

Avon  
Pension  
Fund



# Annual Report

2023/24



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## Foreword 2023/24

Welcome to the 2023/24 Annual Report of the Avon Pension Fund. It has been a year of encouraging progress and development.

We raised pension payments by 6.7% from April 2024 and the Fund is in robust financial health with an improved 98% funding level at 31 March 2024 which has since increased to 104%<sup>1</sup>. This improved position has enabled us to deliver stable employer contributions, critical given ongoing strain in local government finances.

Following completion of phase 1 of our investment review – which confirmed the Fund's diversified investment strategy – we have completed phase-2 of the review which focused on climate. We have brought forward the Fund's net zero target date to 2045 and underpinned this with more ambitious near-term milestones. We consulted widely with stakeholders on our climate policy and their feedback fed into the Committee's decision to bring forward our net zero ambition.

While administration has been challenging during 2023/24, we have stabilised service experience for members and have started to see material improvements since March 2024. This has been driven by higher staff retention, better measurement of service experience, and greater process efficiency.

## Investments

The value of the Fund's assets rose 7.8% over the year to £5.8 billion, rebounding strongly following a difficult 2022/23 for investment markets.

There was no change to the investment strategy during the year. We made our first investment into Local Impact, a portfolio of solar farms across the South West. £35 million was initially invested with a further £15 million to come in other green energy projects.

During the year we set new net zero targets with the overriding objective of delivering real world impact on the level of emissions and enabling transition to a low carbon economy. The Fund continues to make good progress to decarbonise its portfolio and invest in climate solutions and green revenues. We have already achieved our 2025 decarbonisation target for the equity portfolio and have £530 million invested in renewable infrastructure.

Brunel Pension Partnership now manage over 90% of our assets including all listed securities, in line with government guidance for pooling. Fee savings from pooling in 2023/24 were c. £8 million and to date cumulative net savings are c. £12 million.

## Funding and contributions

Rising asset values were the main driver in the increased funding level to 98%. The next triennial valuation will be struck at 31 March 2025, which will set employer contribution

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<sup>1</sup> Actuarial estimate at 30 June 2024

rates for the 3 years from April 2026. During the year we paid out £229 million in pension benefits and received £251 million in contributions from employers and active members. The funding strategy is prudent, to keep employer contribution rates stable over time. The average employer contribution rate is 18.6% of salaries<sup>2</sup>.

## **Administration**

Efficiency and value for money are important to the Fund and national data shows that the Fund incurs lower unit costs than average across LGPS funds. However increasing complexity and growth in employer numbers has made service delivery challenging. As a result, the administration function is being restructured to improve service through greater digitalisation and investment in systems to automate processes. This is releasing staff to help members through significant life events such as retirement and bereavement.

A new organisation structure being implemented in 2024 includes a dedicated team focused on driving change and improvement across the Fund. And a new digital services team is focused on improving the accuracy of member records and encouraging members to access their personal pension information online.

Members' service experience was below the Fund's targets during 2023/24. A project to focus on service backlogs has led to a material reduction in backlogs during 2023/24, which has led to improved service experience for members since March 2024.

Regulations to implement the McCloud underpin were finalised by Ministers in late 2023. A project to implement the remedy is ongoing throughout 2024/25. Likewise the Pensions Dashboard<sup>3</sup> project is underway and the Fund is required to be ready no later than 31 October 2025.

## **Governance**

There were no changes to governance arrangements during the year. The government has yet to accept the Good Governance Recommendations from the Scheme Advisory Board (SAB) and the Fund looks forward to receiving clarity in this regard. The Fund has nevertheless adopted the guidelines and its governance and training policies are consistent with SAB recommendations.

Finally I would like to thank all staff of Avon Pension Fund for providing good service in the face of difficult challenges, and to the Pensions Committee for their wholehearted support for the Fund's officers.

**Councillor Paul Crossley**

**Chair of the Avon Pension Fund Committee**

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<sup>2</sup> 18.6% is the rate for future pension accruals. The majority of employers also pay 1-2% to cover the deficit accumulated in respect of previously accrued pensions.

<sup>3</sup> National online system showing all the different pension pots for an individual in one place.

# 1. Overall Fund Management (as at 31 March 2024)

## Scheme Management and Advisors

The administering authority of the [Avon Pension Fund](#) (the Fund) is [Bath and North East Somerset Council](#).

**Table 1.1: Senior Council Officers**

Name	Title
Andy Rothery	Chief Finance Officer (Section 151 Officer)
Jeff Wring	Director of Financial Services, Assurance and Pensions
Nick Dixon	Head of Pensions
Liz Woodyard	Group Manager – Funding, Investment and Risk
Claire Newbery	Pensions Operations Manager
Michael Hewitt	Head of Legal and Democratic Services

**Table 1.2: Members of the Avon Pension Fund Committee**

The Council delegates responsibility for administration of the Fund to the [Avon Pension Fund Committee](#) (the Committee). The structure of the Committee is set out in the below table.

Title	Area of Representation	Joined/Left
Councillor Paul Crossley (Chair)	Bath and North East Somerset Council	
Councillor Shaun Stephenson-McGall (Vice- Chair)	Bath and North East Somerset Council	
Councillor Chris Dando	Bath and North East Somerset Council	
Councillor Joanna Wright	Bath and North East Somerset Council	Joined in May 2023

Title	Area of Representation	Joined/Left
Councillor Toby Simon	Bath and North East Somerset Council	Joined in May 2023
Councillor Paul May	Bath and North East Somerset Council	Left in May 2023
Councillor Steve Pearce	Bristol City Council	Left in March 2024
Councillor Robert Payne	North Somerset Council	Joined in May 2023
Councillor Mike Drew	South Gloucestershire Council	Joined in May 2023
Charles Gerrish	Academies	
William Liew	Higher and Further Education	
Pauline Gordon	Independent Member	
John Finch	Independent Member	
Jackie Peel	Independent Member	
Wendy Weston	GMB Union	
Richard Orton	Unison Union	Left in March 2024

**Table 1.3: Members of the Local Pension Board**

The [Local Pension Board](#) assists the Council to secure compliance with regulations, legislation and requirements. The structure of the Local Pension Board is set out in the table below.

Title	Type of Representative	Term
Nick Weaver	Independent Chair	
Steve Harman	Employer	
Stuart Anstead	Employer	
Tony Whitlock	Employer	
Helen Ball	Member	
Alison Wyatt	Member	
David Yorath	Member	Left in February 2024

Figure 1.1: External Partners

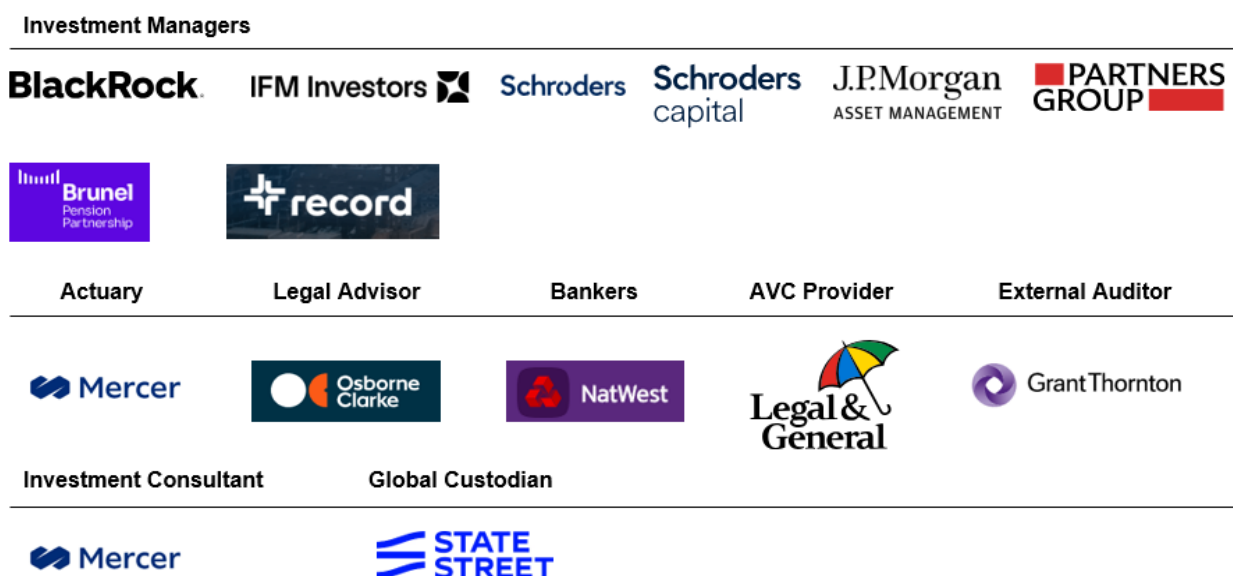


Table 1.4: External partners

Company Name	Company Type	Website
BlackRock	Investment Manager	<a href="https://www.blackrock.com/uk">https://www.blackrock.com/uk</a>
IFM Investors	Investment Manager	<a href="https://www.ifminvestors.com/">https://www.ifminvestors.com/</a>
Schrodgers	Investment Manager	<a href="https://www.schrodgers.com/en/global/individual/">https://www.schrodgers.com/en/global/individual/</a>
Schrodgers Capital	Investment Manager	<a href="https://www.schrodgerscapital.com/en/global/professional/">https://www.schrodgerscapital.com/en/global/professional/</a>
J.P. Morgan Asset Management	Investment Manager	<a href="https://www.jpmorgan.com/global">https://www.jpmorgan.com/global</a>
Partners Group	Investment Manager	<a href="https://www.partnersgroup.com/en">https://www.partnersgroup.com/en</a>
Brunel Pension Partnership	Investment Manager	<a href="https://www.brunelpensionpartnership.org/">https://www.brunelpensionpartnership.org/</a>

Company Name	Company Type	Website
Record Financial Group	Investment Manager	<a href="https://recordfg.com/">https://recordfg.com/</a>
Mercer	Actuary & Consultant	<a href="https://www.mercer.com/en-gb/">https://www.mercer.com/en-gb/</a>
Osborne Clarke	Legal Advisor	<a href="https://www.osborneclarke.com/">https://www.osborneclarke.com/</a>
NatWest	Banker	<a href="https://www.natwest.com/">https://www.natwest.com/</a>
Legal & General	AVC Provider	<a href="https://www.legalandgeneral.com/">https://www.legalandgeneral.com/</a>
Grant Thornton	External Auditor	<a href="https://www.grantthornton.co.uk/">https://www.grantthornton.co.uk/</a>
State Street	Global Custodian	<a href="https://www.statestreet.com/us/en/asset-manager">https://www.statestreet.com/us/en/asset-manager</a>

## Risk management

The Avon Pension Fund Committee must ensure robust risk management is in place, to enable compliance with regulations and manage risks faced by the Fund. The Investment Panel (the Panel) strengthens risk management regarding investment issues.

The Fund's approach to risk management is to mitigate risks rather than eliminate them as set out in the Fund's Risk Management Policy. Risk is identified and managed as follows:

### The Risk Register

This identifies risks which could have material impact on the Fund in terms of service, financial impact, reputation, or compliance. It sets out the risks pre and post mitigating actions which have been implemented.

The Fund identifies and evaluates risks and implements controls to mitigate them. The register is reviewed by the management team and reported to the Committee and Pension Board (the Board) quarterly. Risks are also reviewed when there has been a material change. Risks fall into the following categories, owned by the relevant member of the Fund's management team:



**Table 1.5: Risk management**

<b>Category of Risk</b>	<b>Risk Owner</b>
Administration	Pensions Operations Manager
Regulatory	Technical and Compliance Advisor
Governance	Governance and Risk Advisor
Employers (Funding)	Funding and Valuation Manager
Employers (Data)	Employer Services Manager
Investments	Investments Manager
Finance	Finance and Systems Manager

The Head of Pensions is responsible for overseeing the work of risk owners and ultimately agreeing any changes to the risk register whilst the Governance and Risk Advisor ensures the risk register is accurately updated, with reports prepared for the Committee and the Board.

The Committee is responsible for ensuring risks are effectively managed. It reviews the risk register at each quarterly meeting. The Panel focuses on investment risks and makes recommendations to the Committee and risk owners. The Board has an independent oversight role, to ensure the overall risk framework is robust and compliant with regulations.

Internal controls and processes are in place to manage administration, financial and other operational risks. The Council's Internal Audit Team annually assesses the Fund's processes to provide independent assurance that adequate controls are in place. The findings of all internal audits are reported to the Committee.

During the year, Internal Audit completed one audit of the Fund's internal processes, covering 'Brunel Pension Partnership – Investment Reporting' which achieved assurance level 4 (substantial assurance).

All internal audits are finalised with a detailed action plan agreed with the relevant manager. Actions are diligently monitored throughout the year.

The Internal Control Report of the investment managers and custodian are reviewed annually to ensure their operational control environment is adequate, the results of which are reported to Committee. Where the Fund invests in a pooled investment fund, the audited accounts of the fund are also reviewed annually. The Fund's top ten risks are summarised on the next page.

**Table 1.6 Summary of risks**

Number	Function	Risk	Impact	Pre Mitigants			Mitigating Actions / Control Framework	Post Mitigants			
				Impact	Likelihood	Score		Impact	Likelihood	Score	Trend
NR06	Governance	Cyber attack	Fund is unable to operate Members do not receive pension payment on time	Critical	Almost Certain	25	- Disaster recovery plan in place - Business continuity plan - B&NES cyber security policy and system defence - Implementation of recent internal cyber audit findings	Critical	likely	20	→
NR01	Admin	Ability to deliver service to agreed standards	Poor member outcomes and/or breach of regulations	Critical	Almost Certain	25	- KPIs & complaints monitored and acted on - Plan to digitise will improve self-serve & operations efficiency - Actions to improve staff recruitment & retention - Process improvements being identified and implemented - Review of Top 10 Process Controls	High	Likely	16	→
NR04	Governance	Governance of Fund not in accordance with APF policies Controls not adequate	Fines for non-compliance Disciplinary issues and reputational risk	High	Almost Certain	20	- Internal Audit is undertaking a review of the Fund's controls which we will implement during Q1 2024 - We have initiated a new project to correct errors in annual pension increments	High	Likely	16	→
NR18	Comms	Unforeseen events or service issues leads to reputational damage to the Fund amongst its stakeholders	Complaints Detrimental media coverage Loss of stakeholder confidence	High	Likely	16	- Regular communications to stakeholders; emergency communication possible through website and email - Press/media enquiries and issues dealt with in accordance to B&NES policy - Workshops and meetings held for current topics to gain stakeholder input - Contracts in place with legal advisors and PR professionals - Media monitoring undertaken	Medium	Likely	12	↑
NR02	Regs	Regulatory changes	Breach of regulations Poor member outcomes Increased workloads for officers Changes to pooling could undermine delivery of investment strategy	High	Likely	16	- Regulatory changes monitored via LGA and professional advisors - Officers attend SWAPOG/Tech Group - Regulatory projects included in service plans - Officers respond to consultations	Medium	Likely	12	→
NR05	Governance	Failure to manage personal data per regulations	Personal data corrupted, compromised or illegally shared Fines and reputational damage	Critical	Almost Certain	25	- One West is Data Protection Officer for Fund and advises on data protection matters - Record of processing and privacy notice set out how data is managed - Processes reviewed as a result of data breaches - Regular officer training - Data sharing/transfer agreements and DPIAs implemented for all relevant projects	High	Possible	12	→
NR10	Investments	Failure to earn investment returns	Scheme cannot meet liabilities and employer contributions could rise	Critical	Likely	20	- Diversified asset allocation - Professional and independent investment advice - Risk management strategy supports funding strategy - FRMG & Investment Panel monitor performance and risk - Periodic strategic investment review	High	Possible	12	→
NR11	Investments	Brunel fails to deliver client objectives regarding service delivery	Affects Fund's ability to achieve investment objectives	Critical	Possible	15	- Brunel governance framework for strategic and operational decision making - Robust performance reporting - Avon-Brunel working group (internal)	High	Possible	12	→
NR12	Investments	Failure to achieve decarbonisation targets	Government climate policies not moving fast enough or sufficiently enforced Significant reputational and financial risks to value of investments	Critical	Almost Certain	25	- Climate exposure assessed annually - climate risk analysis embedded into strategic decisions - Net Zero target of 2045 - by 2030 will divest from high emission companies that are not aligning to NZ - targets to reduce emissions by 2025 and 2030 - programme to engage with companies and policymakers - Brunel's comprehensive climate change policy and approach to investing underpins each portfolio	Medium	Likely	12	→
NR08	Employers Funding	Employers unable to meet financial obligations to Fund	Financial cost to other employers in the Fund	High	Likely	16	- Policies on employer financial stability set out in FSS & ISS - Strong covenant management and information gathering processes - Quarterly review and mitigating action	Medium	Possible	9	↑

## **1. Governance – cyber attack**

Like most organisations, the risk of a cyber-attack is high. It remains our highest risk and the impact would be critical. Fund operations could potentially be impacted with consequences of late payments to members, loss of data and delayed administration, just to name a few.

The Fund adheres to the Council's Cyber Security Policy and is protected by the Council's security defences. Officers are required to take the Council's cyber security training module annually and this is supplemented with training and workshops delivered by the Governance and Information Governance Teams along with weekly email reminders.

A Business Continuity Plan is in place primarily to deal with "disaster recovery" and includes contingency measures in the event of a cyber-attack. The plan identifies critical activities whose failure would lead to an unacceptable loss of service and member records. It sets out measures to minimise the risk of disruption to service and specifies what "triggers" the contingency measures coming into effect. The disaster recovery process is tested and updated annually.

## **2. Administration - service standards**

The main risk relates to the inability of the Fund to deliver service to agreed standards, e.g. not paying pension benefits accurately. Such failure could lead to adverse member outcomes and potentially action from the Pensions Regulator.

To mitigate these risks, the Fund has three relevant actions in place. First the Fund tracks service quality weekly through robust performance statistics, which inform actions and priorities for the following week. Secondly it focuses on staff recruitment, retention, and training to ensure that the right capacity and skills are in place to administer the Fund and serve members. And thirdly administration processes are being strengthened through end-to-end redesign, embedding of proportionate controls and plans to digitise services to improve operational efficiency.

## **3. Governance – non-compliance with policies and controls**

If the Fund is not governed adequately in line with existing policies, regulations and controls, it is at risk of fines, disciplinary issues and reputational damage.

Fund policies are reviewed and approved by the Committee according to a schedule or when material changes are made. Some policies are shared with the Council but the Fund operates its own policies and procedures where they are pensions specific.

The Council's Internal Audit Team is currently undertaking a review of the Fund's internal controls which began in Q1 2024 and the Fund has also initiated a new project to correct errors in annual pension increments.

#### **4. Communication – reputational damage**

Despite the Fund's best endeavours to engage its stakeholders, there is a risk of reputational damage due to unforeseen events leading to complaints, detrimental media coverage and loss of stakeholder confidence.

To mitigate this risk and potential challenges, the Fund transparently communicates with its members, employers, Councillors, and other stakeholders. It maintains contracts with legal advisors and public relation professionals. Media monitoring is also undertaken with press and media enquiries dealt with in accordance with the Council's policies.

#### **5. Regulations – regulatory changes**

The Local Government Pension Scheme (LGPS) experiences regular regulatory changes, e.g. transition to investment pooling, implementation of the McCloud judgement. The obligation to implement such changes within tight timeframes imposes strain on resource and can have knock-on effects for general administration.

The Fund monitors regulatory changes through the Local Government Association and professional advisors. Officers also regularly attend monthly working groups with other funds and hosted events with professional pension bodies. And the overall administration plan of the Fund integrates regulatory change work with other priorities.

#### **6. Governance – data protection**

Failure to secure member data in accordance with data protection regulations is a significant risk, e.g. if individual member records were shared with unauthorised external parties.

The Fund's Privacy Notice and Data Retention Policy are published on the Fund website, then reviewed and amended at least annually. In addition, a Record of Processing Activities (ROPA) is maintained internally and reviewed annually or following process changes. The published Memorandum of Understanding clearly sets out the data sharing arrangements and expectations regarding data use by the Fund's employers.

The Fund has robust processes in place to manage Freedom of Information Requests (FOI) and Subject Access Requests (SAR) in a timely manner and works with the Council's Data Protection Officer to ensure responses comply with data protection legislation. Data breaches are recognised, reported, and remedial actions are implemented in line with the Information Commissioner's Office (ICO) guidance.

Regular data protection and cyber security training is completed by all officers using Bath and North East Somerset Council's online e-learning and refresher courses. This is supplemented by further internal training in the form of presentations, workshops and reminder emails.

#### **7. Investments – failure to earn returns**

Investments by their very nature expose the Fund to varying degrees of risk, including market, interest rate, foreign currency, and liquidity risks. Accepting investment risk is

essential to drive attractive long-term returns, indeed reducing investment risk too low can lead to poorer returns and higher employer contributions.

The investment decision-making process, supported by expert independent advice, is designed to ensure appropriate investment risk compatible with the Fund's long term investment objectives. The Investment Strategy Statement sets out the investment strategy and how investment risks are considered and managed. The Statement of Accounts includes a disclosure on Financial Risk Management with particular reference to the investment strategy.

The Fund also considers environmental, social and governance (ESG) issues including the risk of climate change. Such risks are managed through asset diversification, pooling of assets, and fund manager selection. The Investment Strategy is reviewed periodically after the triennial valuation with the next formal review in 2025/26.

In between strategic reviews, the Committee and Panel monitor the performance of the investment strategy, providing flexibility to alter the strategy if required.

The provision of expert advice is a key element of the risk management process. The Fund has appointed investment consultants to provide strategic investment advice as well as advising on managers' performance and risk management.

## **8. Investments – failure of objective/service delivery (Brunel Pension Partnership)**

The Fund is a member of Brunel Pension Partnership (Brunel), a Financial Conduct Authority (FCA) authorised company which pools and manages its investment assets. Strategic decisions such as asset allocation remain with the Committee; Brunel implements the Fund's strategy.

Key risks with Brunel are that it selects asset managers which persistently under-perform, that funds are not properly controlled, and that its service to the Fund does not meet agreed standards.

The investment management process is outsourced to investment managers, mainly Brunel and the global custodian. This arrangement provides a clear segregation of duties, with the in-house Investments team closely monitoring performance and compliance with regulations. In addition, the audited internal control reports for each of the investment managers are reviewed annually.

Brunel's control environment is monitored by the Fund and other LGPS funds participating in the pool.

## **9. Investments – failure to achieve decarbonisation targets**

There is a risk that the Fund fails to meet its 2045 net zero target or interim targets set out by the Committee in December 2023, such as by 2030 divesting from high emission companies not aligning to net zero.

The Fund's climate exposure is assessed annually with climate risk analysis embedded into strategic decision making. Brunel's comprehensive Climate Change Policy and approach to investing underpins each portfolio.

## **10. Funding – employers unable to meet financial obligations**

Potential insolvency of scheme employers, leaving outstanding liabilities in the Fund, is a significant financial risk. A further risk is potential lack of compliance with regulatory responsibilities. Late payment of contributions and incorrect or missing data submissions can mean that contribution rates are incorrectly calculated, for example.

The Funding Strategy Statement sets out the Fund's funding strategy and policies and it is reviewed at least every three years as it forms the basis for the actuarial valuation.

Regulations require all bodies that wish to be admitted to the Fund to be guaranteed by a scheme employer(s) or to provide a bond to protect the Fund in the event of insolvency. The Fund monitors the financial sustainability of scheme employers and takes this into account when setting contribution rates. Policies on employer financial stability are set out in the Funding Strategy Statement and Investment Strategy Statement.

Significant internal resources are spent on data cleansing to ensure there is good quality of data. Processes for management of employers is set out in the Administration Strategy and Memorandum of Understanding. Employers are engaged in regular training and key performance indicators are recorded, monitored and compared with The Pension Regulator's (TPR) standards.

A captive insurance arrangement has been set up within the scheme to reduce the risk of a significant increase in liabilities for smaller employing bodies which arise when early retirements are awarded under the ill-health regulations.

## 2. Governance and Training

### Avon Pension Fund Committee

As administering authority, Bath and North East Somerset Council (the Council), has legal responsibility for the Avon Pension Fund (the Fund) as set out in the Local Government Pension Scheme (LGPS) Regulations.

The Council delegates responsibility to the Avon Pension Fund Committee (the Committee) as the formal decision-making body. The Committee's role is strategic, making the big decisions in areas such as climate objectives, the annual budget, and target service standards. The Committee also sets the Fund's policy framework and monitors implementation and compliance vs that framework.

The Committee met formally each quarter during 2023/24. In addition a Climate Change workshop took place in October run by Brunel and Mercer. A sub-group of the Committee and Pension Board also assisted officers with a rectification project for pensions increase payments. Terms of Reference for the Committee and Investment Panel, agreed by the Council, are available on our website:

[www.avonpensionfund.org.uk/about-fund/how-avon-pension-fund-works](http://www.avonpensionfund.org.uk/about-fund/how-avon-pension-fund-works)

Governance of Brunel Pension Partnership is managed by a sub-group of the Committee overseeing this important relationship. It met as needed during the year to discuss specific shareholder and client matters. The Committee Chair represents the Fund on the Brunel Oversight Board and as the Shareholder Representative.

**Table 2.1: Avon Pension Fund Committee structure**

Committee Structure	
14 voting members	<ul style="list-style-type: none"> <li>• 5 elected members from Bath and North East Somerset Council</li> <li>• 1 elected member from Bristol City Council</li> <li>• 1 elected member from North Somerset Council</li> <li>• 1 elected member from South Gloucestershire Council</li> <li>• 3 independent members</li> <li>• 1 nominated member from higher/further education bodies</li> <li>• 1 nominated member from the academy bodies</li> <li>• 1 nominated member from the trade unions</li> </ul>
3 non-voting members	<ul style="list-style-type: none"> <li>• 1 nominated member from the town and parish councils</li> <li>• 2 nominated members from the trade unions</li> </ul>

## Investment Panel

The Committee delegates authority to the Investment Panel for specific investment decisions and performance assesses. The Panel consists of up to six voting members from the Committee. The Panel met formally four times during 2023/24.

The Committee is supported by several external advisors; Mercer advise on actuarial and investment matters and Osborne Clarke provide legal advice. The Committee, officers, external advisors, and Brunel all operate in accordance with relevant regulations namely the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2016, CIPFA Codes and the Pensions Regulator’s Code of Practice.

**Table 2.2: Committee member attendance**

Member	June 2023	September 2023	December 2023	March 2024
Paul Crossley	Yes	Yes	Yes	Yes
Chris Dando	Yes	Yes	Yes	Yes
John Finch	No	Yes	Yes	Yes
Pauline Gordon	Yes	Yes	Yes	Yes
William Liew	Yes	Yes	Yes	Yes
Richard Orton	No	No	No	No
Steve Pearce	Yes	No	No	Yes
Shaun Stephenson-McGall	Yes	No	No	No
Wendy Weston	Yes	Yes	Yes	Yes
Jackie Peel	Yes	Yes	Yes	Yes
Charles Gerrish	Yes	Yes	Yes	Yes
Joanna Wright	No	No	Yes	Yes
Toby Simon	Yes	Yes	Yes	Yes
Robert Payne	Yes	Yes	Yes	Yes
Mike Drew	Yes	Yes	No	Yes
Kate Kelliher	Yes	No	Yes	Yes



**Table 2.3: Investment Panel member attendance**

Member	July 2023	September 2023	December 2023	February 2024
Paul Crossley	Yes	Yes	Yes	No
Chris Dando	Yes	Yes	Yes	Yes
John Finch	Yes	Yes	Yes	Yes
Pauline Gordon	Yes	Yes	Yes	Yes
Shaun Stephenson-McGall	Yes	Yes	Yes	Yes
Jackie Peel	Yes	Yes	Yes	Yes

### Local Pension Board (LPB)

The LPB was established in 2015 following the Public Sector Pension Act 2013 and Local Government Pension Scheme (Governance) Regulations 2015. The LPB assists the administering authority secure compliance with LGPS regulations and requirements of the Pensions Regulator (TPR) and ensures efficient and effective governance and administration of the Fund.

The Board met formally four times during 2023/24. A workshop to agree the style and content of the pension board's annual report took place in August and the Chair of the Board assisted with the pensions increase project. Pension board members also attended the Climate Change workshop with Committee members. Terms of Reference for the LPB are set out on the website: [www.avonpensionfund.org.uk/about-fund/how-avon-pension-fund-works](http://www.avonpensionfund.org.uk/about-fund/how-avon-pension-fund-works)

**Table 2.4: Local Pension Board member attendance**

Member	May 2023	September 2023	December 2023	February 2024
Nick Weaver	Yes	Yes	Yes	Yes
Steve Harman	Yes	Yes	Yes	No
Tony Whitlock	No	Yes	Yes	No
Alison Wyatt	Yes	Yes	Yes	Yes
David Yorath	No	No	No	No
Helen Ball	Yes	No	Yes	Yes
Stuart Anstead	No	Yes	Yes	Yes

## Training

The administering authority recognises the importance of training across Committee members, the Local Pension Board, and for officers making decision in the Fund. Training is provided to ensure they all possess an appropriate level of knowledge, skill and understanding to carry out their duties. Specifically the administering authority must ensure that:

- Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor implementation
- Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest

The Fund has a formal training policy based on CIPFA's (Chartered Institute of Public Finance and Accounting) Knowledge and Skills Framework for LGPS funds, used to assess training needs and prepare the annual training plan.

