

Pension Board

Date: Tuesday, 4th March, 2025

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), Alison Wyatt (Member Representative) and Jon Evans (Employer 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:-**

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Further details of the scheme can be found at:

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

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Additional information and Protocols and procedures relating to meetings

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Pension Board - Tuesday, 4th March, 2025
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: 5TH DECEMBER 2024 (Pages 5 - 16)

8. INVESTMENTS UPDATE

The Group Manager for Funding, Investment & Risk will provide the Board with a verbal update on this item.

9. PENSION FUND ADMINISTRATION - PERFORMANCE REPORT (Pages 17 - 52)

The purpose of this report is to present the Fund's administration performance for the period up to and including 31st January 2025 vs key performance indicators (KPI's).

10. SERVICE PLAN, PROJECTS AND CHANGE PROGRAMME

The Board will receive a verbal update on these matters.

11. THE PENSION REGULATOR'S GENERAL CODE OF PRACTICE (TPR GCOP)
(Pages 53 - 70)

The purpose of this report is to summarise the Fund's view of compliance with The Pension Regulator's General Code of Practice and to provide an action plan to reach full compliance.

12. RISK MANAGEMENT UPDATE - RISK REGISTER (Pages 71 - 80)

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

13. GOVERNANCE UPDATE (Pages 81 - 88)

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

Thursday, 5th December, 2024

Present:- Nick Weaver (Chair), Helen Ball, Steve Harman, Alison Wyatt and Jon Evans

Also in attendance: Nick Dixon (Head of Pensions), Liz Woodyard (Group Manager for Funding, Investment & Risk), Geoff Cleak (Senior Associate), Anna Capp (Pensions Payroll Manager), Claire Newbery (Pensions Operations Manager), Carolyn Morgan (Governance and Risk Advisor) and Nicky Russell (Technical & Compliance Advisor)

25 EMERGENCY EVACUATION PROCEDURE

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

26 APOLOGIES FOR ABSENCE

The Democratic Services Officer informed the Board that apologies had been received from Stuart Anstead (Employer Representative).

27 DECLARATIONS OF INTEREST

Alison Wyatt declared an other interest and stated that she was now also a representative of the Pension Board in Somerset.

28 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

29 ITEMS FROM THE PUBLIC

There were none.

30 ITEMS FROM MEMBERS

There were none.

31 MINUTES OF PREVIOUS MEETING: 4TH SEPTEMBER 2024

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

32 INVESTMENT UPDATE

The Group Manager for Funding, Investment & Risk addressed the Board and highlighted the following issues to them.

She informed them that a preferred manager had been identified to carry out the SME (Small & medium sized enterprises) strand of the Local Impact portfolio and that the due diligence process was ongoing.

She explained that the government is consulting the LGPS on further changes to how our investment assets are managed. She said that the proposals embed pooling and extends the role of the FCA regulated pool company in managing our assets.

She stated that the proposed changes are highly material and broadly cover three areas:

- Reforming LGPS asset pools
- b) Boosting LGPS investment in their localities and regions of the UK
- c) Strengthening governance of both LGPS and pools

We do not agree that administering authorities should be required to transfer legacy illiquid investments to the management of the pool as it has not been made clear the benefit to the pool company or the AA of transferring illiquid, closed ended funds being wound down to expiry.

We do not agree that the pool should provide investment advice on the investment strategies of its partner AAs as conflicts of interest may arise if pools provide strategic advice and implement the strategy. Therefore, LGPS funds should not be required to take strategic advice from the pool company. Whilst AAs may wish to obtain strategic advice from the pool company, they must be able to access independent high-level strategic advice.

She explained that the Avon Pension Fund Committee will still set the Investment Strategy.

She said that the deadline for responses from the Fund was 16th January 2025 and from the Pools by 1st March 2025. She added that, at this stage, any changes were anticipated to commence from 1st April 2026.

Jon Evans asked who decides on which pools will pool together.

The Group Manager for Funding, Investment & Risk replied that in 2016 Avon voluntarily decided to become a pool with 7 other authorities within the South West that had already been working collaboratively together since 2003.

She added that work on the Investment Strategy would begin early in 2025 and that it would need to be established how the approach to ESG would work under these new proposals.

Jon Evans commented that the estimated funding level of the Fund was 102% and asked if other funds within the pool were of a similar level.

The Group Manager for Funding, Investment & Risk replied that all have different Actuaries that provide a value of their liabilities. She added that these assumptions are reviewed and adjusted as markets change. She said that the Fund's current level enables stable contributions to be made by employers.

Steve Harman asked if any overall governance changes were planned as part of the consultation.

The Group Manager for Funding, Investment & Risk replied that there were not really any at this stage.

The Chair commented that he had read reports from other Pension Board's relating to the issue of Brunel's investment performance.

The Group Manager for Funding, Investment & Risk said that this was in relation to their Equity Portfolios and them being underweight to the 'Magnificent 7' large technology companies. She added that conversations have been held with Brunel as to whether now would be the right time to make any changes.

The Chair thanked the Group Manager for Funding, Investment & Risk for her update on behalf of the Board.

33 INTERNAL AUDIT UPDATE

The Head of Audit & Assurance introduced the report to the Board and highlighted the following points from it.

Pensions Payroll Audit

Internal Audit has undertaken a review of the risks and controls related to the Avon Pension Fund - Pensions Payroll and assessed the framework of internal control at Level 4 - Substantial Assurance. A total of 4 audit recommendations are detailed in the Action Plan.

Pension Increases Audit

The Pension Increases (PI) audit was assigned a "Reasonable" Assurance rating.

Overall, there are adequate internal controls within the annual pension increase process to ensure that increases are being paid accurately and timely to pensioners. In terms of the historical issue of pensioners not receiving pension increases, Internal Audit acknowledge that the Quality Assurance team are still progressing 400+ cases and it is expected that all cases should be resolved by the end of December 2024.

Two high risk weaknesses were identified where improvements should be made to current PI controls. Management commitment and support was positive and they agreed to implement all recommendations by April 2025.

APF Scheme of Delegation Audit

The APF Scheme of Delegation audit was assigned a “Reasonable” Assurance rating.

A total of seven medium risk and three low risk recommendations were made for this piece of work. Management engagement was positive and they agreed to implement all recommendations by December 2024.

APF Year-End Process Audit

The APF Year-End Processes was assigned a “Reasonable” Assurance rating and a total of thirteen medium risk and four low risk recommendations were reported.

Staff and management were supportive of the audit findings and that six medium and three low risk recommendations were actioned during the fieldwork, with the remaining eight due for implementation by March 2025.

He added that the planning process will shortly commence for audits in 2025/26 and the Board are asked for their comments on areas for potential inclusion in the 2025/26 Internal Audit Plan.

The Chair commented that he felt that the payroll team had done a phenomenal job and praised their work and the result of the audit.

The Pensions Payroll Manager said that they have taken the comments received during the audit on board and began implementation. She added that there was still work to do within Q1.

Steve Harman asked if there was any update on the 400 Pension Increase cases to be resolved by the end of December 2024.

The Technical & Compliance Advisor replied that this figure had now been reduced to 95 and that these cases had GMP (Guaranteed Minimum Pension) issues.

The Pensions Operations Manager commented that the whole team across the section have done a great job.

Helen Ball asked what the interface was between the process mapping exercise and Internal Audit and whether they matched each other.

The Pensions Operations Manager replied that both were carried out as independent processes. She said that Audit would have been analysing from a deep risk element and that whilst officers were concerned with risk they were working on controls to mitigate risk.

The Head of Pensions said that the audits for 2025 / 26 would be agreed before the end of March 2025.

Helen Ball queried whether there should be a further Pension Increase Audit.

The Head of Audit & Assurance replied that follow up work would take place regarding this audit, but did not consider a full audit to be necessary.

The Head of Pensions said that they would intend to share the 2025 / 26 Audit Plan with the Board at their March meeting.

The Board **RESOLVED** to note the report and the outcomes of the Internal Audit and External Audit work carried out on behalf of the Avon Pension Fund.

34 PENSION FUND ADMINISTRATION - PERFORMANCE REPORT

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

McCloud

- The first phase of the remedy project for pensioners has begun, and cases will be reviewed on a case-by-case basis.
- 2 further sub-projects have been established a) to write to all members that we believe are not in scope for remedy but may be if they have qualifying service elsewhere, b) data rectification for c5000 due to bulk tranche update errors.
- The deadline for McCloud remedy is August 2025.

Pensions Increase

- The Fund have made the decision based on the number of records left to be reviewed, that the Pension Increase project is now concluded.
- The majority of members have now been remediated or have been excluded as not needing to be increased.
- The remaining member records to be actioned will form part of the administrations team's business as usual:
 - 24 Death cases – awaiting responses from the spouse or next of kin to make payment of arrears to the Estate.
 - 6 Dependant cases – awaiting responses from the dependant to make payment of arrears.
 - 96 GMP cases – High level analysis shows that these may not be an underpayment. All these records will require more investigation and manual calculations to determine whether there is an under or overpayment. The plan is to project manage these cases across the administration team and complete in 2025.

KPIs – SLA monthly performance average July 2023 to October 2024

- Performance has improved for the majority of KPIs across this period.

Steve Harman said that he would like to express his thanks to the whole team of officers within the service for making such a dramatic improvement to the performance figures.

KPI cases completed Oct 2024 to 17th Nov 24

- The KPI target for all case types was achieved during this period.

KPI's outstanding over 31 days – Oct 2023 to 17th Nov 2024

- This figure has decreased from 2,545 in October 2023 to 99 in November 2024

Service performance – Plan v's Actual – 17th Nov 24

- We have currently achieved 90% of our plan which is ahead of our target of 65%.

Priorities for 2025

- Complete procurement for main Pensions Administration System (PAS) including Pensions Dashboard
- Implement Hosting of PAS
- Implement Pensions Dashboard
- McCloud remedy
- GMP project reconciliation

The Head of Pensions said that he echoed the comments from Steve Harman and praised the work of the team. He added that staff retention and recruitment have been really important over the past year, alongside the implementation of the pay review.

He said that he shared the cautious tone from the Pensions Operations Manager as it was likely that some resources will be diverted in 2025.

Jon Evans asked if there was a separate projects office.

The Head of Pensions replied that the Business Change Team has already been established within the service and provides additional support.

The Pensions Operations Manager gave a brief summary regarding APF GMP Reconciliation.

- In April 1978, the Government introduced a new state pension system. It provided for a flat rate state pension, which was available for everyone regardless of his or her employment history, plus an additional amount based on a person's national insurance contributions. This additional pension element was called the state earnings related pension scheme (SERPS).
- Pensions schemes, including the LGPS, were able to opt-out of SERPS. This was known as 'contracting out'. However, to do this a scheme had to guarantee to pay a benefit to a member that was equal to or better than that

which they would have built up if they had been a member of SERPS. This amount is called a guaranteed minimum pension (GMP).

- The Government removed the ability to build up an entitlement to GMP on 6th April 1997. Therefore, only those who were members between 6th April 1978 and 5th April 1997 will have a GMP.
- The end of contracting-out in April 2016 meant that HMRC no longer had to track a person's GMP entitlement. Therefore, HMRC decided to embark on a reconciliation project with all schemes. Their intention was to issue closure schedules containing contracted-out and GMP entitlements to each scheme and for schemes to carry out a reconciliation exercise, comparing data provided by HMRC against their own records.
- A summary of the reconciliation is as follows:

Category	Membership Numbers at October 2023
A. Members where the record held by HMRC agrees with the Fund record.	32,858
B. Members where the record held by HMRC disagrees with the Fund record	6,468
C. Members with Fund record but no corresponding HMRC record.	1,026
D. Members with HMRC record but with no corresponding Fund record	5,271
E. Members now cleared from the exercise	45,746
Total	91,369

- Stalemate cases (figures in red above) represent those cases where it has not been possible to agree the GMP data held by HMRC with administration records. While in some cases it may be possible and reasonable to treat these as a 'life event' query in the future (if any suitable evidence exists), in practice it is expected that for the majority of cases a decision to either accept either HMRC or the administration record position as correct is required.
- Where SPA (State Pension Age) has been met and HMRC GMP at GMP payment date exceeds the £2 p/w tolerance; 816 potential cases have been identified as overpayments whilst similarly, a potential 277 underpayment cases have been identified.

- Recommendations have been drafted for the Board to approve and then to seek a decision from the Pensions Committee on 13th December 2024.

Steve Harman commented that he felt that the recommendations proposed were fair.

Helen Ball asked if the individuals concerned were to be informed.

The Pensions Operations Manager replied that they would, that these cases would require a manual review and it was estimated that the work would take 18 months to complete.

The Chair said that he was happy with the recommendations. He asked if other Funds were taking the same approach and was it legally compliant.

The Senior Associate replied that the Police and Fire Service in England & Wales have made the same decision and that no action has been taken on their response. He also assured the Chair that any data changes would comply with future statutory pension increases and meet any associated reporting requirements.

The Board **RESOLVED** to:

- i) Note the service performance for the period ending 17th November 2024.
- ii) Approve the following recommendations to be put forward to the Pensions Committee in respect of GMP.
 - **For Category B cases**
 - (a) Where member has not yet attained SPA, the HMRC GMP should be applied as part of BAU. No further rectification will be required.
 - (b) HM Treasury tolerance of +/- £2p/w is accepted, and no further action is required.
 - (c) Where an underpayment is confirmed, the member will have their pension increased to the correct level with arrears and interest calculated.
 - (d) Where an overpayment is confirmed: -
 - (i) to agree that where an increased pension is being made that the pension is frozen at that level and no further increases applied until the correct level is attained.
 - (ii) Agree historic overpayments will not be recovered, in line with APF policy and as applied by other public sector bodies.
 - **For Category C cases**
 - (e) Recommend that the Fund record is accepted as accurate.
 - **For Category D cases**
 - (f) Recommend that the fund records are deemed to be correct.
 - Further individual interrogation and analysis against Category B (under and overpayment) cases identified will be required to establish final and absolute totals.

- Updates on progress against cases identified will continue to be brought to the Pension Board and Pension Committee for review in future reports.

