

# Pension Board

**Date: Wednesday 11th March 2026**

**Time: 10.00am**

**Venue: Council Chamber - Guildhall, Bath**

**Board Members:** Nick Weaver, 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)

Chief Executive and other appropriate officers  
Press and public



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## NOTES:

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

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

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

3. **Recording at Meetings:-**

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

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

4. **Public Speaking at Meetings**

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

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

Further details of the scheme can be found at:

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

5. **Emergency Evacuation Procedure**

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

6. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

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**Pension Board - Wednesday 11th March 2026**  
**at 10.00am in the Council Chamber - 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: 3RD DECEMBER 2025 (Pages 5 - 14)

8. INVESTMENTS / POOLING - VERBAL UPDATE

The Head of Pensions will provide the Board with a verbal update on this item.

9. INVESTMENT STRATEGY STATEMENT UPDATE (Pages 15 - 38)

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.

10. 2025/26 INTERNAL AUDIT PROGRESS UPDATE & 2026/27 INTERNAL AUDIT PLAN (Pages 39 - 80)

The purpose of this report is to provide an update on Internal Audit activity since the last report to the Pension Board on 12<sup>th</sup> December 2025.

11. FUND ADMINISTRATION PERFORMANCE REPORT (Pages 81 - 122)

The purpose of this report is to present the fund administration performance for the period up to and including 31st January 2026 v's key performance indicators (KPI's).

12. SERVICE PLAN 2026-27: ADMINISTRATION PROJECT ROADMAP AND COMMUNICATION STRATEGY (Pages 123 - 140)

The purpose of this report is to update the Board on the Fund's Service Plan 2026-27, focusing on Administration Project Roadmap and its Communication Strategy.

13. LEGISLATION UPDATE (Pages 141 - 146)

The purpose of this report is to update the Pension Board on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration.

14. SF3 ANNUAL BENCHMARKING REVIEW (Pages 147 - 162)

The purpose of this report is to present the Pension Board with the results of the annual benchmarking exercise for 2024/25.

15. RISK MANAGEMENT REVIEW (Pages 163 - 170)

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

16. GOVERNANCE UPDATE (Pages 171 - 184)

The purpose of this report is to set out the workplan and training plan for Pension Board members plus provide governance updates as necessary.

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

**BATH AND NORTH EAST SOMERSET**

**PENSION BOARD**

Wednesday 3rd December 2025

**Present:-** Nick Weaver (Chair), Helen Ball, Alison Wyatt, Andrew Ridley and Stuart Pearson

**Also in attendance:** Nick Dixon (Head of Pensions), Jeff Wring (Director of Financial Services, Assurance & Pensions), Claire Newbery (Pensions Operations Manager), Carolyn Morgan (Governance and Risk Advisor), Nicky Russell (Technical & Compliance Advisor) and Richard Hopkins (Avon Pension Fund Project Manager)

**64 EMERGENCY EVACUATION PROCEDURE**

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

**65 APOLOGIES FOR ABSENCE**

There were none.

**66 DECLARATIONS OF INTEREST**

There were none.

**67 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

The Chair explained that Councillor Toby Simon in his role as the Chair of the Avon Pension Fund Committee had asked to address the Board on current matters.

The Chair briefly explained that the role of the Board is to assist the Council in scrutinising the administration and governance of the Fund, ensure that it complies with LGPS regulations and to act in an advisory role to the Fund.

Councillor Simon explained that the Fund is in the process of changing its pooling arrangements following the decision by the Government that their current pool Brunel was too small.

He added that arrangements have been in place with Brunel for ten years and have seen them deliver on a number of ESG (Environmental, Social, and Governance) specifications.

He said that the Fund were in discussions to join LPPI (Local Pensions Partnership Investments).

He also highlighted that discussions would take place in the coming months about possible changes to APF's Investment Strategy.

He also wished to draw the Board's attention to the results of the Aerospace & Defence member survey. He said that there was a body of opinion that felt that divestment from this sector should take place, but this was not a majority.

Alison Wyatt asked if moving to a new pool would have any effect on a decision regarding investment in Aerospace & Defence.

Councillor Simon replied that the assets of the Fund would transfer with the existing restrictions in place and that it would be for the new pool to decide if any changes should be made.

Alison Wyatt asked if due diligence had been carried out to ascertain that LPPI are able to accept the incoming assets.

Councillor Simon replied that assurance had been provided that the capacity is in place.

The Chair, on behalf of the Board, thanked Councillor Simon for his update and attendance.

## **68 ITEMS FROM THE PUBLIC**

There were none.

## **69 ITEMS FROM MEMBERS**

There were none.

## **70 MINUTES OF PREVIOUS MEETING: 3RD JUNE 2025**

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

## **71 INVESTMENTS UPDATE**

The Head of Pensions introduced the report to the Board and highlighted the following areas from within it.

- The Fund already implements a responsible investment policy, aligned with UN Principles on Human Rights. The question was whether the Fund should go further and whether Aerospace & Defence (A&D) companies should play any role in the Funds' investments.
- As A&D divestment would be a non-financial decision, it would require evidence that a 'broad consensus' (60%+) of members are in favour. Hence the Fund undertook an online survey of a sample of members which was live during 4-22 September 2025.

## Survey methodology

- The survey was conducted online only, a tried & tested methodology – the default method for research surveys. In the case of Avon Pension Fund, there is a close match between the demographic profile, specifically gender and age, of members for whom APF holds email addresses and the total membership.
- Prevision Research provided the structure of the survey and the analysis of the responses.

## Sampling

- 26,360 emailed invitations, 2,500 completed the survey. This is a 9.5% response rate which is very high vs similar surveys (4-5%), yielding a statistically significant confidence level exceeding 98%.
- A stratified sample by age and gender yields findings that are statistically significant with a margin of error of +/- 1.5%.
- Prevision weighted the findings to ensure that the demographic profile of responses matches the overall member profile.

The Chair of the Board asked for further information on the selection of Prevision Research to carry out their role.

The Head of Pensions replied that four agencies had been considered and that Prevision Research had been selected as a result of their public and private sector experience and effective data collection procedures.

Alison Wyatt asked that, whilst accepting there had been a good response rate, why had only a sample been selected to take part in the survey.

The Head of Pensions replied that by surveying a sample of members this yields findings that are statistically robust and representative of the membership. He added that an increase in the sample size yields diminishing returns in terms of a smaller margin of error.

## Summary of research findings

- Overall, should investment in A&D sector continue or cease?  
Continue: 47.1% / Cease: 42.3%

## Demographic analysis of whether investment in A&D sector should continue or cease

- Percentage agreeing that the Fund should CONTINUE investing in A&D sector was 47% including a high proportion of males and members over the age of 55.

- Percentage agreeing that the Fund should CEASE investing in A&D sector: 42% including a high proportion of females and members under the age of 45.

Stuart Pearson said that he had spoken with colleagues about the process and that while surprised by the outcome were happy with how it had been carried out. He asked if the sector in question regularly outperforms markets or provides higher returns.

The Head of Pensions replied that a decision is not based on the level of returns. He added that advice to the Committee has been clear that you could not say that divestment would equate to lower returns. He said that A&D assets have performed well in the past five years, but no prediction could be made as to future years.

Alison Wyatt asked if other Funds were being asked to consider taking a similar decision.

The Head of Pensions replied that other Funds were under some pressure to consider their position, but that the APF were the first to carry out a member survey.

### Pooling

- LPPI discussions going well with the aim to sign a shareholder agreement before April 1<sup>st</sup> 2026.
- Working on transitional arrangements to minimise frictional costs.
- Assets to move to LPPI as are and over the proceeding 18 months a reorganisation of portfolios will likely take place.

The Board **RESOLVED** to note the methodology and survey results and acknowledged that the Pension Committee, as the strategic decision making body of the Fund, would make its final decision on Aerospace & Defence investments at its next meeting on 12th December 2025.

## **72 REVIEW OF AUDIT REPORTS - TO FOLLOW**

The Director of Financial Services, Assurance & Pensions addressed the Board and apologised for there not being a report available on this occasion. He said that this should now form part of their agenda in March 2026.

He explained that the Funds accounts had been examined by External Audit and that these had now been signed off by the Council's Audit Committee.

The Chair asked if any concerns had been identified from the audits that have been completed.

The Director of Financial Services, Assurance & Pensions replied that there were no issues of significance to raise.

Alison Wyatt referred to the Risk Register, in particular NR04 – Governance and internal controls – as the likelihood had been increased from possible to likely to

reflect the fact that the Fund has not received full audit scrutiny. She asked if any further comment could be given.

The Governance & Risk Advisor replied that Internal Audit were behind with the Audit Plan for 2025/26 due to resource issues within the department and that steps were being taken to rectify this.

Helen Ball asked if Internal Audit would look at the incoming changes to the Fund and give an assessment on those in due course.

The Director of Financial Services, Assurance & Pensions replied that this was indeed already under consideration due to the significant upcoming changes to the Fund.

Andrew Ridley asked if the Government had provided any funding in relation to their decision that the Fund should change their pooling arrangements.

The Head of Pensions replied that they had not and that indeed costs would be incurred from closing Brunel down and transferring to LPPI. He said that these figures were still being deliberated.

The Chair, on behalf of the Board, thanked the Director of Financial Services, Assurance & Pensions for his update.

## **73 REVIEW OF REGULATORY AND DATA BREACHES**

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

A summary of regulatory and data breaches recorded for the period October 2024 to October 2025 can be found in Appendix 5. There were no material breaches reported during the period.

### Regulatory Breaches October 2024 to October 2025

Employer late payers – 14 incidents over the year. The report states that 2 are outstanding, one of these have now been resolved.

Employer Year End Data – 6 incidents - Late or incorrect data submitted - All employers issued fines for late/missing data submissions in October 2025.

5 Year Refund Breaches – 399 incidents - Unable to pay refund within 5 year deadline - Due to no response from members or the inability to trace members - Member tracing continues.

### Data Breaches October 2024 to October 2025

Reported to Information Governance: 7 (1 x incorrect link sharing, 3 x postal breach (wrong address), 2 x postal breach (enveloping), 1 x email breach). Training and support to team members provided, including refresher training and bespoke training sessions. Internal process reviews being carried out to ensure compliance and

necessity. Procedure notes are being reviewed to ensure all consistency across teams. Regular data protection reminders issued to staff.

The Governance & Risk Advisor stated that the Breaches Policy had been reviewed and updated to reflect TPR's General Code of Practice (GCOP). TPR's expectations have not changed but the policy has now been written more in line with the code of practice and in particular sets out more detail about the legal duty to report and assessing material breaches.

She explained that the Avon Pension Fund Committee were being asked to approve the Policy at their meeting on 12<sup>th</sup> December 2025.

The Board **RESOLVED** to;

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

## **74 ADMINISTRATION PERFORMANCE UPDATE**

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

- Pensions Administration Strategy – Following approval by Committee in September, a consultation with employers began on 7th November and will end on 31st January 2026. Initial feedback from employers has been positive.
- Oasis direction order – The order approves the consolidation of 53 academies and associated admitted bodies to LPFA. The APF have 10 academies and 1 admitted body covering approximately 1500 member including active, deferred and pensioner members. This change will create significant additional workload and expense for the Fund for which we will seek recovery from Oasis and have this agreed in the final direction order.
- SLA monthly performance average October 2024 to October 2025 – Latest position: 89%
- Total KPI's outstanding – Oct 2024 to Oct 2025 – Latest position: 1,268
- KPI's outstanding over 31 days – Oct 2024 to Oct 2025 – Latest position: 189
- KPI cases outstanding under 31 days – Oct 2024 – Oct 2025 – Latest position: 1079
- Service performance – Plan v's Actual – Oct 2025 - Latest position: 88% (+3% ahead of plan)

## Status 2 Records

During the last year, the number of status 2 records we held on our system peaked at 8,307 during September 2024. Compared with 3,790 status 2 records as at the end of October 2025, this is a 55% reduction.

As at the end of October 2025, the total outstanding cases sat at 3,669, of these, 859 are awaiting replies to enable processing. 366 are awaiting a response from the member and 225 are awaiting a response from another LGPS Fund.

iConnect Leaver Cases – Spikes are experienced in both December and September on a yearly basis, with the highest number of created cases being in September 2025 with a figure of 1,721.

## Data Improvement Plan

The Pensions Operations Manager explained that PASA had recently issued new guidance and a template in late November and she therefore proposed to review the document and bring it back to the Board in March 2026.

## Statutory Annual Requirements

- Data Return outcomes
  - 504 employers submitted year-end data returns, covering 41,709 members.
  - 2 employers (0.4%) were fined for late returns.
  - 3 employers (0.6%) were fined for excessive data queries (\*less than 2% query rate).
  - 8 employers (1.6%) received a data improvement plan (\*\*reduced from 21 in 2024).
  - Employer participation increased by 4% compared to the previous year.

The Chair asked what further can be done to try to contact the 3,827 'Gone Aways'.

The Pensions Operations Manager replied that a cleansing exercise has been ongoing since August which will provide feedback on the likelihood of a person living at a specific address. The fund also have a new data cleansing tool as part of the software package which recently went live.

The Avon Pension Fund Project Manager addressed the Board to provide them with an update on two projects.

## My Pension Online

- What it is?
  - Provides secure, 24/7 access to pension information
  - Enable lifestyle-based retirement planning
  - Support digital-first member engagement
- Benefits

- SMS two-factor authentication for enhanced security
- Accessible, user-friendly design with clear retirement planning tools
- Fast, easy access to pension details
- What and how the project delivered
  - DPIA for governance and compliance
  - User testing across Fund teams
  - Registration campaign and stakeholder engagement
  - Staff training and rollout support
- Future Developments
  - Boost member registrations – developing communication opportunities
  - Online P60s and payslips
  - Digitised workflows and processing

30,000 members emailed about the project, 8,000 have registered to use it.

Stuart Pearson said that he felt that the project provided a positive step change for members.

Alison Wyatt commented that she found it very easy to use.

#### Pensions Dashboard

- Connected to Dashboard ecosystem from 31<sup>st</sup> October 2025
- During 2026
  - Finalise and implement new BAU & Annual processes (inc. AVCs)
  - Continue Status 2 reduction
  - Embed ongoing compliance monitoring & review frequency
  - Assess workload & resourcing in advance of going live
- Potential live date early in 2027

The Board **RESOLVED** to note the service performance to the period ending 31st October 2025.

## 75 LEGISLATION UPDATE

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

#### Access and Fairness Consultation

- A response to the consultation that closed on 7 August 2025 is still awaited. Once a response to the consultation is received from Government, the final outcomes will need to be considered further by the administration team, in particular around rectification of survivor benefits. The timescales for implementation and the availability of central support and guidance will be critical.

## Access and Protection Consultation

- On 13 October 2025, MHCLG published a new consultation titled “Scheme improvement (access and protections)”. The four main areas covered in the consultation are summarised as follows.
  - Normal Minimum Pension Age
  - Access for councillors and mayors
  - Academies
  - New Fair Deal
- The Consultation closes on 22 December 2025.

Helen Ball raised the issue that some mayors may work across areas that are co-terminus.

The Technical and Compliance Manager replied that she was unsure of the level of the number of councillors and mayors that would be involved at this stage.

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

## **76 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 and one change has been made to scores for this quarter. Some amendments have also been made to current impacting factors.
- NR04 – Governance and internal controls – the likelihood has been increased from possible to likely to reflect the fact that the Fund has not received full audit scrutiny. Internal Audit are behind with the audit plan for 2025/26 due to resource issues within the department.

Alison Wyatt noted a disparity in the pre and post mitigation scores for risk NR02.

The Governance & Risk Advisor replied that this would be updated and recalled that the score had changed in just the previous quarter.

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

## 77 GOVERNANCE UPDATE

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

### Board Workplan

- Benchmarking – Use SF3 data and this has been provided late. Report to March 2026 meeting.

### Training

- A reminder to all members to complete this round of training by March 2026.

### The Pension Regulator's General Code of Practice – Action Plan

- The Action Plan is set out at appendix 3.
- It has been reviewed and updated to show progress and where appropriate completion of tasks. We will be holding a further review meeting in February 2026 to ensure we are on track to complete the action plan by March 26, although there may be a few tasks that require a further extension.

### Board recruitment

- Interviews due to be held later today for the remaining Employer Representative positions.

### Good Governance Regulations

- These have been published and will come into effect from April 2026.

The Board **RESOLVED** to:

- i) Note the workplan & training plan for 2025/26
- ii) Note the action plan to meet compliance with TPR GCOP
- iii) Note the dates for future meetings.

The meeting ended at 12.18 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**

<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD OF AVON PENSION FUND</b>
MEETING DATE:	11/03/2026
TITLE:	Investment Strategy Statement Update
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
List of attachments to this report: Appendix 1 – Draft Investment Strategy Statement 2026	

## 1 THE ISSUE

- 1.1 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 ISS was last revised in March 2024. The Fund undertook a strategy review in 2025, recommending changes to the strategic asset allocation (SAA) and climate monitoring points, hence a revised ISS has now been drafted for Committee approval.
- 1.2 This ISS has been produced in line with the current 2016 regulations and will be updated to ensure compliance with the new 2026 pooling regulations when they are passed into law on 1<sup>st</sup> April 2026. For this reason, elements of the ISS still reflect legacy pooling arrangements.
- 1.3 The 2026 draft regulations stipulate that the new ISS should be published by 1<sup>st</sup> October 2026 and subject to consultation with scheme employers, members (unions) and other interested parties e.g. Mayoral Combined Authorities. 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.
- 1.4 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.

## 2 RECOMMENDATIONS

### The Pension Board is asked to;

- 2.1 Note the draft 2026 Investment Strategy Statement and provide any feedback to the Committee.
- 2.2 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.

### **3 THE REPORT**

3.1 The changes to the ISS reflect the recommendations agreed by Pensions Committee at its 2025 investment strategy review workshop(s), namely:

a) Section 5 – SAA:

- 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%

With the exception of Natural Capital and Local Impact (strategies that will be developed under LPPI) all of the above strategy changes have been executed.

b) Section 3 – ‘Investment Beliefs’ are consistent with the SAA and reflect the latest position in respect of Local investments. Section 4 sets out further detail related to the Fund’s allocation to Local investments including target risk/return, geographic coverage and impact objectives.

c) Section 8 – Responsible Investment has been updated to reflect decisions agreed by the Committee, namely:

- Adoption of a 2035 decarbonisation monitoring target for listed equities and corporate bonds
- The use of limited activity-based exclusions across tar sands, coal, tobacco and controversial weapons
- Net zero alignment and divestment of a limited subset of high emitting companies by 2030

### **4 STATUTORY CONSIDERATIONS**

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

4.2 The Pension Board has an advisory role in assisting the administering authority by making recommendations about compliance, process and governance. The Board does not have a decision-making role.

### **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 None.

## 6 RISK MANAGEMENT

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

## 7 EQUALITIES STATEMENT

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

## 8 CLIMATE CHANGE

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

## 9 OTHER OPTIONS CONSIDERED

- 9.1 None.

## 10 CONSULTATION

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

<b>Contact person</b>	Matt Betts Group Manager for Funding Investmetns and Risk 01225 477656
<b>Background papers</b>	None
<b>Please contact the report author if you need to access this report in an alternative format.</b>	

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**Avon  
Pension  
Fund**



Your pension, your future

# **Investment Strategy Statement 2026**

Avon Pension Fund

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# 1. Introduction

- 1.1 Local Government Pension Scheme (LGPS) regulations require administering authorities to prepare and maintain an Investment Strategy Statement ('ISS'). This ISS has been prepared by the Avon Pension Fund (APF) in accordance with regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the 'Regulations') and associated guidance. The ISS will be updated no less that every three years and within 18 months of the conclusion of each triennial valuation. This statement updates and replaces the 2024 ISS. The ISS will be updated in line with the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 once they pass into law on 1<sup>st</sup> April 2026.
- 1.2 The purpose of the ISS is to set out:
  - The governance arrangements for investments
  - APF's investment beliefs
  - APF's investment objectives and preferences including its approach to Local Investment
  - How APF will manage investment related risks
  - How APF incorporates responsible investment
  - The strategic asset allocation benchmark and ranges to provide flexibility
- 1.4 The ISS is consistent with the Funding Strategy Statement (FSS). An integrated approach ensures the investment strategy supports APF in meeting its regulatory requirements.
- 1.5 Ongoing quarterly and annual monitoring of the strategy enables the APF Committee (the Committee) to take advice as to whether a review is needed at any time.
- 1.6 In preparing the ISS, the Committee has taken advice from Fund Officers and APF's appointed investment consultant. APF's Local Pension Board (Board) reviews the ISS for compliance with the regulations.

## Investment Governance Framework

- 1.7 APF is administered by Bath & North East Somerset Council, which is legally responsible for APF. The Council delegates its administration responsibility to the **Avon Pension Fund Committee**, which is its formal decision-making body. Members of the Committee represent a cross section of APF's stakeholders and therefore a range of views are taken into account when agreeing policy and strategy.
- 1.8 The Committee is supported by a sub-committee, the **Investment Panel** (the Panel), which considers matters relating to the management and investment of the assets of APF in greater detail. Although the Panel has delegated powers to take decisions on specific issues and makes recommendations to the Committee, setting the strategic asset allocation is the responsibility of the Committee. Operational implementation of strategy is delegated to Officers.
- 1.9 The **Funding & Risk Management Group** (FRMG) provides a robust and efficient governance framework for the Risk Management Strategies. This Group comprises Fund Officers, Investment and Risk advisors. FRMG has delegated authority for:
- (i) agreeing the operational structures required to meet the strategic objectives determined by the Committee; and
  - (ii) implementation of the Risk Management Strategies.
- The FRMG also monitors the strategies on a monthly basis and reports to the Panel on a quarterly basis.
- 1.10 In addition, the **Board** has an oversight and scrutiny role to ensure good governance through monitoring of APF's performance, activity of the Committee and compliance with regulations and statutory duties. The Board's role is to assist the administering authority to ensure the management of APF is effective and efficient.
- 1.11 Both the Committee and the Board have members and other stakeholder representatives who actively engage with stakeholders to ensure APF is aware of, and can respond effectively to, stakeholder concerns.
- 1.12 APF actively engages with its stakeholders about the investment strategy, providing the opportunity for a wider range of stakeholders to give input as the Committee assesses key strategic considerations.

## 2. Approach to Pooling

- 2.1 APF currently participates with nine other administering authorities to pool its investment assets through the Brunel Pension Partnership. Brunel Pension Partnership Limited (Brunel) is authorised by the Financial Conduct Authority to manage the assets within the pool and is owned equally by the ten administering authorities that participate in the pool.

- 2.2 APF retains responsibility for setting its strategic asset allocation and allocating assets to the portfolios provided by the Pool, which is responsible for implementing the asset allocations of the participating funds (the 'clients') by investing the clients' assets within defined outcome focused investment portfolios. In particular, it selects the external managers or pooled funds which meet the investment objective of each portfolio. Brunel creates collective investment vehicles for liquid assets such as equities and bonds; for private market investments it creates and manages an investment programme with a defined investment cycle for each asset class.
- 2.3 As a client of Brunel, APF has the right to expect certain standards and quality of service. The Service Agreement between Brunel and its clients sets out in detail the duties and responsibilities of Brunel and the rights of APF as a client. It includes a duty of care of to act in its clients' interests.
- 2.4 Brunel has established governance arrangements. The Brunel Oversight Board comprises representatives from each of the administering authorities and two member observers with agreed constitution and terms of reference. It oversees Brunel, with responsibility for ensuring that it delivers the services required to achieve pooling and deliver each client's investment strategy. Subject to its terms of reference it considers relevant matters on behalf of the administering authorities but does not have power to take decisions requiring shareholder approval; these are remitted back to each administering authority individually. The shareholder rights are set out in the Shareholders Agreement and other constitutional documents.
- 2.5 Brunel Oversight Board is supported by the Client Group which comprises investment officers from each of the clients but also draws on finance and legal officers as required. It has the primary role in managing the relationship with Brunel, providing practical support to the Brunel Oversight Board and monitoring performance and service delivery. The APF Committee and Investment Panel receive regular reports covering investment performance and the Brunel's service delivery.
- 2.6 Brunel manages all APF's listed assets, pooled funds and UK property funds as well as private market allocations. There are legacy commitments to illiquid private market portfolios which will be transitioned or liquidated as appropriate, with proceeds reinvested in the Pool. The formulation, implementation and ongoing monitoring of APF's risk management strategies (e.g. Liability Driven Investing, Currency Hedging and Equity Protection) remain the responsibility of APF and its specialist advisors. Brunel appointed the Risk Management manager, under a broad commercial agreement covering the manager's key terms.
- 2.7 In 2025, the Government instructed Brunel Pensions Partnership to wind down and for existing clients to identify a new Pool to partner with. APF is currently in the process of transitioning its assets to Local Pensions Partnership Investments (LPPI) by the deadline of 1<sup>st</sup> April 2026. A revised ISS will be

published later in the year to reflect new Pooling arrangements and regulations linked to Fit for the Future guidance.

### 3. Investment Beliefs

3.1 APF has the following investment beliefs which underpin the investment strategy and guide decision making around investment of APF's assets.

- We believe in both a long-term investment horizon and a short-term approach to risk management. This enables a strategic approach to investment risk and capital allocation which will ultimately drive attractive investment returns, whilst ensuring contribution sustainability for employers by managing short-term risk.
- We believe that diversification enables a broad spectrum of investments with different risk profiles to help manage risk. We also acknowledge that hedging can be a useful tool to manage specific key risks.
- We believe investing responsibly to make a positive contribution in the real economy will promote sustainable returns. We invest with a 2045 net zero objective and work with like-minded investors to engage and encourage positive change.
- We believe in value for money, ensuring the fees that are paid for investments are reasonable in the context of expected performance, management of risks and local investment. We accept that where hedging is used to manage risk, that there is an associated cost to provide additional contribution stability for employers.
- We believe that there is a role for both active and passive management in the management of our equity assets, however we recognise the challenges of adding value on a consistent basis over time.
- We recognise the potential benefits of local investments in supporting regional economic development and addressing social and environmental challenges and in supporting the Fund's investment return objectives. We believe that local investment can therefore support its RI principles and provide societal benefits to the areas directly and indirectly impacted by such investments.

### 4. Investment Objectives and Preferences

4.1 APF's overriding objective is to ensure affordable and stable contributions. It has specified the following return objectives and risk tolerances to guide decision making on the investment strategy and its implementation:

Return Objectives and Risk Tolerances	Metric
Probability of being 100% funded in 20 years	> 95%

Probability of investment returns exceeding the past service discount rate over 20 years	> 75%
Average likelihood of no increase in employer contribution rate (over next 9 years)	> 67%
Likelihood of a 5% increase in employer contribution rate (over next 3 years)	< 25%
Value-at-risk (3 year 95th percentile)	< 25% of total Fund asset value
Liquidity requirement reflecting excess of benefits over contributions received	From c. £25m to £75m p.a.

4.2 Consistent with our belief that there is a role for both active and passive management, while recognising the challenges of adding value on a consistent basis over time, APF prefers that underperformance (relative to benchmark) within the aggregate listed equity portfolio be limited to 2% p.a. in any given 3-year period.

4.3 Further preferences relating to APF's risk management strategies and responsible investment are set out in Sections 7 and 8.

4.4 APF has specified the following approach to **Local Investments**:

Local investments	Metric
Target allocation	5% to be invested or committed by 2027/8
Target area	South West region, with a preference for the Avon area
Risk/Return	APF is prepared to accept lower expected returns or higher risk for local investments providing (i) the overall portfolio delivers a return of 6-8% p.a. over a 5-year period (ii) measurable impact is achieved (see below)
Impact	The Local Impact allocation should increase the supply of quality affordable housing stock, invest to support Net Zero and contribute to local economic activity e.g. job creation. The Fund will work collectively with the Pool and the Strategic Authority to deliver impact in the region, drawing on the Local Growth Plan <sup>1</sup> where appropriate.

<sup>1</sup> <https://www.westofengland-ca.gov.uk/wp-content/uploads/2025/09/Growth-Strategy-Web.pdf>

## 5. Strategic Asset Allocation

5.1 The strategic asset allocation was reviewed in 2025 to ensure it is still meeting the Fund's investment objectives and risk tolerances. The strategic asset allocation is as follows:

<b>Asset Class</b>	<b>Allocation</b>	<b>Tolerance Range</b>
<b>Listed Equity</b>	<b>41.5%</b>	<b>31.5% - 51.5%</b>
<i>Paris Aligned Equity</i>	<i>Underlying targets are guided by the investment preference outlined in section 4.2</i>	-
<i>Sustainable Equity</i>		
<i>Global Equity</i>		
<b>Private Credit</b>	<b>3.5%</b>	-
<b>Private Equity</b>	-	-
<b>Property</b>	<b>13.0%</b>	-
<i>UK Property</i>	4.0%	-
<i>Secured Income</i>	9.0%	-
<b>Infrastructure</b>	<b>9.0%</b>	-
<i>Renewable Infrastructure</i>	5.0%	-
<i>Core Infrastructure</i>	4.0%	-
<b>Other Alternatives</b>	<b>7.0%</b>	-
<i>Local Impact</i>	5.0%	-
<i>Natural Capital</i>	2.0%	-
<b>Credit</b>	<b>12.0%</b>	<b>7.0% - 17.0%</b>
<i>Corporate Bonds</i>	2.0%	-

<i>Multi-Asset Credit</i>	10.0%	5.0 – 15.0%
<b>UK Government Bonds</b>	<b>14.0%</b>	-
<b>Cash</b>	<b>0.0%</b>	0.0 – 5.0%

\*Asset classes highlighted in **bold** are consistent with the Governments '9 buckets' as set out in the Fit for the Future consultation

- 5.2 The strategic allocation between the asset classes outlined achieves the appropriate balance of risk and return to provide stability of contributions.
- 5.3 The allocations to less liquid assets amount to 32.5%; this includes private credit, property, infrastructure and other alternatives. A higher allocation does not improve the risk and return profile sufficiently to offset the illiquidity risk.
- 5.4 Hedging is an integral part of the investment strategy to mitigate unrewarded risks (such as foreign exchange hedging) and to increase liability cash flow matching (interest rate and inflation hedging).

## 6. Suitability of Investments

- 6.1 Private markets allocations capture alternative sources of return and generate income to improve cash flow, to provide greater stability in contribution rates. Some of these assets benefit directly from contractual, inflation-linked income with fixed uplifts, which make them an ideal tool for cash flow management purposes.
- 6.2 Climate change scenario modelling indicates that allocations to sustainable and transitioned aligned equities are expected to experience less severe negative impacts from climate risks (both transition and physical risks) across time periods under various climate change scenarios.
- 6.3 APF believes that investing in low carbon and transition aligned strategies that significantly reduce financial exposure to transition risk across all companies, combined with robust engagement with companies regarding their climate strategies, is currently the most effective approach to meeting APF's climate objectives as well as maximising real world impact. These views underpin APF's approach to responsible investment.
- 6.4 The funds offered by Brunel will typically consist of a number of underlying managers that will have complementary investment styles and approaches to investing. This results in highly diverse portfolios, carefully structured to manage stock specific risk as well as underlying manager, investment style and other financial risks.
- 6.5 Currently, the majority of assets are invested under the oversight of Brunel Pension Partnership and governed by Pool legal agreements.

- 6.6 Consideration of each asset class or investment approach includes modelling of risk adjusted return expectations and an assessment of the extent to which the investment manager's approach is consistent with APF's Responsible Investment principles including an assessment of the Environmental, Social and Governance (ESG) risks and opportunities identified for each asset class. Product structure and management costs will also be a factor.

## 7. Risk Measurement and Management

- 7.1 The primary risk to APF is that its assets are insufficient to meet its liabilities, as determined by the Funding Strategy Statement. The main risk to the employers is the volatility of the contribution rates and affordability.
- 7.2 APF's three-year Value-at-Risk (VaR) was estimated at c. £1,023m based on the funding position and the new strategic asset allocation, as at 31 March 2025 conditions. This quantifies how much the funding position could negatively change over a three-year period with a 1-in-20 probability.
- 7.3 The Listed Equities portfolio is the largest contributor to risk. This is partly mitigated by the equity protection strategy (discussed later in this section).
- 7.4 Evaluation of risks that may impact the investment strategy and expected future returns is crucial in determining the appropriate measures to mitigate those risks. The principal risks affecting APF and the actions to mitigate those risks are set out in Appendix 1.

