April 1978 to April 1997. It is a notional benefit which is only paid if a member's Fund benefits are less than the GMP; it is not a separate benefit payable in addition. Not all members in the Fund between 1978 and 1997 will have accrued any GMP.

The Authority is undertaking a reconciliation of HMRC records vs APF records, from which the Authority will determine the correct pensions payable to each member. How resulting changes to members' pensions are implemented and how any over/under payments are managed with members, will follow relevant policies explained in earlier sections of this policy.

8. Underpayments due to the McCloud judgment

The Fund is currently undertaking this benefit rectification exercise, which is expected to conclude by August 2025. Any underpayments will be rectified, and the arrears paid according to legislation and McCloud statutory guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC). This may mean that the treatment of underpayments due to the McCloud remedy is not consistent with the remainder of this policy, albeit the Administering Authority will have regard to this Policy when making any decisions.

9. Underpayments and Overpayments of other benefit settlement amounts

9.1 Transfer values

Where an individual transfer value for a member who has transferred Avon Pension Fund benefits to another pension arrangement is discovered to have been underpaid, the correct amount will be calculated, and the underpayment will be paid to the receiving scheme. Where the member's new scheme is not able to accept the balance transfer payment, an alternative pensions savings vehicle will be sought, and payment made once agreed by the Head of Pensions

If a transfer is discovered to have been overpaid, then the correct amount will be calculated, and the Administering Authority will attempt recovery of the overpaid amount from the receiving scheme.

Where a transfer should not have been paid because the member was not eligible for a transfer payment (e.g. if they already have an LGPS pension in payment), the transfer becomes an unauthorised payment. Please refer to section 12 regarding unauthorised payments for more details.

9.2 Refund of contributions

Where a member has received a refund of contributions on leaving active membership in the Fund and this amount is discovered to have been underpaid, the underpayment will be paid to the member less any tax due.

If a refund of contributions is discovered to have been overpaid, then a request for the member to repay the overpayment may be made depending on the situation (e.g. size of the overpayment and whether the overpayment was due to an employer error, and whether the member could reasonably have known this was an overpayment).

Where a refund should not have been paid because the member had previous LGPS service, the refund becomes an unauthorised payment. Please refer to section 11 unauthorised payments for more details.

10. Authorisation

Overpaid amounts of £250 or more for which an invoice has been issued are passed to the Council's Debt Recovery team to follow up on the repayment. If no repayment or response is received this is passed back to the Administering Authority to determine whether or not to write off the overpayment. Any sum which is written off is treated as a liability against the scheme member's former employer.

In line with Bath and North East Somerset Council's Scheme of Delegation and Financial Procedure Rules, the Fund will apply the following levels of authority when writing off overpayments:

Total value of overpayment	Authority to write off overpayment
Up to £250	Pensions Payroll Senior Officers
Between £250 - £5,000	APF Service Manager
Above £5,000	Head of Pensions

Any sum which is written off is treated as a liability against the scheme member's former employer.

Where any guidance regarding the write off of overpaid pension is provided for the Local Government Pension Scheme (LGPS) as a whole (for example in relation to the rectification of benefits due to the McCloud), the Administering Authority will follow such guidance as long as this does not contradict other Bath and North East Somerset Council policies which override such guidance.

11. Unauthorised payments

The Finance Act 2004 sets out the payments which a registered pension scheme is authorised to make to members. Any other payments are unauthorised payments and could result in tax charges for the member and the Fund.

The Administering Authority understands that any overpayment which is written off is an unauthorised payment unless it falls within regulations 13 or 14 of the Registered Pension Schemes (Authorised Payments) Regulations 2009. Where an unauthorised payment has been made the Administering Authority will engage with His Majesty's Revenue and Customs (HMRC) to resolve the issue and establish any resulting tax charges. The Administering Authority is obliged to report any unauthorised payments to HMRC each year

in their annual event report. We do not expect Regulation 14 to apply but it is expected that the conditions of Regulation 13 would apply in most cases i.e.:

- the payment was genuinely intended to represent the payment of a pension under the LGPS regulations
- the payer believed that the recipient was entitled to the payment, and
- the payer believed that the recipient was entitled to the incorrect amount.

