

Avon Pension Fund Annual Report 2021/22




Bath & North East
Somerset Council

lgps

Avon Pension Fund

Annual Report 2021/22

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1. FOREWORD

Welcome to the 2021/22 Annual Report for the Avon Pension Fund.

It was another challenging period as variants of Covid-19 came in waves throughout the year affecting our ability to deliver our service. By the end of the year, just as normality was being restored, we were confronted by the repercussions of the war in Ukraine. This geopolitical event has serious consequences for us all, most notably a cost-of-living crisis here in the UK. For a pension scheme whose pension benefits are indexed by inflation the current spike in inflation puts significant upward pressure on the liabilities and means our investment strategy has to work harder to achieve the real, after inflation, returns we require to fund those liabilities. During 2022/23 the triennial valuation and investment strategy review will focus on ensuring the funding strategy can achieve its objectives over the next 3-5 years against a difficult economic backdrop.

The Fund is, however, in a good place. We are now fully equipped to work in a hybrid way, both in the office and remotely. We will be returning to the office during 2022/23 which will assist enormously in developing and training staff as well as working together to execute the significant projects planned for the next couple of years. Our investment returns are still ahead of expectations which means the Fund is in a good position to deal with the impact of higher inflation on the pensions we pay to our pensioners and the transition of our assets to Brunel has successfully been completed. Pooling has so far achieved lower management fees compared to pre pooling fee rates, is enabling more efficient implementation of our investment strategy and has transferred much of the operational risk to Brunel. We are now discussing with them and our partner LGPS funds in the pool the strategic direction for the next 3-5 years now that the transition period is behind us.

The administration service has been particularly challenged over the last two years with remote working, exacerbated by high staff turnover. The Committee has approved a plan to fully digitalise the service and introduce a new operating model to support this transformation which will be completed over a two-year period. Work continues in preparation for a number of planned legislative changes, with key officer resource identified to manage projects to support the McCloud (age discrimination) remedy and the forthcoming introduction of the national Pensions Dashboards Project. Work has also been ongoing to support Avon Fire & Rescue Service with its implementation of Fire Pension Scheme Immediate Detriment process, pending the final McCloud remedy.

It has been a busy year for our Responsible Investing strategy. We issued our first Stewardship report that meets the requirements of the new 2022 Stewardship Code as well as our first Taskforce on Climate-related Financial Disclosures statement. New interim targets to reduce absolute carbon emissions by 2025 and 2030 were set for our equity portfolios. Lastly, we achieved our target to be 30% less carbon intensive across the equity portfolios two years earlier than planned.

We have listened to our stakeholders who want better and more informed communications from us. We asked members for their views on our Responsible Investment strategy and approach to climate risk in our first online member survey and launched an online magazine focusing on environmental, social and governance (ESG) issues relating to our investments.

Ahead of the 2022 valuation we have engaged with our employers to help shape the funding strategy, especially in respect of the affordability of contributions given the cost pressures they are all now facing. There will be more interaction with our employers as the valuation progresses during the latter half of 2022/23.

Given the continuingly difficult circumstances of the last year, I would like to thank the staff of Avon Pension Fund for providing an excellent level of service, and to the Committee for their wholehearted support for the Fund's officers.

Lastly, I would like to thank Tony Bartlett, Head of Pensions, who retired in May 2022 for his work over the years to ensure the Fund has had the resources and focus to provide an excellent service to members and other stakeholders alike. We wish him well in his retirement.

Councillor Paul Crossley

Chair of the Avon Pension Fund Committee

2. MANAGEMENT SUMMARY 2021/22

With Covid restrictions finally easing across the UK the sense of normality has been replaced by the disbelief over the situation in Ukraine and the worldwide repercussions this will have. The Fund will not be immune from this, as trade and asset values are impacted by sanctions and geopolitical tensions, but the Risk Management Strategy, which was further strengthened during the past year, should provide some protection to significant falls in asset prices and rising inflation. More importantly is the medium to long term outlook which will play into the 2022 valuation and investment strategy review which now looks to be far more challenging, with increasing concerns around inflationary impacts.

Operationally the Fund has had mixed success during the Covid isolation period with the Investment Strategy able to move ahead more easily completing the transition of assets to Brunel, expansion into private markets and renewables whilst making significant moves to combat climate change. The administration service however continues to face a number of challenges to manage business objectives with a combination of staff turnover and difficult operating conditions impacting performance, but there are positive signs this has now turned a corner particularly with teams now able to operate more frequently in an office environment.

SERVICE PLAN 2022-25

Our forward looking 3 year Service Plan sets out the Pension Fund's objectives and priorities with a budget that supports the objectives and actions arising from the plan. The focus is the digital transformation project given the need to adapt to a more flexible and remote working environment, addressing the climate emergency and managing employer risk. Specifically:

- i. Development and implementation of fully digitalised services to members and employers to increase operational efficiency and capacity.
- ii. Reviewing the administration strategy to reflect digital transformation and the introduction of a new administration operating model.
- iii. Reviewing the investment strategy in line with the 2022 valuation so that we can deliver the investment return required to target fully funded position. This will include reviewing our climate targets and risk management strategies.
- iv. Monitor the performance of Brunel and their portfolios, ensuring the Fund's strategic objectives are being delivered.
- v. Complete the 2022 triennial valuation, setting contribution plans that balance solvency for the Fund and affordability for employers.
- vi. Implementation of funding policies that enable greater flexibility in managing employer risk and scheme employer exits
- vii. Development of broader stakeholder communications especially around the investment strategy and climate change.
- viii. Review the Fund's governance and training arrangements so that the Fund complies with the recommendations from the SAB's Good Governance Review.
- ix. Promote staff training and wellbeing; ensure sufficient resources and capacity are in place to deal with the increased administration and to support digitalisation.

INVESTMENTS

Significant progress was made during the year to prepare for the next strategic review that sets the asset allocation for the following 3-5 years as follows:

- a) Increased the alignment to the net zero transition by switching from the passive Low Carbon Equity portfolio to the new Brunel Paris Aligned portfolio and exiting the dedicated Emerging Market Equity portfolio.
- b) New intermediate climate targets to reduce the absolute emissions of the equity portfolio by 43% by 2025 and 69% by 2030 (versus 2020 baseline); these provide clear milestones during the transition period for the Fund to achieve net zero by 2050.
- c) Published our 1st TCFD statement in 2021 demonstrating our commitment to reducing our carbon exposure.
- d) Restructured the Equity Protection Strategy for it to adapt to evolving market conditions, thus removing timing risk and reducing the governance burden.
- e) Created a Funding and Risk Management Group to provide a more robust and efficient governance framework for the Investment Risk Management Strategies.
- f) We increased scheme member communications with a short animation focussing on our climate policy and member survey on Responsible Investing
- g) Lastly, but very importantly, the Fund completed the transition of our assets to Brunel.

During the year the value of the Fund's assets increased by £525 million (+10%) to £5,826 million at 31 March 2022 as markets recovered from the impact of the pandemic. The return over the last three years was 6.5% per annum which is in line with the funding plan.

The review of the equity portfolios resulted in a small increase in equity allocation and switching the emerging markets allocation into the global sustainable and global high alpha portfolios operated by Brunel. The Fund also switched the legacy passive low carbon equities into a newly launched Brunel passive Paris-aligned fund. Overall this increases the Fund's alignment to net zero and sustainable opportunities.

We continue to make progress on reducing the carbon exposure of the Fund. Whilst the changes to the equity allocations reduced the overall footprint, importantly the individual equity portfolios all exhibit a lower Weight Average Carbon Intensity than their benchmarks, even as the benchmark levels are declining. This demonstrates that engagement at the company level and selecting managers that robustly incorporate all financial risks into their decisions is having a positive impact.

The transition of the Multi Asset Credit assets in 2021 into Brunel marked the completion of the transition. Brunel now manage over 83% (or £4.9 billion) of the Fund's assets including liquid alternatives, listed equities, risk management strategies and private markets portfolios. The residual legacy assets will be wound down over time and the proceeds invested in Brunel portfolios where they meet our investment objectives.

POOLING OF ASSETS

Since 2018 the Fund has been participating in the Brunel Pension Partnership, a collaboration of 10 LGPS funds. The objective of pooling is to generate cost savings from investment fees and provide more efficient management of the investment assets to enhance returns.

Under this arrangement, the Committee retains responsibility for setting our investment strategy, as well as the funding and administration strategies. Brunel is responsible for ensuring each fund within the pool can implement its bespoke investment strategy via a suite of portfolios.

One of our key strategies manages our climate risk in terms of capital protection, aligning our assets to the transition to a low carbon economy and using our influence as a shareholder to engage with policymakers and companies to ensure the economic and regulatory framework and corporate strategies are aligned to the transition. Brunel is crucial in delivering this strategy and is currently undertaking a review of its 2020 Climate Policy to set in train the work that needs to be progressed over the next 3-5 years if its clients are to achieve their financial and climate goals.

Included in this Annual Report is a summary of the costs of pooling and the savings achieved to date. This is updated annually in line with regulatory guidance and includes the savings against the assumptions in the 2016 Business Case. In 2021/22 fee savings were achieved on the assets that transferred. In the year the Fund achieved fee savings of £6.1million and cumulative fee saving to date of £11.7 million. This is higher than the original business case due to greater savings on fee rates charged and higher asset values than in the original business case for pooling.

FUNDING STRATEGY

The last actuarial valuation was in 2019 which projected a deficit of £284m and a funding level of 96%. Despite increased volatility in the markets at the end of March 2022 the funding position rose over the year to c 100%.

The interim valuation at 31 March 2021 indicated a relatively benign outcome for the 2022 valuation. However, rising inflation, further stoked by the war in Ukraine, means the current outlook for asset returns and inflation have deteriorated, putting slightly more pressure on the valuation. Given the impact of the pandemic and rising costs on the scheme employers, affordability of pension costs will be a key consideration in managing financial risk for both employers and the Fund at the 2022 valuation.

PENSIONS ADMINISTRATION

With Covid restrictions remaining in place through much of 2021, prioritisation continued to focus on critical processes to support scheme members in the ongoing payment of pensioner and dependent benefits and the processing of retirement and death cases.

Collaboration across the service and with scheme employers ensured the Fund continued to meet its statutory and regulatory obligations including the timely provision of member Annual Benefit Statements and Pensions Savings Statements by the required due date.

During the year a number of key projects have been ongoing in addition to new projects set up to manage further legislative and regulatory challenges emerging during the year:

- I. McCloud/Sargeant (Age discrimination) – Ongoing Project team with additional temporary resource to undertake specific data gathering exercise pending regulatory changes and implementation of McCloud remedy expected from October 2023.
- II. Pensions Dashboards Programme – Ongoing project in place with key officer resource to ensure the Fund's compliance with the onboarding of the PDP. Regulations are pending and the deadline for all LGPS data providers to connect to the Dashboard Ecosystem is 30th September 2024.
- III. Fire Pension Scheme Immediate Detriment (McCloud/Sargeant (Age discrimination) – Ongoing work to support Avon Fire Authority in the provision of alternative retirement options to affected Fire Pension Scheme members under the agreed Immediate Detriment process, pending the final McCloud remedy.
- IV. Member digital engagement – Communications & Marketing team completed project work to enable secure access to digital online Annual Benefit Statements for deferred members. The

project is ongoing and will be further developed to capture active members as part of the 2022 exercise.

Administration Strategy

Whilst the Fund has continued to maintain services, enabling almost all activity to be undertaken remotely and online during the past two years, several developments have struggled to gain traction.

The existing Administration Strategy reflects an evolutionary approach to digital enablement with a number of long term projects ongoing; the dramatic change in circumstances is now challenging this approach and rather demanding a revolutionary step change in digital services and functionality; whilst the market offer will continue to be developed in this area, the specialist nature of pensions means there is still likely to be a gap between requirements and available products which could be expensive to bridge.

Running alongside the growing digital challenge is an equally demanding management challenge. “Health & Wellbeing” is now at the top of the agenda but the supporting cast of training and development, performance management, communications, security, relationship management and cultural development are becoming co-starring roles and need considerable attention as the service moves into the brave new world.

To respond to these challenges the Fund will prepare a revised Administration Strategy during 2022/23 which will include a number of key investments to kick start some of the work as Strategy development takes place. These include: -

- Implement new operating model including service delivery developments, revised structure and roles to support transformation
- Review communications strategy to reflect direction of travel
- Develop control framework to provide oversight and governance

The Pension Board will undertake to assist the Fund in the implementation of the Administration Strategy, making recommendations to the Committee as necessary.

GOVERNANCE

The Scheme Advisory Board’s (SAB) Good Governance review has set out several recommendations which would improve the Governance of the LGPS. In 2021/22 the Fund reviewed its governance arrangements against the recommendations and put in place an action plan to address aspects where its arrangements or policies could be improved. These include the development of a Fund specific Conflicts of Interest Policy, Representation Policy and Training Policy. The Fund has also adopted the Hyman’s LGPS Learning Academy to complement the training offered to Committee & Pension Board members as well as officers.