## Risk Management Framework

- 7.5 The Risk Management Framework (RMF) encompasses three bespoke risk management strategies and assets held for collateral management purposes. The Liability Driven Investment (LDI) Strategy and the 'Lower Risk' strategy are designed to hedge interest rate and inflation risks arising from the liabilities, whereas the Equity Protection Strategy (EPS) protects APF from a large drawdown in the value of its equity investments. These strategies are linked to the funding strategy and de-risk APF by placing less reliance on growth assets to fund future pension benefits and to simultaneously protect the funding position.
- 7.6 The strategies are reviewed annually to assess whether a material change in market conditions requires an adjustment to any of the strategies to ensure they still meet the strategic objectives. This review also considers the ongoing collateral requirements. Operational aspects as they relate to the RMF (e.g., routine monitoring of collateral, performance and counterparties and implementation of any strategic changes) are delegated to the Funding and Risk Management Group. The Investment Panel receives a quarterly status update on the RMF where any concerns are flagged. Strategic changes to the RMF are required to be approved by Committee.

<b>Risk Management Preferences</b>	<b>Metric</b>
Index-linked gilt exposure	50% of interest rate sensitivity versus total liabilities
Equity downside protection	50% coverage of total equity exposure providing at least a 20% reduction in volatility for the protected equities relative to unprotected
Currency hedging policy	Listed equities: 50% (developed markets) Public bonds: 100% (developed markets) Core infrastructure: 100% Renewable infrastructure: unhedged Overseas property: 100% Private debt: 100%

## Liability Driven Investment Strategy (LDI)

- 7.7 APF is not in a position to reduce its strategic asset allocation to higher return growth assets (e.g. equities) and allocate more to lower return, 'liability matching' assets (e.g. UK Government Bonds), as the expected future return on the assets held would fall short of the assumptions built into the funding plan. The LDI strategy, therefore, allows APF to retain its allocation to growth assets while maintaining a strategic hedge position of 50% of interest rate sensitivity versus total liabilities, employing leverage to do so.
- 7.8 Liabilities relating to the Lower Risk Investment Strategy are valued using the discount rate linked to the yields on the corporate bonds held within the portfolio. The strategy benefits from the inflation hedging undertaken within the LDI portfolio, resulting in greater stability of any funding deficit and therefore contributions for employers.

## Equity Protection Strategy (EPS)

- 7.9 The EPS is underpinned by the funding level and protects against significant falls in developed equity markets. The EPS is structured to evolve with market conditions over time which serves to dampen volatility to an acceptable level. In order to finance the downside protection, APF participates in equity market gains up to a predetermined level or 'cap', beyond which gains are foregone. The 'cap' is set at a level that optimises the risk/return pay-off of the strategy and in a way that does not compromise the assumed investment return in the funding strategy.

- 7.10 The Equity Protection hedge ratio is 50% (of developed market equities), which helps mitigate the drag on equity returns, reduce costs, improve the collateral position overall and retains sufficient downside protection.

## **Role of Collateral in Risk Management Framework**

- 7.11 The risk management strategies are held in a Qualified Alternative Investor Fund (QAIF), bespoke to APF, enabling collateral management to be delegated to the investment manager. Leverage requires collateral (often in the form of cash) to be posted on a daily basis. This protects all parties to a transaction against the risk that one defaults and is unable to fulfil the terms of the financial contract.
- 7.12 Collateral adequacy is managed in line with guidance from The Pensions Regulator and the Central Bank of Ireland, the regulator of the QAIF vehicle in which the risk management strategies reside. Predetermined notification points allow the Fund time to source collateral from elsewhere in the investments portfolio should the need arise.

## **Risk Management Strategy under Pooling**

- 7.13 APF retains responsibility for strategic and operational aspects attached to its risk management strategies and seeks advice from its investment advisors on the suitability of the risk management strategies. The pooling arrangement allows APF to determine a bespoke strategy for LDI, EPS and the low-risk investment portfolio to meet its risk management objectives.
- 7.14 Brunel contracts with the investment manager to set out the basis on which the manager will offer its services to client funds within the pool. This enables access to information so they can monitor the manager and delivery of services to clients. Clients also benefit from increased economies of scale and negotiated fee structures arising from the Brunel agreement.

## **8. Responsible Investment (RI)**

### **RI Principles**

- 8.1 APF integrates Environmental, Social and Corporate Governance (ESG) issues into investment processes and ownership practices, in the belief this can positively impact financial performance.
- 8.2 APF is a responsible steward of its assets and aims to be transparent and accountable. Our approach to Responsible investing is based on the following beliefs:
- Management of ESG risks is consistent with APF's fiduciary duty to members

- Climate change poses an existential threat to long-term investments as well as to the planet
- We believe in investing responsibly to make a real world impact
- There is increasing convergence between financial returns and climate aware investments
- Working with like-minded investors to collectively engage companies and policymakers can drive positive change

8.4 APF expects its managers including Brunel to engage with company management on ESG issues they have identified as being a risk to the investment case. Managers report to APF on their engagement activities and other ESG initiatives regularly. While we believe engagement and responsible stewardship will influence corporate behaviour more effectively than divestment, APF does employ limited use of activity-based exclusions on the grounds of financial risk. The exclusionary criteria were jointly developed with Brunel and are set out in the table below.

Responsible Investment Preferences	Metric
Exclusions	Maintain no investments exposure to issuers: <ul style="list-style-type: none"> <li>• with Thermal Coal Extraction revenues equal or greater than 50%</li> <li>• with Oil Sands Extraction revenues equal or greater than 25%</li> <li>• with Tobacco Production revenues equal or greater than 25%</li> <li>• who manufacture Controversial Weapons and have been deemed to have failed to comply with UN Global Compact Principles (which cover human rights, labour standards, the environment and anticorruption)</li> </ul>

8.5 APF will consider non-financial factors alongside financial considerations provided that doing so will not involve significant risk of financial detriment to APF and where it can reasonably conclude that members would support the decision.

## Climate Change

8.7 APF recognises that climate change presents a systemic and material financial risk to APF, as well as society more broadly. It is a strategic investment priority for APF. We aim to be net zero across all of our assets by 2045 and have adopted a number of interim targets in partnership with Brunel to underpin this long-term objective (see below table).

Net Zero Preferences	Metric
Net zero – whole Fund	Net zero on financed emissions by 2045
Climate solutions	Maintain at least 12% of the strategic asset allocation in climate solutions <sup>2</sup>
Decarbonisation – listed equities	<ul style="list-style-type: none"> <li>• Primary target: reduce carbon intensity by 84% by 2035 (vs. 2020 baseline)</li> <li>• Secondary target: reduce carbon intensity by 69% by 2030 (vs. 2020 baseline)</li> </ul>
Decarbonisation – corporate bonds	<ul style="list-style-type: none"> <li>• Primary target: reduce carbon intensity by 79% by 2035 (vs. 2020 baseline)</li> <li>• Secondary target: reduce carbon intensity by 60% by 2030 (vs. 2020 baseline)</li> </ul>
Divestment	By 2030, divest from all developed market equity holdings in high impact sectors <sup>3</sup> that are not achieving net zero or aligning to achieve net zero by 2050
Stewardship / engagement	For listed equities, ensure 90% of financed emissions in material sectors are either aligned, aligning or subject to direct or collective engagement by the end of 2027.

8.8 APF endorses and supports collaborative engagement and climate policy advocacy work through membership of various industry leading climate advocacy bodies to drive positive change including investor led initiatives such as ClimateAction100+ and the Institutional Investors Group on Climate Change (IIGCC) to increase pressure on companies and governments to align with the goals of the Paris Agreement.

8.10 APF monitors and discloses its carbon exposure annually to inform strategic decisions relating to climate change and to chart its progress towards its long-term climate change objectives.

<sup>2</sup> Climate solutions investments are investments in economic activities considered to contribute to climate change mitigation (including transition enabling) and/or adaptation, in alignment with existing climate related-sustainability taxonomies and other generally acknowledged climate related frameworks source: Net-Zero Asset Owner Alliance (NZAOA). The stated objective allows for a “look through” of the Fund’s portfolios.

<sup>3</sup> Currently in scope are listed companies on the Climate Action 100+ focus list; companies in high impact sectors consistent with the Transition pathway Initiative sectors; alignment assessment based on the Institutional Investors Group on Climate Change (IIGCC)’s Net Zero Investment Framework (NZIF).

## RI and Pooling

- 8.11 The scale and resources arising from pooling enables improved implementation of responsible investment and stewardship across all APF's assets. The Pool's Investment Principles clearly articulate its commitment and that of each client in the pool, to be responsible investors and as such recognises that ESG considerations are an integral part of portfolio construction, the selection, non-selection, retention and realisation of assets. Every portfolio explicitly includes responsible investment and an assessment of how social, environment and corporate governance considerations may present financial risks to the delivery of the portfolio objectives. The approach undertaken will vary to be the most effective in mitigating risks and enhancing shareholder value in relation to each portfolio and its objectives.
- 8.12 The Pool is tasked with the development of investment portfolios and the appointment of managers for the portfolios that are consistent with and accommodate APF's wider RI objectives and long-term asset allocation decisions. Proprietary Pool policies covering ESG factors such as climate change, voting and stewardship have been developed in conjunction with its clients to ensure the needs of the respective client funds are adequately met in respect of RI. APF monitors the portfolios managed by its Pool to ensure they continue to deliver against strategy.
- 8.13 Under its policy framework Brunel Pension Partnership publishes position statements, engagement plans, voting records and an Annual Responsible Investment and Outcomes Report. More information can be found here: <https://www.brunelpensionpartnership.org/investing-responsibly/responsible-investment/>.

## Policy of the exercise of rights (including voting rights)

- 8.14 Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries
- 8.15 APF believes that voting is an integral part of the RI and stewardship process. Under the current arrangements voting is delegated to the Pool and its agents. APF monitors how the Pool undertakes voting and engagement activities in comparison to relevant codes of practice. Where practicable, they are required to vote in all markets and vote at all company meetings on behalf of APF.
- 8.16 The Pool has a single voting policy for all assets under its management held in segregated accounts. In addition, the Pool will actively attend and vote at company meetings (AGM/ EGMs).
- 8.17 A third party voting and engagement service provider, Federated Hermes EOS, enables APF to gain access to specialist expertise and participate in a broad range of engagement themes.

- 8.19 APF recognises the importance of collaboration with other investors in order to achieve wider and more effective outcomes. In this respect, APF is a member of the Local Authority Pension Fund Forum (LAPFF), a membership group of LGPS funds that focuses on corporate governance issues, and the promotion of high standards of corporate governance and responsibility.
- 8.20 APF publishes a Responsible Investment Report annually which includes analysis of the voting and engagement activity across the portfolios.

## **Avon Pension Fund**

**March 2026**

## Appendix 1 – Key Risks and Mitigating Factors

Financial Risks	Management / Control
<p><b>Investment Risk -</b> Assets do not deliver the return required to meet the cost of benefits payable by APF; potential drivers:</p> <ul style="list-style-type: none"> <li>• Investment market performance/volatility</li> <li>• Manager underperformance</li> <li>• The actual return generated fails to meet APF's discount rate, due to inflation increasing more than expected or assets failing to deliver as expected</li> </ul>	<p>Diversification - A diverse range of asset classes and approaches to investing designed to achieve returns in a variety of market environments. By holding a range of assets that are not overly concentrated in any one area, APF expects to reduce the level of risk it is exposed to, whilst increasing the potential to generate attractive risk-adjusted returns.</p> <p>Regular monitoring of manager performance - Each manager is monitored against medium- and long-term performance targets designed to highlight any inappropriate risk-taking behaviour and address factors that may impact the ability of that manager to achieve their performance target. A number of risk metrics are monitored at the portfolio level including tracking error and active risk positions (where relevant).</p> <p>Inflation risk is mitigated by implementing a diversified investment strategy, through the alignment of the investment strategy with funding requirements through regular reviews and monitoring. Value-at-Risk and correlation between asset returns are monitored. Management of strategic risks such as inflation and equity market volatility are addressed through a dedicated risk management framework.</p>
<p><b>Asset Risk -</b></p> <p><b>Liquidity risk:</b> The inherent risk of holding illiquid/less liquid assets that cannot be easily converted into cash.</p> <p><b>Exchange Rate risk:</b> Foreign currency exposure is expected to be an unrewarded risk over the longer term.</p> <p><b>Collateral management risk:</b> Collateral is required to support the risk management strategy and protects all parties to a transaction from the risk of default.</p>	<p>Investing across a range of liquid assets recognises the need for access to liquidity in the short term. A tactical liquidity strategy that seeks to replicate APF's strategic benchmark offers immediate access to cash to negate the risk of selling assets when it might be inopportune to do so.</p> <p>Liquidity budgeting informs how much APF can reasonably afford to invest in illiquid holdings in order to benefit from the 'illiquidity premium', without compromising future outgo requirements.</p> <p>Foreign exchange hedging protects the sterling value of overseas investments and serves to reduce the volatility that arises from movements in exchange rates. In periods of sterling weakness, the investment return will be lower than if the assets were unhedged.</p> <p>A robust and proactive collateral monitoring process with prescribed minimum thresholds protect APF from becoming a forced seller of assets in the event a large adverse move in market prices triggers a collateral call.</p>
<p><b>Responsible</b></p>	<p>Actively addresses ESG risks throughout its investment strategy.</p>

<p><b>Investment:</b></p> <p><b>Environmental, Social &amp; Governance (ESG)</b> issues may have a material financial impact if not given due consideration.</p> <p><b>Climate change risk</b></p>	<p>Considers ESG risks as part of Strategic Investment Reviews.</p> <p>Quantifies the risk climate change presents to Fund assets and seeks to reduce this risk by allocating capital accordingly.</p>
<p><b>Longevity Risk</b> - the risk Members of APF live longer than assumed in the actuarial valuation model.</p>	<p>Captured within the funding strategy which is monitored by the Committee on at least a three-yearly cycle. Any improvement or deterioration in longevity will only be realised over the long term.</p>
<p><b>Employer Covenant Risk</b> - Employers within APF lack the financial capacity to make good their outstanding liabilities.</p>	<p>Addressed through a covenant assessment monitoring process, which annually assess the financial standing of all Employers in APF and the analysis is considered when setting the Funding Strategy.</p> <p>A lower risk investment strategy is adopted for certain admission bodies and orphan liabilities where there is no guarantee underpinning the liabilities.</p>
<p><b>Investment Pooling</b> - Pooling provider does not deliver APF's investment objectives.</p>	<p>The Service Agreement sets out the duties and responsibilities of the Pool and the rights of APF as a client.</p> <p>A robust governance framework with agreed constitution and terms of reference ensures the objectives of pooling are met.</p> <p>Ongoing monitoring of performance, service delivery, costs and savings arising from pooling.</p> <p>Details of APF's pooling arrangement are set out in Section 2 of this document.</p>

<p><b>Regulatory and Political Risk</b> - The potential for adverse regulatory or political change. Regulatory risk arises from investing in a market environment where the regulatory regime may change. This may be compounded by political risk in those markets subject to political uncertainty.</p>	<p>Ongoing horizon scanning and consideration on APF Risk Register.</p> <p>Review and response to consultations on changes to the LGPS regulations and guidance which may impact scheme funding or investment strategy.</p> <p>Ongoing review of the investment strategy and specific investment portfolios.</p>
<p><b>Governance Risk</b> - Committee Members do not have sufficient expertise to evaluate and challenge the advice they receive. Committee Members are to possess an appropriate level of knowledge, skill and understanding to discharge their fiduciary duty.</p>	<p>Periodic Member self-assessment.</p> <p>Training policy in place based on Chartered Institute of Public Finance and Accounting (CIPFA) Knowledge and Skills Framework for LGPS funds.</p> <p>Expert advice commissioned to support strategic and implementation decisions.</p>
<p><b>Cash Flow Risk</b> - Payments to pensioner members exceed contributions.</p>	<p>Liquidity requirement specified within the investment objectives to help manage needs.</p> <p>Investment strategy has been structured such that the generation of investment income to achieve this liquidity requirement is feasible.</p> <p>Monitoring cash flow critical to the internal monitoring and rebalancing process and is an important consideration when setting investment strategy.</p>
<p><b>Custody risk</b> - The risk of losing economic rights to Fund assets, when held in custody or when being traded.</p>	<p>Use of global custodian with negotiated service level agreement and internal reconciliation of accounting records.</p>
<p><b>Counterparty risk</b> - The possibility of default of a counterparty in meeting its obligations.</p>	<p>Counterparty exposure restrictions as relating to the risk management framework and treasury management policy.</p> <p>Internal controls reporting and compliance monitoring.</p>



<b>Bath &amp; North East Somerset Council</b>		
MEETING:	<b>LOCAL PENSION BOARD - AVON PENSION FUND</b>	
MEETING DATE:	11 <sup>th</sup> March 2026	<b>AGENDA ITEM NUMBER</b>
TITLE:	<b>2025/26 Internal Audit Progress Update &amp; 2026/27 Internal Audit Plan</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<p>List of attachments to this report:</p> <p><b>Appendix 1</b> – Internal Audit Report – Pensions Payroll</p> <p><b>Appendix 2</b> – Internal Audit Report – Transfers Out</p> <p><b>Appendix 3</b> – Internal Audit Plan 2026/27</p> <p>Audit updates included within this document:</p> <p>Update 1 – 4.5 Internal Audit Report – iConnect System Access</p> <p>Update 2 – 4.6 Internal Audit Report – Business Continuity</p> <p>Update 3 – 4.7 Internal Audit Report – Monitoring Contributions</p>		

## **1 THE ISSUE**

- 1.1 The purpose of this report is to provide an update on Internal Audit activity since the last report to the Pension Board on 12<sup>th</sup> December 2025.
- 1.2 The Board should consider the report and the appendices in the context of their understanding of the performance and management of the fund.

## **2 RECOMMENDATION**

- 2.1 The Pension Board is asked to –
  - a) Note the report and the outcomes of the Internal Audit work carried out on behalf of the Avon Pension Fund (APF).
  - b) Approve the 2026/27 Internal Audit Plan.

**3 FINANCIAL IMPLICATIONS**

3.1 The assurance work carried out by Internal Audit is performed within the budget agreed with the APF.

**4 REPORT**

**2025-26 Internal Audit Work**

4.1 The work of the Internal Audit Service is to provide independent assurance to the APF’s senior officers and members that governance, risk management and the related framework of internal controls are sufficient in ensuring delivery of the APF’s objectives.

An annual programme of internal audits of APF governance and operations is scheduled based on the annual audit planning process, which is used to assess risks that could impact the Pension Fund.

4.2 This report provides an update on progress in delivering the programme of work since the last update report presented to the Pension Board. The table below shows audits issued and in progress, and summarises the Assurance Level assigned to each internal audit review:

Audit	Assurance Opinion
Pensions Payroll (see Appendix 1)	Reasonable (Level 3)
Transfers Out (see Appendix 2)	Reasonable (Level 3)
i-Connect System Access	Reporting
Business Continuity Planning	In Progress
Monitoring Contributions	Reporting
Follow-up Reviews	Scheduled March 2026

4.3 The **Pensions Payroll** audit was assigned a “Reasonable” Assurance rating, where the systems of internal control were found to be satisfactory.

Effective controls over the payroll processing were identified, that includes payroll administration as well as management of spousal pensions and death grants. In addition, there has been further improvements made to pension increase processes.

The latest pension increase reconciliation reports identified a high number of variances between admin and payroll records, some of which are significant and would have a financial impact on individual pensioners. However, the Pensions Payroll Team are aware and are in the process of undertaking a review of these variances.

Similar to previous years, error and warning messages were identified on management reports generated during the annual pensions increase process. Whilst the majority of pension increases have been correctly applied, these reports show errors which require further review as well as a high number of warning messages.

There are some improvements which should be considered for bank validation and bank change processes. The APF are in the process of upgrading their online portal and are also planning changes to their bank validation software which should help in administering these more efficiently and securely.

4.4 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.

Procedures are in place and there is routine reporting of performance to the Pensions Board and Committee. This shows actual transfers to be timely, with quotations somewhat below the internally set target. ICT access controls, separation of duties, and automated system checks help protect the integrity of the process.

Some improvements are suggested in the form of a counter fraud risk assessment, improving the quality of supporting evidence for scam checks, and in the evidence retained for any post system update checks carried out.

4.5 **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.

Overall, the control framework around user access was found to be well designed and operating effectively. User registration and deregistration processes are clearly defined and documented, with access granted based on role. Inactive and unused accounts are reviewed every 3 - 4 months, with follow-up and timely deletion where continued access is not confirmed; this process has resulted in a significant reduction in inactive accounts (from 72 in October 2025 to 21 in February 2026). Multi Factor Authentication (MFA) is already in place for APF administrative users and is scheduled to be extended to all remaining i-Connect users in March 2026.

A small number of low-impact findings were however noted, including around inactive users which the APF were already aware of and are following these up. In addition, APF has asked the software supplier, Heywood, to investigate an issue where a standard user roles report was found to be incomplete.

4.6 **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.

A key challenge in this area is that there is no statutory requirement for APF to undertake BCPR, nor does it fall clearly within the jurisdiction of the B&NES

Emergency Planning team. Guidance from The Pensions Regulator indicates that, for public sector schemes, BCPR is considered good practice rather than a mandatory requirement.

#### **4.7 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 02/03/2026. 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**

4.8 Our planning process for 2026/27 is complete and the draft Internal Audit Plan has been produced following presentation to the APF Management Team. This document is attached as part of this pack under **Appendix 3** and is included for review and approval by the Board.

## **5 RISK MANAGEMENT**

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

5.2 The role of the Internal Audit Service is to review high risk areas of the Pension Fund and provide independent assurance about systems of internal control. This report therefore provides the Pension Board with assurance on how risks are managed.

5.3 The Avon Pension Fund Committee is the formal decision-making body for the Fund and it uses the Pension Board to focus on ongoing risks to the operation of the Fund including internal and external audit work. As such it has responsibility to ensure adequate risk management processes are in place.

5.4 The Committee 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 using the assurances from the Board and Investment Panel meetings.

## **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 – One West representing the administering authority.

<b>Contacts</b>	Peter Cann, Head of Audit & Assurance: <a href="mailto:peter_cann@bathnes.gov.uk">peter_cann@bathnes.gov.uk</a> Pat Jenkins, Audit Manager: <a href="mailto:patrick_jenkins@bathnes.gov.uk">patrick_jenkins@bathnes.gov.uk</a>
<b>Please contact the report authors if you need to access this report in an alternative format.</b>	

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Specialist Professional Services

# Final Internal Audit Report

**Audit Title:**

Pension Payroll processes

**Date of Issue:**

December 2025

**Prepared for:**

Avon Pension Fund (APF)



## Assurance Rating

Based on our review, Internal Audit have concluded the following assurance rating:

### Level 3 - Reasonable Assurance

The systems of internal control are satisfactory, and reasonable assurance can be provided. However, there are a number of areas which require improvement.

## Executive Summary

Overall, we have given a Reasonable Assurance rating since there are effective controls over the payroll processing, that includes payroll administration as well as management of spousal pensions and death grants. In addition, there has been further improvements made to pension increase processes.

The latest pension increase reconciliation reports identified a high number of variances between admin and payroll records, some of which are significant and would have a financial impact on individual pensioners. However, the Pensions Payroll Team are aware and are in the process of undertaking a review of these variances.

Similar to previous years, error and warning messages were identified on management reports generated during the annual pensions increase process. Whilst the majority of pension increases have been correctly applied, these reports show errors which require further review as well as a high number of warning messages.

There are some improvements which should be considered for bank validation and bank change processes. The Avon Pension Fund (APF) are in the process of upgrading their online portal and are also planning changes to their bank validation software which should help in administering these more efficiently and securely.

## Recommendations for Improvement

A total of 5 recommendations have been raised as a result of our review.

Recommendations are given priority ratings which reflect the significance of the findings and the need for remediation.

Priority	Recommendations
▲ High	1
▲ Medium	4
▲ Low	0

Full details of recommended actions, responsible officers and implementation dates are included in the report Action Plan.

## Follow Up Review

Work detailed in the Action Plan is to be actioned before the end of December 2025.

After this date we will conduct a follow up review to assess the implementation of recommendations and responsible officers will be required to provide an update on progress with the agreed actions.

## Audit Personnel

Lead Auditor: David Hodgson  
Audit Manager: Tariq Rahman



## Audit Methodology

This audit has been undertaken in accordance with the 2025/26 Internal Audit planned programme of work, as approved by the Audit Committee.

It has been conducted in conformance with the Global Internal Audit Standards (GIAS).

The focus of the review was to provide assurance that the Avon Pension Fund (APF) are administering pensioner's payroll correctly, including any annual pension increases which are due and applied to individual pensions timely, accurately and correctly.

Assurance was also sought to evidence that spousal payments including death grant payments, and pensions are being administered in accordance with the scheme requirements.

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## Audit Scope

The scope of audit work undertaken during this review was discussed and agreed as per the Audit Brief issued in September 2025, with the following objectives:

- Appropriate checks undertaken for each monthly payroll including bank change requests.
- Annual pension increases are being applied correctly and timely.
- Spouse pensions and lump sum death grants are correctly administered by the pension scheme, including payments and ongoing checks to confirm continued eligibility.

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## Background

### Monthly Payroll processes & bank accounts

The APF deploys a Pensions Payroll Team, and a Pensions Payroll Manager. Their roles and responsibilities include administering of monthly and interim payrolls, administering death claims/payments, calculating and processing payments to third parties, and managing annual pension increases.

Pension payroll payments are administered through an agreed payment schedule which includes full payment runs (monthly) and interim payments.

The payroll system provides various management and exception reports which are used to check and reconcile payroll data. These reports are held on a central record and are checked by the Pensions Payroll Team prior to payments being made to existing pensioners.

### Bank Change requests

Bank change requests are received by the Pensions Payroll Team through various methods including bank changes via pension online (self-service), completion of bank change forms sent via post, as well as notifications from their BACS software provider.

As part of the monthly payroll process, the Pensions Payroll Team generate a report showing a breakdown of bank changes that have been processed within the month. Secondary checks of all bank change requests are undertaken to validate these requests, and to check that bank details have been processed correctly.



### Bank Validation processes

The APF has recently adopted bank validation software, and this is being used to check and validate individual member's bank details. Whilst this is not a requirement for the LGPS, it is recommended practice to perform these types of checks in order to verify account ownership, improve data accuracy and prevent fraud and overpayments.

Bank account details are checked and validated when the APF Member Services Team process a member's retirement. Bank validation results are provided in real time, though in some cases, bank details are not successfully verified by the software and can lead to further information being required from the pension member, to complete this process. The Pensions Payroll Team also perform bank validation checks when administering bank changes for current pensioners receiving regular pension payments under the scheme.

### Annual pension increases

Under the LGPS scheme active pension accounts, deferred pensions and pensions in payment are adjusted each April in line with the cost of living.

The Pensions Payroll Team, with support from the Quality Assurance (QA) Team, are responsible for managing the annual pension increases on existing pensions.

It is recommended by the software provider, for AFP to undertake a check and reconciliation between admin and payroll records as part of the PI process including prior to and following applying pension increases onto the live system.

There is a range of management and exception reports which are generated by the Altair system, and these are used by the Pensions Payroll Team when uploading the pension increases onto the system including warning and error messages.

APF applied annual pension increases for the majority of pensioners under the main pension scheme. However, there was still 168 pension errors following this year PI's process which are outstanding and will require resolution.

### Spouse/Partner and dependent payments

Death grant payments are paid if the member dies, this includes active members (in service), deferred members and pension members receiving a pension.

Death grant payments and spousal pensions (including partners and children) are subject to eligibility checks and are calculated by the Member Services Team before they are passed to the Pensions Payroll Team to administer payment and add onto the existing payroll.

The Pensions Payroll Team perform various ongoing checks of the spouse, partner and children's pensions. This includes mortality screening (cross matching of payroll data) which is undertaken monthly through a 3<sup>rd</sup> party.

The APF also participate in the Tell Us Once Service (TUO). Tell Us Once (TUO) is a digital service run by the Department for Work & Pensions (DWP) across England, Scotland and Wales. It allows citizens to notify multiple government departments of a bereavement through a single form. The Pensions Payroll Team have system access to the DWP system to review notifications that have been issued to them.



## Summary of Findings

Monthly and interim pension payrolls are subject to effective checks, and reconciliations. This audit was able to confirm that management reports were being used and checked by the Pensions Payroll Team for each monthly and interim payroll run. The Pensions Payroll Team had completed checklists which provide confirmation of each payroll, including checks that have been undertaken.

The Pensions Payroll Team does have effective processes for checking bank change requests. This includes bank change requests which have been submitted via Online system and manual bank change forms. However, we considered there were some improvements that should be considered for this process which are included in our findings below.

This audit was also able to confirm that bank validation software was being used to verify bank details and there were effective controls in place for current bank validation processes such as user access, segregation of duties and secondary checks undertaken. However, feedback from pension staff, and sample testing would indicate there is a high proportion of bank account details which do not pass the verification software and require additional information from the member. In some cases, this would involve corresponding with the member using a personal email address which could increase the risk of fraud and error. The Members Services Manager confirmed that the AFP are in the process of migrating to a new version of the online portal (November 2025) which, once integrated, should allow members to upload documents more securely. In addition, it was also fed back during this audit that there will be changes to the bank validation software provider, which should also reduce the number of accounts requiring additional verification.

For this year's PI exercise, the Pensions Payroll Team ran two different reconciliation reports, to check and reconcile the differences between pension values held in admin and payroll records. These reports show a high number of variances between these two pension records some of which could have a financial impact on individual pensioners. The Pensions Payroll Team should ensure that these payroll variances are reviewed, and records corrected where this is needed.

Payroll records would indicate that the latest annual pension increases have been applied successfully on the live system for the majority of pension records. However, there was still some pension records where the annual PI had not been applied automatically, and these will require further work to be addressed.

The Pensions Payroll Team perform various post checks on pensioners, spousal and children's pensions, including regular mortality screening. Current processes do ensure that any 'high' risk matches identified during mortality screening are being identified timely and added to a workflow. At present the Pensions Payroll Team are not undertaking any further work to investigate 'low' risk matches, which are high in volume, and could result in overpayments for some of these pensions. A recommendation has been made for this area.



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## Positive Observations

- Monthly Payroll records – the Pensions Payroll Team maintain a good central record (including monthly and interim payroll. This includes completion of checklists for each payroll to evidence the process.
- Management reports for monthly payroll - these are produced consistently and assist the Pensions Payroll Team to check and reconcile payroll data.
- Monthly and interim payrolls – are subject to secondary checks and approval.
- Payroll variance checks – the Pensions Payroll Team are reviewing payroll variances (£250+) as part of the monthly payroll process.
- Bank change requests – are subject to review before bank details are input onto pension records. This includes secondary checks that are undertaken during the monthly payroll process.
- Bank Validation Software – is being used to check and validate individual member bank details. There are also effective controls within the process, including user access, segregation of duties, and secondary checks.
- Spouse/children pension payments and death grant claims are subject to various controls - including segregation of duties, secondary checks and approval.
- Post checks are being undertaken for spouses, partners and children's pensions - these include mortality screening and the Tell Us Once service. Children's pensions are also subject to ongoing review to verify eligibility.
- The majority of pension increases have been successfully applied in this year's annual pension increase exercise.
- Improvements in segregation of duties in this year's pension increase exercise.
- Error & warnings and reconciliation reports were generated as part of this year's pension increase exercise.