Where the overpayment is a "genuine error" as described in HMRC's PTM146300 and the aggregate overpayment is less than £250, if this is waived by the Administering Authority this is an unauthorised payment but does not have to be reported to HMRC, and HMRC will not seek to collect tax charges on it. If overpayments which are the result of a "genuine error" are recovered, in general these are not considered to be unauthorised payments and so additional tax charges do not apply.

Where an overpayment is an unauthorised payment, both the individual member and the Fund will have to pay additional tax charges. These charges are as follows:

The unauthorised payments charge

Where the unauthorised payment is made to or for a member, it's the member who is responsible for paying the tax charge. If the payment is made after the member's death, the person who receives the payment is responsible for paying the tax.

The rate of the unauthorised payments tax charge is 40% of the overpayment.

The unauthorised payments surcharge

This is payable by the same person who is subject to the unauthorised payments charge. It is usually due when a member receives unauthorised payments of 25% or more of their pension value in a year. This is very unlikely to occur, but when it does the rate of the unauthorised payments surcharge is 15%. This means that with the unauthorised payments charge, the total tax rate payable on the overpayment would be 55%.

The scheme sanction charge

The scheme administrator must pay the scheme sanction charge, and this is at a rate of between 15 and 40% of the unauthorised payment and depends on whether or not the unauthorised payments charge has been paid by the member.

The Administering Authority will apply to be discharged from the tax charge where it would not be just and reasonable for the Fund to pay the tax, e.g. where the Administering Authority has been misled or given incomplete information leading them to assume that the payment was an authorised payment.

Where the member could not reasonably have known of the overpayment, the Administering Authority may offer to pay the member tax charge on behalf of the member. The Administering Authority will require the member to provide written authorisation to do this. This will be set out clearly in any correspondence to the overpaid member. As the LGPS regulations do not explicitly address compensation for direct financial loss, any such case will be raised with the Council and assessed under their powers pursuant to the Localism Act 2011.

A deceased person has no unauthorised payments tax liability.

Further details on unauthorised payments are available on His Majesty's Revenue and Customs website: <https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm131000>.

12. Policy adoption and review

This Overpayment and Underpayment of Pension Scheme Benefits and Contributions Policy is effective from (INSERT DATE) and was approved by the Pensions Committee on 22 March 2024.

Bath and North East Somerset Council will periodically review this policy in response to any changes in the LGPS or other relevant legislation. Additionally, it will be subject to a formal triennial review and be updated as required. An annual light-touch review by officers will ensure ongoing appropriateness. Any significant updates will be subject to consideration and approval by the Pensions Committee, and the revised policy will be published as a public document following approval.

When undertaking a review of this policy the Council will have regard to the current legislation and the extent to which the exercise of the policy could lead to a serious loss of confidence in the public service.

Bath and North East Somerset Council reserves the right to amend this policy at its discretion provided it republishes the modified policy at least one month in advance of the changes taking effect.

13. Further Information

If you require further information about anything in or related to this Policy, please contact:

Avon Pension Fund
Bath and North East Somerset Council
Lewis House, Manvers Street,
Bath, BA1 1JG

E-mail: avonpensionfund@bathnes.gov.uk
Tel: 01225 395100

14. Policy approval and version control schedule

Version	Updated by	Reason for change	Approved by	Date

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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	4 September 2024	AGENDA ITEM NUMBER
TITLE:	Risk Management Update – Risk Register	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Risk Register Appendix 2 – Risk Register – Framework & High level summary		

1. THE ISSUE

- 1.1. The purpose of this report is to update the Pension Board with the quarterly review of the risk register.

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 Fund has in place a documented risk management policy setting out the Fund’s approach to risk, process for review, and update of the risk register. It also sets out the roles and responsibilities of those involved in management of risk including the role of the Pension Board and Pension Committee.
- 4.2. The risk framework introduced to assist risk owners to assess the risk and score. This is attached as appendix 2.
- 4.3. Following feedback from Pensions Committee and Pension Board members, pre mitigation scores have also been added to the risk register.
- 4.4. A high level matrix showing the distribution of risks by score is attached as appendix 2.
- 4.5. The complete risk register is attached as appendix 1.
- The risk register identifies risks which could have material impact on the APF in terms of service, value, reputation, or compliance. It sets out mitigating actions.

