

BATH AND NORTH EAST SOMERSET

PENSION BOARD

Wednesday 11th March 2026

Present:- Nick Weaver (Chair), Helen Ball (Member Representative), Alison Wyatt (Member Representative), Andrew Ridley (Employer Representative), Stuart Pearson (Member Representative), Helen Davis (Employer Representative) and James Young (Employer Representative)

Also in attendance: Nick Dixon (Head of Pensions), Matt Betts (Group Manager, Funding, Investment & Risk), Jeff Wring (Director of Financial Services, Assurance & Pensions), Claire Newbery (Pensions Operations Manager), Carolyn Morgan (Governance and Risk Advisor), Amanda Cooper (Employer Services Manager) and Nicky Russell (Technical & Compliance Advisor)

78 EMERGENCY EVACUATION PROCEDURE

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

79 APOLOGIES FOR ABSENCE

There were none.

80 DECLARATIONS OF INTEREST

There were none.

81 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

There was none.

82 ITEMS FROM THE PUBLIC

There were none.

83 ITEMS FROM MEMBERS

There were none.

84 MINUTES OF PREVIOUS MEETING: 3RD DECEMBER 2025

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

85 INVESTMENTS / POOLING - VERBAL UPDATE

The Head of Pensions addressed the Board, a summary of his presentation slides are set out below.

Summary

- We need to transition assets to our new pool LPPI by 1 April 2026
 - This requires assets to be under LPPI's ownership or under their oversight & management
 - Legal title over some 'difficult to shift' assets may remain with APF / B&NES
- We seek to transition assets safely and at minimum frictional costs
 - Hence, we use re-registration, in-specie transfer, and novation of assets instead of "sell & buy back"
- Setting up 'New LPPI' with 9 LGPS shareholders requires new arrangements and legal agreements
 - The core principle is equal shareholdings and voting rights for all 9 LGPS shareholders
- LPPI requires a £2.8m injection of regulatory capital on 1 April 2026 from each of its 9 LGPS shareholders, i.e. $9 * £2.8m = c. £25m^1$
(Notes: 1) less capital already supplied by LPPI's two current shareholders)
- Brunel will wind down over 9-12 months 2026-27, after which APF will receive its share of residual capital.

James Young asked if there were to be any redundancies from Brunel as part of the transition process.

The Head of Pensions replied that there was likely to be around 15 – 20 redundancies, with 12 staff due to transfer to LPPI. He added that LPPI were also planning to open an office in Bristol.

The Chair asked if the timescales within the Transition Plan were achievable.

The Head of Pensions replied that he had a high level of confidence that they were.

LPPI – High level structure & Governance

- 9 LGPS shareholders – with equal shares and one vote each
- LPPI Holdings Ltd
 - Non-regulated holding company
 - 1 non-exec director per LGPS shareholder + Independent Chair
 - Strategy, Annual business plan, Exec Remuneration
- LPPI Ltd
 - FCA regulated asset manager
 - Management & oversight of LPPI operations & strategy implementation
 - Independent Chair, 6 NEDs, CEO, CFO

Ongoing Costs: Initial rise followed by material reductions

- Higher fixed pool costs as LPPI provide additional services to Brunel (asset servicing, private market performance, risk management, Alternative Investment Fund Manager (AIFM) authorisation, balance sheet oversight, treasury / liquidity management).
- Reduction in aggregate advisory costs as LPPI becomes sole provider of investment advice and investment consultant costs reduce significantly.
- Ad valorem investment manager costs reduce significantly in LPPI steady state as LPPI transition to target model over time - including use of direct internal LPPI management

Overall One Off Costs: Dominated by regulatory capital and transition costs post initial asset transfer

- Provision for wind up of Brunel: £1.6m
- Ongoing Brunel salary and oncosts into 26/27: £480,000
- One off capital injection to LPPI as part of becoming new shareholder: £2.8m
- Expected Return of Brunel regulated capital: £840,000

Stuart Pearson asked if the levels of control or risk would change as a result of the transition to LPPI.

The Head of Pensions replied that they were likely to be broadly the same as they were 1 of 9 funds with Brunel and now due to be 1 of 10 with LPPI.

Alison Wyatt asked if officers were confident that LPPI were in a position to cope with an increase in membership and their new role.

The Head of Pensions replied that they were and said that their interactions had been positive so far in terms of values, capacity and technical skills.

The Chair, on behalf of the Board, thanked the Head of Pensions for the update.