The Fund has adopted Hymans Robertson's LGPS Online Learning Academy, following additional knowledge and skills requirements introduced in the Scheme Advisory Board's (SAB) Good Governance Review. Completion of modules is mandatory for Committee and Board members. Training is also recommended for senior officers and a training plan has been agreed to complete specific modules in preparation for upcoming meeting agenda items.

### Committee training

Committee training is delivered in a variety of formats, reflecting strategic breadth of the Committee's responsibilities and differing levels of knowledge. Much of the training is delivered through detailed reports, workshops, and discussion.

Committee members and officers are also encouraged to attend seminars and conferences to broaden their understanding of LGPS issues such as investments. New Committee members are encouraged to attend the Fundamentals Training Course offered by the LGA and induction sessions delivered by officers. New members must complete The Pension Regulator's (TPR) online toolkit and Hymans Robertson's LGPS learning academy. Officers' annual performance reviews identify training needs as well as monitoring individual performance vs objectives.

**Table 2.5: Committee training**

Area	Topics	Sources of training
<b>Governance</b>	Legal responsibilities and investment regulations	<ul style="list-style-type: none"> <li>• Committee reports</li> <li>• Monitoring administration performance</li> </ul>
	Governance & assurance	<ul style="list-style-type: none"> <li>• Committee reports</li> <li>• Accounts and audit reports</li> </ul>
	Administration	<ul style="list-style-type: none"> <li>• Committee reports detailing strategy</li> </ul>

Area	Topics	Sources of training
	strategy	
	Investment regulations	<ul style="list-style-type: none"> <li>• External conferences / training courses,</li> <li>• Brunel Investor Day, reports on investment pooling, Investment Strategy Statement</li> <li>• Hymans Robertson LGPS Online Academy</li> </ul>
<b>Employer &amp; Funding</b>	Admitted bodies	<ul style="list-style-type: none"> <li>• Committee reports - funding position update</li> </ul>
	Employer risks	<ul style="list-style-type: none"> <li>• Hymans Robertson LGPS Online Academy</li> </ul>
	Funding / solvency	<ul style="list-style-type: none"> <li>• Valuation results workshop</li> </ul>
<b>Investment Strategy</b>	Performance monitoring	<ul style="list-style-type: none"> <li>• Quarterly Committee and Panel reports review investment strategy and performance</li> </ul>
	Investment manager monitoring	<ul style="list-style-type: none"> <li>• Manager meetings with the Investment Panel</li> </ul>
	Stewardship	<ul style="list-style-type: none"> <li>• Stewardship Code</li> </ul>
	Responsible investing policy	<ul style="list-style-type: none"> <li>• Annual report on responsible investing</li> <li>• Conferences and seminars</li> <li>• Hymans Robertson LGPS Academy</li> </ul>

## Local Pension Board Training

During the year, technical training was provided by officers or advisors on a range of topics covering the LGPS framework and TPR requirements. There is a plan in place for all members to complete the Hymans LGPS Online Training modules. All members also complete the TPR Public Sector Pension Toolkit. Committee and Board members attended the following events during the year.

**Table 2:6: External training events for the Committee and Board**

External Training	Attendees
Brunel Investor Day	Charles Gerrish, David Yorath, Paul Crossley, Pauline Gordon and Jackie Peel
Local Government Association Governance Conference	Paul Crossley, Toby Simon, Nick Weaver

## Governance Compliance Statement

The Fund must publish a Governance Compliance Statement demonstrating the extent to which the Fund complies with best practice in pension fund governance. The Fund's latest statement was approved in June 2023. The statement shows a high level of compliance with best practice and is summarised below.

[www.avonpensionfund.org.uk/about-fund/how-avon-pension-fund-works](http://www.avonpensionfund.org.uk/about-fund/how-avon-pension-fund-works)

**Table 2.7: Summary of the Governance Compliance Statement**

Principle	Compliance Status	Comment
Governance structure	Compliant	<ul style="list-style-type: none"> <li>The decision-making structure is defined.</li> <li>It includes the Committee, Investment Panel, Pension Board and the Fund's representation on Brunel's Oversight Board.</li> </ul>
Representation	Partial compliance	<ul style="list-style-type: none"> <li>There is broad representation of employers and scheme members on the Committee.</li> <li>Though admitted bodies are not represented as it is difficult to have meaningful representation from such a diverse group.</li> <li>Full details are set out in the Fund's Representation Policy.</li> </ul>
Selection/role of lay members	Compliant	<ul style="list-style-type: none"> <li>Roles and responsibilities of all members are set out in a job description.</li> </ul>
Voting	Compliant	<ul style="list-style-type: none"> <li>There is a clear policy on voting rights</li> <li>such rights have been extended to employer and member representatives.</li> </ul>
Training/Facility time/Expenses	Compliant	<ul style="list-style-type: none"> <li>There is a clear training policy.</li> <li>The Fund pays training costs for members.</li> <li>The training plan reflects Committee needs and a training log is maintained.</li> </ul>
Meetings	Compliant	<ul style="list-style-type: none"> <li>Formal meetings are held quarterly</li> <li>Lay members are included in the formal arrangements.</li> </ul>
Access	Compliant	<ul style="list-style-type: none"> <li>All members have equal access to meeting papers and advice.</li> </ul>
Scope	Compliant	<ul style="list-style-type: none"> <li>Terms of reference include all aspects of investments, funding, administration, etc.</li> </ul>
Publicity	Compliant	<ul style="list-style-type: none"> <li>All statutory documents are publicly available</li> </ul>

## **Conflicts of interest**

Conflicts of interest are managed through the Fund's conflicts of interest policy. This policy sets out how the Council identifies, manages, and mitigates potential conflicts which may arise in carrying out its role as administering authority for the Fund.

The Council recognises that its dual roles as an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest. And those involved in managing or advising the Fund may find that they face competing incentives, financial or otherwise, as a result of their professional or personal circumstances.

Members of the committee who are a representative of an employer or stakeholder group may also have conflicts of interest between their role as Committee member and the view or stance of the employer/ stakeholder group they represent.

It is important, therefore, that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all the Fund's employers and scheme members are treated fairly and equitably.

All members are required to declare any conflicts of interest at the start of each Committee and Board meeting. This is a standing agenda item.

### 3. Financial performance

Table 3.1 Employer contribution rates Year Ended 31 March 2024

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
<b>Councils &amp; Service Providers</b>							
Avon Fire & Rescue Service	253	17.9	£543,844	£1,105,830	17.7	£461,720	-
Bath & North East Somerset Council	3,379	18.7	£5,560,057	£1,584,560	17.6	£4,990,244	-
Bristol City Council	9,158	18.3	£14,818,655	£13,925,810	17.6	£14,490,059	-
North Somerset Council	1,927	18.5	£3,436,598	£1,685,780	17.8	£3,163,505	£2,397,190
South Gloucestershire Council	5,715	18.9	£7,398,511	£1,557,010	18.2	£7,124,909	-
West of England Combined Authority	334	15.3	£884,318	£124,800	14.3	£679,545	-£27,500
<b>Further &amp; Higher Education Establishments</b>							
Bath College	266	18.2	£295,521	£87,600	17.0	£248,856	£85,700
Bath Spa University	1,195	17.5	£1,382,285	£640,530	15.5	£1,087,980	£502,900
City of Bristol College	431	18.0	£510,276	£160,300	17.3	£450,181	£258,900
Offender Learning S'vices (Weston College)	32	20.9	£50,516	£35,400	20.1	£62,212	£20,300
Restart Employment and Skills Limited	13	15.8	£19,451	£0	20.1	£10,475	-
South Gloucestershire & Stroud College	562	17.9	£677,508	£268,112	16.7	£625,173	£336,000
St. Brendan's Sixth Form College	132	18.2	£168,058	£41,300	17.2	£151,010	-
University of the West of England	2,656	17.6	£4,653,254	£2,050,660	16.1	£4,361,117	£2,008,350
Weston College	305	15.9	£516,648	£223,100	14.3	£515,301	£240,200
<b>Academies &amp; Schools</b>							
Abbeywood Community School	77	18.7	£87,704	£55,600	17.6	£79,777	£64,580

<b>Employer</b>	<b>2023/24 active membership</b>	<b>2023/24 % of pay</b>	<b>2023/24 employee contributions</b>	<b>2023/24 plus deficit or (surplus)</b>	<b>2022/23 % of pay</b>	<b>2022/23 employee contributions</b>	<b>2022/23 Plus deficit or (surplus)</b>
Abbot Alphege Academy	15	17.7	£8,634	£1,000	17.2	£8,598	£100
All Saints E Clevedon CofE Primary School	23	19.3	£8,444	£3,720	19.5	£7,239	£4,805
Ashcombe Primary School	76	18.9	£48,372	£61,110	18.1	£46,310	£68,890
Ashton Park School	104	18.6	£61,698	£49,900	18.3	£55,233	£46,760
Ashton Vale Primary School	22	18.6	£11,825	£7,000	18.3	£10,777	£8,160
Aspire Academy	81	19.3	£36,464	£34,320	17.9	£26,738	£42,530
Avanti Gardens School	18	15.9	£14,066	£800	16.0	£11,950	£800
Backwell C of E Junior School	11	20.7	£9,490	£9,880	23.7	£10,518	£12,440
Backwell School	107	18.8	£100,525	£133,760	18.8	£88,596	£174,710
Badock's Wood E-ACT Academy	23	18.0	£17,991	£12,900	16.9	£15,521	£14,780
Bannerman Road Community Academy	51	17.2	£33,084	£65,670	16.5	£29,666	-
Banwell Primary School	22	19.2	£12,450	£8,510	20.0	£2,243	-
Barton Hill Academy	24	17.2	£26,415	£94,160	16.5	£26,381	-
Bathampton Primary School	19	21.3	£8,110	£14,464	20.2	£6,831	£16,360
Batheaston Church School	37	21.7	£10,839	£37,046	23.4	£10,137	£33,120
Bathford Church School	76	20.8	£10,711	£8,997	19.3	£11,823	£10,580
Bathwick St Mary Church School	46	18.8	£15,233	£15,934	17.0	£15,010	£16,850
Becket Primary School	19	21.3	£17,400	£25,720	21.3	£17,073	£33,320
Bedminster Down School	53	19.3	£59,591	£25,030	17.9	£47,662	£24,050
Beechen Cliff School	66	19.5	£73,856	£62,600	18.3	£71,738	£60,590
Begbrook Primary Academy	57	18.6	£40,608	£24,250	18.0	£37,974	£19,010
Birdwell Primary School	46	18.9	£34,594	£30,200	18.3	£32,799	£35,000
Bishop Sutton Primary School	24	21.6	£12,604	£8,900	20.1	£11,016	£9,700
Blackhorse Primary School	61	19.5	£33,627	£2,400	-	£0	-
Blagdon Primary School	16	20.1	£6,166	£6,260	20.9	£6,673	£5,980

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Blaise High School	65	18.1	£73,869	£19,900	17.8	£74,896	-
Bournville Primary School	117	19.2	£81,723	£127,790	17.8	£106,150	£124,300
Bowsland Green Primary School	22	19.5	£9,866	£800	-	£0	-
Bradley Stoke Community School	87	18.7	£80,954	£98,800	17.6	£81,286	£118,070
Bridge Farm Primary School	46	19.3	£42,950	£13,200	17.9	£25,428	-
Bridge Learning Campus	92	17.4	£112,478	£87,020	16.6	£89,338	£80,550
Bristol Cathedral School Trust	129	17.0	£158,832	£23,370	15.1	£140,473	-
Bristol Free School	91	17.5	£64,124	£36,710	17.4	£59,209	£6,860
Broadlands Academy	36	17.4	£34,255	£32,300	17.2	£34,970	£39,800
Broadoak Academy	55	18.2	£61,718	£175,710	18.2	£53,733	-
Brook Academy	11	20.0	£16,250	£0	16.6	£8,305	-
Burrington CofE Primary School	13	17.7	£6,817	£2,840	20.0	£1,451	-
Cabot Learning Federation	356	16.8	£523,629	£227,370	15.3	£458,190	£23,610
Cabot Primary School	30	18.2	£13,402	£3,800	18.0	£12,718	£5,200
Cadbury Heath Primary School	41	19.5	£10,984	£900	-	£0	-
Callicroft Primary School	33	18.7	£23,607	£22,550	17.6	£24,815	£30,690
Cameley CEVC Primary School	30	18.6	£16,397	£6,800	18.4	£15,411	£7,900
Castle Batch Primary School Academy	105	18.2	£137,000	£67,540	19.0	£34,048	-
Castle Primary School (Keynsham)	39	20.4	£27,085	£13,100	20.3	£24,750	£14,600
Chandag Primary School	45	19.3	£22,581	£9,880	17.9	£15,542	£11,250
Charborough Road Primary School	46	18.7	£26,883	£11,600	17.6	£21,674	£17,590
Charfield Primary School	18	19.5	£12,378	£4,200	19.8	£10,398	£7,480
Charlton Wood Primary Academy	21	17.2	£21,849	£1,700	16.6	£19,003	-
Cheddar Grove Primary School	48	19.3	£29,126	£19,360	17.9	£28,470	£21,900
Chestnut Park Primary School	16	19.3	£9,165	-£100	20.0	£6,630	-



Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Chew Magna Primary School	24	19.2	£6,255	£1,200	19.9	£5,045	£4,400
Chew Stoke Church School	23	20.2	£14,171	-£10,200	19.2	£13,057	-£9,800
Chew Valley School	78	19.9	£69,234	£57,100	18.4	£62,168	£61,440
Chipping Sodbury School	55	19.8	£55,679	£8,558	20.3	£50,956	£9,400
Christ Church CofE Primary School (Bristol)	15	18.0	£16,091	£15,900	17.5	£15,320	£13,900
Christ Church C of E Primary School (WSM)	27	22.6	£17,803	£18,090	20.3	£18,676	£18,720
Churchill Academy	143	19.4	£93,563	£124,570	18.7	£84,939	£139,140
Churchill CofE Primary School	29	19.2	£14,197	£9,680	20.0	£2,490	-
City Academy	126	17.5	£122,126	£24,840	15.1	£103,039	£16,760
Clevedon School	72	19.3	£83,888	£69,620	17.4	£85,862	£78,680
Clutton Primary School	20	19.5	£8,719	£7,300	18.3	£7,044	£7,700
Combe Down C of E Primary School	52	20.2	£27,723	£30,800	19.2	£26,621	£28,400
Compass Point South Street Primary School	39	18.6	£33,295	£18,500	18.3	£24,869	£16,430
Corpus Christi Catholic Primary School	36	18.0	£24,875	£13,000	17.7	£18,660	£12,300
Cotham Gardens Primary School	34	17.1	£26,658	£22,500	16.5	£24,224	-
Cotham School	121	17.4	£138,968	£121,050	16.4	£127,009	£107,980
Court de Wyck Church School	14	18.9	£8,951	£10,356	20.6	£8,190	£14,800
Crockerne C of E Primary School	47	22.7	£25,588	£24,640	21.3	£24,400	£30,670
CST Trinity Academy	76	14.2	£52,333	£9,780	20.0	£30,016	-
Culverhill School	55	20.8	£78,790	£22,100	20.7	£60,489	£27,500
Digitech Studio School	32	18.1	£17,779	£3,720	17.8	£13,212	£200
Diocese of Bristol Academy Trust (Central Functions)	51	17.6	£106,721	£19,500	17.1	£96,825	-£500
Downend School	50	19.5	£58,043	£590	19.8	£50,801	£11,110
Dundry C of E Primary School	12	19.5	£6,581	-£2,100	18.3	£7,128	-£900

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
E-ACT (Central Functions)	29	18.0	£61,418	£1,100	16.9	£80,190	-
East Harptree Primary School	9	18.0	£4,760	£3,520	19.6	£5,290	£3,920
Easton C of E Academy	42	17.6	£33,165	£57,743	17.1	£31,427	£64,460
Elmlea Infant School	22	20.3	£14,969	£8,200	18.8	£15,451	-
Elmlea Schools' Trust	23	20.9	£23,060	£24,400	18.2	£20,315	-
Emersons Green Primary School	39	19.5	£15,691	£1,200	-	£0	-
Evergreen Primary Academy	19	19.0	£12,965	£13,790	18.8	£11,824	£13,620
Excalibur Academies Trust (central fcnctns)	18	18.6	£32,241	-£6,900	18.3	£30,445	-
Extend Learning Academies Network (Central Functions)	15	19.2	£30,377	£0	-	£0	-
Fairfield High School	111	18.2	£61,796	£63,267	18.0	£79,827	£90,300
Fairlawn Primary School	23	17.2	£12,630	£3,550	16.5	£10,029	-
Farmborough Church Primary School	34	20.9	£11,115	£8,700	19.7	£9,491	£9,100
Farrington Gurney C of E Primary School	13	19.5	£8,764	£6,800	18.3	£6,723	£5,900
Filton Avenue Primary School	62	17.7	£55,598	£66,000	16.3	£45,515	£48,900
Filton Hill Primary School	14	18.7	£9,217	£10,100	17.6	£8,873	£12,500
Fishponds Church of England Academy	40	17.6	£30,286	£27,775	17.1	£28,907	£31,780
Flax Bourton C of E Primary School	21	21.2	£12,334	£8,900	22.3	£10,786	£11,560
Fonthill Primary School	33	17.2	£21,142	£13,200	16.6	£17,572	£12,060
Fosse Way School	177	17.6	£166,107	£131,900	15.6	£127,433	£100,900
Four Acres Academy	58	19.3	£54,405	£48,790	16.2	£46,285	£39,800
Freshford Church School	35	20.1	£9,223	£3,319	22.5	£5,681	£4,700
Frome Vale Academy	13	19.5	£12,402	£10,360	19.0	£10,988	£9,310
Golden Valley Primary School	76	19.5	£29,705	£15,160	20.0	£4,848	-
Gordano School	152	19.5	£176,214	£177,660	19.4	£156,410	£185,200

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Greenfield E-ACT Primary Academy	36	18.0	£26,650	£29,500	16.9	£28,529	£28,260
Grove Junior School	39	23.6	£13,546	£9,480	23.2	£10,792	£10,780
Hanham Abbots Junior School	44	19.5	£13,705	£800	-	£0	-
Hanham Woods Academy	65	18.4	£54,780	£48,200	18.8	£49,295	-
Hannah More Infant School	24	22.4	£11,055	£10,850	18.7	£10,709	£10,580
Hans Price Academy	81	17.6	£94,170	£222,980	16.1	£78,745	-
Hareclive E-ACT Academy	40	18.0	£28,822	£40,000	16.9	£26,359	£38,820
Hayesfield Girls School	64	19.5	£74,602	£44,600	18.3	£69,319	-
Haywood Village Academy	58	18.4	£35,505	£3,230	16.7	£33,409	-£4,700
Headley Park Primary School	39	18.5	£32,558	£30,310	17.4	£33,026	£0
Henbury Court Primary Academy	39	17.2	£33,067	£52,500	16.6	£30,052	£51,950
Henleaze Junior School	20	21.2	£20,888	£20,100	21.8	£16,025	£23,100
Heron's Moor Academy	51	20.2	£31,101	£26,200	17.3	£28,812	£19,990
High Down Infant School	40	20.5	£17,015	£35,100	21.5	£16,886	£35,280
High Down Junior School	46	20.1	£21,307	£26,300	20.2	£24,086	£31,260
High Littleton C of E Primary School	28	19.5	£13,699	£10,000	18.3	£12,708	£9,300
Hotwells Primary School	18	21.2	£10,736	£22,780	19.9	£10,809	-
Hutton C of E Primary School	25	19.3	£13,865	£13,590	18.6	£14,279	£14,890
IKB Academy	8	19.3	£6,974	£4,300	17.9	£6,089	£200
Ilminster Avenue E-ACT Academy	36	18.0	£25,060	£10,100	16.9	£24,235	£9,650
Kings Forest Primary School	73	19.5	£27,239	£2,100	-	£0	-
Kings Oak Academy	69	19.0	£58,858	£150,490	18.2	£55,898	£48,210
Kingshill Church School	23	21.5	£11,874	£16,714	20.1	£10,794	£20,680
Knowle DGE Academy	62	19.5	£90,393	£22,333	16.6	£107,447	£69,700
Lansdown Park Academy	16	17.8	£26,335	£25,200	16.6	£37,778	£16,900

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Lime Hills Academy	9	20.0	£11,528	£0	20.0	£7,014	-
Little Mead Primary Academy	55	17.2	£39,500	£35,500	16.6	£42,477	£35,180
Locking Primary School	37	19.2	£25,415	£19,560	17.1	£19,803	£23,100
Longvernal Primary School	33	19.5	£15,283	£11,600	18.3	£13,306	£11,200
Luckwell Primary School	19	18.6	£8,356	£8,200	18.3	£8,360	£7,960
Lyde Green Primary School	33	19.5	£33,453	£1,370	19.8	£31,627	-£490
Mangotsfield C of E Primary School	73	19.5	£21,557	£3,600	-	£0	-
Mangotsfield School	95	19.5	£132,078	£30,900	19.8	£109,391	£52,220
Marksbury C of E Primary School	9	20.6	£6,527	£5,100	16.8	£5,931	£4,700
Marlwood School	24	19.5	£24,172	£45,560	19.8	£20,368	£66,090
Mary Elton Primary School	43	19.3	£24,117	£30,700	18.4	£22,559	£32,430
May Park Primary School	66	18.2	£30,079	£10,267	18.0	£37,036	£25,200
Mead Vale Community Primary School	41	19.2	£20,516	£44,190	18.6	£19,405	£49,500
Meadowbrook Primary School	17	18.7	£16,345	£35,200	17.6	£16,296	£44,790
Mendip Green Primary School	97	19.2	£57,054	£70,500	18.5	£56,912	£68,800
Merchants' Academy	102	17.2	£89,469	-£18,500	16.5	£89,752	-
Midsomer Norton Primary School	44	19.5	£24,952	£19,600	18.3	£28,989	£20,400
Midsomer Norton Schools Partnership	216	19.5	£271,464	£195,600	18.3	£230,405	£178,840
Milton Park Primary School	55	19.2	£29,229	£39,600	17.6	£24,705	£42,200
Minerva Primary Academy	30	18.7	£24,889	£4,790	18.7	£23,051	£10,580
Montpelier High School	51	17.2	£37,942	-£41,010	16.5	£30,953	-
Moorlands Infant School	24	19.0	£17,950	£10,200	18.6	£12,471	£9,500
Moorlands Junior School	23	18.4	£17,985	£14,200	19.5	£15,962	£14,700
Mulberry Park Educate Together Primary	25	16.8	£16,117	-£390	16.0	£10,665	-
Nailsea School	76	20.3	£82,984	£52,400	19.3	£74,382	£64,000

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
New Siblands School	129	18.5	£91,245	£29,792	16.9	£85,499	£22,800
North Star 240°	33	18.7	£33,123	£66,230	14.1	£28,676	£18,900
North Star 82°	21	16.8	£28,652	£58,940	17.1	£22,643	£15,400
Northleaze C of E Primary School	39	20.1	£11,800	£10,660	19.7	£11,436	£21,460
Norton Hill Primary School	18	19.5	£20,737	-£1,000	18.3	£11,537	-
Notton House Academy	65	19.5	£90,463	£33,042	16.6	£82,138	£76,440
Oasis Academy Bank Leaze	24	17.6	£15,159	£20,040	17.3	£13,597	£17,890
Oasis Academy Brightstowe	54	17.6	£66,909	£19,560	17.3	£53,290	£23,860
Oasis Academy Brislington	73	17.6	£80,383	£134,740	17.3	£72,081	£126,320
Oasis Academy Connaught	33	17.6	£33,251	£20,920	17.3	£34,345	£17,500
Oasis Academy Daventry Road	10	17.6	£5,984	£0	-	£0	-
Oasis Academy John Williams	76	17.6	£89,853	-£9,190	17.3	£72,290	-£8,250
Oasis Academy Long Cross	68	17.6	£57,414	£69,810	17.3	£53,827	£58,540
Oasis Academy Marksbury Road	30	17.6	£42,860	£3,130	17.3	£31,552	£1,290
Oasis Academy New Oak	37	17.6	£32,763	£51,040	17.3	£28,155	£39,960
Oasis Academy Temple Quarter	9	17.6	£3,817	£0	-	£0	-
Oldfield Park Infant School	32	20.2	£15,523	£27,870	19.4	£12,704	£9,800
Oldfield Park Junior School	37	20.2	£21,156	£17,990	18.2	£18,794	£14,800
Oldfield School	73	17.3	£73,141	£75,100	17.5	£64,611	-
Oldmixon Primary School	26	19.2	£26,725	£33,930	17.8	£24,312	£30,300
Olympus Academy Trust (Central Functions)	41	18.7	£110,403	£13,300	17.6	£100,364	£4,300
Orchard School Bristol	51	19.1	£58,859	£42,140	19.0	£53,566	£46,740
Palladian Academy Trust (Central Functions)	25	20.2	£50,935	£0	-	£0	-
Parklands Educate Together Primary	38	16.8	£25,418	£1,860	14.4	£17,833	-£100

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Parson Street Primary School	50	18.8	£37,217	£0	17.4	£33,145	£3,530
Patchway Community School	51	18.7	£51,931	£35,200	17.6	£45,181	£55,980
Paulton Infant School	37	18.0	£17,277	£7,200	16.7	£16,625	£12,800
Peasedown St John Primary School	54	19.5	£36,283	£25,100	18.3	£27,325	£23,200
Pensford Primary School	17	17.3	£8,164	£2,000	18.9	£7,725	£4,000
Perry Court E-ACT Academy	45	18.0	£32,004	£21,300	16.9	£26,762	£18,510
Portishead Primary School	55	19.3	£30,807	£40,970	18.9	£28,178	£48,700
Priory Community School Academy	184	18.2	£136,804	£643,890	17.2	£205,909	-
Ralph Allen School	117	20.2	£94,774	£64,140	18.4	£118,471	£65,300
Redfield Educate Together Primary Academy	35	16.8	£35,173	£22,980	14.7	£43,502	£3,040
Redland Green School	107	18.6	£94,927	£121,800	18.3	£82,121	£113,590
Roundhill Primary School	32	22.3	£27,923	£31,000	19.4	£26,975	£31,800
Saltford C of E Primary School	75	19.3	£28,010	£22,390	17.9	£25,349	£24,640
Samuel White's Infant School	34	19.5	£7,032	£800	-	£0	-
Sandford Primary School	28	22.8	£12,378	£10,100	22.9	£12,589	£9,400
Severn Beach Primary School	15	19.5	£7,700	£5,770	19.8	£7,735	£8,460
SGS Pegasus School	37	12.5	£38,857	£1,100	12.4	£29,217	<b>-£1,100</b>
Shoscombe Church School	23	19.5	£11,305	£6,600	18.3	£11,408	£6,700
Sir Bernard Lovell Academy	68	19.3	£65,360	£76,660	17.9	£56,677	£80,860
Snowdon Village	35	16.3	£54,045	£12,420	14.1	£53,008	£490
Somerdale Educate Together Primary Academy	27	16.8	£17,278	£2,930	12.7	£16,474	£900
Soundwell College	42	19.5	£54,682	<b>-£708</b>	16.6	£42,058	-
St Andrew's Church School	33	18.3	£20,809	£25,510	16.5	£19,235	£25,380

<b>Employer</b>	<b>2023/24 active membership</b>	<b>2023/24 % of pay</b>	<b>2023/24 employee contributions</b>	<b>2023/24 plus deficit or (surplus)</b>	<b>2022/23 % of pay</b>	<b>2022/23 employee contributions</b>	<b>2022/23 Plus deficit or (surplus)</b>
St Andrews CofE Primary School	19	19.7	£13,288	£8,900	19.9	£14,252	£10,780
St Anne's Church Academy	111	18.2	£53,398	£147,500	15.6	£47,426	-
St Barnabas C of E Primary School	37	19.5	£11,996	£900	-	£0	-
St Bede's Catholic College	81	18.8	£68,600	£68,540	18.1	£60,535	-
St Bernard's Catholic Primary School	25	23.1	£15,332	£5,480	22.0	£14,771	£8,427
St Francis Catholic Primary School	13	20.9	£5,376	£6,940	20.1	£6,623	£6,369
St Georges Church School	32	19.0	£16,780	£19,842	18.2	£15,319	£25,380
St John The Evangelist Church School	26	22.6	£12,160	£13,585	20.5	£11,687	£16,070
St John's C of E Primary School (Keynsham)	22	19.3	£11,113	£14,470	17.9	£11,105	£15,350
St John's C of E Primary School (MSN)	44	19.5	£34,452	£26,800	18.3	£23,759	£26,090
St Julian's C of E Primary School	19	19.5	£9,615	£7,000	18.3	£9,492	£6,000
St Katherine's School	43	19.5	£51,485	£55,930	19.0	£45,607	-
St Mark's C of E School (Bath)	28	19.5	£25,656	£8,700	18.3	£21,448	£12,300
St Mark's Ecumenical Anglican/Methodist Primary School	71	20.3	£25,563	£38,415	18.7	£24,685	£45,070
St Martin's C of E Primary School	47	20.0	£31,947	£54,070	18.2	£32,640	£57,220
St Martin's Garden Primary School	38	20.2	£24,579	£28,750	17.8	£19,905	£34,000
St Mary Redcliffe C of E Primary School	38	17.6	£28,787	£24,108	17.1	£28,402	£23,360
St Marys C of E Primary School (Timsbury)	25	19.5	£11,486	£4,200	18.3	£9,270	£4,100
St Marys C of E Primary School (Writhlington)	19	20.4	£12,886	£5,500	19.8	£12,001	£8,300
St Mary's C of E VA Primary School	11	18.2	£5,160	£6,160	16.6	£5,649	£7,940
St Matthias Academy	22	19.5	£27,081	£6,458	16.6	£22,221	£15,310
St Michael's C of E Junior Church School	24	21.3	£17,202	£13,195	19.5	£15,349	£17,640