- The risk register is reviewed quarterly by APF management and reported to the Pension Committee and Pension Board every quarter.
- All risks are also reviewed quarterly or when there has been a material change.
- Risks fall into the following categories, owned by the relevant member of the APF management team:

Category of Risk	Risk Owner
Administration	Pensions Manager
Regulatory	Technical & Compliance Advisor
Governance	Governance & Risk Advisor
Employers (Funding)	Funding & Valuation Manager
Employers (Data)	Employer Services Manager
Investments	Investments Manager
Finance	Finance & Systems Manager

5. QUARTERLY REVIEW OF RISK REGISTER

5.1. The quarterly review of the risk register has taken place and there have been a few changes made to the risks and their scores as follows:

- Risk NR07 (Employers data) has increased from a possible post-mitigation likelihood to likely to reflect the need for more focus on employer training.
- Risk NR02 (Regulatory change) has been decreased post-mitigation from likely to a possible likelihood. This reflects the strong mitigants in place and a re-prioritisation of risks.

5.2. Other changes made are:

- Risk NR19 (Pensions Reform Bill) has been introduced to recognise the increased workload, staff retention and lack of Fund control around this.
- Risk NR18 (Reputational damage) has been removed and it's impacts now contained within risk NR04 which is now "Significant errors arising from poor controls".
- The reference to pooling has now been removed from risk NR02's impact as it is now covered by the new NR19 risk.
- The wording for risk NR01 has changed to "Poor service levels below agreed standards".
- The wording for risk NR10 has changed to "Failure to earn investment returns as per Funding Strategy".

5.3. The top five risks are now:

- NR06 – the likelihood of a cyber-attack remains a high risk due to the recent high-profile attacks in the public domain. The Fund is currently implementing further audit actions around staff awareness and education and is in the process of carrying out a review of its business continuity plan.
- NR01 – Poor service levels below agreed standards. The current factors impacting this risk are set out in item 13 – Pension Fund Administration report.
- NR04 – Significant errors arising from poor controls. An external consultancy company has reviewed a number of the Fund's controls and the results are being analysed by officers.

- NR05 – Failure to manage personal data per regulations. The volume of personal data the Fund manages in day-to-day processing keeps this risk within the top five.
- NR10 - Failure to earn investment returns as per Funding Strategy. This remains top priority due to the critical impact on employers.

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 Pensions Committee.

8. CONSULTATION

- 8.1. The Report and its contents have been discussed with the Head of Pensions representing the Avon Pension Fund and the Director of Financial Services, Assurance & Pensions 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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Appendix 1 - Risk Register