The Pension Regulator (TPR) is expected to publish its Single Code of Practice later in 2022 with new modules covering cyber security, transfers and scams of particular note. The Fund is currently undertaking a review of its position against the new code and particularly in regard to cyber security.

Local Pension Board (LPB)

The Pension Board has continued to focus on the Fund's operational arrangements as the post Covid new normal saw services delivered in a mixed environment of virtual and office working. The Board has challenged officers over key performance indicators with a view to ensuring that the Fund delivered a good service to members and employers whilst considering the wellbeing of staff and acknowledging the challenges the Fund faces with ongoing recruitment.

It also reviewed a wide range of LGPS regulations, governance requirements and received regular updates on its pooling arrangements with the Brunel Pensions Partnership. Of particular note it reviewed key issues around data quality for both the McCloud remedy and the introduction of the Pensions Dashboard, as well as the Fund's plan for the implementation of the SAB's Good Governance Review.

A review of all the Fund's statutory annual requirements was carried out, covering the year end process, issue of annual benefit statements and pension savings statements. It also had a more detailed look at the risk register and the breaches log and made recommendations as appropriate.

The Board welcomed an update on the proposed three-year service plan including more detailed plans for a revised operating model to deliver the Fund's digital transformation project.

Looking ahead the LPB will continue to assist and support the APF and will be particularly looking at how the Fund implements the requirements of the Good Governance review and the Pension Regulator's single code of practice. Following the introduction of Hymans' LGPS Online Learning Academy, Pension Board members have started to study modules to improve their understanding of various topics discussed at meetings.

It has also asked for regular updates as the Fund implements the changes required to its operating model.

The LPB annual report is set out in Appendix A

2. GOVERNANCE AND MANAGEMENT STRUCTURE (as at 31 March 2022)

Administering Authority:	Bath & North East Somerset Council	https://beta.bathnes.gov.uk/
Members of the Avon Pension Fund Committee:		https://democracy.bathnes.gov.uk/mgCommitteeDetails.aspx?ID=212 avonpensionfund@bathnes.gov.uk
Councillor Paul Crossley (Chair)	Bath & North East Somerset Council	
Councillor Shaun Stephenson-McGall (Vice-Chair)	Bath & North East Somerset Council	
Councillor Chris Dando	Bath & North East Somerset Council	
Councillor Paul May	Bath & North East Somerset Council	
Councillor Bruce Shearn	Bath & North East Somerset Council	
Councillor Steve Pearce	Bristol City Council	
Councillor John Cato	North Somerset Council	
Councillor Toby Savage	South Gloucestershire Council	
William Liew	Higher & Further Education Representative	
Charles Gerrish	Academies Representative	
Wendy Weston	GMB	
Shirley Marsh	Independent Member	
Pauline Gordon	Independent Member	
John Finch	Independent Member	
Non-voting Members:		
Cllr John Goddard	Parish & Town Councils	
Mike Rumph	Unite	
Richard Orton	Unison	

Members of the Local Pension Board:		https://democracy.bathnes.gov.uk/mgCommitteeDetails.aspx?ID=563 Avon_PensionBoard@BATHNES.GOV.UK
Nick Weaver	Independent Chair	
Steve Harman	Employer Representative	
Tony Whitlock	Employer Representative	
Stuart Anstead	Employer Representative	
David Yorath	Member Representative	
Mark King	Member Representative	
Helen Ball	Member Representative	
Council Officers:		www.avonpensionfund.org.uk avonpensionfund@bathnes.gov.uk
Andy Rothery	Director of Finance	
Tony Bartlett	Service Director – Financial Control & Pensions	
Liz Woodyard	Group Manager – Funding, Investment & Risk	
Geoff Cleak	Pensions Manager	
Michael Hewitt	Head of Legal and Democratic Services	
External Auditor	Grant Thornton	www.grantthornton.co.uk
Asset Pool	Brunel Pension Partnership	www.brunelpensionpartnership.org info@brunelpp.org

Investment Managers:



Actuary:



Legal Advisor:



Bankers:



AVC Providers:



Investment Consultant:



Global Custodian:



Contact Details

Black Rock	Investment Managers	https://www.blackrock.com/uk
IFM	Investment Managers	https://www.ifminvestors.com/
J P Morgan	Investment Managers	https://www.jpmorgan.com/
Record	Investment Managers	https://www.recordcm.com/
Partners Group	Investment Managers	https://www.partnersgroup.com/en/
Schroders	Investment Managers	https://www.schroders.com/
Mercer	Actuary	https://www.mercer.com/
Osbourne Clarke	Legal Advisors	https://www.osborneclarke.com/locations/uk/bristol
Nat West	Bankers	https://www.natwest.com/
Aviva	AVC Provider	https://www.aviva.co.uk/
Equitable Life	AVC Provider	https://www.equitable.co.uk/
Mercer	Investment Consultant	https://www.mercer.com/

3. FUND GOVERNANCE

Avon Pension Fund Committee

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

The Council has delegated responsibility for the Fund to the Avon Pension Fund Committee (the Committee) which is the formal decision-making body for the Fund. The Committee's role is strategic in nature, setting policy framework and monitoring implementation and compliance within that framework. Due to the wide scope of the Committee's remit, it is supported by the Investment Panel (the Panel) which considers the investment strategy and investment performance in greater depth. The Committee has delegated authority to the Panel for specific investment decisions.

The Terms of Reference, agreed by the Council, for the Committee and Panel are set out on the Fund's website:

<https://www.avonpensionfund.org.uk/how-avon-pension-fund-works>

<https://www.avonpensionfund.org.uk/finance-and-investments>

The Committee meets formally each quarter. Due to ongoing Covid restrictions meetings continued to be held virtually where all members had the opportunity to take part in debate and put forward recommendations. A small quorate, face-to-face meeting subsequently took place where decisions were approved.

In May 2021 there were two changes to Committee members. Cllr Manda Rigby stood down from the Committee and Cllr Bruce Shearn stood down as Chair but continued as a committee member. The Committee was also pleased to welcome Cllr Paul Crossley as its new Chair.

Two workshops took place during the year. Our Investment Advisors, Mercer, presented an Equity Portfolio Review workshop to the Investment Panel and both Committee & Pension Board took part in a Funding Review workshop where our Actuary, Mercer presented the results of the interim valuation.

Further, the governance in respect of the dual accountability of Brunel Pension Partnership to the Council as Shareholder and the Fund as client is managed by a subgroup of the Committee overseeing this important relationship. It met as required during the year to discuss specific shareholder and client matters.

Table 4(a): Committee structure

Voting members <u>(14)</u> :	<ul style="list-style-type: none">• 5 elected members from Bath & North East Somerset Council• 1 elected member nominated from Bristol City Council, North Somerset Council & South Gloucestershire Council• 3 independent members• 1 nominated from the Higher/Further Education bodies• 1 nominated from Academy bodies• 1 nominated by the Trades Unions
Non-voting members (3):	<ul style="list-style-type: none">• 1 nominated from the Town & Parish Councils• 2 nominated from the Trades Unions

Investment Panel

The Committee is supported by an Investment Panel which considers the investment strategy and investment performance in greater depth. The Committee has delegated authority to the Panel for specific investment decisions; strategic issues are referred to the Committee. The Panel consists of up to six voting members of the Committee.

The Panel met formally four times during the year and met with selected managers at dedicated workshops where managers presented on their performance and outlook for their portfolio.

The Committee is supported by a number of external advisors; Mercer Limited advised on all actuarial and investment aspects of the Fund (under separate contracts); Osborne Clarke provided legal advice on investment and funding issues.

The Committee, Fund Officers, external advisors, Fund Managers and administrators all operate in accordance with the relevant regulations namely the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, CIPFA Codes and TPR Codes of Practice.

Table 4(b): Committee and Panel membership and attendance record (as at 31 March 2022)
Attendance includes virtual and face-to-face meetings

	Committee Meetings				Panel Meetings			
	June 2021	Sept 2021	Dec 2021	Mar 2022	May 2021	Sept 21	Nov 2021	Feb 2022
Paul Crossley	✓	✓	✓	✓	✓	✓	✓	X
Bruce Shearn	✓	✓	✓	✓				
Shaun McGall	✓	✓	✓	✓	✓	✓	✓	✓
Chris Dando	✓	✓	✓	✓	✓	✓	✓	✓
Paul May	X	✓	✓	✓				
Steve Pearce	✓	✓	✓	✓				
John Cato	✓	✓	X	✓				
Toby Savage	✓	✓	✓	X				
William Liew	✓	✓	✓	✓				
Charles Gerrish	✓	✓	✓	✓				
Wendy Weston	✓	X	✓	✓				
Shirley Marsh	✓	✓	✓	✓	✓	✓	✓	✓
Pauline Gordon	✓	✓	✓	✓	✓	✓	✓	✓
John Finch	✓	✓	✓	✓	✓	✓	✓	✓
John Goddard	✓	X	✓	X				
Mike Rumph	✓	X	X	X				
Richard Orton	✓	✓	✓	✓				

Local Pension Board (LPB)

The Board was established in 2015 arising from the Public Sector Pension Act 2013 and Local Government Pension Scheme (Governance) Regulations 2015.

The purpose of the Board is to assist the administering authority of the Fund to secure compliance with the LGPS regulations and requirements of TPR and ensure efficient and effective governance and administration of the fund.

During the year two new board members were recruited. Following Peter Solman's retirement the Board welcomed Stuart Anstead as its new Employer representative. Mark King's term ends on 30 April 2022 when Alison Wyatt will start as a new member representative.

The Terms of Reference for the LPB are set out on the Fund's website:

<https://www.avonpensionfund.org.uk/pension-board>

Table 4(c): Avon Pension Board membership and attendance record (as at 31 March 2022)

Local Pension Board Meetings				
	May 2021	Sept 2021	Nov 2021	March 2022
Nick Weaver	✓	✓	✓	✓
Steve Harman	✓	✓	✓	X
Tony Whitlock	✓	✓	X	X
Peter Sloman	✓	✓	n/a	n/a
David Yorath	✓	✓	✓	X
Mark King	✓	✓	X	✓
Helen Ball	✓	✓	✓	X
Stuart Anstead	n/a	n/a	✓	✓

Training

The administering authority recognises the importance of training, both for Committee, LPB and Fund staff responsible for financial management and decision making within the Fund. Training is provided to ensure committee members, LPB and staff, 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 monitor implementation; and
- 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 in place a formal training framework which is based on CIPFA's (Chartered Institute of Public Finance and Accounting) Knowledge and Skills Framework for LGPS funds. This framework is used to assess the training needs and draw up the annual training plan.

Following the additional knowledge & skills requirements expected to be introduced in the SAB's Good Governance review, the Fund has adopted Hymans Robertson's LGPS Online Learning Academy. The completion of modules is recommended to Committee & Pension Board members as well as senior officers in preparation for upcoming meeting agenda items.

Committee Training

Committee training is delivered in a variety of formats, reflecting the strategic importance of the subject matter to the Committee's agenda and the differing level of knowledge and understanding across the Committee. Much of the training is delivered through detailed committee reports and workshops where the topic is explored in greater detail.

In addition, Committee members and staff are encouraged to attend seminars and conferences which broaden their understanding of investments and topics of relevance to the LGPS. New Committee members are encouraged to attend the Fundamentals Training Courses offered by the Local Government Pension Committee and induction sessions arranged by officers as well as TPR's public sector pension online toolkit and from this year, Hyman's LGPS Online Learning Academy. Officers' annual performance review identifies any training needs as well as monitoring individual performance against objectives.

Table 4(d): Training provided in 2021/22

Topic	Delivered by:
Governance	
Legal responsibility of Committee and Officers Governance & assurance framework Administration Strategy Investment Regulations	<ul style="list-style-type: none"> - Committee reports monitoring administration performance of Fund and employers - Committee reports for audited accounts and governance - Committee reports detailing strategy - External online conferences/training courses - Brunel Engagement Day - Committee reports on pooling of investments - Committee reports on Investment Strategy Statement - Quarterly Committee reports updating on legislation and consultations - Hyman's LGPS Online Academy
Employer and Funding risks	
Admitted bodies Employer risks Funding level/solvency	<ul style="list-style-type: none"> - Interim Valuation Workshop - Committee reports provide funding position update - Hyman's LGPS Online Academy
Investment Strategy	
Asset Allocation Performance monitoring Investment manager monitoring Stewardship activities Responsible investing policy	<ul style="list-style-type: none"> - Quarterly Committee & Panel reports review investment strategy and performance - Quarterly Investment Panel Risk Management report - Annual report on Responsible Investing and voting activity - Statement of compliance with FRC Stewardship code. - External online conferences & seminars - Manager meetings with the Investment Panel

	<ul style="list-style-type: none"> - Equity Portfolio Review Workshop - Hymans LGPS Online Academy
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Table 4(e): Training provided externally 2021/022

Training	Attendees
LAPFF business meeting	Richard Orton, Shaun McGall & Steve Pearce
Fundamentals course 2021	Paul Crossley, Charles Gerrish & Toby Savage
Brunel Engagement Days	John Cato, Charles Gerrish, Shirley Marsh, Pauline Gordon, Richard Orton,
PLSA Conference	John Cato, Charles Gerrish, Shirley Marsh & John Finch
PLSA ESG Conference	John Cato & Charles Gerrish
Governance Conference	Paul Crossley, William Liew & Toby Savage

Local Pension Board Training

During the year, on-going technical training was provided to LPB members by officers or advisors to the Fund on a full range of topics covering the LGPS framework and TPR requirements.