35 LEGISLATION UPDATE

The Technical & Compliance Advisor introduced the report to the Board. She said that on this occasion there were no significant changes to bring to their attention, but did wish to make them aware of the following points.

Pension Taxation

- On 30 October 2024, the Chancellor delivered the Autumn Budget, the first under the new Labour Government. The focus was a package of tax increases amounting to more than £40 billion (including increases to Employer National Insurance and Capital Gains Tax). The biggest pension-related change to emerge is in relation to Inheritance Tax. With effect from April 2027 payments from registered pension schemes following the death of a member where the recipient is not the spouse, or civil partner will now be within scope. A technical consultation is now underway.

FE College Guarantee

- In November 2024, the Government announced that the Department for Education (DfE) would provide a crown guarantee to Further Education providers in England and Wales operating in the statutory sector. Higher Education providers are not covered.
- The guarantee will operate in a similar manner to that provided for Academies. It will not apply to mergers or pooled colleges (where one constituent closes). The guarantee is unlimited with the DfE being able to make payments up to £32 million per annum (across the LGPS) before approval needs to be sought from the Treasury.

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

36 PENSIONS ADMINISTRATION BENCHMARKING REPORT

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

- The Fund took part in the CIPFA Benchmarking exercise for approximately 15 years. However, over the years the number of Funds taking part in the exercise had declined and therefore the Fund has decided to make use of the SF3 data which all Funds are required to submit to MHCLG.
- Avon PF has more members than the average LGPS – but it is not a mega LGPS fund.
 - Avon: 125,867 members
 - Manchester: 428,804 members

- Average: 78,000 members
- Admin costs per member are related to scheme size – Avon costs of £32 are on the ‘cost line’ and less than the LGPS average of £39.
- Avon is ‘cost average’ as the bulk of cost drivers are broadly near the middle of the LGPS range.

Alison Wyatt asked if there was a reason behind these figures.

The Governance & Risk Advisor replied that this was due to the increase in Academies and was also dependant on differing working models of the respective Funds.

Jon Evans asked how likely this situation was to change and could it lead to a reduction in costs.

The Governance & Risk Advisor replied that it has stabilised and the pace of new employers has slowed. She added that around two years ago there were 450, now it was 474.

- Avon’s investment costs are lower than the LGPS average – probably driven by higher passive equity weightings.

The Head of Pensions said that in his view there were three drivers in respect of these costs:

- Level of passive investment
- Proportion of assets pooled
- Extent of local / small scale investment

The Chair said that in a future report he would like to see how much is spent on oversight and governance by the Funds.

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

37 BREACHES REPORT

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

- No incidents were reported to the ICO (Information Commissioner’s Office) during the period of October 2023 to October 2024. There has been a significant drop in data breaches this year. The total has fallen from 20 in 2022/23 to 7 this year.
- Employer Late Payers – 25 incidents of late or non-payment of contributions. 4 employers have been late for more than 2 consecutive months. Support / training for employers is being provided.

- The Breaches Policy has been updated to reflect the introduction of TPR's (Pensions Regulator) General Code of Practice (GCOP). Further amendments may be made to the policy to reflect the revised wording and requirements of the GCOP.

The Board **RESOLVED** to:

- i) Note the summary of the breaches log.
- ii) Note the changes to the Breaches Policy.

38 RISK MANAGEMENT UPDATE - RISK REGISTER

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

- The quarterly review of the risk register has taken place and the changes are as follows:
- NR04 – Governance of the Fund - wording has been reverted to reflect the wider governance risks rather than just the recent focus on internal controls. Based on recent audits and the review of controls no systemic failures have been identified and therefore the risk has been amended from high impact and likely to medium impact and possible.
- The top three 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 in the process of carrying out a review of its business continuity plan. The fund is planning to move its admin system to a Heywood hosted solution and appropriate data protection and cyber assessments are being carried out.
- NR01 – Poor service levels below agreed standards. The current factors impacting this risk are set out in item 03 – Pension Fund Administration report. The risks associated with the implementation of the controls review are now reflected in this risk.
- NR05 – Failure to manage personal data per regulations. The volume of personal data the Fund manages in day-to-day processing keeps this risk high on the register. Within the Operations Teams process changes are planned including removing duplication of checking and bulk processing. Whilst these are welcome changes we note that additional data protection assessments will be required.

Helen Ball said that all Board members and members of the Fund should keep up to date with their knowledge and skills in relation to the awareness of cyber-attacks.

The Governance & Risk Advisor replied that they do provide all regulatory guidance to Fund members and that staff take part in annual e-learning training. She added that they could consider holding a workshop for the Board if it was felt necessary.

The Chair commented whether this could also be considered a communications issue by stating to members that representatives of the Fund would never call or ask for specific account or bank details.

The Head of Pensions said that this topic would be considered as a future agenda item for the Board.

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

39 GOVERNANCE UPDATE

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

- The Administration Strategy & Service Plan update has been deferred to the February meeting.
- Training – Board members are asked to keep up with the training programme through the Hyman’s LGPS Online Learning Academy (LOLA).
- Board Recruitment – The Board remains 1 Member representative down and the process for recruiting will begin again in January.

Helen Ball asked for the 2025 meeting dates for the Board to be circulated.

The Board **RESOLVED** to note the workplan & training plan for 2024 / 2025.

The meeting ended at 12.30 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

Bath & North East Somerset Council	
MEETING:	Avon Pension Fund – Local Pension Board
MEETING DATE:	4th March 2025
TITLE:	PENSION FUND ADMINISTRATION Performance Report
WARD:	ALL
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1 – Administration Update and Roadmap for 2025/26</p> <p>Appendix 2 – TPR Data Improvement Plan</p> <p>Appendix 3 – Exempt paper - Procurement Update</p> <p>Appendix 4 – Exemption Notice</p>	

1 THE ISSUE

The purpose of this report is to present the Fund's administration performance for the period up to and including 31st January 2025 vs key performance indicators (KPI's).

2 RECOMMENDATION

The Board:

Notes the service performance for the period ending 31st January 2025.

3 PERFORMANCE

Appendix 1 summarises service performance vs SLAs¹ to 31st January 2025. Reports show a sustainable improvement in KPI processing since August 2024. Performance dipped in January due to annual leave, sickness and vacancies.

4 Recruitment

The Fund is in late stages of recruitment for 13.4 vacant posts: 5.4 in Member Servicing, 4 in Digital Services and 2 in Business Change.

¹ service level agreements

5 McCloud

During Q1 2025 APF will write to all out-of-scope members requesting details of any additional public service pension that may put them in scope of the remedy.

350 pensioners and 20 death cases have been identified for remedy and are being resolved by the Quality Assurance team. This figure may increase once we complete checks on unaggregated cases and have a response from members for the additional public service pensions exercise (above).

Data errors have significantly reduced from 5,000 to 500 cases. Going forward McCloud data errors will form part of regular monitoring by the Quality Assurance team. The deadline for McCloud remedy is August 2025.

6 GMP

Following the decision in December's Committee, the Fund is planning the remedy stages of the project. We are updating records for members not currently in payment with an incorrectly recorded GMP. A bulk update will take place in March 2025 to reflect the correct GMP liability.

A more detailed plan will be given in the June Board in respect to the remedy of members with any over or underpayments.

7 Procurement & Pensions Dashboards

Appendix 3 will be discussed in an exempt session.

8 The Pension Ombudsman determinations

The Fund has received 2 determinations from the Pensions Ombudsman (TPO) in recent weeks.

The first is an historic complaint dating back to 2018. This went through stages 1 & 2 of the IDR process and was not upheld by the Fund. This subsequently went to TPO and a determination of maladministration against the Fund has been given. The Fund needs to pay compensation of £1,000 for distress and inconvenience, which the Fund has accepted.

The second case was raised in 2023 and subsequently went to the stage-1 of the IDR process, which was not upheld by the Fund. The member went to TPO which agreed with the Fund, even after appeal. This case has now been closed by TPO.

9 Data Improvement plan

Appendix 2 is a summary of the Fund's data position and shows a slight improvement in the overall score at 95.3%. Prior to implementation of the Pensions Dashboards, the Fund will use external data cleansing capacity to trace "gone away" members.

10 RISK MANAGEMENT

The Avon Pension Fund Committee is the formal decision-making body for the Fund, including responsibility for adequate risk management. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place which is regularly monitored. It also

monitors benefits administration, the risk register and compliance with relevant investment, finance and administration regulations.

11 EQUALITIES STATEMENT

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

12 CLIMATE

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.

13 OTHER OPTIONS CONSIDERED

None.

14 CONSULTATION

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

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Administration Update January 2025

Claire Newbery

Pensions Operations Manager

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Agenda

- KPI & Non KPI update
- Strategic Roadmap 2025/26
 - 2024 highlights
 - 2025/26 Priorities
- Business Change

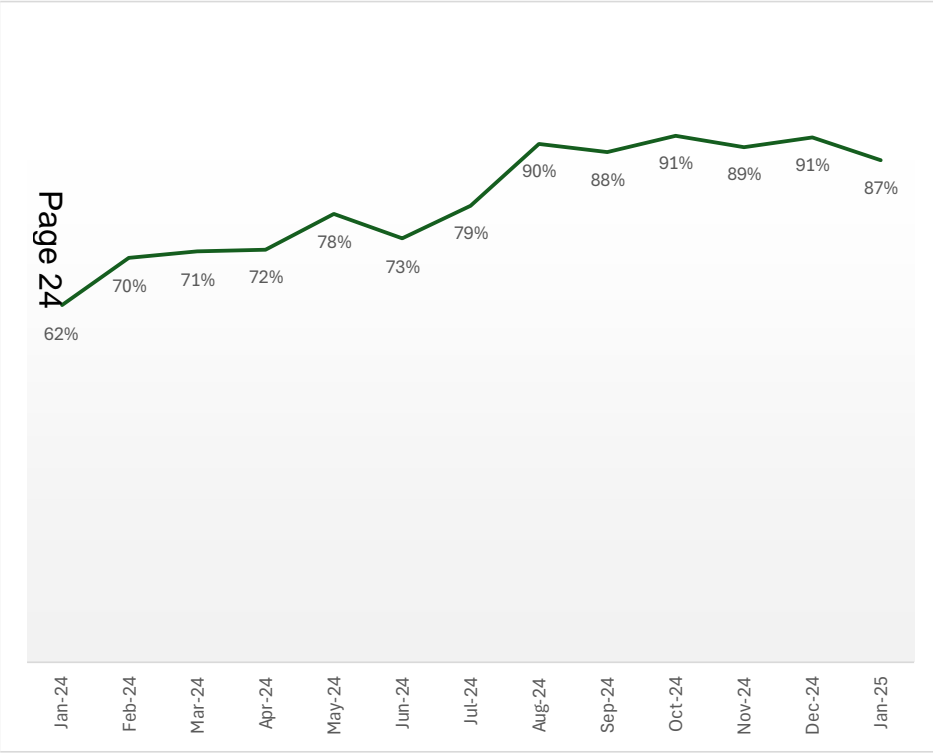
KPI's



SLA monthly performance average Jan 2024 to January 2025

Average SLA Performance

*Based on weekly KPI data



KPI Category	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Cases Created Jun-23 to Jan-25
Death Notification	57%	20%	62%	46%	31%	65%	65%	84%	79%	94%	94%	88%	100%	991
Death - Act/Def/Pen - Payment	76%	68%	88%	100%	69%	88%	93%	100%	73%	68%	94%	68%	82%	764
Retirement (Active) - Quote	32%	37%	30%	31%	30%	35%	52%	81%	85%	84%	60%	86%	46%	2,801
Retirement (Active) - Actual	77%	76%	95%	95%	77%	47%	78%	91%	94%	99%	97%	97%	94%	1,782
Retirement (Deferred) - Quote	17%	30%	35%	36%	57%	60%	91%	83%	89%	88%	98%	96%	74%	3,544
Retirement (Deferred) - Actual	52%	33%	82%	75%	66%	40%	68%	98%	96%	91%	99%	99%	99%	2,436
Divorce - Quote	39%	78%	49%	59%	66%	66%	83%	100%	100%	92%	100%	100%	100%	402
Divorce - Actual	100%	N/A	N/A	N/A	N/A	N/A	100%	100%	100%	100%	33%	0%	N/A	19
Refund - Quotes	31%	66%	68%	22%	77%	69%	34%	88%	88%	75%	88%	66%	73%	4,857
Refund - Actual	12%	31%	13%	84%	85%	65%	78%	88%	91%	95%	85%	82%	67%	1,510
Deferred Benefits	35%	50%	28%	62%	67%	62%	80%	79%	61%	96%	77%	95%	93%	4,649
Transfer In (Active) - Quote	20%	17%	26%	3%	6%	13%	17%	74%	85%	92%	59%	57%	97%	713
Transfer In (Active) - Actual	0%	29%	64%	100%	33%	56%	27%	56%	67%	48%	51%	79%	0%	283
Transfer Out (Active/Deferred) - Quote	14%	17%	1%	16%	14%	4%	30%	26%	17%	42%	12%	47%	36%	1,828
Transfer Out (Active/Deferred) - Actual	100%	100%	100%	73%	100%	100%	94%	100%	100%	100%	100%	100%	100%	197
Employer Estimate - Quote	93%	89%	77%	65%	100%	36%	94%	78%	95%	94%	92%	81%	95%	351
Member Estimate - Quote	94%	99%	81%	66%	94%	50%	85%	93%	90%	87%	99%	100%	92%	1,054
Joiner	93%	100%	100%	100%	100%	100%	99%	100%	100%	100%	100%	100%	100%	21,740
Weighted Average	62%	70%	71%	72%	78%	73%	79%	90%	88%	91%	89%	91%	87%	