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**Weaknesses and areas for improvement identified during the course of the audit review are captured in the report Action Plan.**

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## Action Plan - High Priority Findings

	Identified Weakness	Potential Implication	Recommendation	Agreed Actions
Page 51 H1	<p><b><u>Reconciliation between Admin and Payroll records</u></b>            The Pensions Payroll Team generated reports to compare pension values held in admin and payroll records. This was undertaken prior to applying this year's pension increases.</p> <p>This report identified 1,870 variances between pension admin and payroll records including 149 individual member records which show a high variance (£500+), 199 records which show a medium variance (£100-£499) and 1,522 records which show a low variance (0-£99)</p> <p>A separate reconciliation report was also generated following this year's PI's exercise. This report also highlighted some high variances for some pension members.</p>	<p>Pension values may not reconcile between Admin and Payroll records which could result in incorrect pension amounts being applied.</p> <p>Pensioners could be impacted financially if they are receiving a lower amount of pension.</p> <p>Incorrect data could result in non-compliance with regulatory requirements as well as reputational damage to the service.</p>	<p>The Pensions Payroll Team should ensure they undertake a review of the variations identified in the reconciliation reports.</p> <p>In particular, any medium and high variances should be prioritised, fully reviewed and corrected.</p> <p>Low variances could be due to rounding, and timing differences but should be investigated.</p>	<p><b>Implementation:</b> On going and currently live.</p> <p><b>Management Comment:</b> Work is underway on the reconciliations difference identified on the report. We are starting with the highest variance and will complete the work in a phased approach.</p> <p>Phase 1: The highest variances cleared with a target date April 2026</p> <p>Phase 2: The medium variance cleared with a target date July 2026</p> <p>Phase 3: Low variance cleared with a target date October 2026</p>
	<p><b>Responsible Officer</b></p>	<p>Anna Capp Pensions Payroll Manager</p>	<p><b>Target Implementation Date</b></p>	<p>October 2026</p>



**Action Plan - Medium Priority Findings**

Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<p><b><u>Pension increase errors and warnings</u></b>                      Following this year’s pension increase exercise, 168 errors were recorded as well as 5738 warning messages.</p> <p>The Pensions Payroll Team has kept a separate record to demonstrate that some checks were carried out on individual errors as part of this year’s PI exercise. However, this record does not clearly indicate which specific errors and warnings have been reviewed or remain unreviewed.</p>	<p>Errors identified in these reports would prevent a PI from being applied on the system.</p> <p>Warning messages could indicate underlying system issues. Ignoring them may compromise the integrity of the pension system, leading to broader operational issues.</p>	<p>The Pensions Payroll Team should ensure that all errors on pension records are resolved in this financial year and prior to next year’s pension increase.</p> <p>In addition, the Pensions Payroll Team should ensure they keep a clear record to demonstrate review of error and warning messages.</p>	<p><b>Management Comment:</b>                      To clear the remaining 168 error following the 2025 PI exercise.</p>
<p><b>Responsible Officer</b></p>	<p>Anna Capp                      Pensions Payroll Manager</p>	<p><b>Target Implementation Date</b></p>	<p>April 2026</p>

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	Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<p style="text-align: center;"><b>M2</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 53</p>	<p><b>Bank change requests</b> Feedback from Payroll staff, and sample testing would indicate some inconsistency in validating bank account details when responding to bank change requests submitted from existing pensioners.</p> <p>In addition, pensioners who are making these requests are not receiving notification confirming the change of bank details.</p>	<p>Could increase the risk of fraud and error if bank account validation is not undertaken for bank change requests.</p> <p>A fraud or error may not be detected timely if notification is not issued to the pensioner.</p>	<p>The Pensions Payroll Manager should ensure that bank account validation procedures are discussed with the Pensions Payroll Team and agree when these checks should be undertaken.</p> <p>The Pensions Payroll Team should issue notification to the pensioner confirming the change of bank details.</p>	<p><b>Management Comment:</b> All bank changes received to be acknowledge confirming the bank details have been updated.</p>
	<p><b>Responsible Officer</b></p>	<p>Anna Capp Pensions Payroll Manager</p>	<p><b>Target Implementation Date</b></p>	<p>December 2025</p>



Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<p><b>M3</b></p> <p><b>Bank Account Validation processes.</b> Currently the Member Services Team are seeking additional information from pension members to validate bank account details. In some instances, this is resulting in communications with the pension member via personal email addresses.</p> <p>Page 54</p>	<p>Confirming bank details with pensions members via personal email addresses could increase the risk of fraud and error.</p>	<p>The APF should ensure the new version of the online portal will allow members to upload documents as part the bank account validation process.</p>	<p><b>Management Comment:</b> We only contact members via their personal email addresses if they have registered for My Pension Online and their details have been validated via the portal. Any members who have not registered for My Pension Online would be sent a request via the post.</p> <p>Document upload development to MPO for members target date December 2026.</p>
<p><b>Responsible Officer</b></p>	<p>Rebecca Clark Member Services Manager</p>	<p><b>Target Implementation Date</b></p>	<p>December 2026</p>



Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<p><b><u>Mortality Screening processes</u></b>                      A monthly mortality screening exercise run for October 2025 identified approximately 5500+ pensioners with a 'low' risk match.</p> <p>These have been identified as 'low' risk due to missing or mismatches between pension records and the data records used by the mortality screening company including name, date of birth, and address details.</p> <p>Currently these records are being included in further mortality screening exercises, but no further actions are taken by the Pensions Payroll Team on 'low' risk matches.</p>	<p>Continued pension payments to deceased members due to missed death notifications can result in significant overpayments as well as potential fraud risk.</p>	<p>Pensions Payroll Team should undertake a review of current mortality screening processes and determine whether any further actions are needed in review of 'low' risk matches.</p> <p>The Avon Pension Fund should develop and implement policy, and procedural guidance that clearly classifies and categorises mortality risk ratings.</p>	<p><b>Management Comment:</b>                      To review the current mortality screening process and develop a process for cases flagged that aren't already being reviewed.</p> <p>Document the process covering each category.</p>
<p><b>Responsible Officer</b></p>	<p>Anna Capp                      Pensions Payroll Manager</p>	<p><b>Target Implementation Date</b></p>	<p>April 2026</p>

M4  
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## Guide to Assurance Ratings

Assurance Rating	Opinion
Level 5 Full Assurance	The systems of internal control are excellent with a number of strengths evident. No weaknesses have been identified, and full assurance can be provided.
Level 4 Substantial Assurance	The systems of internal control are good with a number of strengths evident and substantial assurance can be provided.
Level 3 Reasonable Assurance	The systems of internal control are satisfactory, and reasonable assurance can be provided. However, there are a number of areas which require improvement.
Level 2 Limited Assurance	The systems of internal control are weak and only limited assurance can be provided. Prompt action is necessary to improve the current situation and reduce the levels of risk exposure.
Level 1 No Assurance	The systems of internal control are poor, and no assurance can be provided. There are fundamental weaknesses, and urgent action is necessary to reduce the high levels of risk exposure.

## Report Distribution

This report has been shared with key audit clients and service area management. You may wish to further share this report with colleagues directly involved in this area and any other interested parties.

## Acknowledgements

Internal Audit thank management and service staff for the cooperation and assistance throughout this audit review.



Specialist Professional Services

# Final Internal Audit Report

**Audit Title:**

Avon Pension Fund - Transfers Out

**Date of Issue:**

February 2026

**Prepared for:**

Avon Pension Fund (APF)



## Assurance Rating

Based on our review, Internal Audit have concluded the following assurance rating:

**Level 3 - Reasonable Assurance**

The systems of internal control are satisfactory, and reasonable assurance can be provided. However, there are a number of areas which require improvement.

## Executive Summary

Overall, we have given a Reasonable Assurance rating. Documented procedures and guidance were found to be in place although these were undergoing review at the time of testing.

Management oversight of transfers out includes Key Performance Indicators (KPI's) on the timeliness of processing which are routinely reported to the Pensions Board and Committee. These indicate good performance with respect to actual transfers, but that performance with respect to quotes could be improved.

ICT controls are in place which help to reduce the risk of unauthorised access or changes to member records within the pensions administration system, Altair. The system includes functionality which helps automate the task of checking member records for potential errors or data issues prior to the production of quotations. At the time of testing, Altair was found to be running the latest software version.

Separation of duties is an integral part of transfers out, and evidence shows that quotation checks are in all cases undertaken by a second officer. Authorisation thresholds also ensure that high value transfers are approved by either the Member Services Team Leader or a Pensions Manager.

Despite these internal controls being in place, there are areas where further improvements

are possible, albeit none of these were considered high-priority.

## Recommendations for Improvement

A total of 11 recommendations have been raised as a result of our review.

Recommendations are given priority ratings which reflect the significance of the findings and the need for remediation.

Priority	Recommendations
▲ High	0
▲ Medium	5
▲ Low	6

Full details of recommended actions, responsible officers and implementation dates are included in the report Action Plan.

## Follow Up Review

Work detailed in the Action Plan is to be actioned before the end of December 2026.

After this date, One West will conduct a follow up review to assess the implementation of recommendations and responsible officers will be required to provide an update on progress with the agreed actions.

## Audit Personnel

Lead Auditor: Gary Spratley  
 Audit Manager: Pat Jenkins



## Audit Methodology

This audit has been undertaken in accordance with the 2025/26 Internal Audit planned programme of work, as approved by the Committee.

Audit work has been conducted in conformance with the Global Internal Audit Standards (GIAS).

Discussions were held with the client to ensure that the audit scope and test programme provided adequate coverage of the main risk areas.

The fieldwork phase of the audit has included discussions with staff in order to walkthrough the end-to-end processes and understand how controls are implemented.

Supporting evidence and records were then reviewed in order to verify whether the identified controls were implemented consistently and effectively, for a sample of cases.

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## Audit Scope

The objective of the review was to provide independent assurance on whether the APF are managing risks associated with the Transfer Out of pension benefits effectively and in accordance with any regulatory and scheme requirements.

The agreed audit brief and test programme was issued in November 2025, and established the following control objectives:

Ensure that suitable governance processes are in place, including:

- Policies and procedures
- Monitoring and reporting of performance
- Restricted systems access
- Authorisation and separation of duties
- Suitably skilled and experienced staff

Ensure that statutory requirements are met, including:

- Fraud identification, prevention and reporting
- Eligibility of applicants
- Timeliness of processing
- Quality assurance checking of calculations and data
- Record retention

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## Background

### Overview of Transfers Out

Transfers out of the Avon Pension Fund (APF) allow members to move their accrued benefits to another pension arrangement, such as:



- Another registered Local Government Pension Scheme (LGPS) fund administrator
- Another public service pension scheme under Club transfer rules
- Another registered UK pension scheme
- A Qualifying Recognised Overseas Pension Scheme (QROPS)

Transfers typically occur when a member leaves employment or wishes to consolidate pensions.

If a member wishes to transfer out of the LGPS, the member relinquishes all LGPS benefits, including death grants and dependants' pensions. Additional Voluntary Contributions (AVCs) can be transferred separately.

### Regulatory Environment

There are several pieces of legislation which establish the framework for Transfers Out. These include:

- Pensions Act 1993 - Statutory Right to Transfer (subject to certain criteria being met)
- LGPS Regulations 2013 - Calculation and Process Rules (including for instance the requirement to use Government Actuary Department (GAD)-set actuarial factors)
- Conditions for Transfers Regulations 2021 - Anti-Scam and Due-Diligence Checks
- Pensions Schemes Act 2015 - Regulated Financial Advice Requirement (applies in instances where the transfer is to a scheme offering flexible DC (Defined Contribution) benefits, and the Cash Equivalent Transfer Value (CETV) is £30,000 or more)
- Occupational and Personal Pension Schemes (Disclosure) Regulations 2013 - requires LGPS authorities to provide a formal transfer value statement, with details of the basis of calculation

### Avon Pension Fund Approach

The Member Service Team is responsible for processing interfund and transfer out requests, and for undertaking any necessary checks that may be required.

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## Summary of Findings

### Policies and Procedures

There are no internal policies relating specifically to Transfers Out, as many of the requirements stem from the Regulatory Requirements. We were able to confirm that a range of procedure documents and guidance documents were in place. These included three documents covering Interfund Transfers, and a further eight documents relating to Transfers Out. These documents appeared to be sufficiently detailed and provided a good degree of coverage of key processes and expected controls. Unfortunately, on the day of testing the documents were not found in the central network folder, as we understand they were currently under review by the Training Team. Indeed, at least one document contained notes and queries in the margins indicating it to be a work in progress.



### Monitoring and Reporting

A degree of management oversight of this area was confirmed. The quarterly 'Pension Fund Administration Performance Report' which is presented to both the Pensions Board and Committee includes relevant Key Performance Indicators (KPI's) such as the percentage of transfer out quotes and actuals that have been completed within the scheme's internally set target timescales.

The most recent report from the Pensions Board meeting in December 2025 shows that targets for actual transfers for the preceding twelve months were in most instances met or exceeded, being 100% in most periods. There had however been a dip in the previous quarter, with targets for actual transfers not being met. With regard to target timescales for quotations, these were shown as consistently below target across the previous twelve months.

### ICT Controls

We discussed the high-level controls applied to Altair to ensure that only authorised users are able to amend member records and produce quotations for transfers out.

Password settings for Altair have been configured at the highest level that the software allows. This includes enforcing the use of a minimum number of mixed character types. Minimum password length has been set, as has the number of password attempts before a lock out occurs. It was also stated that access to the system is restricted to managed devices through the use of IP whitelisting. As such, users must also have passed any network authentication controls in order to be able to access the system. Taken together, this can be seen as a form of Multi-Factor-Authentication (MFA), which is seen as good practice by the National Cyber Security Centre (NCSC).

Additionally, evidence of role-based access was provided. This allows for different access levels and abilities to be assigned depending on the nature of the role. Each permission can be set as view/amend/delete. Different teams across APF have different roles available, further subdivided into level 1, 2, and 3, which correspond with the seniority of the role within the team.

The ability to authorise transfers out (prior to processing by payroll) is also controlled within the system; however this is achieved through the task workflows. The correct procedure requires transfers with a value of between £100k and £150k to be approved by a Team Leader, and transfers above this require management approval. We obtained screenshots from the Senior Business Analyst demonstrating that these values are enforced within the system, and our sample testing confirmed these limits have been applied.

Tasks are also configured within the system to enforce separation of duties. A further screenshot was obtained showing how a particular step within the process, in this instance to do with the checking of calculations, could not be done by the same officer that undertook the calculation itself, and again this was borne out by our sample testing and also by a review of system reports which showed that in 100% of cases, checks were undertaken by a different officer to the one preparing the calculation.

We also made enquiries regarding the updating of the system, including patches and any standing data such as GAD factors. Given that the system is fully hosted, updates are typically applied by Heywood on a quarterly basis, and advance notice is provided to APF to minimise any potential disruption. The latest version of Altair, v25.4, was in use at the time of testing.



Infrequently, updates of standing data may need to be applied locally, most recently in January 2024, however there is currently no evidence retained of post update checks and sign off to demonstrate that the changes were verified.

### Staff Training and Induction

The current APF structure includes a Technical Compliance section, which in turn includes a Training Team and Officers. We contacted the Training Team for evidence of induction processes and training provided to Member Services, with the focus on Transfers Out.

A standard induction checklist is in place, and was found to contain 61 separate activities, with timescales ranging from prior to the start date up to several months after the start date. Whilst the activities are much broader in scope and serve as a general introduction to APF, several entries were related to transfers out, such as those covering member services overview and aggregations.

Each new starter also has a one-month plan to supplement the induction checklist. The plan details various activities by day and week that are to be covered.

We confirmed that the above induction records were in place for two recent starters on the Member Services team. Some gaps were noted however such as missing dates/no use of the check boxes on the checklist, and similarly some dates absent from the month one plan, which reduces somewhat the assurance provided by these documents.

The Training Team also provided a summary of professional and in-house training provided to Member Services in relation to Transfers Out. We found this to provide good evidence of ongoing training, support and development of staff overall. From April 2022 until December 2025, 22 staff were shown as having attended courses run by the LGA, with a further 4 booked to attend courses in Spring 2026. The summary shows formal qualifications were also held, 12 staff with the Chartered Institute of Payroll Professionals (CIPP) and a further 4 due to complete qualifications with the LGA. In each case these qualifications are understood to contain modules on Transfers Out, including discussions of pension scam risks.

The summary also shows numerous instances of training sessions being provided in house with a focus on Transfers Out, each session typically covering one of the related task flows within the Altair system. Whilst these internal sessions did appear to be up to date for many staff, two instances were noted where the records suggest additional training is currently outstanding and needed.

### Pension Scams

The risk of pension scams has significantly increased in recent years and there are dangers for scheme members and officers alike who must be alerted to these risks and ensure they are managed effectively. This is a particular concern within the realm of Transfers Out, where scheme members may fall foul of criminal organisations who are seeking to gain access to their funds. Information published on The Pensions Regulator website indicates that 'in 2024, losses from pension fraud totalled £17.5 million, with an average loss of approximately £34,000 per individual.' These are of course only the confirmed losses, as with most types of fraud, the true figures are almost certainly much higher, as many cases of fraud tend to go unreported.



We found that APF have a good degree of processes in place to help mitigate potential pension scams. Whilst not prominent on the homepage, the website nevertheless contained a page containing information on pension scams, which contained a good amount of information.

Members requesting a quotation are provided with a standard leaflet warning of pension scam risks, and should they choose to proceed with a transfer they are required to complete and return a 'member questionnaire', which includes several questions designed to trigger red flag warnings that would then require further investigation by APF.

Standard procedures also require that, prior to a transfer, background checks are undertaken by APF and evidenced. These include a check with the Financial Conduct Authority (FCA) website register, as well as Companies House. These checks apply to both receiving schemes, and any independent financial advisors that may have been used by the member. Our sample testing confirmed these checks had been undertaken and evidenced, however the quality of the supporting evidence could in some cases be improved.

Regarding independent financial advice, this is mandatory for all transfers (other than interfund) of over £30k, however we were somewhat surprised to find the requirement only meant that the advisor had to be independent of APF, not independent of the receiving scheme. This came to light during our walkthrough of a high value transfer to a defined contributions scheme, where the advisor relied on by the member was employed by the same group of companies as the receiving scheme. Nevertheless, all necessary checks by APF had been conducted and evidence retained, so compliance with regulatory requirements had been met. Due to the size of the transfer in this case, there was also evidence of an additional telephone call made to the member by a Senior Pensions Officer, as a final check.

Overall, then, we found that there are good processes in place, driven largely by regulatory requirements.

One aspect that may be improved further is in the production of an overarching fraud risk assessment for APF, as this does not currently exist. The driver for this particular recommendation is the recently introduced corporate criminal offence of 'failure to prevent fraud,' which forms part of the Economic Crime and Corporate Transparency Act 2023. This applies to all public sector organisations and the supporting guidance states that having a suitable fraud risk assessment in place would be seen as one of the key pieces of evidence for mitigating allegations of failure to prevent fraud.

### Timeliness of Processing

APF have established Key Performance Indicators (KPI's) which include timescales for providing transfer quotations and for processing of the transfer itself. These are reported to the Pension Board and Committee periodically. Across the previous twelve months, targets for processing of transfers were generally met, however the targets for provision of quotations were generally not met. In the case of member 46424, which was the subject of our interfund walkthrough, we noted that although a request for information had been made in July 2024, it was not until this was chased in June 2025 that the information was provided.

Statutory timescales also apply in relation to transfers out, and cover the provision and acceptance of quotations, and the payment of transfers. Where transfers do not occur within the statutory timescales, scheme administrators are required to pay interest or generate a revised calculation. In a fairly recent case, where the payment occurred in April 2025, an incorrect amount was paid to



the receiving scheme due to a failure in recalculating, which was only brought to light by the receiving scheme. Within our test sample of Transfers Out, it was evidence that recalculations had occurred in most instances, although evidence of a revised calculation was not provided by the end of testing for member 161598.

### Quotation Calculations

Calculations involve many variables and rely on the use of appropriate multipliers, known as GAD Factors, which are published on LGA website.

For a sample of cases, we used the published GAD factors together with Artificial Intelligence (AI) tools to conduct a reasonableness check of the calculations within the quotations. This did not identify any issues within the sample. One query was generated involving interpolated factors, which the Team Leader was able to resolve by providing manual calculations demonstrating how interpolated factor was determined, which we could then trace back to the published data.

### Data Retention Policy

A policy is published on the APF website, which clearly states the overall retention periods for member records. In most instances, these records will be retained for at least the lifespan of the member/pensioner, however where entitlement to benefits ends, such as following a complete Transfer Out, the retention period is then fifteen years.

The ability to delete expired member records is impeded to some degree by system limitations, which APF mitigate by stating that the data will instead be 'put beyond use.'



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## Positive Observations

- Procedure and guidance documents are in place as an aid to staff when processing Transfers Out.
- There are clear separations of duty which ensure that CETV quotations are independently checked and verified by a Senior Pensions Officer.
- A tiered approach has been adopted for the authorisation of Transfers Out, with any transfer between £100k and £150k requiring Team Leader approval, and transfers above this amount requiring Manager approval.
- Processes are in place for conducting due diligence and verification checks relating to the status of independent financial advisors, as well as any non-club pension providers.
- When conducting due diligence checks, officers use official sources such as gov.uk websites for these checks.
- When communicating with third party organisations, officers use contact details published on official sources such as gov.uk websites.
- The level of due diligence checks scales with risk, with interfund transfers being the lowest risk, club transfers somewhat higher risk, and non-club transfers the highest risk.
- A Training Team is in place which co-ordinates and oversees the training of APF staff, including Member Services.
- A structured and documented approach to staff induction is in place.
- Relevant officers have completed qualifications from different bodies which include modules covering Transfers Out.
- Whilst not always met, Key Performance Indicators have been set and are regularly monitored and reported.
- The Altair system is updated quarterly by Heywood, including any relevant standing data and patches.
- Unauthorised changes to member data is restricted.
- Password settings are at the highest level allowed by the system and role profiles provide tailored access.

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**Weaknesses and areas for improvement identified during the course of the audit review are captured in the report Action Plan.**

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**Action Plan - Medium Priority Findings**

Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<p><b>Key Performance Indicators</b>                      APF have established internal KPI's for transfer out quotations and actuals which revolve around processing at least 80% of cases within a fixed time period.</p> <p>The most recent data from the Pensions Board meeting in December 2025, shows that performance for actual transfers is good overall, reaching 100% in most months, although there has been a dip to below the target in last quarter.</p> <p>Quotations however have consistently missed the 80% target, with scores ranging from lows of 8.8% to highs of 52%.</p> <p>We note that the KPI's are somewhat aspirational when compared with statutory timescales.</p>	<p>Failure to achieve KPI's may result in reputational damage or customer dissatisfaction.</p>	<p>APF should attempt to improve KPI performance, in particular for transfer out quotations.</p> <p>Consideration might also be given to relaxing the KPI requirement slightly.</p>	<p>Agreed.</p> <p>Transfers out are prioritised along with other KPI tasks.</p> <p>Every effort will be made to meet the KPIs in line with other business needs</p>
<p><b>Responsible Officer</b></p>	<p>RC, Member Services Manager</p>	<p><b>Target Implementation Date</b></p>	<p>December 2026</p>

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M1



Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<p><b>Counter Fraud Risk Assessments</b></p> <p>Under the Economic Crime and Corporate Transparency Act 2023, a new offence of 'Failure to prevent fraud' was introduced, with the official guidance stating that risk assessments were one of the six principles necessary to demonstrate good governance.</p> <p>Whilst APF internal procedures and guidance undoubtedly include actions that will help to prevent fraud and scams, we are not aware of any specific counter fraud risk assessment undertaken by APF. Similarly, we did not find any reference to fraud risks within the risk register reported to the Board in December 2025.</p>	<p>In the event of a fraud occurring, APF may not be able to fully demonstrate that all reasonable steps had been taken with regard to prevention.</p>	<p>APF should consider undertaking and documenting a fraud risk assessment and including fraud risk within the risk register.</p>	<p>Agreed.</p> <p>APF will seek further guidance on counter fraud regulations.</p>
<p><b>Responsible Officer</b></p>	<p>CM, Governance and Risk Advisor</p>	<p><b>Target Implementation Date</b></p>	<p>December 2026</p>



	Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<p style="text-align: center;"><b>M3</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 68</p>	<p><b><u>Supporting Evidence for Scam Checks</u></b> Transfer out for member 52956.</p> <p>The scans provided as supporting evidence for the Financial Conduct Authority and Companies House checks were of such poor quality as to be mostly illegible.</p>	<p>Ability to demonstrate the appropriate checks had been completed is compromised.</p>	<p>Management and the Training Team should ensure that those gathering supporting evidence for retention are reminded that this should be clear and legible.</p>	<p>Agreed.</p> <p>Refresher training and procedure guides to be re-issued to team to ensure all supporting evidence is clear.</p>
	<p><b>Responsible Officer</b></p>	<p>PR, Member Services Team Leader</p>	<p><b>Target Implementation Date</b></p>	<p>April 2026</p>

	Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<p style="text-align: center;"><b>M4</b></p>	<p><b><u>Transfer Quotations</u></b> A club transfer was paid in April 2025 to the Civil Service Pension. The amount transferred was based on a quote that was more than six months old, and as such the guarantee period had expired.</p> <p>The error was identified by the receiving scheme and a new calculation and adjustment payment followed; however this</p>	<p>Members pensions may be negatively affected.</p>	<p>APF should ensure that all staff are suitably aware of the expiry period for quotes and that these are actively checked prior to transfer.</p>	<p>Agreed.</p> <p>Refresher training and procedure guides to be re-issued to team to ensure there is a clear understanding of expiry periods for transfer calculations.</p>



Page 69	<p>illustrates that even with separation of duties and quality checks in place, errors can be made.</p> <p>A less astute receiving scheme would have been less likely to have picked up on this error.</p> <p>Our sample testing also included the transfer for member 161598. In this instance the only quote provided to us was dated 23 January 2025 (relevant date), but the payroll instruction for payment did not occur until 11 August 2025, more than six months later.</p>			
	<b>Responsible Officer</b>	PR, Member Services Team Leader	<b>Target Implementation Date</b>	April 2026

	Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<b>M5</b>	<p><b><u>System Data – Post Update Checks</u></b></p> <p>Altair is a hosted system and most standing data, such as GAD factors, are updated by Heywood during scheduled quarterly system updates. In</p>	<p>Standing data may be incorrect, leading to unreliable pension calculations.</p>	<p>Where local updates of standing data occur, post update checks should be conducted, signed off, and retained.</p>	<p>Agreed.</p> <p>The number of data points updated can be significant in some cases. Where this is the case, we can sample/dip test the new data points as necessary.</p>



	<p>some instances, it is necessary to process an update of standing data locally, the last occurrence being in January 2024.</p> <p>Where this occurs, there is currently no record retained of post update checks/sign off, as evidence that the standing data has updated correctly.</p>			<p>We will retain evidence of these checks, including the date, completing officer, and sign off by a Team Lead or higher.</p>
	<p><b>Responsible Officer</b></p>	<p>MW, Senior Business Analyst</p>	<p><b>Target Implementation Date</b></p>	<p>Immediate</p>



**Action Plan - Low Priority Findings**

Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<p><b>Procedures and Guidance</b>                      As at the time of the testing, there was only one procedure document available to staff in the designated network folder.</p> <p>It was indicated that the bulk of the documents were currently under review.</p> <p>Copies of procedures such as the 'Interfund Out Processing Guide' contained multiple comments in the margins, also indicating they were currently a work in progress.</p> <p>A further observation regarding procedures was that these did not typically contain document control information such as:                      Version number                      Date                      Author                      Approver</p>	<p>Lack of access to procedures, or lack of certainty regarding versioning, may lead to inconsistent or incorrect application.</p>	<p>The procedure and guidance documents should be promptly reviewed and returned to the central folder to ensure they are available to staff.</p> <p>These documents should include a simple table or other method for version control information.</p>	<p>Agreed</p> <p>To complete the review of all transfer out guides and get these approved and signed off.</p>
<p><b>Responsible Officer</b></p>	<p>APF Training Team</p>	<p><b>Target Implementation Date</b></p>	<p>September 2026</p>

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	Identified Weakness	Potential Implication	Recommendation	Agreed Actions
L2 Page 72	<p><b>McCloud Remedy</b> We note from the Pension Fund Administration Performance Report taken to the Pension Board on 3 June 2025 that, with regard to the McCloud remedy, APF have finished processing certain types of transfer out cases such as non-club and interfund, but there are more complex cases still to be resolved, including for instance club transfers.</p>	Member data is not fully reliable.	APF should continue work on updating affected member records, to ensure that the McCloud remedy is fully integrated and accounted for.	<p>Agreed.</p> <p>APF, with the full support of the Pension Board, have decided to exercise its discretion to make a determination in respect of McCloud. This will give the fund until 31 August 2026 to complete all remaining remedy cases.</p>
	<b>Responsible Officer</b>	CN, Pensions Operations Manager	<b>Target Implementation Date</b>	August 2026

	Identified Weakness	Potential Implication	Recommendation	Agreed Actions
L3	<p><b>Induction Evidence</b> Induction spreadsheet summaries were provided for two recent starters in Member Services. Whilst these included standard checklists and schedules, the documents did not make it clear whether all activities had been completed, for example:</p>	This may reduce the level of assurance provided by the documents that all induction activities were completed.	APF should ensure that induction records make it clear whether all activities were completed as planned.	<p>Agreed.</p> <p>To review the process of completion of these and follow up with admin team leaders for relevant sign off as needed.</p>



<p>Checkboxes alongside the checklists had not been used. Dates for the completion of activities had not always been recorded (in some instances these were recorded on one example but not the other).</p>			
<p><b>Responsible Officer</b></p>	<p>APF Training Team</p>	<p><b>Target Implementation Date</b></p>	<p>June 2026</p>

	Identified Weakness	Potential Implication	Recommendation	Agreed Actions
<p>Page 73</p> <p>L4</p>	<p><b><u>Training Gaps</u></b>                      Based on a summary spreadsheet of staff training activity, although there is a good amount of both formal and on-the-job training provided, the data suggests that not all staff were fully up to date.                       For example, CH and KL both had gaps showing in their training.                       Furthermore, our sample of cases included two where uncertainty or errors had occurred, potentially as a result of inexperience.                       Member 192957: Incorrect</p>	<p>This may increase the risk of errors occurring or inconsistent practices being applied.</p>	<p>The Training Team and Line Managers should ensure all training is fully up to date.                       All relevant staff have a thorough awareness of rules relating to aggregations and where necessary independent technical advice is sought at an early stage.                       Where the member has expressed uncertainty, APF should consider contacting them for further discussion or to advise as necessary.</p>	<p>Agreed.                       APF training team will create a simple competency matrix spreadsheet that will encompass learning from the initial induction sessions through to the more detailed training. This will show when training has taken place and where training gaps are. Senior Officers and Team leaders from the admin teams should be checking work and feeding into the training team where further knowledge is needed based on error rates.</p>



Page 74	<p>handling of prior benefits with a separate Scheme Administrator resulted in funds having to be returned.</p> <p>Member 198264: Incorrect discharge forms were issued, which, based on the supporting evidence, was avoidable.</p> <p>We note these cases were resolved at the time.</p>			
	<b>Responsible Officer</b>	APF Training Team	<b>Target Implementation Date</b>	June 2026

	Identified Weakness	Potential Implication	Recommendation	Agreed Actions
L5	<p><b><u>Supporting Evidence for Scam Checks</u></b> Non-club transfer out for member 65969.</p> <p>Supporting evidence for the Financial Conduct Authority (FCA) checks consisted of screenshots, but these did not provide any indication of whether the company was authorised to manage pensions and to give advice relating to the transfer of pensions, the</p>	<p>Lack of robust supporting evidence could be seen as an indicator that due diligence checks were not thorough.</p>	<p>Screenshots supporting independent checks should clearly show that the receiving scheme is authorised to conduct specific activities in relation to pensions.</p>	<p>Agreed.</p> <p>Refresher training and procedure guides to be re-issued to team to ensure there is a clear understanding of the need for clear screenshots and evidence.</p>



Page 75	<p>latter being relevant due to the independent financial advice being provided to the member by an employee of the receiving scheme.</p> <p>Our own online search using the FCA website was able to find these details.</p> <p><a href="#">Firm details   FCA</a></p>			
	<b>Responsible Officer</b>	PR, Member Services Team Leader	<b>Target Implementation Date</b>	April 2026

	<b>Identified Weakness</b>	<b>Potential Implication</b>	<b>Recommendation</b>	<b>Agreed Actions</b>
L6	<p><b><u>System Report Data Quality</u></b> There appeared to be some data quality issues relating to the Transfer Out Deferred Quote Export system report provided.</p> <p>For example, member 187636, a quotation was produced and checked in August 2025, yet the TV_QUOTE_SENT date was shown as March 2022.</p>	Unreliable data can impede analysis and decision making.	APF should identify the cause of the data discrepancies and take action to ensure that the data is fully up to date and reliable.	<p>Agreed.</p> <p>Improved reporting has been developed in SQL/SSRS and has already been implemented.</p>



	<p>In total there were 78 entries within the report where the TV_QUOTE_SENT date was earlier than the BTVOQ - Case Created date.</p> <p>This suggests that either data within the system, or the reporting functionality, is not fully reliable.</p>			
	<p><b>Responsible Officer</b></p>	<p>MW, Senior Business Analyst</p>	<p><b>Target Implementation Date</b></p>	<p>Immediate</p>



## Guide to Assurance Ratings

Assurance Rating	Opinion
Level 5 Full Assurance	The systems of internal control are excellent with a number of strengths evident. No weaknesses have been identified, and full assurance can be provided.
Level 4 Substantial Assurance	The systems of internal control are good with a number of strengths evident and substantial assurance can be provided.
Level 3 Reasonable Assurance	The systems of internal control are satisfactory, and reasonable assurance can be provided. However, there are a number of areas which require improvement.
Level 2 Limited Assurance	The systems of internal control are weak and only limited assurance can be provided. Prompt action is necessary to improve the current situation and reduce the levels of risk exposure.
Level 1 No Assurance	The systems of internal control are poor, and no assurance can be provided. There are fundamental weaknesses, and urgent action is necessary to reduce the high levels of risk exposure.

## Report Distribution

This report has been shared with key audit clients and service area management. You may wish to further share this report with colleagues directly involved in this area and any other interested parties.

## Acknowledgements

Internal Audit thank management and service staff for the cooperation and assistance throughout this audit review.