Due to Covid-19 restrictions all meetings and training took place remotely. The Interim Valuation workshop held in December for the Committee was attended by several Pension Board members. Induction training was also carried out for the two new Pension Board members.

The LPB training plan is a topic at each board meeting and there is now a plan in place for all members to complete the Hymans LGPS Online Training modules over the course of the year. All members also complete TPR's public sector pension toolkit.

Over the last year two members attended the PLSA Conference and one member attended the CIPFA Pension Board Annual Event.

Governance Compliance Statement

The Fund is required under the regulations to publish a Governance Compliance Statement which demonstrates the extent to which the Fund complies with best practices in pension fund governance. The Fund's latest statement was approved by the Committee in June 2022. The statement shows a high level of compliance with best practice and is summarised below.

The full Governance Compliance Statement can be obtained from the Fund's website

<https://www.avonpensionfund.org.uk/finance-and-investments>

Table 4(f): Governance Compliance

Principle	Compliance status	Comment
<i>Governance structure</i>	Compliant	The decision-making structure is clearly defined. It includes the Committee, Investment Panel, Pension Board and the Fund's representation on the Brunel Pension Partnership Oversight Board.
<i>Representation</i>	Partial Compliance	There is broad representation of employers and scheme members on the Committee. However, admitted bodies are not represented as it is difficult to have meaningful representation from such a diverse group of employers.
<i>Selection / Role of lay members</i>	Compliant	The roles and responsibilities of all members are set out in a Job Description.
<i>Voting</i>	Compliant	There is a clear policy on voting rights which has been extended to employer and member representatives.
<i>Training / Facility time / Expenses</i>	Compliant	There is a clear policy on training. The Fund pays all approved training costs for all members. The training plan reflects the needs of the committee agenda. A training log is maintained.
<i>Meetings</i>	Compliant	Formal meetings are held quarterly, and lay members are included in the formal arrangements.
<i>Access</i>	Compliant	All members have equal access to meeting papers and advice.
<i>Scope</i>	Compliant	The terms of reference include all aspects of investments, funding, benefits administration and admissions to the Fund.
<i>Publicity</i>	Compliant	All statutory documents are made available to the public.

4. RISK MANAGEMENT

The Committee is responsible for ensuring that there is an adequate risk management framework in place to ensure compliance with the regulations and to address the risks faced by the Fund. The Investment Panel strengthens the risk management process with regard to investment issues.

The Fund's approach to risk management is to manage risk rather than eliminate it entirely. Risk is identified and managed as follows:

The Risk Register

The Fund's Risk Register identifies the governance, operational, funding and investment risks that the Fund is exposed to and, having evaluated the financial and operational impact of the risk on the Fund's objectives, states the actions taken to mitigate and effectively manage the risk.

There is a process in place to identify, evaluate and implement processes or controls to mitigate risks and record them on the risk register. The register is reviewed regularly by the management team and is reported quarterly to the Committee. Table 8 shows a summary of the Top 10 material risks from the Risk Register.

Internal Control Framework

Internal controls and processes are in place to manage administration, financial and other operational risks. The Council's Internal Audit annually assesses the processes in place within the Fund 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 two audits of the Fund's internal processes as follows:

Audit	Assurance level
Pensions Payroll	4 = Good
TPR Code of Practice 14 – maintaining contributions & member information	4 = Good

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.

Financial Management Risk

The Fund operates within the Council's financial framework with segregation of duties to ensure an effective control structure. A key financial risk is the non-payment of contributions by employers. The regulations provide a sanction for late payments. Processes are in place to ensure that contributions are reconciled regularly, and late payers are reported to the Committee.

The Fund has a separate bank account from the Council's to ensure transparency and accountability of the banking arrangements. Management of the Fund's cash balance is delegated to the Council's

Treasury Management Team who manages the cash separately from the Council's cash. The Fund has its own Treasury Management Policy.

Investment Risk

The investment decision-making process, supported by expert advice, is designed to ensure investment risks are kept to the minimum necessary to achieve 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.

Investments by their very nature expose the Fund to varying degrees of risk, including market, interest rate, foreign currency, credit and liquidity risks. The Fund also has a Responsible Investing policy in which it considers environmental, social and governance (ESG) issues including the considerable risk of climate change. Such risks are managed through the diversification of assets, how the assets are invested and by managers. The Investment Strategy is reviewed periodically after the triennial valuation. with the next review planned for winter 2022/23.

In between strategic reviews, the Committee and Investment 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. Other expert or specialist advice, such as tax or legal advice, is commissioned as required.

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

The Fund is a member of the Brunel Pension Partnership to pool its investment assets. An FCA authorised company ("Brunel") manages the assets for the LGPS funds within the pool. The strategic decisions such as asset allocation remain with the Committee; Brunel implements the Fund's strategy. Brunel's control environment is monitored by the Fund and other LGPS funds participating in the pool.

Periodically events such as the pandemic or geo-political risks such as the Ukraine war increases investment risk, either for the immediate future or over the longer term. Such events are managed in the same way as other investment risks, through careful monitoring a consideration of the financial impact over the long term. As a pension fund with a long-term horizon, the Fund can withstand volatility in investment markets over shorter time frames due to its diverse investment strategy. The strategy will be adjusted if the long-term investment objective is at risk of not being achieved via the current asset allocation.

Funding Risk

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

The potential insolvency of scheme employers, leaving outstanding liabilities in the Fund, is a significant financial risk. The regulations now 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 the scheme employers and takes this into account when setting contribution rates and funding plans.

A key risk for employers is that the employer contribution rate is incorrectly calculated due to inaccurate membership information held by the Fund. The Employer Services Team reconciles the membership data to identify and resolve data queries with employers.

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 that arise when early retirements are awarded under the ill-health regulations.

Some funding risks can be mitigated by the investment strategy. The funding and investment strategies focus on the expected real returns from the assets, thus slightly mitigating the effect of inflation on the value of the pension liabilities. The Fund has implemented a liability management framework which increases the liability “protection” within the investment strategy.

Benefits Administration Risk

These risks relate mainly to the inability of the Fund to meet its obligations and pay benefits accurately and on time as agreed with employers or under statute. The main risks are:

- non or late payment of members’ benefits
- incorrect calculation of benefits
- breach of Data Protection Regulations
- non-compliance with TPR codes
- failure to comply with Freedom of Information Act requests and Disclosure of Information requirements.

All the above could lead to adverse publicity, loss of reputation and ultimately statutory fines. In addition, the Fund is dependent on a sole supplier of pension administration software. There are processes in place to mitigate administration risks, as identified in the Risk Register.

The recruitment and retention of staff has continued to be challenging with several roles remaining vacant especially within the Technical & Compliance area. Support from external advisors has been commissioned to mitigate the risk.

Training

As the body responsible for the Fund, Committee members are required to attain a level of knowledge about pensions, investment and funding strategies sufficient to carry out their duties effectively. Specifically, they must be able to challenge and understand the advice provided when making decisions or scrutinising processes. To facilitate this, training is provided to members based on the Committee’s workplan. The Committee and Officers are advised by an Investment Consultant on all strategic issues prior to decisions being taken.

The legal requirement for the LPB is that members must be conversant with the rules of the LGPS and any document recording policy about the administration of the fund. This is implied as a working knowledge so that members are aware of which legislation/policies to refer to when carrying out their role. During the year on-going technical training is provided to LPB members by officers or advisors to the Fund on a full range of topics covering the LGPS framework and TPR requirements.

Business Continuity

A Business Continuity Plan is in place primarily to deal with “disaster recovery” and includes contingency measures. 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 annually.

A risk was added to the register in May 2020 to reflect the difficulties for the Fund in sustaining homeworking arrangements during the Pandemic. Although the situation continues to be monitored it is no longer considered a high risk, with all staff now able to work flexibly.

Pensions Dashboard

A new risk was added to the register to represent the risk to the Fund of not being ready for the implementation of the Pensions Dashboard. The Fund will be in breach of the regulations if it is not able to go live by the completion date, likely to be October 2024.

Table 5(a) - Summary of Risk Register as at 31 March 2022

Risk	Impact	RAG	Trend	Mitigating Action
Recruitment of staff	Fund's ability to develop & implement service plan and administer the Fund		◀▶	Further recruitment required to fill several vacant posts. Technical & Compliance Advisor post remains unfilled. Mercer are providing technical support as required.
McCloud/Sargeant Judgements resulting in the extension of protections	Increase in workload on administration side and for scheme employers		◀▶	New LGPS regulations giving effect to the changes are expected to come into force on 1 April 2023 and be retrospective to 1 April 2014. Additional admin resource and reprioritisation of workload required to ensure implementation can be delivered.
Political Pressure to reform the scheme & direct investment decisions e.g., ESG	National decisions are not in best interests of the scheme		▲	Have good local governance but national decisions could impact e.g., ability of Secretary of State to direct investments, levelling up agenda. Brunel will begin to divest from all Russian controlled and owned assets, bonds and equities as well as prohibiting any new investments to Russian assets.
Failure to earn investment returns	scheme cannot meet liabilities; employer contributions could rise		▲	In response to the developing Russia / Ukraine crisis Brunel have stated that sanctions expected to have a negative impact on asset markets. • Agreement by Panel/Committee in Sept to exit emerging markets allocation due to the financial risk posed by climate change in the region. Advice commissioned to ensure expected investment returns not impacted by decision. • Sept FRMG discussed indicative changes to inv. strategy that would see risk/return increase to help support current valuation assumptions: agreed to adopt 2.7% reduction in contributions, aligned to a 25bps decrease in the discount rate and to maintain current inv. strategy and review as part of broader Investment Strategy review next year.

Deterioration in financial stability of employers (employer Covenants)	Employers not able to meet their liabilities impact on rest of Fund		◀▶	Ongoing Covenant Review of employers identified as high risk. Deferred Debt Arrangement policy is in place.
Increase in employers	Increased resources needed to support more employers		◀▶	A review of resources & processes will be picked up with Digital Transformation review.
Climate Change Emergency	Significant financial risk to the value of the investment assets		◀▶	Higher allocation to climate positive investments. Additional measures to be undertaken on an annual basis to assess portfolios alignment with net zero and interim decarbonisation targets.
Implementation of changes arising from scheme cost cap mechanism	Additional burden on administration. Awareness of members & employers		◀▶	SAB agreed that the LGPS cost cap arrangement should be un-paused in the same way as the HMT arrangement, but no action should be taken until the HMT Direction, on how McCloud costs are to be considered, is published early next year along with the final remedy details.
i-Connect data from employers	Incorrect member data on records and valuation of employer liabilities		◀▶	New tolerances in i-Connect will stop a load proceeding without the Fund's approval enabling loading to be handed back to some employers.
Inadequate knowledge of those charged with governance. Committee Members knowledge is impacted by re-election process. Failure to comply with statutory regulations	Delays in decision making for the Committee & Fund. Failure to meet MIFID & TPR regs		◀▶	Undertaken gap analysis with Hymans re Good Governance review. Hymans online learning will provide more structure to ensuring Committee, Board, officer knowledge and understanding. Training strategy policy & representation policy to be put in place as part of Good Governance review.
Failure to secure and manage personal data held by the Fund in line with Data Protection Regulations	Personal data is corrupted, compromised or illegally shared resulting in fines & reputational damage.		◀▶	Cyber security benchmarking exercise completed with AON and results analysed August 2021. More training for staff & better process notes being developed to identify SARs and data breaches.
Sustainability of working arrangements during Covid 19 outbreak	Unable to deliver service to members and employers		◀▶	Steps taken to mitigate the risk of Covid-19 impacting on the service as set out in our business continuity plan. Review of future working arrangements, admin strategy and digital transformation plans in place.