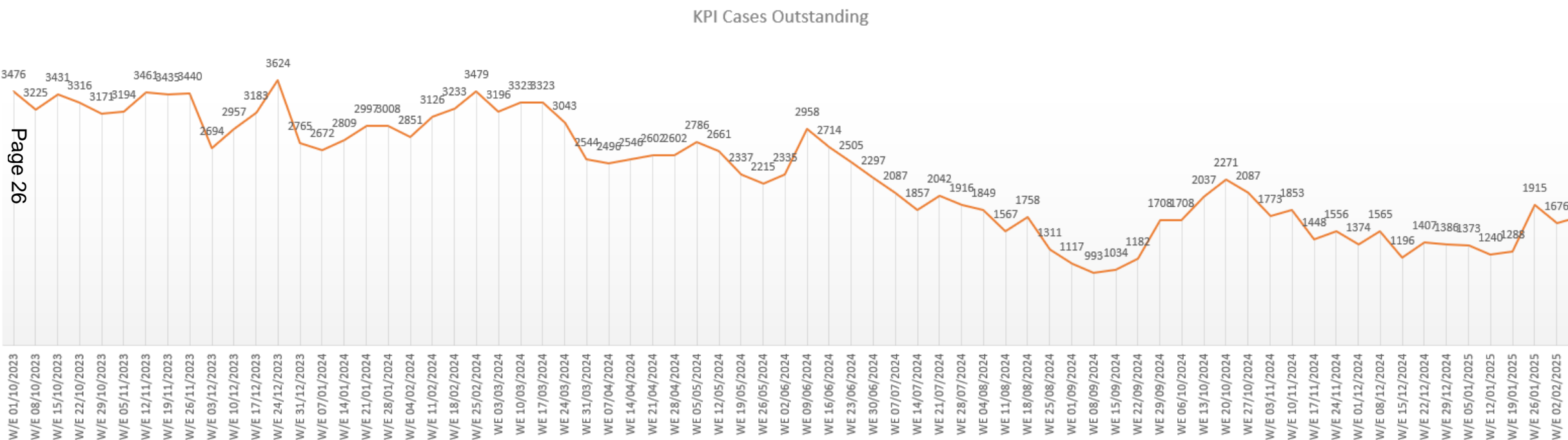
KPI cases completed January 2025

(cases numbers v target – cumulative % processed)

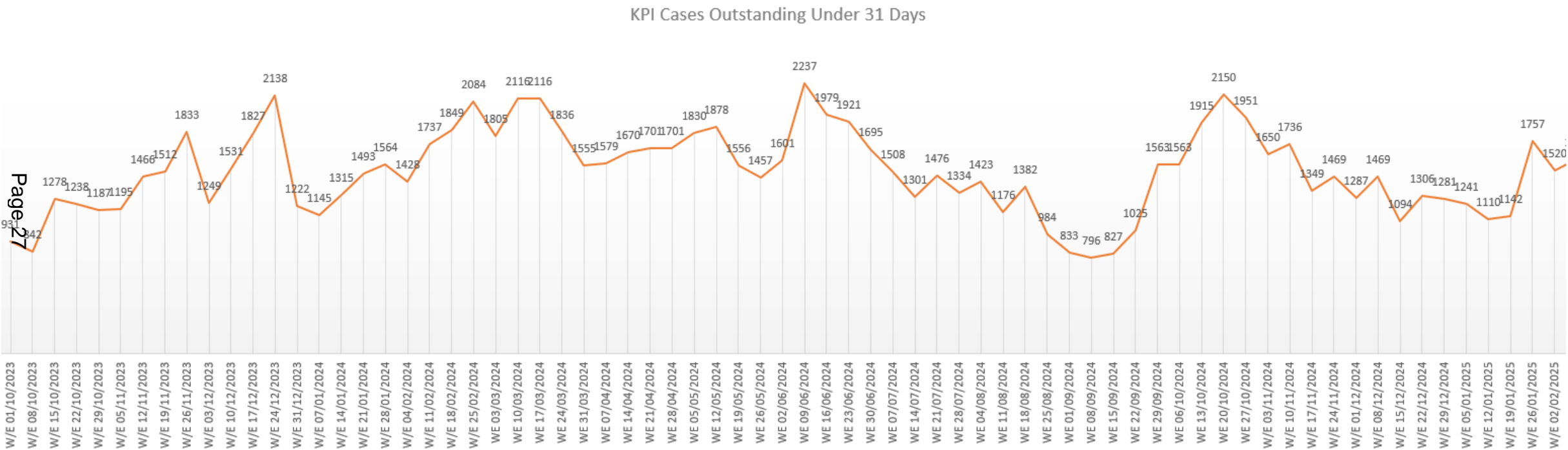


		01/01/2025 to 31/01/2025									
		Actual Days to Process									
		0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31 to 40	41 to 45	46 to 59	60+
Death Notification	5 Days	100%									
Death - Act/Def/Pen - Payment	10 Days	71%	83%	90%	94%	96%	98%	98%	100%		
Retirement (Active) - Quote	15 Days	20%	28%	46%	69%	86%	93%	93%	93%	93%	100%
Retirement (Active) - Actual	15 Days	47%	88%	98%	98%	98%	98%	100%			
Retirement (Deferred) - Quote	30 Days	5%	8%	22%	55%	68%	78%	91%	91%	93%	100%
Retirement (Deferred) - Actual	15 Days	56%	83%	98%	100%						
Divorce - Quote	45 Days	31%	38%	54%	100%						
Divorce - Actual	15 Days										
Refund - Quotes	10 Days	36%	85%	98%	99%	99%	99%	99%	99%	99%	100%
Refund - Actual	10 Days	16%	50%	94%	96%	100%					
Deferred Benefits	30 Days	61%	68%	74%	84%	85%	91%	96%	98%	99%	100%
Transfer In (Active) - Quote	10 Days	67%	96%	96%	100%						
Transfer In (Active) - Actual	10 Days	25%	25%	30%	40%	65%	85%	95%	100%		
Transfer Out (Active/Deferred) - Quote	10 Days	5%	33%	48%	71%	81%	81%	86%	90%	90%	100%
Transfer Out (Active/Deferred) - Actual	10 Days	100%									
Employer Estimate - Quote	15 Days	88%	90%	93%	100%						
Member Estimate - Quote	15 Days	45%	65%	88%	93%	95%	98%	98%	98%	100%	
Joiner	40 Days	7%	8%	9%	89%	100%					

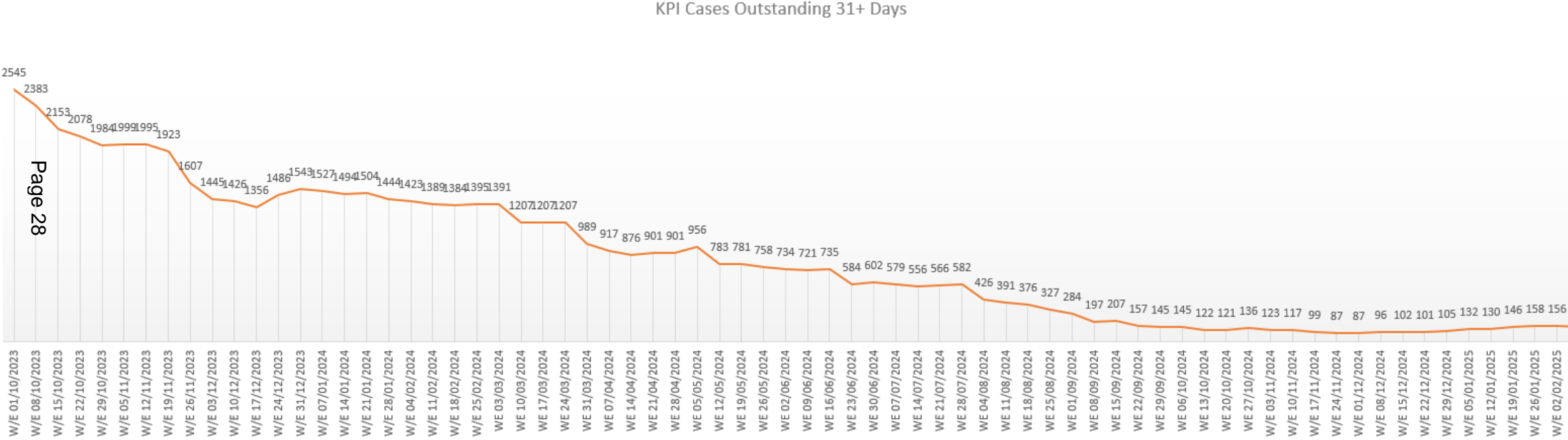
Total KPI's outstanding – Oct 2023 to Feb 2025



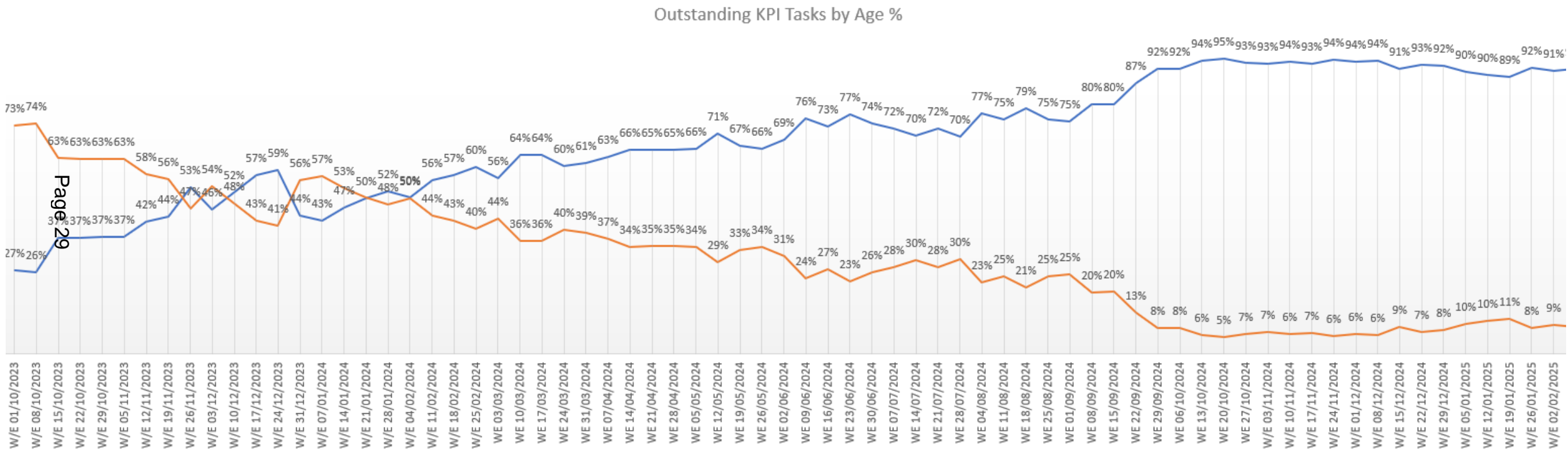
KPI cases outstanding under 31 days – Oct 2023 – Feb 2025



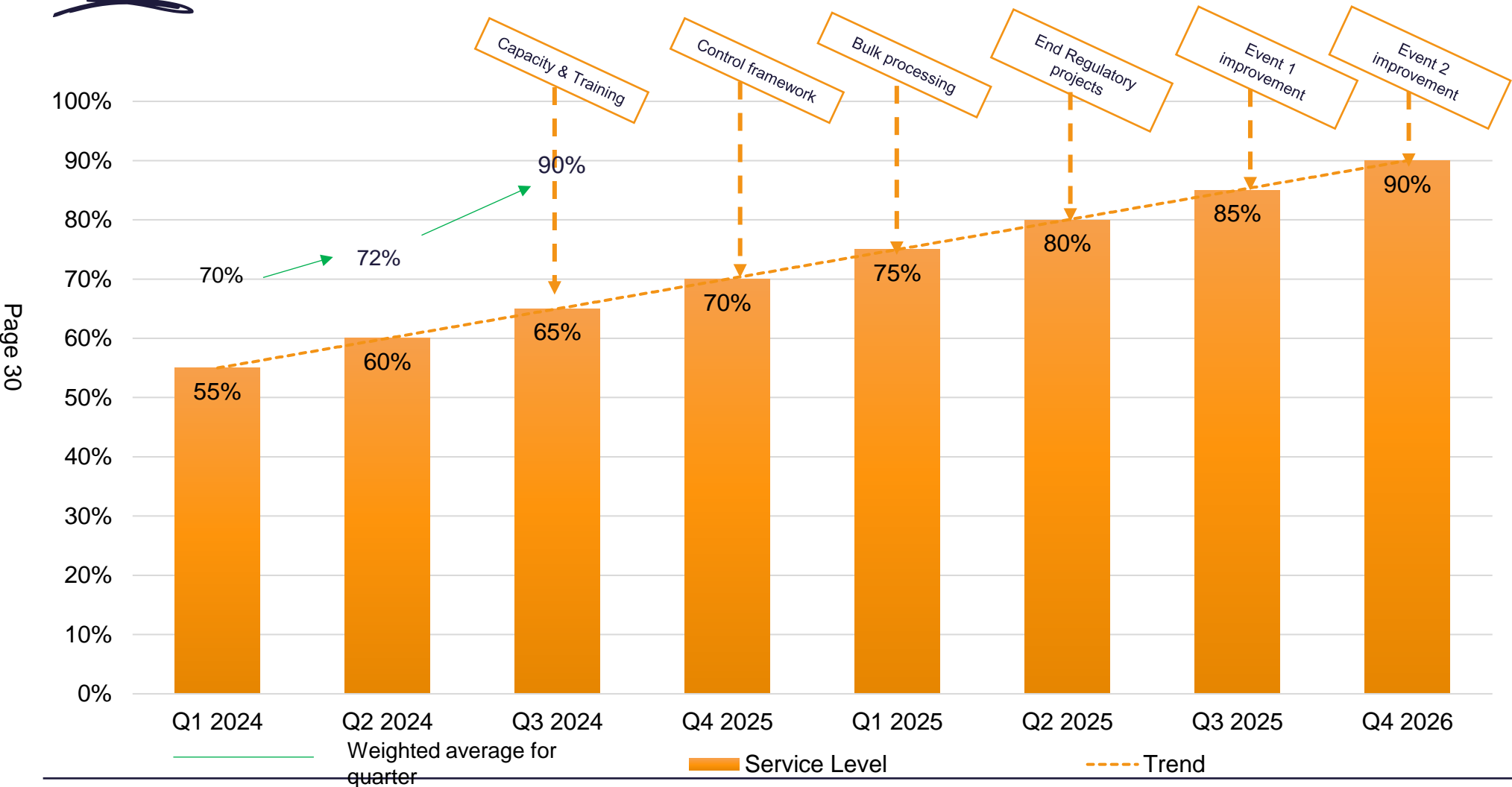
KPI's outstanding over 31 days – Oct 2023 to Feb 2025



