

Bath & North East Somerset Council	
MEETING:	AVON PENSION FUND COMMITTEE
MEETING DATE:	27 March 2026
TITLE:	2026 – 2029 Service Plan & Budget, & Administration performance report
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report:	
<ul style="list-style-type: none"> • Annex 1: 2026-29 Plan & Budget Report • Appendix 1 Scope of the Avon Pension Fund • Appendix 2a Service Plan monitoring 2026 • Appendix 2b Service Plan completed projects 2025 • Appendix 3 Budget & Cash Flow Forecast • Appendix 4 Administration performance update • Appendix 5 Communication Strategy 2026 	

1 THE ISSUE

- 1.1 The purpose of this report is to present the 3-year plan & budget for 2026-29, which is prepared annually on a 3-year rolling basis.
- 1.2 The Plan (Appendix 1) details developments to be undertaken during the next 3 years, to improve service and efficiency and meet legislative obligations.

2 RECOMMENDATIONS

The Committee is asked to;

- 2.1 Approve the 3 Year Plan & Budget 2026-29 for the Avon Pension Fund.
- 2.2 Note the administration performance to the period ending 31st January 2026

3 SERVICE PLAN 2026 - 2029

- 3.1 The plan sets out the Fund's objectives for 2026-29. The 3-year budget underpins actions in the plan including the investment strategy, risk management, compliance, and improvements in administration of the Fund.
- 3.2 The Fund aims to achieve the following objectives during 2026-29:

(i) Service

- Continue to improve service experience for members and employers.
- Raise operational efficiency to enable lower unit costs, by increasingly deploying new software and digital integration.

(ii) Investments & Funding

- Execute new pooling arrangements, moving assets from Brunel to LPPI.
- Review our investment strategy, seeking to improve the risk / return mix and raise the probability of future contribution reductions for employers.
- Accelerate investment in Local Impact, with such assets rising to £300m.
- Invest in Natural Capital to drive positive environmental impacts.

(iii) Foundations: we also need to get the basics right:

- Meet all our regulatory obligations.
- Improve skills among both officers and Board / Committee members.
- Identify, measure, and mitigate risks.
- Manage within the budget set by the Pension Committee.
- Support staff wellbeing and access to resource tools and training.

3.3 Full details of the 2025-28 Service Plan are in Annex 1.

3.4 Appendix 2a shows the new medium-term projects for 2026-28 together with completed projects from the 2025-26 plan in Appendix 2b.

4 BUDGET FOR 2026-29

4.1 The Service Plan includes the 3-year budget and cash flow forecast from 1 April 2026 (see Appendix-3 for greater detail).

4.2 The aggregate budget for 2026-27 of £35.4m is £0.8m (2%) higher than the £34.6m budget of 2025-26.

<i>£ millions</i>	2025-26	2026-27	Change
Administration & Governance	9.9	9.6	- 0.3
Investment Management Fees	24.7	25.8	+ 1.1
Total	34.6	35.4	+ 0.8

4.3 Administration & governance costs in 2026-27 are £0.3m lower than 2025-26, driven by the triennial valuation of 2025-26 not being repeated, offset by pension administration software full year costs and Local Authority pay awards.

4.4 Investment management fees of £25.8m are £1.1m higher than the £24.7m budget of 2025-26. As a percentage of forecast assets under management, this represents a 0.01% increase to 0.40%. The estimated fees assume there is no change in asset allocation during the year.

4.5 Expenditure for the current year 2025-26 is predicted to be within budget, with a predicted underspend of > £200k.

5 ADMINISTRATION PERFORMANCE REPORT

5.1 Appendix 4 is the performance report up until 31 January 2026. The Fund is on track to achieve >90% performance for all KPI's by 31 March 2026.

6 STATUTORY CONSIDERATIONS

6.1 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.

7 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 7.1 Administration and investment management costs incurred by the Avon Pension Fund are recovered from the Fund through employers' contribution rates.
- 7.2 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 provide that any costs, charges and expenses incurred administering a pension fund may be paid from it.
- 7.3 Financial implications are contained within the body of the Report.

8 RISK MANAGEMENT

- 8.1 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.

9 EQUALITIES STATEMENT

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

10 CLIMATE CHANGE

- 10.1 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.

11 OTHER OPTIONS CONSIDERED

- 11.1 None.

12 CONSULTATION

- 12.1 The Council's Director of Assurance, Risk & Pensions has had the opportunity to input to this report and has cleared it for publication.

Contact person	Nick Dixon – Head of Pensions 01225 477325
Background papers	None
Please contact the report author if you need to access this report in an alternative format.	