Brunel fails to deliver its objectives to clients in terms of service delivery	Affects the Fund's ability to achieve its own investment objectives and/or implementing its strategy		◀▶	Client assurance framework is in place providing detailed monitoring by Client Group and Brunel Oversight Board. Avon Panel monitors investment performance and related investment issues; Committee monitors overall service delivery, financial aspects, RI aspects and effectiveness of the governance framework. The Fund has Brunel Working Group to discuss any issues or emerging risks and to agree response to SRM/RMs
Disaster Recovery & Business Continuity	Fund is unable to operate, and members do not receive pension payments in time		◀▶	Business continuity plan currently being reviewed by Audit. An action plan is currently being developed.
Service delivery efficiency & customer service	Poor member outcomes		◀▶	New administration strategy being planned to improve the member experience. A campaign to extend email communications and take up of my pension online to a greater portion of the membership is planned.
Late / incorrect contributions from employers	Cashflow, employer funding position, TPR breach		◀▶	Monthly reconciliations of contributions continue to be undertaken. Late payers are also monitored and reported to committee/Pension Fund Manager.
Government plans to reform the LGPS e.g. The introduction of the exit payment cap	This will place an additional burden on the administration resource		◀▶	Department for Levelling Up, Housing and Communities (DLUHC) requested data on exit payments, which will be used to inform delivery of the Government's policy to end excessively high exit payments in the public sector.

6. PENSIONS ADMINISTRATION AND COMMUNICATIONS

How the service is delivered

The administration of the Fund is provided by Bath & North East Somerset Council. The pension service is split into two broad management areas: Pension Administration and Finance & Investments.

The **Pension Administration** team focuses on providing:

- pension calculations for members
- timely payment of benefits to its members
- accurate information about the fund
- management and processing of membership data from scheme employers
- support and training to employer organizations in the scheme

The **Finance & Investments** team focuses on:

- the investment, actuarial and financial aspects of the Fund
- implementing and monitoring compliance with the Fund's Investment Strategy
- managing the triennial actuarial valuation and liaising with employers on actuarial issues and outsourcing of services
- managing the Fund's accounts

The administration team also provides **members** with:

- An ABS, outlining their current pension benefits, sent by 31 August (each year for 'active' and 'deferred' members)
- If applicable, a pension savings statement detailing any potential member tax charges
- Regular newsletters (often sent with the ABS to save costs) outlining pension topics and any law/regulation changes (at least once a year, and within three months of any regulation changes)
- A member website and secure online portal - **my pension online** (member self-service) - so members can access their pension account online at any time
- A secure digital member tracing and ID checking facility mitigating the requirement for certificates to be sent by post.
- Telephone and email enquiries access
- Face-to-face 'pension clinics' where members can discuss pension enquiries.

These are all outlined in detail within the Communications Policy Statement set out on the Fund's website: <https://www.avonpensionfund.org.uk/pensions-administration>

Pensions Administration Strategy

The Administration Strategy sets out how the administering authority and scheme employers will work together to provide an improving quality level of service to Fund members. The strategy ensures the Fund can continue to deliver a high-quality pension service at a time when the operating environment is becoming more complex. The employer base has fragmented, especially with the creation of academies and the outsourcing of services and furthermore the increase in the number of third-party HR and payroll providers.

The latest Strategy was updated in March 2019 and in force from November 2019.

The key objectives of this strategy are to ensure that:

- a) The Fund and scheme employers are aware of and understand their respective roles and responsibilities under the LGPS Regulations and in the delivery of administrative functions (largely defined in the Service Level Agreement (SLA)).
- b) The Fund operates in accordance with LGPS regulations and is aligned with TPR in demonstrating compliance and scheme governance.
- c) New or prospective scheme employers receive information and support before entering into an outsourcing or TUPE arrangement, factsheets are available on our main website.
- d) Communication processes are in place to enable both the Fund and Employers to proactively and responsively engage with each other and other partners.
- e) Accurate records are maintained for the purpose of calculating pensions entitlements and Employer liabilities, ensuring all information and data is communicated accurately, timely and in a secure and compliant manner.
- f) The Fund and scheme employers have appropriate skills, and that guidance/training is in place to deliver a high-quality service and effectively contribute to the changing pensions agenda.
- g) Standards are set and monitored for the delivery of specified activities in accordance with Regulations and minimum standards as set out in the SLA.
- h) In accordance with the strategy employers are fined for late payment of contributions as well as inaccurate or late year end returns and disproportionate work.
- i) Administrative services are developed and delivered digitally as outlined in the ICT Strategy, in order to streamline processes and maximise efficient use of resources.

New in 2021/22 was the roll out of a discretions tool to support all employers in the completion of their discretions policy, this tool is available on the funds employer website.

The Pensions Administration Strategy is set out on the Fund's website:

<https://www.avonpensionfund.org.uk/sites/default/files/AS-20220712.pdf>

Greater use of technology

The Fund uses technology to improve the accuracy and flow of data across all aspects of the Fund and to improve communications with members and employers. One of the Fund's key objectives is for all data to be received and sent electronically between the Fund and employers.

Electronic communications delivery to members: The Fund is moving towards digital delivery of communications to members as a significant cost benefit over traditional postal delivery of hard-copy documents (ABS, newsletters etc). The Fund's ICT and Digital "Roadmap" Communications strategies both look to deliver more electronic communications, through development of **my pension online** and online services over the next three years.

Self-service facilities: My pension online is a member self-service facility which allows members access to their personal pension information, perform "what if" calculations, amend their contact details and update their expression of wish details. The Fund is currently working with its supplier to develop the platform to allow greater use as a communication channel between the fund and members.

In 2021 for the first-time, ABS were made available online for deferred members. In 2022 this facility was extended to active members, with the changes being communicated to members through newsletters and a bulk email campaign.

Electronic employer data submission (i-Connect): The Fund is rolling out monthly data submissions by all employers using the i-Connect middleware. Employers had been given a deadline of the end of 2020/21 by which their membership data must be submitted to the Fund electronically on a regular monthly basis. Due to the Covid-19 pandemic and restrictions with returning to the office this deadline has been extended to the end of 2022/23.

Websites: The Fund has two websites - one for members (www.avonpensionfund.org.uk) and one for employers (www.apfemployers.org.uk). Both are key access points for information and for self-service facilities. The Fund is in the preliminary stages of replacing the employers' website.

Newsletters and employer bulletins: Newsletters are currently posted to individual members. However, the Fund is moving to distribute newsletters electronically where possible. Cost savings to the Fund have already been achieved by combining postal communications. For example, one of the active member newsletters is included with the ABS.

Employers are kept up to date with Fund and national pensions-related issues through emailed bulletins, usually on a monthly basis.

Pension Communications

The Fund's communication aims are to:

- provide clear, relevant, accurate, accessible and timely information to all our audiences and stakeholders
- listen and respond appropriately to feedback we receive
- use plain language and avoid unnecessary jargon
- use communication channels which best fit the audience and the information being passed on
- be a more electronic communication-based Fund, utilising new communication technology (web, email and where appropriate social media)
- support members to enable them to make informed decisions about their pensions by making information available
- be compliant with all legislative requirements with regard to communicating with members, such as TPR and Pensions Board (PB).

The Communications Policy outlines the communications we provide to various audiences (our stakeholders, audiences and interested parties).

Chartered Institute of Public Finance & Accountancy (CIPFA) Benchmarking (Benefits Administration)

The Fund participates in the annual CIPFA Pensions Administration Benchmarking Club, which compares administration costs and performance indicators against other LGPS funds and against a group of funds of similar size. The results identify areas for improvement in the Service Plan, to understand the specific service pressures that the Fund faces and to help the Fund operate as efficiently and effectively as possible. It also provides an indication of relative operational costs.

The latest available report is for 2020/21 and details are highlighted in the tables below.

The Fund's own performance targets are set out in the SLA it has in place with employers, in many cases the Fund's own SLA targets are more challenging than the statutory legal deadlines. Regular SLA review meetings are held with the unitary authorities and with other employing bodies as required.

Value for money statement

The fund is committed to achieving and enhancing value for money and to make the administration of the scheme as efficient and cost effective as possible.

The CIPFA benchmarking data from 2020/21 (the latest available) highlights the Fund's comparative performance in key cost areas, as shown below. All demonstrate the Fund's positive cost performance when compared with national averages.

Table 6(a): Costs and financial indicators (2020/21)

LGPS Costs

Costs per FTE	2019/20	2020/21
Net admin cost per FTE £'000	55.7	47.8
National Average £'000	69.4	135.9
Members per FTE	2,306	2,006
National Average	2,781	3,038

Costs per member	2019/20	2020/21
Investment Management Expenses		
Total Cost £'000	26,943	19,388
Cost per member	221.66	154.85
National Average £	232.11	268.63
Administration Costs		
Total Cost £'000	2,408	2,456
Cost per member	19.81	19.62
National Average £	20.16	31.90
Oversight & Governance Costs		
Total cost £'000	1,752	1,840
Cost per member	14.41	14.70
National Average £	15.55	15.63
Total Costs £'000	31,103	23,684
Total cost per member £	255.88	189.17
Total National Average £	267.82	316.16

Data quality

Since the introduction of TPR's Code of Practice 2014 and Record Keeping Regulations, the Fund has a data improvement plan in place to improve both the quality of the Fund's data as a whole and, also working with individual employers to improve their data.

In the last TPR Scheme Return the Fund reported the following data scores as at September 2021:

- 95% for Common Data
- 95% for Scheme Specific Data

Key performance data

Table 6(b): Performance Indicators 2020/21 (latest data available from CIPFA report)

	Cases outstanding as at 01/04/20	Number of cases commenced in year	Number of cases completed in year	Number of cases outstanding as at 31/03/21	% of completed cases in year
Deaths - Initial letter acknowledgement death of active/deferred/pensioner member	3	430	429	4	99.08%
Deaths - Letter notifying amount of dependent's benefit	11	382	382	11	97.2%
Retirements - Letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Active)	53	937	946	44	95.56%
Retirements - Letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Deferred)	102	991	1,020	73	93.32%
Retirements - Letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Total)	155	1928	1966	117	94.38%
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Active)	52	669	672	49	93.20%
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Deferred)	48	1,091	1,059	80	92.98%

Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Total)
Retirements - Process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (Active)
Retirements - Process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (Deferred)
Retirements - Process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (Total)
Deferment - Calculate and notify deferred benefits
Transfers In - Letter detailing transfer <i>in</i> quote
Transfers In - Letter detailing transfer <i>in</i>
Transfers Out - Letter detailing transfer <i>out</i> quote
Transfers Out - Letter detailing transfer <i>out</i>
Refund - Process and pay a refund
Divorce Quote - Letter detailing cash equivalent value and other benefits
Divorce Settlement - Letter detailing cash equivalent value and application of Pension Sharing Order
Member Estimates
Joiners - Send notification of joining the LGPS to scheme member
Aggregation / Link ups - Send notification of aggregation options

100	1,760	1,731	129	93.06%
52	669	672	49	93.20%
48	1,091	1,059	80	92.98%
100	1,760	1,731	129	93.06%
283	1,488	1,518	253	85.71%
34	390	290	134	68.40%
13	242	241	14	94.51%
57	536	538	55	90.73%
6	207	201	12	94.37%
17	648	647	18	97.29%
18	227	228	17	93.06%
-1	6	6	1	85.71%
51	792	693	150	82.21%
303	3,623	3,221	705	82.04%
-	1,372	1,372	-	100.00%

Performance Indicator <i>(from point at which all required information has been received)</i>	Local KPI Target	Achieved (%)	Number of cases completed within KPI	Legal Requirement (from notification)	Achieved (%)
Transfers In - Letter detailing transfer <i>in</i> quote	10 days	47.1%	132	2 months	98.2%
Transfers Out - Letter detailing transfer <i>out</i> quote	10 days	14.1%	69	2 months	82.0%
Refund - Process and pay refund	10 days	72.6%	470	2 months	98.9%
Retirements - Letter notifying estimate of retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Active)	15 days	76.8%	7260	2 months	99.2%
Retirements - Letter notifying estimate of retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Deferred)	15 days	72.1%	843.0	2 months	98.1%
Retirements - Letter notifying actual retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Active)	15 days	66.8%	681	2 months	97.8%
Retirements - Letter notifying actual retirement benefits (including all retirement types; normal, ill health, early, late etc.). (Deferred)	15 days	84.8%	570	2 months	99.0%
Deaths - Initial letter acknowledging death of active/deferred/pensioner member	5 days	97.4%	418	2 months	99.1%
Deaths - Letter notifying amount of dependent's benefit	10 days	90.8%	347	2 months	99.5%
Retirements - Process and pay lump sum retirement grant (including all retirement types; normal, ill health, early, late etc.). (Active)	15 days	84.8%	570	2 months	99.0%
Retirements - Process and pay lump sum retirement grant (including all retirement types; normal, ill health, early, late etc.). (Deferred)	15 days	90.5%	958	2 months	99.5%
Divorce Quote - Letter detailing cash equivalent value and other benefits	45 days	92.1%	210	3 months	98.7%
Divorce Settlement - Letter detailing cash equivalent value and application of Pension Sharing Order	15 days	100%	6	3 months	100%
Joiners - Send notification of joining the LGPS to scheme member	40 days	89.5%	2913	2 months	90.5%
Deferred into Pay - Process and pay lump sum retirement grant	15 days	90.5%	958	2 months	99.5%
Deferment - Calculate and notify deferred benefits	30 days	39.8%	604	2 months	70.2%

With Covid-19 restrictions remaining in place through much of 2020 and 2021 the Fund has focussed primarily on the prioritisation of critical administration and business service processes around the continued payment of pensioner members and the timely processing of retirement and death cases.