KPI's case by age % - Oct 2023 to Feb 2025



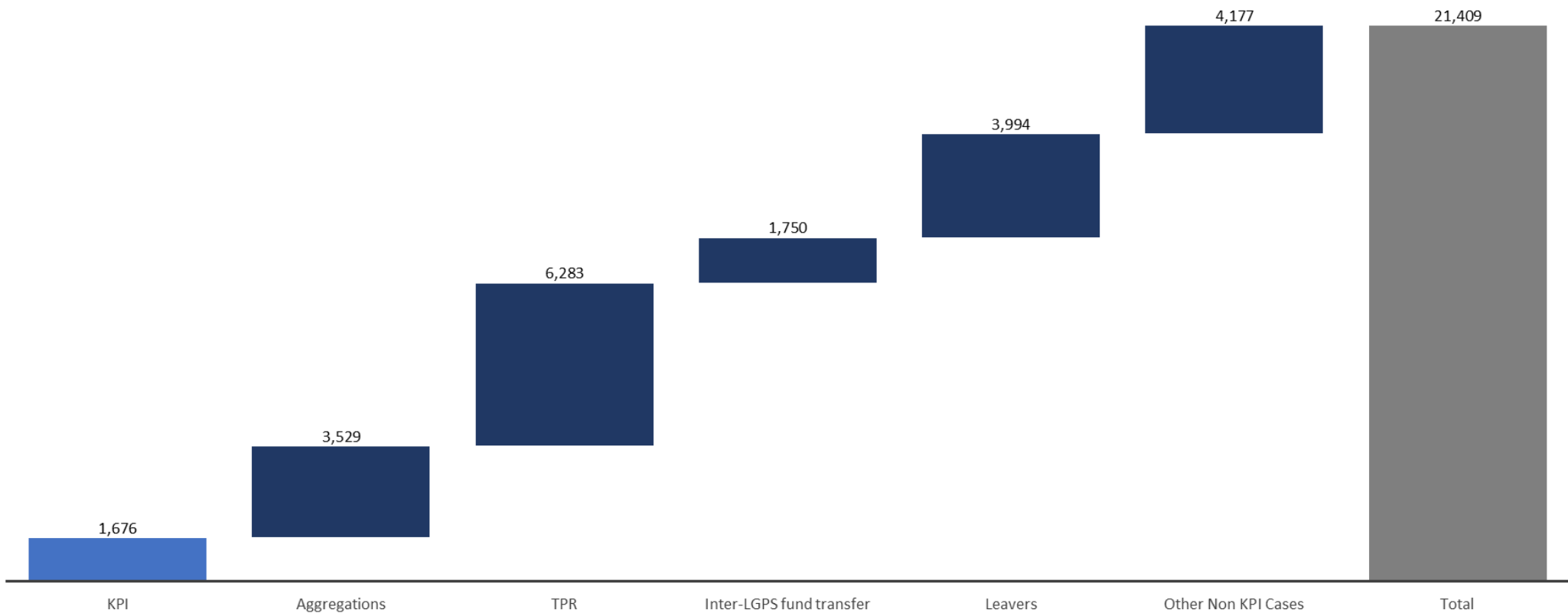
Service performance – plan v's actual – 2nd Feb 2025



Non KPI workload

All outstanding cases – January 2025

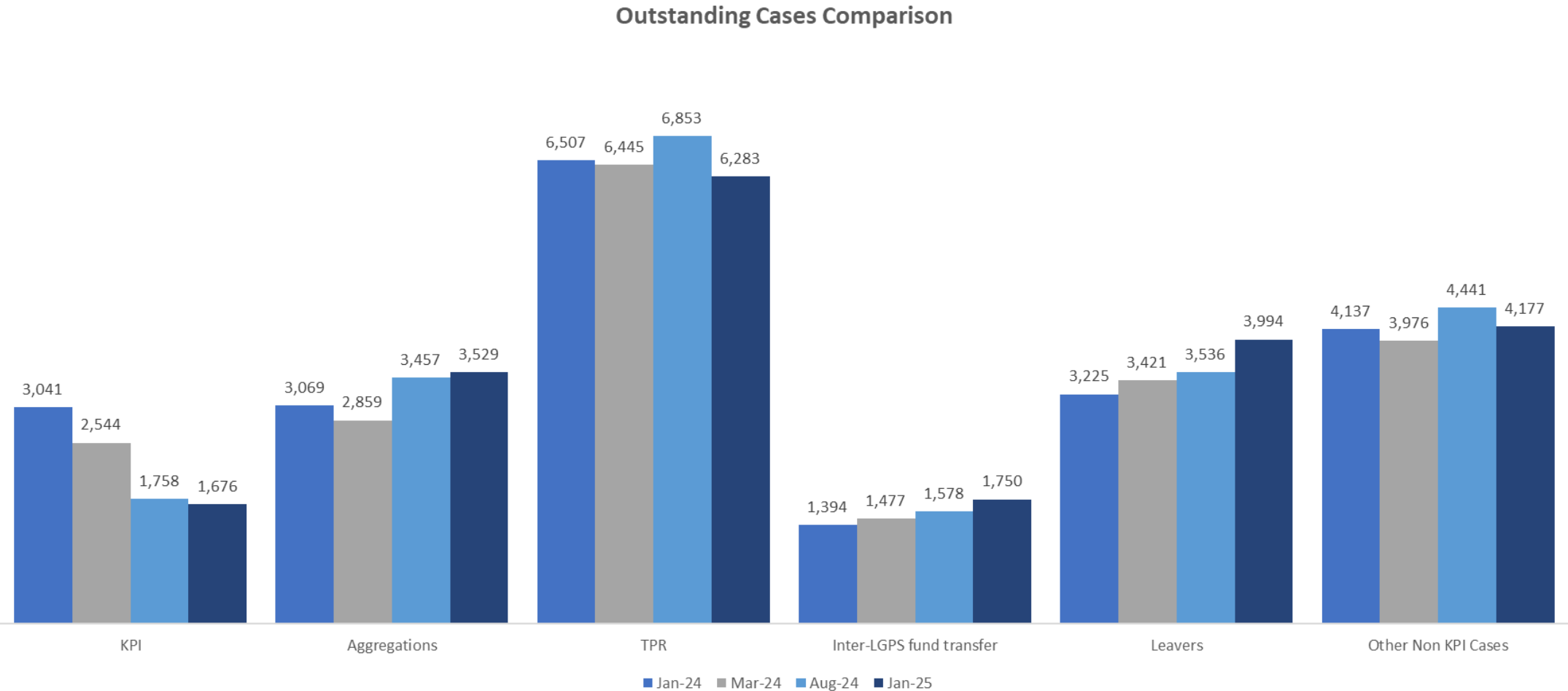
Outstanding Cases as at Jan-25



All outstanding cases by type comparison Jan 24 – Jan 25



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Strategic Roadmap & Business Change 2025-26

Page 34

Claire Newbery
Pensions Operations Manager

Anne Black
Business Change Manager

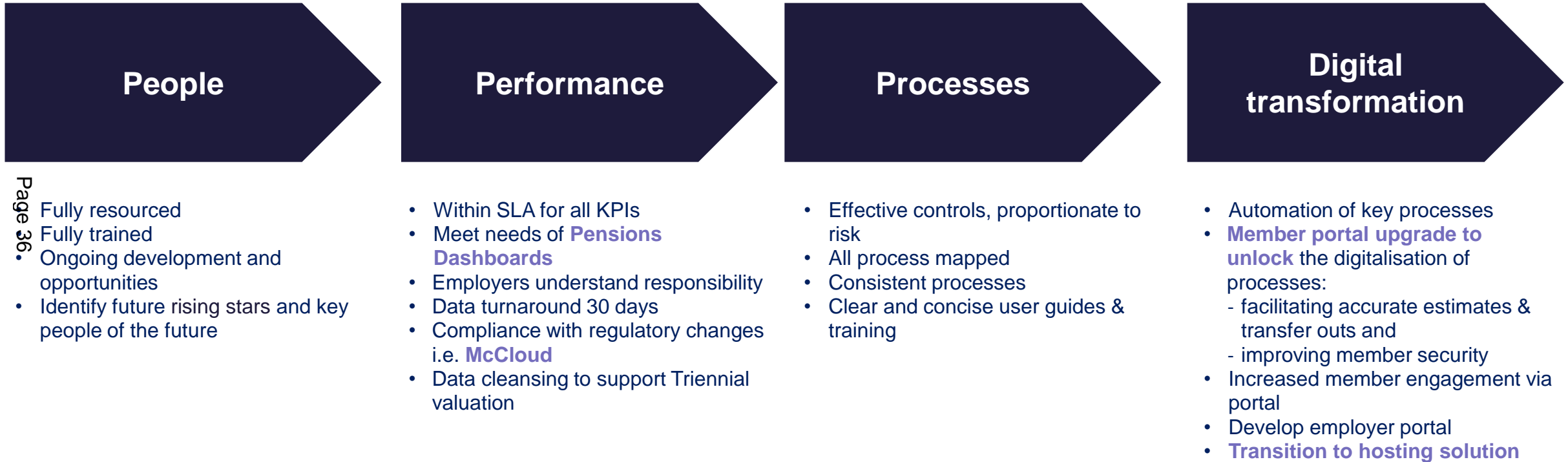


2024 / 2025 – Highlights and Achievements

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People	Performance	Process	Digitalisation
<ul style="list-style-type: none"> • Restructure done • Introduction of 2 Mental Health first aiders • 16 New starters • 24 Promotions within existing team • Creation of Business Change function 	<ul style="list-style-type: none"> • Pension Increase project complete • Backlog reduction of KPIs • 39 new employers onboarded to the fund • Webinar based training introduced for scheme employers • KPI data demonstrating that we are now hitting SLAs targets 	<ul style="list-style-type: none"> • All employers now on i-Connect • Development of internal dashboard to manage year end data • Policy approvals <ul style="list-style-type: none"> - GMP - Unders and overs • 12 high risk process controls reviewed and updated 	<ul style="list-style-type: none"> • i-Connect Document portal live • New Employer website live • New employer webforms introduced to improve data submissions • Bank Account Validation implemented
<div>Complete</div> <div>✓</div>	<div>Excellent Progress</div> <div>→</div>	<div>Improvements started</div> <div>✍</div>	<div>Improvements started</div> <div>✍</div>

2025 and beyond, Priorities & Objectives



2025 – Business Change

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Change supporting service

Established in late 2024, the APF Business Change function is dedicated to managing change effectively by delivering projects or providing project best practice guidance. The function encompasses project management, business analysis, website development and communications. The team works with other APF teams balancing resource to fulfil regulatory requirements and to manage BAU alongside change.

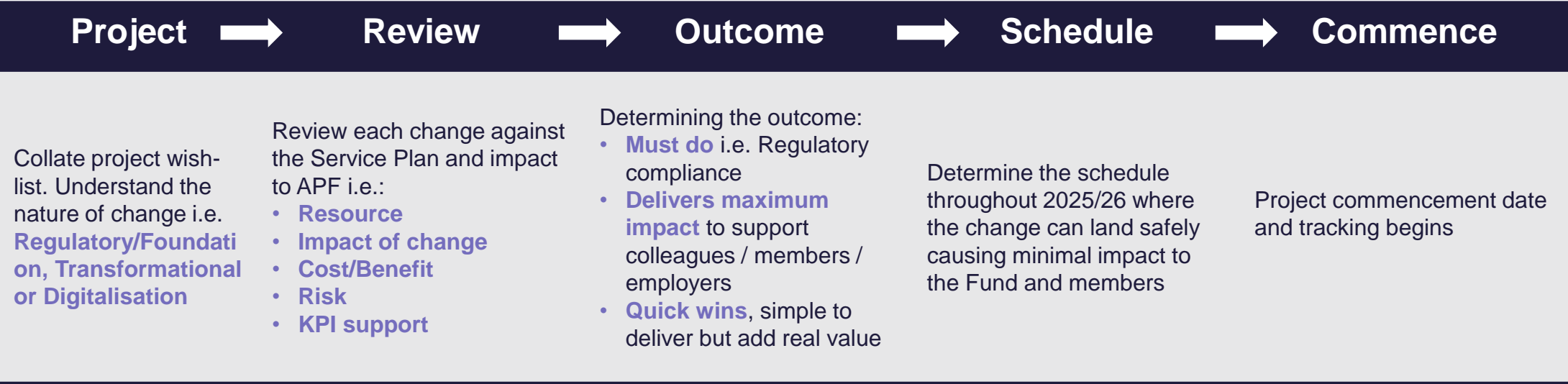
Key Focus Areas for the teams in 2025/26 are **Member engagement, McCloud & Dashboard compliance and Procurement**.: We will progress Transformation and Digitalisation where resource allows. Each project below aligns with strategic objectives and will be carefully planned and monitored to ensure timely delivery and maintain high service levels.