<b>Employer</b>	<b>2023/24 active membership</b>	<b>2023/24 % of pay</b>	<b>2023/24 employee contributions</b>	<b>2023/24 plus deficit or (surplus)</b>	<b>2022/23 % of pay</b>	<b>2022/23 employee contributions</b>	<b>2022/23 Plus deficit or (surplus)</b>
St Nicholas Chantry C of E VC Primary School	45	19.3	£21,027	£27,080	21.8	£19,583	£29,690
St Nicholas Church School	27	18.0	£19,636	£12,415	16.7	£18,706	£11,570
St Nicholas of Tolentine Catholic School	18	19.1	£12,856	£17,700	17.8	£11,771	£17,100
St Patrick's Catholic Primary School, Bristol	20	18.5	£16,232	£17,875	17.9	£13,827	-
St Peter's C of E Primary School	49	18.5	£40,186	£44,000	18.3	£39,120	£47,920
St Philip's C of E Primary School, Bath	29	20.2	£17,256	£32,760	18.1	£17,191	£26,100
St Saviours Infant Church School	22	19.4	£10,972	£18,573	18.8	£9,285	£21,260
St Saviours Junior Church School	16	18.4	£8,337	£7,917	17.0	£5,812	£8,230
St Stephen's Primary Church School	59	19.0	£18,385	£16,913	19.6	£16,009	£22,240
St Teresa's Catholic Primary School, Bristol	29	20.5	£21,868	£19,650	17.8	£19,127	£15,680
St Ursula's E-ACT Primary Academy	45	18.0	£33,467	£15,100	16.9	£33,780	£13,280
St Werburghs Primary School	44	19.4	£31,373	£15,840	18.2	£29,444	-
Stanbridge Primary School	39	19.5	£15,958	£1,200	-	£0	-
Stanton Drew Primary School	9	19.7	£3,243	£3,420	20.2	£3,349	£3,820
Staple Hill Primary School	50	19.5	£14,432	£1,100	-	£0	-
Stoke Bishop C of E Primary School	42	18.7	£28,999	£28,940	20.0	£28,334	-
Stoke Lodge Primary School	14	18.7	£12,060	£31,500	17.6	£13,960	£42,290
Stoke Park Primary School	34	16.2	£19,338	£11,240	16.1	£17,809	-
Summerhill Academy	25	17.4	£19,813	£15,640	16.7	£19,112	£14,110
Swainswick Church School	13	18.7	£4,797	£1,959	16.7	£3,684	£1,860
The Castle School	64	19.5	£68,064	£57,690	19.8	£62,366	£95,300
The Dolphin School	25	17.2	£16,083	£35,780	16.5	£18,926	-
The Kingfisher School	25	17.2	£13,662	£41,940	16.5	£10,769	-
The Meadows Primary School	23	19.3	£10,467	£4,200	17.9	£10,695	£3,710



Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
The Mendip Studio School	10	19.5	£8,908	-£100	18.3	£5,900	-
The Sky Academy	34	19.4	£47,318	£84,425	16.6	£42,352	£75,200
The Tynings Primary School	37	19.5	£14,752	£1,200	-	£0	-
Three Ways School	166	16.8	£146,103	£136,300	16.1	£130,340	£116,600
Tickenham C of E Primary School	14	19.3	£5,492	£4,300	15.3	£4,517	£2,350
Tortworth Primary School	7	19.5	£3,590	£0	-	£0	-
Trinity Anglican Methodist Primary School	49	18.3	£23,864	£36,166	16.6	£26,805	£45,760
Trinity Church School	19	19.5	£15,533	£12,800	18.3	£14,634	£10,700
Trust in Learning Academies (central fcnctns)	28	18.8	£62,991	£10,850	17.2	£35,948	£5,880
Two Rivers C of E Primary School	14	19.3	£6,314	-£290	17.9	£3,583	-
Tyndale Primary School	25	18.1	£17,622	£2,000	17.8	£15,859	-
Ubley Primary School	11	21.3	£4,958	£4,790	20.9	£6,163	£4,700
Uphill Village Academy	39	19.5	£24,559	£17,990	18.6	£22,715	£18,320
Venturers' Academy	96	17.2	£112,312	£19,620	16.5	£97,463	-
Venturers' Trust (Central Functions)	31	17.2	£77,422	£41,010	16.5	£74,548	-
Victoria Park Primary School	47	19.9	£30,826	£33,240	18.4	£30,186	-
Walliscote Primary School	41	19.2	£24,154	£33,930	18.1	£22,297	£32,000
Wallscourt Farm Academy	37	16.5	£28,312	£5,180	15.9	£24,480	£1,470
Wansdyke Primary School	24	19.3	£13,434	£12,610	17.9	£12,099	£9,290
Waycroft Academy	62	19.5	£48,705	£55,100	18.5	£48,372	£45,400
Wellsway School	163	19.3	£227,431	£88,100	17.9	£172,537	£74,800
Welton Primary School	27	19.5	£14,430	£6,300	18.3	£13,121	£7,000
West Leigh Infant School	9	22.0	£8,016	£11,150	20.4	£7,649	£12,740
West Town Lane Academy	88	18.4	£55,413	£44,900	17.5	£49,200	£38,500
Westbury Park Primary School	34	19.6	£26,429	£20,500	19.2	£24,158	£18,000

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Westbury-on-Trym C of E Academy	50	20.0	£26,494	£23,700	18.6	£23,823	£20,400
Westfield Primary School	55	19.5	£31,307	£25,900	18.3	£29,933	£24,200
Weston All Saints C of E Primary School	81	19.9	£41,795	£40,700	17.2	£42,935	£38,100
Wheatfield Primary School	48	19.5	£18,335	£1,200	-	£0	-
Whitchurch Primary School	22	18.7	£16,843	£3,810	19.7	£15,577	£9,020
Wicklea Academy	30	17.0	£17,734	£17,200	12.3	£16,695	£10,900
Widcombe C of E Junior School	27	20.2	£9,626	£25,810	21.4	£9,131	£14,900
Widcombe Infant School	20	20.2	£12,680	£18,190	20.0	£11,975	£15,000
Windwhistle Primary School	56	19.2	£41,129	£65,410	17.9	£49,156	£63,900
Winford C of E Primary School	23	20.2	£11,292	£12,120	18.7	£10,815	£11,270
Winscombe Primary School	31	22.1	£15,379	£11,600	20.7	£14,478	£10,200
Winterbourne International Academy	80	18.7	£78,124	-£45,100	17.6	£68,521	-£41,890
Winterstoke Hundred Academy	45	18.6	£35,119	£3,520	19.4	£18,618	-
Woodlands Academy	28	14.7	£16,599	£15,500	15.4	£16,626	£13,000
Woodlands Primary School	56	18.1	£37,664	-£4,400	17.8	£37,180	-
Worle Community School Academy	116	18.2	£91,731	£300,330	17.4	£81,217	-
Worle Village Primary School	30	19.2	£14,277	£19,160	17.7	£13,169	£21,950
Worlebury St Paul's Church School	11	19.3	£12,405	£0	-	£0	-
Wraxall C of E VA Primary School	14	22.6	£3,385	£2,150	20.2	£3,085	£2,840
Wrighton CofE Primary School	28	19.5	£10,895	£5,870	20.0	£2,460	-
Writhlington School	84	19.5	£67,626	£138,900	18.3	£61,644	£112,580
Yate Academy	72	18.1	£77,618	£5,100	17.8	£55,212	-
Yatton C of E Junior School	36	21.1	£20,874	£12,910	19.5	£23,038	£18,130
Yatton Infant School	35	21.0	£16,782	£19,650	19.4	£13,910	£22,150
Yeo Moor Primary School	48	19.3	£25,408	£23,470	19.0	£24,098	£29,790

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
<b>Designating Bodies</b>							
Aequus Developments Limited	5	18.7	£35,362	-£11,400	18.7	£35,473	-
Almondsbury Parish Council	5	25.6	£6,976	£1,100	24.3	£6,952	£1,600
Backwell Parish Council	1	24.9	£2,592	-£800	23.6	£2,515	-
Bitton Parish Council	1	18.9	£2,612	£0	25.0	£2,511	-
Bradley Stoke Town Council	10	21.2	£20,440	-£6,300	21.6	£18,482	-£2,100
Bristol Waste Company	102	23.1	£160,404	£34,300	23.0	£158,343	£14,600
Charter Trustees of the City of Bath	2	20.7	£4,077	-£4,800	19.6	£3,930	-£6,000
Churchill Parish Council	1	21.3	£1,824	£0	25.0	£1,549	-
Clevedon Town Council	4	23.0	£4,150	£300	21.7	£5,440	-
Congresbury Parish Council	3	20.1	£3,630	£500	20.6	£2,601	£300
Dodington Parish Council	9	19.4	£7,707	£490	20.6	£7,533	£1,470
Downend and Bromley Heath Parish Council	2	22.6	£3,715	£3,720	20.5	£3,304	£4,310
Emersons Green Town Council	4	26.2	£3,444	£800	21.0	£1,396	-
Filton Town Council	4	19.7	£9,614	-£11,600	14.8	£8,727	-£11,800
Frampton Cotterell Parish Council	8	17.9	£9,837	£3,810	16.2	£8,754	£2,400
Futura Commercial Services Limited	103	17.0	£51,573	£0	16.3	£37,309	-
Hanham Abbots Parish Council	1	21.3	£1,411	£100	20.3	£1,148	£800
Hanham Parish Council	1	25.6	£1,166	-£1,500	22.4	£1,131	£300
Keynsham Town Council	17	20.0	£23,434	-£5,300	18.8	£16,332	-£8,300
Midsomer Norton Town Council	4	20.5	£4,718	£9,300	18.1	£8,781	£10,700
Nailsea Town Council	9	16.7	£15,018	-£400	16.2	£13,514	-
Oldland Parish Council	3	21.7	£6,555	£7,400	21.2	£5,049	£2,500

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Patchway Town Council	6	18.4	£10,067	-£6,600	20.4	£11,707	-£10,600
Paulton Parish Council	8	21.1	£9,983	-£1,392	20.6	£5,873	-£2,100
Peasedown St John Parish Council	5	19.7	£5,749	£14,950	18.8	£5,474	-
Pill & Easton in Gordano Parish Council	1	24.0	£1,789	-£500	21.0	£1,604	£400
Portishead Town Council	9	19.6	£15,396	£0	23.2	£14,907	£2,160
Radstock Town Council	6	20.0	£4,832	£23,820	19.5	£3,969	-
Saltford Parish Council	1	16.2	£1,670	£100	13.5	£1,462	£100
Sodbury Parish Council	4	19.5	£8,150	£300	17.9	£7,136	-
Staple Hill & Mangotsfield Parish Council	2	25.0	£0	£0	-	£0	-
Stoke Gifford Parish Council	6	18.6	£12,213	-£3,400	18.0	£11,806	-£3,700
Stoke Lodge & the Common Parish Council	3	17.4	£1,894	£0	15.7	£1,726	-
Thornbury Town Council	12	15.4	£19,117	-£20,900	18.8	£17,885	-£15,200
Westerleigh Parish Council	2	14.6	£1,526	-£2,500	15.2	£1,457	-
Westfield Parish Council	3	22.0	£2,802	£0	22.0	£2,349	-
Weston-super-Mare Town Council	42	17.0	£56,816	£18,000	17.7	£49,658	£14,900
Whitchurch Village Council	1	23.4	£1,210	-£500	22.4	£1,150	-£100
Wroughton Parish Council	2	25.1	£1,463	£0	-	£0	-
Yate Town Council	42	17.5	£52,158	-£4,500	17.5	£47,643	-
Yatton Parish Council	6	23.7	£7,344	£1,900	23.7	£6,847	£3,700
<b>Community Admission Bodies</b>							
Adoption West	34	18.0	£60,700	-£9,100	18.1	£60,956	-£5,800
Ashley House Hostel	14	35.2	£24,973	£49,900	30.5	£22,096	£20,800
Bristol Music Trust	8	21.7	£19,565	-£39,800	22.5	£18,965	-£41,900
Clifton Suspension Bridge Trust	6	40.2	£11,920	£11,342	25.3	£10,641	-

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Destination Bristol	4	21.4	£16,074	£0	20.3	£11,736	-
Merlin Housing Society Ltd (New staff since 2007)	23	41.1	£53,697	£973,783	32.8	£63,439	£205,800
Merlin Housing Society Ltd (SG)	17	38.9	£46,641	£147,790	21.7	£46,839	-£342,900
Play Station Nursery Ltd - Barley Close (SGC)	1	24.8	£926	-£200	23.0	£736	-
Sirona Care & Health (Telecare Service)	1	26.0	£1,390	-£275	23.6	£1,347	-
The Care Quality Commission	3	24.6	£9,574	£0	23.6	£20,352	-
The Park Community Trust Ltd	3	22.5	£5,795	-£17,500	22.5	£6,579	-£18,100
University of Bath (CAB)	637	20.7	£977,715	£561,240	19.3	£1,037,578	-
Writhlington Trust	8	38.9	£19,667	£21,630	33.6	£18,323	£16,200
West of England Music Limited	0	21.3	£0	£0	21.3	£0	-
<b>Transferee Admission Bodies</b>							
ABM Catering Limited - Athelstan Trust (Chipping Sodbury)	4	21.8	£2,665	£0	25.0	£0	-
ABM Catering Limited - Christchurch Infant & Junior School	4	25.0	£1,292	£0	-	£0	-
ABM Catering Limited - Cotham School	0	22.6	£0	£0	-	£0	-
ABM Catering Limited - SGC Schools	1	23.2	£1,401	£0	20.8	£2,196	-
ABM Catering Limited - South Gloucestershire Council (Bromley Heath Cluster)	14	22.1	£4,083	£0	-	£0	-
ABM Catering Limited – St Mary’s School, Bath	0	22.1	£318	£0	-	£0	-
ABM Catering Limited – St Mary’s School,	3	22.1	£913	£0	-	£0	-

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Bradley Stoke							
ABM Catering Limited - The Leaf Trust	3	23.2	£593	£0	-	£0	-
Active Community Engagement Ltd	1	27.3	£890	-£4,420	24.2	£888	-£10,900
Active Nation UK Limited	13	20.0	£10,376	£0	18.8	£13,170	-
Agilisys Limited	15	23.1	£30,103	-£105,720	22.3	£31,315	-£173,200
Agilysis Limited 2015	25	20.7	£35,981	-£128,629	21.3	£38,256	-£173,900
Alliance Homes - Ebdon Court	4	23.4	£3,309	-£3,100	22.6	£5,521	-
Alliance in Partnership Limited - Henleaze Junior Academy	2	24.9	£1,021	£0	-	£0	-
Alliance in Partnership Limited - Parkwall Primary School	1	29.3	£458	£0	22.9	£405	-
Alliance in Partnership Limited - South Gloucestershire Council	18	23.2	£7,884	£0	-	£0	-
Alliance in Partnership Limited - St Anne's CEVC Primary School	3	25.3	£1,369	-£200	23.6	£1,279	-
Alliance in Partnership Limited - The Park Primary School	3	23.7	£1,602	£0	22.3	£2,566	-
Alliance in Partnership Limited - Westbury on Trym C of E Academy	1	21.1	£596	£0	-	£0	-
Aspens Services Limited - Academies Enterprise Trust	3	21.8	£4,349	-£1,500	21.5	£4,022	-
Aspens Services Limited - Blackhorse Primary School	1	22.4	£640	£1,080	22.6	£980	£500
Aspens Services Limited - Bristol City Council PFI Contracts	6	25.1	£4,828	-£1,400	24.2	£4,578	-

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Aspens Services Limited - Cabot Learning Federation	13	23.0	£7,938	£5,080	21.8	£9,584	-
Aspens Services Limited - Castle Primary School (Keynsham)	2	23.2	£1,158	-£100	21.2	£1,499	-
Aspens Services Limited - Culverhill School	1	19.3	£716	£100	19.1	£769	-
Aspens Services Limited - E-ACT	0	27.1	£166	-£700	26.1	£370	-
Aspens Services Limited - Elmlea School Trust (MAT admission)	1	27.5	£1,124	£290	25.4	£955	-
Aspens Services Limited - Extend Learning Academies Network	1	25.7	£973	-£200	25.0	£1,350	-
Aspens Services Limited - Hanham Primary Federation	3	25.1	£1,791	£0	20.0	£950	-
Aspens Services Limited - Kaleidoscope MAT	4	23.0	£2,691	£100	19.6	£3,185	-
Aspens Services Limited - Lighthouse Schools Partnership	10	24.2	£6,635	£0	22.8	£0	-
Aspens Services Limited - St Anne's Church Academy (Priory Learning Trust)	3	24.9	£1,379	£0	-	£0	-
Aspens Services Limited - The Tynings School	1	20.4	£513	-£100	17.7	£377	-
Aspens Services Limited - Venturers Trust	4	24.1	£3,054	-£800	21.5	£3,859	-
Aspens Services Limited - Warmley Park Primary School	2	23.3	£1,470	-£100	22.1	£1,436	£100
Atalian Servest Food Company Limited - City of Bristol College	1	31.0	£769	£100	28.6	£654	-
Ategi limited	1	23.3	£736	-£200	21.3	£717	-£100



Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
BAM Construction UK Ltd	4	28.2	£5,717	-£12,400	25.7	£5,161	-£11,000
Bespoke Cleaning Services Limited - South Gloucestershire & Stroud College	3	25.8	£3,200	£275	22.4	£2,992	-
Care Quality Services Limited	2	24.6	£2,008	-£1,150	24.2	£3,623	-
Cater Link Limited - Castle Schools Education Trust	8	24.3	£6,467	£0	23.0	£6,634	-
Churchill Contract Services Ltd - Futura Learning Partnership	2	24.6	£2,317	£0	22.6	£2,702	-
Churchill Contract Services Ltd - Westhaven School	1	26.0	£432	-£100	24.2	£348	-
Circadian Trust	43	21.7	£75,147	£24,640	21.2	£73,545	£100,300
City Leap Energy Partnership Limited	5	18.2	£43,469	£0	18.4	£19,645	-
Clever Chefs Limited - BAM Construction	2	22.5	£3,177	£0	20.8	£0	-
Compass Contract Services (UK) Ltd - Bath and Wells MAT	10	23.1	£9,473	£0	22.3	£0	-
Compass Contract Services (UK) Ltd - Beacon Rise Primary School	0	24.0	£0	£0	-	£0	-
Compass Contract Services (UK) Ltd - Bristol City Council	19	24.2	£13,750	£0	25.3	£7,202	-
Compass Contract Services (UK) Ltd - North Star Academy Trust	2	25.0	£1,906	£0	25.0	£0	-
Compass Contract Services (UK) Ltd - Palladian Academy Trust	1	19.1	£333	-£900	22.1	£270	£1,800
Compass Contract Services (UK) Ltd - St Bede's Catholic College (BCCfw)	1	29.5	£548	£0	29.0	£205	-
Compass Contract Services (UK) Ltd - St Mary's C of E Primary School, Writhlington	2	23.9	£470	£0	22.8	£274	-



Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Compass Contract Services (UK) Ltd - St Patrick's Catholic Primary School (BCCfw)	1	24.5	£328	£0	23.7	£515	-
Compass Contract Services (UK) Ltd - St Teresa's Catholic Primary School (BCCfw)	1	29.7	£591	£0	31.2	£163	-
Compass Contract Services (UK) Ltd - St Werburgh's Primary School (BCCfw)	1	27.0	£774	£0	25.0	£370	-
Compass Contract Services (UK) Ltd - Westbury Park Primary School (BCCfw)	1	28.9	£746	£0	30.1	£284	-
Coombs Catering Partnership - New Siblands School	2	23.2	£900	£0	-	£0	-
Coombs Catering Partnership - South Gloucestershire Council	7	20.4	£2,700	£0	-	£0	-
Creative Youth Network - South Gloucestershire Council Youth Service	1	22.6	£346	-£200	22.4	£310	-
Direct Cleaning Services (South West) Limited - DBAT MAT	6	22.3	£1,919	£200	21.5	£2,691	-
Direct Cleaning Services (South West) Limited - New Siblands School (Enable Trust)	2	20.0	£668	£0	-	£0	-
Direct Cleaning Services (South West) Limited - Palladian MAT	8	21.5	£3,961	-£3,700	20.0	£4,215	-
Direct Cleaning Services (South West) Limited - South Gloucestershire Council	10	22.7	£2,992	£0	-	£0	-
Direct Cleaning Services (South West) Limited - St Gregory's Catholic College	1	19.3	£573	£0	17.6	£364	-
Dolce Ltd - Mangotsfield C of E Primary School	3	24.1	£1,937	£200	22.7	£1,857	-

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Dolce Ltd - St Mary's School, Yate (SGC)	2	24.8	£179	£0	-	£0	-
Edwards and Ward Ltd - Paulton Infant School	1	25.4	£866	-£400	23.4	£838	-£400
Edwards and Ward Ltd - SGC	15	20.9	£5,571	£0	-	£0	-
Edwards and Ward Ltd - St Keyna Primary School	1	26.2	£775	-£100	21.1	£827	-
Elite Sports UK Limited (E.S.D.C UK Ltd)	4	24.3	£5,023	£0	-	£0	-
Foundation for Active Community Engagement (FACE) - South Gloucestershire Council Youth Service	1	17.5	£89	£0	18.4	£62	-
Future Stars Coaching Limited - High Down Schools	6	26.7	£2,082	£0	25.2	£2,117	-
Glen Cleaning Company Limited - Christ Church Junior School	3	27.9	£572	£0	-	£0	-
Glen Cleaning Company Limited - Excalibur Academies Trust (BCCfw)	2	26.3	£1,275	-£400	23.1	£1,167	-
Greenwich Leisure Ltd - Bath & North East Somerset Council	12	19.4	£21,516	-£13,300	20.2	£21,377	-£11,200
HCRG Care Services Limited (formerly Virgin Care Services Limited)	52	23.5	£85,938	-£53,200	22.4	£100,154	£5,200
Imperial Cleaning Services (South West) Limited - The Tynings Primary School	0	27.5	£0	£0	26.2	£0	-
Innovate Services Ltd - Cathedral Schools Trust	5	27.3	£3,864	-£1,600	23.2	£1,371	-
Innovate Services Ltd - Excalibur Academies Trust	1	26.3	£2,697	-£4,433	25.4	£2,919	-

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Junior Adventures Group - St Werburghs School	3	21.6	£0	£0	-	£0	-
KGB Cleaning (South West) Ltd - Cabot Learning Federation	9	22.9	£4,706	£0	22.8	£3,598	-
KGB Cleaning (South West) Ltd - Cathedral Schools Trust	2	26.1	£1,119	£0	22.7	£1,311	-
KGB Cleaning (South West) Ltd - Midsomer Norton Schools Partnership	1	21.1	£368	£0	-	£0	-
KGB Cleaning (South West) Ltd - Olympus Academy Trust	5	23.5	£1,450	£0	-	£0	-
Kindred - Futura Learning Partnership	2	25.0	£1,207	£0	22.7	£928	-
Liberata UK Limited	10	22.3	£18,820	-£66,125	21.2	£21,504	-£77,000
Mentoring Plus (Bath & North East Somerset)	2	25.4	£3,579	£0	24.1	£3,442	£1,600
Portway Sports Centre Limited	1	25.8	£0	£0	-	£0	-
Prestige Cleaning & Maintenance Limited	2	26.9	£1,904	-£1,100	25.1	£1,802	-£300
Purgo Supply Services Ltd - Castle School Education Trust	2	25.7	£1,274	£100	22.4	£1,299	-
Purgo Supply Services Ltd - E-ACT	7	22.4	£3,507	-£700	21.0	£3,338	-
Purgo Supply Services Ltd - Excalibur Academies Trust	2	26.3	£1,025	-£300	22.6	£1,056	-
Purgo Supply Services Ltd - Lighthouse Schools Partnership	5	21.0	£2,253	£0	20.2	£1,492	-
Ridge Crest Cleaning Ltd - Bristol City Council	1	23.3	£677	-£1,900	24.5	£1,201	-£12,900
Sansum Solutions Group Limited - ELAN	11	24.1	£5,346	£0	24.4	£0	-

Employer	2023/24 active membership	2023/24 % of pay	2023/24 employee contributions	2023/24 plus deficit or (surplus)	2022/23 % of pay	2022/23 employee contributions	2022/23 Plus deficit or (surplus)
Sansum Solutions Group Limited - St Bede's Catholic College	11	22.5	£10,592	£0	21.5	£0	-
Shine Wraparound Care Ltd - Olympus Academy Trust	10	22.9	£3,447	£0	-	£0	-
Skanska Rashleigh Weatherfoil Ltd	2	27.5	£3,352	-£4,217	23.7	£3,259	-£4,000
SLM Community Leisure Trust	41	21.6	£51,533	£0	-	£0	-
SLM Fitness & Health Ltd	4	21.1	£4,497	£0	-	£0	-
Sodexo Ltd - Diocese of Bristol Academies Trust (DBAT)	4	22.8	£2,944	-£1,900	21.1	£3,027	-
Sodexo Ltd - Oasis Community Learning	4	26.8	£1,467	£0	-	£0	-
Taylor Shaw - Olympus Academy Trust	7	23.0	£5,686	-£800	22.3	£8,887	-
The Brandon Trust	6	24.5	£8,919	£0	22.6	£8,825	£900
Weston Support Services - Ashcombe Primary School	2	24.5	£868	£0	23.5	£968	-
Weston Support Services - North Somerset Council Campus School	1	24.5	£83	£0	-	£0	-
Xerox (UK) Limited	2	22.9	£5,360	£0	21.4	£694	-
Youth Connect South West	10	21.6	£19,977	-£9,583	20.7	£19,298	-

**Table 3.2: Summary revenue fund account**

<b>Year Ended 31 March</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Revenue Account</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Income</b>					
Net Contributions	251.2	202.8	185.7	211.2	161.6
Investment Income	68.4	61.9	25.7	21.0	32.5
Net Cash Transfer	- 3.1	0.5	4.5	3.6	7.7
<b>Total</b>	<b>316.5</b>	<b>265.2</b>	<b>215.9</b>	<b>235.8</b>	<b>201.8</b>
<b>Expenditure</b>					
Pension & Benefits	229.4	197.8	192.4	183.2	181.2
Investment Management Expenses	19.2	19.7	32.2	19.4	26.9
Administration Costs	6.5	5.6	4.7	4.3	4.2
<b>Total</b>	<b>255.1</b>	<b>223.1</b>	<b>229.3</b>	<b>206.9</b>	<b>212.3</b>
Surplus for the Year	61.4	42.1	-13.4	28.9	-10.5
Revaluation of Investments	375.0	-474.9	526.7	808.0	-335.5
Change in Fund Value	436.4	-432.8	513.3	836.9	-346.0
<b>Total Fund Value</b>	<b>5825.6</b>	<b>5389.2</b>	<b>5822.0</b>	<b>5308.7</b>	<b>4471.8</b>

Investment management Expenses and the Revaluation of Investments have been restated to include transaction costs in compliance with the CIPFA's Accounting for Local Government Pension Scheme Costs.

**Table 3.3: Analysis of investment income accrued during the reporting period (£m)**

Property	13.6
Hedge Funds	12.0
Diversified Strategies	27.9
Private Debt	3.1
Infrastructure	2.5
Derivatives	1.3
Cash & Other	7.9
	<b>68.3</b>

**Table 3.4: Budget v outturn report on the costs to the Fund**

	<b>Budget 2024/25 £'000</b>	<b>Budget 2023/24 £'000</b>	<b>Actual 23/24 £'000</b>	<b>Budget 2022/23 £'000</b>	<b>Actual 22/23 £'000</b>
<b>Administrative Costs</b>					
Management Costs	4,006	3,363	2,696	2,351	2,143
Administration and Processing	1,489	1,134	1,102	945	891
Service from Administrating Body	562	507	466	512	508
Fees and income	(149)	(420)	(291)	(402)	(316)
	<b>5,908</b>	<b>4,584</b>	<b>3,973</b>	<b>3,406</b>	<b>3,226</b>
<b>Investment Management Expenses</b>					
Fund Manager Base Fees	19,553	19,467	18,110	23,165	18,473
Custody & Transaction costs	50	46	45	44	55
	<b>19,603</b>	<b>19,513</b>	<b>18,155</b>	<b>23,209</b>	<b>18,528</b>
<b>Oversight &amp; Governance costs</b>					
Management Costs	1,107	982	1,068	878	872
Specialist advice and Governance	1,926	1,617	1,651	1,753	1,642
Actuarial recharges	(273)	(273)	(327)	(246)	(177)
Audit fees	95	57	112	63	69
	<b>2,855</b>	<b>2,383</b>	<b>2,504</b>	<b>2,448</b>	<b>2,406</b>
	<b>28,366</b>	<b>26,480</b>	<b>24,632</b>	<b>29,063</b>	<b>24,160</b>

Figures above do not include investment transaction costs which are deducted at source, transition costs or performance fees that relate to previous years. Budget figures include any adjustments made during the year.