During the year performance measured against published statutory legal targets were generally within target although when measured against the more stringent internal SLA targets a number of KPI's were below benchmark.

Staff turnover during the year remained an issue within the administration team causing additional burden on remaining staff to manage business as usual operations. A number of key technical posts remain vacant with external consultancy providing guidance and support where required.

The Fund has identified and put in place specific admin resource to manage key projects to support McCloud Remedy and the planned introduction of DWP Pensions Dashboards Project.

Staffing

The pension service is split into two broad management areas: Finance & Investments and Administration. Here are the staffing levels as at 31 March 2022.

The Employer Services team includes 2 temporary project teams for the McCloud and a new project to manage the Pension Dashboard Programme. Of the 26 posts, 5 FTE's posts were vacant.

On the Member Services team 3.5 positions were vacant.

Table 6(c): staffing levels as at 31 March 2022

Senior Managers	2.4
Finance / Investments:	FTEs
• Finance and Accounting	3.5
• Investment Management	3.5
• Actuarial and Valuation	3.8
• Governance and Risk	1
Administration:	
• Employer Services (Employer Relations, Data Control, i-Connect & McCloud Remedy Project)	26
• Member Services (Benefits Administration Quality Assurance and Pensions Payroll)	28
• Technical and Compliance	1
• Communications (web, online, newsletters, publications)	3

For the period 2020/21 The Fund had 11.54% of its positions vacant, against an average of 7.4% across Funds who took part in the CIPFA benchmarking exercise.

Table 6(d): Number of members in fund (2021/22)

	2022	2021	2020	2019	2018	2017
Active Members	39,559	39,159	38,064	36,894	36,479	36,213
Deferred Members	43,396	42,538	42,508	42,114	43,012	41,279
Pensioners	36,951	34,885	33,602	32,137	30,734	29,464
Undecided Leavers	10,237	8,740	7,538	6,968	6,824	5,632
Total Membership	130,143	125,322	121,712	118,113	117,049	112,588

Table 6(e): New pensioners (2021/22)

Ill health retirements	71
Early retirements	1638
Normal retirements	527

Table 6(f): Number of active employers in the fund (2021/22)

	Active	Ceased	Total
Scheduled body	319	0	319
Admitted body	143	2	145
Total	462	2	464
Ceased employers have outstanding liabilities but no active members			

Budget Outturn

During the year to 31 March 2022, total administration costs (excluding advisory and investment management costs) were £2.7 million, 18% below the budget of £3.2 million.

Annual investment management fees paid in the year were on budget at £19 million.

The budget for governance costs was £2.2 million with actual costs just under budget at £1.9 million.

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: <https://www.avonpensionfund.org.uk/help-with-pension-problems>

Who to get outside advice and help from?

There are also a number of other regulatory bodies that may be able to assist:

The Pensions Advisory Service (TPAS): TPAS can assist members and beneficiaries of the scheme in connection with any pension query they may have or any difficulty which they cannot resolve with the scheme administrator. TPAS are provided by the Money and Pensions Service (MaPs) which was set up by the government to bring together three respected bodies of financial guidance, the Money Advice Service, The Pensions Advisory Service and Pension Wise, into one single organisation.

Info and contact details - www.pensionsadvisoryservice.org.uk

The Pensions Advisory Service, 120 Holborn, London, EC1N 2TD

Telephone: 0800 011 3797

Pensions Ombudsman: In cases where a complaint or dispute has not been satisfactorily resolved through the IDRPs or with the help of TPAS, an application can be made to the Pensions Ombudsman within three years of the event that gave rise to the complaint or dispute. The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to the appropriate Court on a point of law). Matters where legal proceedings have already started cannot be investigated by the Pensions Ombudsman.

Info and contact details - www.pensions-ombudsman.org.uk

The Pensions Ombudsman Service, 10 South Colonnade, Canary Wharf, E14 4PU

Telephone: 0800 917 4487

Complaints & IDRPs cases 2021/22

During the year to 31 March 2022 the Fund received two applications under the stage 1 process, one of which was upheld, and no applications under the stage 2 process. Please note that as some stage 1 appeals are dealt with by the member's employer we may not have been informed of all appeals, however the Fund is aware of two such further applications under the stage 1 process, both of which were upheld by the scheme employer. A further eleven complaints were also received and dealt with outside of the formal IDRPs process.

LGPS policies and guidance for employers and members

The Fund website provides comprehensive details of how the Local Government Pension Scheme works and its policies. These can be found at: <https://www.avonpensionfund.org.uk/local-government-pension-scheme>

The Employers website gives LGPS policy details and guidance specifically for employers. These can be accessed at: www.apfemployers.org.uk

General Data Protection Regulations (GDPR)

The Fund takes the protection of members' data very seriously. The General Data Protection Regulations (GDPR) came into force on 25 May 2018. GDPR changed how organisations process and handle data, with the key aim of giving greater protection and rights to individuals. In order to administer the pension scheme, 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, among other things, 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 will also be provided with additional information about their rights under the legislation.

The Fund's privacy notice can be found here: <https://www.avonpensionfund.org.uk/privacy-notice>

7. POOLING OF ASSETS – ANALYSIS OF COSTS & SAVINGS

In 2015 **LGPS: Investment Reform Criteria and Guidance** was issued which set out how the government expected LGPS funds to establish their asset pooling arrangements. The objective was to deliver:

- Benefits of scale.
- Strong governance and decision making.
- Reduced costs and excellent value for money, and
- An improved capacity and capability to invest in infrastructure.

This has led to the creation of eight asset pools which have significantly changed the approach to managing the Fund's assets. Pools are responsible for implementing each local fund strategy; however, responsibility for determining asset allocation and the investment strategy remains with Avon Pension Fund Committee.

The Avon Pension Fund is one of ten LGPS funds participating in the Brunel Pension Partnership. The other funds ("clients") are Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset and Wiltshire.

The governance arrangements for the pool are as follows:

- The **Brunel Oversight Board** is comprised of representatives from each of the administering authorities and two member observers with agreed constitution and Terms of Reference. Acting for the administering authorities, it has ultimate responsibility for ensuring that Brunel delivers the services required to achieve investment pooling and deliver each Fund's investment strategy.
- The **Client Group** supports the Brunel Oversight Board. It is comprised of investment officers drawn from each of the administering authorities. The Client Group is responsible for monitoring Brunel, the transition of assets to the portfolios, portfolio performance, and provides a forum for discussing technical and practical matters. It is responsible for providing practical support to enable the Brunel Oversight Board to fulfil its monitoring and oversight function.

In addition to the pool's governance arrangements, the Fund has a '**Brunel Working Group**' consisting of the Chair, Vice Chair and an Independent member from the pensions committee that supports the Oversight Board and Client Group representatives. Importantly this group discusses matters that are to be considered by Brunel Oversight Board or shareholders. As Brunel is a key service provider to the Fund, the risk it fails to deliver its service as contracted is in the Fund's Risk Register.

Along with the other administering authorities, Bath and North East Somerset Council approved the business case for the Brunel asset pool in February 2017, based on estimated potential fee savings of £550 million over a 20 year period (to 2036) across the ten funds, of which Avon Pension Fund's share was £73 million. Initial costs of the project meant the Fund's breakeven was in 2024.

The expected costs and savings for the Fund from the original business case, and submitted to Government as part of pooling, are set out in the following table.

Table 7(a): Avon Pension Fund Expected Costs and savings from Pooling:

(as per Business Case Submissions)

	2016- 2017 £'000	2017- 2018 £'000	2018- 2019 £'000	2019- 2020 £'000	2020- 2021 £'000	2021- 2022 £'000	2022- 2023 £'000	2023- 2024 £'000	2024- 2025 £'000	2025 to 2036 £'000	Total £'000
Set up Costs	117	1,148									1,265
Ongoing Brunel Costs			674	893	923	953	985	1,017	1,051	14,127	20,623
Avon Fund Savings			(259)	(267)	(275)	(283)	(291)	(300)	(309)	(4,077)	(6,061)
Transition Costs			2,957	4,067	260	-	-	-	-	-	7,284
Fee Savings			(125)	(1,216)	(2,687)	(2,927)	(3,185)	(3,892)	(4,164)	(78,583)	(96,778)
Net costs / (savings)	117	1,148	3,248	3,478	(1,779)	(2,257)	(2,491)	(3,175)	(3,422)	(68,533)	(73,667)

Following approval of the business case, Brunel Pension Partnership Ltd, a company authorised by the Financial Conduct Authority (FCA), was established. It is wholly owned by the ten Administering Authorities (in equal shares) that participate in the pool. It enables its clients to implement their strategic asset allocation by creating defined outcome focused investment portfolios to invest in. Specifically Brunel is responsible for portfolio construction (including selection of the external managers or pooled funds needed to meet the investment objective of each portfolio) and once established, it is responsible for allocation between mandates within each portfolio and monitoring the performance of the underlying managers.

Brunel's financial performance is monitored to ensure that Brunel is delivering on the key objectives of pooling. This includes reporting of the set-up costs of the company, investment management expenses and the oversight and monitoring of Brunel by the client funds. The set-up costs incurred by Avon Pension Fund are set out in the following table.

Table 7(b): Set up costs

	Direct £000s	Indirect £000s	Total £000s	Cumulative £000s
Recruitment				18
Legal				133
Consulting, Advisory & Procurement				82
Share Purchase				840
Total Set Up Costs				1,072

There have been no set up costs since 2017/18. The set-up costs came within the budget which was an achievement given the complexity of creating a new company and investment platform. Capital was provided at the outset through the purchase of shares equivalent to £0.84 million.

Brunel now manage £4.9 billion (83%) of the Fund's assets shown in the Table 16 below.

Table 7(c): Investment assets

	31 March 2022	
	£'000	%
Investments managed by Brunel Pension Partnership:		
BlackRock Risk Management Strategy	1,119,140	19.2
Brunel Renewables Portfolio	89,252	1.5
Brunel Secured Income Portfolio	468,845	8.0
Brunel Multi Asset Credit	315,433	5.4
Brunel Global Sustainable Equity	802,687	13.8
Brunel Paris Aligned Developed Equity	574,338	9.9
Brunel Diversified Returns Fund	538,061	9.2
Brunel UK Property	210,953	3.6
Brunel Global High Alpha Equity	695,906	11.9
Brunel Private Debt	42,713	0.7
Avon Transition Account	137	0.0
	4,857,465	83.4
Investments managed outside Brunel Pension Partnership:	970,156	16.6
TOTAL INVESTMENT ASSETS	5,827,621	100.0

In 2021/22 the Fund's Multi Asset Credit assets transitioned to Brunel. The transition costs were higher than estimated in the business case due to this transition being later than the original plan and due to the lack of commonality between legacy assets and target portfolios in this transition. All the planned transitions have now completed; the total transition costs have come in slightly higher than the estimate in the Original Business Case.

Table 7(d): Transition Costs

	Direct	Indirect	Total	Cumulative
	£000s	£000s	£000s	£000s
Transition Fee		145	145	523
Tax		-	-	731
Other Transition Costs		793	793	7,016
Total Transition Costs		938	938	8,270

The analysis below shows the fee savings achieved for the assets that have transitioned to Brunel portfolios against the fees charged to the Fund at the time the business case for pooling was prepared in 2016. It therefore ignores fee reductions that were negotiated with incumbent managers between the formulation of the business case and the transition to Brunel.