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Specialist Professional Services

# Draft Internal Audit Plan 2026/27

March 2026

Prepared by:

Peter Cann, Head of Audit & Assurance

Pat Jenkins, Audit Manager

Prepared for:

**Avon  
Pension  
Fund**





	Planned Audit Reviews 2026/27	Indicative Quarter
1	Risk Management	Q1
2	Pension Dashboard - Data Readiness: Phase 1	Q2
3	Cyber Security - Staff Training & Awareness, inc. Boards	Q3
4	Cyber Security - Malware & Ransomware: APF Response	Q4
5	LPPI - Review of Control Environment	Q4
6	Follow Up Reviews on 2025/26 Audits	All



<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD OF AVON PENSION FUND</b>
MEETING DATE:	11/03/2026
TITLE:	Administration Performance Report
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<p>List of attachments to this report:</p> <p>Appendix 01 – Administration update</p> <p>Appendix 02 - Data Improvement Plan</p> <p>Appendix 03 - TPR data improvement report</p>	

## 1 THE ISSUE

- 1.1 The purpose of this report is to present the fund administration performance for the period up to and including 31<sup>st</sup> January 2026 v's key performance indicators (KPI's).
- 1.2 Review and approve the funds Data Improvement Plan (DIP).

## 2 RECOMMENDATIONS

### The Pension Board is asked to;

- 2.1 Note the service performance to the period ending 31<sup>st</sup> January 2026.
- 2.2 Approve the Data Improvement Plan

## 3 THE REPORT

- 3.1 Performance - Appendix 1 includes details of the Fund's current service levels for KPIs and status 2 backlog.
- 3.2 Data Improvement Plan - Part of the TPR General Code of Practice requires funds to have a data improvement plan (DIP). Appendix 2 is the new DIP which outlines how we maintain both common and scheme specific data. The board is asked to review and approve the plan.
- 3.3 Appendix 3 – is the funds report on data improvement in line with our data improvement plan. A small increase in cases can be seen, this is primarily due to the annual benefit statement exercise which triggers the return of post due to “gone aways” and the introduction of the data cleansing tool within Altair which has raised new data queries for the fund.
- 3.4 Recruitment – The administration currently have 4.8 FTE vacancies across the administration spread across multiple teams.
- 3.5 3 officers have recently passed the 2<sup>nd</sup> exam towards the LGA qualification.

#### **4 STATUTORY CONSIDERATIONS**

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

4.2 The Pension Board has an advisory role in assisting the administering authority by making recommendations about compliance, process and governance. The Board does not have a decision-making role.

#### **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 None.

#### **6 RISK MANAGEMENT**

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

#### **7 EQUALITIES STATEMENT**

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

#### **8 CLIMATE CHANGE**

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

#### **9 OTHER OPTIONS CONSIDERED**

9.1 None.

#### **10 CONSULTATION**

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

<b>Contact person</b>	Claire Newbery Pensions Operations Manager 01225 394701
<b>Background papers</b>	None

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

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# Administration Update 11<sup>th</sup> March 2026

Claire Newbery

Pensions Operations Manager

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Avon  
Pension  
Fund



Your pension, your future



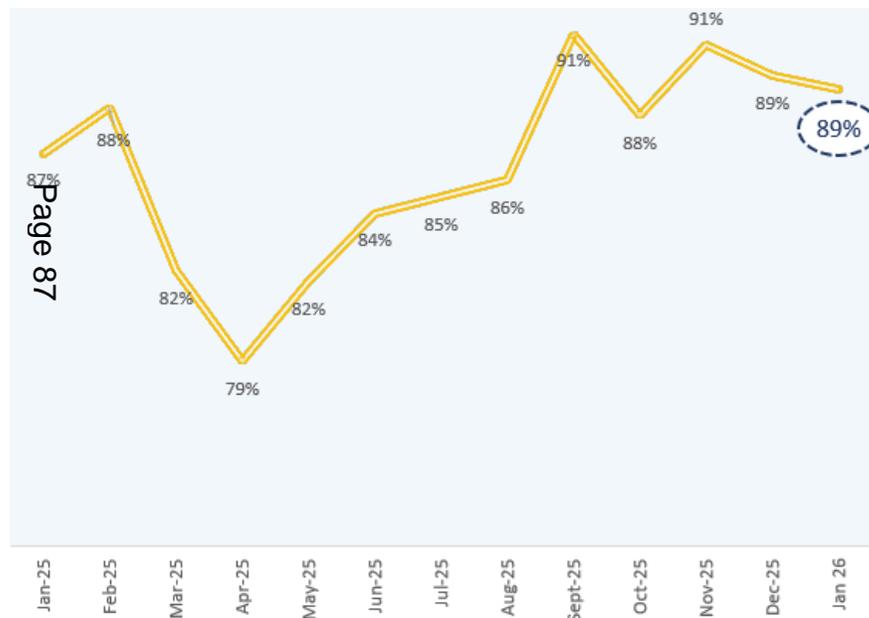
# KPI's



# SLA monthly performance average January 2025 to January 2026

## Average SLA Performance

\*Based on weekly KPI data



KPI Category	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sept-25	Oct-25	Nov-25	Dec-25	Jan 26	Cases Created Jan-24 to Jan-26
Death Notification	100.0%	93.8%	63.8%	71.0%	76.7%	90.6%	97.0%	98.2%	94.8%	98.7%	92.9%	97.2%	97.8%	1,261
Death - Act/Def/Pen - Payment	81.6%	65.3%	59.9%	49.2%	60.3%	52.6%	70.4%	70.9%	51.4%	55.6%	53.1%	86.6%	64.1%	941
Retirement (Active) - Quote	45.5%	83.5%	77.7%	80.4%	69.7%	61.7%	76.8%	89.9%	85.0%	79.9%	79.8%	87.8%	83.9%	2,903
Retirement (Active) - Actual	94.4%	90.1%	83.5%	69.4%	78.5%	80.8%	97.0%	92.1%	90.6%	93.5%	90.9%	88.6%	91.4%	2,036
Retirement (Deferred) - Quote	73.8%	71.3%	57.0%	25.5%	72.3%	80.7%	68.7%	81.0%	93.5%	91.0%	82.4%	86.3%	92.2%	4,863
Retirement (Deferred) - Actual	99.0%	98.7%	77.0%	85.5%	77.4%	76.1%	88.5%	90.6%	90.9%	86.9%	86.8%	84.2%	95.9%	3,285
Divorce - Quote	100.0%	100.0%	100.0%	86.3%	95.5%	100.0%	96.4%	100.0%	96.9%	100.0%	100.0%	98.8%	100.0%	707
Divorce - Actual	N/A	0.0%	20											
Refund - Quotes	73.4%	93.3%	72.5%	52.5%	64.1%	67.3%	52.1%	36.1%	85.5%	84.2%	92.0%	70.7%	76.5%	5,809
Refund - Actual	66.7%	68.6%	61.1%	77.7%	39.3%	70.3%	94.8%	98.6%	100.0%	94.6%	100.0%	94.1%	91.1%	2,094
Deferred Benefits	92.6%	87.8%	86.0%	83.8%	84.6%	87.9%	97.8%	90.0%	90.8%	86.7%	94.6%	89.3%	87.7%	6,671
Transfer In (Active) - Quote	97.4%	93.9%	77.1%	60.0%	42.2%	64.9%	58.9%	44.7%	33.3%	95.5%	72.1%	100.0%	63.8%	789
Transfer In (Active) - Actual	0.0%	56.4%	50.0%	100.0%	63.9%	47.7%	78.6%	72.2%	83.3%	50.0%	83.3%	66.7%	75.0%	387
Transfer Out (Active/Deferred) - Quote	35.9%	2.8%	9.8%	30.4%	34.8%	27.2%	43.5%	46.4%	52.0%	8.8%	25.8%	40.0%	22.4%	2,542
Transfer Out (Active/Deferred) - Actual	100.0%	83.3%	100.0%	33.3%	100.0%	85.4%	100.0%	62.5%	77.8%	20.8%	66.7%	45.0%	41.0%	256
Employer Estimate - Quote	94.5%	100.0%	97.5%	92.0%	76.4%	86.4%	90.2%	91.7%	100.0%	91.7%	100.0%	83.3%	76.0%	499
Member Estimate - Quote	91.9%	97.5%	94.3%	96.3%	87.1%	100.0%	90.9%	77.2%	76.7%	60.8%	96.2%	95.0%	93.8%	1,592
Joiner	99.6%	100.0%	99.6%	99.8%	99.8%	100.0%	95.4%	100.0%	100.0%	100.0%	100.0%	100.0%	99.5%	24,598
<b>Weighted Average</b>	<b>87%</b>	<b>88%</b>	<b>82%</b>	<b>79%</b>	<b>82%</b>	<b>84%</b>	<b>85%</b>	<b>86%</b>	<b>91%</b>	<b>88%</b>	<b>91%</b>	<b>89%</b>	<b>89%</b>	

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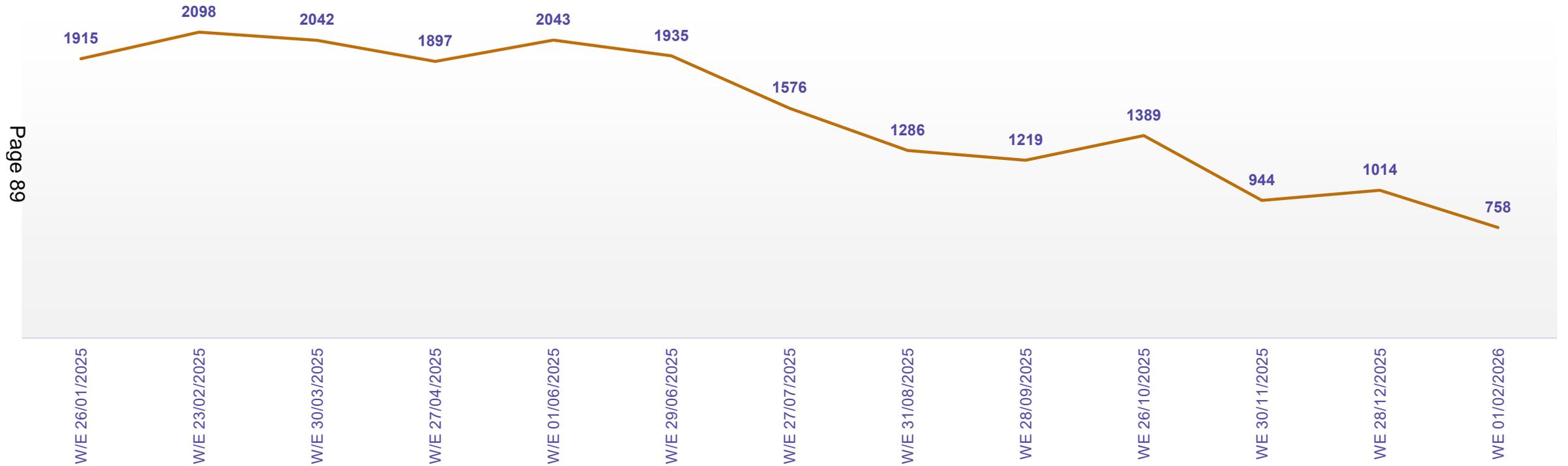
# KPI cases completed Jan 2026

(cases numbers v target – cumulative % processed)

		Tasks Current Quarter									
		Actual Days to Process									
		0 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	31 to 40	41 to 45	46 to 59	60+
Death Notification	5 Days	98%	100%								
Death - Act/Def/Pen - Payment	10 Days	52%	67%	82%	85%	91%	94%	97%	100%		
Retirement (Active) - Quote	15 Days	56%	71%	84%	87%	91%	95%	96%	96%	98%	100%
Retirement (Active) - Actual	15 Days	75%	81%	90%	94%	96%	97%	97%	99%	99%	100%
Retirement (Deferred) - Quote	30 Days	41%	44%	58%	69%	78%	89%	96%	99%	99%	100%
Retirement (Deferred) - Actual	15 Days	54%	80%	94%	97%	97%	98%	100%			
Divorce - Quote	45 Days	29%	55%	69%	83%	91%	95%	100%			
Divorce - Actual	15 Days							100%			
Refund - Quotes	10 Days	75%	83%	91%	95%	95%	97%	99%	99%	100%	
Refund - Actual	10 Days	46%	83%	96%	99%	100%					
Deferred Benefits	30 Days	60%	75%	80%	83%	90%	93%	96%	96%	98%	100%
Transfer In (Active) - Quote	10 Days	59%	81%	84%	88%	100%					
Transfer In (Active) - Actual	10 Days	73%	87%	93%	93%	93%	93%	100%			
Transfer Out (Active/Deferred) - Quote	10 Days	6%	23%	44%	69%	85%	92%	99%	100%		
Transfer Out (Active/Deferred) - Actual	10 Days	38%	46%	62%	65%	69%	69%	81%	92%	92%	100%
Employer Estimate - Quote	15 Days	80%	90%	90%	90%	90%	90%	100%			
Member Estimate - Quote	15 Days	71%	86%	92%	95%	97%	97%	100%			
Joiner	40 Days	33%	64%	89%	97%	100%					

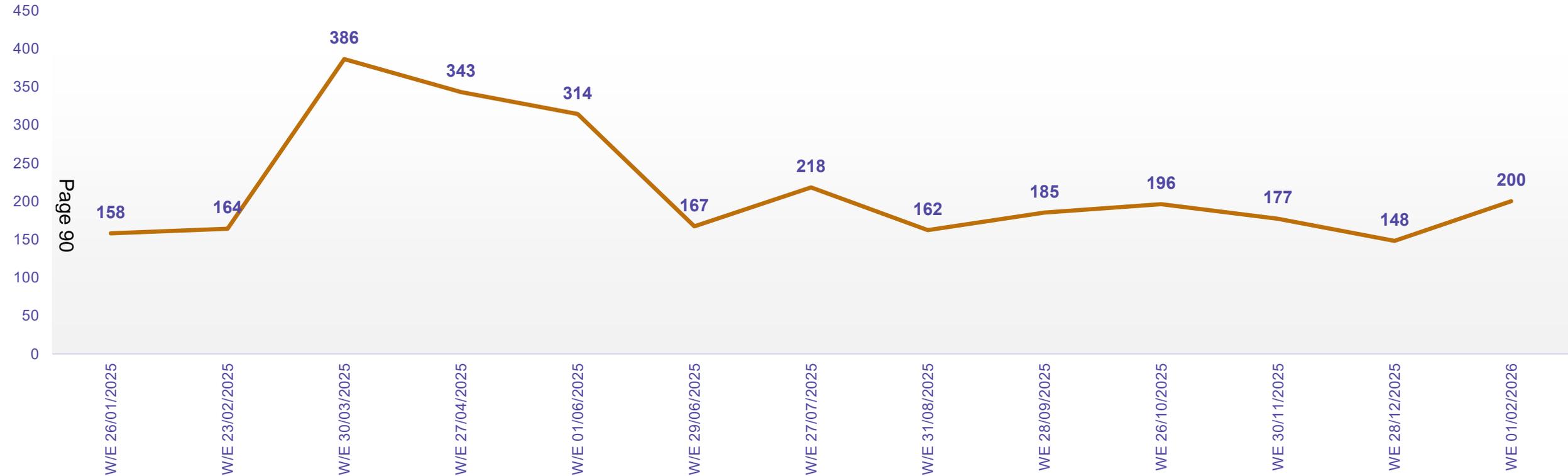
# Total KPI's outstanding – Jan 2025 to Jan 2026

## KPI Cases Outstanding



# KPI's outstanding over 31 days – Jan 2025 to Jan 2026

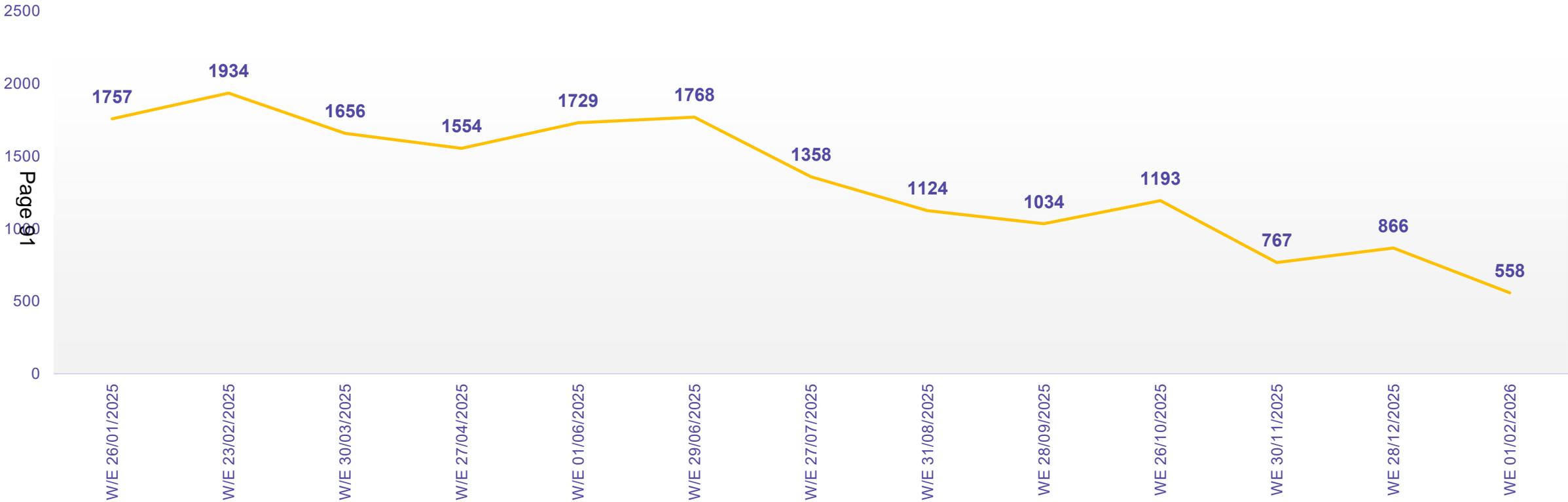
KPI Cases Outstanding 31+ Days



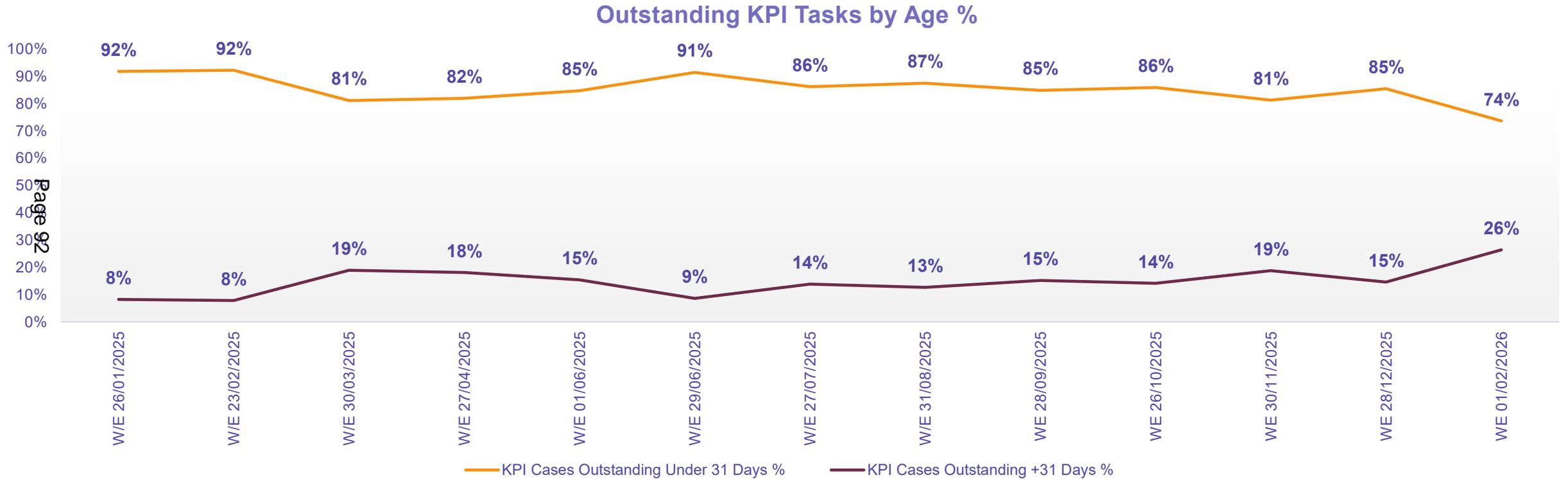
# KPI cases outstanding under 31 days – Jan 2025 to Jan 2026



KPI Cases Outstanding Under 31 Days

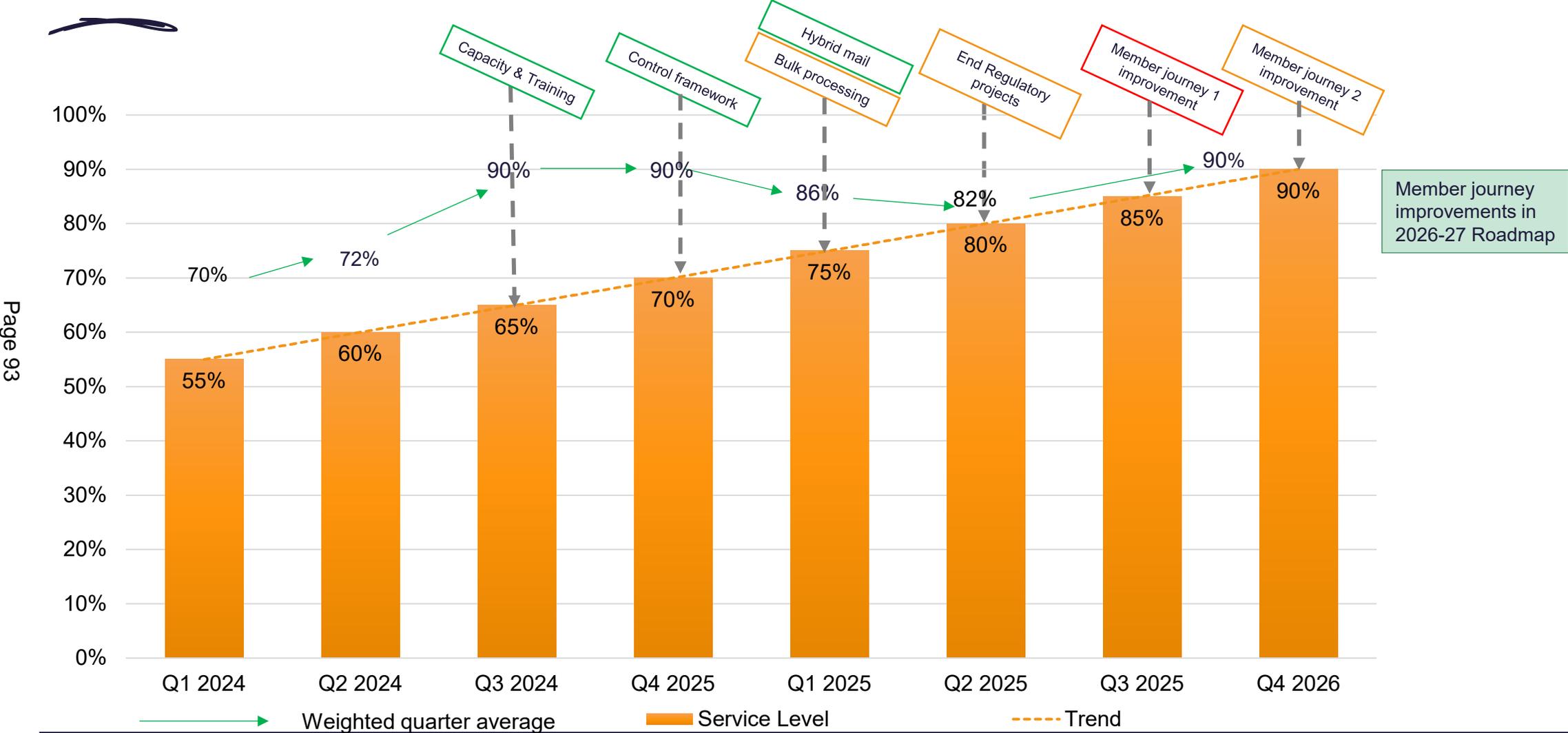


# KPI's case by age % - Jan 2025 to Jan 2026



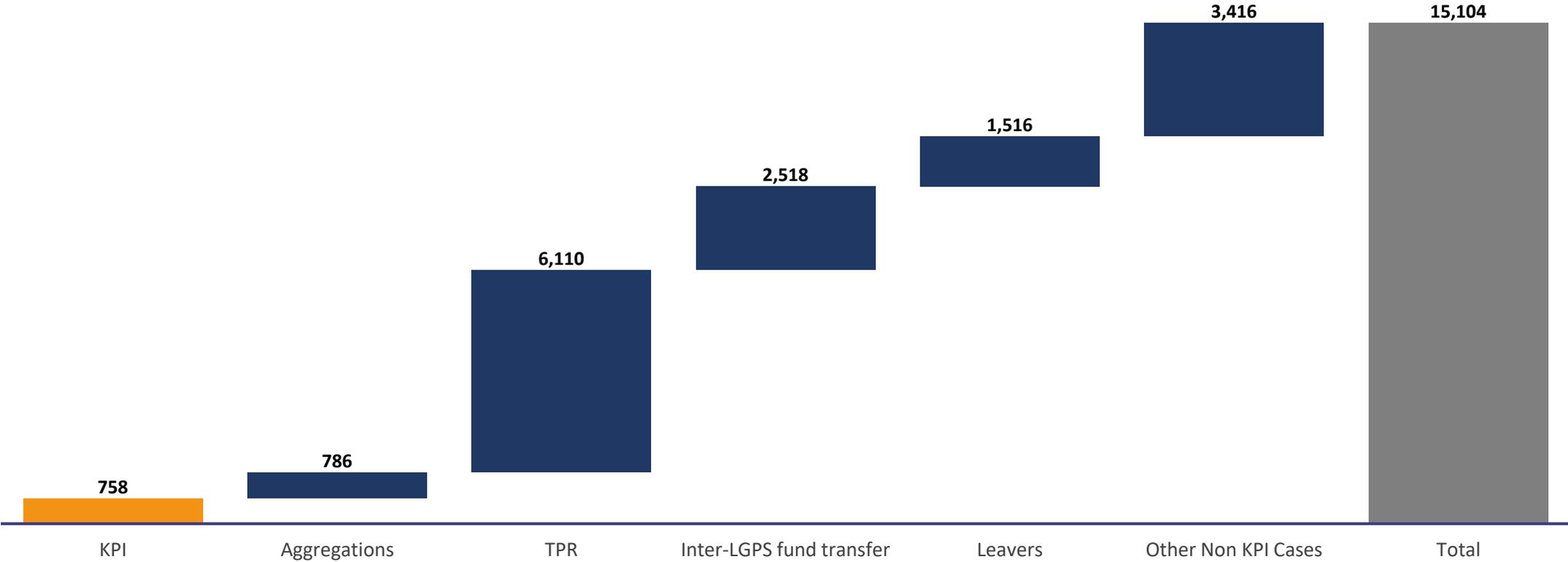
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# Service performance – plan vs. actual – Jan 2026



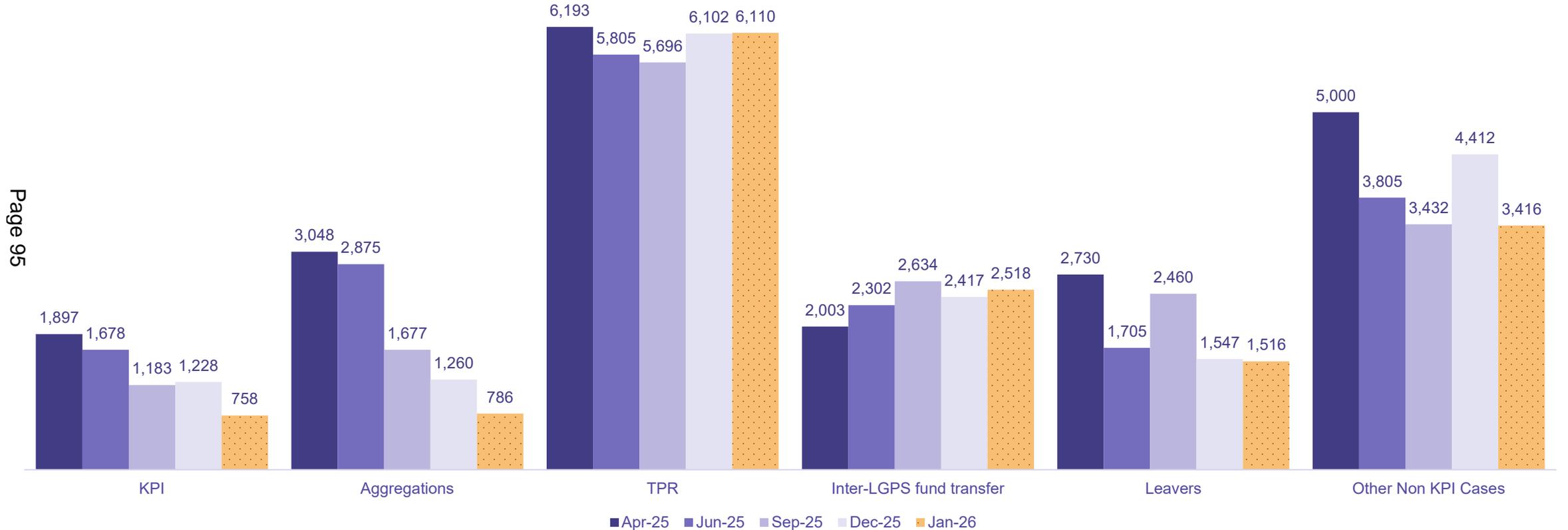
# All outstanding cases – Jan 2026 (all operations teams) (KPI & Non KPI cases)