	Annual Event	Regulatory Change/ Foundation	Dashboard	McCloud	Procurement	Transformation	Digitalisation
Summary	Our administration teams are dedicated to ensuring compliance with all regulatory requirements, providing transparency and accountability to our members.		Meeting the regulatory commitments to be ready for connection of dashboard in 2025	Ensure compliance and fairness for all members affected by the ruling. Embed updates in readiness for ABS run	In 2025-26, we will continue to refine our procurement processes to ensure value for money and compliance with legal requirements	Prioritise projects that drive innovation and enhance member experience. By embracing new technologies and methodologies	Develop understanding of digital solutions that exist within our administration system and those that compliment APF service
Activities*	<ul style="list-style-type: none"> Year end Valuation 3Yr Annual Benefit Statements Pension Savings Statements HMRC Event reporting 	<ul style="list-style-type: none"> GMP Remediation Bank Account Validation Tracing solution Process control overview 	<ul style="list-style-type: none"> Data Cleansing Backlog reduction Connection readiness ISP Connection Admin readiness Colleague training 	<ul style="list-style-type: none"> Other service Age 65 plus Teachers XS McCloud remedy 	<ul style="list-style-type: none"> ISP Administration system & hosting Printing solutions Web hosting 	<ul style="list-style-type: none"> Utilisation of new administration tools i.e. automated workflows New member onboarding Bulk processing 	<ul style="list-style-type: none"> Email improvements Enhanced Admin to Pay Digital footprint Process Automation Paperless Create self-serve i.e. Engage
APF Resource	<ul style="list-style-type: none"> Admin Teams QA Investments 	<ul style="list-style-type: none"> Admin Teams QA 	<ul style="list-style-type: none"> Admin Teams Financial Systems ISP provider and admin system support 	<ul style="list-style-type: none"> QA Admin 	<ul style="list-style-type: none"> All teams providing input 	<ul style="list-style-type: none"> Web Development Business Analysis Admin 	<ul style="list-style-type: none"> All teams

Prioritisation process

Business Change works with other APF teams to prioritise projects. We continually review our projects, evaluating them to ensure they continue to deliver the right benefits to our members and administration teams. By carefully managing our resources, we can maximise the impact of our efforts and achieve our objectives efficiently.

The change agenda is extremely busy, however with the balancing of resource to support change, impact, cost benefit, risk and supporting the KPIs will drive this prioritisation. In addition to this, the team's capacity to absorb the changes to ensure the risks are mitigated.



Thank you



If you have any questions please contact:

Claire Newbery

Pensions Operations Manager

Anne Black

Business Change Manager

Avon
Pension
Fund



Your pension, your future

Annex 1 – TPR Errors by Member Numbers

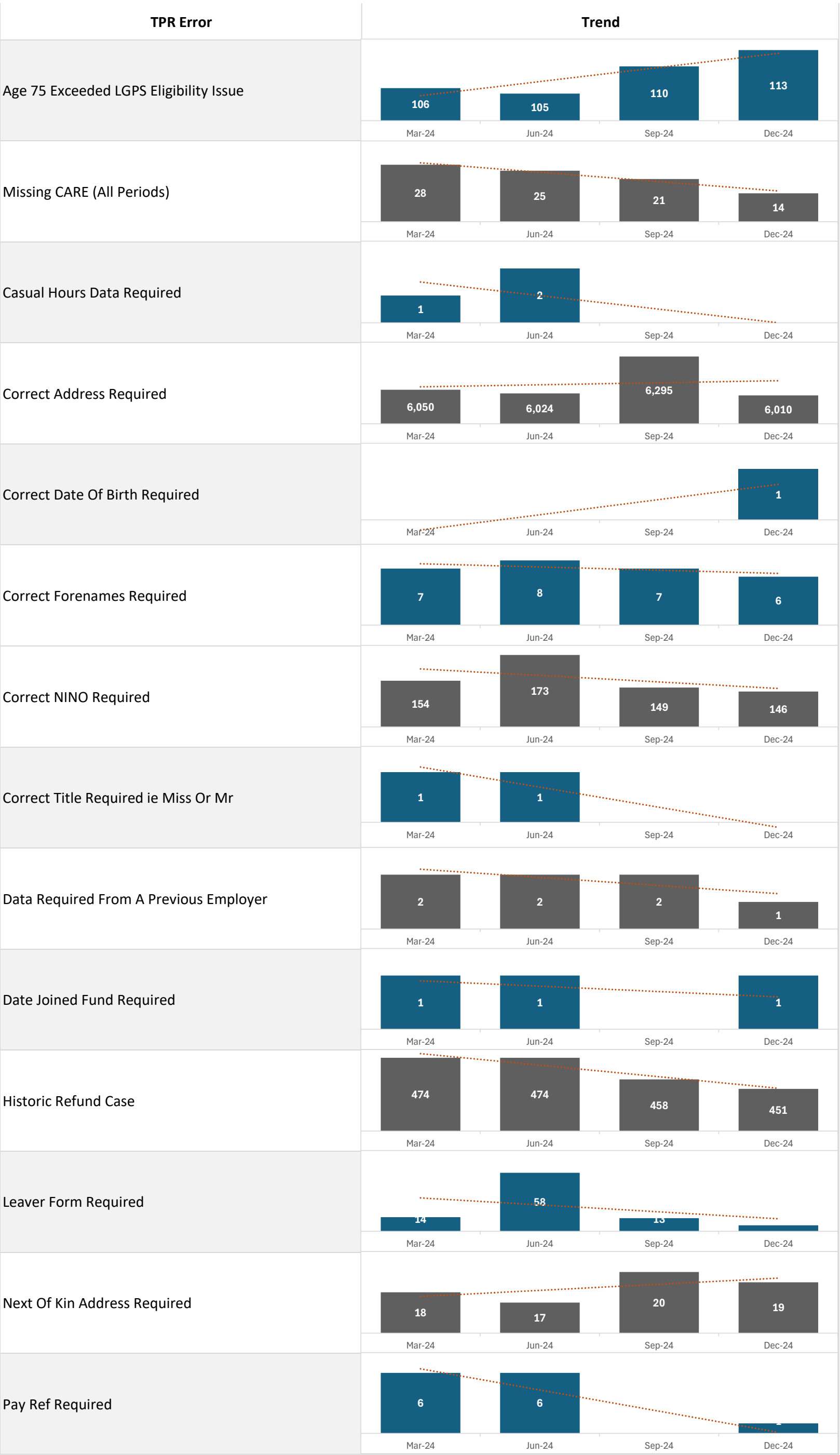
	Sep-24				Dec-24				*Trend
	Member Records	TPR Errors	% Errors	Data Score	Member Records	TPR Errors	% Errors	Data Score	
ACTIVE	39,737	194	0.49%	99.51	40,745	132	0.32%	99.68	- 62
UNDECIDED	8,307	117	1.41%	98.59	7,988	96	1.20%	98.80	- 21
DEFERRED	44,566	4,306	9.66%	90.34	44,700	4,136	9.25%	90.75	- 170
PENSIONERS	37,129	424	1.14%	98.86	37,358	397	1.06%	98.94	- 27
DEPENDANTS	5,153	134	2.60%	97.40	5,142	131	2.55%	97.45	- 3
FROZEN	7,773	1,900	24.44%	75.56	7,857	1,877	23.89%	76.11	- 23
TOTALS	142,665	7,075	4.96%	95.04	143,790	6,769	4.71%	95.29	- 306

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

	Sep-24		Dec-24		*Trend
	TPR Errors	%	TPR Errors	%	
Age 75 Exceeded Lgps Eligibility Issue	110	1.55%	113	1.67%	+ 3
Care Pay For 2019-2020 Required	2	0.03%	1	0.01%	- 1
Care Pay For 2020-2021 Required	0	0.00%	0	0.00%	0
CARE pay for 2021-2022 required	1	0.01%	1	0.01%	0
CARE pay for 2022-2023 required	3	0.04%	1	0.01%	- 2
CARE pay for 2023-2024 required	15	0.21%	11	0.16%	- 4
Casual Hours Data Required	0	0.00%	0	0.00%	0
Correct Address Required	6,295	88.98%	6,010	88.79%	- 285
Correct Forenames Required	7	0.10%	6	0.09%	- 1
Next of kin address Required	20	0.28%	19	0.28%	- 1
Correct Hours Format Required	0	0.00%	0	0.00%	0
Correct Nino Required	149	2.11%	146	2.16%	- 3
Correct Title Required ie Miss Or Mr	0	0.00%	0	0.00%	0
Data Required From A Previous Employer	2	0.03%	1	0.01%	- 1
Date Joined Fund Required	0	0.00%	1	0.01%	+ 1
Historic Refund Case	458	6.47%	451	6.66%	- 7
Leaver Form Required	13	0.18%	6	0.09%	- 7
Pay Ref Required	0	0.00%	1	0.01%	+ 1
Correct Surname Required	0	0.00%	0	0.00%	0
Correct Date Of Birth Required	0	0.00%	1	0.01%	+ 1
Grand total	7,075	100%	6,769	100%	

*Trend is influenced by number of errors

Outstanding TPR Cases by Error Type



Access to Information Arrangements

Exclusion of access by the public to Council meetings

Information Compliance Ref: LGA-2264960
Meeting / Decision: Avon Pension Fund – Local Pension Board
Date: 4 th March 2025
Author: Claire Newberry
Report Title: Pension Fund Administration - Performance Report List of attachments to this report: Appendix 1 – Administration Update and Roadmap for 2025/26 Appendix 2 – TPR Data Improvement Plan Exempt Appendix 3 - Procurement Update

The appendix contains exempt information, according to the categories set out in the Local Government Act 1972 (amended Schedule 12A). The relevant exemption is set out below.

Stating the exemption:

- 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).*

The public interest test has been applied, and it is concluded that the public interest in maintaining the exemption outweighs the public interest in disclosure at this time. It is therefore recommended that the exempt appendix be withheld from publication on the Council website. The paragraphs below set out the relevant public interest issues in this case.

PUBLIC INTEREST TEST

If the Panel wishes to consider a matter with press and public excluded, it must be satisfied on two matters.

Firstly, it must be satisfied that the information likely to be disclosed falls within one of the accepted categories of exempt information under the Local Government Act 1972. Paragraph 3 of the revised Schedule 12A of the 1972

Act exempts information which relates to the financial or business affairs of the organisations which is commercially sensitive to the organisations. The officer responsible for this item believes that this information falls within the exemption under paragraph 3 and this has been confirmed by the Council's Information Compliance Manager.

Secondly, it is necessary to weigh up the arguments for and against disclosure on public interest grounds. The main factor in favour of disclosure is that all possible Council information should be public and that increased openness about Council business allows the public and others affected by any decision the opportunity to participate in debates on important issues in their local area. Another factor in favour of disclosure is that the public and those affected by decisions should be entitled to see the basis on which decisions are reached.

The exempt appendix contains information on costs and structures that may impact the ability to procure efficiently in the near future. This information is commercially sensitive and could prejudice the commercial interests of the organisations involved if released. It would not be in the public interest if advisors and officers could not express in confidence opinions or proposals which are held in good faith and on the basis of the best information available.

It is also important that the Panel should be able to retain some degree of private thinking space while decisions are being made, in order to discuss openly and frankly the issues under discussion in order to make a decision which is in the best interests of the Fund's stakeholders.

The Council considers that the public interest has been served by the fact that a significant amount of information regarding the exempt appendix has been made available – by way of the main report. The Council considers that the public interest is in favour of not holding this matter in open session at this time and that any reporting on the meeting is prevented in accordance with Section 100A(5A)

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	4 March 2025	AGENDA ITEM NUMBER
TITLE:	The Pension Regulator’s General Code of Practice (TPR GCOP)	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – GCOP Assessment Summary Appendix 2 – APF Action Plan Appendix 2a – APF Action Plan – GCOP Appendices		

1 THE ISSUE

- 1.1 The purpose of this report is to summarise the Fund's view of compliance with The Pension Regulator's General Code of Practice and to provide an action plan to reach full compliance.

2 RECOMMENDATION

- 2.1 That the Board note the assessment and action plan.

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 In March 2024 The Pensions Regulator combined various codes of practice into a single General Code of Practice which is applicable to most public and private occupational pension schemes, including the LGPS.
- 4.2 The purpose of this report is to summarise the Fund's view of compliance with the Code. There are a number of criteria which Funds must comply with in order to satisfy the requirements of the various sections of the Code. Appendix 1 sets out the requirements in more detail and records the findings from the assessment by Fund officers across all relevant subject areas.
- 4.3 Conducting the assessment against the requirements has allowed the Fund to create an action plan (attached as appendix 2), detailing owners and timescales with the aim of reaching compliance with the code over the next year.

- 4.4 The appendices referred to in the action plan can be found in appendix 2a. This provides further detail of the GCOP requirement. The full GCOP can be found by visiting TPR website <https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice>
- 4.5 In summary the Fund was compliant with app 70% of the requirements. The other 30% are partially compliant. Most actions are minor or are areas where significant work is already being undertaken. Eg – implementation of changes to internal controls, review and testing of the Business Continuity Plan. The key areas of the work will be in the following areas:
- Knowledge & Skills of Committee & Pension Board members
 - Internal Controls
 - Communications & disclosure of information to members
 - Review of record keeping and data improvement plan
 - Review of breaches policy
 - Business Continuity Plan
 - Monitoring Advisors & contracts
- 4.6 Progress against the action plan will be shared with Committee and Pension Board on a quarterly basis.

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 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
Please contact the report author if you need to access this report in an alternative format	

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Avon Pension Fund



General Code of Practice -
Assessment summary

07 May 2024

Introduction

In March 2024 The Pensions Regulator combined various codes of practice into a single General Code of Practice which is applicable to most public and private occupational pension schemes, including the LGPS.

There are elements of the code which do not apply to the LGPS and not all requirements carry the same weight. Administering Authorities of LGPS funds must however comply with the sections relevant to them.

The Code makes reference to, and places significant responsibility on, the "governing body" of a pension scheme. In the words of The Regulator, the governing body is "in a public service pension scheme, the scheme manager".

Furthermore "Each public service pension scheme should determine who fulfils the role of scheme manager according to their regulations and local arrangements." It is our understanding that for the LGPS this refers to the administering authority or any other body or individual carrying out a delegated function on behalf of the administering authority. For most, but not all, LGPS funds this will be a pension committee or sub-committee. A local pension board is not a governing body.

Purpose

The purpose of this report is to summarise the Fund's officers view of compliance with the Code. There are a number of criteria which Funds must comply with in order to satisfy the requirements of the various sections of the Code. This report records the findings from the assessment by Fund officers across all relevant subject areas.

Conducting an assessment against the requirements allows the Fund to create an action plan, targeting the areas considered most risky. It will also help uncover requirements which are partially met within the Code, but where some further action is required to fully meet requirements.