Table 7(e): Investment Fee savings from Pooling (cumulative to 31 March 2022)

	Value in Original Business Case 31 March 2016	Value at 31 March 2022	Price Variance	Quantity Variance	Total Saving / (Cost)
	£'000	£'000	£'000	£'000	£'000
Passive UK Equity	167,800	-	-	250	250
Passive Global Equity	348,900	-	-	520	520
Passive Low Carbon Equity	-	0	298	(696)	(398)
Passive Paris Aligned Equity	0	574,338	88	(117)	(29)
UK Equity	201,993	-	948	1,779	2,728
Global Equity	253,764	695,906	2,343	(3,038)	(695)
Emerging Market Equity	327,299	0	1,352	2,274	3,627
Global Sustainable Equity	173,896	802,687	1,730	(3,315)	(1,585)
Diversified Return Funds	360,928	538,061	2,883	(1,511)	1,372
Multi Asset Credit	0	315,433	80	(930)	(851)
UK Property	195,868	210,953	536	118	654
Renewable Infrastructure	-	89,252	1,224	(3,798)	(2,574)
Secured Income	-	468,845	0	(1,964)	(1,964)
Private Debt	0	42,713	0	(380)	(380)
Blackrock Risk Management Strategies	791,496	1,119,140	237	(185)	52
			11,721	(10,993)	728

The price variance shows the savings / (costs) on the fee rate achieved through pooling. The quantity variance reflects the savings / (costs) due to changes in asset allocations compared to the business case. Therefore, when comparing against the business case, the price variance reflects the actual saving in fees due to pooling. To summarise:

- At the time of the business case in 2016, the Fund was invested in passive UK and Global Equities; these assets switched into passive Low Carbon Equities in 2017, prior to pooling and have since switched into the Passive Paris Aligned Equity Fund. The fee rates achieved on all the passive portfolios established by Brunel are lower than the fees charged in the business case.
- The fee saving for the UK Equity portfolio is due to the lower overall fee rate achieved by Brunel. There is also a saving from transitioning fewer assets than in the business case due to a reduction in the allocation since 2016. In 2020 the Fund divested completely from UK Equities with the proceeds invested in Brunel's Global Sustainable Equity Portfolio.
- The transition of the Global Equities to Brunel achieved lower fees but more assets were invested compared to the business case.
- The transition to the Global Sustainable Equity Portfolio achieved lower fees but more assets transferred than in the business case.
- Fewer Emerging Market Equity assets transitioned and a lower fee rate was achieved through pooling. This portfolio has since been sold.

- f. More assets transitioned to the Diversified Returns Fund than in the business case but Brunel has achieved lower fees.
- g. There was no allocation to Multi Asset Credit in the business case. However Brunel did achieve fee savings against the fees paid prior to transition.
- h. Liability Driven Investments (LDI) includes the LDI assets as well as equity assets held as collateral within the QIF. It does not include the equity protection strategy as this was not in place at the time of the business case. The fee savings achieved on the gilt and equity assets have been partially offset by higher fees charged on the corporate bond portfolio; however, this is a result of a change in the bespoke strategy adopted to better match the liabilities.
- i. The transfer of the pooled UK property funds to Brunel's management has generated management fee savings and also includes savings on fees achieved by Brunel on some of the underlying funds.
- j. In addition to these transitions, the Fund has made new allocations to Brunel's Renewable Energy Infrastructure, Private Debt and Secured Income portfolios.
 - i. The Infrastructure portfolio invests in private market pooled vehicles. As the Fund did not invest in such assets at the time of the business case, a comparative fee rate from within the pool is used for this analysis.
 - ii. As there was no allocation to Secured Income or Private Debt at the time of the business case in 2016 nor a comparative fee rate within the pool, the costs are due purely to quantity variance.

The ongoing fee paid to Brunel in 2021/22 for its core services was £1.24m. This includes custody, performance measurement and reporting costs for Brunel as well as client's side support costs. The ongoing overhead cost of the company is higher than originally estimated, partially due changes in client strategies and priorities.

A summary of the costs and savings to date compared to the original business case is provided in the following table.

Table 7(f): Expected versus Actual Costs and Savings to Date

Costs/(Saving)	2020/21				2021/22			
	Budget		Actual		Budget		Actual	
	In year	Cumulative	In year	Cumulative	In year	Cumulative	In year	Cumulative
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Set Up	-	1,265	-	1,072	-	1,265	-	1,072
Brunel cost	923	2491	1,278	3,703	953	3,443	1,241 ¹	4,944
Avon internal savings	(275)	(800)	(215)	(645)	(283)	(1,083)	(215)	(860)
Transition	260	7,284	3,536	7,332	0	7,284	938	8,270
Fee saving	(2,687)	(4,027)	(3,921)	(5,582)	(2,927)	(6,955)	(6,139)	(11,721)
Net cost / (savings)	(1,779)	6,212	678	5,880	(2,257)	3,955	(4,175)	1,705

Note: ¹ This differs from the Statement of Accounts which includes a rebate in relation to the 2020/21 Brunel Core Services fee.

The most significant variances from the original business case are summarised as follows:

- The Fund is ahead in terms of fee savings and overall net cost/saving.
- The asset values are higher than estimated, driving higher fee savings.
- Transition costs are higher; although the transitions in 2018/19 and 2019/20 were cost efficient the lack of commonality between legacy and target assets in the 2020/21 and 2021/22 transitions means that costs are higher than the business case estimate. In addition, asset values have increased versus values assumed in the business case.
- Fee rate savings are greater than anticipated across most transitioned portfolios.
- Ongoing costs of Brunel are higher than anticipated.
- The Fund's internal savings are less than estimated due to the changing strategic focus of the Fund. Savings include the cost of custody and performance measurement (based on 2016/17 costs and now included in on-going Brunel costs), a slight reduction in staff costs and limited savings for investment advice. The recurring savings will be held at this annual rate given the significant change in investment strategy (including implementation of the risk management strategies) since 2016 which means more internal resources and expert advice is required to support it.

The Fund intends to transfer the management of all its assets to Brunel at the appropriate time, with the Fund retaining operational responsibility for managing its cash requirement and winding down legacy private market funds with a fixed term to expiry (closed ended funds).

8. INVESTMENTS

The Fund is a funded scheme which means that the contributions and fund monies not currently needed to meet pension and benefit payments are invested, and the Fund receives income from these investments. The Fund's overriding investment objective is to meet the future pension payments of both past and current members.

Investment Strategy Statement (ISS)

The LGPS (Management and Investment Funds) Regulations 2016 require the Fund to produce an ISS which sets out the principles that guide the decision making for investing the Fund's assets. It also sets out the framework for investing the Fund's assets to ensure consistency with the Funding Strategy Statement. A wide range of investments are permitted to ensure the Fund achieves an optimal risk and return profile and that assets are sufficiently diversified.

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

Key elements include:

- Investment objective
- Management of the main sources of risk
- Responsible Investing: ESG considerations
- Exercise of voting rights
- The Fund's approach to pooling its assets with other funds (Brunel Pension Partnership).

In line with the regulations the ISS is reviewed every 3 years, normally following the triennial valuation, or when there is a material change in risk. The latest version of the ISS, agreed in 2021, is available on the Fund's website: <https://www.avonpensionfund.org.uk/finance-and-investments>

Brunel Pension Partnership (Brunel)

By the end of the year, Brunel had over 80% of its clients c.£38 billion of assets under its management. In line with this, significant advances have been made from a Responsible Investment (RI) and operational perspective. Notably, in the last year, Brunel successfully completed the launch of its suite of listed markets portfolios including the launch of a Multi Asset Credit portfolio, to which the Fund subsequently allocated 6% (c.£290m) of its assets. This portfolio provides exposure to a broad range of specialist bond sectors, such as high yield corporate bonds, bank loans and emerging market debt while also seeking to improve the degree of climate transition alignment and RI disclosures in this relatively less well-developed asset class. The private markets offering continued to expand with additional underlying funds selected to facilitate client demand in the areas of property, secured income, private equity/debt and infrastructure.

The strategic affiliation with the industry leading body, the Institutional Investors Group on Climate Change (IIGCC), was reinforced when Brunel's Chief Responsible Investment Officer was appointed to the role of Chair in December. As an early adopter of initiatives such as The Taskforce on Climate-related Financial Disclosures (TCFD), Brunel's RI disclosures continued to evolve in line with best practice, ensuring it retained its industry leading position in the field of RI.

The third edition of Brunel's 'Responsible Investment and Stewardship Outcomes Report' profiled successes across several key RI themes including social inequality, modern human slavery and cyber security. Given the growing awareness of Biodiversity on investment materiality and with a clear mandate from underlying partner funds, this year's report highlights 'Biodiversity' as a priority theme with examples of work relating to deforestation, palm oil, plastics, and water consumption.

Notably, Brunel worked with FTSE Russell to develop a new series of Paris-aligned benchmarks designed to address the shortcomings of traditional market-capitalisation weighted indices in the context of achieving net zero targets. On launch, the Fund invested over £0.5bn in the new Paris-aligned benchmark portfolio.

With the transition of the listed portfolios now complete, most of the assets are now managed by Brunel with the Fund maintaining full oversight of the residual mandates. Progress on delivering the savings from pooling is covered in detail in **Section 7: Pooling of Assets**.

Investment Strategy

The objective of the investment strategy is to achieve the investment return required to fund the pension liabilities over time and to recover any funding deficit as set out in the funding strategy. Specifically, the investment strategy is designed to produce investment returns that will help stabilise and minimise employer contribution rates in the long term as well as reflecting the balance between maximising returns, protecting asset values, and matching the liabilities (to minimise investment risk).

The strategy reflects the Fund's appetite for risk and its willingness to accept short term volatility within a long-term strategy. Risk is managed through diversification by asset allocation; Brunel then manages underlying investment manager risk within each of its portfolios. The Committee periodically reviews its investment strategy to ensure it reflects the Fund's liability profile and funding strategy. The last review was undertaken in 2019/20, with the next review scheduled to take place in 2022/23. During the year a review of the Fund's equity allocation concluded that, in line with the Fund's financial and climate objectives, it should increase its strategic allocation to equities from 37.5% to 41.5% by decreasing the allocation to diversified return funds and transfer the emerging markets allocation into the global sustainable and global high alpha portfolios operated by Brunel. The Fund also made the decision to switch from the passive low carbon equity fund into a newly launched Brunel passive Paris-aligned fund.

Asset Allocation

Table 8(a) shows the Fund's actual asset allocation at 31 March 2022 against the strategic allocation benchmark. The table also includes the index returns from each asset class over one, three and five years to 31 March 2022.

Table 8(a): Strategic Asset Allocation and Actual Asset Allocation

Asset Class	31/03/2022 Allocation	Strategic Allocation	Strategic Range	Index Asset Class Returns (p.a.)		
				1 Year	3 Years	5 Years
Developed Market Equity	41.0%	41.5%	36.5 - 46.5%	15.9%	15.1%	11.8%
Diversified Growth Funds	9.2%	6.0%	4.0 - 10.0%	4.1%	4.3%	4.4%
Generalist Infrastructure	7.3%	5.0%	2.5 - 7.5%	22.3%	7.7%	6.6%
Renewable Infrastructure	1.5%	5.0%	2.5 - 7.5%	22.3%	7.7%	--
Liability Matching Assets & Equity Protection*	12.2%	12.0%	No set range	42.0%	12.7%	9.8%
UK Corporate Bonds	2.1%	2.0%	No set range	-5.1%	1.1%	1.6%
Fund of Hedge Funds**	2.9%	0.0%	No set range	3.8%	5.6%	3.6%
Multi Asset Credit	5.4%	6.0%	3.0 - 9.0%	-0.7%	8.3%	--
Property	6.7%	7.5%	5.0 - 10.0%	23.9%	8.4%	8.4%
Secured Income	8.0%	10.0%	5.0 - 15.0%	12.9%	6.9%	--
Private Debt	0.7%	5.0%	2.5 - 7.5%	--	--	--
Cash***	2.9%	0.0%	0.0 - 5.0%	--	--	--