86 INVESTMENT STRATEGY STATEMENT UPDATE

The Group Manager for Funding, Investment and Risk introduced the report to the Board and highlighted the following areas.

- The Local Government Pension Scheme (Investment and Management of Funds) Regulations 2016 (the regulations), state that the Investment Strategy Statement (ISS) must be kept under review and revised from time to time particularly when there is a material change in risk and reviewed at least every three years.
- The 2026 draft regulations stipulate that the new ISS should be published by 1st October 2026 and subject to consultation with scheme employers, members (unions) and other interested parties. The Fund's new Pool, LPPI, is currently undertaking a phased review of the investment strategy which will inform the June-Oct 2026 ISS consultation and production schedule.

- This current ISS is subject to the existing consultation process where Pension Board review the document for compliance with the 2016 regulations, providing feedback and guidance to the Committee before approval later in the month.
- The changes to the ISS reflect the recommendations agreed by Pensions Committee at its 2025 investment strategy review workshop(s), namely:
 - Formal 2% allocation to Natural Capital (within the current 32.5% allocation to illiquids)
 - Increase in Local Impact from 3% to 5% (within the current 32.5% allocation to illiquids)
 - Removal of the 6% allocation to Diversified Return Funds
 - Increase in the allocation to Index-linked Gilts from 12% to 14%
 - Increase in the allocation to Multi Asset Credit from 6% to 10%

James Young asked if Local Impact investing will be better placed under LPPI.

The Group Manager for Funding, Investment and Risk replied that LPPI have direct investment teams in place and that officers will assist with initial local relationships. He added that LPPI have 10-15 years of experience through the Manchester model of local investing.

The Chair asked if the changes in regulations would have an effect on risk and investment return and will sufficient cashflow be in place to pay pensions.

The Group Manager for Funding, Investment and Risk replied that they were confident in the future levels of cash required to pay pensions. He added that there is also consideration being given to simplifying the Risk Management Strategy with the possibility of recommendations being presented to the Committee in June.

Stuart Pearson asked if the scale of Local Impact investment was to be defined as within the South West.

The Group Manager for Funding, Investment and Risk replied that it is a Government ambition for investments to be made in the local economy and that the preference of the Fund is for a material allocation to be in the old Avon area.

The Board **RESOLVED** to;

- i) Note the draft 2026 Investment Strategy Statement.
- ii) Note that the 2026 ISS will be published on the Fund's website and will be updated to reflect the latest regulations and any further strategy changes before 1st October 2026.

87 2025/26 INTERNAL AUDIT PROGRESS UPDATE & 2026/27 INTERNAL AUDIT PLAN

The Head of Audit & Assurance introduced the report to the Board and highlighted the following areas.

- The report provides an update on progress in delivering the programme of work since the last update report presented to the Pension Board. It includes information on audits issued and in progress and summarises the Assurance Level assigned to each internal audit review.
- The Pensions Payroll audit was assigned a “Reasonable” Assurance rating, where the systems of internal control were found to be satisfactory.
- The Transfers Out audit was assigned a “Reasonable” Assurance rating, where again the systems of internal control were found to be satisfactory and no high priority findings were reported.
- i-Connect System Access Controls: Audit Update - It is pleasing to note that no significant issues have been identified, and the audit is currently expected to conclude with a Level 4 - Substantial Assurance rating.
- Business Continuity Planning: Audit Update - This review is progressing well, with a number of potential findings identified for discussion. These findings will form the basis of early engagement with management at the start of fieldwork in March 2026.
- Monitoring Contributions: Audit Update - The audit brief for Monitoring Contributions has been issued, and initial scoping meetings have been completed. We have arranged discussions with the key contacts for this review, which will take place w/c 2nd March 2026. These discussions should allow us to gain the necessary understanding to progress the audit with a target completion for the end of March 2026.
- 2026-27 Internal Audit Plan: Our planning process for 2026/27 is complete and the draft Internal Audit Plan has been produced following presentation to the APF Management Team.

The Chair asked how any actions are followed up and recorded as complete.

The Head of Audit & Assurance replied that clear completion dates and officer responsibility are assigned and that they will report back on these implementations.

Alison Wyatt asked why there are variances between admin and payroll records.

The Pensions Operations Manager replied that Altair supply the software for both systems, but they are run separately. She added that a manual role is still required for some elements of the process. She explained that an enhanced software model was due to be in place later in the year.

Helen Ball asked if consideration had been given to bringing forward the audits related to Cyber Security.

The Audit Manager replied that the plan has been discussed with the Management Team and the timescale agreed due to resourcing issues.