**Table 3.5: Fund cash flow**

		FULL YEAR 2023/24	
		Forecast per	Out-turn
		Service Plan	
		£'000	£'000
<b>Outflows</b>			
Benefits	Pensions	(190,672)	(191,325)
	Lump sums	(28,619)	(34,354)
Administration costs		(11,304)	(12,369)
<b>Total Outflows</b>		<b>(230,595)</b>	<b>(238,048)</b>
<b>Inflows</b>			
Deficit recovery		4,673	8,210
Deficit recovery - paid in advance		28,207	29,898
Future service Contributions		136,597	147,280
Future service Contributions - paid in advance		58,980	64,335
<b>Total Contributions</b>		<b>228,457</b>	<b>249,723</b>
<b>Net Cash Flow (excluding Investment Income and Transfers)</b>		<b>(2,138)</b>	<b>11,675</b>
Net Transfers In & Out (budgeted zero)		-	(4,142)
Investment income received as cash		2,200	2,008
<b>Net Cash In-Flow (Out-Flow)</b>		<b>62</b>	<b>9,541</b>



**Table 3.6: Timeliness analysis of contributions payments**

	<b>£'000</b>
Total Contributions due in year	251,329
<hr/>	
Total contributions received late by:	<b>£'000</b>
1 day	-
2 days	-
3 days	0.3
Over 3 days	450.4
	<b>450.7</b>
<hr/>	
Percentage of contributions received late	0.18%

Regulations permit the Fund to charge interest on contributions that are paid over one month late at 1% above base rate. No such interest was charged during the year.

**Table 3.7: Pension overpayments by financial year**

	<b>Overpayments invoiced</b>	<b>Annual Payroll</b>	<b>% of payroll</b>
	<b>£'000s</b>	<b>£'000s</b>	
2019/20	111	149,862	0.07%
2020/21	94	155,356	0.06%
2021/22	146	159,686	0.09%
2022/23	125	168,770	0.07%
2023/24	269	189,839	0.14%

The table shows an analysis of the pension benefits overpaid compared to the total retirement pensions paid for the year. Pension overpayments mainly relate to overpayment of pensioners between the date of their death and notification.

### Fraud prevention

The Avon Pension Fund participates in the government's National Fraud Initiative run by the Cabinet Office. The exercise matches electronic data within and between public and private sector bodies to prevent and detect fraud.

Data matching involves comparing computer records held by one body against other computer records held by the same or another body to see how far they match. This is usually personal information. Computerised data matching allows potentially fraudulent claims and payments to be identified.

Other anti-fraud controls are in place include Mortality Screening and the use of tracing services to find members that we do not current hold an up-to date address for.

## 4. Fund account, net assets statement and notes



## PENSION FUND ACCOUNTS 2023/24

### Fund Account

For the Year Ended 31 March 2024

	Notes	2023/24 £'000	2022/23 £'000
<b>Dealings with members, employers and others directly involved in the fund</b>			
Contributions Receivable	4	(251,239)	(202,854)
Transfers In		(14,320)	(15,070)
		<b>(265,559)</b>	<b>(217,924)</b>
Benefits Payable	5	229,436	197,821
Payments to and on account of Leavers	6	17,473	14,572
		<b>246,909</b>	<b>212,393</b>
<b>Net (additions) / withdrawals from dealings with members</b>		<b>(18,650)</b>	<b>(5,531)</b>
Management Expenses	7	25,718	25,338
<b>Net (additions)/withdrawals including fund management expenses</b>		<b>7,068</b>	<b>19,807</b>
<b>Returns on Investments</b>			
Investment Income	8	(68,383)	(61,908)
Profits and losses on disposal of investments and change in value of investments	9	(375,006)	474,883
<b>Net Returns on Investments</b>		<b>(443,389)</b>	<b>412,975</b>
<b>Net (Increase)/Decrease in the net assets available for benefits during the year</b>		<b>(436,321)</b>	<b>432,782</b>
<b>Opening Net Assets of the Fund</b>		<b>5,389,210</b>	<b>5,821,992</b>
<b>Closing Net Assets of the Fund</b>		<b>5,825,531</b>	<b>5,389,210</b>

### Net Assets Statement at 31 March 2024

	Notes	31 March 2024 £'000	%	31 March 2023 £'000	%
<b>INVESTMENT ASSETS</b>					
Property Pooled Investment vehicles		680,454	11.7	612,977	11.4
Non Property Pooled Investment Vehicles		4,950,627	85.0	4,624,767	85.9
Cash Deposits		162,500	2.8	113,597	2.1
Derivative Contracts (Foreign Exchange hedge) - Gross Asset	9 & 10	17,309	0.3	36,669	0.7
Derivative Contracts: FTSE Futures - Gross Asset	9	688	-	361	-
Other Investment balances		7,428	0.1	12,732	0.2
<b>Total Investment Assets</b>		<b>5,819,006</b>		<b>5,401,810</b>	
Long-Term Investments		722	-	707	-
<b>INVESTMENT LIABILITIES</b>					
Derivative Contracts (Foreign Exchange hedge) - Gross Liability	9 & 10	(4,674)	(0.1)	(19,873)	(0.4)
Derivative Contracts: FTSE Futures - Gross Liability	9 & 10	-	-	-	-
Other Investment balances		(9)	-	(282)	-
<b>Total Investment Liabilities</b>		<b>(4,683)</b>		<b>(20,155)</b>	
<b>TOTAL NET INVESTMENTS</b>	10	<b>5,815,045</b>		<b>5,381,655</b>	
Long Term Debtors	12a	257	-	272	-
<b>Net Current Assets</b>					
Current Assets	12	18,776	0.3	17,773	0.3
Current Liabilities	12	(8,547)	(0.1)	(10,490)	(0.2)
<b>Net assets of the scheme available to fund benefits at the period end</b>		<b>5,825,531</b>	<b>100.0</b>	<b>5,389,210</b>	<b>100.0</b>

An analysis of Non Property Pooled Investment Vehicles is included within note 10 to the accounts

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after 31 March 2024. The actuarial present value of these liabilities is disclosed in note 15.

**Notes to Accounts - Year Ended 31 March 2024**

**1 INTRODUCTION & STATEMENT OF ACCOUNTING POLICIES**

**1.1 Description of Fund**

The Fund is administered by Bath & North East Somerset Council under arrangements made following the abolition of the former Avon County Council on 31 March 1996.

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Membership of the Fund is open to pensionable employees of scheduled bodies in the former Avon County area, together with employees of eligible designating and admission bodies. A list of employers with contributing scheme members can be found in note 25.

Employers' contributions are payable at the rate specified for each employing authority by the Fund's actuary. The employees' contribution rate is payable in accordance with the Local Government Pension Scheme Regulations 2013 (as amended).

**Introduction to the Statement of Accounts**

1.2 This statement comprises the Statement of Accounts for the Avon Pension Fund (the Fund). The accounts cover the financial year from 1 April 2023 to 31 March 2024.

1.3 These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting ('Code of Practice') in the United Kingdom 2023/24 based on International Financial Reporting Standards as published by the Chartered Institute of Public Finance and Accountancy. The accounts have been prepared on an accruals basis, except for certain transfer values as described at 'Statement of Accounting Policies' – item 1.21. They do not take account of liabilities to pay pensions and other benefits in the future.

**1.4 Actuarial Valuations**

As required by the Local Government Pension Scheme Regulations 2013 (as amended) an actuarial valuation of the Fund was carried out as at 31 March 2022. The key elements of the funding policy are as follows:

- Ensure sufficient funds are available to meet all benefits as they fall due for payment
- Recover any shortfall in assets relative to the value of accrued liabilities over a reasonable timeframe
- Keep employer contributions as stable as possible and at reasonable cost whilst achieving and maintaining fund solvency, taking into account the risk appetite of the administering authority and scheme employers
- Maximise the return from investments within acceptable risk parameters

The market value of the Fund's assets at the valuation date was £5,822m. The Actuary estimated that the value of the Fund was sufficient to meet 96% of its expected future liabilities of £6,060m in respect of service completed to 31 March 2022, with a deficit of £238m.

1.5 At the 2022 valuation the average deficit recovery period for the Fund overall was set at 12 years.

1.6 The 2022 actuarial valuation was carried out using the projected unit actuarial method. The main assumptions used to set employers' contributions, are set out in the table below:

	<b>Future Service Liabilities (Primary Contribution Rate)</b>	<b>Past Service Liabilities (Secondary Contribution Rate)</b>
Rate of return on investments (discount rate)	5.1% per annum	4.60% per annum
Rate of pay increases (long term)	4.6% per annum	4.6% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	3.1% per annum	3.1% per annum

1.7 The 2022 triennial valuation was completed during 2022/23 using market prices and membership data as at 31 March 2022. This valuation set the employer contribution rates for future service and deficit recovery payments (expressed as a monetary amount payable annually) with effect from 1 April 2023. The discount rate used in the 2022 valuation is based on CPI plus a real investment return of 1.5% p.a. for past service (the secondary contribution rate) and CPI plus 2.0% p.a. for future service (the primary contribution rate). The discount rate for the lower risk investment strategy was 2.55% per annum.

1.8 The Actuary has estimated that the funding level is 98% as at 31 March 2024 based on the 2022 valuation assumptions. The funding level calculation of 98% is based on a CPI Plus Discount basis (which is a different approach from valuing liabilities as prescribed by IAS 26).

1.9 The 2022 valuation includes the estimated cost of McCloud Judgement, based on the proposed remedy. The estimated cost is an increase in the past service liabilities at the valuation date of £70m. This represents 1.2% of total past service liabilities and is included in the liability figure and secondary contribution rate stated above.

The McCloud Regulations became effective on 1 October 2023. The bulk of the estimated cost of the additional liabilities arising due to the McCloud remedy was already factored into the actuarial valuations at 31 March 2022 in line with guidance previously issued centrally. Whilst the allowance made will not reflect the final implemented position precisely, for most employers, it is expected to substantially cover the cost of the additional McCloud liabilities. Overall, the differences to come through at the 31 March 2025 valuations are not expected to be material, although individual employer impacts will vary.

1.10 **Note 15** to the accounts shows the actuarial present value of promised retirement benefits for the purposes of IAS26 using the assumptions and methodology of IAS 19. The discount rate referenced for IAS19 is the Corporate Bond yield. The discount rate used for the Actuarial Valuation references the Fund's investment strategy.

1.11 The Fund's Funding Strategy Statement can be found on the Fund's website [www.avonpensionfund.org.uk](http://www.avonpensionfund.org.uk) (search Funding Strategy Statement) and is summarised within the Fund's Annual Report. The purpose of the Funding Strategy Statement is to set out a clear and transparent funding strategy that will identify how each employer's pension liabilities are to be met going forward.

### Investment Strategy Statement

1.12 The Fund's Investment Strategy Statement (ISS) as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 can be found on the Fund's website [www.avonpensionfund.org.uk](http://www.avonpensionfund.org.uk) (search Investment Strategy Statement) and is summarised within the Fund's Annual Report. The ISS is updated following strategic reviews.

1.13 The Fund's assets are currently managed externally by investment managers appointed and monitored by the Fund. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require funds to pool their investments assets. The Fund is a member of Brunel Pension Partnership which has established an FCA regulated company, Brunel Pension Partnership Limited (Brunel), to manage the assets of the pool. Each of the 10 LGPS funds in the pool is a shareholder owning an equal share of the company.

All the Fund's listed and liquid assets have transferred to Brunel with only illiquid legacy mandates and the local impact portfolio being directly managed by the Fund. For the assets that have transferred, Brunel is responsible for appointing and monitoring managers and other investment related operational aspects of the Fund.

1.14 The Fund has implemented three investment strategies to manage specific risks within the asset portfolio. These strategies are held within a Qualified Investment Fund (QIF) called Risk Management Strategy managed by Blackrock.

(i) A Liability Driven Investment strategy provides a hedge against changes in the value of the pension liabilities within the asset portfolio. This strategy consists of bonds and derivatives such as gilt repurchase agreements and interest and inflation swaps, structured to achieve the desired hedge profile.

(ii) An Equity Protection Strategy to protect the funding position against significant falls in equity markets. The strategy uses Over the Counter Equity Option Index Swaps.

(iii) A Low Risk Investment Strategy where the assets (mainly corporate bonds) better match the liability profile of the employers within the strategy. These employers include those that have exited the Fund and those that have chosen a less risky investment strategy to explicitly manage investment risk.

## Statement of Accounting Policies

### Basis of Preparation

1.15 Except where otherwise stated, the accounts have been prepared on an accruals basis, i.e. income and expenditure is recognised as it is earned or incurred, not as it is received or paid. The accounts have been prepared on a going concern basis.

### Investments

1.16 Investments are shown in the accounts at fair value, which has been determined as follows:

i) Quoted Securities have been valued at 31 March 2024 by the Fund's custodian using the market bid-price or 'last trade' on the final day of the accounting period.

ii) Unquoted investments. The fair value of investments for which market prices are not readily available is determined as follows:

- pooled vehicles for property, unutilised insurance policies and other managed funds are valued at the net asset value advised by the investment manager

- Limited partnerships. Fair value is based on the net asset value ascertained from periodic valuations provided by the partnership

- Pooled investment vehicles are valued at the closing bid price where bid and offer prices are published; or if a single net asset value, at the closing single price.

Where audited valuations are not available at the accounting date, unaudited valuations as at 31 March 2024 or audited valuations lagged by a quarter adjusted for known cash flows are used.

All valuations are subject to the custodian's and fund managers internal controls. Valuations are also subject to an external audit.

iii) Fixed interest securities are recorded at net market value based on their current yields and exclude interest earned but not paid over at the year end, which is included separately within investment debtors.

iv) Foreign currency transactions are recorded at the prevailing spot rate at the date of transaction. Investments held in foreign currencies are shown at market value translated into sterling at the exchange rates ruling as at 31 March 2024.

v) Derivative contracts are included in the Net Asset Statement at their fair market value, which is the unrealised profit or loss at the current bid or offer market quoted price of the contract. The amounts included in the change in market value are the realised gains or losses on closed futures contracts and the unrealised gains or losses on open futures contracts.

vi) Forward foreign exchange contracts outstanding at the year-end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract. Foreign currency transactions are recorded at the prevailing rate at the date of transaction.

vii) The only Long Term Investment is shares in Brunel Pension Partnership Ltd. Its fair value is based on the value of equity in Brunel Pension Partnership Ltd accounts.

viii) Acquisition costs of investments (e.g. stamp duty and commissions) are treated as part of the investment cost.

ix) Investment debtors and creditors at the year-end are included in investment assets in accordance with the CIPFA code of practice on local authority accounting.

x) The Fund's surplus cash is managed separately from the surplus cash of Bath and North East Somerset Council (B&NES) and is treated as an investment asset.

### Contributions

- 1.17 Contributions represent those amounts receivable from the employing bodies in respect of their own and their pensionable employees' contributions. Employers' contributions are determined by the Actuary on the basis of triennial valuations of the Fund's assets and liabilities and take into account the Funding Strategy Statement set by the administering authority. The rates applying in 2023/24 relate to the 2022 valuation and the employer contribution rates range from 12.5% to 41.1%. Employees' contributions have been included at the rates prescribed by the Local Government Pension Scheme Regulations 2013 (as amended). The employee contribution rates range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. The deficit contribution is expressed as a cash sum, and ranges from £0 to £13.9 millions.
- 1.18 Normal contributions both from members and the employer are accounted for on an accruals basis in the payroll period to which they relate. Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

### Benefits, Refunds of Contributions and Cash Transfer Values

- 1.19 From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is up-rated annually in line with the Consumer Prices Index.
- 1.20 Benefits payable and refunds of contributions have been brought into the accounts as they fall due.
- 1.21 Cash Transfer Values are those sums paid to or received from other pension schemes and relate to previous periods of pensionable employment. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement. Accruals are only made when it is certain that a transfer is to take place.
- 1.22 Charges for splitting pensions on divorce are either invoiced to members or, on request, paid out of future benefits. In the case of payment from future benefits the charge against benefits and income to the Fund are both made in the current year. The charges are index linked to pension's increases to ensure that the Fund receives the full value.

### Investment Income

- 1.23 Dividends and interest have been accounted for on an accruals basis, based on figures provided by the custodian. Some of the income on pooled investments is accumulated and reflected in the valuation of the units and some (mainly property) is distributed.

### Investment Management & Administration

- 1.24 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 permit Bath & North East Somerset Council to charge administration costs to the Fund. A proportion of relevant Council costs has been charged to the Fund on the basis of time spent on Pension Fund business.
- 1.25 The fees charged by the Fund's external investment managers reflect their differing mandates. Fees are linked to the market value of the Fund's investments and therefore may increase or reduce as the value of the assets change. Management fees are recognised in the year in which the management services are provided. A provision has been made for performance fees that have been incurred but are subject to phased payments or are not to be paid until the realisation of the related investments. These remain subject to change as a consequence of future performance. Fees are also payable to the Fund's global custodian and other advisors.

### Taxation

- 1.26 The Fund is not liable to UK income tax, on income derived from investments, under Section 186 of the Finance Act 2004, nor is it liable to capital gains tax under section 271 Taxation of Chargeable Gains Act 1992. As Bath & North East Somerset Council is the administering authority for the Fund, VAT input tax is recoverable on all Fund activities including expenditure on investment expenses. For taxation of overseas investment income please see note 3 iv. in the Notes to the Accounts.

## Assumptions made about the future and other major sources of estimation uncertainty

- 1.27 The Statement of Accounts contains estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty actual results could be materially different from the assumptions and estimates. Estimates are used in the valuation of unquoted investments and in the actuarial valuation for the purposes of IAS 26 (note 15) in which the actuarial calculation of the liability is subject to the professional judgement of the Scheme Actuary. The Fund's investments are stated at fair value. The subjectivity of the inputs used in making an assessment of fair value is explained in note 24.

The items in the financial statements for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Unlisted Assets	The Hedge Fund (£17m), Infrastructure (£675m), Private Debt (£203m) and closed-ended Property Funds (£123m) investments are not publicly listed and as such there is a degree of estimation involved in their valuation. Where possible the valuation techniques use observable or transaction based inputs; however there is reliance on non-observable inputs which increases the degree of uncertainty.	A +/-10% change in the valuations of the Property Limited Partnerships, Hedge Fund and Infrastructure assets included in the accounts for these portfolios would result in an increase or reduction of +/- £102m in total Fund assets. Note 24 shows the sensitivity of these assets to changes in value in more detail.
Actuarial present value of promised retirement benefits (Note 15)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Mercer, a firm of consulting actuaries, is engaged to provide the authority with expert advice about the assumptions to be applied. The estimated total value of the Fund's promised retirement benefits as at 31 March 2024 is £6,296 million.	The effects on the actuarial present value of promised retirement benefits (the Fund's liabilities) of changes in individual assumptions can be measured. For instance, based on the 2022 actuarial valuation results: <ul style="list-style-type: none"> <li>• a 0.25% per annum reduction in the real investment return assumption would increase deficit by £261m (to £499m)</li> <li>• a 0.25% per annum increase in the assumed pensionable salary growth would increase the deficit by £32m (to £270m)</li> <li>• a 0.25% per annum increase in the long term improvement rate in life expectancy would increase the deficit by £45m (to £283m)</li> </ul>

## Events After the Balance Sheet Date

- 1.28 The Statement of Accounts is adjusted to reflect events that occur after the end of the reporting period that provide evidence of conditions that existed at the end of the reporting period, should they occur. The Statement of Accounts is not adjusted to reflect events that are indicative of conditions that arose after the reporting period, but where material, disclosure is made in the notes of the nature and estimated financial effect of such events.

## Financial Instruments

- 1.29 Financial Assets and Liabilities are recognised on the Balance Sheet when the Fund becomes a party to the contractual provisions of a financial instrument and are measured at fair value or amortised cost.

## Going Concern

- 1.30 These accounts have been prepared on a going concern basis. The concept of going concern assumes that the Pension Fund will continue in operation for the foreseeable future.

## Accounting Standards that have been issued but not yet adopted

- 1.31 IFRS 16 Lease Accounting will apply to CIPFA Accounts for the financial year 24/25 onwards. However, both the 2022/23 and the 2023/24 Codes will allow for adoption should an authority consider that it is able to do so as of 1 April 2022 or 2023. The Fund does not have embedded finance leases or service concessions in its contracts and so this standard will not have any impact on the Accounts.

## Critical Judgements in Applying Accounting Policies

- 1.32 It has not been necessary to make any material critical judgements in applying accounting policies about complex transactions or those involving estimation uncertainty about future events during 2023/24.



## PENSION FUND ACCOUNTS 2023/24

### 2 MEMBERSHIP

Membership of the Fund at the year-end was as follows:-

	31 March 2024	31 March 2023
<b>Employed Members</b>	<b>41,642</b>	40,290
<b>Pensioners</b>	<b>39,605</b>	38,796
<b>Members entitled to Deferred Benefits</b>	<b>44,653</b>	44,058
<b>Undecided Leavers</b>	<b>14,147</b>	11,531
<b>TOTAL</b>	<b><u>140,047</u></b>	<b><u>134,675</u></b>

### 3 TAXATION

#### (i) Value Added Tax

The Fund's administering authority Bath & North East Somerset Council is reimbursed VAT by HM Revenue and Customs and the accounts are shown exclusive of VAT.

#### (ii) Income Tax

The Fund is a wholly exempt fund and some UK income tax is recoverable from HM Revenue and Customs. Where tax can be reclaimed, investment income in the accounts is shown gross of UK tax.

#### (iii) Capital Gains Tax

No capital gains tax is chargeable.

#### (iv) Taxation of Overseas Investment Income

Where the Fund receives interest on overseas government interest bonds portfolios which is gross, a variety of arrangements apply to the taxation of interest on corporate bonds and dividends on overseas equities.

### 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable are analysed below:-

	2023/24 £'000	2022/23 £'000
<b>Employers' normal contributions</b>		
Scheduled Bodies	134,202	117,529
Administering Authority	15,272	12,780
Admission Bodies	7,715	7,380
	<u>157,189</u>	<u>137,689</u>
<b>Employers' deficit Funding</b>		
Scheduled Bodies	30,846	12,052
Administering Authority	1,585	0
Admission Bodies	5,528	742
	<u>37,959</u>	<u>12,794</u>
<b>Total Employer's normal &amp; deficit funding</b>	<b><u>195,148</u></b>	<b><u>150,483</u></b>
<b>Employers' contributions - Augmentation</b>		
Scheduled Bodies	950	1,000
Administering Authority	115	1
Admission Bodies	6	84
	<u>1,071</u>	<u>1,085</u>
<b>Members' normal contributions</b>		
Scheduled Bodies	46,906	43,531
Administering Authority	5,494	4,923
Admission Bodies	2,141	2,235
	<u>54,541</u>	<u>50,689</u>
<b>Members' contributions toward additional benefits</b>		
Scheduled Bodies	407	508
Administering Authority	62	82
Admission Bodies	10	7
	<u>479</u>	<u>597</u>
<b>Total</b>	<b><u>251,239</u></b>	<b><u>202,854</u></b>

The increase in Employers' contributions between 2022/23 and 2023/24 is partly due to employers paying their deficits three years in advance. The increase can also be attributed to an increase in contributions as a result of an overall increase in the primary contribution rate from 17.2% to 18.6% as a result of the 2022 valuation.

The Members' contributions towards additional benefits above represent members' purchase of added years or additional benefits under the Scheme. Augmentation contributions are paid by employers to meet the cost of early retirements.

A further facility is provided whereby members can make Additional Voluntary Contributions, on a money purchase basis, which are invested in insurance policies with Legal & General, Utmost Life & Pensions or Aviva on behalf of the individual members concerned. These contributions are not part of the Pension Fund and are not therefore reflected in the Fund's accounts. A statement of the value of these investments is given in note 18.

## PENSION FUND ACCOUNTS 2023/24

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### 5 BENEFITS PAYABLE

#### Analysis of Gross Benefits Payable by Type:-

	2023/24 £'000	2022/23 £'000
Retirement Pensions	189,839	168,770
Commutation of Pensions and Lump Sum Retirement Benefits	34,485	25,402
Lump Sum Death Benefits	5,112	3,649
	<u>229,436</u>	<u>197,821</u>

#### Analysis of Gross Benefits Payable by Employing Body:-

	2023/24 £'000	2022/23 £'000
Scheduled & Designating Bodies	184,380	161,405
Administering Authority	25,538	19,967
Admission Bodies	19,518	16,449
	<u>229,436</u>	<u>197,821</u>

### 6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

#### Leavers

	2023/24 £'000	2022/23 £'000
Refunds to members leaving service	618	978
Individual Cash Transfer Values to other schemes	16,855	13,594
Group Transfers	0	0
	<u>17,473</u>	<u>14,572</u>

A group transfer took place between Offender Learning Services and Milton Keynes College (Buckinghamshire) on 1st April 2023. The value of the transfer will be established in 2024/25.

## PENSION FUND ACCOUNTS 2023/24

### 7 MANAGEMENT EXPENSES

Costs incurred in the management and administration of the Fund are set out below.

	2023/24	2022/23
	£'000	£'000
Administrative Costs	3,973	3,227
Oversight & Governance Costs	2,504	2,405
Investment Management Expenses	19,241	19,706
	<u>25,718</u>	<u>25,338</u>

#### Further Analysis of Management Expenses:-

##### Administrative Costs

Management Costs	2,696	2,144
Administration and Processing	1,102	891
Service from Administrating Body	466	508
Fees and Income	(291)	(316)
	<u>3,973</u>	<u>3,227</u>

##### Oversight & Governance Costs

Management costs	1,068	872
Specialist advice and Governance	1,651	1,650
Actuarial recharges	(327)	(177)
Audit Fees	112	60
	<u>2,504</u>	<u>2,405</u>

##### Investment Management Expenses (Note 7a)

	19,241	19,706
	<u>25,718</u>	<u>25,338</u>

Management costs in Oversight & Governance Costs include investments, actuarial and accounting staff costs. Audit fees include; the £0.095m external audit fee (2022/23 £0.041m), £0.009m scale fee variation for 22/23 and £0.008m scale fee variation for 23/24 (ISA 315). Internal audit costs are included within Specialist advice and Governance.

### 7a INVESTMENTS MANAGEMENT EXPENSES

2023/24	Total	Management Fees	Performance related fees	Transaction costs
	£000	£000	£000	£000
Equity	0	0	0	0
Pooled Property	2,013	2,209	(196)	0
Private Infrastructure & Secured Income	3,260	3,260	0	0
Derivatives	430	430	0	0
Pooled Investments *	13,493	12,210	1,271	12
	<u>19,196</u>	<u>18,109</u>	<u>1,075</u>	<u>12</u>
Custody Fees	45			
Total	<u>19,241</u>			
2022/23	Total	Management Fees	Performance related fees	Transaction costs
	£000	£000	£000	£000
Equity	0	0	0	0
Pooled Property	(1,475)	2,663	(4,138)	0
Private Infrastructure & Secured Income	3,165	3,165	0	0
Derivatives	432	429	0	3
Pooled Investments *	17,529	12,216	5,182	131
	<u>19,651</u>	<u>18,473</u>	<u>1,044</u>	<u>134</u>
Custody Fees	55			
Total	<u>19,706</u>			

\* Included within Pooled Investments is £1.645m (£1.514m in 22/23) paid to Brunel Pension Partnership for core investment services.

Fund Manager Performance Fees include fees that have been accrued but are subject to phased payment or not due to be paid until the realisation of the related assets. Unpaid fees remain subject to variation as a result of future performance. Total fund manager fees include management charges for pooled investments that are settled directly within the pooled vehicles in accordance with the investment management agreement.

The performance fees included in 22/23 represent a decrease in the provision for pooled property of £0.137m and a rebate received in year of £0.059m. For Pooled investments there is a payment in year of £3.302m and decrease in provision of £1.990m. The current total provision for performance fees is included in note 12 Current Asset and Liabilities.

Of the £19.2m of investment management fees, £12.8m relates to the fees paid to the underlying managers of the portfolios managed by Brunel. Fees were relatively stable year on year, partially due to the switch from active to lower cost passive equities which offset the impact of rising asset values on fees.

## PENSION FUND ACCOUNTS 2023/24

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### 8 INVESTMENT INCOME

	2023/24 £'000	2022/23 £'000
Dividends from equities	30	45
Income from pooled Property Investments	13,560	20,037
Income from other pooled investment vehicles	47,170	38,626
Interest on cash deposits	7,623	3,200
Other Income	-	-
<b>TOTAL</b>	<b>68,383</b>	<b>61,908</b>

Brunel operates a securities lending programme for its clients for select portfolios with their custodian, where eligible securities are lent to third parties in exchange for fees paid. The third parties provide collateral which is held for the duration of the loan(s). The income from this programme is not distributed but accumulates within the relevant Brunel pooled fund. At the year end based on its holding in the Brunel Global High Alpha Portfolio, the Fund had £10.2m stock on loan, secured by collateral of £10.8m. During the year the Fund's share of stock lending income in this portfolio was £0.04m. The Fund does not operate a securities lending programme outside of the Brunel portfolios.