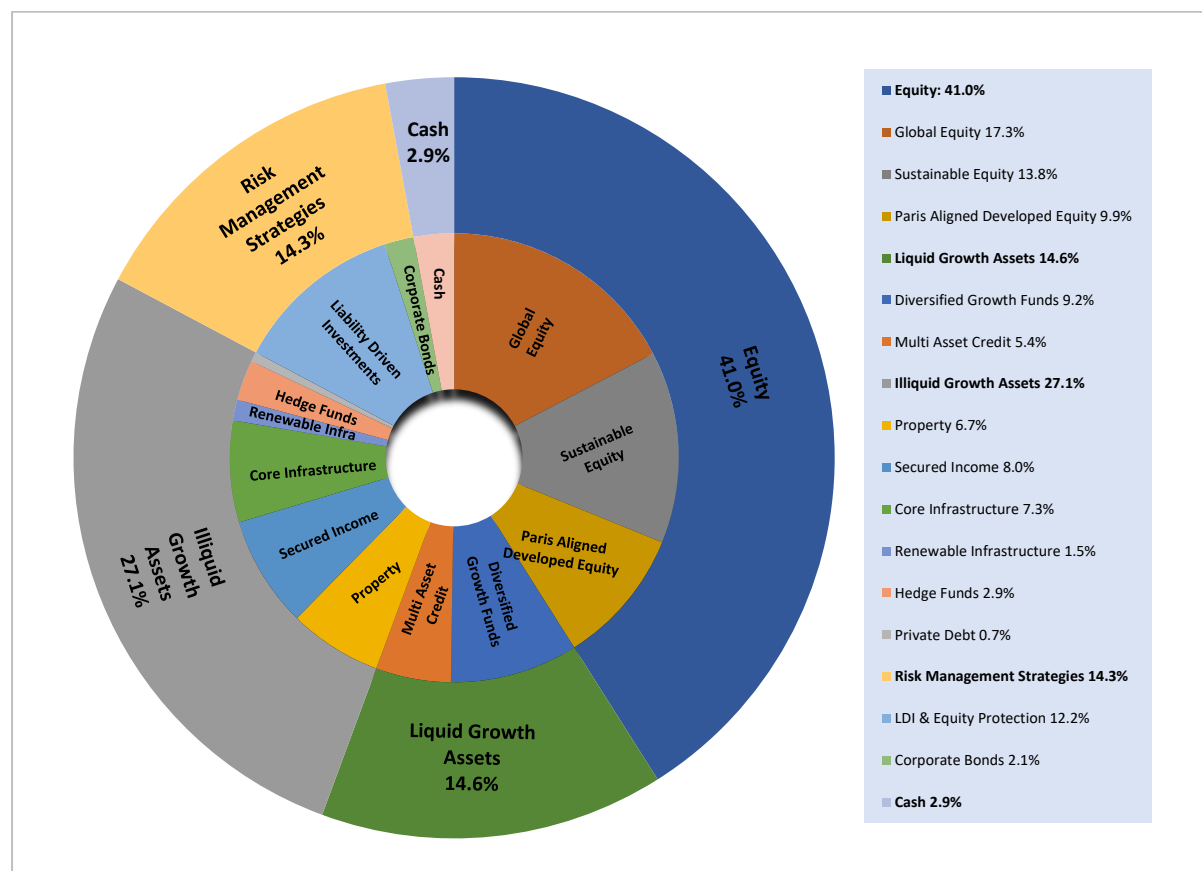
** Liability Matching Assets Index returns are for LDI component only and mandate-specific and based on change in exposure relative to liability benchmark since inception, proxy index returns used for all other asset classes*

***Mandate terminated.*

****Cash and other instruments including currency instruments and Exchange-Traded Fund (ETF) liquidity strategy.*

The asset allocation and value per portfolio as at 31 March 2022 is set out in Chart 8(b).

Chart 8(b): Asset Allocation by Mandate 31 March 2022



Activity during 2021/22

(a) Risk Management Framework:

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

The Liability Driven Investment (LDI) framework seeks to increase the Fund's exposure to inflation-linked assets in order to offset the impact of rising inflation on the Fund's liabilities. The continued uncertainty around the future path of inflation initially caused by the pandemic, and magnified by the war in Ukraine, led the Fund to undertake extensive analysis of the impact of higher inflation on its investment and funding strategies. Ultimately, the Fund's existing inflation hedge ratio combined with other mitigating factors, such as its strategic allocation to infrastructure assets, outweighed the risk of increasing outright inflation protection at historically high prices. With market implied inflation increasing over the year, the Fund's existing hedging position generated positive absolute returns. This was most evident in the final quarter of the year where the return was nearly 4% which was broadly matched by the change in the value of the liabilities.

The Equity Protection Strategy (EPS) underwent significant change through the year as the Fund switched from a static to a dynamic approach (where the protection levels adjust on an

ongoing basis to account for price changes in the underlying equity markets). In September, the EPS was restructured in line with the outcomes of the equity allocation review by removing the emerging market component of the hedge. Over the year, because developed market equities rose, the EPS acted as a drag on returns as the protection purchased was not needed. Post year-end as the equity market sell-off deepened, the EPS began to deliver positive returns as expected.

(b) Transition of Assets to Brunel:

The transition of the Fund's listed assets completed during the year with £322m transitioning into Brunel's Multi Asset Credit portfolio. This meant that at year end Brunel directly managed 83% or £4.9 billion of the Fund's assets including liquid alternatives, listed equities, risk management strategies and private markets portfolios.

Within private markets, the Fund invests in Brunel's Secured Income, Renewable Infrastructure and Private Debt portfolios. As at 31 March 2022, 59% of the Fund's combined commitments to these portfolios had been invested.

Brunel now manages the Fund's UK property allocation. As liquidity improved in property markets in the second half of the year Brunel rebalanced the Fund's overweight positions in certain specialist sub-sectors including industrials and student accommodation to fund investments in UK affordable and residential housing as well as more niche sectors such as social and environmental impact and life sciences funds.

Responsible Investing Policy

As a long-term investor, the Fund seeks to deliver financially sustainable returns to meet the pension benefits of the scheme members. The Fund's fiduciary duty includes managing the ESG investment related risks that may be financially material to the Fund. The RI policy seeks to integrate ESG issues into its strategy in the belief this can positively impact financial performance.

The foundations of the Fund's approach to RI are its **RI Principles**, which are set out below:

- The Fund is a long-term investor, with liabilities stretching out for decades to come, and seeks to deliver long-term sustainable returns.
- The identification and management of ESG risks that may be financially material is consistent with our fiduciary duty to members.
- The Fund integrates ESG issues at all stages of the Fund's investment decision-making process, from setting investment strategy to monitoring the Fund's investment managers.
- The Fund recognises that climate change is one of the ESG factors that poses a long-term financial risk.
- The Fund seeks to identify innovative and sustainable investment opportunities, in-line with its investment objectives.
- The Fund applies evidence-based decision-making in the implementation of its approach to RI.
- The Fund has a duty to exercise its stewardship and active ownership responsibilities (voting and engagement) effectively by using its influence as a long-term investor to encourage responsible investment behaviour.
- The Fund recognises the importance of collaboration with other investors in order to achieve wider and more effective outcomes.
- The Fund aims to be transparent and accountable by disclosing its RI policy and activity.

The RI Policy sets out the Fund's approach to RI and how the policy is implemented within the investment portfolio.

The policy document is available from the website <https://www.avonpensionfund.org.uk/finance-and-investments>

Investment Stewardship

As a signatory to the FRC UK Stewardship Code 2020 (the 'Code'), the Fund supports and applies the Code's definition of stewardship: "Stewardship is the responsible allocation, management and oversight of capital to create long-term value for beneficiaries leading to sustainable benefits for the economy, the environment and society".

The Code is voluntary and comprises 12 'apply and explain' principles across 4 key pillars: Purpose and Governance, Investment Approach, Engagement, and Exercising Rights and Responsibilities. The Fund's first report, which was submitted to the FRC in October, focuses on activities and outcomes to demonstrate application of the Code. The full report can be accessed through the Fund's website: www.avonpensionfund.org.uk (search FRC Stewardship Code).

On average the Fund engaged with over 200 companies per quarter held within its listed equity portfolios, across a broad range of ESG issues. Environmental topics, on average, featured in 28% of engagements, over 80% of which related directly to climate change. Social topics featured in 22% of engagements, where diversity and human rights featured prominently. Of the 34% of Governance related engagements the majority revolved around executive remuneration. Strategy, risk and communications topics such as audit and accounting and cyber security featured in the remaining 16% of engagements over the year.

The assets managed by Brunel are governed by its Stewardship and Voting policies, which are developed in conjunction with all underlying partner funds. The Fund's report on its stewardship activity should be read in conjunction with Brunel's own Stewardship Policy and Stewardship Outcomes Report available on their website (www.brunelpensionpartnership.org/responsible-investment/).

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), a collaborative body that exists to serve the investment interests of local authority pension funds. LAPFF seeks to maximise the influence the LGPS funds have as shareholders through co-ordinating shareholder activism amongst the pension funds. This year LAPFF continued their work on climate change by scrutinising corporate climate strategies through the 'say on climate' initiative and were involved in several high-profile engagements in the energy sector, issuing recommendations to vote against company management where climate strategies did not align with the Paris agreement goals. Human rights were a significant focus for LAPFF over the year with a particular focus on the impact of the global mining industry on human rights. Human rights also arose in the context of climate change as part of the call for a just transition to a zero-carbon economy. LAPFF undertook significant work on the just transition this year through an inquiry it led under the auspices of the LGPS All Party Parliamentary Group. LAPFF also engaged with auditors and regulators on reliable accounts, in part to ensure there is an enabling environment for good investor and corporate practice on climate change. Officers and Committee members attended four LAPFF business meetings during the year.

The Fund belongs to a number of industry-led initiatives aimed at improving disclosures and building meaningful engagements with investee companies across ESG factors. During 2021 the Asset Owner Diversity Charter was launched, backed by 17 signatories representing over £1 trillion in assets. As a signatory to the charter the Fund will include diversity and inclusion in manager selection, monitor selected managers for diversity and inclusion on an ongoing basis and will lead and collaborate in this area to encourage broader industry change.

ClimateAction 100+ and the IIGCC are forums for collaboration between investors on the financial and physical impacts of climate change. Membership to these groups allows the Fund to amplify its engagement work with corporates and governments as well as access the tools required to meet climate disclosures best practice. Further information relating to the Fund's approach to climate change is set out in the below sections.

Climate Change

During the year the Fund published its first Taskforce for Climate-related Financial Disclosures (TCFD) report. This critical framework is a way of signalling to investee companies, service providers and other stakeholders how important climate reporting is in the context of real economic emissions reductions.

Below is a summary of the TCFD disclosure, together with our Carbon Metrics Report and Stewardship reporting that is available on our website: <https://www.avonpensionfund.org.uk/climate-emergency>

(I) Governance

Overall responsibility for the Fund's investment strategy and RI policy, which recognises climate change as a long-term financial risk, rests with the Committee. At the last strategic investment review the Committee agreed a series of climate change objectives that are kept under review as we move toward our 2050 Net Zero goal. During the year the Committee approved two additional interim decarbonisation targets that will see the Fund reduce its absolute emissions by 43% by 2025 and 69% by 2030 (relative to a 2019 baseline). Implementation of policy and objectives is monitored by the Committee. Policy advocacy work, examples of material and/or successful engagement outcomes and key initiatives that the Fund has committed to, either in its own right or through one of its strategic partnerships, feed into the Fund's reporting on climate change.

Aggregate voting and engagement statistics for the Fund's listed equity portfolios are monitored in terms of 'votes cast' and 'number of engagements' in the period according to ESG sub-themes. The engagement service provided by Brunel's appointed voting and engagement provider, EOS at Federated Hermes (EOS), is complimentary to the engagement activity undertaken by underlying investment managers within Brunel pooled portfolios. The engagement plan itself is developed collaboratively between the Fund, Brunel and EOS with the Fund feeding in its priorities via the pool's Responsible Investment working group that comprises representatives of all partner funds.

(II) Strategy

Our climate change objectives are designed to maximise the impact we can have as a relatively small investor in the global context. Success will only be achieved if our actions make real reductions in global carbon emissions and if companies and governments implement changes to ensure the transition to a low carbon economy is delivered as soon as possible.

The allocation of our capital remains one of the Fund's primary tools to help meet our ambition to become a net zero investor. This year saw the Fund exit its dedicated allocation to emerging market equities, where the ability to directly influence climate policy, at appropriate levels, is limited. The Fund invested in a newly launched Paris aligned passive index. Developed jointly by FTSE Russell and Brunel, the index targets material reductions in emissions today as well as into the future. The Fund now has a combined £1.4bn in Paris-aligned passive and sustainable listed equities and a further £380m committed to renewable infrastructure projects across a number of portfolios.

Elsewhere, the Fund continued to develop ways of integrating climate change into its risk management framework by investing cash held for collateral purposes in a fund that lends to companies and financial institutions with above average environmental practices, while placing exclusion criteria around areas such as fossil fuels and thermal coal. Furthermore, the Fund's liquidity

management strategy, which uses a basket of ETFs to replicate the Fund's strategic benchmark, was recalibrated with a significant portion allocated to an ETF designed to track a Paris-aligned equity index.

The Fund will continue to explore innovative ways of achieving net zero alignment in its risk management framework by, for instance, utilising synthetic instruments in less well-advanced areas of the market where structural and regulatory hurdles still exist and will also consider the potential to build its exposure to green gilts in a cost-effective way as issuance increases.

This year the Fund undertook significant member engagement, which it will use to inform the strategic direction of the investment strategy. In November a member survey showed that respondents were generally supportive of the current approach, acknowledging climate change as a financial risk best managed by the integration of ESG factors and effective stewardship. Member communications were further enhanced with the release of a dedicated ESG e-zine with content tailored to members and external stakeholders.

(III) Risk Management

The Fund adopts a pragmatic approach to engagement, recognising companies need time to successfully adapt their business models to manage climate risk in the context of generating long-term shareholder value and real reductions in carbon emissions. Equally, those companies that are intentionally failing to take account of climate transition risk and adapt their business models accordingly should be candidates for divestment, due to the financial risk they pose. The Fund is keen to ensure that all companies make progress in tackling climate change and selective divestment will be considered as an option where companies have made insufficient progress following the conclusion of our stocktake process in 2022/23.

