

Bath & North East Somerset Council

MEETING:	Council	
MEETING DATE:	19 March 2026	
TITLE:	Avon Pension Fund – LGPS pooling of investments	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Letter from the Minister for Local Government, Jim McMahon MP		

1 THE ISSUE

- 1.1 The Avon Pension Fund Committee discharges the responsibilities of the Council in its role as Administering Authority of the Avon Pension Fund (APF) in accordance with the Local Government Pension Scheme Regulations 2013.
- 1.2 The 2016 Local Government Pension Fund (Investments) Regulations required all LGPS funds to join an investments pool. To meet this requirement APF, with nine other funds¹, established Brunel Pension Partnership (Brunel) and moved its £6.3 billion assets into Brunel during 2018-24². Brunel became one of 8 such pools managing assets on behalf of the 86 LGPS funds in England & Wales.
- 1.3 On 14 November 2024 the UK government published its ‘Fit for the Future’ proposals for the LGPS in England & Wales, recommending pool mergers to drive further efficiencies. This was followed on 9 April 2025 by a letter from the Minister for Local Government, Jim McMahon MP, confirming that Brunel had to close down. Brunel’s 10 funds, including APF, were then forced to choose one of the 6 investment pools permitted to continue, within a 3-month window.
- 1.4 After assessing the 6 pool options, APF decided to move its assets from Brunel to the Local Pension Partnership Investments (LPPI); the Avon Pension Fund Committee approved this at its meeting of 12 December 2025.
- 1.5 LPPI currently manages £25 billion on behalf of three LGPS funds – Berkshire, Lancashire, and London Pension Fund Authority (LPFA)³. Six of Brunel’s ten LGPS funds including APF are now joining LPPI, which will serve nine funds and manage about £55 billion.

¹ Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, Wiltshire

² With the exception of <5% of assets which were “hard to shift” and remain under B&NES title, with Brunel having oversight & management responsibility

³ LPFA manages pensions for the Greater London Authority and other London-wide employers except the boroughs.

- 1.6 The government has instructed that LGPS funds need to join their new pool and move all assets by 1 April 2026.
- 1.7 Planning is well advanced. APF's assets will be moved by the deadline, subject to completion of three key actions:
- (1) APF becoming a shareholder of LPPI Holdings Ltd and a client of the LPPI Ltd, an FCA regulated investment company. APF's participation in LPPI will be underpinned by core contracts, comprising a Shareholder Agreement, Articles of Association and an Advisory & Management Agreement. These agreements need to be signed before the end of March.
 - (2) Provision of regulatory capital to LPPI Ltd of £2.8m from APF on 1 April.
 - (3) Movement of APF assets from Brunel to LPPI Ltd on 1 April. This is to be achieved safely and at minimum frictional costs, by using in-specie transfer of assets and other mechanisms which avoid the need to "sell & buy back" assets which would be risky and costly.
- 1.8 Following this, Brunel itself will be wound down during the remainder of 2026, after which APF will receive residual capital from Brunel, in an amount to be determined. This wind-down itself requires new legal agreements, such as the Wind Down Agreement, which APF needs to sign before the end of March 2026.
- 1.9 The 9 LGPS funds participating in LPPI including APF will exert influence over LPPI's management through equal shareholdings and each LGPS fund nominating a director to serve on the board of LPPI Holdings.
- 1.10 Formal authority for APF to take decisions required to execute the above actions currently resides with the Council, in line with its constitution, as Administering Authority of the APF.
- 1.11 While the Pension Committee plans to seek Council approval to change the Council's constitution and the Pension Committee's terms of reference at Council as soon as practical, we now seek a time-limited set of delegations so that APF can wind down Brunel, join LPPI as its new pool and move its assets as required by government within the deadline of 1 April.

2 RECOMMENDATION

In its capacity as Administering Authority for APF, the Council hereby resolves to:

- 2.1 Implement required changes to investment pooling through the following arrangements:**
- 2.1.1 APF becoming a shareholder in the new LPPI Holdings Ltd**
 - 2.1.2 APF's assets will be transferred to LPPI Holdings' subsidiary, LPPI Ltd, an FCA regulated investment company which will be operated in accordance with the shareholder agreement.**
- 2.2 Delegate to the Director of Assurance, Risk and Pensions, in consultation with the Chair of the Avon Pension Fund Committee, the powers to undertake tasks to progress these required changes to investment pooling, and to take such decisions deemed necessary to promote the interests of the Council and the Avon Pension Fund with respect to pooling. This will, without limitation, include agreeing and authorising financial expenditure or investment that may be required consequential upon the Council's participation in LPPI and agreeing, authorising, and signing documentation**

and contracts on behalf of the Council in its role as Administering Authority of the Avon Pension Fund. This delegation is valid for 6 months and remains in force until 19 September 2026.

- 2.3 That subject to the above, all such matters shall be carried out with the aim of achieving the target date for APF joining LPPI and moving its assets of 1 April 2026, and subject to such intermediate steps and timescales as may be considered appropriate and necessary by the Director of Assurance, Risk & Pensions, in consultation with the Chair of the Avon Pension Fund Committee.

3 STATUTORY CONSIDERATIONS

Draft regulations entitled 'Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations' are expected to come into force on 1 April 2026. Pursuant to regulation 7, the Council must participate (a) in an asset pool company and (b) with a view to that company managing the funds or other assets of the Scheme for which that authority is responsible.

4 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 4.1 The costs of administering the Avon Pension Fund are recharged to the employing bodies through the employer contribution rates, which are set by the actuary every three years as part of the valuation.
- 4.2 APF's move to LPPI will have no impact on new employer contribution rates which will take effect from 1 April 2026.

5 RISK MANAGEMENT

- 5.1 As set out in the Fund's annual report, there are regular reviews of the Fund's risk register.

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 OTHER OPTIONS CONSIDERED

- 8.1 None

9 CONSULTATION

9.1 This report reflects prior consultation with Director of Assurance, Risk and Pensions, and the Chief Legal Officer.

Contact person	Nick Dixon, Head of Pensions, nick_dixon@bathnes.gov.uk
Background papers	Letter from the Minister for Local Government, Jim McMahon MP
Please contact the report author if you need to access this report in an alternative format	