Outstanding Cases as at Jan-26



# All outstanding cases by type comparison Apr 25 – Jan 26

Outstanding Cases Comparison



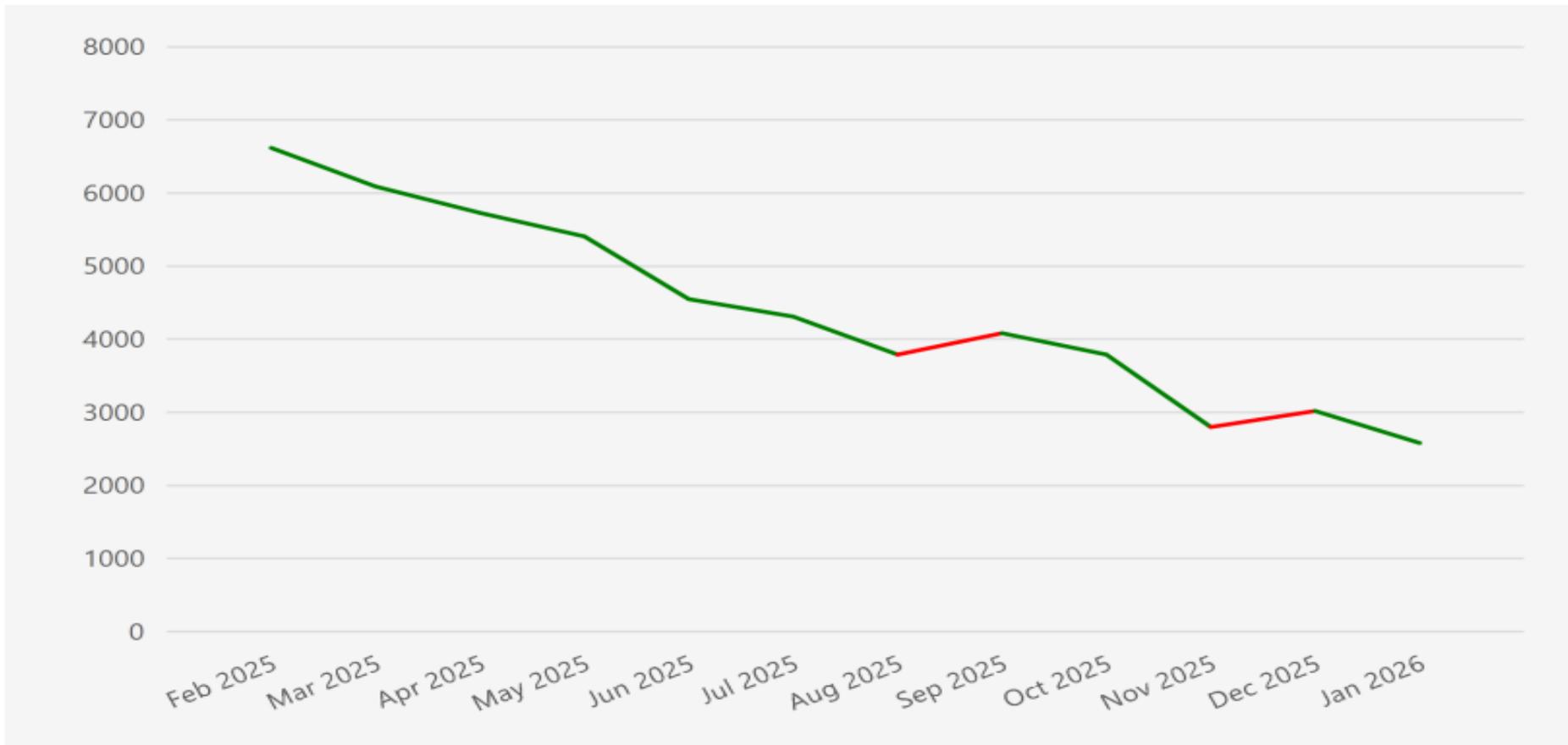
# Status 2 Records



# Status 2 Records



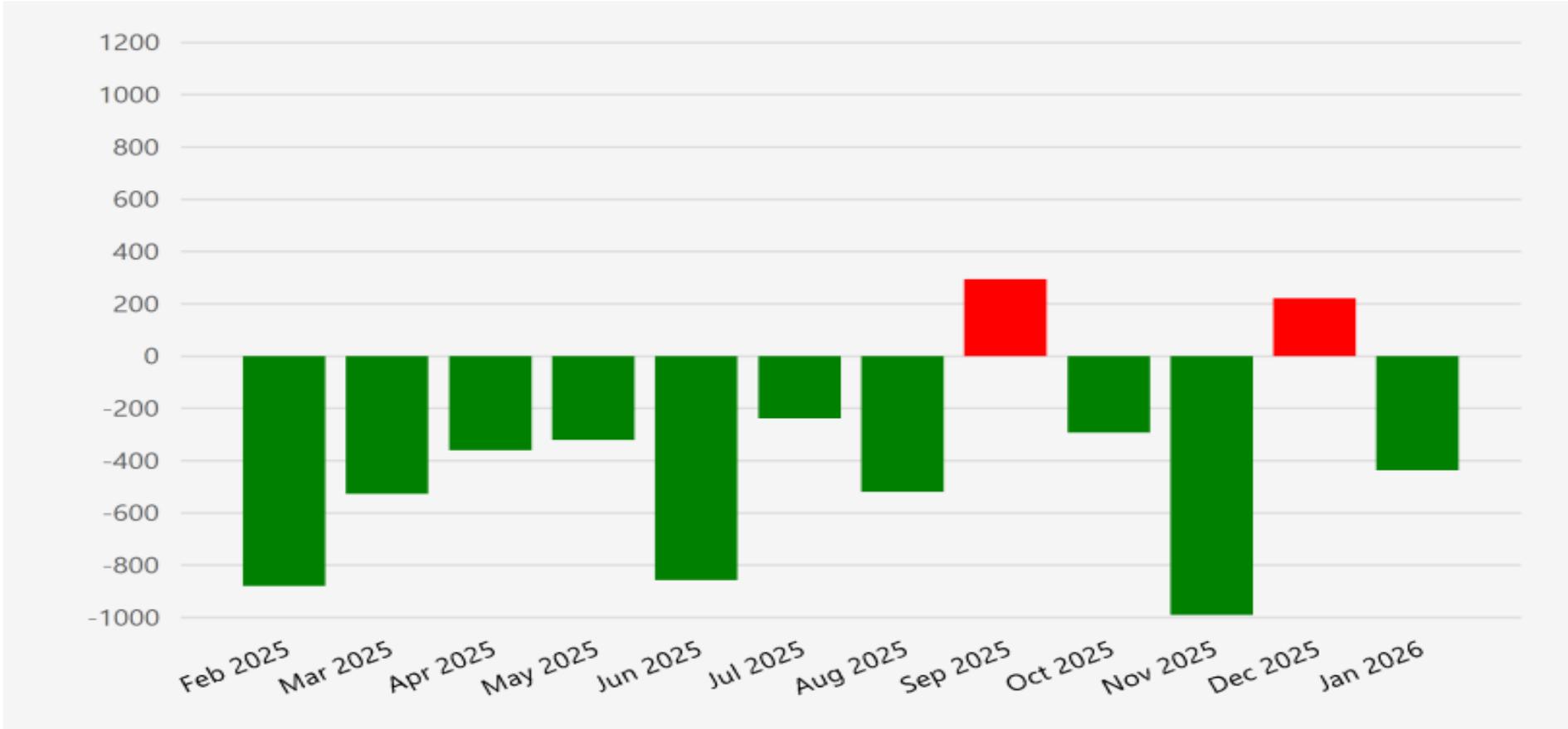
Feb 25	Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26
6618	6090	5729	5407	4549	4310	3790	4083	3790	2799	3019	2581



# Status 2 Members Month on Month Reduction



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# Status 2 Members Aged Analysis

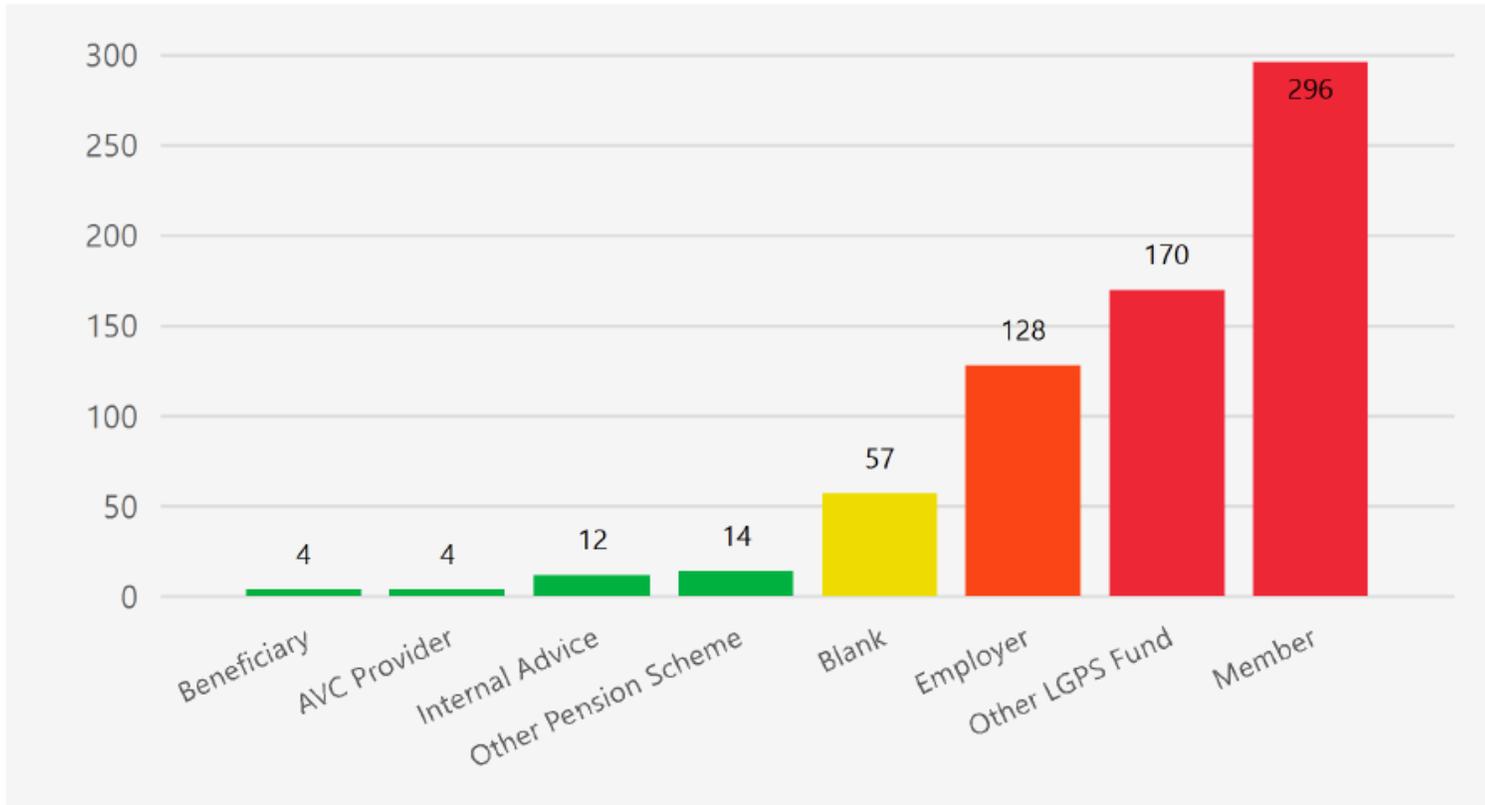


Time Period	Age Bracket	Case (All Employers)
0-3 Months	Over 55	168
	Under 55	653
3-12 Months	Over 55	284
	Under 55	918
1-2 Years	Over 55	107
	Under 55	104
2 Years +	Over 55	194
	Under 55	153
<b>Total:</b>		<b>2581</b>

# Type of Cases Outstanding on Status 2 Records



## Status 2 Tasks - by Reply Due Type

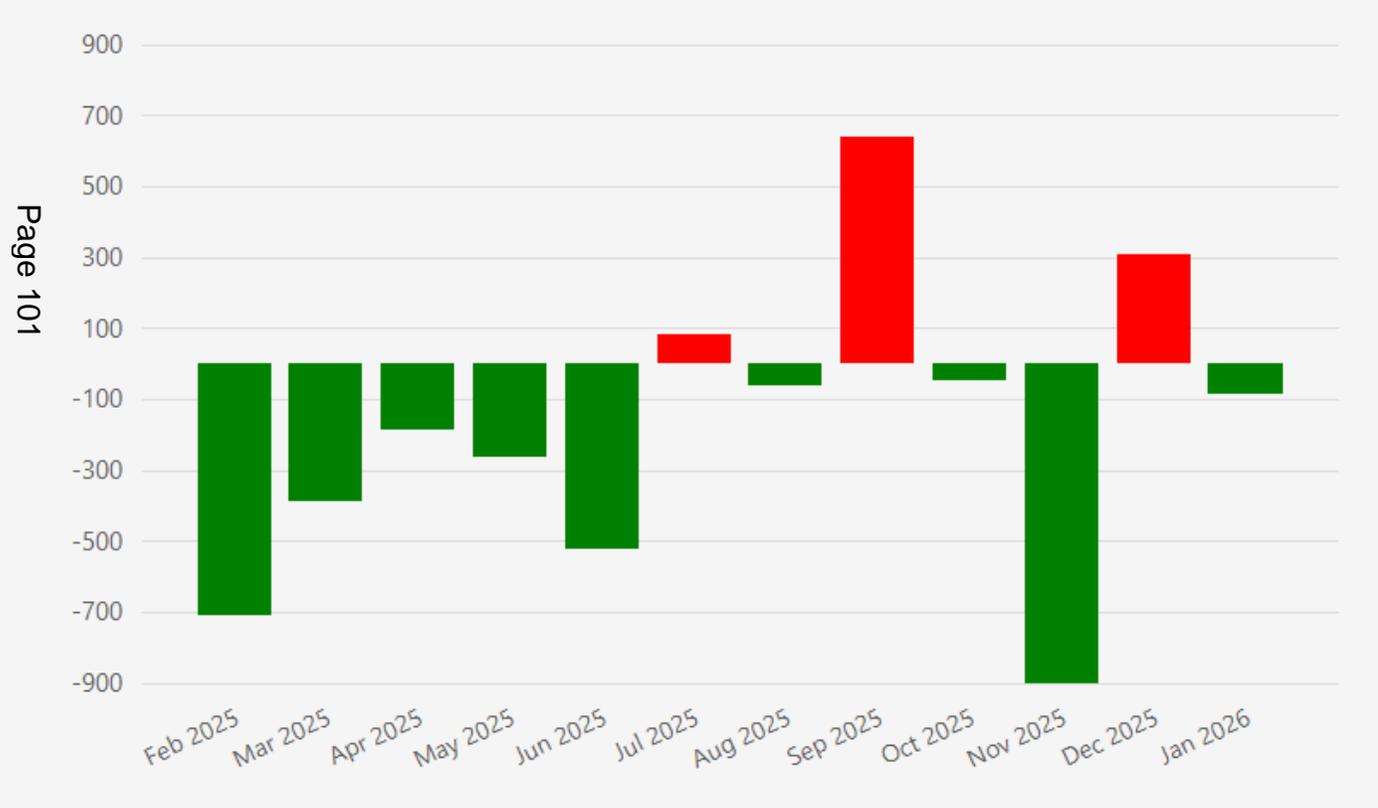


As at the end of January 2026 the total outstanding cases sat at 2581, of these, 685 are awaiting replies to enable processing.

296 are awaiting a response from the member and 170 are awaiting a response from another LGPS Fund

# Status 2 - iConnect Leaver Cases (created v completed)

	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026
Created	858	758	534	876	665	1084	743	1670	1114	676	982	813
Completed	1569	1147	720	1137	1186	1000	804	1030	1160	1644	672	898
Diff	-711	-389	-186	-261	-521	84	-61	640	-46	-968	310	-85



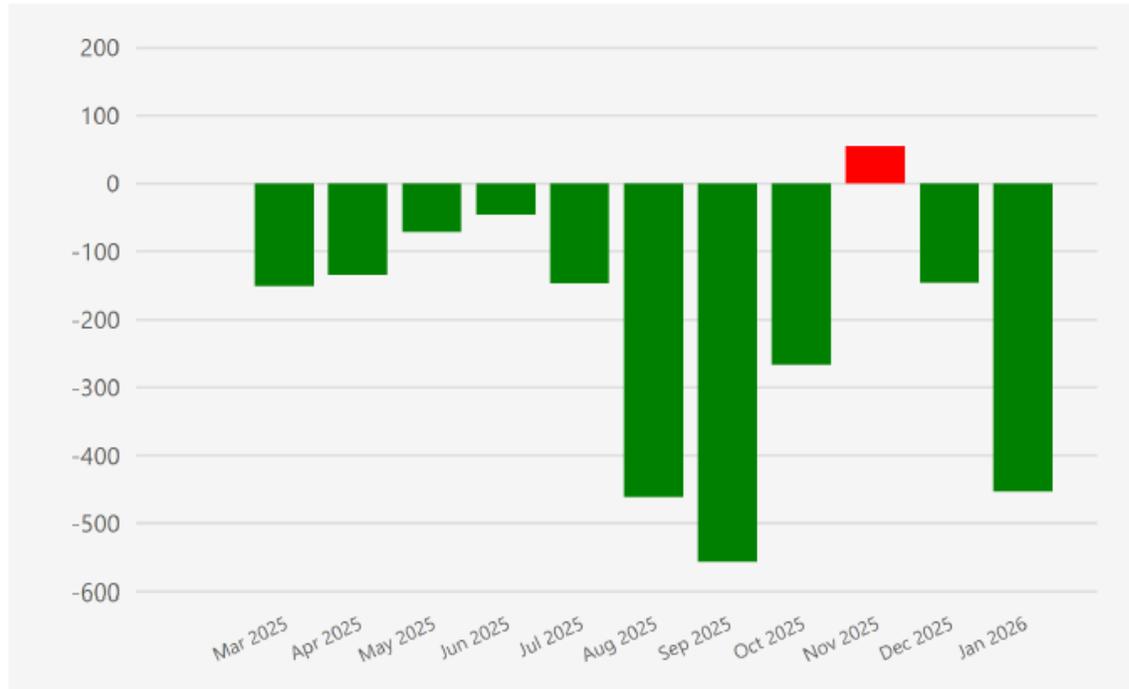
This chart shows the amount of leaver tasks that have been created and completed between Feb 25 and January 26.

Spikes are experienced in both December and September on a yearly basis, with the highest number of created cases being in September 2025 with a figure of 1670

# Status 2 – Aggregations



		Mar 2025	Apr 2025	May 2025	Jun 2025	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026
Created	0	542	296	442	690	535	496	409	696	830	357	572
Completed	0	693	431	514	736	682	958	966	963	775	503	1025
Diff	0	-151	-135	-72	-46	-147	-462	-557	-267	55	-146	-453



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The table shows Aggregations that have been created and completed from March 25 to January 26

An aggregation project was carried out between August and October to reduce the number of aggregations remaining in the fund

# Data Improvement Plan



# APF - 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 (1<sup>st</sup> April 2026 launch)
- See Appendix 3 for report on TPR data cleansing

# Thank you



If you have any questions please contact:

**Claire Newbery**

Pensions Operations Manager

[Claire\\_Newbery@bathnes.gov.uk](mailto:Claire_Newbery@bathnes.gov.uk)

Avon  
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Fund



Your pension, your future

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**Avon  
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Your pension, your future

# **Avon Pension Fund Data Improvement Plan (DIP)**

March 2026

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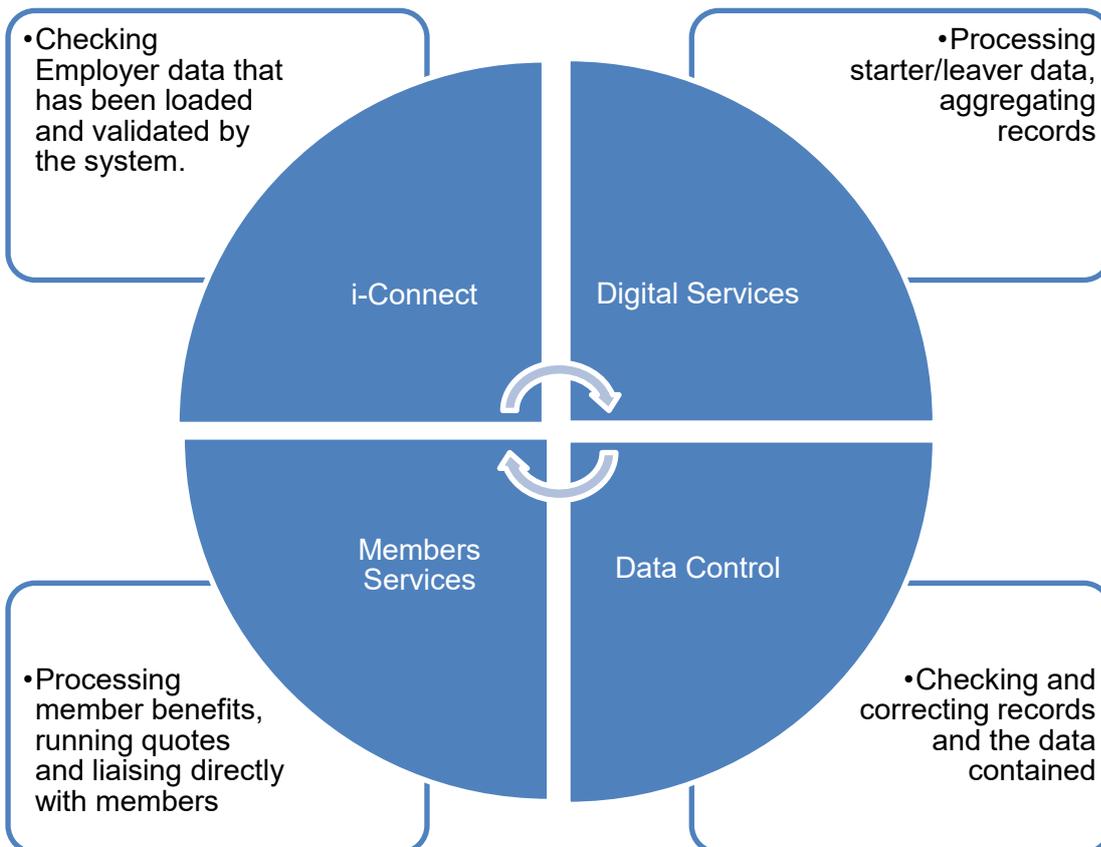
# 1. Objectives

Avon Pension Fund’s Data improvement plan (DIP) is a document that outlines the steps taken to assess and improve the quality of data held within the Fund’s administration system. current Pension System Software (PSS). This document lists the key objectives to achieve better data, and how the Fund will implement changes or projects to cleanse data.

As per The Pensions Regulator’s (TPR) definition of data, data is classed as either *Common data* or *Scheme Specific data*. Common data is data that is held across all pension schemes, Scheme data is specific to a scheme, so may differ between funds.

With the implementation of the Pension’s Dashboard and our requirement to connect in October 2025, there is an increased need for the Fund to cleanse and check the data held. The Fund is continuously reviewing its core data for completeness and accuracy. The data that is received from employers goes through a cycle of processes to ensure its accuracy. The below illustrates the cycle of data.

## APF data cleansing cycle



Avon Pension fund's Data Improvement Plan (DIP) has been designed to give a clear, structured, and auditable route and plan to diagnose data issues and improve the data accuracy, completeness, and embed long term governance of their member data. Key objectives are as follows:

- Compliance with the Pension Regulations single code of practice
- Members can locate and see their own financial data within the Pensions Dashboard infrastructure
- Deliver ongoing and timely data cleansing of our members data
- All data is present and correct to ensure members receive an accurate and timely pension
- Maintain a data score of 95% or above

## Data definitions

The fund receives a monthly data return from every employer for active members via the i-connect portal. The portal allows employers to upload their data directly to our administration system. Information supplied by the employer regarding members, is validated by the employer at joining as part of their employment checks. Avon Pension Fund (APF) will verify data again upon payment of benefit.

## Common data

Common data is mandatory as per TPR guidance, it is information that is consistent throughout all pension funds and is required for the everyday running of a pension fund. The Funds approach to Common data to cleanse and update is as follows:

Type of data	Information supplied
<b>National Insurance number (NINO)</b>	<ul style="list-style-type: none"> <li>• A NINO is a unique identifier allocated by HMRC</li> <li>• Records require a NINO, in some instances a temporary number is supplied, the fund requests corrections of any temp NINOs from the employer</li> </ul>
<b>Surname and either forename or initials</b>	<ul style="list-style-type: none"> <li>• When an employee changes their name, for example through marriage, a copy of the marriage certificate is required</li> </ul>
<b>Sex</b>	<ul style="list-style-type: none"> <li>• A monthly consistency report is run to identify any name, title or sex are mismatched</li> </ul>
<b>Date of Birth (DoB)</b>	<ul style="list-style-type: none"> <li>• A monthly consistency report is run to identify anyone under 16 or over 75 and not in payment</li> </ul>

Type of data	Information supplied
<b>Address including post code</b>	<ul style="list-style-type: none"> <li>Active members – a member may update personal details via a member portal. As we also receive data via i-Connect, members are also advised to contact their employer to update their address.</li> <li>Non-Active members - Where a member's address is not known (marked as gone away), the Fund uses tracing services to locate the member's new address. A generic letter is sent asking the member to contact the Fund to confirm their identity and update their address.</li> </ul>
<b>Date pensionable service started, membership/policy start date or first contribution date</b>	<ul style="list-style-type: none"> <li>This is the date that the member joins the Fund</li> <li>Monthly consistency reports are run to identify inconsistencies between date commenced current employment and date joined fund</li> </ul>

Type of Data	Information generated by the Administration System
<b>Expected retirement/maturity date (target retirement age)</b>	<ul style="list-style-type: none"> <li>Automatically generated based on date of birth.</li> </ul>
<b>Membership Status/ Last status event</b>	<ul style="list-style-type: none"> <li>Membership status is a field that provides additional information about a member.</li> <li>The date of status change is auto generated the status options within the system are as follows: <ol style="list-style-type: none"> <li>1: Active</li> <li>2: Undecided Leaver</li> <li>3: Exit no liability</li> <li>4. Deferred</li> <li>5. Pensioner</li> <li>6. Widow/Dependant</li> <li>7. Death</li> <li>8. Awaiting Entry</li> <li>9. Frozen Refund</li> </ol> <p>O: Optant Out  T: Third Tier Cessation  A: Non-Protected  Z: Aggregation</p> </li> </ul>

## Scheme specific data

Scheme specific data is data that has been determined by the Scheme Advisory Board (SAB) relevant for the LGPS and is deemed as necessary to have the below information to provide accurate information to the member. The list below is not exhaustive but are the main areas of data requiring cleansing.

Type of Data	Reaction to Issue
Members Salary	<ul style="list-style-type: none"> <li>• This is broken down into two categories:</li> <li>• CARE Career Average Revalued Earnings, this is the actual pay a member received (post 2014 service)</li> <li>• Final salary this is the full-time equivalent of a member's salary without reduction (see exclusions on our website) applicable to members with pre 2014 service</li> <li>• Monthly comparisons are carried out and final checks at Year End</li> </ul>
Employer and Employee contributions	<ul style="list-style-type: none"> <li>• Provided by the employer on monthly returns</li> <li>• Data returns are checked monthly and reconciled by the funds Accounts team</li> <li>• Additional checks are carried out at Year End</li> </ul>
Employment Records	<ul style="list-style-type: none"> <li>• Records of a member's employment, dependent on service a member may have multiple records at different statuses</li> <li>• Monthly control reports are run by Digital Services team to identify multiple records that can be aggregated</li> </ul>

## The Fund approach

The Fund continually reviews its member data, and has the following safeguards for members:

- **Active members:** Data is submitted monthly by the employer. The Fund carry out regular checks for completeness and accuracy. At Year End the Fund carries out further checks that can only be completed after the final submission for the financial scheme year.
- **Deferred Members:** Data relating to deferred members is considered *static* and is not expected to change during the deferral period. Updates will only be applied where required to reflect retrospective legislative changes or corrections identified through ongoing data quality reviews. As such, improvement activity for this cohort focuses on ensuring legislative compliance, maintaining accurate historical records, and addressing any identified data anomalies. Pension Increase (PI) is applied to their pension account annually. In instances where the member has their correspondence returned as gone away, they are traced via external tracing services.

Regular control reports are run to identify and resolve any data issues, as detailed above.

### Data validations for active members

Data Validation	Fund Action
<b>LGPS Eligibility issue – Age 75 Exceeded</b>	<ul style="list-style-type: none"> <li>• Members are only permitted to contribute to the scheme until they are 74 years and 363 days old</li> <li>• If a member’s age exceeds this, it is queried with the employer, as they are unable to remain an active member in the scheme</li> <li>• It is recommended that the date of birth of a member is checked to make sure it is correct</li> </ul>
<b>CARE pay required</b>	<ul style="list-style-type: none"> <li>• CARE pay is required for every member to calculate their pension</li> <li>• Queried with employer if data is missing or appears incorrect</li> </ul>
<b>Correct Address Required</b>	<ul style="list-style-type: none"> <li>• Members with gone away addresses are queried with the employer</li> <li>• Required format for addresses is as follows to ensure matching for the Pensions Dashboard: <b><i>House name/number, Street name, Town/city, Post code</i></b></li> </ul>
<b>Correct NI Number required</b>	<ul style="list-style-type: none"> <li>• This is a key member identifier</li> <li>• Temporary NI’s are given to people that do not yet have an NI/ non-UK resident</li> </ul>

Data Validation	Fund Action
<b>Date joined fund required (DJF)</b>	<ul style="list-style-type: none"> <li>• Should reconcile with a member's service record</li> <li>• Issues can arise when a backdated DJF is provided, due to late starter notifications or re-enrolment into the scheme.</li> </ul>
<b>Leaver form received</b>	<ul style="list-style-type: none"> <li>• A leaver form is required for any member over 55 leaving the scheme or death or ill health case</li> <li>• Regular checks are undertaken to ensure the fund receives a form for all relevant leavers</li> </ul>
<b>Full Time Equivalent (FTE) pay (and for the McCloud underpin)</b>	<ul style="list-style-type: none"> <li>• Full Time Equivalent is the amount a member earns over a 365-day period without reduction</li> <li>• It is used for members that have pre-2014 service and the McCloud underpin</li> <li>• This information is checked for variances with the Employer at year end and any corrections are made manually</li> </ul>
<b>Correction of Forename/Surname /DOB</b>	<ul style="list-style-type: none"> <li>• Forename, surnames and DOB are important for member identification</li> <li>• This data is validated by the employer at the point of appointment to the role and then by the fund at the point of benefits payable</li> </ul>

## Reporting Employer non-compliance and escalation

All data queries will be sent to the employer, who must respond within the service level agreement set by the fund in the pensions administration Strategy (PAS).

The Fund will manage outstanding data queries with an employer, and any non-compliance will be managed in line with the PAS.

For a more detailed breakdown of our process and penalty fines, please refer to the Pensions Admin Strategy.

## **Other data cleansing projects**

APF will carry out ad-hoc data cleansing as and when issues arise or regulations change. The following are not an exhaustive list of all projects:

### **McCloud**

In 2018 the court of appeal implemented a remedy to remove discrimination and ensure equal rights to those whose pensions were affected by the change to Career Average Revalued Earning scheme regulations as of the 1st of April 2014. This meant that members with qualifying service prior to 1st April 2012 with no gap in service greater than 5 years are entitled to have the service accrued between 1st of April 2014 to 31st March 2022 revalued under the final salary scheme, if found to be of higher value this forms an underpin that will be paid to the member upon retirement. A data exercise was required to ensure APF had complete service records for members for the underpin period.

### **Casual hour project**

Casual hour data projects are carried out on a regular basis to record service hours of casual members that were not previously held.

### **Age 65 project**

Under the McCloud ruling, it is required that any member that has qualifying service will have a Pensionable remuneration figure calculated to the day before their 65th birthday. The Fund carries out underpin checks using information already provided, and an FTE is requested where an underpin applies. For Active members, once they reach age 65 the Fund will contact the employers to confirm the pensionable remuneration figure.

### **Address tracing project**

Outstanding address data queries for non-active members are reviewed on a regular basis. Within the administration system, monthly data checks are run to identify changes in member data using various external data sources. Once traced a mailing is sent to the member to request the member validates their new data/address.

### **Pensions into payment (deferred members)**

When a member has reached pensionable age, their pension must be put into payment according to regulations. However, if a member address that is held is incorrect, the fund must take necessary steps to trace these members.

## **Actuary data tool**

The data tool is provided by the scheme actuary following an annual data return and consists of prioritised data that could have a material financial impact to an employer's liability in the Fund, this is dependent on the size of employer. Once received by the actuary, the data is reviewed per employer and actioned where necessary.

## **AVC reconciliation**

Members can elect to pay additional voluntary contributions (AVC) which are set up by the fund with a third party, the current AVC provider is Legal and General. As contributions are not paid directly to the Fund, the fund carries out regular additional reconciliations to the member data held within the funds system and AVC provider.

## **Other ways we receive information**

Tell Us Once, is a government service that a member of the public can use to notify multiple government departments about a person's death. This data is received through the pension payroll department. Death certificates are not required if this service is used.

## **NI database**

The National insurance database is used for the following events:

- New Starters
- Refunds
- Deferreds
- TVOUTS
- Interfunds
- Retirements
- Ill Health
- Deaths

Where a member has a match for qualifying service, the other LGPS is contacted for service details.

## 2. Roles and Responsibilities

### Owner and responsible parties

- **Owner:** Claire Newbery
- **Responsible parties:** Data quality is the responsibility of all Avon Pension Fund staff. The Data Control team are responsible for reviewing the APF data recorded on Altair and taking action to correct any errors identified.

### Trustee/Governing body

- Written procedures are in place for all data checking requirements.
- The Pension Board are responsible for the oversight of data cleansing done by the fund.

### Administrator

- Data quality is reported quarterly to the Pension Board.
- Changes in procedure and additional data projects are discussed at the monthly Change Programme meeting.

### Other third-party provider

- Heywood provide a monthly review of deferred member data; the output of the review is assessed by Data Control team who are responsible for any corrective action required.

### Resource requirements

- The Data Control team is responsible for the fund data. The team consists of Employer Services Manager, one Team Leader, two Senior Pension Officers and five FTE Pension Officers.