## PENSION FUND ACCOUNTS 2023/24

### 9 CHANGE IN TOTAL NET ASSETS

Change in Market Value of Investments	Value at 31/03/23 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value at 31/03/24 £'000
Bonds	-				-
Equities	-				-
Long Term Investments	707	-	-	15	722
Pooled Investments-					
- Property	612,977	161,088	(29,147)	(64,464)	680,454
- Non Property	4,624,767	720,480	(790,801)	396,181	4,950,627
Derivatives					
- Foreign Exchange Hedge	16,796	36,526	(78,937)	38,250	12,635
- FTSE Futures	361	499	(1,503)	1,331	688
<b>Sub Total</b>	<b>5,255,608</b>	<b>918,593</b>	<b>(900,388)</b>	<b>371,313</b>	<b>5,645,126</b>
Other Investment Balances:					
- Cash Deposits	113,597				162,500
- Amount receivable for sales	11,888				6,333
- Payable for purchases	(282)				(9)
- Investment Debtors & Creditors	844				1,095
<b>Total Investment Assets</b>	<b>5,381,655</b>			<b>371,313</b>	<b>5,815,045</b>

#### Reconciliation to Fund Account:

	£'000
Change in market value of Investment Assets	371,313
Net Purchases & Sales	18,205
Movement in other Investment Balances	43,872
Movement in Long Term Debtors	(15)
Movement in Current Assets	2,946
Less Net Revenue of Fund	(61,315)
	<b>375,006</b>

#### Profits and losses on disposal of investments and change in value of investments

**375,006**

The **Change in Market Value** of investments comprises all gains and losses on Fund investments during the year, whether realised or unrealised.

The **Change in Market Value** for cash deposits represents net gains on foreign currency deposits and foreign exchange transactions during the year.

**Derivatives.** The purchases and sales of derivatives are shown at the values of the realised profits and losses of the net derivatives transactions.

The Net Revenue of Fund equals the Net Withdrawals / additions including fund management expenses (£7.068m) plus Investment income (£-68.383m) as shown in the Fund account.

#### Change in Total Net Assets 2022/23

Change in Market Value of Investments	Value at 31/03/22 £'000	Purchases at Cost * £'000	Sales Proceeds * £'000	Change in Market Value £'000	Value at 31/03/23 £'000
Bonds	-				-
Equities	-				-
Long Term Investments	838	-	-	(131)	707
Pooled Investments-					
- Property	708,665	259,921	(219,974)	(135,635)	612,977
- Non Property	4,954,039	774,915	(844,624)	(259,563)	4,624,767
Derivatives					
- Foreign Exchange Hedge	(31,203)	181,033	(69,921)	(63,113)	16,796
- FTSE Futures	676	2,111	(5,993)	3,567	361
<b>Sub Total</b>	<b>5,633,015</b>	<b>1,217,980</b>	<b>(1,140,512)</b>	<b>(454,875)</b>	<b>5,255,608</b>
Other Investment Balances:					
- Cash Deposits	170,915				113,597
- Amount receivable for sales	97,069				11,888
- Payable for purchases	(74,787)				(282)
- Investment Debtors & Creditors	1,409				844
<b>Total Investment Assets</b>	<b>5,827,621</b>			<b>(454,875)</b>	<b>5,381,655</b>

#### Reconciliation to Fund Account:

	£'000
Change in market value of Investment Assets	(454,875)
Net Purchases & Sales	77,468
Movement in Other Investment Balances	(68,559)
Movement in Long Term Debtors	54
Movement in Current Assets	13,130
Less Net Revenue of Fund	(42,101)
	<b>(474,883)</b>

#### Profits and losses on disposal of investments and change in value of investments

**(474,883)**

\* Purchases and sales for other investment balances have been removed from this note so that it is consistent with the CIPFA Example Accounts.

## PENSION FUND ACCOUNTS 2023/24

### 10 INVESTMENT ASSETS

Further analysis of the market value of investments as set out in the Net Assets Statement is given below:-

	31 March 2024 £'000	31 March 2023 £'000
<b>Non-Property Pooled Investment Vehicles</b>		
Global Equity	1,818,719	1,897,256
Risk Management Strategy	1,522,335	1,300,555
Diversified Growth Funds	373,169	336,583
Infrastructure	674,975	633,970
Multi Asset Credit	340,487	304,609
Hedge Funds	17,575	22,891
Private Debt	203,367	128,903
	<u>4,950,627</u>	<u>4,624,767</u>
<b>Other Investments</b>		
Pooled Property Investments	680,454	612,977
Derivative contracts		
• Foreign Exchange Hedge	17,309	36,669
• Derivative contracts: FTSE Futures	688	361
	<u>698,451</u>	<u>650,007</u>
Cash deposits	162,500	113,597
Investment Income due	1,095	844
Amounts receivable for sales	6,333	11,888
<b>Total Investment Assets</b>	<u><b>5,819,006</b></u>	<u><b>5,401,103</b></u>
<b>Long Term Investments</b>		
Equities	<u><b>722</b></u>	<u><b>707</b></u>
<b>Investment Liabilities</b>		
Derivative contracts		
• Foreign Exchange Hedge	(4,674)	(19,873)
• Derivative contracts: FTSE Futures	-	-
Amounts payable for purchases	(9)	(282)
<b>Total Investment Liabilities</b>	<u><b>(4,683)</b></u>	<u><b>(20,155)</b></u>
<b>Total Net Investments</b>	<u><u><b>5,815,045</b></u></u>	<u><u><b>5,381,655</b></u></u>

During the year there were large transitions within the equity portfolio to achieve the strategic active/passive equity split. £200m was transferred from the Brunel passive Paris-aligned equity portfolio into the BlackRock Risk Management vehicle to facilitate further interest rate hedging. The Fund rebalanced its core infrastructure and equity portfolios to address overweight positions arising from strong returns. Proceeds were used to fund private markets calls arising from the Brunel portfolios. £35m was invested in the Fund's local impact portfolio to finance the acquisition of an operational solar portfolio. Towards the end of the year the Fund reduced its equity hedge by 50%, releasing cash into the portfolio.

The Long term investment of £0.722m represents Avon Pension Fund's share of the Brunel Pension Partnership. This share represents 10% of the Total Equity, as per Brunel's Statement of Financial Position, as at 30th September 2023.

**DERIVATIVES ANALYSIS**

Open Forward Currency Contracts

Settlement	Currency Bought	Local Value	Currency Sold	Local Value	Asset Value	Liability Value
		000		000		
Up to one month	EUR	43,478	GBP	37,980	-	(53)
Up to one month	JPY	2,769,700	GBP	14,606	-	(68)
Up to one month	USD	127,476	GBP	101,456	7	(567)
Up to one month	GBP	15,573	JPY	2,769,700	1,035	-
Up to one month	GBP	37,980	EUR	43,478	774	(0)
Up to one month	GBP	102,268	USD	127,476	1,430	(59)
One to six months	EUR	17,614	GBP	15,172	0	(62)
One to six months	JPY	100,300	GBP	558	-	(29)
One to six months	USD	71,717	GBP	58,186	37	(1,489)
One to six months	GBP	175,389	EUR	201,434	2,449	-
One to six months	GBP	73,741	JPY	13,284,300	3,064	-
One to six months	GBP	479,099	USD	603,127	3,115	(1,134)
Six to twelve months	GBP	31,686	EUR	36,764	5	-
Six to twelve months	GBP	14,225	JPY	2,636,800	16	-
Six to twelve months	GBP	523,958	USD	657,721	5,140	(855)
Six to twelve months	USD	20,029	GBP	16,148	42	(358)
Six to twelve months	EUR	-	GBP	-	-	-
Six to twelve months	JPY	-	GBP	-	-	-
More than twelve months	GBP	84,108	USD	106,282	194	-
<b>Total</b>					<b>17,309</b>	<b>(4,674)</b>
<b>Net forward currency contracts at 31st March 2024</b>						<b>12,635</b>
Open forward currency contracts at 31 March 2023					36,668	(19,872)
<b>Net forward currency contracts at 31st March 2023</b>						<b>16,796</b>

<u>Exchange Traded Derivatives held at 31 March 2024:-</u>			
Contract Type	Expiration	Book Cost	Unrealised Gain/(Loss)
		£'000	£'000
FTSE equity futures	June 2024	33,629	688
<u>Exchange Traded Derivatives held at 31 March 2023:-</u>			
FTSE equity futures	June 2023	8,785	361

A derivative is a financial contract between two parties, the value of which is determined by the underlying asset. Investment in derivatives may only be made if they contribute to a reduction of risks and facilitate efficient portfolio management.

The UK Equity futures contracts are held to facilitate efficient portfolio management for a passively managed investment where the costs of investing directly in UK equities would be significant.

Forward "over the counter" foreign exchange contracts are held to reduce the impact of fluctuations in the exchange rate between sterling and the other currency.

## PENSION FUND ACCOUNTS 2023/24

### Investment Assets by Manager

The proportion of the market value of investment assets managed by each external manager and in house Treasury Management at the end of the financial year was:-

	31 March 2024		31 March 2023	
	£'000	%	£'000	%
<b>Investments managed by Brunel Pension Partnership:</b>				
BlackRock Risk Management Strategy	1,522,352	26.1	1,300,563	24.2
Brunel Renewables Portfolio	206,889	3.6	163,699	3.0
Brunel Secured Income Portfolio	600,319	10.3	435,092	8.1
Brunel Multi Asset Credit	340,487	5.9	304,609	5.7
Brunel Global Sustainable Equity	666,871	11.5	792,532	14.7
Brunel Paris Aligned Developed Equity	427,700	7.4	278,856	5.2
Brunel Diversified Returns Fund	373,169	6.4	336,583	6.3
Brunel UK Property	178,154	3.1	180,700	3.4
Brunel Global High Alpha Equity	720,796	12.4	698,860	13.0
Brunel Private Debt	203,367	3.5	128,903	2.4
Avon Transition Fund	5	-	5	-
	<b>5,240,109</b>	<b>90.2</b>	<b>4,620,402</b>	<b>85.9</b>
<b>Investments managed outside Brunel Pension Partnership:</b>				
Blackrock	3,354	0.1	127,088	2.4
Record	46,603	0.8	25,681	0.5
Partners Group	104,225	1.8	158,745	2.9
TT International	311	-	314	-
IFM Investors	228,645	3.9	313,207	5.8
Schroder Investment Management	13,750	0.2	13,473	0.3
Avon Local Impact Fund	35,085	0.6	-	-
JP Morgan	23,907	0.4	34,779	0.6
Custodian Cash	87,300	1.5	65,328	1.2
Long Term Investment	722	-	707	-
Treasury Management	31,034	0.5	21,931	0.4
	<b>574,936</b>	<b>9.8</b>	<b>761,253</b>	<b>14.1</b>
<b>TOTAL INVESTMENT ASSETS</b>	<b>5,815,045</b>	<b>100.0</b>	<b>5,381,655</b>	<b>100.0</b>

### 11 SINGLE INVESTMENTS OVER 5% OF THE FUND

The following investments represent more than 5% of the net assets of the fund.

Investments	Value at 31st March 2024		Value at 31st March 2023	
	£'000	% of Net Asset	£'000	% of Net Asset
Blackrock Liability SOL Mutual Fund	1,522,352	26.13%	1,300,563	24.13%
Brunel Global High Alpha Equity Fund	720,796	12.37%	698,860	12.97%
Brunel Global Sustainable Equity	666,871	11.45%	792,531	14.71%
Brunel Paris Aligned Developed Equity	427,700	7.34%	278,856	5.17%
Brunel Diversified Returns Fund	373,169	6.41%	336,583	6.25%
IMF Global Infrastructure (UK)*	228,645	3.92%	313,207	5.81%

\* Included as comparative to single investment over 5% of the Fund in 22/23



## PENSION FUND ACCOUNTS 2023/24

### 12 CURRENT ASSETS AND CURRENT LIABILITIES

Provision has been made in the accounts for debtors and creditors known to be outstanding at 31 March 2024.

Debtors and creditors included in the accounts are analysed below:-

	31 March 2024 £'000	31 March 2023 £'000
<b>CURRENT ASSETS</b>		
Contributions Receivable		
- Employers	12,970	11,438
- Members	4,462	4,214
Discretionary Early Retirement Costs	81	489
Other Debtors	1,263	1,632
	<u>18,776</u>	<u>17,773</u>
<b>CURRENT LIABILITIES</b>		
Management Fees	(468)	(1,169)
Provision for Performance Fees	(1,968)	(4,136)
Lump Sum Retirement Benefits	(2,866)	(2,228)
Contributions received in advance	-	-
Other Creditors	(3,245)	(8,547)
	<u>(8,547)</u>	<u>(10,490)</u>
<b>NET CURRENT ASSETS</b>	<u>10,229</u>	<u>7,283</u>

The provision for Performance Fees includes fees that have been incurred but are subject to phased payment or not due to be paid until the realisation of the related assets. They remain subject to variation as a result of future performance.

### 12a LONG TERM DEBTORS

Provision has been made in the accounts for long term debtors known to be outstanding at 31 March 2024.

	31 March 2024 £'000	31 March 2023 £'000
Reimbursement of lifetime tax allowances	<u>257</u>	<u>272</u>

The Lifetime tax allowance was introduced in 2006. It limits the amount of pension that can be paid without an extra charge. Responsibility for payment rests with the pensioner. Avon Pension Fund offer to pay the tax upfront and are reimbursed from pension deductions over time. This creates a long term debtor in the accounts. The LTA has been removed wef 6/4/23 and will be abolished altogether from 6/4/24.

### 13 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2024. (31 March 2023 £Nil)

### 14 EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after 31 March 2024 that require any adjustment to these accounts.

## PENSION FUND ACCOUNTS 2023/24

### 15 ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS FOR THE PURPOSE OF IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2024 (the 31 March 2023 assumptions are included for comparison):

	31st March 2024	31st March 2023
Rate of return on investments (discount rate)	4.9% per annum	4.8% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.7% per annum	2.7% per annum
Rate of pay increases*	4.2% per annum*	4.2% per annum*
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.8% per annum	2.8% per annum

\*An adjustment has been made for the short term pay restraint in line with the 2022 actuarial valuation

The demographic assumptions are the same as those used for funding purpose for the 2022 actuarial valuation, with a long-term rate of life expectancy improvement of 1.5% p.a. For the year end assumptions, we have also updated to the latest CMI tables available (CMI 2022) and applied a suitable reweighting.

Full details of the demographic assumptions are set out in the formal report on the actuarial valuations dated March 2023.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

	Liabilities
<b>Start of period</b>	<b>£6,160m</b>
Interest	£291m
Net benefits accrued/paid over the period*	(£24m)
Actuarial losses / (gains) - see below	(£131m)
<b>End of period</b>	<b>£6,296m</b>

\*this includes any increase in liabilities arising as a result of early retirements, plus a small allowance for historic pension increases.

Key factors leading to actuarial gains above year are:

- Change in financial assumptions: Corporate bond yields increased slightly over the year, with a corresponding increase in discount rate from 4.8% p.a. to 4.9% p.a. The long-term assumed CPI is the same at the end of year as it was at the start of year. In combination, these factors lead to a small reduction in liabilities.
- Change in demographic assumptions: As noted above, the assumptions have been updated to reflect the new CMI model available. This acts to reduce the liabilities.
- Pension increases / recent high short-term inflation: The figures allow for the impact of the April 2024 pension increase of 6.7%, to the extent it wasn't allowed for in the 2023 statement, along with known CPI since September 2023 (which will feed into the 2025 pension increase). As current inflation is higher than the long-term assumption, this increases the liabilities. The figures also allow for a small increase due to historic pension increases, which lead to a very small increase in liabilities.

#### 15a VALUE OF PROMISED RETIREMENT LIABILITIES

	31 March 2024 £m	31 March 2023 £m
Value of Net Assets per NAS	5,826	5,389
Present Value of promised retirement benefits	(6,296)	(6,160)
IAS 26 Surplus/(Deficit) in the Fund	(470)	(771)

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022

### 16 TRANSFERS IN

During the year there were no group transfers into the fund.

## PENSION FUND ACCOUNTS 2023/24

### 17 AGENCY SERVICES

The Fund makes payments with regard to added year benefits awarded by the Employer to Local Government Pension Scheme members, including related pension increases. The Fund also pays a small number of other pension supplements. These are not funded by the Fund and are recharged in full. They are not included in the Fund Account.

	2023/24 £'000	2022/23 £'000
<b>Benefits Paid and Recharged</b>	<b>5,797</b>	<b>5,497</b>

The Fund also administered £25.5m pension payments on behalf of the Fire Service and the Teachers' pension schemes. (£30.9m in 2022/23). They are not included in the Fund Account. The Fire Service and Teachers' employers also pay for the cost of providing this service. On 1st February 2024 administration of the Fire Service was transferred to West Yorkshire Pension Fund.

### 18 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC's)

Scheme members may make Additional Voluntary Contributions that are invested in insurance policies. From January 2023 the main provider moved from Aviva to Legal & General. There are members still with Aviva or Utmost Life & Pensions due to their type of investments, however.

The total value of the assets invested and contributions paid, on a money purchase basis, with these AVC providers was:-

	Contributions paid		Contributions paid	
	2023/24 £000	31 March 2024 £000	2022/23 £000	31 March 2023 £000
Legal & General	925	5,596	136	4,787
Aviva	0	185	549	445
Utmost Life & Pensions	0	15	0	77
	<b>925</b>	<b>5,796</b>	<b>685</b>	<b>5,309</b>

AVC contributions are not included in the Fund's financial statements as they do not come under the requirements of Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016 regarding regulation 69(1)(a) of the Local Government Pension Scheme Regulations 2013.

### 19 RELATED PARTIES

#### Committee Member Related:-

In 2023/24 £39,745 was charged to the Fund in respect of Allowances paid to the voting Members of the Avon Pension Fund Committee (£36,922 in 2022/23). Five voting members and one non-voting member of the Avon Pension Fund Committee (including one B&NES Councillor Members) were members of the Local Government Pension Scheme during the financial year 2023/2024. (Seven voting members and one non-voting member in 2022/2023, including two B&NES Councillor Members).

#### Independent Member Related:-

Three Independent Members were paid allowances of £10,967, £18,946 and £12,762 respectively during the year for their work in relation to the Pension Fund Committee and the Investment Panel. All three Members were paid in respect of the full year. They are entitled to claim reasonable expenses which are included in the above allowances. The Independent Members are not eligible to join the Local Government Pension Scheme.

#### Employer Related:-

During the year 2023/24 the Fund paid B&NES Council £532,108 for administrative services (£536,575 in 2022/23). Various Employers paid the Fund a total of £267,116 for pension related services including pension's payroll and compiling data for submission to the actuary (£224,911 in 2022/23).

#### Pension Board Related:-

In 2023/24 £8,488 was charged to the Fund in respect of Allowances and expenses paid to the Members of the Pension Board (£7,714 in 2022/23). Five members of the Pension Board were members of the LGPS during 2023/2024 (six members in 2022/2023).

#### Brunel Pension Partnership Limited

Brunel Pensions Partnership Limited (BPP Ltd. Company number 10429110) was formed on the 14th October 2016 and will oversee the investment of pension fund assets for Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire Funds.

Each of the 10 administering authorities, including Bath & North East Somerset Council own 10% of BPP Ltd. In 2023/24 the Pension Fund paid BPP £1,645,376 (2022/23 £1,513,855).

As part of our investment in BPP Ltd. we provided regulatory capital. This will be subject to regular review by the regulator that could result in additional calls for capital.

## PENSION FUND ACCOUNTS 2023/24

### 20 KEY MANAGEMENT REMUNERATION

The key management personnel of the Fund are those persons having the authority and responsibility for planning, directing and controlling the activities of the Fund, including the oversight of these activities. The key management personnel of the Fund are the Head of Pensions and the Director of One West & Avon Pension Fund. It does not include the Executive Director - Resources (£151).

	31 March 2024 £'000	31 March 2023 £'000
Proportion of salary Recharged to Avon Pension Fund	131	87
Proportion of employers contributions recharged to Avon Pension Fund	<u>29</u>	<u>19</u>
	<b>160</b>	<b>106</b>

The Head of Business Finance & Pensions charged approximately 50% of their time to the fund. The post was replaced by the Head of Pensions, in October 2022, who now charges 100% of their time to the fund.

### 21 OUTSTANDING COMMITMENTS

As at 31 March 2024 the Fund had outstanding commitments relating to investments in Property, Infrastructure, Secured Income and Private Debt funds that will be drawn down in tranches by the Investment Managers totalling £453.3m (31 March 2023 £772.0m)

### 22 FINANCIAL INSTRUMENTS

The net assets of the Fund are made up of the following categories of Financial Instruments:

2023/24	Fair Value through Profit and Loss £'000	Assets at amortised cost £'000	Financial liabilities at amortised cost £'000
<b>Financial Assets</b>			
Long Term Investment	722	-	-
Pooled Investments (Non-Property)	4,950,627	-	-
Pooled Property Investments	680,454	-	-
Derivative contracts Futures	688	-	-
Derivative Contracts FX Hedge	17,309	-	-
Derivative Contracts Equity Options	-	-	-
Cash	150,587	11,913	-
Other investment balances	-	7,428	-
Debtors	-	19,033	-
<b>Total Financial Assets</b>	<u>5,800,387</u>	<u>38,374</u>	<u>-</u>
<b>Financial Liabilities</b>			
Other investment balances	-	-	(9)
Derivative contracts Futures	-	-	-
Derivative Contracts FX Hedge	(4,674)	-	-
Creditors	-	-	(8,547)
<b>Total Financial Liabilities</b>	<u>(4,674)</u>	<u>-</u>	<u>(8,556)</u>
<b>Total Net Assets</b>	<u><b>5,795,713</b></u>	<u><b>38,374</b></u>	<u><b>(8,556)</b></u>
2022/23	Fair Value through Profit and Loss £'000	Assets at amortised cost £'000	Financial liabilities at amortised cost £'000
<b>Financial Assets</b>			
Long Term Investment	PPA* 707	PPA* -	-
Pooled Investments (Non-Property)	4,624,767	-	-
Pooled Property Investments	612,977	-	-
Derivative contracts Futures	361	-	-
Derivative Contracts FX Hedge	36,669	-	-
Derivative Contracts Equity Options	-	-	-
Cash	111,333	2,264	-
Other investment balances	-	12,732	-
Debtors	-	18,045	-
<b>Total Financial Assets</b>	<u>5,386,814</u>	<u>33,041</u>	<u>-</u>
<b>Financial Liabilities</b>			
Other investment balances	-	-	(282)
Derivative contracts Futures	-	-	-
Derivative Contracts FX Hedge	(19,873)	-	-
Creditors	-	-	(10,490)
<b>Total Financial Liabilities</b>	<u>(19,873)</u>	<u>-</u>	<u>(10,772)</u>
<b>Total Net Assets</b>	<u><b>5,366,941</b></u>	<u><b>33,041</b></u>	<u><b>(10,772)</b></u>

\* Prior period adjustment to reflect that cash held within bank accounts and money market funds are fair value through P&L. Previously the cash value for assets at amortised cost was £102,128k and for fair value through P&L it was £11,469k. The total value of cash remains unchanged.

As all investments are disclosed at fair value (apart from cash held at amortised cost), carrying value and fair value are therefore the same.

### Net gains and losses on Financial Instruments

	31st March 2024 £'000	31st March 2023 £'000
<b>Financial assets</b>		
Fair value through profit & loss	435,777	3,567
Amortised Cost - realised gains on derecognition of assets		
Amortised cost - unrealised gains	3,693	(20,008)
<b>Financial Liabilities</b>		
Fair value through profit & loss	(64,464)	(458,442)
Amortised Cost - realised losses on derecognition of assets		
Amortised cost - unrealised losses		
	375,006	(474,883)

## 23 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The primary objective of the Avon Pension Fund is to generate positive real investment return above the rate of inflation for a given level of risk to meet the liabilities as they fall due over time. The aim of the investment strategy and management structure is to minimise the risk of a reduction in the value of the assets and maximise the opportunity for asset gains across the portfolio of assets.

The Fund achieves this objective by investing across a diverse range of assets such as equities, bonds, property and other alternative investments in order to reduce exposure to a variety of financial risks including market risk (price, interest rate and currency risk), credit risk and liquidity risk.

Responsibility for the Fund's risk management strategy rests with the pension fund committee. Risk management policies are established to identify and analyse the risks faced by the Fund. Policies are reviewed regularly to reflect changes in activity and in market conditions.

As at 31 March 2024 Brunel Pension Partnership (Brunel) manages £5.24 billion of the Fund's assets while the remaining assets are managed by other external Investment Managers. Managers are required to invest in accordance with the terms of the agreed investment guidelines that set out the relevant benchmark, performance target, asset allocation ranges and any restrictions. The Avon Pension Fund Committee has determined that the investment management structure is appropriate and is in accordance with its investment strategy. The Committee regularly monitors each investment portfolio and its Investment Consultant advises on the nature of the investments made and associated risks.

The Fund's investments are held by State Street Bank and Trust who acts as custodian on behalf of the Fund.

Because the Fund adopts a long-term investment strategy, the high-level risks described below will not normally alter significantly during any one year unless there are significant strategic or tactical changes to the portfolio. The risk management process identifies and mitigates the risks arising from the Fund's investment strategy and policies which are reviewed regularly to reflect changes in market conditions. Although Brunel is the investment manager for a number of asset classes, it appoints a number of underlying managers to each portfolio, so there is sufficient manager diversification within the Fund.

### (a) Market Risk

Market risk is the risk of loss from fluctuations in market prices, interest rates, credit spreads and currencies. The Fund is exposed through its investment portfolio to all these risks. The level of risk depends on market conditions, expectations of future price and yield movements and asset allocation. The objective of the investment strategy is to identify, manage and control market risk within acceptable parameters, while optimising the return.

Volatility in market risk is primarily managed through diversification across asset class and underlying investment managers.

### Market Price Risk

Market price risk represents the risk that the value of a financial instrument will fluctuate caused by factors other than interest rates or currencies. These changes can be caused by factors specific to the individual instrument, its issuer or factors affecting the market in general e.g., COVID-19 type shocks and geopolitical trade tensions or conflicts and will affect the assets held by the Fund in different ways.

All investments present a risk of loss of capital. By diversifying its investments across asset classes, geography and industry sectors, investment mandate guidelines and managers the Fund aims to reduce its exposure to price risk. Diversification seeks to reduce the correlation of price movements. The risk arising from exposure to specific markets is limited by the strategic asset allocation, which is regularly monitored by the Committee against the strategic benchmark.

The fluctuation in equity prices is the largest market risk within the portfolio over the longer term; the maturity profile of the Fund and strong underlying covenants underpin the allocation to equities which are expected to deliver higher returns over the long term. However due to the significant volatility in bond prices over the last few years, the Risk Management Strategies is currently the largest market risk in the portfolio. As these assets are a better match for the liabilities, they help reduce the total risk within the Fund.

The Fund has an equity hedging strategy in place to protect from a significant fall in equity values and is structured to protect the downside and to cap the upside above a fully funded position based on the current funding plan.

As the global economy transitions to a Paris Aligned economy there is a risk to asset values as business models adapt or become obsolete and new opportunities arise. The Fund has a strategy to minimise its exposure to carbon intensive assets through allocations to Paris Aligned and more sustainable equity assets. In addition, it is investing in renewable infrastructure projects that will power the new economy. The analysis below does not take account of the potential impact of climate change on asset prices.

## PENSION FUND ACCOUNTS 2023/24

### Market Price Risk - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in market prices has been analysed using the volatility of returns of the assets held within the Fund (provided by the Fund's advisors). The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the three years to 31 March 2024. This analysis assumes all other variables including interest rates and foreign currency exchange rates remain the same.

Movements in market prices could increase or decrease the net assets available to pay benefits by the amounts shown below. However, the likelihood of this risk materialising in normal circumstances is low by virtue of the diversification within the Fund.

The equity hedge does not affect the expected volatility of the equity assets.

The analysis for the year ending 31 March 2024:

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Global Equities	1,819,407	11.7%	2,032,278	1,606,536
Risk Management Strategies	1,522,335	34.2%	2,042,974	1,001,696
Diversified Return Funds	373,169	7.8%	402,276	344,062
Multi Asset Credit	340,487	6.6%	362,959	318,015
Property	680,454	7.0%	728,086	632,822
Fund of Hedge Funds	17,575	3.1%	18,120	17,030
Infrastructure	674,975	11.3%	751,247	598,703
Private Debt	203,367	6.4%	216,382	190,352
Long Term Investment	722	15.0%	830	614
Cash & Equivalents	182,554	0.6%	183,649	181,459
<b>Total Investment Assets</b>	<b>5,815,045</b>		<b>6,738,801</b>	<b>4,891,289</b>

The analysis for the year ending 31 March 2023:

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Global Equities	1,897,617	13.8%	2,159,488	1,635,746
Risk Management Strategies	1,300,555	20.3%	1,564,568	1,036,542
Diversified Return Funds	336,583	7.8%	362,836	310,330
Multi Asset Credit	304,609	7.5%	327,455	281,763
Property	612,977	7.1%	656,498	569,456
Fund of Hedge Funds	22,891	4.0%	23,807	21,975
Infrastructure	633,970	12.8%	715,118	552,822
Private Debt	128,903	7.5%	138,571	119,235
Long Term Investment	707	15.0%	813	601
Cash & Equivalents	142,843	0.3%	143,272	142,414
<b>Total Investment Assets</b>	<b>5,381,655</b>		<b>6,092,425</b>	<b>4,670,885</b>

### Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates which will affect the value of fixed interest and index linked securities, as held through the Fund's Risk Management Strategy and Multi Asset Credit (MAC) portfolio.

