

## Avon Pension Fund - Governance Compliance Statement

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

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

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

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

The Avon Pension Fund has a sub-committee, the Investment Panel, to consider matters relating to the management and investment of the assets of the Fund in greater detail. The Investment Panel is made up of members of the main committee. The Panel has delegated powers to take decisions on specific issues and otherwise makes recommendations to the Committee. The minutes of Investment Panel meetings form part of the main committee agenda. The Funding & Risk Management Group (FRMG) has also been set up and is a group of Avon Pension Fund officers and specialist advisors whose role is to consider in greater detail all strategic and operational aspects of the Risk Management Strategies and to make recommendations to the Committee.

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

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

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

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

The Board will publish an annual report to Council containing any recommendations on process or governance. The Board will report any material concerns to the Service Director – One West.

Board minutes will be circulated to the administering authority (the Pension Committee), and the Service Director – One West. The Board is required to

f) The Avon Pension Fund is represented on the governance arrangements of Brunel Pension Partnership.

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

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

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

The Fund has established an FCA regulated company (Brunel) with 9 other LGPS funds which implements the investment strategies of the 10 funds who participate in Brunel Pension Partnership. The Fund allocates its assets to portfolios offered by Brunel in line with the Investment Strategy agreed by the Committee.

The Chair of the APFC represents the Avon Pension Fund on the Brunel Oversight Board (BOB). The Group Manager, Funding, Investments & Risk represents the Fund on the Client Group, a practitioner group to support BOB and engage directly with Brunel.

Minutes of BOB meetings are included in Pension Fund Committee and Pension Board agendas.

A Brunel Working Group, comprising the Chair and Vice Chair of the Committee, the BOB representative (if not the Chair or Vice Chair), an independent member (on the Panel), the Head of Pensions and the Group Manager, Funding, Investments & Risk has been established to consider in detail any issues arising from Brunel Pension Partnership such as reserve Matters.

**B – Representation**

**Partial Compliance**

- a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:
- i) employing authorities (including non-scheme employers , e.g. admission bodies);
  - ii) scheme members (including deferred and pensioner scheme members);
  - iii) where appropriate, independent professional observers;

In 2019 The Avon Pension Fund changed the structure of the Committee to represent a wider range of employers by including an Academies representative plus a further independent representative.

There are 14 voting members representing employers across the unitary authorities, Higher and Further Education bodies and now Academies, plus 1 non-voting member representing the Parish /Town Councils. Admission Bodies are not formally represented within the committee structure as it is difficult from a purely practical perspective to have meaningful representation from such a diverse group of employers. The appointment of independent members with voting rights was, in part, to provide representation on the committee independent of all the employing bodies. All employing bodies are included in all consultation exercises that the Fund undertakes with its stakeholders.

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

There are up to 3 trades union representatives (1 with voting rights and 2 non-voting), nominated by the individual trade unions on the committee. These committee members also represent the deferred and pensioner members.

The Fund has not appointed an independent professional observer. The committee has procedures in place to monitor and control risk and there is significant external oversight of the Fund, committee and decision-making process.

Furthermore, three members are appointed to the committee independent of the administering authority and other stakeholders to strengthen the independence of the governance process. Lastly the pension fund and its governance

<p>iv) expert advisors.</p> <p>b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.</p>	<p>processes are scrutinised annually by the external audit. The Fund's investment consultant attends all committee and panel meetings and other expert advisors, such as the Scheme Actuary, attend on an adhoc basis when appropriate.</p> <p>All members of the committee are treated equally in terms of access to papers, meetings and training. Although some members do not have voting rights, they are given full opportunity to undertake training and contribute to the decision-making process.</p> <p>The attached appendix contains the Fund's full policy on representation</p>
<p><b>C – Selection and role of lay members</b></p>	<p><b>Compliant</b></p>
<p>a) That the committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p> <p>b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>	<p>The Fund has separate job descriptions for the voting and non-voting members, which set out the role and responsibilities for each position within the committee. These are circulated to the relevant bodies prior to members being appointed to the committee.</p> <p>Declarations of interest is a standing item on every committee agenda.</p>
<p><b>D – Voting</b></p>	<p><b>Compliant</b></p>
<p>a) The policy of individual administering authorities on voting rights is clear and transparent, including justification for not extending voting rights to each body or group on main LGPS committees.</p>	<p>The Fund has a clear policy on voting rights and has extended the voting franchise to non-administering authority employers and scheme member representatives.</p>
<p><b>E – Training/Facility time/ Expenses</b></p>	<p><b>Compliant</b></p>
<p>a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility</p>	<p>The Fund has a clear policy on training and maintains a training log. The costs of approved external training courses are paid by the Fund for all members. All members are invited to workshops organised by the Fund. Expenses are paid in</p>

<p>time and reimbursement of expenses in respect of members involved in the decision-making process.</p> <p>b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.</p> <p>c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training.</p>	<p>line with the allowances scheme for each employer/stakeholder.</p> <p>See above.</p> <p>The Fund requires new members without prior experience of the Local Government Pension Scheme to attend a customised training course. A formal training plan is set on an annual basis which is responsive to the needs of the committee agenda. A training log is maintained.</p>
<p><b>F – Meetings (frequency/quorum)</b></p>	<p><b>Compliant</b></p>
<p>a) That an administering authority’s main committee or committees meet at least quarterly.</p> <p>b) That an administering authority’s secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.</p> <p>c) That administering authorities who does not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.</p>	<p>The committee meetings are held quarterly.</p> <p>The Investment Panel meets at least quarterly, synchronised to occur ahead of the main committee meetings.</p> <p>Lay members are included in the formal arrangements.</p>
<p><b>G – Access</b></p>	<p><b>Compliant</b></p>
<p>a) That subject to any rules in the council’s constitution, all members of main and secondary committees or panels has equal access to committee papers, documents and advice that falls to be considered at meetings of the main</p>	<p>All members of the committee have equal access to meeting papers and advice.</p>

committee.	
<b>H - Scope</b>	<b>Compliant</b>
a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	The terms of reference include all aspects of benefits administration and admissions to the Fund.
<b>I – Publicity</b>	<b>Compliant</b>
a) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	All statutory documents including the Governance Compliance Statement are made available to the public via the Avon Pension Fund’s website or are available on request from the Governance & Risk Advisor. A summary of the governance compliance statement is included in the Annual Report.

***Approved by Avon Pension Fund Committee on 23 June 2023***