

## 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 (Bath and North East Somerset Council or "BANES") of the Avon Pension Fund (The Fund or "APF") ensure compliance with LGPS regulations and the requirements of The Pensions Regulator (TPR) and to ensure effective governance and administration of the Fund.

This report covers the period 1<sup>st</sup> August 2024 to 31<sup>st</sup> July 2025 in which time the Board held four formal meetings. It has been a busy year with the Board participating in various workshops along with the Pension Committee. During the Valuation Workshop in June, the scheme actuary Mercer presented the Fund's valuation results and members had the opportunity to join the debate about how the Fund's surplus funding level should be used.

During the year, Hymans Robertson presented a very interesting training session covering the introduction of The Pension Regulator's new General Code of Practice and how it will impact fund governance and administration going forward. Officers have completed their initial review of the Code and the Board was pleased to see that the Fund is over 70% compliant. The Board will continue to monitor progress of the Fund's action plan, with the aim of reaching full compliance during 2026.

The Board continues to monitor service performance at each meeting and was pleased to see better than expected progress has been made in reducing backlogs. Board members felt this was a key priority to ensure the Fund is ready for the implementation of the Pensions Dashboards Project later this year.

I am pleased to say that with the support of the officers of the Fund, the Board has continued to fulfil its Terms of Reference and 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 studied the modules on the Hymans Robertson LGPS Online Learning Academy and as Chair I have asked all Board members to refresh their knowledge of the modules on an annual basis.

I am pleased to welcome Jon Evans to the Board, who has joined as an employer representative. Two existing members have stood down from their positions and I would like to thank both Steve Harman and Stuart Anstead for their valued contributions. Steve Harman has been a Board member since its inception in 2015 so his valuable knowledge and experience will be greatly missed. Recruitment for two employer representatives and one member representative is under way.

Finally, 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, two employer representatives have left and one new employer representative joined. Recruitment is ongoing for the vacant positions.

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	Steve Harman	01/07/15	30/06/25	
Employer Representative	Active	Stuart Anstead	01/12/21	01/05/25	
Employer Representative	Active	Jon Evans	01/10/24	30/09/28	
Member Representative	Retired	Helen Ball	01/03/20	28/02/28	
Member Representative	Retired	Alison Wyatt	01/05/22	30/04/26	
Member Representative	Vacant				

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	3
Employer Representative	Stuart Anstead	0
Employer Representative	Jon Evans	2
Member Representative	Helen Ball	3
Member Representative	Alison Wyatt	3
Member Representative	Vacant	

## **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 Online Learning Academy modules 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 some members attended The Local Government Association's Governance Conference and several workshops to discuss the Fund's valuation results, the Investment Strategy and The Pension Regulator's new General Code of Practice. 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 2024/25 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
- Governance arrangements including TPR General Code of Practice
- Audit plan and reports
- 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
- SF3 benchmarking exercise
- External audit plan and reports
- Internal audit plan and reports

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

### **4<sup>th</sup> September 2024**

At September's meeting, the Board received an update on the procurement process for its administration software and a presentation on the latest position with the Pension Dashboard Project. The Board also approved the 2024 annual report and noted the annual review of governance arrangements.

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

### **5th December 2024**

The Head of Audit & Assurance presented its audit findings for the year. The Board also received its annual benchmarking report comparing administration costs across all Funds. As part of the administration update the board received a final update on the Pensions Increase Project and were asked for comments regarding the Fund's recommendations to complete the GMP reconciliation exercise.

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

### **4<sup>th</sup> March 2025**

The Board received the results of the review of The Pension Regulator's General Code of Practice together with Fund's action plan to reach full compliance. Officers also presented the Fund's Change Programme and projects for the year ahead.

For more information, you can see the [full March meeting minutes on the BANES website.](#)

### **3<sup>rd</sup> June 2025**

The Board received a presentation showing the Fund's plan for digital improvements following the completion of its procurement exercise. The latest recruitment position was shared with most positions in the new structure, implemented in August 2024, now being filled. As part of the service update, the Board were presented with a plan to reduce the number of cases the Fund holds at undecided status.

For more information, you can see the [full June meetings minutes on the BANES website.](#)

### **Forward Plan for 2025/26**

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 & Training Plan
- Risk register review
- TPR General Code of Practice compliance updates
- Administration 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 & Change Programme – June
- Fund Governance review – September
- Internal Audit plan/reports on APF - December
- External Audit Governance Report and Accounts – December

### **Funding/Investments**

- Investment and Funding update – verbal update each meeting
- Update on Pooling changes - verbal update each meeting

### **Benefits, Administration and Communications**

- Regulatory Breaches & breaches policy - December
- Data Breaches - December
- Annual Benefit Statement process (annual review) - December
- Administration performance benchmarking – December

## Training Plan 2025/26

Training	Type of Training	Date
Local Government Association Fundamentals (for new members)	Seminar	Autumn 2025
Administration Strategy Review	Workshop	August 2025
Fit for Future & Good Governance Review	Workshop	Spring 2026
Cyber Security	Workshop	Spring 2026
Governance Conference	Conference	January 2026
Hymans Robertson LGPS Online Learning Academy	Online modules	2025/26

## Costs and Budget

In meeting the requirements of the Public Sector Pension Act (2013) and establishing a Local Pensions Board, Bath and 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	2024/25 Budget (£)	2024/25 Actual Spend (£)
Members allowances and expenses	8,102	8,895
Training	6,000	1,596
Recruitment	5,000	0
Meeting and Democratic Services costs	4,000	2,500
<b>Total:</b>	<b>23,102</b>	<b>12,991</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 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 [BANES website](#).

### **Terms of Reference**

Terms of Reference for the Pension Board can be found on the [BANES website](#).

## Appendix 2 – Risk Management

Risk management processes for the Fund follow the framework laid down by the LGPS administering authority (BANES) 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 Pension Board's ongoing review of the risk register concurred with the Pension Committee that the top risks facing the fund revolve around:

- Service levels
- Loss of IT including Cyber security
- Move to a new asset pool
- Failure to manage personal data
- Failure to achieve decarbonisation targets
- Delivering the future funding and investment strategies
- 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.