The Fund's exposure to interest rate movements on these investments is provided below. Cash includes the cash deposits held against futures contracts.

	31/03/2024 £'000	31/03/2023 £'000
Cash and Cash Equivalents	182,554	142,843
Multi Asset Credit	340,487	304,609
Risk Management Strategy	1,522,335	1,300,555
<b>Total</b>	<b>2,045,376</b>	<b>1,748,007</b>

## PENSION FUND ACCOUNTS 2023/24

### Interest Rate Risk - Sensitivity Analysis

Fluctuations in interest rates can affect both income to the Fund and the value of the net assets to pay benefits. The sensitivity of the Fund's investments to changes in interest rates has been analysed by showing the effect on the value of the Risk Management Strategy and MAC portfolio as at 31 March 2024 of a 100 basis point (1%) change in interest rates. The analysis assumes that all other variables including foreign currency exchange rates remain constant.

The Fund has implemented a strategy to better match or hedge its liabilities with bond assets through its Risk Management Strategies. The primary 'matching' instruments used in these strategies include physical instruments such as fixed interest and index-linked Government bonds (financed through "repurchase" agreements), corporate bonds and derivative instruments such as interest-rate and inflation swaps.

An increase or decrease of 100 basis points (bps) in interest rates would have increased or decreased the net assets by the amount shown below.

#### As at 31 March 2024

	Change in net assets		
	Value	+100 bps	-100 bps
	£'000	£'000	£'000
Cash and Cash Equivalents	182,554	-	-
Multi Asset Credit	340,487	(8,853)	8,853
Risk Management Strategy	1,522,335	(339,024)	339,024
<b>Total</b>	<b>2,045,376</b>	<b>(347,877)</b>	<b>347,877</b>

A 1% rise in interest rates will reduce the fair value of the relevant net assets and vice versa. Changes in interest rates do not impact the value of cash balances but they will affect the interest income received on those balances.

The same analysis for the year ending 31 March 2023 is shown below:

#### As at 31 March 2023

	Change in net assets		
	Value	+100 bps	-100 bps
	£'000	£'000	£'000
Cash and Cash Equivalents	142,843	-	-
Multi Asset Credit	304,609	(6,884)	6,884
Risk Management Strategy	1,300,555	(286,252)	286,252
<b>Total</b>	<b>1,748,007</b>	<b>(293,136)</b>	<b>293,136</b>

### Currency Risk

Currency risk represents the risk that the fair value of financial instruments when expressed in Sterling will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on investments denominated in a currency other than Sterling. A significant proportion of the Fund's equity portfolio is invested in overseas equities, and there are also investments in overseas property, infrastructure and hedge funds (where the fund units are denominated in foreign currency). When sterling depreciates the sterling value of foreign currency denominated investments will rise and when sterling appreciates the sterling value for foreign denominated investments will fall. The Fund has a passive hedging arrangement in place which reduces the volatility of returns over the longer term (the hedging programme hedges the exposure to the US Dollar, Yen and Euro).

Where an investment manager chooses to hedge against foreign currency movements within their portfolio forward foreign exchange contracts are used.

The following tables summarise the Fund's currency exposure within the portfolio, before the Fund's currency hedge is applied. For the global property funds the share class of the pooled funds held has been used. The Global Equity value includes the equity exposure in the Risk Management Strategies Portfolio. The data for 2023 has been restated to include all unhedged currency exposures.

Currency risk by asset class:

Currency Exposure - Asset Type	Asset value as at 31st March 2024	Asset value as at 31st March 2023
	£'000	£'000
Global Equities	2,775,685	2,614,917 *
Global Property Funds	103,788	144,114
Diversified Returns Fund	373,169	336,583
Exchange Traded Funds	3,354	127,088
Fund of Hedge Funds	17,575	22,891
Infrastructure Funds	45,297	44,133

\* Prior period adjustment to reflect updated information provided by the actuary. Previously the figure for Global Equities exposure was £2,107,722k. From the 2023/24 financial year two additional asset types, Diversified Returns Funds and Exchange Traded Funds, have been added to the table.

## PENSION FUND ACCOUNTS 2023/24

### Currency Risk - Sensitivity Analysis

The sensitivity of the Fund's investments to changes in foreign currency rates has been analysed using the volatility which is broadly consistent with a one-standard deviation movement in the currencies (where there is a material exposure) over the 3 years to 31 March 2024. This analysis reflects the Fund's passive hedging policy of a 50% hedge ratio on the global equity assets, and a 100% hedge ratio on the global property and hedge fund assets.

The table below discloses the material unhedged exposures. The table has been restated for 2023 to show the sensitivity to all material currency exposures. Prior to this only sensitivity to the US Dollar, Yen and Euro were disclosed.

Currency Risk:

Currency	Value at 31 March 2024 £'000	Implied volatility	Value at 31 March 2023 £'000	Implied volatility
USD	1,015,676	8.3%	867,292	9.0%
YEN	161,556	8.9%	163,717	8.5%
CAD	81,724	5.5%	54,709	5.6%
NOK	78,588	9.4%	107,242	9.1%
EUR	77,985	4.5%	153,913	5.2%
CHF	52,248	6.1%	73,707	6.6%
AUD	-	-	76,644	7.6%

### (b) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument or transaction will fail to meet an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The entire Fund is exposed to credit risk through its underlying investments (including cash balances) and the transactions it undertakes to manage its investments. The careful selection and monitoring of counterparties including brokers, custodian and investment managers minimises credit risk that may occur through the failure to settle transactions in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. Credit risk on exchange-traded derivative contracts is minimised by the various insurance policies held by exchanges to cover defaulting counterparties. Over-the-counter (OTC) derivative contracts are bilateral agreements where the Fund faces the credit risk of the financial counterparty directly. This is the case for forward currency contracts where a line of credit is extended to the Fund in place of a collateral posting agreement (as is the case for exchange-traded contracts). The hierarchy and replacement of an OTC contract on default of one of the counterparties is detailed in the ISDA, which is a market standard legal document governing derivative contracts.

Forward currency contracts are entered into by the Fund's managers, especially the currency hedging manager, Record. These contracts are subject to credit risk in relation to the counterparties of the contracts. The responsibility for managing these contracts and counterparty risk rests with the managers. Counterparty management is evaluated as part of the due diligence process prior to appointing a manager.

The derivative instruments held within the Risk Management Strategy are fully collateralised on a daily basis with cash and/or gilts. Management of collateral is delegated to the manager who has access to a pool of eligible collateral (gilts, cash and equities). Daily collateralisation mitigates credit risk to a large extent as in the event a counterparty defaults sufficient assets are held to re-establish any lost position at the prevailing market rate.

The Fund's bond portfolios have significant credit risk through their underlying investments. This risk is managed through diversification across sovereign and corporate entities, credit quality and maturity of bonds. The market prices of bonds incorporate an assessment of credit quality in their valuation which reflects the probability of default (the yield of a bond will include a premium that will compensate for the risk of default).



## PENSION FUND ACCOUNTS 2023/24

The MAC portfolio is comprised of assets with the following array of credit ratings as at 31st March 2024:

Credit Rating	Value £'000
AAA	2,349
AA+ to AA-	5,005
A+ to A-	18,386
BBB+ to BBB-	53,797
BB+ to BB-	93,123
B+ to B-	134,084
CCC-	20,940
Unrated	12,802

The Fund is subject to credit risk within its general debtors although none of these would represent a material risk to the Fund. General debtors were £1.3m for 2023/24 (£1.6m for 2022/23)

Another source of credit risk is the cash balances held to meet operational requirements or by the investment managers at their discretion. Internally held cash is managed on the Fund's behalf by the Council's Treasury Management Team in line with the Fund's Treasury Management Policy which sets out the permitted counterparties and limits. Investment cash balances held by the Fund and managers are invested with the custodian in diversified money market funds rated AAA.

The cash held under the Treasury Management arrangements and by the custodian as at 31 March 2024 was £150.6m. This was held with the following institutions:

	31st March 2024		31st March 2023	
	Rating	Balance £'000	Rating	Balance £'000
<b>Custodian's Liquidity Fund</b>				
State Street Global Services	AAA	119,689	AAA	89,454
<b>Money Market Funds</b>				
Goldman Sachs Global Treasury Fund	AAA	-	AAA	2,519
Aberdeen Liquidity Fund	AAA	2,620	AAA	970
Federated Investors	AAA	10,000	AAA	30
State Street Global Advisors	AAA	9,460	AAA	950
CCLA - The Public Sector Deposit Fund	AAA	1,050	AAA	7,000
Morgan Stanley	AAA	10		
Invesco	AAA	6,100		
<b>Bank</b>				
NatWest Special Interest Bearing Account	A+	88	A+	410
Handelsbanken	AA	1,560	AA	10,000
NatWest Current Account	A+	10	A+	-

The balance on the Custodian's Liquidity Fund includes cash held across all mandates.

Brunel may conduct security lending within pooled equity portfolios. For the year ending 31 March 2024 the market value of shares on loan totalled £10.2m, which generated £0.04m in income. Lending was conducted solely through the Brunel Global High Alpha portfolio.

### (c) Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's investment strategy and cash management policy ensure that the Fund has adequate cash to meet its working requirements including pension payments. Cash flow forecasts are prepared to manage the timing of and changes to the Fund's cash flows. The Fund has access to an overdraft facility for short term cash needs, although this is rarely utilised.

The Fund has immediate access to its cash holdings and a substantial portion of the Fund's investments consist of readily realisable securities, in particular equities even though they are held in pooled funds. In addition, the Fund invests in a range of Exchange Traded Funds that provide a similar liquidity profile to cash so that capital calls from the private market portfolios can be managed efficiently. The main liabilities of the Fund are the benefits payable as they fall due over a long period and the investment strategy reflects the long-term nature of these liabilities. As a result, the Fund is able to manage the liquidity risk that arises from its investments in less liquid asset classes such as property, infrastructure, private debt and fund of hedge funds which are subject to longer redemption periods and cannot be considered as liquid as the other investments. As at 31 March 2024 the value of the illiquid assets was £1,577m, or 27% of the total Fund assets (31 March 2023: £1,399m which represented 26% of the total Fund assets).

## 24 FAIR VALUE HIERARCHY

Fair value is the value at which the investments could be realised within a reasonable timeframe. The Fund measures fair values using the following fair value hierarchy that reflects the subjectivity of the inputs used in making an assessment of fair value. This hierarchy is not a measure of investment risk but a reflection of the ability to value the investments at fair value. Transfers between levels are recognised in the year in which they occur. The hierarchy has the following levels:

- Level 1 – Asset and liabilities where the fair value is derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Assets and liabilities where quoted market prices are not available but uses inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. For example where an instrument is traded in a market that is not considered to be active, or where valuation techniques based significantly on observable market data are used to determine fair value.
- Level 3 – assets and liabilities where at least one unobservable input used to measure fair value could have a significant effect on the valuation and the Fund's holding in these pooled funds is not immediately realisable at the net asset value.

## PENSION FUND ACCOUNTS 2023/24

### Fair Value Hierarchy

The basis of the valuation of each class of investment asset is set out below.

Description of Asset	Fair Value Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published closing bid price ruling at year end.	Not required.	Not required.
Exchange traded futures	Level 1	Published exchange prices at the year end.	Not required.	Not required.
Forward currency contracts	Level 2	Market forward exchange rates at the year end	Price of recent transactions in identical instruments, exchange rate risk	Not required.
Pooled Investment vehicles including unitised insurance policies and other managed funds	Level 2	Closing bid price where bid and offer prices are published; closing single price where single price published.	NAV based pricing set on a forward looking basis.	Not required.
Pooled property funds (Open Ended)	Level 2	Closing bid price where bid and offer prices are published; closing single price where single price published. Market values are in accordance with RICS valuation standards and FV processes with IPEV guidelines.	NAV based pricing set on a forward looking basis using transactional data and cash flow forecasts.	Not required.
Private Debt	Level 3	Private Debt investments are valued at the end of each quarter by the underlying fund manager and annually appraised by a 3rd party for appropriateness. The valuation method employed for each asset is at the discretion of the valuer but must fall within the standards prescribed by the relevant accounting bodies as appropriate (US GAAP and IFRS) and be in accordance with IPEV guidelines.	Initial recognition cost, principal repayments, effective interest method, impairment reductions	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts.
Hedge Funds	Level 3	Closing bid price where bid and offer prices are published; closing single price where single price published. Market values are determined as of the last calendar day of each month. Where the underlying investment funds do not report a month end NAV on a timely basis, the NAV will be determined using the most recently available month end valuation as well as other relevant information available including market inputs that may impact the performance of a particular fund.	NAV based pricing set on a forward looking basis.	Valuations can be affected by material events between the date of the financial accounts provided and the Fund's own reporting date, by changes to expected cash flows and by any differences between the audited and unaudited accounts.
Limited Partnerships and closed ended funds (Property)	Level 3	Valued using a number of different market and income valuation methods as well as comparable market transactions prices. The market values are in accordance with IPEV guidelines.	Market transactions; market outlook; cash flow projections; last financings; multiple projections.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts.
Infrastructure funds	Level 3	Infrastructure investments are valued regularly by the underlying manager, and appraised annually by 3rd parties for appropriateness, or by independent valuation firms. The valuation method is employed for each asset at the discretion of the appointed valuer but must fall within the standards prescribed by the relevant accounting bodies as appropriate (US GAAP and IFRS) and be in accordance with IPEV guidelines.	Infrastructure investments are typically valued on a discounted cash flow approach, utilising cash flow forecasts. Valuations are cross-checked with public market information and recent transactions.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows, significant increases and decreases in the discount rate and any differences between audited and unaudited accounts.
Long Term Investments - Equities	Level 3	Brunel Share Capital is valued at the Equity value as stated in Brunel Pension Partnership Statement of Accounts	Earnings and revenue multiples; discount for lack of marketability; control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts.

In instances where an asset can fluctuate in the amount of observable inputs / comparators the fund holds it at the higher of the levels that it would fall into.

## PENSION FUND ACCOUNTS 2023/24

The following sets out the Fund's financial assets and liabilities measured at fair value according to the fair value hierarchy at 31 March 2024.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled Investments:-				-
Equities	3,352	1,815,367		1,818,719
Risk Management Strategy	-	1,522,335		1,522,335
Fund of Hedge Funds	-	-	17,575	17,575
Diversified Return Funds	-	373,169	-	373,169
Multi Asset Credit	-	340,487		340,487
Property	-	161,867	518,587	680,454
Infrastructure	-		674,975	674,975
Private Debt	-		203,367	203,367
Long Term Investment	-		722	722
Cash	150,587	-		150,587
Derivatives: Forward FX	-	12,635		12,635
Derivatives: Futures	688			688
Investment Debtors/Creditors	7,419			7,419
	<b>162,046</b>	<b>4,225,860</b>	<b>1,415,226</b>	<b>5,803,132</b>

The fair value hierarchy as at 31 March 2023 was:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled Investments:-				-
Equities	127,009	1,770,247		1,897,256
Risk Management Strategy	-	1,300,555		1,300,555
Fund of Hedge Funds	-	-	22,891	22,891
Diversified Return Funds	-	336,583	-	336,583
Multi Asset Credit	-	304,609		304,609
Property	-	173,098	439,879	612,977
Infrastructure	-		633,970	633,970
Private Debt	-		128,903	128,903
Long Term Investment	-		707	707
Cash	113,597	-		113,597
Derivatives: Forward FX	-	16,796		16,796
Derivatives: Futures	361			361
Investment Debtors/Creditors	12,450			12,450
	<b>253,417</b>	<b>3,901,888</b>	<b>1,226,350</b>	<b>5,381,655</b>

There were no re-classifications of assets between levels in 2023/24.

### Reconciliation of Fair Value measurements within Level 3

Level 3	Market value 31 March 2023 £'000	Transfer into Level 2 £'000	Purchases during the year and derivative payments £'000	Sales during the year and derivative receipts £'000	Unrealised gains / losses £'000	Realised gains / losses £'000	Market value 31 March 2024 £'000
Property	439,879		146,991	(12,373)	(55,720)	(190)	518,587
Fund of Hedge Funds	22,891		-	(6,333)	662	355	17,575
Infrastructure	633,970		141,763	(105,850)	5,097	(5)	674,975
Private Debt	128,903		77,313	(2,713)	(136)		203,367
Long Term Investment - Equities	707				15		722
	<b>1,226,350</b>	<b>-</b>	<b>366,067</b>	<b>(127,269)</b>	<b>(50,082)</b>	<b>160</b>	<b>1,415,226</b>

### Reconciliation of Fair Value measurements within Level 3

Level 3	Market value 31 March 2022 £'000	Transfer into Level 2 £'000	Purchases during the year and derivative payments £'000	Sales during the year and derivative receipts £'000	Unrealised gains / losses £'000	Realised gains / losses £'000	Market value 31 March 2023 £'000
Property	505,686		43,003	(12,309)	(100,455)	3,954	439,879
Fund of Hedge Funds	109,262		-	(126,634)	2,509	37,754	22,891
Infrastructure	653,396		82,411	(159,235)	57,390	8	633,970
Private Debt	42,713		89,594	(341)	(3,063)		128,903
Long Term Investment - Equities	838				(131)		707
	<b>1,311,895</b>	<b>-</b>	<b>215,008</b>	<b>(298,519)</b>	<b>(43,750)</b>	<b>41,716</b>	<b>1,226,350</b>

## PENSION FUND ACCOUNTS 2023/24

### Sensitivity of assets valued at Level 3

Having consulted its investment advisor, and having analysed historical data and market trends, the Fund has determined that the valuation methods used for Level 3 assets are likely to be accurate to within the following ranges on the closing value of the investments held at 31 March 2024.

	Assessed valuation range +/-	Value at 31 March 2024	Value on increase	Value on decrease
		£'000	£'000	£'000
Property	10%	518,587	570,446	466,728
Fund of Hedge Funds	10%	17,575	19,333	15,818
Infrastructure	15%	674,975	776,221	573,729
Private Debt	15%	203,367	233,872	172,862
Long Term Investment - Equities	15%	722	830	614
<b>Total</b>		<b>1,415,226</b>	<b>1,600,702</b>	<b>1,229,750</b>

The same analysis for 31 March 2023:

	Assessed valuation range +/-	Value at 31 March 2023	Value on increase	Value on decrease
		£'000	£'000	£'000
Property	10%	439,879	483,867	395,891
Fund of Hedge Funds	10%	22,891	25,180	20,602
Infrastructure	15%	633,970	729,066	538,875
Private Debt	15%	128,903	148,238	109,568
Long Term Investment - Equities	15%	707	813	601
<b>Total</b>		<b>1,226,350</b>	<b>1,387,164</b>	<b>1,065,536</b>

**25 EMPLOYING BODIES**

For a full list of employers, see section 3. Financial performance, Table 3.1 Employer contribution rates Year Ended 31 March

## 5. Investments and funding

### Investments

The Fund's investment objective is to fund future pension payments of its members.

### Investment Strategy Statement

Regulations require the Fund to produce an Investment Strategy Statement (ISS) setting out principles which guide decision making for investing assets and to ensure consistency with the Funding Strategy. A wide range of investments are permitted to ensure the Fund diversifies risk and achieves an optimal risk/return profile.

The ISS sets out the Fund's core beliefs underpinning the investment strategy, the process for ensuring suitability of investments and key risks the Fund is exposed to, and how these risks are managed. Key elements include:

- Investment objectives
- Management of the key risks
- Responsible Investing: environmental, social and governance considerations
- The Fund's approach to pooling its assets with other funds through the Brunel Pension Partnership (Brunel)

In line with regulations, the ISS is reviewed every three years, typically following the triennial valuation. The latest version of the ISS, agreed in 2024, is available on our website. [www.avonpensionfund.org.uk/about-fund/investments](http://www.avonpensionfund.org.uk/about-fund/investments)

### Investment Strategy

The investment strategy aims to deliver returns required to fund pension liabilities over time at an affordable cost for employers, with investment risk managed to limit volatility of employer contributions. It needs to balance the competing objectives of: maximising returns, protecting asset values, and funding pension liabilities.

The investment strategy reflects the Fund's willingness to accept short-term volatility within a long-term strategy. Risk is primarily managed through asset class diversification. The Committee periodically reviews its investment strategy to ensure it continues to reflect the Fund's liability profile and funding strategy.

The last review concluded that the strategic allocation to equities, other growth assets and fixed income achieves the appropriate balance of risk and return and sufficient stability of employer contributions. This review also introduced a 3% allocation to Local Impact investments across three areas – renewable energy, affordable housing, SME financing – funded from the existing 32.5% allocation to illiquid assets and expected to deliver both attractive financial returns and environmental and social benefits across the South West region.

## Asset allocation

Table 5.1 shows asset allocation vs the strategic allocation benchmark, along with index returns from each asset class over 1, 3, 5 years to 31 March 2024.

**Table 5.1 Actual and strategic asset allocation – 31 March 2024**

Asset Class/ (Benchmark)	31/03/2024 Allocation	Strategic Allocation	Strategic Range	Index Returns 1 Year	Index Returns 3 Years	Index Returns 5 Years
Global Equity	13.0%	10.5%	5.5-15.5%	23.1%	12.4%	--
Sustainable Equity	11.5%	10.5%	5.5-15.5%	21.2%	10.7%	--
Paris Aligned Equities	26.1%	20.5%	12.5- 28.5%	21.3%	--	--
Diversified Growth	6.4%	6.0%	3.0-9.0%	8.1%	5.5%	--
Infrastructure	3.9%	4.0%	none	10.2%	7.6%	6.8%
Renewable Infrastructure	3.6%	5.0%	none	3.2%	6.7%	4.4%
Liability Matching Assets	23.0%	12.0%	none	- 2.6%	- 1.7%	--
UK Corporate Bonds	3.1%	2.0%	none	6.5%	- 8.1%	- 2.5%
Hedge Funds	0.4%	0.0%	none	9.2%	6.6%	5.6%
Multi Asset Credit	5.9%	6.0%	3.0-9.0%	9.2%	--	--
UK Property	5.1%	7.0%	none	- 1.0%	0.8%	--
Secured Income	10.3%	9.0%	none	3.2%	6.7%	4.4%
Private Debt	3.5%	4.5%	none	9.2%	--	--
Local Impact	0.6%	3.0%	none	--	--	--
Cash & other	2.3%	0.0%	0.0-5.0%	--	--	--
Synthetic Equity Offset*	-18.7%	--	--	--	--	--

SOURCE: Mercer, State Street Bank and Trust \* Synthetic exposure via the BlackRock Qualified Investor Fund (QIF); this reflects an offsetting value to account for the difference between the exposure to equity markets and the actual mark-to-market value of the holding.

## UK Exposure

**Table 5.2: Amount invested in UK assets as at 31 March 2024**

£'000s Asset Values as at 31 March 2024	Pooled	Under pool management	Not pooled	Total
UK Listed Equities	65,600	--	--	65,600
UK Government Bonds	--	1,228,210	--	1,228,210
UK Infrastructure	19,030	--	60,693	79,723
UK Private Equity	--	--	--	--
Total	84,630	1,228,210	60,693	1,373,533

Source: Brunel

The total amount invested in UK assets was £1,374 million on 31 March 2024, 24% of Fund assets. The Fund also invests in UK commercial property and allocates to a synthetic equity strategy, neither of which is part of UK asset reporting.

## UK Levelling Up

The Fund will allocate 3% (£175m) to Local Impact Investments. The first investment of £35m was made in Q1 2024 into a renewable energy project in the South West and we continue building this allocation. Other investments managed by Brunel will also contribute towards Local Impact objectives, though such investments are not included in the above table as supporting data is not available. In future we will endeavour to provide a fuller picture of the Fund's UK exposure.

## Pooling of assets

The Fund participates in Brunel alongside 9 other LGPS funds. Each fund owns an equal share of Brunel. Responsibility for determining asset allocation and the investment strategy remains with the Avon Pension Fund Committee, with the strategy executed by selecting and blending different Brunel investment portfolios from their range of c.25 portfolios.

Governance arrangements for the pool are as follows:

- The Brunel Oversight Board comprises representatives from each of the 10 LGPS funds and is responsible for ensuring Brunel delivers services required to achieve investment pooling and deliver each pension fund's investment strategy. The Chair of our Committee represents the Fund on this Board.
- The Client Group supports the Brunel Oversight Board. Comprising investment officers from each of LGPS fund, it is responsible for monitoring Brunel, portfolio performance, and provides a forum for discussing technical and practical matters.

As at 31 March 2024, 90% of the Fund's assets were either pooled or under pool management. Assets managed outside the pool include the following:



1. Overseas and UK property closed ended funds being wound up.
2. Infrastructure portfolios where selling would incur material transaction costs.
3. Liquidity portfolio used to manage cashflows for private market investments.
4. Local Impact Portfolio: given the bespoke nature and size of this mandate, investment manager selection and monitoring is implemented outside Brunel, albeit with significant collaboration and cost synergies between LGPS funds.

Income and capital distributions from legacy portfolios are used to fund new private market allocations managed by Brunel and assets managed outside the pool will fall over time. The table below shows how the assets are managed. 'Pooled' means assets where Brunel are accountable for the portfolio. 'Under pooled management' means Brunel is responsible for oversight of the investment.

**Table 5.4: Asset Table as at 31 March 2024**

Asset Value £'000s	Pooled	Under pool management	Not pooled	Total
Equities	1,815,367	--	3,354	1,818,721
Diversified Growth Funds	713,657	--	--	713,657
Property	567,232	--	113,222	680,454
Hedge Funds	--	--	17,575	17,575
Private Equity	--	--	--	--
Private Debt	203,367	--	--	203,367
Infrastructure	411,245	--	263,730	674,975
Derivatives	--	--	46,603	46,603
Cash and net current assets	--	--	137,342	137,342
Other	--	1,522,352	--	1,522,352
<b>Total</b>	<b>3,710,868</b>	<b>1,522,352</b>	<b>581,825</b>	<b>5,815,045</b>

'Other' includes c.£1.2bn of LDI assets (e.g. UK Government bonds), c.£180m in corporate bonds, with the balance being cash and equity derivatives.

## Responsible investment

The Fund's approach to responsible investment is guided by our investment beliefs:

- **Long-term** – a long-term investment horizon enables a strategic approach to capital allocation, ultimately driving attractive investment returns.
- **Diversified** – diversification is core to managing investment risk, enabling a broad spectrum of assets with different risk and return profiles.

- **Responsible** – investing to make a positive real-world contribution promotes sustainable returns, working with like-minded investors to drive positive change.
- **Low cost** – cost control is the most important driver of net investment returns. We use collective scale with Brunel to drive innovation and efficiencies to reduce cost. Further information on the Fund’s approach to responsible investment can be found here: [Responsible investment | Avon Pension Fund](#)

## 1. Investment Stewardship

Voting and engagement statistics for listed equities are monitored vs ESG sub-themes. Engagement is managed through Federated Hermes EOS (Hermes) which works with the investment managers in Brunel’s portfolios. The engagement plan itself is developed collaboratively between the Fund, Brunel and Hermes.

Hermes engaged with 414 companies on the Fund’s behalf during 2023/24, across a broad range of ESG issues:

- Environmental topics, on average, featured in 30% of engagements, nearly 60% of which were related directly to climate change.
- Social topics featured in 29% of engagements, where diversity and human rights featured prominently.
- Of the 27% Governance related engagements, the majority centred around executive remuneration and board effectiveness.
- The remaining 13% of engagements focused on strategy, risk and communication topics, with corporate reporting and risk management featuring heavily.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), a collaborative body seeking to maximise LGPS funds’ influence as shareholders by co-ordinating their activism.

Through 2023/24 LAPFF pushed the ‘Say on Climate’ initiative which aims to enhance transparency and accountability in energy transition plans. LAPFF also wrote to the company Chairs of all FTSE-100 companies requesting that they allow shareholder votes on carbon emission reduction strategy. Water was also a key theme for LAPFF, engaging with UK water utilities on sewage overflows with the aim of ensuring companies are resilient to the physical risks of climate change.

The Fund participates in industry-wide initiatives to improve disclosure and build meaningful engagement with companies. Climate Action 100+ and the Institutional Investors Group on Climate Change (IIGCC) are forums of collaboration between investors on financial and physical impacts of climate change. Membership allows the Fund to scale its engagement with corporates and governments.

The Fund recognises that companies need time to adapt their business models to manage climate risk while also generating attractive long-term returns. Those companies failing to confront climate risks and adapt their business accordingly are candidates for divestment, due to the financial risk they pose.