Number	Function	Risk	Impact	Pre Mitigants			Mitigating Actions / Control Framework	Post Mitigants			
				Impact	Likelihood	Score		Impact	Likelihood	Score	Trend
NR06	Governance	Cyber attack	Fund is unable to operate Members do not receive pension payment on time	Critical	Almost Certain	25	<ul style="list-style-type: none"> - Disaster recovery plan in place - Business continuity plan - B&NES cyber security policy and system defence - Implementation of recent internal cyber audit findings 	Critical	Likely	20	→
NR01	Admin	Poor service levels below agreed standards	Service standards not met Poor member outcomes Breach of regulations	Critical	Almost Certain	25	<ul style="list-style-type: none"> - KPIs & complaints monitored and acted on - Plan to digitise will improve self-serve & operations efficiency - Actions to improve staff recruitment & retention - Process improvements being identified and implemented - Review of Top 10 Process Controls - Plan to minimise effects of key people/resources 	High	Likely	16	→
NR04	Governance	Significant errors arising from poor controls, e.g. failure to pay annual pensions increase	Member detriment Additional costs for Fund Fines for non-compliance Disciplinary issues and reputational risk	High	Almost Certain	20	<ul style="list-style-type: none"> - Internal Audit is undertaking a review of the Fund's controls which we will implement during Q1 2024 - We have initiated a new project to correct errors in annual pension increments - Regular communications to stakeholders - emergency communications through website and email - Media enquiries dealt with per B&NES policy - Workshops held for current topics to gain stakeholder input - Contracts in place with legal advisors and PR professionals - Media monitoring undertaken 	High	Likely	16	→
NR05	Governance	Failure to manage personal data per regulations	Personal data corrupted or illegally shared Member detriment Fines and reputational damage	Critical	Almost Certain	25	<ul style="list-style-type: none"> - One West is Data Protection Officer for Fund and advises on data protection matters - Record of processing and privacy notice set out how data is managed - Processes reviewed and updated following minor breaches - Regular officer training - Data sharing/transfer agreements and DPIAs implemented for all relevant projects 	High	Possible	12	→
NR10	Investments	Failure to earn investment returns as per Funding Strategy	Employer contributions need to rise	Critical	Likely	20	<ul style="list-style-type: none"> - Diversified asset allocation - Professional and independent investment advice - Risk management strategy supports funding strategy - FRMG & Investment Panel monitor performance and risk - Periodic strategic investment review 	High	Possible	12	→
NR11	Investments	Brunel fails to deliver client objectives regarding service delivery	Affects Fund's ability to achieve investment objectives	Critical	Possible	15	<ul style="list-style-type: none"> - Brunel governance framework for strategic and operational decision making - Robust performance reporting - Avon-Brunel working group (internal) 	High	Possible	12	→
NR07	Employers Data	Employers do not comply with regulatory responsibilities, LGPS regulations or the Funding Strategy Statement	Poor member data Fines and greater scrutiny by TPR Employer liabilities incorrect if data is incorrect Non-compliance with the FSS and funding policies Reputational risk of litigation	Critical	Likely	20	<ul style="list-style-type: none"> - Management of employers set out in admin strategy/MOU - Employer KPIs recorded and monitored vs TPR standards - Employer training - Reconciliation of Iconnect & Accounts in regards to contributions and data provided - Specialist legal and actuarial advice needed to resolve employer issues - Clear policies in FSS set out process and employer obligations 	Medium	Likely	12	↓
NR19	Investments	Structural reform to LGPS / Pooling	Increase in workload for officers addressing issues/involvement in project Risk to staff retention (internally and in pool) Potential change to investment strategy or implementation of Government driven removes control for the Fund	Medium	Likely	12	<ul style="list-style-type: none"> - Participate fully in process at fund, pool and national level to influence direction of change - Disruption within pool minimised as underlying managers in each portfolio manage the assets but outside of Fund's control as mitigating actions do not affect scores 	Medium	Likely	12	New
NR12	Investments	Failure to achieve decarbonisation targets	Government climate policies not moving fast enough or sufficiently enforced Significant reputational and financial risks to value of investments	Critical	Almost Certain	25	<ul style="list-style-type: none"> - Climate exposure assessed annually - climate risk analysis embedded into strategic decisions - Net Zero target of 2045 - by 2030 will divest from high emission companies that are not aligning to NZ - targets to reduce emissions by 2025 and 2030 - programme to engage with companies and policymakers - Brunel's comprehensive climate change policy and approach to investing underpins each portfolio 	Medium	Likely	12	→
NR02	Regs	Regulatory changes	Breach of regulations Poor member outcomes Increased workloads for officers	High	Likely	16	<ul style="list-style-type: none"> - Regulatory changes monitored via LGA and professional advisors - Officers attend SWAPOG/Tech Group - Regulatory projects included in service plans - Officers respond to consultations - Software providers are more responsive to regulatory change 	Medium	Possible	9	↑
NR08	Employers Funding	Employers unable to meet financial obligations to Fund	Financial cost to other employers in the Fund	High	Likely	16	<ul style="list-style-type: none"> - Policies on employer financial stability set out in FSS & ISS - Strong covenant management and information gathering processes - Quarterly review and mitigating action 	Medium	Possible	9	→
NR09	Investments	Operational risks of investment managers, custodian and other investment suppliers	Loss of assets Inability to trade in assets inaccessible	High	Possible	12	<ul style="list-style-type: none"> - Due diligence and audits of service providers, managers - Controls embedded in investment management agreements - Diversification across different asset managers - Quarterly service & risk review with Brunel and suppliers 	Medium	Possible	9	→
NR14	Investments	An increase in leverage materially reduces capital value leading to an unplanned and significant deviation in strategic asset allocation	LDI strategy may have to be unwound if insufficient collateral Inability to raise hedge ratio	High	Likely	16	<ul style="list-style-type: none"> - Maintain collateral at prudent level with materia buffer vs risks - Set hedge ratio at level that can be adequately collateralised - Auto pause when LDI hedge ratio hits 40% - Offsetting nature of synthetic equity and equity protection strategies dampens leverage requirements 	High	Unlikely	8	→
NR16	Finance	Cashflow profile is maturing	Not enough cash in bank to meet pension payments	Critical	Almost Certain	25	<ul style="list-style-type: none"> - Monthly monitoring & forecast of cashflow - Prudent cash buffer - Tradeable assets can be swiftly sold 	High	Unlikely	8	→
NR03	Governance	Pension Committee cannot operate effectively	Delays in decision making for the Fund Failure to meet MIFD & TPR regulations	Medium	Almost Certain	15	<ul style="list-style-type: none"> - Representation of PC set out in Fund's representation policy - Knowledge requirements in Training policy - Compliance vs regulations defined in Compliance Statement - Decisions responsibilities set out in decision matrix 	Medium	Unlikely	6	→
NR13	Investments	Treasury investments	Loss of capital or income on cash Delayed return of principle or investment income	Medium	Possible	9	<ul style="list-style-type: none"> - Adopt B&NES Treasury management policy - Due diligence on banks - Diversification across multiple suppliers - Consultation with treasury management advisors 	Medium	Unlikely	6	→
NR17	Finance	Late / incorrect contributions from employers	Cashflow shortfalls Employer funding Deficits / Default TPR breach	Medium	Possible	9	<ul style="list-style-type: none"> - Monthly reconciliations of contributions - Management reviews and action - Mercer funding monitor tool - Larger employers pre pay contributions 	Low	Possible	6	→

