

## Chairman's Summary

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

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

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

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

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

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

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

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

Nick Weaver  
Independent Chair

## Local Pension Board Members

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

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

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

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

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

## **Training**

### **Background**

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

### **Degree of Knowledge and Understanding**

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

### **Areas of Knowledge and Understanding**

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

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

### **Training Undertaken**

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

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

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

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

## **Review of Areas Covered in 2023/24 and Recommendations**

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

### **Review of Local Pension Board Arrangements**

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

### **Review of Pension Fund Activities**

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

### **Review of Pension Fund Administration**

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

### **Independent Assurance**

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

### **Areas of Review Covered at Pension Board Meetings**

#### **6<sup>th</sup> September 2023**

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

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

### **7th December 2023**

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

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

### **20<sup>th</sup> February 2024**

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

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

### **12<sup>th</sup> June 2024**

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

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

## **Forward Plan for 2023/24**

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

### **To be reviewed at all meetings:**

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

- Fund and employers' compliance/TPR reporting

**Other items to be reviewed at specified meetings:**

**Board Governance**

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

**Scheme and Fund Governance**

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

**Funding/Investments**

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

**Benefits, Administration and Communications**

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

## Training Plan

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

## Costs and Budget

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

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

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

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



## **Appendix 1 – Legal Basis of Local Pension Board**

### **Specific Role and Purpose**

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

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

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

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

### **The Pensions Regulator (TPR)**

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

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

### **Code of Conduct & Conflicts of Interest**

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

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

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

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

## **Terms of Reference**

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

## **Appendix 2 – Risk Management**

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

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

- Failures in the fund administration and control of operational processes and strategic governance processes and TPR compliance
- Service delivery partners not delivering in line with their contracts or SLAs
- Financial loss due to payments in error, loss of assets due to investment strategy and/or managers failing to deliver required return, fraud or negligence of investment managers or custodian
- Changes to the LGPS nationally and increasing political pressure to reform the scheme structure, governance frameworks and to centrally direct investment decisions

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

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

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

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

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