

Avon Pension Fund Committee Review		April 2021 to March 2022	On Target
Progress in Year			
<b>Governance</b>			
1	Governance Review	Conducted annual review of governance arrangements inc Terms of Reference, Governance Compliance Statement, roles & responsibilities. Terms of Reference approved by Council annually	
2	Committee Meeting Attendance	The Committee meets quarterly. Attendance at the meetings was 88% for the voting members and 58% for the non-voting members.	
3	Investment Panel Attendance	The Panel consists of up to six voting members from the Committee and meets at least quarterly ahead of Committee meetings. The Panel met formally four times during the year, with attendance of 96%.	
4	Risk Register	Reviewed quarterly by officers, committee and Pension Board	
5	Workplans	Reviewed quarterly by officers, committee and Pension Board	
6	Training	Achieved through committee reports, workshops, conference & seminar attendance, online training	
7	Annual Report	Work on the annual report including the final accounts is on course to be published by 1 December deadline	
8	Internal Audits	Internal audits of Pensions Payroll, and The Pension Regulator's (TPR) Code of Practice 14 - maintaining contributions and member information received an overall assurance level of 4 - Good	
9	Local Pension Board	Pension Board on course with Work and training plans. All meetings held as planned. Minutes reviewed by Committee quarterly	
10	CIPFA Benchmarking	The CIPFA benchmarking data highlights the Fund's comparative performance in key cost areas. They demonstrate the Fund's positive cost performance when compared with national averages. Full details can be found in the Fund's annual report. Net admin cost per FTE = £47,782 v national average of £135,958 Net admin cost per member = £19.62 v national average of £31.90 Overall costs per member = £189.17 v national average of £316.16	
<b>Financial</b>			
11	Service Plan & Budget	Each year the Committee approves the Service Plan which sets out the Pension Fund's objectives for the next three years together with a three year budget to deliver the plan.	
12	Budget & cashflow monitoring	During the year to 31 March 2022, total administration costs (excluding advisory and investment management costs) were £2.7 million, 18% below the budget of £3.2 million. Annual investment management fees paid in the year were on budget at £19 million. The budget for governance costs was £2.2 million with actual costs just under budget at £1.9 million.	
13	Treasury management Policy	The Committee approves the Fund's Treasury Management Policy annually. The cash managed under this policy is 0.5-1% of the Fund's value (up to c. £45m).	
<b>Investment management</b>			
14	Investment Strategy & Performance	The transition of The Multi Asset Credit assets in 2021 into Brunel marked the completion of the transition. Brunel now manage over 83% (or £4.9 billion) of the Fund's assets	
15	Brunel Pension Partnership	In 2021/22 fee savings were achieved on the assets that transferred.	
16	Risk Management Strategies	Restructured the Equity Protection Strategy for it to adapt to evolving market conditions, thus removing timing risk and reducing the governance burden Created a Funding and Risk Management Group to provide a more robust and efficient governance framework for the Investment Risk Management Strategies	
17	FRC Stewardship Code	Submitted statement based on the new Financial Reporting Council's (FRC) UK Stewardship Code in Oct 2021. Application outcome was successful and the Fund is now listed as a signatory to the Code. Fund will need to submit a new statement on an annual basis.	
18	Responsible Investing & Climate Emergency	Increased the alignment to the net zero transition by switching from the passive Low Carbon Equity portfolio to the new Brunel Paris Aligned portfolio and exiting the dedicated Emerging Market Equity portfolio New intermediate climate targets to reduce the absolute emissions of the equity portfolio by 43% by 2025 and 69% by 2030 (versus 2020 baseline); these provide clear milestones during the transition period for the Fund to achieve net zero by 2050 Published our 1st Task Force on Climate-Related Financial Disclosures (TCFD) statement in 2021 demonstrating our commitment to reducing our carbon exposure We increased scheme member communications with a short animation focussing on our climate policy and member survey on Responsible Investing	
<b>Funding Strategy</b>			
19	Annual Employer Update	Given the impact of the pandemic and rising costs on the scheme employers, affordability of pension costs will be a key consideration in managing financial risk for both employers and the Fund at the 2022 valuation	
20	Interim valuation Results / Section 13	The last actuarial valuation was in 2019 which projected a deficit of £284m and a funding level of 96%. Despite increased volatility in the markets at the end of March 2022 the funding position rose over the year to c 100%.	
21	Review of FSS	The interim valuation at 31 March 2021 indicated a relatively benign outcome for the 2022 valuation. However, rising inflation, further stoked by the war in Ukraine, means the current outlook for asset returns and inflation have deteriorated, putting slightly more pressure on the valuation. The Funding Strategy Statement for 2022 valuation is being set against this backdrop.	
<b>Administration</b>			
22	Review of Admin Strategy - Digital Transformation & new operating model	Member digital engagement - project work completed to enable secure access to digital online Annual Benefit Statements for deferred members. The project is ongoing and will be further developed to capture active members as part of the 2022 exercise Committee approved the proposed administration operating model to enable the digital transformation	
23	Performance Indicators	The Fund continues to operate below its desired target of >90% for most case types, although the case-by-case breakdown evidences an overall improvement in critical processes for retirements and death cases from the previous quarter. Generally, however, key performance indicators (KPI) benchmarking performance has declined over the past year.	
24	The Pension Regulator's Standards of data requirements	The Fund regularly tests its data against The Pension Regulator's (TPR) requirements. In the TPR Scheme Return submitted in September 2021 the Fund reported a data score of 95% for common data and 95% for scheme specific data	
<b>Legislation</b>			
25	Update on legislation	McCloud/Sargeant (Age discrimination) – Ongoing Project team with additional temporary resource to undertake specific data gathering exercise pending regulatory changes and implementation of McCloud remedy expected from October 2023. Pensions Dashboards Programme – Ongoing project in place with key officer resource to ensure the Fund's compliance with the onboarding of the PDP. Regulations are pending and the deadline for all LGPS data providers to connect to the Dashboard Ecosystem is 30 <sup>th</sup> September 2024.	