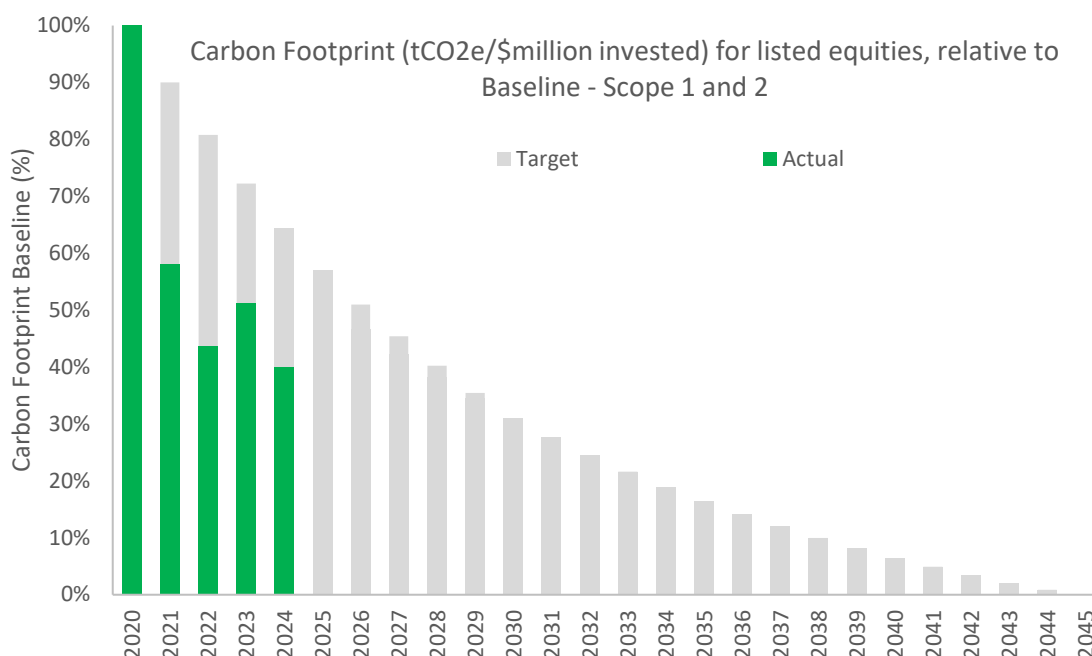
## 2. Climate Change

The Fund’s target is to achieve Net Zero 2045 – underpinned by interim milestones consistent with the IIGCC Asset Owners’ Net Zero Framework. The Fund will reduce absolute emissions in its listed equity portfolios 43% by 2025 and 69% by 2030 vs the 2019 baseline. This year the Fund added several new climate targets:

- Decarbonising the Corporate Bond portfolio 60% by 2030 vs the 2019 baseline.
- Stewardship: 70% of emissions in listed equities in high impact sectors are subject to direct or collective engagement by the end of 2024, increasing to 90% by 2027.
- By 2030 the Fund will have divested from developed market equity holdings in high impact sectors which are not aligning to achieve net zero by 2050.

Progress against these targets is measured against the metrics set out below.

**Figure 5.1: Avon Pension Fund – listed equities decarbonisation pathway**



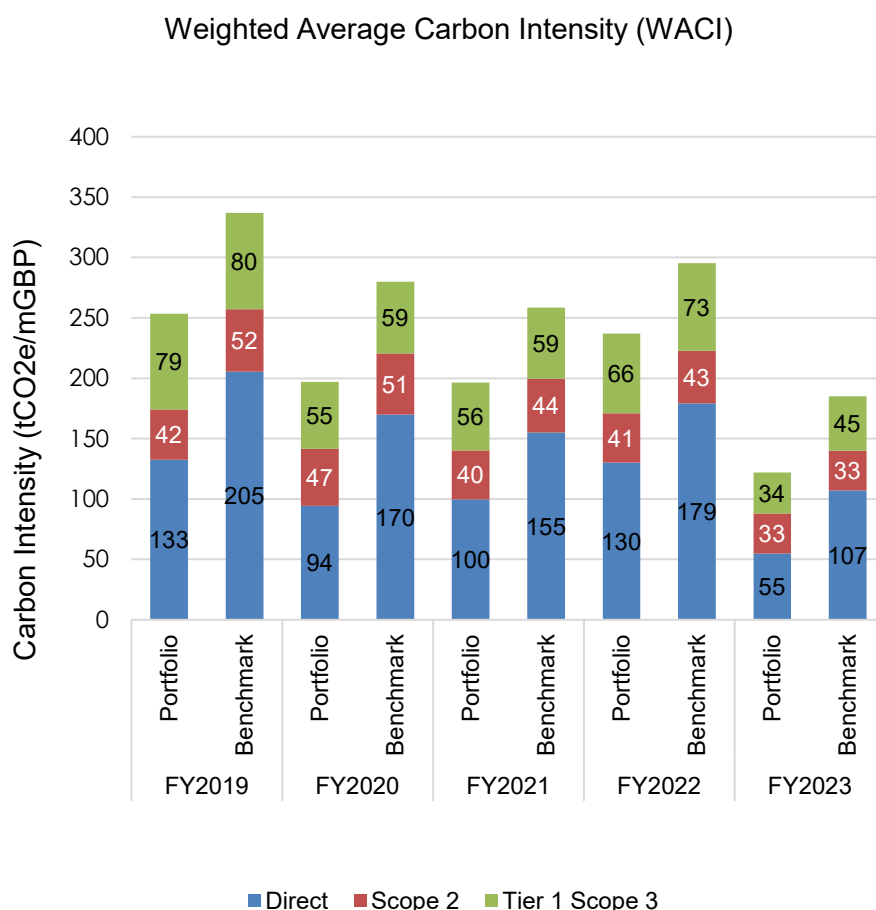
The listed equities carbon target for 2025 has already been achieved and the carbon footprint is required to reduce a further 22% by 2030. The path to net zero will not be linear. As data coverage develops, priority should be given to metrics relating to future alignment over (today’s) carbon intensity. This gets to the heart of the core net zero objective of real environmental impact.

Capital allocation is a primary tools helping deliver net zero. On 31 March 2024 the Fund had a combined £2.2 billion in Paris-aligned and sustainable equities as the Fund transitioned all passive equity exposure to a Paris-aligned index. Investment in renewable infrastructure totalled £530 million, invested in established renewable energy such as wind and solar as well as emerging technology such as battery storage, smart grids, and biofuels.

### 3. Climate Change Metrics & Targets

Brunel undertakes an annual Carbon Metrics Report which includes absolute emissions, Weighted Average Carbon Intensity (WACI), fossil fuel revenues, and disclosure rates among companies in the equity portfolios. This year's report shows that the aggregate portfolio is 34% more carbon efficient vs its benchmark.

**Figure 5.2: Weighted Average Carbon Intensity (31 December 2023)**



The Fund also collates green revenue data revealing the extent to which the Fund invests in companies delivering environmental solutions across 10 sectors. All the Fund's equity portfolios meet or exceed their benchmarks, e.g. Global Sustainable Equity has 14.2% exposure to green revenues vs 8.6% for its benchmark.

### 2023/24 Performance

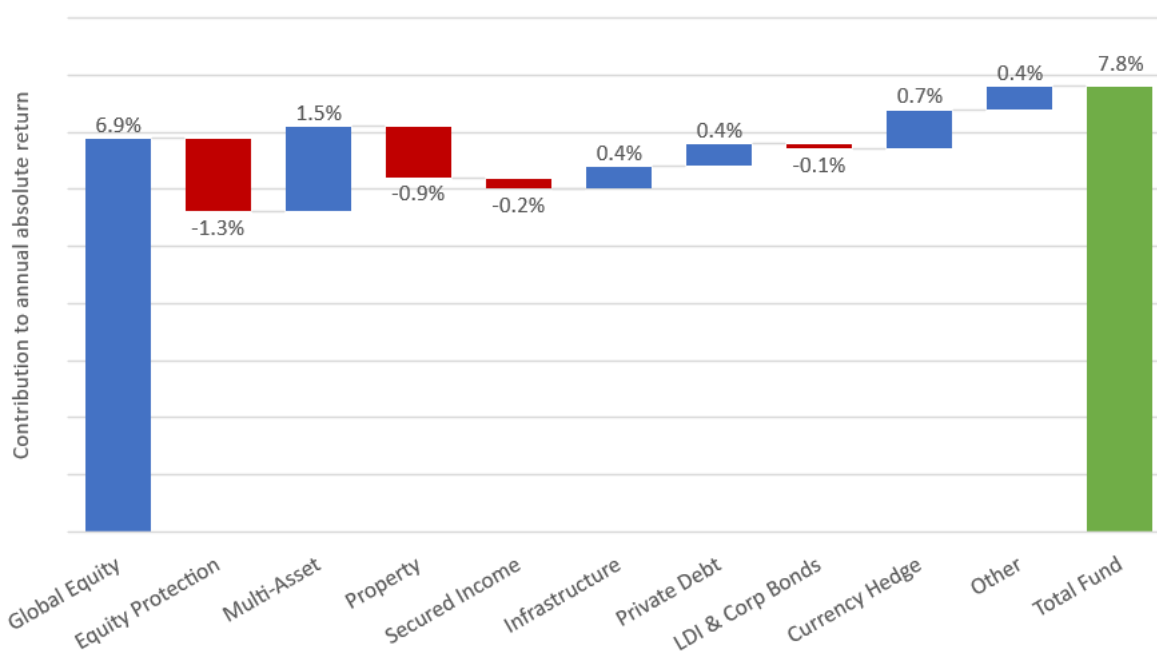
At the start of the period (Q2 2023) economic resilience and declining inflation data led to investor optimism and a positive performance for risk assets. Q3 2023 was positive for global equities, however concentration was narrow and, excluding the Magnificent-7<sup>4</sup> stocks, global equities actually fell. Government bonds also fell as market interest rates continued to rise.

<sup>4</sup> Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, Tesla

Q4 2023 and Q1 2024 witnessed a fall in global inflation which played out faster pace than expected. This led markets to pivot as investors hoped interest rates may start to fall sooner than expected. The result was a rally across almost all asset classes with the exception of commodities and energy.

In aggregate the Fund returned 7.8% in the year ending 31 March 2024 and Figure 5.3 shows the contribution from individual portfolios. Equities and other growth assets posted strong returns as did infrastructure and private debt, while Property and bonds posted negative returns. The Fund underperformed its strategic benchmark by 2.0%, largely driven by the equity portfolios being underweight the Magnificent-7<sup>1</sup> aligned with concerns of concentration risk.

**Figure 5.3: 1 Year Total Fund Performance Attribution at 31 March 2024**



Source: Custodian and Mercer estimates

The Global High Alpha Equity portfolio returned 20.5% over the year, behind its benchmark return of 23.1%. Whilst the portfolio captured much of the strong market performance, the portfolio was underweight the large technology names vs the benchmark which accounted for much of the relative underperformance. The Paris Aligned Passive Global Equities portfolio returned 21.3%. The Global Sustainable Equity portfolio returned 13.2% versus 21.2% for the benchmark, underperformance also attributed to market concentration in favour of technology stocks. While relative performance over the year is disappointing, it is notable that most sustainable funds also failed to outperform the MSCI ACWI.

In credit markets, the Multi Asset Credit portfolio returned 11.8% versus 9.2% for the benchmark. Bond returns were volatile as interest-rate volatility persisted throughout the year. Credit-sensitive assets finished the year with equity like returns, supported by a strong economic backdrop.

The Diversifying Returns portfolio returned 10.8% over the period, ahead of the 8.1% benchmark return. Increasing exposure to equities during the second half of the year

enabled the portfolio to benefit from the early 2024 market rally and to decrease the level of underperformance versus the cash-plus benchmark.

The UK Property portfolio fell 1.5%, behind its benchmark of 0.5%. Investment activity in the UK commercial property sector remained muted with redemptions keeping the sector under continual price pressure. Returns for the Secured Income were negative for the year and behind those of the benchmark, predominantly due to the challenges seen in property markets over the twelve months.

During the year the funding level increased by 3% to 98% with the deficit estimated to have decreased to £92 million as at 31 March 2024.

## **Risk Management Framework (RMF)**

The Fund uses a number of risk management strategies to stabilise contribution plans for employers and to protect the Fund from significant falls in asset values.

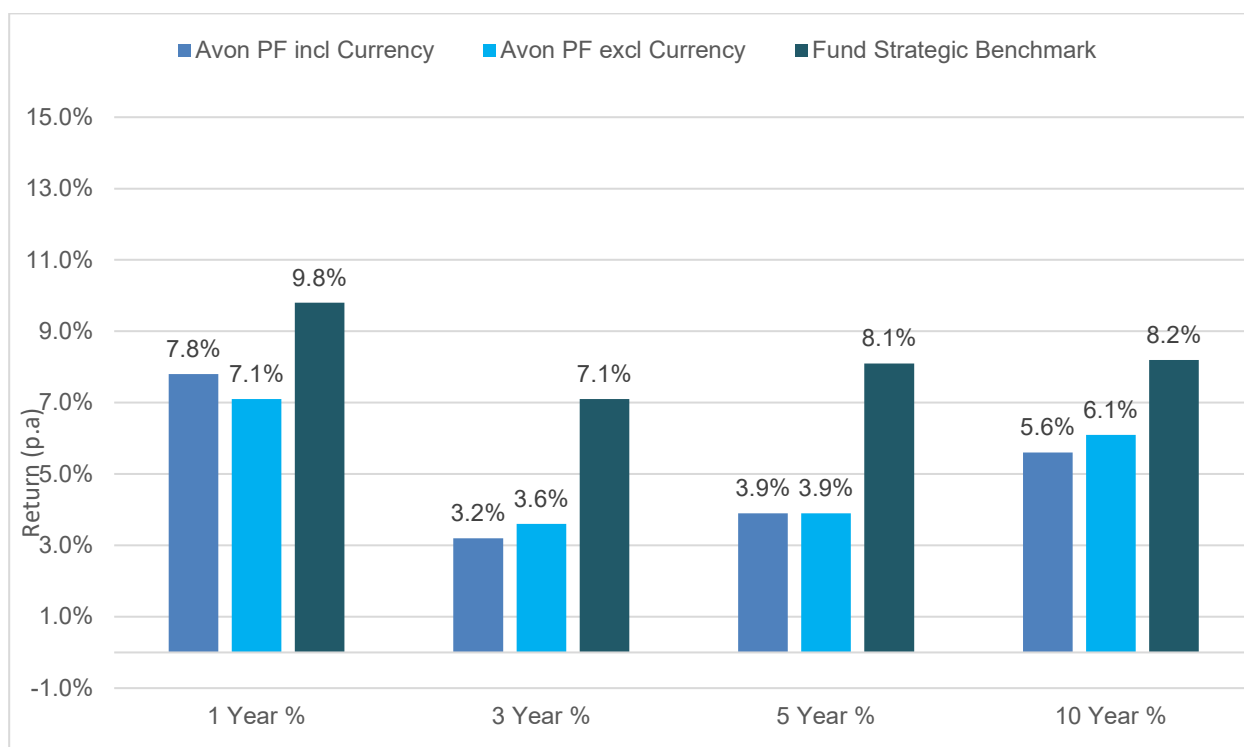
Equity Protection shields the Fund's equity exposure vs downside events. As equity values increased during the year, the hedge reduced net equity returns. A review of the strategy concluded that a reduction in hedging from 100% to 50% of equity assets would reduce the drag on returns whilst still providing material protection. Changes to the mandate were implemented during Q1 2024.

The Liability Driven Investment (LDI) framework seeks to increase the Fund's exposure to inflation-adjusted yields to offset the impact of rising inflation and declining interest rates. During the year, the interest rate hedge was increased at attractive levels reflecting the higher yield environment. At 31 March 2024 the Fund's interest rate and inflation hedge ratios stood at 40% and 22%.

Sterling appreciated by over 16% against the Yen, 2.8% against the Euro and 2.2% against the US Dollar, which led to a positive contribution from the currency hedge.

As shown in the table below, over three years the Fund's return of 3.2% per annum is well below the strategic benchmark. The main drivers of underperformance are the active equity mandates and the equity protection strategy. Overseas Property and Secured Income also acted as a drag on returns, whilst the currency hedging strategy also detracted.

**Figure 5.4: Long-term performance**



Source: Mercer, State Street Bank and Trust

The table below shows how each of the investment managers have contributed to performance (net of fees) over the 12 months to 31 March 2024.

**Table 5.5 – Annual performance against benchmark for each portfolio**

Manager	Mandate	Benchmark	1 Year Return	1 Year Benchmark Return
Brunel	Passive Global Equities Paris-aligned	FTSE Developed World PAB	21.3%	21.3%
Brunel	Active Global Sustainable Equities	MSCI ACWI	13.2%	21.2%
Brunel	Active Global Equities	MSCI World	20.5%	23.1%
Brunel	Secured Income – Cycle 1	CPI	-3.2%	3.2%
	Secured Income – Cycle 2	CPI	-1.1%	3.2%
	Secured Income – Cycle 3 ***	CPI	--	
Brunel	Renewable Infrastructure – Cycle 1	CPI	3.5%	3.2%
	Renewable Infrastructure – Cycle 2	CPI	0.2%	3.2%
	Renewable Infrastructure – Cycle 3	CPI	-4.0%	3.2%
BlackRock***	Passive Global Equities Paris-aligned	MSCI PAB	--	--

Manager	Mandate	Benchmark	1 Year Return	1 Year Benchmark Return
BlackRock	Bespoke Corporate Bonds	Bespoke	6.5%	6.5%
Partners	Global Property	10% IRR	-24.4%	10.0%
Brunel	Diversified Returns Fund	SONIA +3%	10.9%	8.1%
Brunel*	Private Debt – Cycle 2 Private Debt – Cycle 3	SONIA +4% SONIA +4%	14.3% 11.0%	9.2% 9.2%
Brunel	UK Property	MSCI/AREF UK	-1.5%	-1.0%
Brunel	Multi Asset Credit Fund	SONIA +4%	11.8%	9.2%
IFM	Infrastructure	SONIA +5%	5.4%	10.2%
Blackrock	ETF	Bespoke	8.1%	8.1%
Blackrock*	Liability Driven Investing (LDI)	Bespoke	-2.6%	-2.6%

Source: Mercer, State Street Bank and Trust, Brunel Pension Partnership, Managers

\* Not invested for the full year

## Largest holdings

Table 5.6: Top 10 largest investment holdings as at 31 March 2024

Holding	£'000s	% of Fund
BlackRock Liability Solutions Fund	1,522,352	26.2%
Brunel Global High Alpha Equity Fund	720,796	12.4%
Brunel Global Sustainable Equity Fund	666,871	11.5%
Brunel Paris Aligned Developed Equity Index	427,700	7.4%
Brunel Diversified Returns Fund	373,170	6.4%
IFM Global Infrastructure Fund	228,645	3.9%
Greencoat Renewable Income*	204,356	3.5%
M&G Secured Income Property Fund*	201,628	3.5%
Neuberger Berman Multi Asset Credit Fund*	198,480	3.4%
Standard Life Long-Lease Property Fund*	194,336	3.3%

\* Held in Brunel Portfolios



## **Investment administration**

The Fund's custodian is responsible for the safe keeping of the Fund's assets. The custodian acts as the Fund's bank, settling transactions and collecting income as well as providing a range of support services including stock lending and investment accounting.

The Fund has a separate bank account providing transparency and accountability of the Fund's and Council's banking arrangements. The Fund delegates the management of the pension fund's investment cash to the Council who implement the Fund's Treasury Management Policy. This ensures the investment of the Fund's cash is consistent with the risk parameters of the Fund.

## **Investment costs**

### **Investment cost transparency**

The Cost Transparency Initiative ('CTI') provides greater cost clarity for each investment mandate. All of the Fund's managers including Brunel are signatories to the CTI and have provided the data for each of the portfolios. Data has been aggregated and covers the year ending 31 March 2024.

Data in the CTI templates details underlying fund costs and does not reconcile with costs disclosed in Note 7 in the Statement of Accounts. Asset allocation drives changes in costs over time especially given increasing allocation to private markets which incur higher indirect costs.

Investment management fees are typically based off the value of assets, thus the amount will vary from year to year in line with asset values. Fees are generally lower for listed and liquid portfolios such as bonds and equities, and higher for less liquid assets such as infrastructure. Hence as the asset allocation changes to invest more in less liquid assets, overall costs will rise everything else being equal.

The decrease in total ongoing charges from 68 basis points (bps) (2022/23) to 49 bps (2023/24) was largely driven by higher allocation to passive equities. Other ongoing charges such as administrative and governance fees were largely comparable to 2022/23. There was a marginal decrease in transaction costs from 18 bps to 14 bps reflecting a decrease in private markets transaction activity.

There was a decrease in performance fees and carried interest accrued, the result of a decline in real asset values, in particular the Fund's property allocations.

**Table 5.7: LGPS Code of transparency – investment management costs for year to 31 March 2024**

Type of cost/fee	Asset pool direct £'000	Asset pool indirect £'000	Asset pool total £'000	Asset pool Bps	Non-asset pool direct £'000	Non-asset pool indirect £'000	Non-asset pool total £'000	Non-asset pool Bps	Fund total £'000	Fund total Bps
1 – ONGOING CHARGES										
<b>Fund and investment management</b>	<b>13,885</b>	<b>262</b>	<b>14,146</b>	<b>27</b>	<b>8,336</b>	<b>469</b>	<b>8,805</b>	<b>151</b>	<b>22,951</b>	<b>39</b>
Management fees	9,915	-	9,915	19	4,343	-	4,343	75	14,257	25
Fees and charges paid through NAV	4,572	-	4,572	9	119	-	119	2	4,692	8
Management fee rebates	(664)	-	664	(1)	(799)	-	(799)	(14)	(1,463)	(3)
Indirect fees and charges	-	262	262	0	-	469	469	8	730	1
Performance fees and carried interest	61	-	61	0	4,673	-	4,673	80	4,734	8
<b>Administrative fees</b>	<b>2,553</b>	<b>-</b>	<b>2,553</b>	<b>5</b>	<b>1,708</b>	<b>-</b>	<b>1,708</b>	<b>29</b>	<b>4,261</b>	<b>7</b>

Type of cost/fee	Asset pool direct £'000	Asset pool indirect £'000	Asset pool total £'000	Asset pool Bps	Non-asset pool direct £'000	Non-asset pool indirect £'000	Non-asset pool total £'000	Non-asset pool Bps	Fund total £'000	Fund total Bps
<b>Governance, regulations and compliance</b>	<b>1,033</b>	-	<b>1,033</b>	<b>2</b>	<b>250</b>	-	<b>250</b>	<b>4</b>	<b>1,283</b>	<b>2</b>
<b>Total ongoing charges figure</b>	<b>17,471</b>	<b>262</b>	<b>17,732</b>	<b>34</b>	<b>10,294</b>	<b>469</b>	<b>10,763</b>	<b>185</b>	<b>28,495</b>	<b>49</b>
<b>2 - Asset pool shared costs</b>	<b>1,654</b>	-	<b>1,654</b>	<b>3</b>	-	-	-	-	<b>1,654</b>	<b>3</b>
3 – PORTFOLIO TRANSACTION COSTS										
Explicit transaction costs	-	1,407	1,407	3	-	337	337	6	1,744	3
Implicit transaction costs	-	2,739	2,739	5	-	14	14	0	2,753	5
Indirect transaction costs	-	3,631	3,631	7	-	(3)	(3)	0	3,628	6
Anti-dilution	-	(102)	(102)	(0)	-	-	-	-	(102)	(0)

Type of cost/fee	Asset pool direct £'000	Asset pool indirect £'000	Asset pool total £'000	Asset pool Bps	Non-asset pool direct £'000	Non-asset pool indirect £'000	Non-asset pool total £'000	Non-asset pool Bps	Fund total £'000	Fund total Bps
offset										
<b>Total transaction costs</b>	-	<b>7,675</b>	<b>7,675</b>	<b>15</b>	-	<b>348</b>	<b>348</b>	<b>6</b>	<b>8,023</b>	<b>14</b>
<b>4 - Property expenses</b>	-	<b>2,095</b>	<b>2,095</b>	<b>4</b>	-	-	-	-	<b>2,095</b>	<b>4</b>
<b>TOTAL OF ALL COSTS AND FEES</b>	<b>19,125</b>	<b>10,032</b>	<b>29,157</b>	<b>56</b>	<b>10,294</b>	<b>817</b>	<b>11,111</b>	<b>191</b>	<b>40,268</b>	<b>69</b>

The different types of costs itemised in table 5.7 are defined below:

**Direct costs** are those costs that are directly invoiced to the Fund or incurred by the segregated mandates and recorded in the custody account.

**Indirect costs** are those charged to the underlying assets, mainly in pooled mandates. The fee rates in basis points (bps) shown in the table are the fees and costs expressed as a percentage of the value of the assets. The table shows costs for assets in the Brunel pool and those still managed directly by the Fund. Assets in the pool include all listed markets assets and private markets allocations to property, infrastructure, secured income and private debt. The Fund's liability and equity risk management strategies are also governed by Brunel fee agreements.

**Performance fees** for CTI purposes relate to fees paid and accrued (not yet paid) in 2023/24.

**Asset Pool shared costs** represent Brunel fees for managing and operating the pool and includes consultancy costs for Brunel client and oversight arrangements.

**Transaction costs** include broker commissions, transactions taxes, implicit costs, and other transaction costs.

## Savings from Pooling

A summary of the costs and savings to date compared to the original business case (budget) is shown in the following table.

**Table 5.9: Expected versus Actual costs and Savings in 2023/24 and cumulative to date**

	Budget 2023/24	Budget to date	Actual 2023/24	Actual To date
	£000	£000	£000	£000
Set up costs	0	1,265	0	1,072
Brunel costs	1,017	5,445	1,654 <sup>1</sup>	8,155
Internal savings	(300)	(1,674)	(215)	(1,290)
Transition costs	0	7,284	0	8,270
Fee savings	(3,892)	(14,032)	(8,417)	(28,725)
Net Cost/(Saving)	(3,175)	(1,712)	(6,978)	(12,518)

*Brunel costs differ from the Statement of Accounts which includes annual rebates.*

There have been no set up costs since 2017/18. Capital for the company was provided at the outset through the purchase of shares equivalent to £0.84 million.

Total transition costs of £8.2 million are slightly higher than estimated in the original business case. Ongoing fees paid to Brunel for its core services was £1.65 million in

2023/24, higher than originally estimated due to changes in clients' strategic priorities and enhanced reporting requirements.

Actual savings achieved on manager fees are significantly ahead of plan. Cumulative net savings to date are £12.5 million vs £1.7 million in the business case. A few core drivers explain higher savings than planned:

- 1) Asset values are higher than estimated.
- 2) Investments have been made into asset classes not included in the business case such as Multi Asset Credit.
- 3) Internal savings are lower than expected as the strategic focus of the Fund has changed over time requiring more investment expertise within the Fund overall.

## Funding Strategy

The Fund reviews its funding strategy every three years in line with LGPS regulations. The last triennial valuation at 31 March 2022 set out the funding plan for the next three years. At that time the funding level was 96% (meaning the assets covered 96% of the liabilities).

The 2022 funding plan assumed a return on investment of CPI +1.5-2.0% per annum. This is a prudent assumption, meaning there is a high probability that it will be achieved. A less prudent return assumption could result in more volatile employer contribution rates. The return assumption is linked to inflation (CPI) as members' benefits are indexed to CPI.

The funding level will vary over time as market prices move and change the value of assets. At 31 March 2024 the funding level was estimated to have risen to 98% with assets valued at £5.82 bn and liabilities at £5.93 bn. The table below summarises the funding level at each valuation since 2004.

**Table 5.10: Historical funding level at each triennial valuation**

	2004	2007	2010	2013	2016	2019	2022
Assets £m	1,474	2,184	2,459	3,146	3,737	4,818	5,822
Liabilities £m	1,841	2,643	3,011	4,023	4,355	5,102	6,060
Funding level	80%	83%	82%	78%	86%	94%	96%

The next triennial valuation will be undertaken at 31 March 2025. This will set the employer contribution rates payable from 1 April 2026.

## Funding Strategy Statement

The Funding Strategy Statement (FSS) sets out the framework for how liabilities will be funded over time. The Actuary must comply with the FSS and have regard to the Investment Strategy when setting the contribution rates. The purpose of the FSS is:

1. To provide a clear and transparent fund-specific strategy which identifies how employers' pension liabilities are best met in future by taking a prudent long-term view of funding those liabilities.
2. To determine employer contributions at a level to 'secure the solvency of the pension fund' and the 'long-term cost efficiency' (meaning costs are not deferred for future generations).
3. To maintain as nearly constant an employer contribution rate as possible.

Liabilities are funded through income from the investment portfolio, capital growth, and contributions from employees and employers. Employee contributions are set by regulations and the Fund determines employer contributions and the investment strategy. Fund returns are a critical component of the mix and substantially determine employer costs. When setting contribution rates and deficit recovery periods for employers, the Actuary considers an assessment of financial strength and funding sources.

The Fund has a Lower Risk Investment Strategy for employers of lower risk appetite or for those planning to exit. This strategy invests in corporate bonds structured to more closely match the liabilities of such employers. The discount rate at the last valuation for this strategy was lower at 2.55% resulting in higher contribution rates.

To reduce the risk of unexpected increases in liabilities for smaller employers due to ill-health retirements, the Fund operates a 'captive insurance' scheme for all employers to manage such liabilities. It also operates a similar Death in Service captive insurance arrangement.