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Annex 1 – TPR Errors by Member Numbers

	Sep-25				Dec-25				*Trend
	Member Records	TPR Errors	% Errors	Data Score	Member Records	TPR Errors	% Errors	Data Score	
ACTIVE	40,056	81	0.20%	99.80	41,535	149	0.36%	99.64	▲ 68
UNDECIDED	4,080	44	1.08%	98.92	2,573	58	2.25%	97.75	▲ 14
DEFERRED	45,667	3,595	7.87%	92.13	45,579	3,801	8.34%	91.66	▲ 206
PENSIONERS	38,260	355	0.93%	99.07	38,697	368	0.95%	99.05	▲ 13
DEPENDANTS	5,250	164	3.12%	96.88	5,295	169	3.19%	96.81	▲ 5
FROZEN	8,994	1,917	21.31%	78.69	9,217	1,993	21.62%	78.38	▲ 76
<b>TOTALS</b>	<b>142,307</b>	<b>6,156</b>	<b>4.33%</b>	<b>95.67</b>	<b>142,896</b>	<b>6,538</b>	<b>4.58%</b>	<b>95.42</b>	<b>▲ 382</b>

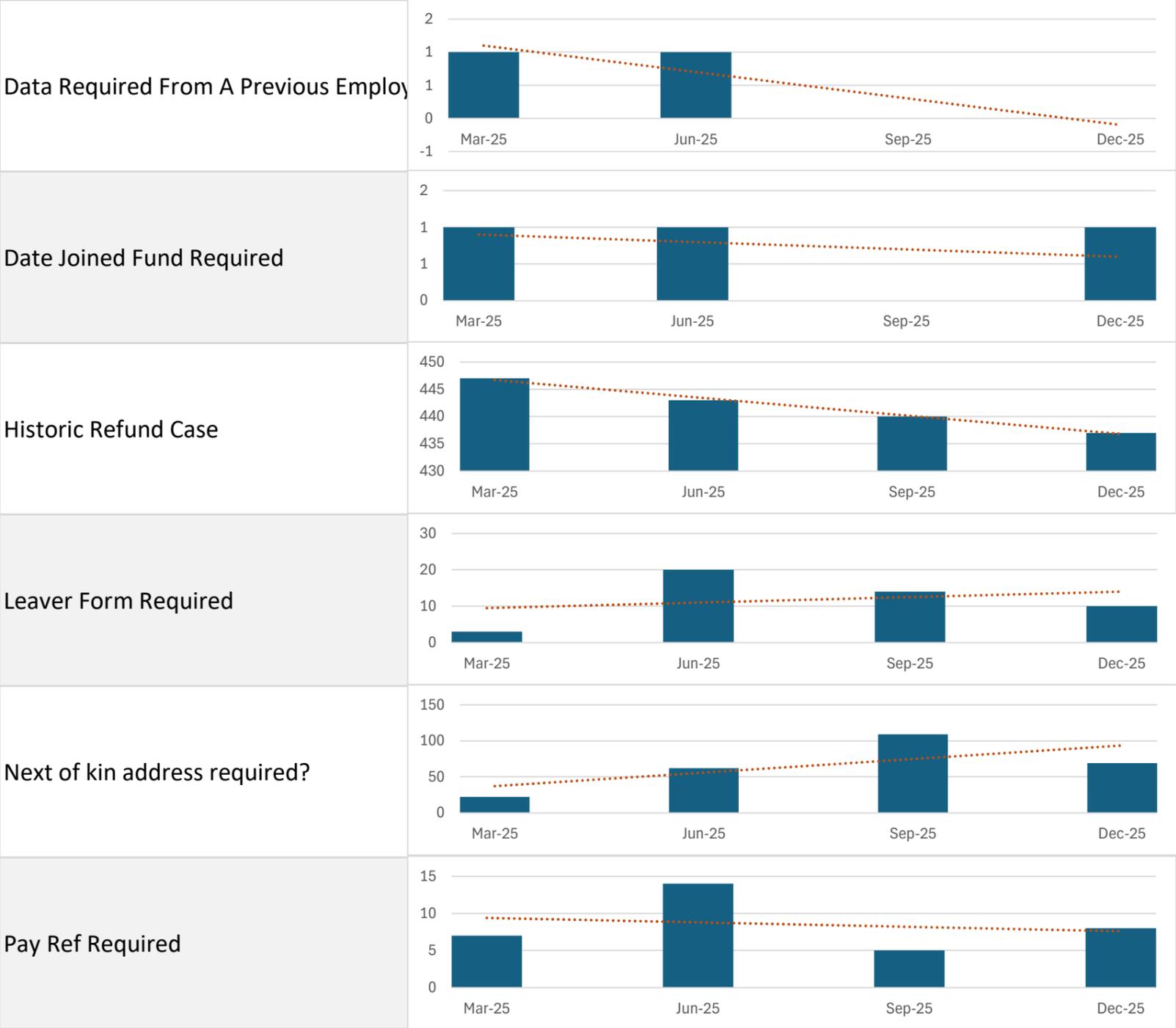
Annex 2 – Outstanding Queries by Type (there may be multiple queries per member)

	Sep-25		Dec-25		*Trend
	TPR Errors	%	TPR Errors	%	
Age 75 Exceeded Lgps Eligibility Issue	120	0.02	128	1.96%	▲ 8
CARE pay for 2014-2015 required	0	0.00%	0	0.00%	▲ 0
CARE pay for 2023-2024 required	0	0.00%	0	0.00%	▲ 0
CARE Pay Req (add dates in task comment)	11	0.18%	4	0.06%	▼ 7
Correct hours format required	0	0.00%	1	0.02%	▲ 1
Casual Hours Data Required	0	0.00%	2	0.03%	▲ 2
Correct Address Required	5,259	84.89%	5,603	85.70%	▲ 344
Correct Forenames Required	8	0.13%	9	0.14%	▲ 1
Next of kin address Required?	71	1.76%	69	1.06%	▼ 2
Correct date of birth required	5	0.08%	14	0.21%	▲ 9
Correct Nino Required	170	2.76%	180	2.75%	▲ 10
Correct Title Required ie Miss Or Mr	1	0.02%	0	0.00%	▼ 1
Data Required From A Previous Employer	0	0.00%	0	0.00%	▲ 0
Date Joined Fund Required	0	0.00%	1	0.02%	▲ 1
Historic Refund Case	440	7.10%	437	6.68%	▼ 3
Leaver Form Required	14	0.23%	10	0.15%	▼ 4
Pay Ref Required	5	0.08%	8	0.12%	▲ 3
<b>Grand total</b>	<b>6,156</b>	<b>100%</b>	<b>6,538</b>	<b>100%</b>	

\*Trend is influenced by number of errors

### Outstanding TPR Cases by Error Type

TPR Error	Trend										
Age 75 Exceeded LGPS Eligibility Issue	<table border="1"> <tr><th>Month</th><td>Mar-25</td><td>Jun-25</td><td>Sep-25</td><td>Dec-25</td></tr> <tr><th>Count</th><td>113</td><td>122</td><td>120</td><td>128</td></tr> </table>	Month	Mar-25	Jun-25	Sep-25	Dec-25	Count	113	122	120	128
Month	Mar-25	Jun-25	Sep-25	Dec-25							
Count	113	122	120	128							
Missing CARE (All Periods)	<table border="1"> <tr><th>Month</th><td>Mar-25</td><td>Jun-25</td><td>Sep-25</td><td>Dec-25</td></tr> <tr><th>Count</th><td>8</td><td>35</td><td>10</td><td>4</td></tr> </table>	Month	Mar-25	Jun-25	Sep-25	Dec-25	Count	8	35	10	4
Month	Mar-25	Jun-25	Sep-25	Dec-25							
Count	8	35	10	4							
Casual Hours Data Required	<table border="1"> <tr><th>Month</th><td>Mar-25</td><td>Jun-25</td><td>Sep-25</td><td>Dec-25</td></tr> <tr><th>Count</th><td>1</td><td>0</td><td>0</td><td>2</td></tr> </table>	Month	Mar-25	Jun-25	Sep-25	Dec-25	Count	1	0	0	2
Month	Mar-25	Jun-25	Sep-25	Dec-25							
Count	1	0	0	2							
Correct Address Required	<table border="1"> <tr><th>Month</th><td>Mar-25</td><td>Jun-25</td><td>Sep-25</td><td>Dec-25</td></tr> <tr><th>Count</th><td>5,800</td><td>5,300</td><td>5,200</td><td>5,600</td></tr> </table>	Month	Mar-25	Jun-25	Sep-25	Dec-25	Count	5,800	5,300	5,200	5,600
Month	Mar-25	Jun-25	Sep-25	Dec-25							
Count	5,800	5,300	5,200	5,600							
Correct Date Of Birth Required	<table border="1"> <tr><th>Month</th><td>Mar-25</td><td>Jun-25</td><td>Sep-25</td><td>Dec-25</td></tr> <tr><th>Count</th><td>0</td><td>6</td><td>5</td><td>14</td></tr> </table>	Month	Mar-25	Jun-25	Sep-25	Dec-25	Count	0	6	5	14
Month	Mar-25	Jun-25	Sep-25	Dec-25							
Count	0	6	5	14							
Correct Forenames Required	<table border="1"> <tr><th>Month</th><td>Mar-25</td><td>Jun-25</td><td>Sep-25</td><td>Dec-25</td></tr> <tr><th>Count</th><td>8</td><td>8</td><td>8</td><td>9</td></tr> </table>	Month	Mar-25	Jun-25	Sep-25	Dec-25	Count	8	8	8	9
Month	Mar-25	Jun-25	Sep-25	Dec-25							
Count	8	8	8	9							
Correct Hours Format Required	<table border="1"> <tr><th>Month</th><td>Mar-25</td><td>Jun-25</td><td>Sep-25</td><td>Dec-25</td></tr> <tr><th>Count</th><td>0</td><td>0</td><td>0</td><td>1</td></tr> </table>	Month	Mar-25	Jun-25	Sep-25	Dec-25	Count	0	0	0	1
Month	Mar-25	Jun-25	Sep-25	Dec-25							
Count	0	0	0	1							
Correct NINO Required	<table border="1"> <tr><th>Month</th><td>Mar-25</td><td>Jun-25</td><td>Sep-25</td><td>Dec-25</td></tr> <tr><th>Count</th><td>155</td><td>175</td><td>170</td><td>180</td></tr> </table>	Month	Mar-25	Jun-25	Sep-25	Dec-25	Count	155	175	170	180
Month	Mar-25	Jun-25	Sep-25	Dec-25							
Count	155	175	170	180							
Correct Surname Required	<table border="1"> <tr><th>Month</th><td>Mar-25</td><td>Jun-25</td><td>Sep-25</td><td>Dec-25</td></tr> <tr><th>Count</th><td>5</td><td>30</td><td>50</td><td>70</td></tr> </table>	Month	Mar-25	Jun-25	Sep-25	Dec-25	Count	5	30	50	70
Month	Mar-25	Jun-25	Sep-25	Dec-25							
Count	5	30	50	70							
Correct Title Required ie Miss Or Mr	<table border="1"> <tr><th>Month</th><td>Mar-25</td><td>Jun-25</td><td>Sep-25</td><td>Dec-25</td></tr> <tr><th>Count</th><td>1</td><td>1</td><td>1</td><td>0</td></tr> </table>	Month	Mar-25	Jun-25	Sep-25	Dec-25	Count	1	1	1	0
Month	Mar-25	Jun-25	Sep-25	Dec-25							
Count	1	1	1	0							



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<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD OF AVON PENSION FUND</b>
MEETING DATE:	11/03/2026
TITLE:	Service Plan 2026-27: Administration Project Roadmap and Communication Strategy
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<p>List of attachments to this report:</p> <p>Appendix 01 - Administration Project Roadmap 2026-27</p> <p>Appendix 02 - Communication Strategy 2026</p>	

## **1 THE ISSUE**

1.1 The purpose of this report is to update the Board on the Fund's Service Plan 2026-27 focusing on Administration Project Roadmap and its Communication Strategy.

## **2 RECOMMENDATIONS**

**The Pension Board is asked to;**

2.1 Note the Administration Project Roadmap for 2026-27.

2.2 Note the Communication Strategy for 2026.

## **3 THE REPORT**

3.1 The Fund has agreed its Administration Project Roadmap for 2026-27. Appendix 1 includes a summary of Administration projects delivered in 2025-26 and the Fund's plans for 2026-27.

3.2 The Fund has agreed its new Communications Strategy and this is attached as Appendix 2.

## **4 STATUTORY CONSIDERATIONS**

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

4.2 The Pension Board has an advisory role in assisting the administering authority by making recommendations about compliance, process and governance. The Board does not have a decision-making role.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 None.

## 6 RISK MANAGEMENT

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

## 7 EQUALITIES STATEMENT

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

## 8 CLIMATE CHANGE

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

## 9 OTHER OPTIONS CONSIDERED

9.1 None.

## 10 CONSULTATION

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

<b>Contact person</b>	Anne Black Business Change Manager 01225 395231
<b>Background papers</b>	None
<b>Please contact the report author if you need to access this report in an alternative format.</b>	

# Service Plan - Administration Project Roadmap

11 March 2026

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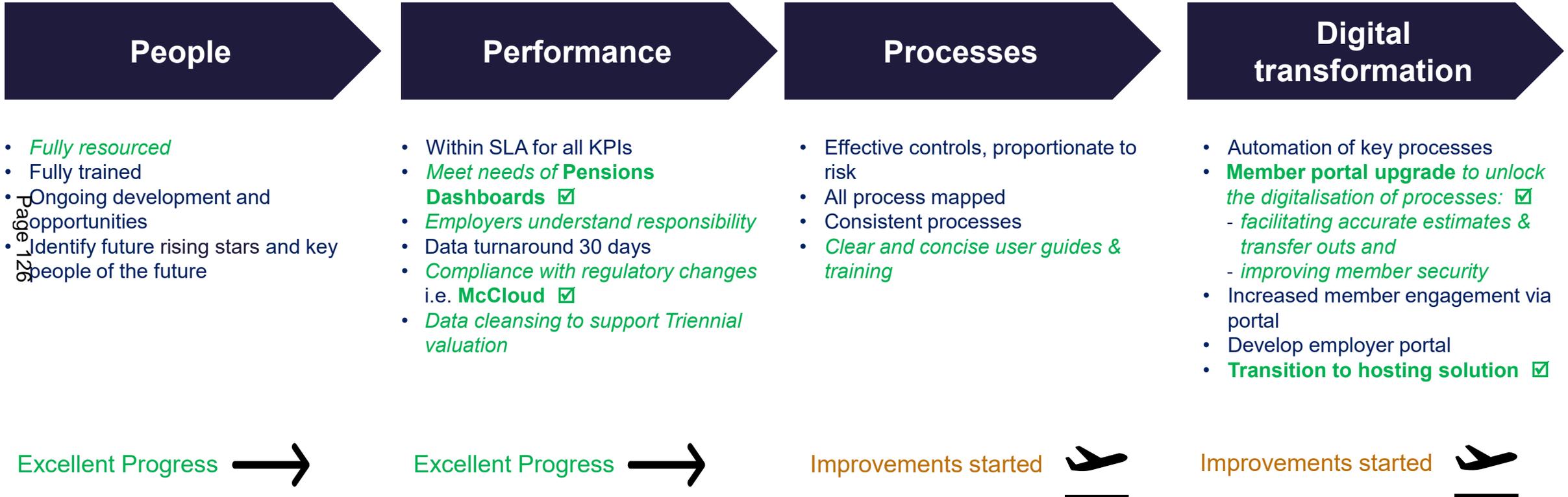


Avon  
Pension  
Fund



Your pension, your future

# 2025 and beyond – key priorities achieved



Excellent Progress



Excellent Progress



Improvements started



Improvements started



# 2025-26 Administration projects delivered

## Regulatory / Foundation

## Transformation



Software supplier procurement



Administration Strategy



Member portal upgrade



Hosting migration



McCloud compliance



Triennial valuation support



Data cleanse tool implementation



Hybrid mail implementation



Dashboard ISP connection



Telephony system enhancement



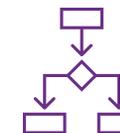
Employer portal MFA



Aggregation improvements



Employer engagement



Status 2 improvements

### Key



Procurement



Employer impacts



Member impacts



Process improvements



Software implementation

# 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

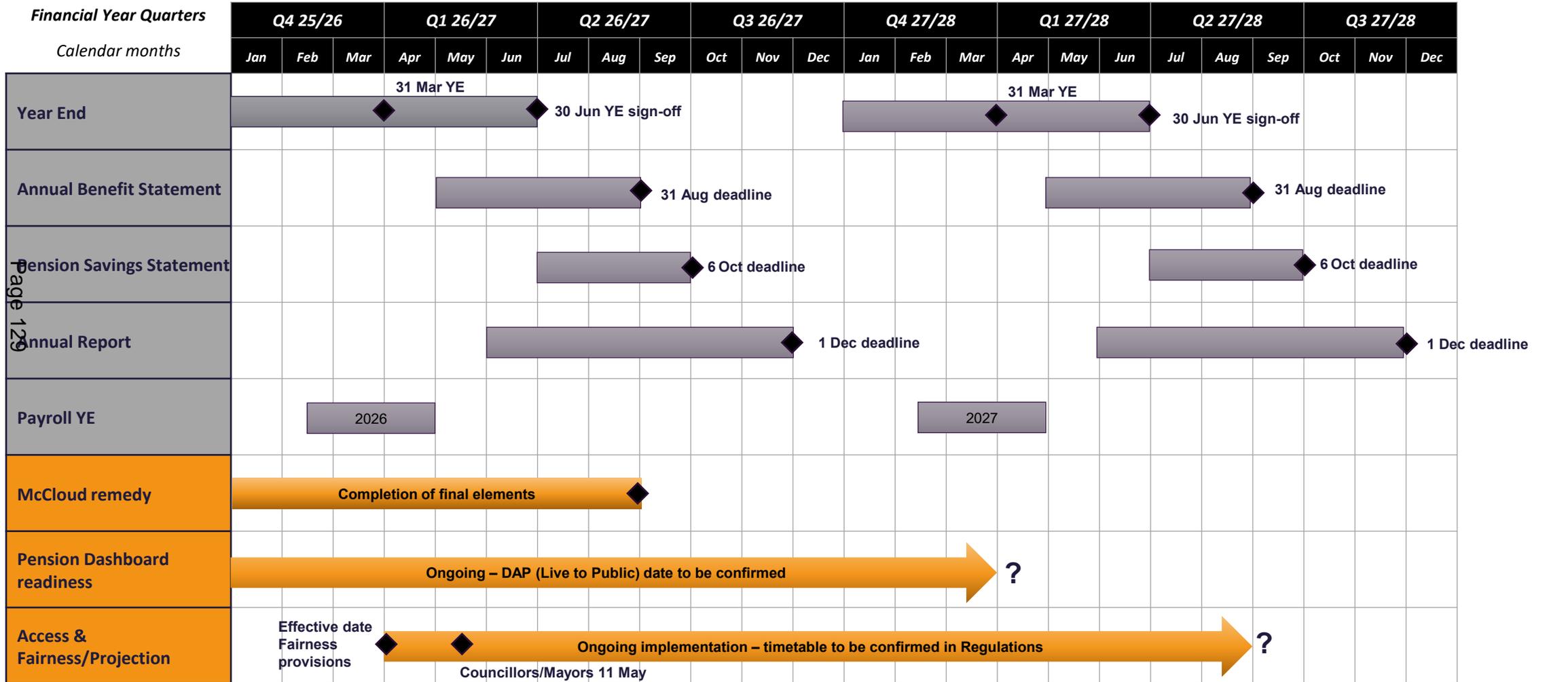


Continue process improvements - operational efficiency & risk control

# 2026-27 Annual & Regulatory Projects

**Key:**

- Annual
- Regulatory
- Milestone

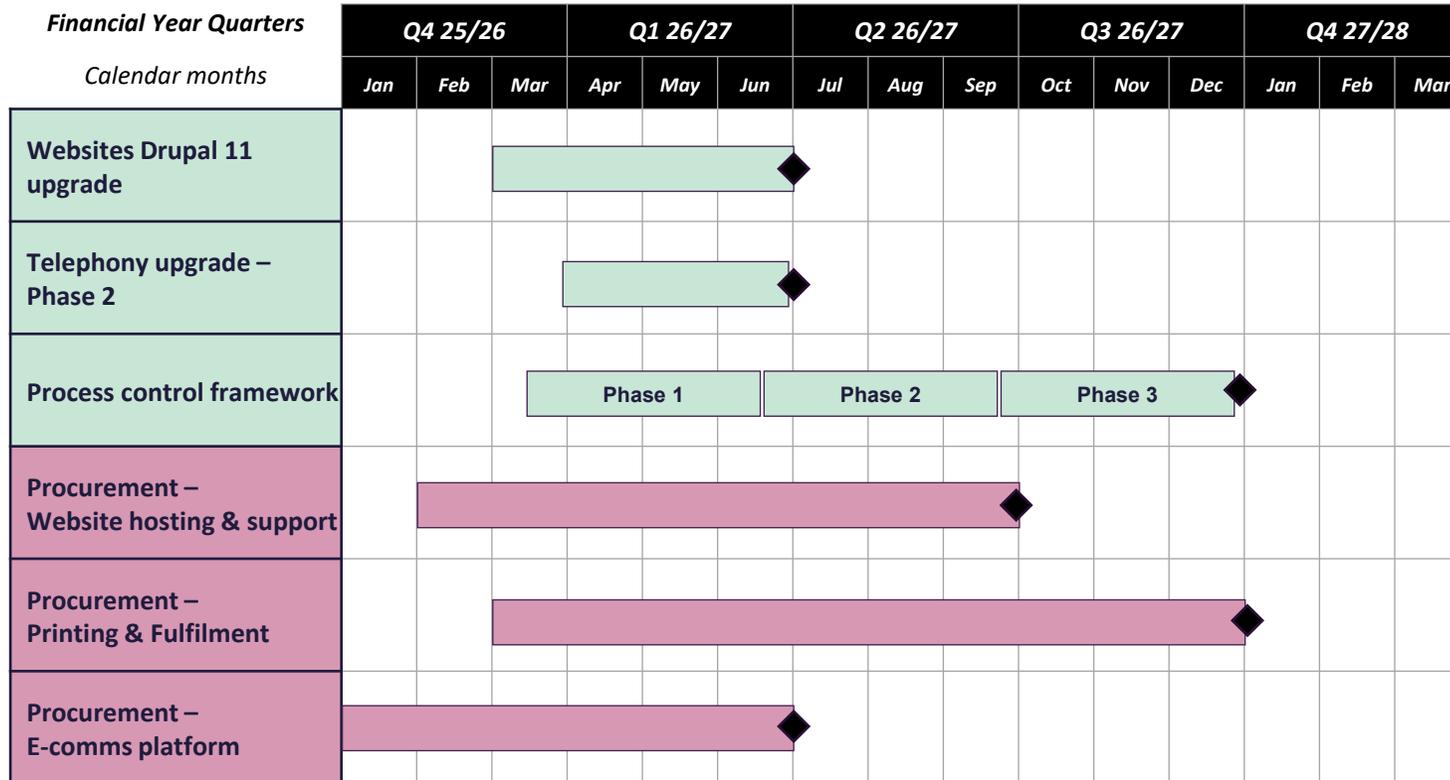


# 2026-27 Foundation & Procurement projects

**Key:**

- Foundation
- Procurement
- Milestone

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**Website upgrade** improves performance, build tools and security.

**Telephony Phase 2** introduces call recording and transcription facilities.

**Three key supplier contracts** to be re-procured during 2026.

# 2026-27 Transformation projects – IN PLANNING

Project	Description	Target date
New member onboarding	Deliver new process online for new starters.	Jun-26
Deferred leavers - online	Deliver digital and automation improvements including online journey using member portal.	In planning
Refunds - online	Deliver digital and automation improvements including online journey using member portal.	In planning
Retirements - online	Deliver digital improvements including online journeys for member initiated voluntary retirements (w/o AVCs), both for Active and Deferred members.	In planning
Enhanced Admin to Pay	Automates the interface between the Admin and Payroll modules. Improves controls.	In planning
Payslips and P60s – online	Enable upload to member portal with member communications.	May-26
i-Connect enhancements	Multi-factor authentication for employer login One-stop portal for employer document submissions	Apr-26 Dec-26

**Bulk processing** in Altair will be considered as part of Deferred and Refund projects.

**‘Online’ projects** will leverage processing/document storage features in the new member portal and automated workflow creation.

**i-Connect** is the employer data submission portal.

# 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

# Communication Strategy 2026

11 March 2026

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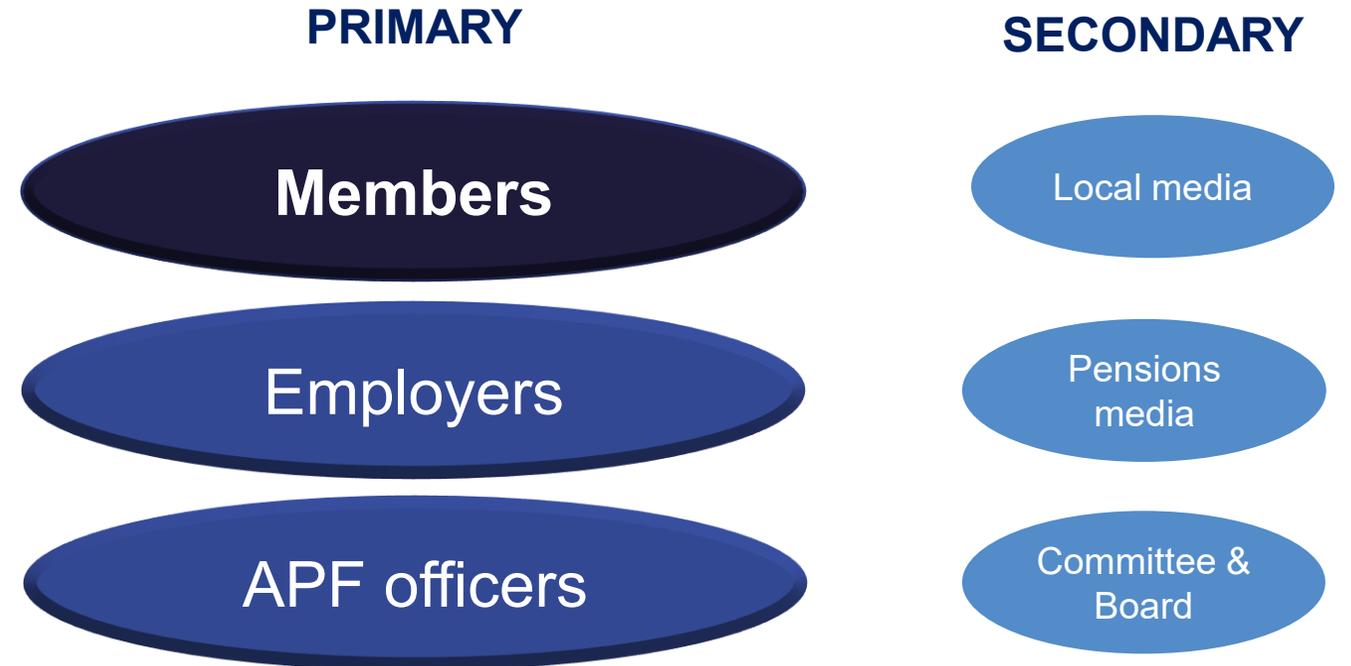
Avon  
Pension  
Fund



Your pension, your future

# Audiences ....

- The Fund serves multiple audiences.
- To meet our objectives, we need to focus on 'primary audiences' while also engaging with 'secondary' ones.



# Aims and objectives

*“Our purpose is to provide secure pensions and deliver meaningful impact by investing responsibly.”*

	Aims	Objectives
<b>Members</b>	Raise members’ engagement with their pension and improve digital experience.	<ul style="list-style-type: none"> <li>• Increase sign-ups to upgraded my pension online (MPO)</li> <li>• Raise understanding of their pension:               <ul style="list-style-type: none"> <li>- continued awareness of pension scams</li> <li>- new starter process improvements</li> </ul> </li> <li>• Build awareness of our climate action &amp; local impact</li> </ul>
<b>Employers</b>	Improve employers’ digital experience and how they can engage their employees.	<ul style="list-style-type: none"> <li>• Raise engagement with our website through comms &amp; training</li> <li>• Help employers support our member aims and MPO sign ups</li> </ul>
<b>APF officers</b>	Foster a positive, interactive, and open culture which encourages employee participation and pride in their work.	<ul style="list-style-type: none"> <li>• Use two-way communication and provide clear and regular updates.</li> <li>• Raise awareness of Fund successes and charity work.</li> <li>• Survey officers annually to measure views &amp; identify improvement opportunities.</li> </ul>

## Regulatory communications

Dashboard, Annual Statements, Access & Fairness, Fit for the future

# Brand values - these run as common threads through our communications



## Responsible

As responsible investors, we care about the future of our members and the world. Our commitment to the environment informs how we work.

*We're committed*

## Constant

We're long-lasting, strong and reliable. You can count on us every step of the way.

*We're secure*

## Local

We're devoted to serving local members and employers, to deliver pensions that work for everyone.

*We're here*

## Service

Your pension is our priority – we want to help you understand your pension benefits and choices.

*We care*

# 2026 plan on a page ....



	Q1 2026	Q2 2026	Q3 2026	Q4 2026
<b>Regulatory</b>	<p>Year end content</p> <p>Fit for the Future</p>	<p>Year end content</p> <p>Fit for the Future</p> <p>P60's</p>	<p>ABS: deferred &amp; active</p> <p>Fit for the Future</p> <p>Access &amp; Fairness</p>	<p>Annual report</p> <p>Access &amp; Fairness</p>
<p>Page 137</p> <p><b>Members</b></p>	<p><b>MPO sign up campaign</b></p> <p>RI report publication</p> <p>New starter digitisation</p> <p>Website process improvements</p>	<p><b>MPO sign up campaign</b></p> <p>P60 digitise</p> <p>New starter digitisation</p> <p>Newsletter: pensioner</p>	<p><b>MPO sign up campaign</b></p> <p>New starter digitisation</p> <p>Newsletter: active &amp; deferred</p>	<p><b>MPO sign up campaign</b></p> <p>Dashboard</p>
<b>APF officers</b>	<p>Celebrate successes</p> <p>Show case charity work</p>	<p>Celebrate successes</p> <p>Show case charity work</p>	<p>Celebrate successes</p> <p>Show case charity work</p> <p>Staff pulse survey</p>	<p>Celebrate successes</p> <p>Show case charity work</p>
<b>Employers</b>	<p>Quarterly newsletter</p> <p>Actuarial valuation</p> <p>Website promotion</p>	<p>Quarterly newsletter</p> <p>Website promotion</p>	<p>Quarterly newsletter</p> <p>Dashboard</p> <p>Website promotion</p>	<p>Quarterly newsletter</p> <p>Dashboard</p> <p>Website promotion</p>

# Member channel selection

	Digital (Primary) Web/email/MPO	Post	Phone	In-person	Social
Audience reach	<ul style="list-style-type: none"> <li>c.50% members</li> </ul>	<ul style="list-style-type: none"> <li>All members</li> </ul>	<ul style="list-style-type: none"> <li>All members</li> </ul>	<ul style="list-style-type: none"> <li>Low %</li> <li>Targeted support</li> <li>Access needs</li> </ul>	<ul style="list-style-type: none"> <li>Not good for reaching all members</li> <li>Great for recruitment (LinkedIn)</li> </ul>
Page 138 Suitable for explaining pensions	<ul style="list-style-type: none"> <li>Perfect for reports, videos, online forms, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Effective for technical messages</li> <li>Not preferred by younger people</li> </ul>	<ul style="list-style-type: none"> <li>Great for help, advice, immediate service</li> <li>Not scalable</li> </ul>	<ul style="list-style-type: none"> <li>Great for complex forms &amp; processes for in-depth/sensitive matters inc. deaths</li> </ul>	<ul style="list-style-type: none"> <li>Great for crisp short messages</li> <li>Not for technical explanations</li> </ul>
Access for digitally excluded	No	Yes	Yes	Yes	No
Efficiency	High	Medium	Medium	Medium	No complex to manage constant queries and comments
Record keeping	Yes	Yes	Yes after phone changes, date tbc	Yes	No
Use this channel ?	✓	✓	✓	✓	X

# Thank you



If you have any questions please contact:

Nick Dixon

Head of Pensions

Anne Black

Business Change Manager

Avon  
Pension  
Fund



Your pension, your future

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<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD OF AVON PENSION FUND</b>
MEETING DATE:	<b>11 March 2026</b>
TITLE:	<b>Update of Legislation</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
List of attachments to this report: <b>Appendix 1 – Regulatory update</b>	

## **1 THE ISSUE**

1.1 The purpose of this report is to update the Pension Board on the latest position concerning the Local Government Pension Scheme [LGPS] and any proposed regulatory matters that could affect scheme administration.

## **2 RECOMMENDATIONS**

### **The Pension Board is asked to;**

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

## **3 THE REPORT**

3.1 The table attached provides a summary of the main regulatory updates since the last meeting, including brief comment on what the implications are for the Fund and what the next steps will be.

## **4 STATUTORY CONSIDERATIONS**

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

4.2 The Pension Board has an advisory role in assisting the administering authority by making recommendations about compliance, process and governance. The Board does not have a decision-making role.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 Any changes to regulations will likely impact both procedure and calculation. Calculation changes must be developed by software providers, and the Fund will need to redesign procedure, all resulting in increased resourcing, testing and cost.

## 6 RISK MANAGEMENT

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

## 7 EQUALITIES STATEMENT

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

## 8 CLIMATE CHANGE

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

## 9 OTHER OPTIONS CONSIDERED

- 9.1 None.