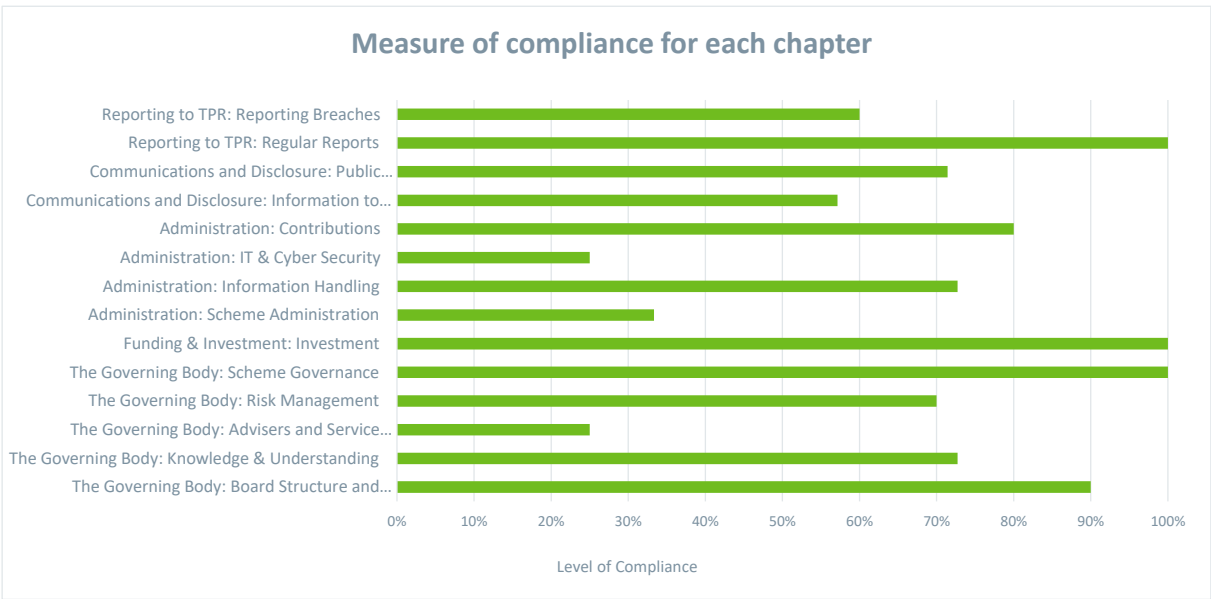
Results

Officers have conducted an assessment of the Fund's current compliance against the Code. For this assessment the Code has been broken down into 15 distinct sub-sets which are referred to as chapters. Note, there are no requirements for LGPS funds in the "Value for Scheme Members" chapter.

Within each of these chapters, there are a number of different modules each with their own set of requirements. Each requirement has been assessed and a corresponding risk rating applied. These requirements fall into one of three categories -

- **Regulatory Requirement;**
- **TPR Expectation;** and
- **Best Practice**

The Chart below summarises the Fund's assessment of current risk rating for each chapter. A score of 100% for a particular chapter indicates that all requirements are fully met. A score of 50% would indicate that half of the requirements in that chapter fully meet requirements within the Code.



Commentary on results

It can be seen from the Chart above that there are 3 areas of the Code where the requirements are fully met. It is important that these areas are monitored to ensure the requirements continue to be fully met.

This means that there are 11 chapters where the requirements of the Code are not fully met. The areas where more actions are required are:

- The Governing Body: Advisers and Service Providers
- Administration: IT & Cyber Security
- Administration: Scheme Administration

Further analysis

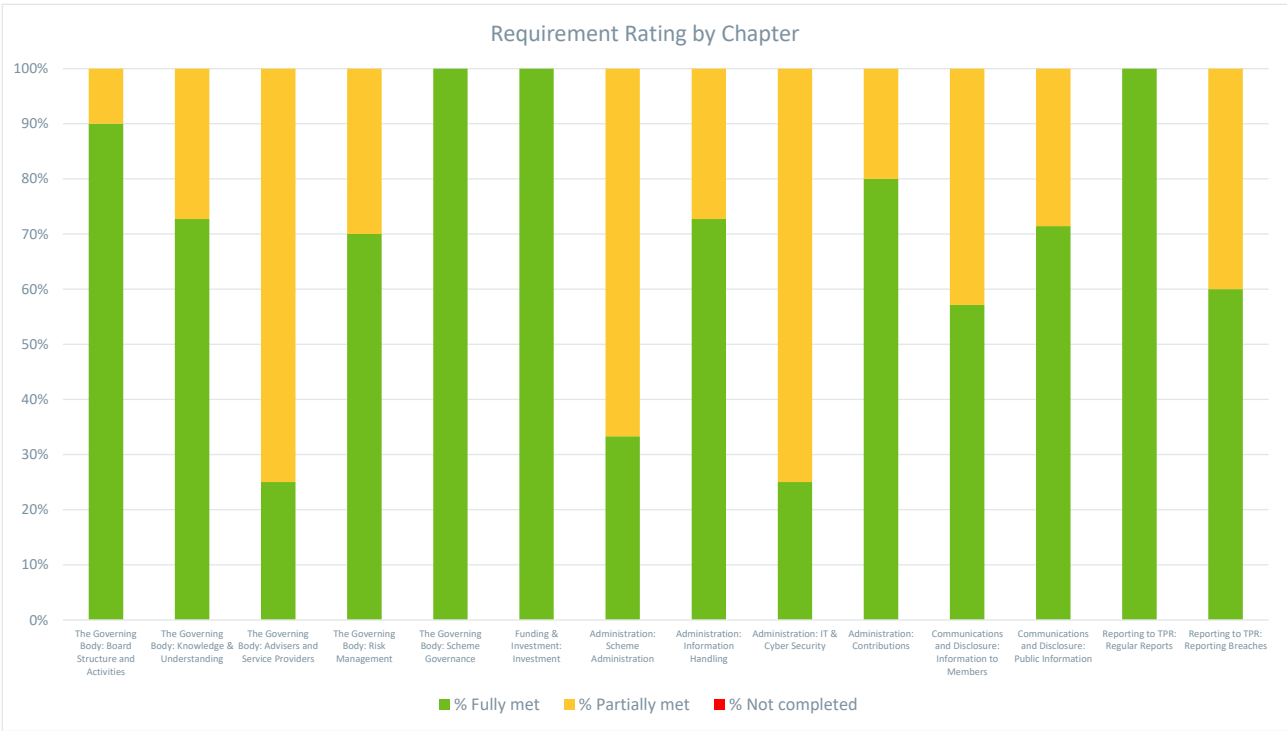
Within each topic the administering authority has assessed a number of strands – noting the following:

- Risk rating for each requirement – fully met, partially met or not completed
- The evidence taken into account when assessing compliance
- The owner of that particular strand
- The steps which need to be taken to ensure compliance or continued compliance
- The suggested immediate actions

The Appendix contains the detail of the current ratings for each of the chapters, as well as the actions required.

It is also beneficial to understand the level of risk. This removes the binary nature of compliance, and builds in allowance for the fact that there may be a number of requirements which are partially met. Understanding this in more detail provides a more detailed overview.

The following chart shows the aggregate position of each chapter, when the individual requirements are assessed as either "Fully met", "Partially met" or "Not completed".



When looking at the results in this way, it is more encouraging as there are 11 chapters of the Code with requirements which are already partially completed and as such, actions could be fully completed relatively easily. The steps required to complete the actions, as proposed by the Fund's officers, are set out in the appendix.

Breakdown of results

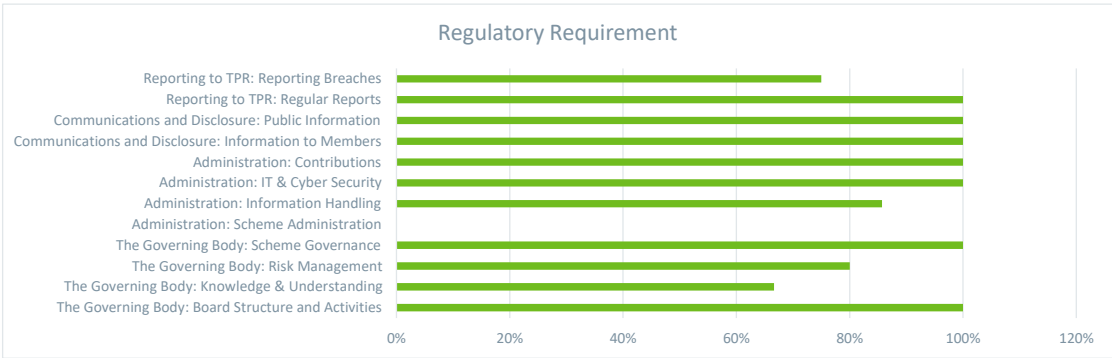
Simply looking at the overall ratings across a full chapter of the Code may not provide the level of detail needed. The requirements from the Code can be split into the following categories:

- Regulatory Requirement** - these align with Legislation or Regulations which LGPS Funds must follow.
- TPR Expectation** - These align with what the Regulator would expect to see from LGPS Funds.
- Best Practice** - These are examples of what the Regulator believes should be in place for well governed Funds.

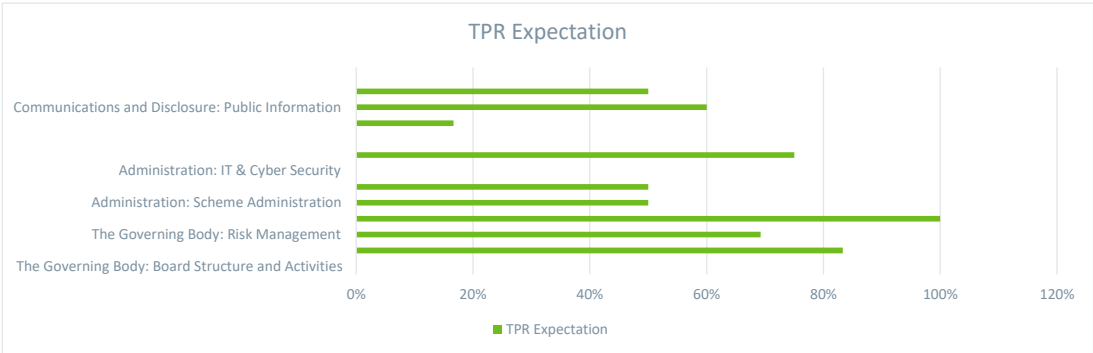
Having an understanding of the current ratings in the parts of the Code where there is a Regulatory requirement can help prioritise the required actions and the focus of efforts in the short term.

The charts below provide a summary of the results in these categories. Please note that each chart only contains the chapters which have requirements in the relevant category. To confirm some chapters from the Code will be missing from the charts below as they won't have requirements.

The chart below summarises the **Regulatory requirements** which have been assessed to be fully met.



The chart below summarises **TPR's expectations**, which have been assessed to be fully met.



The chart below summarises the **best practice** requirements, which have been assessed to be fully met.



Next Steps

This report summarises the findings of the most recent assessment against the Code. Preparation is the first step in ensuring the Fund is compliant with the requirements of the Code. The Administering Authority should ensure that any changes, updates or additions to the Code are reflected in the Fund's compliance checks in future.

Having assessed the Fund's current position against the Code, and prepared this report, a suggested list of actions is:

1. Circulation of this report and appendix to relevant stakeholders
2. Identify steps required to turn partially compliant requirements into fully compliant, assigning owners to each action
3. Identify the steps required to make non-compliant requirements fully compliant, again assigning owners to each action
4. Create a plan based on steps 2 and 3 above, with key milestones and timescales allocated to each step
5. Decide on any actions to ensure compliant strands remain compliant
6. Decide on the frequency of review of the plan, and update timescales as required
7. Agree when the next full compliance review will take place

A note of the risk rating for each chapter, as well as the required actions and who has responsibility for those actions, is contained within the appendix.

Reliances and limitations

This report has been produced by Fund officers of the Avon Pension Fund, to help them self-assess the Fund's levels of compliance with the Pension Regulator's General Code of Practice.

This report does not provide legal or regulatory advice, but is designed to provide Fund officers with a tool to self-assess its compliance with The Pensions Regulators General Code of Practice as at March 2024. You should speak to your usual Hymans contact before continuing to use this checker following a legislative update. This report does not consider changes to the Code or LGPS Regulations after March 2024. This report does not cover all statutory obligations and good practice recommendations to which LGPS funds are subject and the fund officers remain responsible for ensuring the Fund's compliance with relevant law and regulation. This report does not attempt to replicate the advice or roles of scheme actuaries, lawyers, investment advisers nor administrators and we recommend that you seek advice from those advisers where relevant or where an officer has a concern about the position of the Fund.

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This report has been prepared by the officers at Avon Pension Fund.

07 May 2024

Appendix 2 - APF Action Plan

Avon Pension Fund

The following gives an overview of the current compliance position against the General Code of Practice, and a note of the immediate actions.

All requirements on this scorecard are currently rated as 'Partially met'.

Requirements	Curent Status	Actions	Responsibility	Timescale
The Governing Body: Board Structure and Activities				
Members of governing bodies to display the characteristics shown in Appendix 1 .	In Progress	Mandatory training required for several members.	Governance and Risk Advisor	Dec-25
The Governing Body: Knowledge and Understanding				
The governing body should regularly carry out an audit of its members' skills and experience to identify gaps and imbalances.	In Progress	Mandatory training required for several members.	Governance and Risk Advisor	Dec-25
Members of the pension board can work towards completing TPR public service toolkit or equivalent learning programmes.				
To enable the pension board to ensure their knowledge and understanding is established and maintained, members of a governing body should comply with the points laid out in Appendix 6 .				
The Governing Body: Advisers and Service Providers				
Follow the processes set out for appointing advisers and service providers. (see Appendix 8 for more detail)	In Planning	Check SLAs agreed for all new contracts.	Fund officers	Mar-26
Follow the processes set out for managing advisers and service providers. (see Appendix 9 for more detail)	In Planning	Review process for monitoring performance of service providers and engaging advisors and service providers, embedded Q2 2026 onwards.		
Follow the processes set out for replacing advisers and service providers. (see Appendix 10 for more detail)	In Progress	Internal procurement process to be reviewed to ensure contracts in place for all services via a compliant procurement route.		