The Head of Audit & Assurance added that this area had last been reviewed in 2023 and that the officers concerned already have a lot of work ongoing that requires their time.

The Audit Manager stated that some elements of Cyber Security are included in the ongoing Business Continuity Planning audit.

James Young referred to the Transfers Out audit and asked if a counter fraud risk assessment had been carried out previously.

The Governance & Risk Advisor advised that a counter fraud risk assessment had not been carried out, but the Fund were planning to complete one this year.

The Board **RESOLVED** to;

i) Note the report and the outcomes of the Internal Audit work carried out on behalf of the Avon Pension Fund (APF).

ii) Approve the 2026/27 Internal Audit Plan.

88 FUND ADMINISTRATION PERFORMANCE REPORT

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

SLA monthly performance average January 2025 to January 2026

- Dips in performance were seen in March / April 2025, recent figures of 89% (Jan), 94% (Feb) and 92% (March) were encouraging.

KPI cases completed Jan 2026

- Payments for deaths should be achievable within 10 working days

James Young asked if there was sufficient flexibility in the system and whether any layers could be removed.

The Pensions Operations Manager replied that the present internal processes are process heavy due to the nature of the task, so they could consider reviewing these at some stage.

- Total KPI's outstanding: 758 (February 2026)
- KPI's outstanding over 31 days: 200 (February 2026)

- KPI cases outstanding under 31 days: 558 (February 2026)

Service performance – Plan vs. Actual – Jan 2026

- Progress against the plan remains on track.

Status 2 Records

- 1,921 (February 2026) down from 6,618 (February 2025)

James Young commented that these were really good results and asked if there had been a change in the use of resources.

The Pensions Operations Manager replied that the Digital Services Team had commenced in 2024 and that this area had been a particular focus for them to work on.

Type of Cases Outstanding on Status 2 Records

- 685 are awaiting replies to enable processing: 296 are awaiting a response from the member and 170 are awaiting a response from another LGPS Fund.

Data Improvement Plan

- Formalises and structures data cleaning exercises
- Outlines the funds approach and aims to data cleansing
- Written in line with PASA recommendations
- Supports the new Pensions Administration Strategy (1st April 2026 launch)

The Board **RESOLVED** to;

- i) Note the service performance to the period ending 31st January 2026.
- ii) Approve the Data Improvement Plan.

89 SERVICE PLAN 2026-27: ADMINISTRATION PROJECT ROADMAP AND COMMUNICATION STRATEGY

The Avon Pension Fund Project Manager introduced the report to the Board and highlighted the following points from it.

2025 and beyond – key priorities achieved

- People
 - Fully resourced / Fully trained
 - Ongoing development and opportunities
- Performance
 - Within SLA for all KPIs
 - Meet needs of Pensions Dashboard

- Data cleansing to support Triennial valuation
- Processes
 - Effective controls, proportionate to risk
 - All process mapped / Consistent processes
 - Clear and concise user guides & training
- Digital Transformation
 - Member portal upgrade to unlock the digitalisation of processes: facilitating accurate estimates & transfer outs and improving member security
 - Increased member engagement via portal
 - Transition to hosting solution

2025-26 Administration projects delivered

- Regulatory / Foundation
 - Software supplier procurement
 - McCloud compliance
 - Administration Strategy
- Transformation
 - Member portal upgrade
 - Hybrid mail implementation
 - Employer engagement

2026-27 focus – member experience & operational efficiency

- Maximise member portal sign-ups
- Prepare for Dashboard public launch
- Comply with regulations (McCloud, Access)
- Move member journeys online - building block approach
- Continue process improvements - operational efficiency & risk control

2026-27 Foundation & Procurement projects

- Website upgrade - Improves performance, build tools and security.
- Telephony Phase 2 - Introduces call recording and transcription facilities.
- Three key supplier contracts (Website hosting & support, Printing & Fulfilment and E-comms platform) to be reprocured during 2026.

The Chair asked officers to consider if the Board should hear further about the national procurement frameworks.

The Head of Pensions addressed the Board on the subject of the Fund's Communication Strategy 2026.

Audiences

- The Fund serves multiple audiences.
- To meet our objectives, we need to focus on 'primary audiences' while also engaging with 'secondary' ones.
- Primary: Members / Employers / APF Officers, Secondary: Local media / Pensions media / APF Committee & Board

Aims and objectives

- Members: Raise members' engagement with their pension and improve digital experience.
- Employers: Improve employers' digital experience and how they can engage their employees.
- APF officers: Foster a positive, interactive, and open culture which encourages employee participation and pride in their work.