## 10 CONSULTATION

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

<b>Contact person</b>	Nicky Russell – Technical and Compliance Manager; Tel 01225 395389
<b>Background papers</b>	LGA Bulletins SAB Meeting Minutes National Technical Group Meeting Minutes
<b>Please contact the report author if you need to access this report in an alternative format.</b>	

**APPENDIX 1 – REGULATORY UPDATE**

Item	Latest Position	Relevant Links	Action by Fund / Next Steps
<p><b>Pensions Review / General Governance</b></p>	<p><b>LPPI</b> Work continues to transition the Fund’s assets from Brunel to LPPI.</p> <p><b>Consultations</b> On <b>9 December 2025</b>, MHCLG issued a closed consultation with regard to the draft investment, pooling and governance guidance that will accompany the new LGPS investment, and LGPS Amendment Regulations.</p> <p>Whilst a closed consultation, the Scheme Advisory Board responded on 9 January 2026. The consultation closed on 12 January 2026. LGPC also submitted comments to MHCLG and echoed the Board’s concerns that introducing significant changes simultaneously across member benefits, governance and investments could undermine effective implementation and pose risks to the reputation of the LGPS. The importance of adequate notice and sufficient time to implement change (prior to any further reforms) has been stressed.</p> <p>On <b>20 November 2025</b>, MHCLG launched the “Fit for the Future – technical consultation” seeking views on draft statutory instruments – the LGPS (Pooling, Management and Investment of Funds) Regulations 2026, which will replace the LGPS (Management and Investment of Funds) Regulations 2016 and give legal effect to pooling/local investment changes emerging from the Fit for the Future consultation, and the LGPS (Amendment) Regulations 2026, which will implement the governance proposals from the consultation. Both sets of Regulations will be supported by guidance and will come into force from 1 April 2026 (subject to the Pensions Schemes Bill’s passage through Parliament).</p> <p>The LGPC issued a response to the consultation on <b>22 December 2025</b>, and the Scheme Advisory Board’s published its response on <b>23 December 2025</b>. The consultation closed on 2 January 2026.</p> <p>A response to both consultations from the government is now awaited.</p>	<p><a href="https://lgpsboard.org/wp-content/uploads/2026/01/SAB-response-to-MHCLG-FFF-guidance-closed-consultation-FINAL-1.pdf">https://lgpsboard.org/wp-content/uploads/2026/01/SAB-response-to-MHCLG-FFF-guidance-closed-consultation-FINAL-1.pdf</a></p> <p><a href="https://lgpslibrary.org/assets/cons/lgpsew/20260102%20Fit%20for%20the%20future%20technical%20response.pdf">https://lgpslibrary.org/assets/cons/lgpsew/20260102%20Fit%20for%20the%20future%20technical%20response.pdf</a></p> <p><a href="https://lgpsboard.org/wp-content/uploads/2026/01/Fit-for-the-Future-technical-consultation-SAB-response-FINAL-1.pdf">https://lgpsboard.org/wp-content/uploads/2026/01/Fit-for-the-Future-technical-consultation-SAB-response-FINAL-1.pdf</a></p>	<p>The latest position around the transition to LPPI and other updates on pooling will be considered further by the Head of Pensions and the investment team alongside advisors and reported separately.</p> <p>The latest position around the governance requirements and how the Fund will comply with these will be reported separately.</p> <p>Overall, as highlighted by LGPC and SAB, the simultaneous changes that will emerge across multiple areas of the Fund will need to be managed/resourced effectively to ensure the Fund meets the new requirements.</p>
<p><b>Pension Schemes Bill</b></p>	<p>The Pension Schemes Bill 2025 continues to make its way through Parliament and is now at the Committee stage in the House of Lords.</p> <p>A number of amendments continue to be debated in relation to the Bill, some of which will have implications for the LGPS both in relation to pooling, governance, and more recently potential implications for funding. It is now expected that the government will consult on changes to Regulation 64A later in the year, which relates to the review of contributions between actuarial valuations.</p>	<p><a href="https://bills.parliament.uk/bills/3982">https://bills.parliament.uk/bills/3982</a></p>	<p>The Bill will have implications for how the outcomes of the Fit for the Future consultation are implemented and so will impact the investment and governance teams, in particular. Developments will be monitored and the impact considered further should any changes be made and/or further details are released.</p> <p>Aside from the Fit for the Future implications, the Fund will continue to monitor how the approach to remedying the problems caused by the Virgin Media judgment will be implemented and also observe potential changes to Regulation 64A which may emerge following the expected consultation later in the year, which will have implications for the Fund’s policies, the employer team, and employers themselves.</p>

			Regulation 64a relates to: <b>Revision of rates and adjustments certificate: Scheme employer contributions</b>
<b>Access and Protection Consultation</b>	<p>Responses to the “Access and Protection” consultation were published by the Scheme Advisory Board on <b>18 December 2025</b> and the LGPC on <b>22 December 2025</b> (which included comment on the proposed draft Regulations). The Board’s response endorsed much of that included in the LGPC response although there were differences in the introduction of the NMPA and the need for protection for existing members given the composition of the Board’s membership.</p> <p>The Fund also submitted its own response and liaised with Mercer on their response.</p> <p><b>On 24 February 2026</b>, the government published a response to the section of the consultation relating to access to the LGPS in England for elected Councilor 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.</p> <p>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.</p>	<p><a href="https://lgpsboard.org/wp-content/uploads/2026/01/Access-and-Protections-SAB-response-FINAL-1.pdf">https://lgpsboard.org/wp-content/uploads/2026/01/Access-and-Protections-SAB-response-FINAL-1.pdf</a></p> <p><a href="https://lgpslibrary.org/assets/cons/lgpsew/202512_22_Access_Protections_response.pdf">https://lgpslibrary.org/assets/cons/lgpsew/202512_22_Access_Protections_response.pdf</a></p> <p><a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-scheme-improvements-access-and-protections/outcome/local-government-pension-scheme-in-england-and-wales-access-for-elected-members-government-response#introduction">https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-scheme-improvements-access-and-protections/outcome/local-government-pension-scheme-in-england-and-wales-access-for-elected-members-government-response#introduction</a></p>	<p>The proposals in the consultation will have implications for the Fund in a number of areas given the impact on members, employers, administration and governance. As with the Access and Fairness proposals (see below), as changes emerge in 2026 it is important for the Fund to factor these into business planning and budget considerations for the year ahead.</p> <p>The announcement of the effective date for the Councilor / Mayor Scheme in May 2026 means that the Fund will need to liaise closely with software providers to ensure system functionality is available and consider what communications, website updates etc. will be required.</p> <p>Given MHCLGs decision to approve the transfer of Oasis academies to LPFA, the administration team are currently considering what the next steps will be in relation to the transfer process to LPFA.</p>
<b>Access and Fairness Consultation</b>	<p>On <b>2 February 2026</b>, 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.</p> <p>The first phase will prioritise changes to the following:</p> <ul style="list-style-type: none"> <li>• Survivor benefits and death grants</li> <li>• Gender pension gap (unpaid absence)</li> <li>• Gender pension gap reporting (reduced version for 2025)</li> <li>• McCloud remedy</li> <li>• Abolition of Lifetime Allowance</li> </ul> <p>The second phase will focus on implementing changes to:</p> <ul style="list-style-type: none"> <li>• Gender pension gap reporting (fuller version ahead of 2028)</li> <li>• Opt-out reporting</li> <li>• Forfeiture</li> <li>• All other Regulation changes set out in the consultation response</li> </ul> <p>Where appropriate, guidance will be produced in collaboration with stakeholders.</p>	<p><a href="https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-access-and-fairness/outcome/local-government-pension-scheme-in-england-and-wales-access-and-fairness-government-response">https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-access-and-fairness/outcome/local-government-pension-scheme-in-england-and-wales-access-and-fairness-government-response</a></p>	<p>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.</p> <p>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.</p> <p>The Funds Actuary has incorporated Gender Pension Gap reporting into the 2025 valuation results schedules and their formal actuarial valuation report. It remains to be seen whether any employers will request further information of their own position in due course.</p>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 145</p>	<p>Various publications/updates relating to Pension Dashboards including updated support for LGPS Funds to comply with the necessary requirements have been released and are summarised below:</p> <p><b>PDP</b> On <b>28 January 2026</b>, PDP issued a consultation on changes it has proposed to the latest draft of its reporting standards (version 2.1). The updated draft changes how data will be reported to MaPs but does not change what data must be generated, recorded, or reported. The consultation closes on 25 March 2026.</p> <p>On <b>8 January 2026</b>, PDP issued a consultation on how they can work with the industry to deliver Private Sector Dashboard (PSDs). The consultation closed on 10 February 2026.</p> <p>PDP have also published further articles on preparing data for dashboards, their December 2025 progress update report, and a blog around getting data ready.</p> <p><b>LGA Connection/Administration Guides</b> In response to an update from TPR on 17 December 2025 the LGA will be updating their Dashboard Connection / AVC guides to reflect these changes, which relate to:</p> <ul style="list-style-type: none"> <li>- Aligning illustration dates for LGPS benefits e.g., main/AVC benefits and,</li> <li>- Unavailable codes and 10-day deadline for submitting value data, with TPR setting out its expectations for administering authorities here and what should be recorded/reported etc.</li> </ul>	<p><a href="https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/reporting-standards-latest-update-and-consultation">https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/reporting-standards-latest-update-and-consultation</a></p> <p><a href="https://www.pensionsdashboardsprogramme.org.uk/publications/news/proposed-approach-to-collaborating-with-industry-to-deliver-private-sector-dashboards">https://www.pensionsdashboardsprogramme.org.uk/publications/news/proposed-approach-to-collaborating-with-industry-to-deliver-private-sector-dashboards</a></p> <p><a href="https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/preparing-data-for-dashboards-what-you-need-to-do">https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/preparing-data-for-dashboards-what-you-need-to-do</a></p> <p><a href="https://www.pensionsdashboardsprogramme.org.uk/progress-update-report">https://www.pensionsdashboardsprogramme.org.uk/progress-update-report</a></p> <p><a href="https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/getting-data-ready-for-dashboards-benefits-for-savers-and-schemes">https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/getting-data-ready-for-dashboards-benefits-for-savers-and-schemes</a></p>	<p>The Fund joined the Pensions Dashboard ecosystem by 31 October 2025, with contracts having been signed by all parties including our AVC providers.</p> <p>We are continuously monitoring and improving our data, identifying any new areas which need attention in line with issued guidance. In advance of the Dashboard going live, we are creating BAU admin procedures to process Dashboard-related requests within the timescales prescribed under the Regulations.</p>
	<p>On <b>26 November 2025</b>, the Chancellor delivered the Autumn Budget. The changes set out included direct implications for the LGPS on:</p> <ul style="list-style-type: none"> <li>- <b>Salary Sacrifice</b> – a limit of £2000 on the value of contributions made through such arrangements that can receive employer and employee national insurance contributions relief. This will impact those members using such arrangements to make AVCs. Guidance has also been produced.</li> <li>- <b>Inheritance Tax</b> – confirmation that the government will proceed with previously announced proposals to include certain unused pension funds and death benefits within the estate for inheritance tax purposes for deaths after April 2027. A policy paper was also produced.</li> <li>- <b>Stamp Duty Land Tax Relief (SDLT)</b> – An amendment to the rules to provide a time limited (5 years) SDLT exemption for transfers of real estate assets from LGPS funds to the pools.</li> </ul> <p>Since the Budget, Bills relating to National Insurance Contributions and Inheritance Tax are progressing through Parliament.</p>	<p><a href="https://www.gov.uk/government/publications/budget-2025-document">https://www.gov.uk/government/publications/budget-2025-document</a></p> <p><a href="https://www.gov.uk/government/publications/changes-to-salary-sacrifice-for-pensions-from-april-2029/changes-to-salary-sacrifice-for-pensions-from-april-2029">https://www.gov.uk/government/publications/changes-to-salary-sacrifice-for-pensions-from-april-2029/changes-to-salary-sacrifice-for-pensions-from-april-2029</a></p> <p><a href="https://www.gov.uk/government/publications/inheritance-tax-unused-pension-funds-and-death-benefits">https://www.gov.uk/government/publications/inheritance-tax-unused-pension-funds-and-death-benefits</a></p> <p><a href="https://bills.parliament.uk/bills/4046">https://bills.parliament.uk/bills/4046</a></p> <p><a href="https://bills.parliament.uk/bills/4042/stages">https://bills.parliament.uk/bills/4042/stages</a></p>	<p>The Technical team will continue to monitor the outcomes of the two bills making their way through Parliament to ensure that the necessary communications can be made to members as to what the implications will be and the requirements for them alongside any required changes to calculation routines.</p>

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<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD OF AVON PENSION FUND</b>
MEETING DATE:	<b>11<sup>th</sup> March 2026</b>
TITLE:	<b>SF3 Annual Benchmarking Review</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
List of attachments to this report: Appendix 1 – Results of SF3 Benchmarking 2024/25	

## **1 THE ISSUE**

- 1.1 The purpose of this report is to present the Pension Board with the results of the annual benchmarking exercise for 2024/25.

## **2 RECOMMENDATION**

### **The Pension Board is asked to;**

- 2.1 Note the report

## **3 THE REPORT**

- 3.1 Benchmarking is a vital tool that helps drive improvements and deliver value for money by measuring back office functions and comparing performance to similar organisations, therefore identifying where changes are needed and improve efficiency.
- 3.2 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.
- 3.3 SF3 data collection obtains data on the administration and fund management of the Local Government Pension Scheme.
- 3.4 The Fund has extracted benchmarking data from the SF3 extract and has attached the results in appendix 1.

## **4 STATUTORY CONSIDERATIONS**

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

4.2 The Pension Board has an advisory role in assisting the administering authority by making recommendations about compliance, process and governance. The Board does not have a decision-making role

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 There are no direct implications related to the pension board in connection with this report.

## **6 RISK MANAGEMENT**

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

## **7 EQUALITIES STATEMENT**

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

## **8 CLIMATE CHANGE**

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

## **9 OTHER OPTIONS CONSIDERED**

9.1 None.

## **10 CONSULTATION**

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

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

Please note that some page numbers may repeat as they are layered on the same slide within the presentation

# LGPS Fund Benchmarking 2024/2025

This year's data is obtained from SF3 pension data, collected annually (by MHCLG) from all LGPS funds in England & Wales



Avon  
Pension  
Fund

Your pension, your future

# Membership Comparisons

Page 150

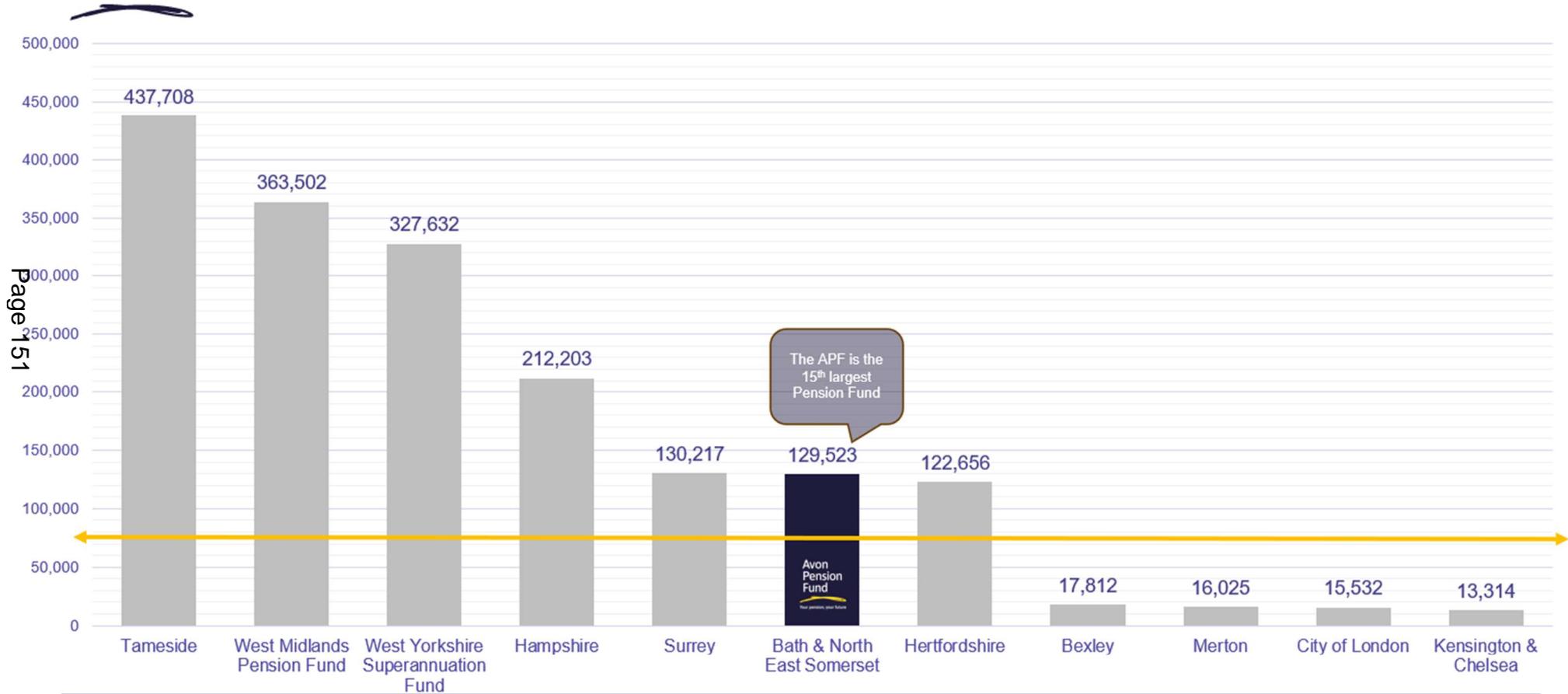
Avon  
Pension  
Fund

Your pension, your future



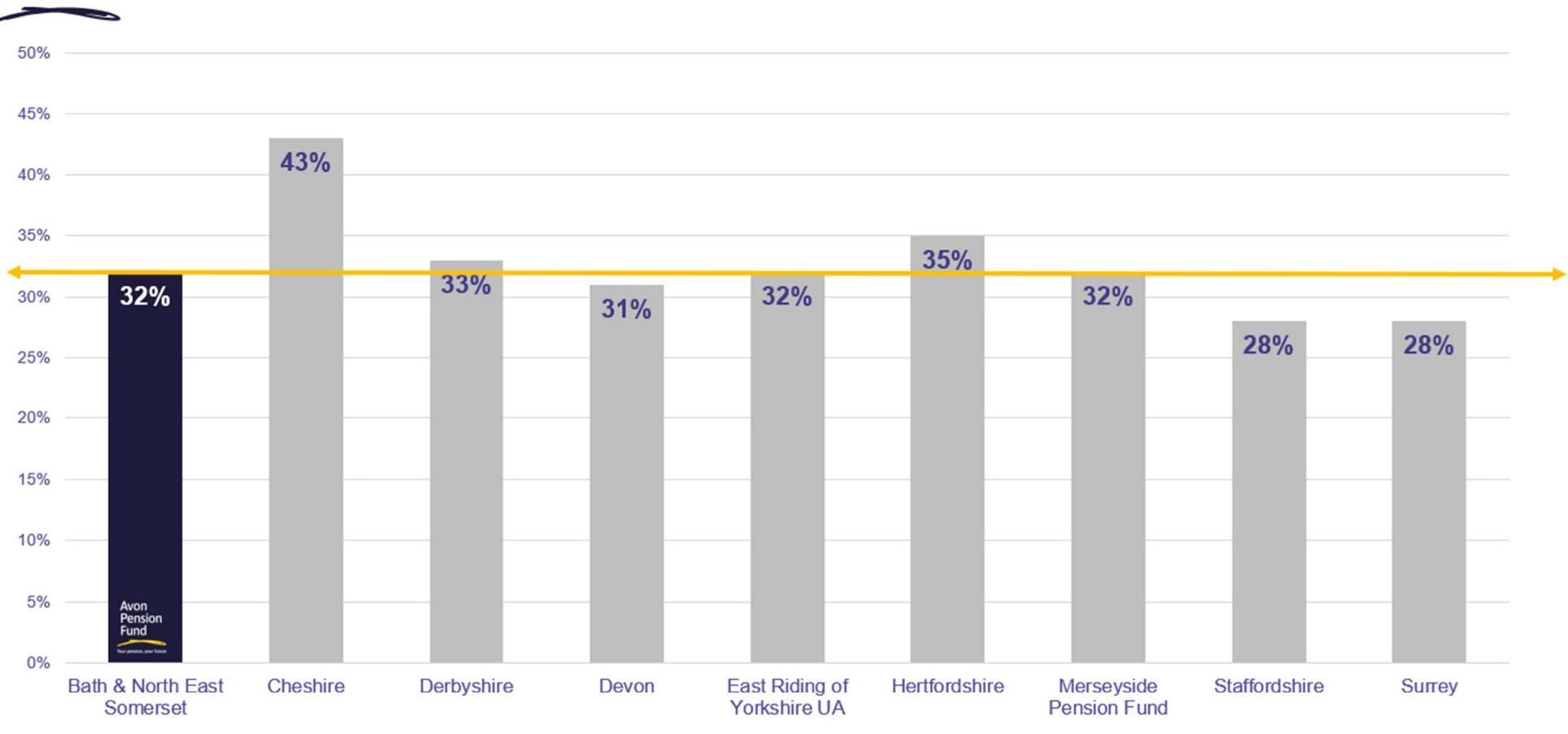
# Total Number of Members

This is the total membership within a fund regardless of status

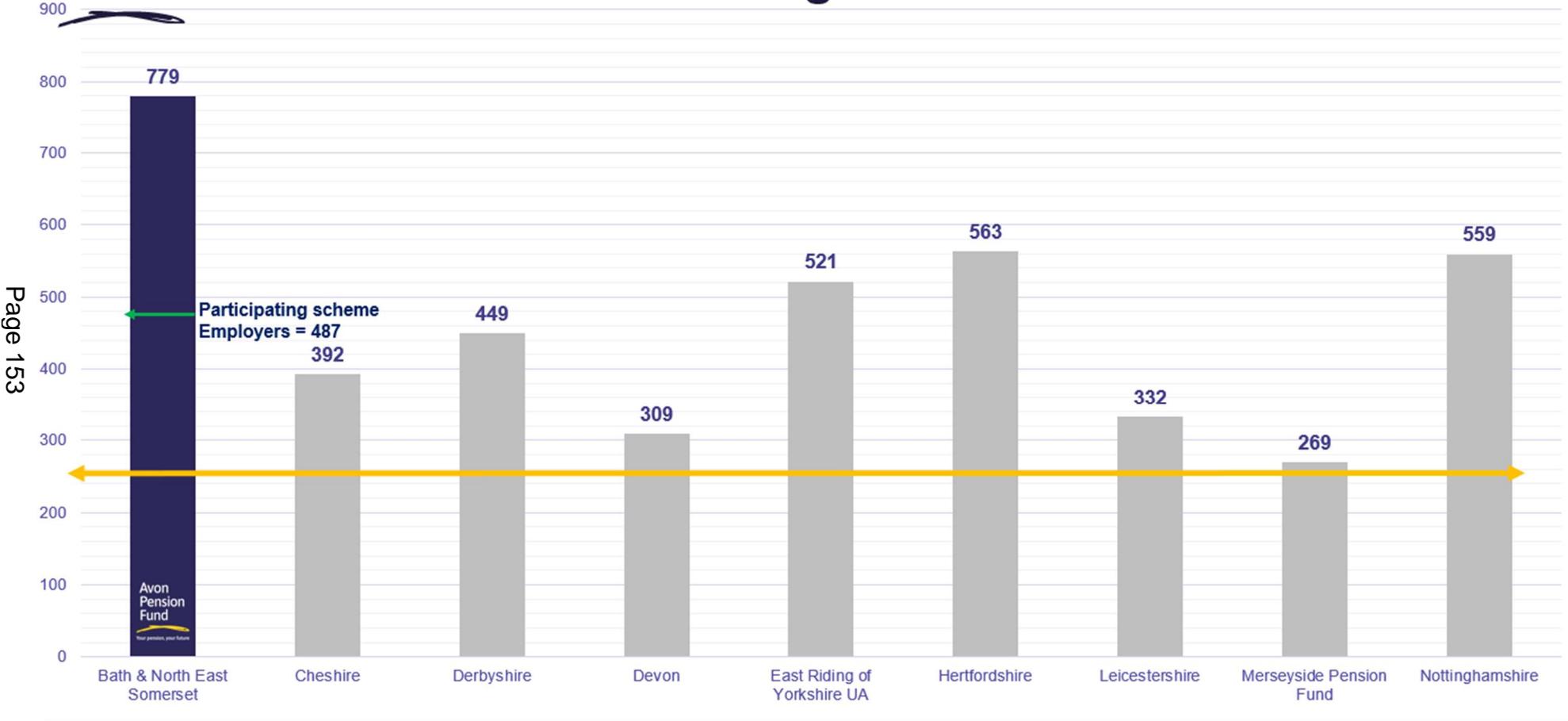


# Contributing Members as a % of Total Membership

Members still paying into their pension as a percentage of total membership



# Employer Totals Compared to Funds with a Similar Number of Contributing Members



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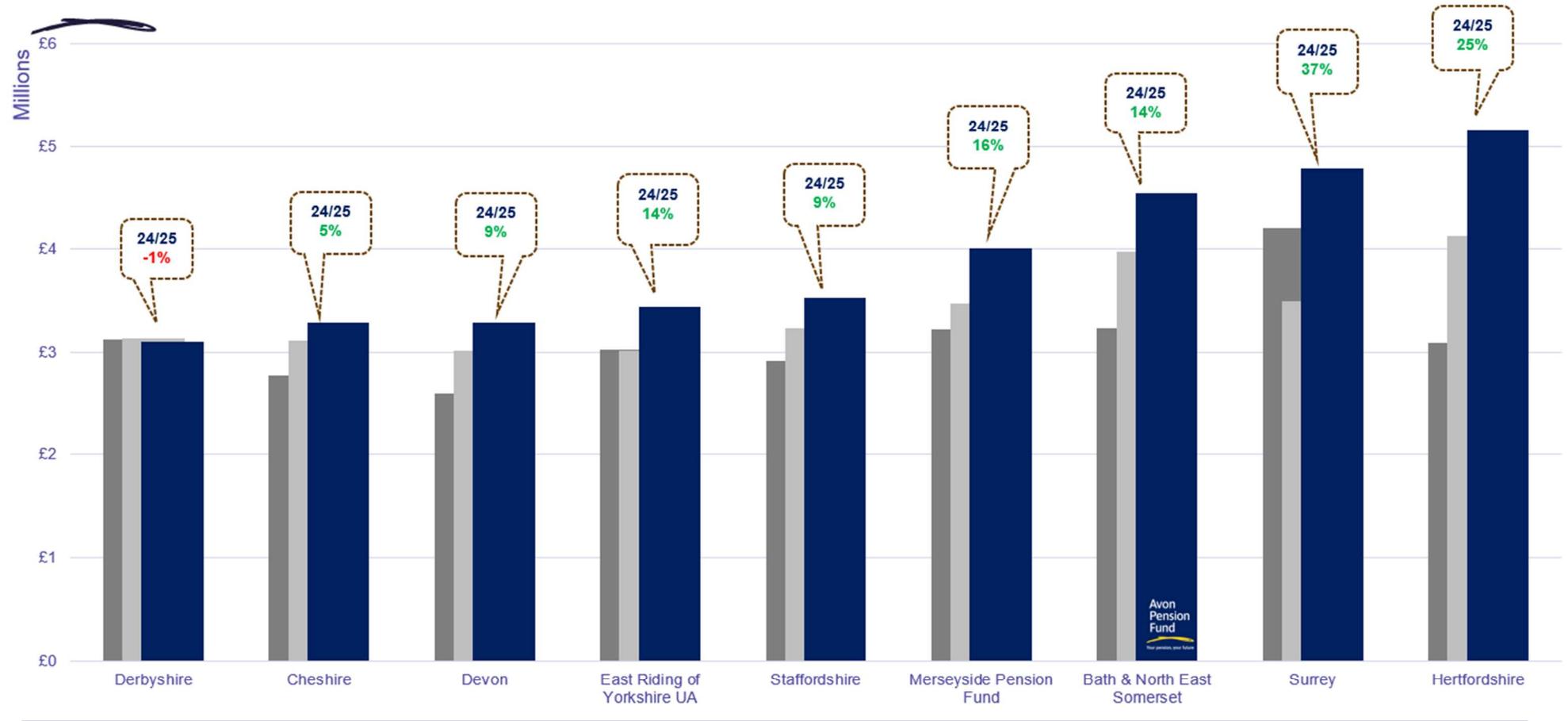
# Investment and Administration Costs

Page 154

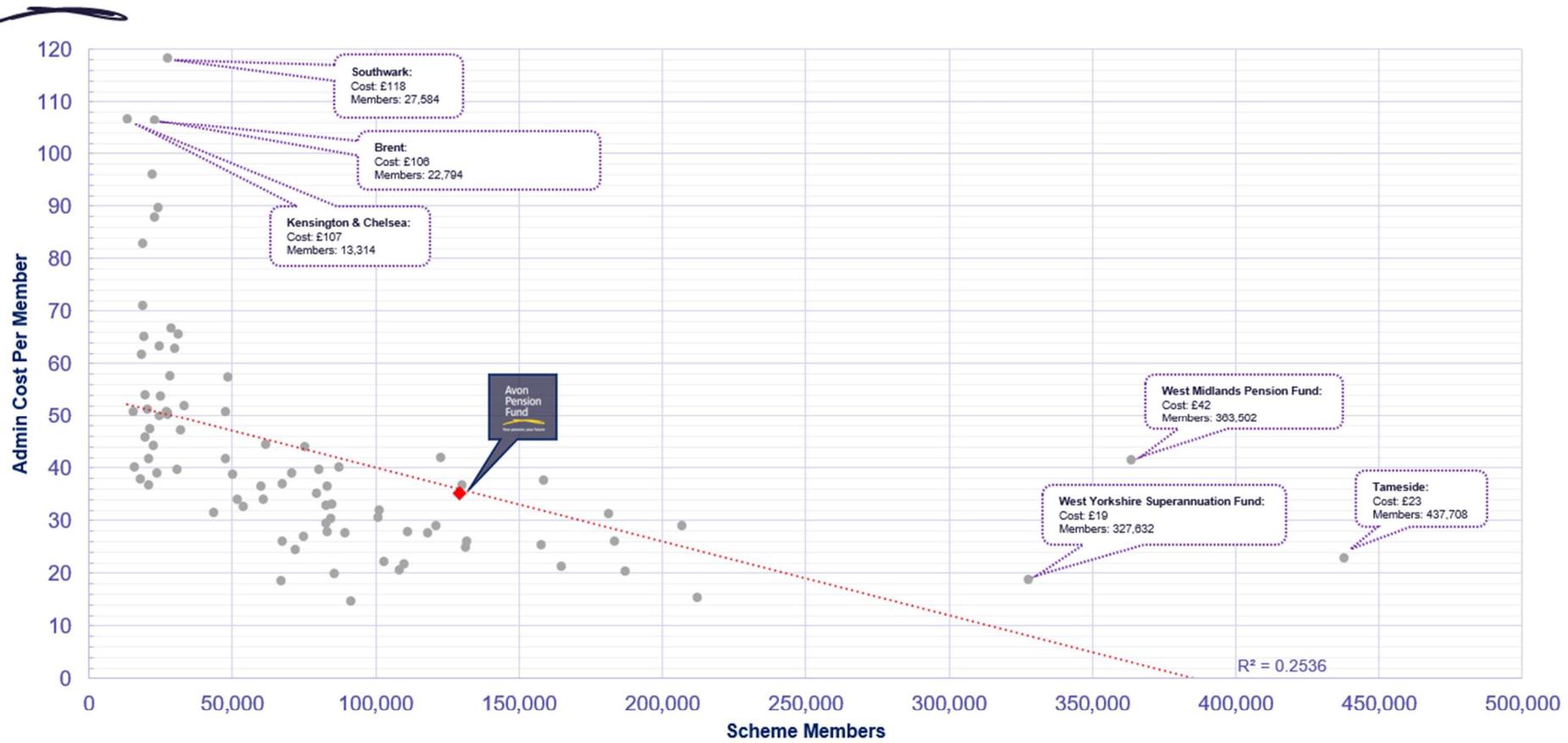


# Administration Expenses 2022-2025

■ Administration Expenses 2022/23   ■ Administration expenses 2023/24   ■ Administration expenses 2024/25