The Governing Body: Risk Management				
The scheme manager should have in place internal controls, including; - The arrangements and procedures to be followed in the administration and management of the scheme - The systems and arrangements for monitoring that administration and management, and - Arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.	In Progress	Embed 12 process improvements agreed with Simplify. Check other key processes and embed new controls if required	Head of Pensions	Mar-26
When designing internal controls governing bodies should consider TPR expectations. (see Appendix 12 for more detail)	In Planning	New projects and associated documents to be reviewed to include all TPR expectations.	Business Change Manager	Mar-26
To maintain internal controls governing bodies should consider TPR expectations. (see Appendix 13 for more detail)	In Progress	Assurance reports required from Heywood.	Head of Pensions	Oct-25
The governing body should read and understand assurance reports provided by service providers to establish if the controls used by the organisations that they outsource various functions to are adequate. This will also include assurance reports produced by the scheme's investment manager and custodian. They should consider the scope of such reports and the degree to which these are applicable. For example, whether the reports cover the specific team or office providing services to the scheme.				
Governing bodies should consider having a continuity plan that meets the requirements of Appendix 14 .	In Progress	New Business Continuity Plan to be completed and tested.	Governance and Risk Advisor	Apr-25
Governing bodies should consider seeking independent legal advice, to help decide whether an actual or potential conflict of interest can be eliminated (and if so, the best way of achieving it).	In Planning	Add requirement to conflicts of interest policy, applied only if a relevant case arises	Governance and Risk Advisor	Jun-25
Administration: Scheme Administration				
Every scheme must operate internal controls which should include administration.	In Progress	Embed 12 process improvements agreed with Simplify. Check other key processes and embed new controls if required	Pensions Operations Manager	Mar-26
To maintain proper administration, governing bodies should comply with the requirements set out in Appendix 22 .	In Progress	Complete new Business Continuity Plan and carry out test. Complete consistency review of procedure notes for all processes.	Pensions Operations Manager	Apr-25

Administration: Information Handling				
The scheme manager is required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules, and with the requirements of the law. Governing bodies should make sure financial transactions are managed as part of their internal controls.	In Progress	Finish review of Payroll audit actions including Altair admin-payroll reconciliation and Altair admin to Agresso. And embed improvements into live process	Pensions Operations Manager	Oct-25
Governing bodies should meet the record keeping requirements set out in Appendix 26 .	In Progress	Review data improvement plan and record of Processing Activities. And embed required improvements.	Pensions Operations Manager	Oct-25
Governing bodies may consider the record keeping requirements set out in Appendix 27 as best practice. [can we link to an appendix listing page 106 para 7]				
Governing bodies should retain records for as long as they are needed.	In Planning	Data Retention Policy to be reviewed. Deletion of Altair records to be reviewed. Employer data retention template to be rolled out again to employers.	Governance and Risk Advisor	Dec-25
Governing bodies should have appropriate processes in place for monitoring scheme data. (see Appendix 29 for full details)	In Progress	Reporting capabilities are improving and we will therefore review the reporting of scheme specific data.	Pensions Operations Manager	Oct-25
Governing bodies should have appropriate processes in place for reviewing scheme data. (see Appendix 30 for full details)				
Administration: IT & Cyber Security				
Governing bodies should take steps to make sure their service providers can prove they meet our expectations for maintaining IT systems as listed in Appendix 32 .	In Progress	Finish the review of the business continuity plan and carry out a test. Finalise the reprocurement of the software contract.	Governance and Risk Advisor	Apr-25
When assessing cyber risk governing bodies should follow the procedures set out in Appendix 33 .				
When managing cyber risk governing bodies should follow the procedures set out in Appendix 34 .				

Administration: Contributions				
Governing bodies should develop and maintain records for monitoring contribution payments to the scheme. This should include: contribution rates, date contributions are due, interest on late payments. (see Appendix 35 for full details)	In Progress	Review process for charging and recording interest for late payers.	Group Manager, Funding, Investment & Risk	Oct-25
The governing body should review current processes to detect situations where fraud may be more likely to occur and where additional checks may be needed.	In Progress	Review process of new reconciliation data with iconnect team.	Group Manager, Funding, Investment & Risk	Oct-25
Communications and Disclosure: Information to Members				
The scheme manager should comply with the requirements of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.	In Planning	Review the Disclosure of Information Regs to check compliance in all areas.	Technical and Compliance Advisor	Dec-25
The governing body should follow the principles set out in the section entitled "General Principles for Member Communications". TPR expectations are listed in Appendix 37	In Progress	Individual letters to members will be reviewed as part of process reviews, starting with the new member letter.	Pensions Operations Manager	Dec-25
Scheme managers should follow the principles set out in the section entitled "General Principles for Member Communications" when drafting benefit information statements. (see Appendix 38 for more detail)	In Progress	Review of statements required to include McCloud data for 2025, plus Business Change Team to look at alternative ways to support members' understanding.	Pensions Operations Manager	Dec-25
The term "reasonable period" in the phrase above should be construed as 3 months from leaving. Governing bodies should advise members where it is likely to take more than 3 months to provide the information.	In Progress	Double check KPIs to ensure all cases actioned within the three month period.	Pensions Operations Manager	Dec-25
The governing body should give members 3 months to confirm if they wish to transfer their cash transfer sum and can extend this deadline at their discretion. If the member does not respond, the governing body may arrange to pay a contribution refund after a further month.	In Progress	Check timescales and automatic refund.	Pensions Operations Manager	Dec-25
Where a member elects for a cash transfer sum the governing body should pay it within 3 months but can extend in exceptional circumstances.	In Progress	Tighter controls to be implemented for the process/potential review of process.	Pensions Operations Manager	Dec-25
Communications and Disclosure: Public Information				
Scheme managers may consider how best to publish information, making use of the principles outlined in General principles for member communications. (See appendix 37)	In Progress	Review to ensure all comms standards are met	Business Change Manager	Dec-25

<p>Scheme managers may also publish:</p> <ul style="list-style-type: none"> - the employment and job title (where relevant) and any other relevant position each board members holds - details of the pension board recruitment process - who each pension board member represents - the full terms of reference for the pension board, including details of how it will operate - any specific roles and responsibilities of individual pension board members 	In Planning	As part of governance review check all correct	Governance and Risk Advisor	Jun-25
<p>Scheme managers should:</p> <ul style="list-style-type: none"> - Have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete - Ensure any out-of-date or incorrect information identified is updated as soon as possible and in any event, within one month 	In Planning	Comms Policy to be reviewed in 2025	Business Change Manager	Dec-25
<p>There are further considerations the governing body should make in relation to the dispute resolution process. (see Appendix 40 for further details).</p>	In Planning	Review internal procedures & set out requirements in greater detail. Eg when a review is carried out and when advice is taken.	Technical and Compliance Advisor	Dec-25
Reporting to TPR: Reporting Breaches				
Breaches of the law must be reported as soon as reasonably practicable.	In Planning	Review breaches policy and process and add additional requirements	Governance and Risk Advisor	Jun-25
There are other requirements placed on those running pension schemes to report to other bodies. Where the duty to report to another body coincides with the duty to report to TPR, the report to us should include details of the other bodies the matter has been reported to.				
If a scheme or an individual is at risk, for example where there has been dishonesty, the reporter should not take any actions that may alert those implicated that a report has been made. Similarly, reporters should not delay their report to TPR, to check whether any proposed solutions will be effective.				
Reports of late contribution payments should be made to us within 14 days of the trustees having reasonable cause to believe that a material payment failure exists. Members should be notified within 30 days of the report to TPR. When reporting to members, governing bodies should provide payment information that will enable them to understand what has been paid to the scheme and by whom.				

Regulatory Requirement

TPR Requirement

Best Practice

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Appendix 1
Role of the Governing Body
Expected behaviours and standards:
a. Act honestly and with integrity, competence, and capability.
b. Act with financial probity, including in matters outside their role.
c. Meet their legal obligations and govern their scheme properly and according to scheme rules.
d. Act in the interest of scheme members and beneficiaries.
e. Seek to ensure that all scheme members, whether active, deferred, drawing a pension, or in a decumulation phase, benefit from good governance.
f. Be open and honest in their dealings with us.
g. Have or be able to acquire the appropriate levels of knowledge and understanding and keep these up to date.
h. Identify and, where relevant, challenge others on any potential or actual failure to comply with the scheme rules, regulations, and legislation.

Appendix 6
Governance of Knowledge and Understanding
Members of a governing body should:
a. Be able to demonstrate the basic level of knowledge and understanding needed to run their scheme within six months of their appointment.
b. Start on a programme of learning immediately on appointment, if not before, in conjunction with a scheme-specific induction programme, if one is provided.
c. Undertake advanced scheme-specific learning once a good understanding of the scheme has been obtained
d. consider how they are meeting our expectations of knowledge and understanding.
e. Review their own knowledge and understanding and identify any gaps at least annually, particularly in relation to changes in legislation or their scheme.
f. Keep records of any review of knowledge and understanding and steps taken to address any gaps.
g. Keep records of any alternative or further learning activity (for example, reading, attending conferences, sessions with the scheme advisers).

Appendix 8
The Governing Body: Managing Advisers and Service Providers
When appointing advisers and service providers, governing bodies should:
a. Agree appropriate delegations and procedures for referral.
b. Agree performance indicators on appointment and secure accountability within the service provider.
c. Include a process for managing advisers, recording decisions taken as well as escalation points.
d. Ensure the flow of communication with the service provider or adviser, so all parties have the necessary information to make key decisions and to fulfil their assigned roles.
e. Take steps to identify and manage conflicts of interest. See Conflicts of interest.
f. Understand the implications of data protection legislation for any information that will be shared with or handled by service providers.

Appendix 9
The Governing Body: Managing Advisers and Service Providers
When managing advisers and service providers, governing bodies should:
a. Seek to ensure that advisers make you aware of any relevant obligations, professional conduct rules and whistleblowing requirements that they may be obliged to follow.
b. Ensure service providers are able to demonstrate that they are fulfilling the requirements of any legal obligation that has been delegated to them.
c. Ensure service providers are able to demonstrate that they have adequate internal controls relating to the services they provide. See Internal controls and Assurance reports on internal controls.
d. Regularly assess performance against agreed key performance indicators (KPIs) and service level agreements (SLAs). Record outcomes and ensure all actions are allocated for remedy with progress tracked.
e. Review the performance of advisers and service providers against the objectives set for them, including strategic objectives. See our objective setting guidance.
f. Periodically review the market for relevant service providers and consider if the scheme continues to receive quality service and value for money. This may be part of any value for members assessment run by the scheme.
g. Have enough knowledge and understanding to enable them to fully understand any advice or information they receive.
h. Understand how any advice or information they receive affects decisions or activities that they are legally responsible for.
i. Have a process to ensure that improvements are made where poor service is identified.

Appendix 10
The Governing Body: Managing Advisers and Service Providers
In replacing advisers and service providers, governing bodies should:
a. Consider the interests of the scheme members when replacing the adviser or service provider.
b. Understand the impact of the terms and conditions of contracts, including any fees or penalties, and procedures for releasing relevant information to the governing body and new advisers.
c. Understand the risks associated with transitioning to a new provider and put plans in place to manage them.
d. Plan effectively for the transition to a new adviser or service provider, setting out the key steps, decisions, owners, and timescales, including how costs will be met

Appendix 12
The Governing Body: Risk Management - Internal Controls
When designing internal controls, governing bodies should consider:
a. How the control will be implemented and the skills of the person performing the control.
b. The level of reliance that can be placed on information technology processes (whether fully automated or not) and the testing of such processes.
c. Whether a control can prevent future recurrence or merely detect an event that has already happened.
d. The frequency and timeliness of a control process.
e. How the control will ensure secure data management.
f. processes for identifying errors or control failures
g. what would be appropriate approval and authorisation controls
h. whether professional advice is needed when designing internal controls

Appendix 13
The Governing Body: Risk Management - Internal Controls
To maintain internal controls governing bodies should:
a. Regularly consider the performance of internal controls in mitigating risks, and where appropriate, achieving long-term strategic aims.
b. Consider obtaining independent or third-party assurance about controls. See Assurance reports on internal controls.
c. Obtain assurance that service providers are meeting their own standards for internal controls. See Managing advisers and service providers.

Appendix 14
The Governing Body: Risk Management - Scheme Continuity Planning
Governing bodies should:
a. Seek to ensure that the performance of scheme activities are continuous and regular.
b. Have a resilient business continuity plan (BCP) that sets out key actions, in case of a range of events occurring that impact the scheme's operations.
c. Make sure key areas of scheme activities, including member data and general scheme administration, are included in the BCP.
d. Ensure advisers and service providers also have a BCP in place to maintain services to the scheme.
e. Choose how to rely on reports and information about their service providers' BCP arrangements.
f. Set out roles and responsibilities within the plan, and agree these with service providers.
g. Regularly review process documents and maps, particularly after a system or process change and periodically test the BCP arrangements.
h. Prioritise scheme activities in the event of the BCP being triggered, for example: receiving and monitoring contributions, pension payments, retirement processing, bereavement services, and minimising the risk of pension scams.
i. Ensure continued access to resources, services, and communications with key parties.
j. Have an awareness of the timeframes required to bring new resources on board.
k. Understand what contingency is in place to mitigate any under resource due to, for example, increase in work volumes or the loss of staff.

Appendix 22
Administration: Scheme Administration
6. To maintain proper administration, governing bodies should:
a. Receive appropriate information and reports from administrators, and be able to challenge them when needed.
b. Ensure that all tasks delegated to an administrator are being carried out properly, according to the law and scheme governing documents.
c. Regularly monitor the performance of administrators (see Managing advisers and service providers).
d. Constructively manage issues with administrator performance and consider using any contractual terms to drive improvements.
e. Have procedures in place to enable a continuous and consistent service in the event of a change of administrator personnel, or administration provider.
f. Record the procedures to follow when administering the scheme, and how to maintain those procedures.
g. Ensure that administrators have an adequate business continuity plan that is reviewed at least annually and tested as appropriate (see Scheme continuity planning).