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CURRENT RISKS - SUMMARY

LIKELIHOOD

		Rare	Unlikely	Possible	Likely	Almost Certain
IMPACT	Critical	0	0	0	1	0
	High	0	2	3	2	0
	Medium	0	2	3	3	0
	Low	0	0	1	0	0
	Negligible	0	0	0	0	0

RISK FRAMEWORK

		Rare	Unlikely	Possible	Likely	Almost Certain
Critical	5	10	15	20	25	
High	4	8	12	16	20	
Medium	3	6	9	12	15	
Low	2	4	6	8	10	
Negligible	1	2	3	4	5	

ASSESSMENT OF LIKELIHOOD

1	Rare	0 – 5% probability
2	Unlikely	6 – 20% probability
3	Possible	21 – 50% probability
4	Likely	51 – 80% probability
5	Almost Certain	81 – 100% probability

ASSESSMENT OF IMPACT

		Service/ Operational	Assets	Legal Obligations	Project	Duty of Care – Clients & Staff
1	Negligible	Minimal disruption not impacting on an important service which can be resolved	Capital loss potential up to 1% of assets	Litigation, claims or fines Services up to £10k Corporate £25k	Minimal impact on APF delay < 1 month	Minimal or no impact on Services Duty of Care requirements.
2	Low	Brief disruption of important service /service area	Capital loss potential up to 5% of assets	Litigation, claims or fines Services up to £25k Corporate £50k	Some impact on APF delay < 3 months	Consideration required re. Duty of Care unlikely to have adverse impact meeting overall requirements.
3	Medium	Major effect to an important service area	Capital loss potential up to 15% of assets	Litigation, claims or fines Services up to £50k Corporate £100k	Adverse impact on APF significant slippage > 3 months	Duty of Care issues may have impact meeting requirements.
4	High	Complete loss of an important service area	Capital loss potential up to 25% of assets	Litigation, claims or fines Services up to £125k Corporate £250k	Significant impact on APF major delay of 6+ months	Significant impact on meeting Duty of Care responsibilities.
5	Critical	Major loss of whole service	Capital loss potential > 25% of assets	Litigation, claims or fines Services up to £250k Corporate £500k	Complete failure of project extreme delay > 12 months	Not meeting legal responsibilities placing individuals at risk.

Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	4 September 2024	AGENDA ITEM NUMBER
TITLE:	Governance Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Pension Board Workplan 2024		
Appendix 2 – Pension Board Training Plan 2024		

1 THE ISSUE

- 1.1 The purpose of this report is to receive regular governance updates as well as 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 2024
- 2.2 Notes the dates for future meetings
- 2.3 Notes the risk register

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 which is based on the discussion and agreement reached previously. It will continue to be 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**

- a) All Pension Board members have been asked to access meeting papers via Modern Gov.
- b) If any member requires assistance with access to Modern Gov, the Governance Team (APF_Governance@bathnes.gov.uk) is able to provide support & training.

4.3 **Future Meeting Dates**

- a) Meeting dates for 2024 are as follows:
 - 20th February
 - 12th June
 - 4th September
 - 5th December
- 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 Team 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 2024 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 & TPR's General Code of Practice include additional knowledge and skills requirements for Committee, Pension Board and Officers. Hyman's 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 CIPFA Knowledge & Skills Framework.
- c) The modules are set out below:
 1. Committee Role & Pensions Legislation
 2. Pensions Governance
 3. Pensions Administration
 4. Pensions Accounting and Audit Standards
 5. Procurement & relationship Management
 6. Investment Performance & Risk Management
 7. Financial Markets & Products
 8. Actuarial Methods, Standards & Practices
 9. Current Issues
- d) 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 Head of Pensions representing the Avon Pension Fund and the Director of Financial Services, Assurance & Pensions, representing the administering authority.

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

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Appendix 1

Pension Board Workplan	February	June	September	December
Investment Strategy Statement				
Administration Strategy & service plan update (include KPIs)				
Workplan & training plan				
Investment update				
Regulatory Update				
Risk Register review				
Annual review of committee & PB governance arrangements				
Pension Board's annual report				
Benchmarking				
Breaches Log - review of regulatory & data Breaches				
Statutory annual requirements (year end/ABS/PSS)				
Review of Audit reports				
Audit Plan				
Pension Fund annual report & statement of accounts				
Update on Service Plan - Projects/Change Programme				

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Type of Training	Date	Content	
Workshop	26th September 2024	TPR General Code of Practice	
Workshop	24th October 2024	Interim Valuation Results	
Workshop	(TBC)	Pensions Dashboard	
Hymans Learning Academy	Title of Module	Date to be completed	Time Commitment
Introduction	• An Introduction to LGPS Online Learning Academy	Sep-24	2 minutes
Module 1 – Committee Role and Pensions Legislation	• An Introduction to Pensions Legislation • An introduction to Pensions Legislation - The Role of a Councillor	Sep-24	27 minutes
Module 2 – Pensions Governance	• LGPS Oversight Bodies – DLUHC & GAD • LGPS Oversight Bodies – TPR • Business Planning • LGPS Governance	Dec-24	50 minutes
Module 3 – Pensions Administration	• Introduction to Administration • Additional Voluntary Contributions • Policies and Procedures	Nov-24	51 minutes
Module 4 – Pensions Accounting and Audit Standards	• Pensions Accounting and Audit Standards	Nov-24	11 minutes
Module 5 – Procurement and Relationship Management	• Public Procurement	Jan-25	11 minutes
Module 6 – Investment Performance and Risk Management	• Introduction to Investment Strategy • LGPS Investment Pooling • Performance Monitoring • Responsible Investment	Feb-25	48 minutes
Module 7 – Financial Markets and Product Knowledge	• Introduction to Financial Markets and Product Knowledge • Investment – MiFID II	Mar-25	33 minutes
Module 8 – Actuarial Methods, Standards and Practices	• Introduction to Funding Strategy • LGPS Actuarial Valuations – Process • LGPS Valuation – Technical • Employers	Oct-24	53 minutes
Current Issues	• Understanding McCloud • Pensions Dashboards • Understanding Goodwin • Introduction to Cyber Risk • GAD Section 13 • Climate Change and TCFD • McCloud Consultation • SAB and HM Treasury Cost Cap Mechanisms • Next Steps on Investment (England & Wales) Consultation Overview • Next Steps on Investment (England & Wales) Consultation Response • A Brief Introduction to Taskforce on Nature-related Financial Disclosures	Ongoing	

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