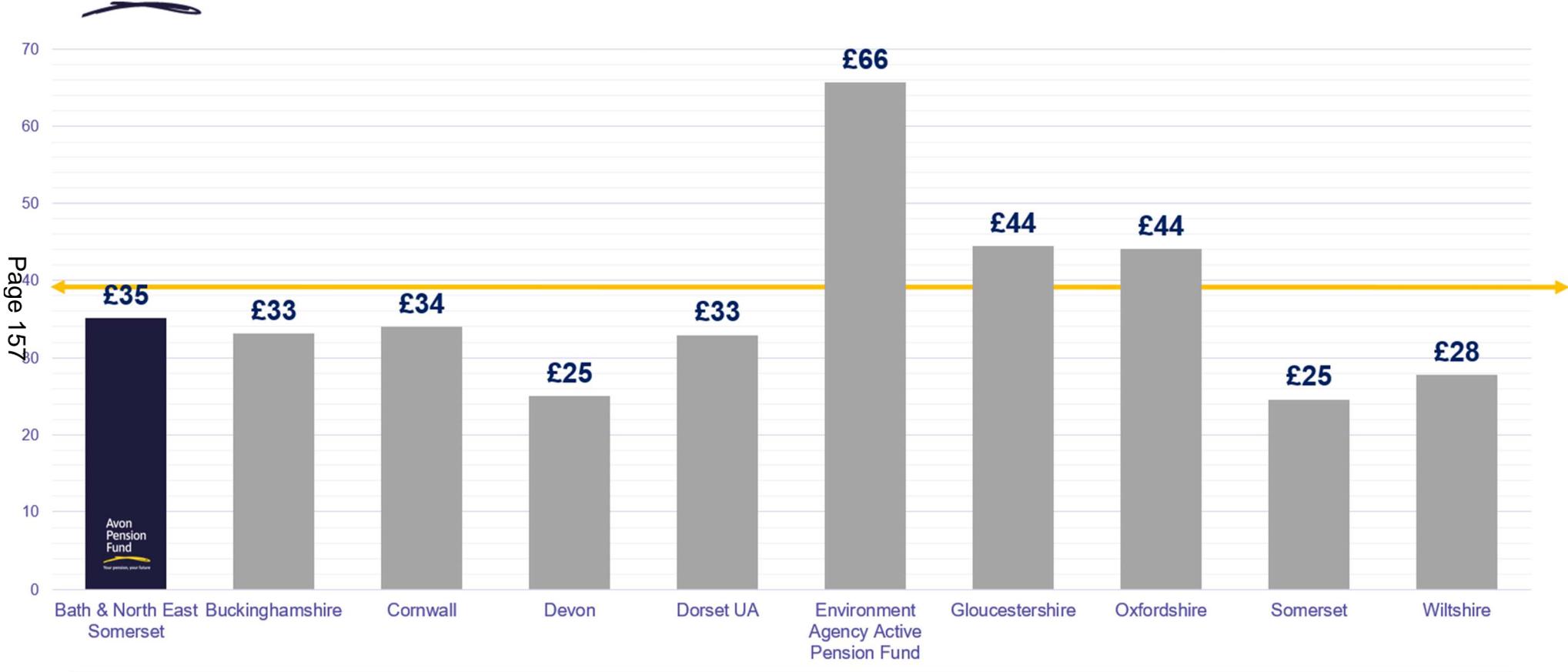


# Admin Costs Per Member



# Admin Cost Per Member Comparison

## Brunel



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# Admin Cost Per Member Comparison

## LPPI



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# Admin Cost Per Member Comparison

## LPPA



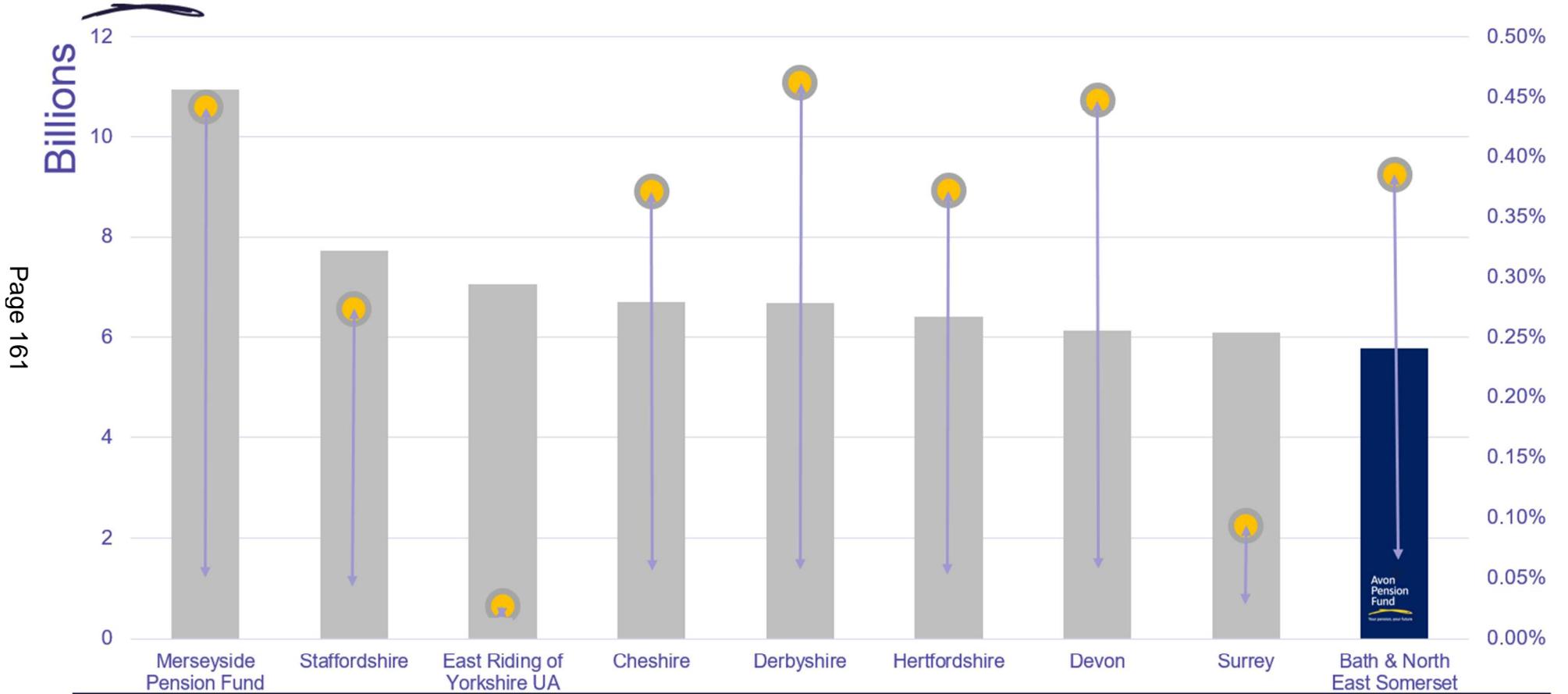
# Market Value as at March 2025 Compared to Investment Management Cost as a % of Assets



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## Market Value as at March 2025 Compared to Investment Management Cost as a % of Assets (Funds with a similar total membership)

■ Market value of the fund: At 31 March 2025     
 ● Investment Management Cost as a % of Asset



# Summary



The average cost per member is less than the LGPS average of £39 at £35.



The average % of contributing members compared to total membership is at 32%, equal to the LGPS Average



Avon Pension Fund has a higher-than-average number of employers when compared to contributing members. This can drive costs up and lead to higher work loads and required staffing.

<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD OF AVON PENSION FUND</b>
MEETING DATE:	<b>11<sup>th</sup> March 2026</b>
TITLE:	<b>Risk Management Review</b>
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<p>List of attachments to this report:</p> <p>Appendix 1 – Risk Register</p> <p>Appendix 2 – Risk framework</p>	

## **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**

**The Pension Board is asked to;**

2.1 Note the report

## **3 THE REPORT**

3.1 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 all those involved in the management of risk within the Fund including the role of the Pension Board and Pension Committee.

3.2 The risk framework introduced to assist risk owners to assess the risk and score is attached as appendix 2.

3.3 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 also 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 to the risk.

3.4 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

#### 4 QUARTERLY REVIEW OF RISK REGISTER

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

4.2 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.

4.3 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.

4.4 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.

4.5 NR12 – Failure to achieve decarbonisation targets – this risk has been reworded so the emphasis is on interim targets. The pre mitigant score has been updated to high and likely moving to medium and possible post mitigant actions.

4.6 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.

4.7 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.

4.8 NR16 – Cashflow profile is maturing - the cash buffer has been further increased from £25m to £30m to meet increasing monthly outflows

4.9 The changes mean that 'red' risks have reduced from 4 to 2. Our current top 2 risks are:

4.10 NR06 – the loss of IT including cyber attack and loss of power.

#### 4.11NR02 – Regulatory Changes

### **5 STATUTORY CONSIDERATIONS**

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

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

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

### **10 OTHER OPTIONS CONSIDERED**

10.1 None.

### **11 CONSULTATION**

11.1 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.

<b>Contact person</b>	Carolyn Morgan, Governance & Risk Advisor
-----------------------	---

	01225 395240
<b>Background papers</b>	None
<b>Please contact the report author if you need to access this report in an alternative format.</b>	

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	Previous 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	<ul style="list-style-type: none"> <li>- Business continuity plan reviewed and tested</li> <li>- B&amp;NES cyber security policy and system defence</li> <li>- Heywood Business Continuity plan in place</li> <li>- Pensions Dashboards security framework in place</li> </ul>	Hosted server arrangement with Heywood Implementation of General Code of Practice Requirements Emerging risk that pension dashboard will increase potential scamming activity	Critical	Likely	20	20	→
NR02	Regs	Regulatory changes	Breach of regulations Poor member outcomes Increased workloads for officers	High	Almost Certain	20	<ul style="list-style-type: none"> <li>- Regulatory changes monitored via LGA and professional advisors</li> <li>- Officers attend SWAPOG/Tech Group/working groups</li> <li>- Regulatory projects included in service plans</li> <li>- Officers respond to consultations</li> <li>- Software providers are more responsive to regulatory change</li> </ul>	McCloud Remedy Pensions Dashboard Resource implications of access and fairness regulations Access and Protections implications	Medium	Almost certain	15	15	→
NR01	Admin	Poor service levels below agreed standards	Service standards not met Poor member outcomes Breach of regulations	Critical	Almost Certain	25	<ul style="list-style-type: none"> <li>- KPIs and complaints monitored and acted on</li> <li>- Plan to digitise will improve self-serve and operations efficiency</li> <li>- Staff vacancies below 6%, ongoing training and development</li> <li>- Process improvements have been implemented</li> <li>- Review of Top 10 Process Controls done</li> <li>- Plan to minimise effects of key people/resources</li> <li>- Business Continuity and Crisis Communications Plan in place</li> <li>- Operations in steady state</li> </ul>	Transformation project Skills and experience of staff New Regulations Implementation of process reviews Pensions Dashboard go live pending	High	Possible	12	16	↑
NR19	Investments	Move to new asset pool	Challenging timelines increase risk of poor decision making Significant increase in workload Potential impact to investment strategy and disruption to service provision Potential loss of influence / control within pool Increased costs due to transition of assets plus possible wind down of Brunel Ltd	High	Almost Certain	20	<ul style="list-style-type: none"> <li>- LPPI chosen pool</li> <li>- Legal advice sought for Brunel wind-up and LPPI entry</li> <li>- All partner funds granted shareholder status</li> <li>- Good progress made towards finalising legal agreements. Appropriate Governance arrangement starting to take shape.</li> <li>- Building working relationship with LPPI to mitigate service provision risks. Retaining some external advice to provide resilience.</li> </ul>	Speed of change driven by government is challenging Working with LPPI, Brunel and partner funds on transition options	Medium	Likely	12	15	↑
NR05	Governance	Failure to manage personal data per regulations	Personal data corrupted or illegally shared Member detriment Fines and reputational damage	Critical	Almost Certain	25	<ul style="list-style-type: none"> <li>- One West is Data Protection Officer for Fund and advises on data protection matters</li> <li>- Record of processing and privacy notice set out how data is managed</li> <li>- Processes reviewed and updated following minor breaches</li> <li>- Regular officer training</li> <li>- Data sharing/transfer agreements and DPIAs implemented for all relevant projects</li> </ul>	Skills and experience of staff Electronically submitted data Introduce bulk processes Potential updates to telephone system	High	Possible	12	12	→
NR10	Investments	Failure to earn investment returns as per Funding Strategy	Employer contributions need to rise	Critical	Likely	20	<ul style="list-style-type: none"> <li>- Diversified asset allocation</li> <li>- Professional and independent investment advice</li> <li>- Risk management strategy supports funding strategy</li> <li>- FRMG &amp; Investment Panel monitor performance and risk</li> <li>- Periodic strategic investment review</li> </ul>	Heightened geo political risk Lower global growth and higher inflation/interest rates	High	Possible	12	12	→
NR11	Investments	LPPI fails to deliver client objectives regarding service delivery	Affects Fund's ability to achieve investment objectives	Critical	Possible	15	<ul style="list-style-type: none"> <li>- LPPI governance framework for strategic and operational decision making</li> <li>- Robust performance reporting</li> <li>- Avon-LPPI working group (internal)</li> </ul>	Future of pooling is strategic challenge for pool, focus needs to be on BAU	High	Possible	12	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 Fraud	High	Almost Certain	20	<ul style="list-style-type: none"> <li>- Internal Audit plan in place</li> <li>- Fund policies regularly reviewed</li> <li>- Counter fraud measures in place</li> <li>- Media enquiries dealt with per B&amp;NES policy</li> <li>- Contracts in place with legal advisors and PR professionals</li> <li>- Media monitoring undertaken</li> <li>- Action plan in place for TPR GCOP</li> </ul>	Fit for Future regulatory changes to Investment & Fund governance arrangements TPR General Code of Practice Counter Fraud risk assessment to be conducted	Medium	Likely	12	12	→
NR12	Investments	Failure to achieve interim climate targets (decarbonisation, alignment and engagement)	Reputational risk from failing to meet targets and financial risk arising from slower than expected transition (given current Fund SAA)	High	Likely	16	<ul style="list-style-type: none"> <li>•SAA</li> <li>• Independnet assessment of progress</li> <li>• Collective engagement and membership of industry bodies</li> <li>• Screens and divestment criteria based on industry best practice</li> </ul>	<ul style="list-style-type: none"> <li>• Tougher policy backdrop</li> <li>• Transition to new Pool</li> <li>• Limited scope to further enhance SAA</li> </ul>	Medium	Possible	9	12	↑

NR07	Employers Data	Employers do not comply with regulatory responsibilities, LGPS regulations or the Funding Strategy Statement	Poor member data Fines and greater scrutiny by TPR Employer liabilities incorrect if data is incorrect Non-compliance with the FSS and funding policies Reputational risk of litigation	Critical	Likely	20	<ul style="list-style-type: none"> <li>- Management of employers set out in admin strategy/MOU</li> <li>- Employer KPIs recorded and monitored vs TPR standards</li> <li>- Employer training</li> <li>- Employer regulatory newsletter</li> <li>- Reconciliation of Iconnect and Accounts in regards to contributions and data provided</li> <li>- Specialist legal and actuarial advice needed to resolve employer issues</li> <li>- Clear policies in FSS set out process and employer obligations</li> </ul>	TPR General Code of Practice Administration Strategy currently out for consultation	Medium	Possible	9	9	→
NR08	Employers Funding	Employers unable to meet financial obligations to Fund	Financial cost to other employers in the Fund	High	Likely	16	<ul style="list-style-type: none"> <li>- Policies on employer financial stability set out in FSS and ISS</li> <li>- Strong covenant management and information gathering processes</li> <li>- Quarterly review and mitigating action</li> </ul>	Challenging public sector funding environment Valuation in progress	Medium	Possible	9	9	→
NR09	Investments	Operational risks of investment managers, custodian and other investment suppliers	Loss of assets Inability to trade in assets inaccessible	High	Possible	12	<ul style="list-style-type: none"> <li>- Due diligence and audits of service providers, managers</li> <li>- Controls embedded in investment management agreements</li> <li>- Diversification across different asset managers</li> <li>- Quarterly service &amp; risk review with LPPI and suppliers</li> </ul>	Data management and cyber risk	Medium	Possible	9	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"> <li>- Monthly monitoring &amp; forecast of cashflow</li> <li>- Increased the cash buffer from £25m to £30m to meet increasing monthly outflows</li> <li>- Tradeable assets can be swiftly sold</li> <li>- Strict limits on illiquid assets</li> <li>- Post-triennial valuation, contributions expected to fall from April 2026, increasing cash needs</li> </ul>	Increased the cash balance that can be held in money market funds	High	Unlikely	8	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"> <li>- Maintain collateral at prudent level with materia buffer vs risks</li> <li>- Set hedge ratio at level that can be adequately collateralised</li> <li>- Auto pause when LDI hedge ratio hits 40%</li> <li>- Offsetting nature of synthetic equity and equity protection strategies dampens leverage requirements</li> <li>- Simplification of LDI programme post 2025 ISR makes monitoring leverage and collateral easier</li> </ul>	UK gilt market environment Currently have high collateral buffer	High	Unlikely	8	8	→
NR03	Governance	Pension Committee and Pension Board cannot operate effectively	Delays in decision making by the Pension Committee Limited oversight from the Pension Board Failure to meet MIFID & TPR regulations	Medium	Almost Certain	15	<ul style="list-style-type: none"> <li>- Representation set out in Fund's representation policy</li> <li>- Knowledge requirements in Training policy</li> <li>- Compliance vs regulations defined in Compliance Statement</li> <li>- Decisions responsibilities set out in decision matrix</li> <li>- Terms of Reference set out governance framework</li> </ul>	Recruitment for replacement Academy Rep and new Independent Person role	Medium	Unlikely	6	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"> <li>- Adopt B&amp;NES Treasury management policy</li> <li>- Due diligence on banks</li> <li>- Diversification across multiple suppliers</li> <li>- Consultation with treasury management advisors</li> </ul>	Increased number of money market funds to invest in	Medium	Unlikely	6	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"> <li>- Monthly reconciliations of contributions</li> <li>- Management reviews and action</li> <li>- Mercer funding monitor tool</li> <li>- Larger employers pre pay contributions</li> <li>- More employers in surplus heightens the risk of incorrect contributions</li> </ul>	Employer budgets stretched by insufficient funding Increased reconciliations and additional checks Issue updated guidance to employers on surplus deductions	Low	Possible	6	6	→

### CURRENT RISKS - SUMMARY

#### LIKELIHOOD

		Rare	Unlikely	Possible	Likely	Almost Certain
IMPACT	Critical	0	0	0	1	0
	High	0	2	4	0	0
	Medium	0	2	4	2	1
	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	<b>Negligible</b>	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	<b>Low</b>	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	<b>Medium</b>	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	<b>High</b>	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	<b>Critical</b>	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.

<b>Bath &amp; North East Somerset Council</b>	
MEETING:	<b>LOCAL PENSION BOARD OF AVON PENSION FUND</b>
MEETING DATE:	11 <sup>th</sup> March 2026
TITLE:	Governance Update
WARD:	<b>ALL</b>
<b>AN OPEN PUBLIC ITEM</b>	
<p>List of attachments to this report:</p> <p>Appendix 1 – Pension Board Workplan 2026</p> <p>Appendix 2 – Pension Board Training Plan 2025/2026</p> <p>Appendix 3 – TPR’s General Code of Practice Action Plan 2025/26</p> <p>Appendix 4 – TPR’s General Code of Practice Action Plan 2026/27</p>	

## 1 THE ISSUE

- 1.1 The purpose of this report is to set out the workplan and training plan for Pension Board members plus provide governance updates as necessary.

## 2 RECOMMENDATIONS

### The Committee is asked to;

- 2.1 Notes the workplan & training plan for 2025/2026
- 2.2 Notes the action plan to meet compliance with TPR GCOP
- 2.3 Notes the dates for future meetings

## 3 THE REPORT

### 3.1 Workplan

- 3.2 The workplan is agreed annually with the Chair of the pension board and includes the delivery of all statutory obligations of the Board.
- 3.3 The workplan is attached at Appendix 1 and has been updated for 2026. It will be presented and discussed 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.

### 3.4 Modern Gov

- 3.5 All Pension Board members have been asked to access meeting papers via Modern Gov.
- 3.6 If any member requires assistance with access to Modern Gov, the Governance Team ([APF\\_Governance@bathnes.gov.uk](mailto:APF_Governance@bathnes.gov.uk)) is able to provide support & training.

### 3.7 Future Meeting Dates

Meeting dates for 2026 are as follows:

<b>2026</b>
11 <sup>th</sup> March
10 <sup>th</sup> June
9 <sup>th</sup> September
2 <sup>nd</sup> December

### 3.9 Training

3.10 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.

3.11 Appendix 2 contains the training programme for the year ahead. The Hymans Online Learning Academy timetable will be refreshed in April 2026. The workshops will be held jointly with the APF Pension Committee.

3.12 Members are asked to consider any other training needs through the rest of 2025 to fit into the working cycle of the Board.

#### 3.13 Hyman's LGPS Online Learning Academy (LOLA)

3.14 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).

3.15 The training is split into a number of modules covering the CIPFA Knowledge & Skills Framework.

3.16 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

3.17 The full timetable for completion of all modules is contained in Appendix 2.

### 3.18 **The Pension Regulator's General Code of Practice – Action Plan**

3.19 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

3.20 The Fund conducted an assessment against the requirements of the code and presented an action plan to the Board in March 2025, with the aim of reaching compliance with the code over the next year.

3.21 Appendix 3 sets out the updated action plan with progress up to March 2026.

3.22 Appendix 4 is the Fund's new plan for 2026 setting out a few actions which were not able to be completed in 2025.

3.23 The full GCOP can be found by visiting TPR website <https://www.thepensionsregulator.gov.uk/en/document-library/code-of-practice>

## 4 STATUTORY CONSIDERATIONS

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

4.2 The Pension Board has an advisory role in assisting the administering authority by making recommendations about compliance, process and governance. The Board does not have a decision-making role.

## 5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 Within the planned budget for the operation of the pension board.

## 6 RISK MANAGEMENT

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

## 7 EQUALITIES STATEMENT

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

## 8 CLIMATE CHANGE

8.1 The Fund is implementing a digital strategy across all its operations and communications with stakeholders to reduce its internal carbon footprint in line with the Council's Climate Strategy. The Fund acknowledges the financial risk to

its assets from climate change and addresses this through its strategic asset allocation to Paris Aligned Global Equities, Sustainable Equities and renewable energy opportunities. The strategy is monitored and reviewed by the Committee.

## **9 OTHER OPTIONS CONSIDERED**

9.1 None.

## **10 CONSULTATION**

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

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

**Appendix 1**

<b>Pension Board Workplan</b>	<b>March</b>	<b>June</b>	<b>September</b>	<b>December</b>
Administration & service plan update (include KPIs)				
Workplan & training plan				
Investment/Pooling/Fit for Future 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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Type of Training	Date	Content	
Workshop	TBC	Cyber Security	
Workshop	TBC	Fit for Future - Good	
Hymans Learning Academy	Title of Module	Date to be completed	Time Commitment
<b>Introduction</b>	• An Introduction to LGPS Online Learning Academy	Sep-25	2 minutes
<b>Module 1 – Committee Role and Pensions Legislation</b>	• An Introduction to Pensions Legislation	Sep-25	27 minutes
	• An introduction to Pensions Legislation - The Role of a Councillor		
<b>Module 2 – Pensions Governance</b>	• LGPS Oversight Bodies – DLUHC & GAD	Dec-25	50 minutes
	• LGPS Oversight Bodies – TPR		
	• Business Planning		
	• LGPS Governance		
<b>Module 3 – Pensions Administration</b>	• Introduction to Administration	Nov-25	51 minutes
	• Additional Voluntary Contributions		
	• Policies and Procedures		
<b>Module 4 – Pensions Accounting and Audit Standards</b>	• Pensions Accounting and Audit Standards	Nov-25	11 minutes
<b>Module 5 – Procurement and Relationship Management</b>	• Public Procurement	Jan-26	11 minutes
<b>Module 6 – Investment Performance and Risk Management</b>	• Introduction to Investment Strategy	Feb-26	48 minutes
	• LGPS Investment Pooling		
	• Performance Monitoring		
	• Responsible Investment		
<b>Module 7 – Financial Markets and Product Knowledge</b>	• Introduction to Financial Markets and Product Knowledge	Mar-26	33 minutes
	• Investment – MiFID II		
<b>Module 8 – Actuarial Methods, Standards and Practices</b>	• Introduction to Funding Strategy	Oct-25	53 minutes
	• LGPS Actuarial Valuations – Process		
	• LGPS Valuation – Technical		
	• Employers		
<b>Current Issues</b>	• 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		
	• McCloud Recent Developments		
	• LGPS Fit for Future Consultation		
	• Gender Pensions Gap in LGPS		
	• Partial Cessations		
	• LGPS Fit for Future Consultation - Government Response		
	• What is a pension scam		
	• Pension Scams in the LGPS		
• Access & Protections Consultation			

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## Appendix 3 - 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	Current Status	Actions	Responsibility	Timescale	Comments
<b>The Governing Body: Board Structure and Activities</b>					
Members of governing bodies to display the characteristics shown in <b>Appendix 1</b> .	Complete	Mandatory training required for several members.	Governance and Risk Advisor	Dec-25	Training requirements carried forward under knowledge & understanding
<b>The Governing Body: Knowledge and Understanding</b>					
The governing body should regularly carry out an audit of its members' skills and experience to identify gaps and imbalances.	In Progress				Not fully compliant - carry over to 2026
Members of the pension board can work towards completing TPR public service toolkit or equivalent learning programmes.	Complete	Mandatory training required for several members.	Governance and Risk Advisor	Dec-25	
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 <b>Appendix 6</b> .	Complete				
<b>The Governing Body: Advisers and Service Providers</b>					
Follow the processes set out for appointing advisers and service providers. (see <b>Appendix 8</b> for more detail)	Complete	Check SLAs agreed for all new contracts.			
Follow the processes set out for managing advisers and service providers. (see <b>Appendix 9</b> for more detail)	In Progress	Review process for monitoring performance of service providers and engaging advisers and service providers, embedded Q2 2026 onwards.	Fund officers	Mar-26	Not fully compliant - carry over to 2026
Follow the processes set out for replacing advisers and service providers. (see <b>Appendix 10</b> for more detail)	Complete	Internal procurement process to be reviewed to ensure contracts in place for all services via a compliant procurement route.			
<b>The Governing Body: Risk Management</b>					
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.	Complete	Embed 12 process improvements agreed with Simplify.  Check other key processes and embed new controls if required	Head of Pensions	Mar-26	Work complete but ongoing review to be carried out as BAU
When designing internal controls governing bodies should consider TPR expectations. (see <b>Appendix 12</b> for more detail)	Complete	New projects and associated documents to be reviewed to include all TPR expectations. Go/No-Go checklist updated to cover internal controls.	Business Change Manager	Mar-26	
To maintain internal controls governing bodies should consider TPR expectations. (see <b>Appendix 13</b> for more detail)	Complete	Assurance reports required from Heywood.	Head of Pensions	Mar-26	
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 <b>Appendix 14</b> .	Complete	New Business Continuity Plan to be completed and tested.	Governance and Risk Advisor	Apr-25	Live test for BCP needed and review of BCP since going hosted in July 25. Add requirement to 2026
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).	Complete	Add requirement to conflicts of interest policy, applied only if a relevant case arises	Governance and Risk Advisor	Jun-25	
<b>Administration: Scheme Administration</b>					
Every scheme must operate internal controls which should include administration.	Complete	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 <b>Appendix 22</b> .	Complete	Complete new Business Continuity Plan and carry out test. Complete consistency review of procedure notes for all processes.	Pensions Operations Manager	Mar-26	
<b>Administration: Information Handling</b>					
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	Mar-26	Not fully complete - move to 2026
Governing bodies should meet the record keeping requirements set out in <b>Appendix 26</b> .	Complete	Review data improvement plan and record of Processing Activities. And embed required improvements.	Pensions Operations Manager	Mar-26	
Governing bodies may consider the record keeping requirements set out in <b>Appendix 27</b> 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.	Complete	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	Mar-26	Decision made to postpone deletion of Altair records while Access & Fairness rectification work is in progress
Governing bodies should have appropriate processes in place for monitoring scheme data. (see <b>Appendix 29</b> for full details)	Complete	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 <b>Appendix 30</b> for full details)					
<b>Administration: IT &amp; Cyber Security</b>					
Governing bodies should take steps to make sure their service providers can prove they meet our expectations for maintaining IT systems as listed in <b>Appendix 32</b> .	Complete	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 <b>Appendix 33</b> .					
When managing cyber risk governing bodies should follow the procedures set out in <b>Appendix 34</b> .					
<b>Administration: Contributions</b>					

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 <b>Appendix 35</b> for full details)	In Progress	Review process for charging and recording interest for late payers.	Group Manager, Funding, Investment & Risk	Mar-26	Late payment interest policy still needs updating and to be formalised. carry over to 2026 based on audit requirements
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.	Complete	Review process of new reconciliation data with iconnect team.	Group Manager, Funding, Investment & Risk	Mar-26	
<b>Communications and Disclosure: Information to Members</b>					
The scheme manager should comply with the requirements of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.	Complete	Review the Disclosure of Information Regs to check compliance in all areas.	Technical and Compliance Advisor	Dec-25	Claire to undertake reviews as BAU
The governing body should follow the principles set out in the section entitled "General Principles for Member Communications". TPR expectations are listed in <b>Appendix 37</b>	In Progress	Individual letters to members will be reviewed as part of process reviews, starting with the new member letter.	Pensions Operations Manager	Mar-26	Not fully complete - move to 2026
Scheme managers should follow the principles set out in the section entitled "General Principles for Member Communications" when drafting benefit information statements. (see <b>Appendix 38</b> for more detail)	Complete	Review of statements required to include McCloud data for 2025, plus Business Change Team to look at alternative ways to support members' understanding.	Technical and Compliance Advisor	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	Mar-26	Not fully complete - move to 2026
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.	Complete	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.	Complete	Tighter controls to be implemented for the process/potential review of process.	Pensions Operations Manager	Dec-25	
<b>Communications and Disclosure: Public Information</b>					
Scheme managers may consider how best to publish information, making use of the principles outlined in General principles for member communications.(See <b>appendix 37</b> )	Complete	TPR General Principles reviewed and incorporated into APF's updated Comms Policy.	Business Change Manager	Dec-25	

<p>Scheme managers may also publish:</p> <ul style="list-style-type: none"> <li>- the employment and job title (where relevant) and any other relevant position each board members holds</li> <li>- details of the pension board recruitment process</li> <li>- who each pension board member represents</li> <li>- the full terms of reference for the pension board, including details of how it will operate</li> <li>- any specific roles and responsibilities of individual pension board members</li> </ul>	Complete	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"> <li>- Have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete</li> <li>- Ensure any out-of-date or incorrect information identified is updated as soon as possible and in any event, within one month</li> </ul>	In Progress	APF Comms Policy reviewed and updated. Process development to monitor all published data in progress.	Business Change Manager	Mar-26	Not fully complete - move to 2026
<p>There are further considerations the governing body should make in relation to the dispute resolution process. (see <b>Appendix 40</b> for further details).</p>	Complete	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	
<b>Reporting to TPR: Reporting Breaches</b>					
Breaches of the law must be reported as soon as reasonably practicable.	Complete	Review breaches policy and process and add additional requirements	Governance and Risk Advisor	Dec-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.	In Progress			Mar-26	Not complete - carry over to 2026 Requirement to be added to process/breach policy

Regulatory Requirement
TPR Requirement
Best Practice

## Appendix 4 - 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	Current Status	Actions	Responsibility	Timescale	Comments
<b>The Governing Body: Board Structure and Activities</b>					
<b>The Governing Body: Knowledge and Understanding</b>					
The governing body should regularly carry out an audit of its members' skills and experience to identify gaps and imbalances.	In Progress	Mandatory training to be enforced as part of Fit for Future	Governance and Risk Advisor	Mar-27	
<b>The Governing Body: Advisers and Service Providers</b>					
Follow the processes set out for managing advisers and service providers. (see <b>Appendix 9</b> for more detail)	In Progress	Additional work required in monitoring contracts	Governance and Risk Advisor	Mar-27	
<b>The Governing Body: Risk Management</b>					
Governing bodies should consider having a continuity plan that meets the requirements of <b>Appendix 14</b> .	In Progress	Live test for BCP needed, review of BCP since going hosted. Pensions Payroll critical service testing.	Governance and Risk Advisor	Oct-26	Although new plan in place additional actions are now required
<b>Administration: Information Handling</b>					
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-26	
<b>Administration: Contributions</b>					
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 <b>Appendix 35</b> for full details)	In Progress	Late payment interest policy to be updated and formalised	Group Manager, Funding, Investment & Risk	Mar-27	
<b>Communications and Disclosure: Information to Members</b>					
The governing body should follow the principles set out in the section entitled "General Principles for Member Communications". TPR expectations are listed in <b>Appendix 37</b>	In Progress	Individual letters to members will be reviewed as part of process reviews, starting with the new member letter.	Pensions Operations Manager	Mar-27	
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	Mar-27	
<b>Communications and Disclosure: Public Information</b>					
Scheme managers should: - 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 Progress	APF Comms Policy reviewed and updated. Process development to monitor all published data in progress.	Business Change Manager	Mar-27	
<b>Reporting to TPR: Reporting Breaches</b>					
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.	In Progress	Requirement to inform members where there has been a material breach in respect of payment of contributions to be added to process/breach policy	Governance and Risk Advisor	Mar-26	

Regulatory Requirement

TPR Requirement

Best Practice

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