Appendix 30
Administration: Information Handling - Data Monitoring and Improvement
6. Governing bodies should have the following processes for reviewing scheme data:
a. Assess the need for a data review exercise at least annually.
b. Decide the frequency and nature of any additional data review, where errors and gaps are identified, or in response to significant scheme events, for example winding up the scheme or changing the administrator.
c. Ensure data reviews include an assessment of the accuracy and completeness of common and scheme specific data.
d. Keep a record of data reviews carried out and the findings.
e. Where errors and gaps are identified, put a data improvement plan in place to address the issues.
f. Ensure the plan includes the actions necessary by the governing body or administrator to correct member data.
g. Maintain agreed, consistent, and fair policies for situations where data cannot be corrected, for example due to age or loss.

Appendix 35
Administration: Contributions - Monitoring Contributions
7. A contributions monitoring record should include the following information in:
a. Contribution rates.
b. The date(s) on or before the employer contributions are due to be paid to the scheme.
c. The date when employee contributions are to be paid to the scheme.
d. Any rate or amount of interest payable where the contributions payment is late.

Appendix 26
Administration: Information Handling - Record-keeping
6. Governing bodies should:
a. Be able to demonstrate to us, where required, that they operate processes to maintain accurate and up-to-date records, enough to run their pension scheme.
b. Keep records of meetings, member data, and transactions made to and from the scheme.
c. Retain records for as long as the information is relevant, and in line with data protection legislation.
d. Ensure that the data they or their administrator holds, enables financial transactions to be processed accurately. See Financial transactions.
e. Rectify any errors identified in scheme records as soon as possible.
f. Review and amend processes as necessary to prevent further errors.
g. Comply with the data protection requirements, including the need to store data securely and for a legitimate purpose under administrative systems.

Appendix 32
Administration: IT - Maintenance of IT Systems
5. Standards for maintaining IT systems:
a. Cyber security measures and procedures should be in place and functioning. See Cyber controls.
b. Record evidence of how changes are planned and executed within the system.
c. Scheme and member data should be backed up regularly.
d. Disaster recovery processes are in place and tested over appropriate periods.
e. Written policies should be in place for maintaining, upgrading, and replacing hardware and software.
f. Request evidence to show there is a schedule for the system to be replaced or updated, to cope with events such as changes to tax thresholds.
g. Be satisfied that adequate and sufficient hardware and personnel resources, with appropriate functionality and/or skills, exist to carry out the work.
h. Secure evidence that the IT system can meet current and anticipated system requirements.
i. Manage planned and potential future upgrades within the administration system.

Appendix 37
Communication and disclosure: General Principles for Member Communications
When preparing communications to members, the administering authority should:
a. Ensure that all communications sent to members are accurate, clear, concise, relevant and in plain English.
b. Regularly review member communications, taking account of member feedback, any changes to scheme design and developments in law and this code of practice.
c. When deciding on the format of communications and information to be published, consider any technology that may be available to them and appropriate for their members.
d. Consider using various communication methods, including accessible online content, audio, Braille, large font, and languages other than English.
e. Consider what additional information or explanation members may need to help them make informed decisions about their benefits. For DC and hybrid schemes, regularly inform members of the impact their contributions will have on their overall benefits.

Appendix 27
Administration: Information handling - Record-keeping
6. Governing bodies may consider as good practice:
a. Holding member and benefit records electronically on a dedicated administration system.
b. Keeping records of scheme governing documentation, including details of any amendments and how they apply to members.
c. Making sure the administrator has basic member information known as common data.
d. Working with the administrator to identify, record, validate, and where necessary, correct the items of scheme specific data.
e. Taking into account developments in technology that may be available to the scheme to improve administration and record-keeping

Appendix 33
Administration: IT - Cyber Controls
8. When assessing cyber risk governing bodies should:
a. Ensure the governing body has knowledge and understanding of cyber risk.
b. Understand the need for confidentiality, integrity, and availability of the systems and services for processing personal data, and the personal data processed within them.
c. Have clearly defined roles and responsibilities to identify cyber risks and breaches, and to respond to cyber incidents.
d. Ensure cyber risk is on the risk register and regularly reviewed. See Internal controls.
e. Assess at appropriate intervals, the vulnerability of the scheme's key functions, systems, assets (including data assets) to a cyber incident, and the vulnerability of service providers involved in the running of the scheme.
f. Consider accessing specialist skills and expertise to understand and manage the risk.
g. Ensure appropriate system controls are in place and are up to date (e.g. firewalls, anti-virus, and anti-malware products).

Appendix 38
Communication and Disclosure: Information to Members
4. For active members of defined benefit schemes, scheme managers must:
a. Include a description of the benefits earned by members during their pensionable service.
b. Issue the annual statement by no later than 31 August of the year following the period to which the statement relates.
c. Comply with any HM Treasury directions, in terms of any other information that must be included and the way it must be provided to members.

Appendix 29
Administration: Information Handling - Data Monitoring and Improvement
5. Governing bodies should have the following processes for monitoring scheme data:
a. Monitor data on an ongoing basis to ensure it is as accurate and complete as possible for all pension scheme members.
b. Ensure the governing body receives information about material errors and gaps in their scheme data, once identified.
c. Ensure any service providers operate their own procedures for identifying, rectifying, and reporting errors to the governing body.
d. Ensure data improvement is prioritised for members close to the point where they start drawing on their benefits.
e. Ensure any plan for improving data can be monitored and has an achievable deadline.
f. Where applicable, ensure member records are reconciled with information held by the employer(s).
g. Ensure regular reconciliation of scheme membership, especially those reaching retirement.
h. Carry out scheduled tracing and existence exercises to validate member data.

Appendix 34
Administration: IT - Cyber Controls
9. When managing cyber risk governing bodies should:
a. Ensure critical systems and data are regularly backed up.
b. Have policies for the use of devices, and for home and mobile working.
c. Have policies and controls on data in line with data protection legislation (including access, protection, use, and transmission).
d. Take action so that policies and controls remain effective.
e. Have policies to assess whether breaches need to be reported to the Information Commissioner (https://www.ico.org.uk).
f. Maintain a cyber incident response plan in order to safely and swiftly resume operations. See Scheme continuity planning.
g. Satisfy themselves with service providers' controls.
h. Receive regular reports from staff and service providers on cyber risks and incidents.

Appendix 40
Dispute Resolution Procedures: Dispute Resolution Process
In relation to dispute resolution processes, the administering authority should
a. Agree on any details of their dispute resolution process that are not set out in law.
b. Provide contact details for matters relating to disputes.
c. Regularly assess the effectiveness of the dispute procedure.
d. Be satisfied that those following the process are complying with the requirements set, which includes effective decision making.
e. Consider the circumstances under which advice may be required to reach a decision on a dispute.
f. Ensure they make the following information available to applicants: <ul style="list-style-type: none"> – the process to apply for a dispute to be resolved – the information that an applicant must include – the process by which any decisions are reached

Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	4 March 2025	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 no changes have been made to scores for this quarter.

5.2. The Fund has just completed its review and testing of its Business Continuity Plan. As part of this work risks identified in the plan have been checked for consistency against the risk register. As a result of this risk NR06 has been re-worded to better reflect the risk of losing IT, which could be due to a cyber attack but also due to other factors such as loss of power.

5.3. The top three risks remain:

- NR06 – the loss of IT including cyber attack and loss of power. The fund is planning to move its admin system to a Heywood hosted solution and appropriate data protection and cyber assessments are being carried out.
- NR01 – Poor service levels below agreed standards. The current factors impacting this risk are set out in item 03 – Pension Fund Administration report. As part of the Business Continuity Plan review a service level plan and crisis communication plan have also been agreed.
- NR05 – Failure to manage personal data per regulations. The volume of personal data the Fund manages in day-to-day processing keeps this risk high on the register. The Operations Teams plan to introduce process changes to remove duplication of checking and bulk processing. Additional data protection assessments will be carried out as part of the implementation.

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	Current Impacting Factors	Post Mitigants			
				Impact	Likelihood	Score			Impact	Likelihood	Score	Trend
NR06	Governance	Loss of IT, including cyber attack & loss of power	Fund is unable to operate Members do not receive pension payment on time	Critical	Almost Certain	25	- Business continuity plan reviewed and tested - B&NES cyber security policy and system defence - Implementation of internal cyber audit findings - Heywood Business Continuity plan reviewed	Move to hosted server with Heywood	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	- KPIs and complaints monitored and acted on - Plan to digitise will improve self-serve and operations efficiency - Actions to improve staff recruitment and retention - Process improvements being identified and implemented - Review of Top 10 Process Controls - Plan to minimise effects of key people/resources - Business Continuity and Crisis Communications Plan in place	Digital transformation project Recruitment, skills and experience of staff Current backlogs of work New legislation (McCloud) Implementation of controls following review	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	- 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	Skills and experience of staff Electronically submitted data Process review & bulk processing New telephone System	High	Possible	12	→
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	- 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	Limited ability to control systemic risk Public policy is not driving agenda	Medium	Likely	12	→
NR10	Investments	Failure to earn investment returns as per Funding Strategy	Employer contributions need to rise	Critical	Likely	20	- 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	Heightened geo political risk Lower global growth and higher inflation/interest rates	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	- Management of employers set out in admin strategy/MOU - Employer KPIs recorded and monitored vs TPR standards - Employer training - Reconciliation of Iconnect and 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	iConnect roll-out and TPR General Code of Practice	Medium	Likely	12	→
NR11	Investments	Brunel fails to deliver client objectives regarding service delivery	Affects Fund's ability to achieve investment objectives	Critical	Possible	15	- Brunel governance framework for strategic and operational decision making - Robust performance reporting - Avon-Brunel working group (internal)	Future of pooling is strategic challenge for pool as views differ	High	Possible	12	→
NR19	Investments	Structural reform to LGPS / Pooling	Increase in workload for officers addressing issue/involved in project Risk to staff retention (internally and in pool) Potential change to investment strategy or implementation of Government driven change removes control for the Fund	Medium	Likely	12	- 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	Consultation still in progress. Pools submitting business plan of how will deliver government proposals. Implementation timeline unsure as will need Bill to be enacted first	Medium	Likely	12	→
NR04	Governance	Governance of Fund not in accordance with APF policies Controls not adequate	Member detriment Additional costs for Fund Fines for non-compliance Disciplinary issues and reputational risk	High	Almost Certain	20	- Internal Audit plan in place - Fund policies regularly reviewed - Media enquiries dealt with per B&NES policy - Contracts in place with legal advisors and PR professionals - Media monitoring undertaken - Review of TPR GCOP and SAB Good Governance requirements	SAB Good Governance Review TPR General Code of Practice Review of internal controls	Medium	Possible	9	→
NR02	Regs	Regulatory changes	Breach of regulations Poor member outcomes Increased workloads for officers	High	Likely	16	- 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	McCloud judgement Pensions Dashboard Exit payment cap Levelling up agenda Future of pooling consultation	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	- Policies on employer financial stability set out in FSS and ISS - Strong covenant management and information gathering processes - Quarterly review and mitigating action	Challenging economic circumstances	Medium	Possible	9	→

NR09	Investments	Operational risks of investment managers, custodian and other investment suppliers	Loss of assets Inability to trade is 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 	Data management and cyber risk	Medium	Possible	9	→
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 	Increased the cash balance that can be held in money market funds	High	Unlikely	8	→
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 	UK gilt market environment. Currently have high collateral buffer	High	Unlikely	8	→
NR03	Governance	Pension Committee cannot operate effectively	Delays in decision making for the Fund Failure to meet MIFID & 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 	Low engagement with training modules	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 	Increased number of money market funds to invest in	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 	Employer budgets stretched by insufficient funding	Low	Possible	6	→

CURRENT RISKS - SUMMARY

		LIKELIHOOD				
		Rare	Unlikely	Possible	Likely	Almost Certain
IMPACT	Critical	0	0	0	1	0
	High	0	2	3	1	0
	Medium	0	2	4	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.

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Bath & North East Somerset Council		
MEETING:	LOCAL PENSION BOARD - AVON PENSION FUND	
MEETING DATE:	4 March 2025	AGENDA ITEM NUMBER
TITLE:	Governance Update	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Pension Board Workplan 2025		
Appendix 2 – Pension Board Training Plan 2025		

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 2025
- 2.2 Notes the dates for future meetings

3 FINANCIAL IMPLICATIONS

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

4 REPORT

4.1 Work Plan

- a) In developing a work plan the Board should reflect the need to maintain a balance between building the knowledge and understanding of Board Members along with delivery of the statutory obligations of the Board.
- b) The views of the Board are vital in informing the nature, frequency and cyclical nature of items as well as the timing of certain time-critical issues for consideration such as Project Brunel.
- c) An outline of the Work Plan is attached at Appendix 1 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 2025/26 are as follows:

2025
4 th March
3 rd June
9 th September
3 rd December

2026
11 th March
10 th June
9 th September
2 nd 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 2025 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. Hymans Robertson have been working with the SAB to develop these requirements and have produced an LGPS Online Learning Academy (LOLA).

- b) The training is split into a number of modules covering the 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	March	June	September	December
Investment Strategy Statement				
Administration & 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				
Review of TPR's General Code of Practice compliance				
Update on Service Plan - Projects/Change Programme				

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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	Sep-24	27 minutes
	• An introduction to Pensions Legislation - The Role of a Councillor		
Module 2 – Pensions Governance	• LGPS Oversight Bodies – DLUHC & GAD	Dec-24	50 minutes
	• LGPS Oversight Bodies – TPR		
	• Business Planning		
	• LGPS Governance		
Module 3 – Pensions Administration	• Introduction to Administration	Nov-24	51 minutes
	• Additional Voluntary Contributions		
	• Policies and Procedures		
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	Feb-25	48 minutes
	• LGPS Investment Pooling		
	• Performance Monitoring		
	• Responsible Investment		
Module 7 – Financial Markets and Product Knowledge	• Introduction to Financial Markets and Product Knowledge	Mar-25	33 minutes
	• Investment – MiFiD II		
Module 8 – Actuarial Methods, Standards and Practices	• Introduction to Funding Strategy	Oct-24	53 minutes
	• LGPS Actuarial Valuations – Process		
	• LGPS Valuation – Technical		
	• Employers		
Current Issues	• Understanding McCloud		Ongoing
	• 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		

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