Brand values

- Responsible: As responsible investors, we care about the future of our members and the world. Our commitment to the environment informs how we work.
- Local: We're devoted to serving local members and employers, to deliver pensions that work for everyone.
- Constant: We're long-lasting, strong and reliable. You can count on us every step of the way.
- Service: Your pension is our priority – we want to help you understand your pension benefits and choices.

The Board **RESOLVED** to;

- i) Note the Administration Project Roadmap for 2026-27
- ii) Note the Communication Strategy for 2026

90 LEGISLATION UPDATE

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

Access and Protection Consultation

- On 24 February 2026, the government published a response to the section of the consultation relating to access to the LGPS in England for elected Councillor members. The response confirms that elected members will be eligible for membership (on an opt-in basis) with effect from 11 May 2026. The benefits will be closely aligned with those for non-elected members but there will be some exceptions.

- The government's response to the other three areas of the consultation (minimum pension age, academy consolidations, and New Fair Deal) is expected to be available later in the year.

Access and Fairness Consultation

- On 2 February 2026, the government published its response to the "Access and Fairness" consultation that was released in May 2025 and closed in August 2025. The response acknowledges the concerns raised regarding administrative impact and confirms that the government will proceed with a phased implementation. Phase one changes will be introduced in April 2026, and phase two later in the year. A statutory instrument implementing the phase one changes will be laid at the start of March and take effect from 1 April 2026.
- Whilst the changes to this consultation are being staggered, it does not give LGPS Funds or system providers the time to plan and implement changes to deal with the work in an efficient way, and it all comes in a year when McCloud Remedy is to be completed and potentially Pensions Dashboard goes live. This has the potential to overwhelm LGPS Funds administration teams.
- Implementing the various changes can only be started when guidance is given, which is not expected until April 2026 at the earliest. This is particularly critical for the rectification of survivor benefits, which has been confirmed as being an historic review.

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

91 SF3 ANNUAL BENCHMARKING REVIEW

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

- SF3 data collection obtains data on the administration and fund management of the Local Government Pension Scheme. All Funds are required to submit an SF3 return to MHCLG annually.
- Avon Pension Fund is the 15th largest fund with 129,523 members.
- 32% of members are still paying into their pension.
- 779 employers within the Fund
- The average cost per member is less than the LGPS average of £39 at £35.

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

92 RISK MANAGEMENT REVIEW

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

The quarterly review of the risk register has taken place with quite a few changes made to risks and scores for this quarter.

- NR01 – Poor service levels below agreed standards – the likelihood of this risk has been reduced from likely to possible to reflect the fact that the administration is in a much better position, with backlogs reduced, KPIs consistently met and recruitment and retention stable.
- NR02 – Regulatory changes – the pre mitigant score has been reviewed and the likelihood amended from likely to almost certain. The post mitigant likelihood is also almost certain as although the mitigants are managing the impacts the amount of change still make it likely that member outcomes could be impacted.
- NR19 – Move to new asset pool – the latest position reflects more certainty now that the move to LPPI has been confirmed, with legal agreements nearly finalised. The likelihood has been reduced from almost certain to likely as the consequences of the impacts identified are now less likely.
- NR11 – Brunel fails to deliver client objectives – this risk has been reworded to reflect the move to LPPI, although the actual risks remain the same.
- NR04 – Governance of Fund – the SAB Good Governance Review has been updated to Fit for Future. Following advice from Internal Audit the risk associated with fraud has been added to this risk and a counter fraud risk assessment will take place during the year.

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

93 GOVERNANCE UPDATE

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

- Workplan - The workplan is agreed annually with the Chair of the Pension Board and includes the delivery of all statutory obligations of the Board.
 - Possible future item re: Procurement.
- Hyman's LGPS Online Learning Academy (LOLA) – The current training schedule for studying the Hymans LOLA modules runs until 31 March 2026, then it will be refreshed for the next year. As a reminder the pension board has agreed to re-study the modules on an annual basis.
 - New members will have until March 2027 to complete their first round of training.

- The Pension Regulator’s General Code of Practice – Action Plan: The Fund has reviewed its action plan towards compliance with the TPR GCOP. A few tasks have not been completed and these actions have been carried over to a new 2026 action plan.

Helen Ball commented that the list of future meeting dates needed to be updated.

The Board **RESOLVED** to:

- i) Notes the workplan & training plan for 2025/2026
- ii) Notes the action plan to meet compliance with TPR GCOP

The meeting ended at 1.06 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services