The 2022 FSS was compiled in accordance with relevant statutory guidance. It includes all policies relating to the funding of employer liabilities as well as admission and termination policies including Fixed Payment Plans and Deferred Debt Agreements.

The 2022 Funding Strategy Statement is available on our website:

[www.avonpensionfund.org.uk/about-fund/investments](http://www.avonpensionfund.org.uk/about-fund/investments)

## 6. Administration

Administration focuses on providing core services to employers and members:

For employers the Fund ....

- Administers their employees' pensions on behalf of scheme employers.
- Helps employers to efficiently operate the pension, e.g. through training and electronic data exchange with payroll providers.

For members the Fund ....

- Calculates accrued pensions per member and pays their pension in retirement.
- Offers an online portal where members can manage personal data and check their pension benefits.
- Actively communicates with members, e.g.
  - an annual benefit statement is sent to members summarising their accrued pension and what it will be at retirement.
  - newsletters are sent to members highlighting relevant pension issues and any legal changes which might impact them.
- Helps members through key life events, e.g. ill health, retirement, death.

### Pensions Administration Strategy

The administration strategy sets out how the Fund delivers the above services. Key objectives of the strategy include the following:

- The Fund complies with all relevant regulations.
- Accurate member and employer records are maintained for the purpose of calculating pensions entitlements and employer liabilities.
- The Fund and scheme employers have appropriate skills and knowledge, with training in place to deliver a high-quality service
- Member services are delivered to standards set out by the Avon Pension Fund Committee (Committee) which exceed legal requirements.
- The Fund is encouraging members to engage digitally, to improve service experience and raise operating efficiency.

For further details please see the Pensions Administration Strategy on the website: [www.avonpensionfund.org.uk/about-fund/fund-administration](http://www.avonpensionfund.org.uk/about-fund/fund-administration)

### Digital platforms

The Fund uses digital platforms to serve its customers and ensure accuracy of data.

- Employers:
  - Employers submit a monthly data return for active members via the iConnect portal, to ensure their records are up to date, reducing need for paper forms.
  - The employer website [www.apfemployers.org.uk](http://www.apfemployers.org.uk) provides guidance and self-serve capability and will be updated in early 2025.



- Members:
  - The Fund is moving to digital delivery of member communications (e.g. annual statements, newsletters) as a significant benefit over traditional post.
  - My Pension Online is our self-serve portal enabling members access to their pension data, to perform calculations and update their personal details, etc.
  - General information can be accessed on the Fund's public website [www.avonpensionfund.org.uk](http://www.avonpensionfund.org.uk) which links with My Pension Online

## Communications

The Fund's communication aims are to:

- provide relevant, accurate, accessible information for all stakeholders.
- use plain language and avoid unnecessary jargon.
- use communication channels which best fit individual needs – telephone, digital, email, post – while encouraging digital use to improve service experience.
- support members to make informed decisions about their pension.

The Communications Policy outlines how we engage with different audiences. [www.avonpensionfund.org.uk/about-fund/fund-administration](http://www.avonpensionfund.org.uk/about-fund/fund-administration). The Fund actively communicates with its members in different formats:

- [www.avonpensionfund.org.uk](http://www.avonpensionfund.org.uk)
  - The Fund's website provides relevant information for members
  - It offers limited facilities for self-serve and communicate Fund news such as recent investment in solar which we have summarised in a 2-minute video.
- Newsletters:
  - Members receive at least one newsletter per year, which explains relevant pension issues, climate objectives, and how the Fund is investing locally.
- Regulatory Documents
  - The Fund issues an Annual Benefit Statement for each member summarising their pension accrued to date and their forecast pension at retirement.
  - P60s are posted to all retired members shortly after each tax year-end.

There is also active communication with employers:

- The Fund communicates pensions-related issues through regular email bulletins which supplement content on the employer website [www.apfemployers.org.uk](http://www.apfemployers.org.uk)
- Employers are offered face-to-face and online training when necessary.
- Employers are also given access to a digital starter pack for all new joiners which highlights the benefits of joining the Fund.

## Value for Money Statement

The Fund is committed to delivering value for money and make administration of the scheme as efficient as possible. Data below is sourced from SF3 (Pensions) data collated by the Ministry of Housing, Communities and Local Government. The data highlights the Fund's cost performance vs national averages.

**Table 6.1: Costs and financial indicators – costs per full time equivalent**

<b>Costs per Full Time Equivalent (FTE)</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Net admin cost per FTE £'000	47.8	44.7	51.8
National average £'000	70.7	77.5	81.3
Members per FTE	2,006	2,006	1,993
National average	3,038	3,219	2,910

**Table 6.2: Costs and financial indicators – costs per member**

<b>Costs per member</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>Investment Management Expenses</b>			
Total cost £'000	19,388	32,257	19,706
Cost per member	154.85	248.68	158.73
National average £	268.63	297.98	284.23
<b>Administration Costs</b>			
Total cost £'000	2,456	2,746	3,227
Cost per member	19.62	21.17	25.97
National average £	31.90	36.01	37.82
<b>Oversight and Governance Costs</b>			
Total cost £'000	1,840	1,944	2,405
Cost per member	14.70	14.99	19.35
National average £	15.63	14.55	19.49
<b>Total costs £'000</b>	<b>23,684</b>	<b>36,947</b>	<b>25,338</b>
<b>Total cost per member £</b>	<b>189.17</b>	<b>284.84</b>	<b>204.05</b>
<b>Total national average £</b>	<b>316.16</b>	<b>348.54</b>	<b>341.54</b>

**Table 6.3: Number of members in fund (2023/24)**

Number of members in the Fund	2022	2023	2024
Active members	39,559	40,290	41,642
Deferred members	43,396	44,058	44,653
Pensioners	36,951	38,796	39,605
Undecided leavers	10,237	11,531	14, 147
<b>Total membership</b>	<b>130,143</b>	<b>134,675</b>	<b>140,047</b>

**Table 6.4: Age profile of pensioners (those already receiving their pension)**

Pensioner age group	Percentage of pensioners
Age 30-40	0.02%
Age 40-50	0.1%
Age 50-60	3.5%
Age 60-70	37.7%
Age 70-80	38.8%
Age 80-90	15.9%
Age 90-100	3.7%
Age 100+	0.2%

**Table 6.5: New pensioners (2023/24)**

Pensioner type	Number of new pensioners
Ill health retirement	57
Early retirement under 60	156
Early/normal retirement	374
Deferred pension	1,112
Redundancy	40
Late retirement	257
<b>Total</b>	<b>1,996</b>

**Table 6.6: Number of active employers in the fund (2023/24)**

<b>Employers</b>	<b>Active</b>	<b>Ceased</b>	<b>Total</b>
Scheduled body	348	-	348
Admitted body	123	3	126
<b>Total</b>	<b>471</b>	<b>3</b>	<b>474</b>

## Key performance data tables A-E

Table A – Total number of casework

Ref	Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of cases created in the year (1 April to 30 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	4	585	576	97.8%	535	99.44%
A2	New dependent member benefits	11	440	437	96.9%	423	96.36%
A3	Deferred member retirements	224	3,109	3,096	92.9%	3,337	91.90%
A4	Active member retirements	198	2,652	2,368	83.1%	2,538	87.70%
A5	Deferred benefits	707	2,822	2,926	82.9%	2,768	69.92%
A6	Transfers in (including interfunds in, club transfers)	956	1,283	797	35.6%	1,595	75.09%
A7	Transfers out (including interfunds out, club transfers)	944	2,357	1,737	52.6%	4,194	76.23%
A8	Refunds	44	791	762	91.3%	915	91.32%

Ref	Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of cases created in the year (1 April to 30 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A9	Divorce quotations issues	9	276	220	77.2%	258	85.15%
A10	Actual divorce cases	1	10	8	72.7%	7	87.50%
A11	Member estimates requested either by scheme member or employer	39	940	860	87.8%	919	90.81%
A12	New joiner notifications	135	14,170	13,601	95.1%	13,394	99.03%
A13	Aggregation cases	2,882	7,441	5,598	54.2%	8,851	79.98%
A14	Optants out received after 3 months membership	-	13	13	100%	15	100%

**Table B: Time taken to process casework**

Ref	Casework KPI	Suggested fund target	% completed within fund target year	% completed in previous year	Commentary
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	63.0%	78.3%	
B2	Communication issued confirming the amount of dependents pension	10 days	67.3%	76.6%	
B3	Communication issued to deferred member with pension and lump sum options (quotation)	30 Days	42.1%	75.2%	
B4	Communication issued to active member with pension and lump sum options (quotation)	15 days	37.8%	58.4%	
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days	69.2%	70.8%	
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days	78.6%	75.2%	
B7	Payment of lump sum (both actives and deferreds)	15 days	-	-	New KPI not currently monitored
B8	Communication issued with deferred benefit options	30 days	42.8%	61.2%	
B9	Communication issued to scheme member with completion of transfer in	10 days	20.5%	18.0%	
B10	Communication issued to scheme member with completion of transfer out	10 Days	15.8%	14.1%	
B11	Payment of refund	10 days	32.8%	50.5%	
B12	Divorce quotation	45 days	76.4%	80.2%	

Ref	Casework KPI	Suggested fund target	% completed within fund target year	% completed in previous year	Commentary
B13	Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	15 days	75.0%	71.4%	
B14	Communication issued to new starters	40 days	98.7%	94.0%	
B15	Member estimates requested by scheme member and employer	15 days	84.7%	72.9%	

APF no longer participate in the annual CIPFA benchmarking exercise as the number of funds participating have significantly reduced over the last few years. APF now use internal data reporting for all casework data in tables A & B.

### Table C – Communications and engagement

This table is a percentage of all members we've had including people who've left the fund and we have no further liabilities.

Ref	Casework KPI	Engagement with online portals	% as at 31 March
C1	% of active members registered	16,855	9.11%
C2	% of deferred member registered	15,696	8.48%
C3	% of pensioner and survivor members	13,731	7.42%
C4	% total of all scheme members registered for self-serve	45,282	39.31%
C5	Number of registered users by age		
	0 - 20	110	9.1%
	21 - 30	2,449	24.0%
	31 - 40	6,049	34.8%
	41 - 50	8,348	40.8%
	51 - 60	12,408	50.3%
	61 - 70	11,738	58.3%
	71 - 80	3,631	27.7%



Ref	Casework KPI	Engagement with online portals	% as at 31 March
	81 - 90	492	7.7%
	Over 90	57	3.4%
C6	% of registered users logged on in the last 12 months	24,436	53.96%
C7	Total number of telephone calls received in year	16,967	
C8	Number of email and online channel queries received	24,853	
C9	Number of scheme member events held in year (total of in-person and online)	1 online	
C10	Number of employer engagement events held in year (in-person and online)	1 online	
C11	Number of active members who received a one-to-one (in-person and online)	210 inc. deferred and pensioners	
C12	Times a communication (e.g.. newsletter) issued to:		
	a) Active members	5	
	b) Deferred members	3	
	c) Pensioners	4	

During the year performance was generally in line with statutory legal targets although, when measured vs more stringent internal targets, a number of KPI's were below target. The fund has made a significant reduction in service backlogs during 2023/24 which continues into 2024/25 as a foundation for service improvement.

Following a review of our pensions payroll system, during the year it was discovered that certain pensioners had not received the statutory pension increase. A major exercise was undertaken to check all accounts which might have been affected. Nearly all accounts have been rectified, with the remainder to be completed during the new financial year. The Pensions Committee received regular reports on the issue which was reported to The Pension Regulator.

Staff turnover has reduced with a vacancy rate in Q1 2024 of c.6%. A restructure being implemented during 2024 will continue to support staff recruitment and retention as well as operational efficiency.

New regulations in October 2023 saw implementation of the McCloud underpin for new retirees. Significant work has been undertaken to ensure compliance with the new regulation and the Fund will start to apply the remedy to 2014-22 retirees during 2024/25 in line with regulations.

The Pensions Dashboards project is ongoing and the Fund plans to connect with centralised UK system by October 2025.

## Staffing

The Pension Service is split into five management areas: Finance & Investments, Administration, Governance, Technical & Compliance, Communications.

**Table D: Resources**

Ref	Resources	Indicator
D1	Total number of all administration staff (FTE)	63.7
D2	Average service length of all administration staff	6 – 10 years
D3	Staff vacancy rate as %	6%
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	1 : 2,214
D5	Ratio of administration staff (excluding management) to total number of scheme members	1 : 2,488

## Data quality

Since introduction of TPR's Code of Practice 2014 Record Keeping Regulations, the Fund has an improvement plan to improve both the quality of the Fund's data and, also working with individual employers, to improve employer data.

**Table E: Data Quality**

Ref	Resources	Score
E1	Percentage of annual benefit statements issued as at 31 August	100%
E2	(Short commentary if less than 100%)	N/A
E3	Common data score	95%
E4	Scheme specific data score	95%
E5	% of active, deferred and pensioner members recorded as 'gone away' with address not known or out of date	1 : 2,488
	Active	0.25%
	Deferred	13%

	Pensioner	50%
E6	% of active, deferred and pensioner members with an email on file	
	Active	57%
	Deferred	54%
	Pensioner	50%
E7	% of employers set up to make digital data submissions	100%
E8	% of employers submitting monthly data on time during the year	81%

## Budget Outturn

During the year to 31 March 2024, total administration costs (excluding advisory and investment management) were £4.0 million, 13% below the budget of £4.6 million. Annual investment management fees paid in the year were below budget at £18.1 million. The budget for governance costs was £2.4 million with actual costs slightly over budget at £2.5m.

## Pensions increase

### Deferred and pensioner members

Accrued pensions and pensions already in payment are increased each year in line with the annual Statutory Pensions Increase (Review) Orders, which are based on the published Consumer Price Index (CPI) for the 12 months to 30 September of the previous year. The full increase for 2023/24 was 6.7%.

## Internal Resolution Dispute Procedure (IDRP)

If there is a complaint or dispute against a decision or action by either the Fund or an individual Fund employer, concerning a matter relating to the LGPS, there is a provision within the LGPS regulations for an appeal under the IDRP.

The disputes process follows a set procedure, with the first stage allowing the complainant to ask the body who originally made the decision to review it, namely the individual employer or the administering authority. This must be done within six months of the date of the notification of the decision or the act or omission of the complaint (or such longer period as the adjudicator considers reasonable). Where the complainant remains dissatisfied with the outcome of stage 1, they may refer the complaint to the administering authority for reconsideration under stage 2 of the appeals process. The administering authority has a stage 2 adjudicator who will re-examine the case.

Should the complainant remain dissatisfied after the stage 2 outcome, they may refer the complaint or dispute to the Pensions Ombudsman for determination.

The Internal Disputes Resolution Procedure guidance and forms are available from the Fund and on the website: [www.avonpensionfund.org.uk/need-know/help-pension-problems](http://www.avonpensionfund.org.uk/need-know/help-pension-problems)

## Where to get outside advice and help?

- **MoneyHelper** gives independent and impartial information about pensions, free of charge, to the public. MoneyHelper is available to assist members and beneficiaries of the Scheme with any pension query. [moneyhelper.org.uk](http://moneyhelper.org.uk)
- **Money & Pensions Service:**
  - Bedford Borough Hall, 138 Cauldwell Street, Bedford, MK42 9AP.
  - Pensions helpline is 0800 011 3797

## Pensions Ombudsman

- In cases where a dispute has not been resolved through the Internal Disputes Resolution Procedure or with the Money & Pensions Service, an application can be made to the Pensions Ombudsman within 3 years of the event.
- The Ombudsman can investigate and determine any dispute involving maladministration of the scheme or matters of fact or law and their decision is final and binding (unless the case is taken through court on a point of law).
- Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)
- Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)
- Tel: 0800 917 4487

## Complaints & IDRPs cases 2023/2024

During the financial year the Fund received five complaints of which two went to stage 1 IDRPs. The number of formal IDRPs processed by the Fund totalled seven of which five were upheld. There were no applications under the stage 2 IDRPs process.

## LGPS policies and guidance for employers and members

The Fund website provides comprehensive details of how the LGPS works and its policies. These can be found at:

[www.avonpensionfund.org.uk/about-fund/how-avon-pension-fund-works](http://www.avonpensionfund.org.uk/about-fund/how-avon-pension-fund-works)

[www.avonpensionfund.org.uk/thinking-joining/your-local-government-pension](http://www.avonpensionfund.org.uk/thinking-joining/your-local-government-pension)

The Fund's employers' website gives LGPS policy details and guidance specifically for employers. These can be accessed at: [www.apfemployers.org.uk](http://www.apfemployers.org.uk)

## General Data Protection Regulations (GDPR)

The Fund takes protection of member data very seriously. The General Data Protection Regulations (GDPR) came into force in May 2018 changing how organisations process data, giving greater protection and rights to individuals.

LGPS funds require various pieces of personal data provided by both the individual member and their employer. To ensure GDPR compliance, every LGPS fund is required to publish a privacy notice setting out why certain data is held, the reason for processing the data, who they share the data with, and the period for which the data will be retained. Within the notice, members are also provided with information about their rights under the legislation. The Fund's privacy notice can be found here:

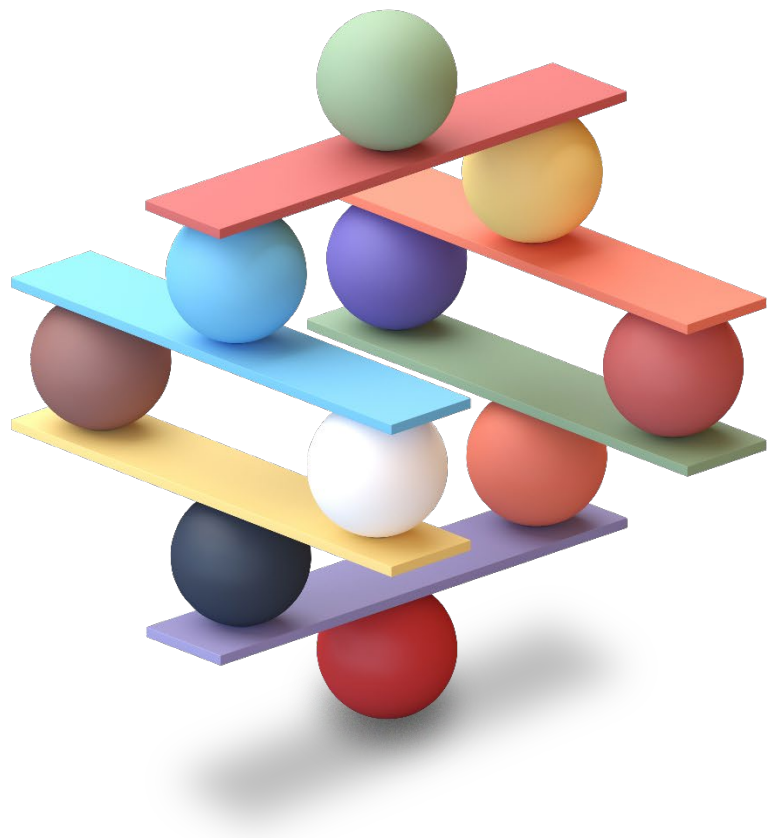
[www.avonpensionfund.org.uk/privacy-notice](http://www.avonpensionfund.org.uk/privacy-notice)

**7. Actuarial report on funds**



# Avon Pension Fund

## Accounts for the year ended 31 March 2024 – Statement by the Consulting Actuary

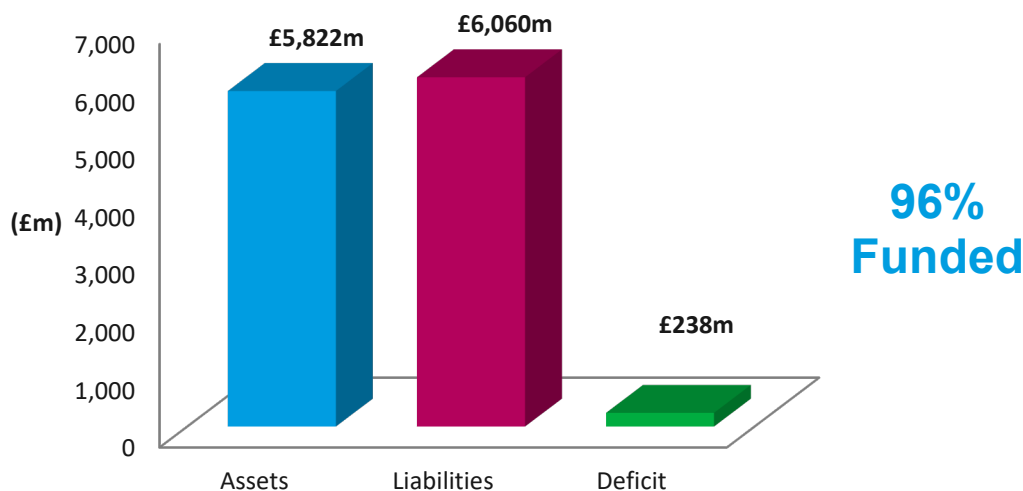


This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Avon Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £5,822 million represented 96% of the Fund's past service liabilities of £6,060 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £238 million.

Figure 1: The actuarial valuation and funding level as at 31 March 2022



The valuation also showed that a Primary contribution rate of 18.6% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus, it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.



The FSS sets out the process for determining the recovery plan in respect of each employer. At the actuarial valuation the average recovery period adopted was 12 years (for employers in surplus the period used depends on the individual employer circumstances), and the total initial recovery payment (the “Secondary rate”) for 2023/26 was an addition of approximately £33m per annum in £ terms in year 1, £15m in year 2 and £17m in year 3 (allowing for the contribution plans which have been set for individual employers under the provisions of the FSS).

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer’s position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

Figure 2: Actuarial assumptions used in the 2022 valuation

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
<b>Rate of return on investments (discount rate)</b>		
- Higher risk investment strategy	4.60% per annum	5.10% per annum
- Lower risk investment strategy	2.55% per annum	2.55% per annum
<b>Rate of pay increases (long term)*</b>		
- Higher risk investment strategy	4.60% per annum	4.60% per annum
- Lower risk investment strategy	5.10% per annum	5.10% per annum
<b>Rate of increases in pensions in payment (in excess of GMP)</b>		
- Higher risk investment strategy	3.10% per annum	3.10% per annum
- Lower risk investment strategy	3.60% per annum	3.60% per annum

\*allowance was also made for short-term public sector pay restraint over a 3 year period

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

**Paul Middleman**  
**Fellow of the Institute and**  
**Faculty of Actuaries**

**Mark Wilson**  
**Fellow of the Institute and**  
**Faculty of Actuaries**

**Mercer Limited**  
**May 2024**

## Appendix - additional considerations

**The “McCloud judgment”:** The figures above allow for the impact of the judgment based on the proposed remedy.

**GMP indexation:** The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

**Covid 19 / Ukraine / Gaza conflict:** The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

**High inflation over last two years** The period-end figures above allow for the impact of actual known CPI at the accounting date as noted above. The period-end assumptions then allow for expected (market implied) CPI from that point.

## **8. External audit opinion**

Independent auditor's statement to the members of Bath and North East Somerset Council on the Pension Fund financial statements of Avon Pension Fund included within the Pension Fund annual report.

### **Opinion**

We have examined the Pension Fund financial statements of Avon Pension Fund (the 'Pension Fund') for the year ended 31 March 2024 included within the Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement, and the notes to accounts, including the summary of significant accounting policies.

In our opinion, the Pension Fund financial statements included within the Pension Fund annual report are consistent, in all material respects, with the audited Pension Fund financial statements of Bath and North East Somerset Council for the year ended 31 March 2024 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

### **Respective responsibilities of the Executive Director - Resources and the auditor**

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Executive Director - Resources is responsible for the preparation of the Pension Fund's financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Our responsibility is to state to the members of Bath and North East Somerset Council our opinion on the consistency of the Pension Fund financial statements within the Pension Fund annual report with the financial statements of Bath and North East Somerset Council.

We also read the other information contained in the Pension Fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Pension Fund financial statements. The other information comprises the information included in the Pension Fund annual report, other than the Pension Fund financial statements and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of Bath and North East Somerset Council describes the basis of our opinion on those financial statements.

## Use of this auditor's statement

This statement is made solely to the members of Bath and North East Somerset Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Bath and North East Somerset Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bath and North East Somerset Council and the members of Bath and North East Somerset Council as a body, for our work, for this statement, or for the opinions we have formed.

*Beth Bowers*

Beth Bowers, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

27 November 2024

## 9. Glossary

Of terms used in the Annual Report.

### **Actuary**

An independent consultant who advises the Fund and reviews the financial position of the Fund every three years. The Actuary produces a report, known as the actuarial valuation report, which compares the Fund's assets with its liabilities and prescribes the rates at which the employing bodies must contribute.

### **Brunel Pension Partnership**

A partnership of 10 LGPS funds who pool the management of their investment assets. The individual funds will retain responsibility for setting investment strategy; Brunel Pension Partnership Ltd, a company owned by the 10 administering authorities implements the strategies on behalf of the funds. The funds in the partnership are: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire.

### **Consumer Price Index (CPI)**

CPI is a measure of inflation based on the change in the price of a fixed basket of goods and services. The difference between CPI and Retail Price Index (RPI) is that CPI excludes some items used in RPI such as mortgage interest payments and Council Tax, and includes other items not used in RPI.

### **Community Admission Bodies**

Bodies, which either have sufficient links with a Scheme employer, and provide a public service in the United Kingdom otherwise than for the purposes of gain or are approved by the Secretary of State for the purposes of admission to the Scheme; a body, other than the governors or managers of a voluntary school, to the funds of which a Scheme employer contributes. Such a body can become a member of the Avon Pension Fund subject to Pension Committee approval.

### **Corporate Bonds**

Fixed interest securities and index-linked securities issued by companies registered either in the UK or overseas. They represent 'loans' to the companies which are repayable on a stated future date (for definitions of 'fixed interest' and 'index-linked' see 'Fixed Interest Government Securities' and 'Index-linked Government Securities'). In annual accounts, these may be referred to as 'Sterling Bonds'.

### **Deferred Pension**

The pension benefit held in the Fund for a member who has ceased to contribute as a result of leaving employment or opting out of the pension scheme before retirement age.

A deferred pension may normally be claimed at any time between the ages of 55 and 75, but will be reduced if paid before the member's Normal Pension Age or increased if paid after.

## **Equities**

Ordinary shares in UK and overseas companies traded on a recognised stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

## **Fund Benchmark**

The Fund benchmark reflects the asset mix determined by the Fund. It is expressed in terms of asset proportions and market indices (e.g. 45% UK Equities invested in the FTSE-Actuaries All Share Index). On this basis a benchmark return can be calculated. The significance of this benchmark is that it represents 'normal fund policy'.

## **Guaranteed Minimum Pension**

The LGPS guarantees to pay you a pension that is at least as high as you would have earned had you not been contracted out of the State Earning Related Pension Scheme (SERPS) at any time between 6 April 1978 and 5 April 1997. This is called the Guaranteed Minimum Pension (GMP).

## **Hedge Funds**

Also known as 'absolute return funds', these funds have as their objective a performance target expressed as a margin above the return which can be achieved on cash deposits. The advantage of these funds is that they should achieve a positive return even when the stock market falls.

## **Independent Members**

Voting members of the Avon Pension Fund Committee who are not councillors and who have no political attachments. There are three such members on the Committee, appointed principally because of the financial/investment expertise which they have acquired in the course of their professional careers.

## **Indexed-Linked Government Securities**

Investments in government stocks (UK and overseas) where both the annual interest payment and the capital sum repayable by the government are adjusted to allow for inflation. Investments in government which are repayable on a stated future date.

## **Liability Risk Management Framework**

An approach to investing which seeks to match the cashflows generated by the pension payments in the future, by increasing the exposure to the factors that determine the value of those payments, namely market derived bond yields and inflation expectations.

Physical instruments, such as index linked bonds, or synthetic instruments, such as derivatives, can be used when implementing the strategy.

### **Local government**

The term local government in this document also covers police and fire civilian staff, a coroner, civil servants engaged in probation provision, a Mayoral development corporation, a conservation board, a valuation tribunal, a passenger transport authority, the Environment Agency, and non-teaching employees of an Academy employer, an Education Action Forum, a sixth form college corporation or a Further or Higher Education Corporation.

### **Market Value**

The price at which an investment can be bought or sold at a given date.

### **Passive Investing (Indexation)**

An investment strategy whereby the manager replicates an index in order to generate a rate of return in line with the index. The manager has no discretion over stock selection within the index. If it is a multi-asset portfolio, the asset proportions are prescribed within the mandate.

### **Pooled Funds**

Pooled Funds are funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units in the fund which are revalued at regular intervals. Income from these investments is normally reinvested in the pooled fund automatically which increases the value of the units.

### **Retail Price Index (RPI)**

A measure of the general level of inflation based on the change in the price of a fixed basket of goods and services, such as food, energy, petrol, travelling costs, mortgage interest payments and Council Tax.

### **Transferee Admission Bodies (Scope Body)**

A body that provides, by means of a contract, a service in connection with the exercise of a function of a Scheme employer, can become an admitted body within the Avon Pension Fund. The Scheme Employer transferring must act as guarantor for such bodies.

A glossary of pension terms is available on the Avon Pension Fund website:

[www.avonpensionfund.org.uk/glossary](http://www.avonpensionfund.org.uk/glossary)



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**Alternative formats of this document  
can be made available on request.**