Climate risk, in terms of both transition and physical risk, is fully embedded into the approach of the Fund's investments in private markets. For instance, the investment in Brunel's Secured Income portfolio comprises a 30% allocation to the Greencoat Renewable Income fund which invests in a diversified portfolio of UK renewable infrastructure assets with a focus on solar, wind and bioenergy.

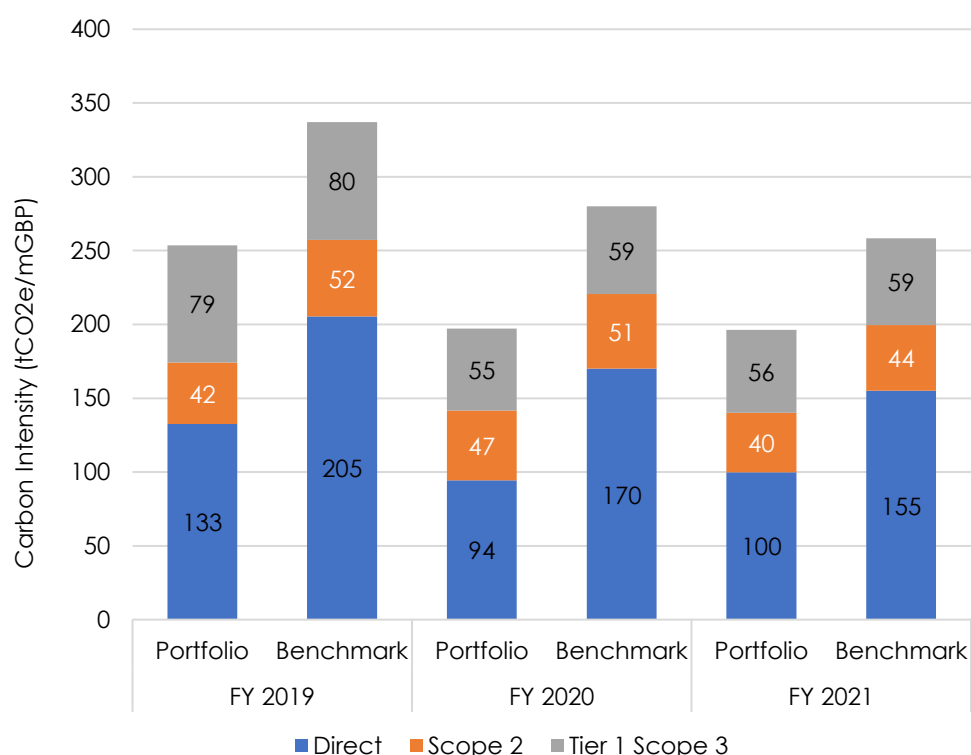
(IV) Metrics & Targets

This year the Fund's annual Carbon Metrics Report has been enhanced and now includes absolute emissions along with the Weighted Average Carbon Intensity (WACI)¹, fossil fuel related revenues, reserves exposure and the disclosure rates among companies within the equity portfolios.

This year's report shows that all the active equity portfolios the Fund invests in exhibit a lower WACI than their respective benchmarks and the aggregate portfolio, relative to its benchmark, is 24% more efficient (or less carbon intensive). Looking ahead, we expect WACI improvements to be more incremental given the significant changes to strategic asset allocation implemented in previous years.

¹ Weighted Average carbon Intensity or 'WACI' quantifies a portfolio's exposure to carbon intensive companies. The metric takes the carbon intensity (total carbon emissions divided by total revenue) of a company and multiplies it by its weight in the portfolio.

Chart 8(c) – Weighted Average Carbon Intensity (Data as at 31 December 2021)



The report also highlights the importance of looking at a range of metrics that incorporate both backward- and forward-looking inputs. The improvement in WACI brought about by the Fund's decision to exit emerging market equities has been partially offset by its switch from a low carbon fund (which focussed on portfolio decarbonisation) to the next generation Paris-aligned index which weights companies based on their transition capability and, for this reason, is far more likely to lead to real-world emissions reductions, which the Fund is committed to delivering as a signatory to the IIGCCs Paris Aligned Investment Initiative.

In order to monitor progress and, over time expand the scope of what is covered under our climate objectives, the Fund undertakes annual bottom-up analysis of its portfolios designed to highlight what is driving the Fund's carbon exposure across mandates, geographies and sectors. This year the analysis includes details of how the Fund has decarbonised since it first undertook the analysis in December 2020, how the transition alignment of the portfolios has evolved and a progress check against the Fund's overarching 2050 net zero flightpath. The outcomes of this analysis will also be used as part of the 2022/23 investment strategy review to explore setting more granular targets across climate solutions and stewardship, which will include identifying the most strategically important companies from a climate engagement perspective. Furthermore, key outcomes and insights will be fed into the Brunel 2022/23 climate stocktake process to ensure policy remains supportive of the Fund's climate goals.

Future iterations of the analysis will seek to expand the net zero approach beyond listed assets to real estate and infrastructure (data permitting) and will also serve to enhance the Fund's climate-related disclosures, noting that further work is still required on data consistency, and the adoption by industry of common definitions for net zero 'aligned' or 'aligning' companies and 'climate solutions'.

In summary the outcomes of this year's analysis, which is based on December 2021 data, shows the equity portfolio has decarbonised across all three metrics measured as part of the process. On an absolute emissions basis the equity portfolio has decarbonised by c.6.3% despite having increased the strategic allocation to equities in the period covered by the analysis (from 37.5% to 41.5%). On a carbon footprint basis, the equity portfolio saw a 24.7% reduction in intensity, while Weighted Average Carbon Intensity (WACI)² saw an 11.4% decrease.

The Fund also saw material gains made with respect to the transition capacity of companies that it invests in. Assets which are typically climate solutions oriented and exhibit a high proportion of green revenues increased to 20.5% of the Fund's listed equities; a significant increase from 5.7% last year. Finally, the Fund's listed equity portfolio has decarbonised faster than the decarbonisation flightpath used to determine emissions reductions required to meet net zero by 2050.

Investment Performance

2021/22 Performance

For the year ending 31 March 2022 total Fund assets increased by £525m (+10%) to give a value of £5,826m. Market returns made a strong start to 2021/22 on further pandemic recovery progress, before giving way to issues such as rising inflation, increased energy prices and supply chain disruptions, further exacerbated in early 2022 by Russia's war with Ukraine.

Markets began on a positive note from April 2021, with asset prices moving higher while initial US inflation rises benefited 'value' stocks as markets began to anticipate increases in interest rates. Further gains in July and August 2021 were then largely erased in September, as supply chain disruptions began to emerge and gas prices soared, particularly in Europe. Increasing inflationary pressures then led to talks of possible interest rate rises in the UK, with the US Federal Reserve and European Central Bank confirming plans to begin tapering their respective asset purchase programs.

The final quarter of 2021 saw continued volatility over fears of new Covid variants. The first quarter of 2022 again proved challenging for markets with Russia's invasion of Ukraine causing a global shock that threatened the global growth outlook. The conflict served to compound pre-existing commodity price and supply issues. Another emerging threat to global growth came from further Covid outbreaks in China and the supply disruptions caused by strict lockdowns in major cities such as Shanghai.

Over the year the Bank of England and the US Federal Reserve both raised interest rates as they attempted to control respective 30-year and 40-year inflation highs brought about by geopolitical tensions and pandemic-related supply bottlenecks. Similarly high inflation rates hit the Eurozone, causing the European Central Bank to increase the pace of reductions within its asset purchase program.

Absolute returns generated by the Fund's investment managers followed the pattern of the broader market. All portfolios with over a 6-month track record produced positive absolute returns for the year. The Global Sustainable Equity and High Alpha Equity mandates achieved positive absolute returns of 8.2% and 8.7% respectively after strong performance in the first half of the year. They then fell below benchmark and into quarterly losses for 2022, hitting headwinds from their lower-carbon and Growth/Quality tilts. The Diversifying Returns Fund, however, outperformed its benchmark (7.3% vs. 3.2%), benefiting from strong active commodity and currency trades by the underlying managers. Performance from the new Paris Aligned Benchmark portfolio was flat since inception in November

² WACI figures may differ to the Annual Carbon Metrics Report undertaken by Brunel Pension Partnership on behalf of the Fund due to exclusion of Scope 3 Tier 1 emissions

2021, initially benefiting from a tilt toward Tech and Healthcare sectors, which proceeded to sell-off later in the year. In credit markets, the new Multi Asset Credit (MAC) portfolio achieved a -2.7% return vs. the 1.1% cash benchmark since initial investment in January 2022, having again been negatively affected by rising inflation and increased corporate and sovereign credit spreads due to the invasion of Ukraine.

UK Property had an exceptional year, returning 27.7% (4.5% ahead of its benchmark) and making a very strong recovery from the Covid-caused uncertainty of the previous year. Returns were driven principally by sustained capital growth in the industrial and warehouse sectors, while high commercial property volumes provided evidence of investors continued confidence in the defensive nature of real estate. Our international property portfolio also marginally increased its IRR (internal rate of return) since inception to 5.7%, due to strong global real estate markets in 2021 fuelled by quicker-than-expected returns to economic growth. Yields then continued to trend lower into 2022, despite increased concerns around tightening monetary policy.

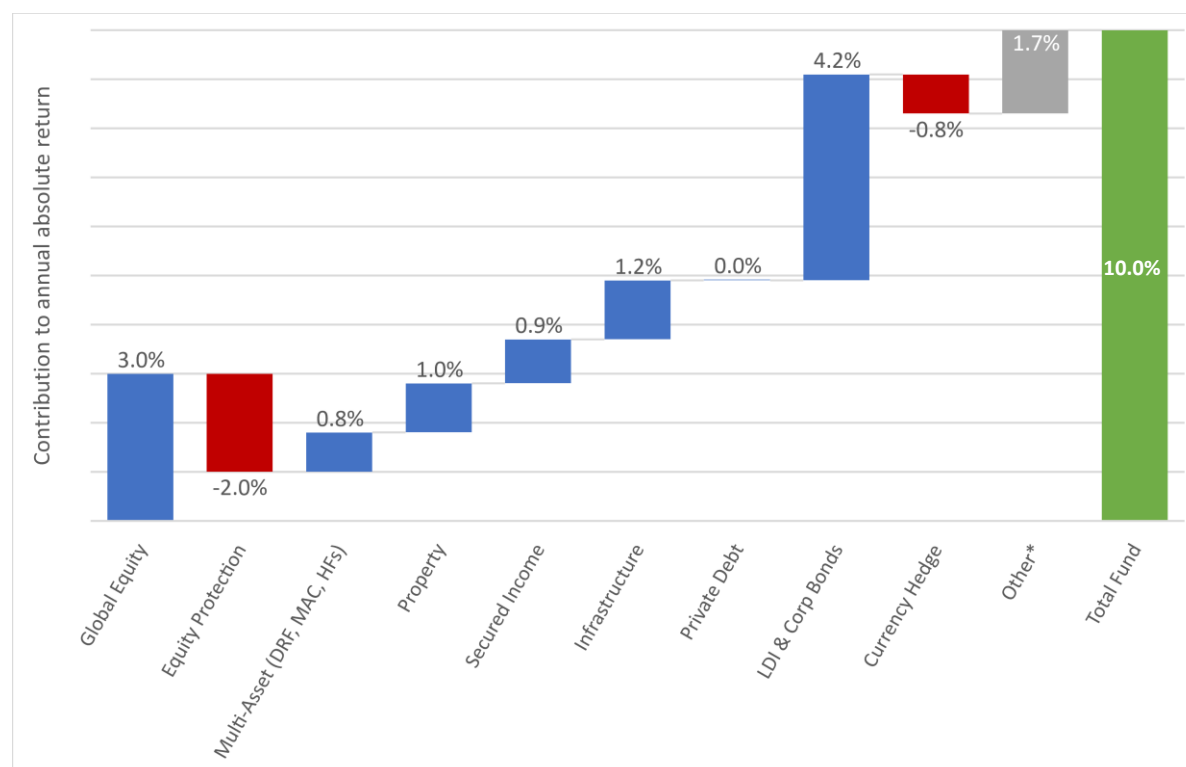
Infrastructure assets also performed strongly over the year. Deal volumes increased while return expectations remained positive due to favourable entry valuations and affordable finance. The Fund's renewable infrastructure portfolios achieved a 5.78% IRR (since inception) as investors sought defensive assets against a backdrop of rising inflation. Q1 2022 then reinforced the need for renewables as gas and oil become harder, and more expensive, to obtain following Russia's invasion of Ukraine.

Other private markets portfolios such as Secured Income and the new Private Debt portfolio also produced positive absolute returns. Secured Income benefited from its high allocation (around 73%) to long-lease property, where fixed uplifts in rental income helped to mitigate short-term economic and business disruption. Over the year the Secured Income portfolio reached a 10.0% IRR since inception.

Finally, Sterling appreciated by 0.8% against the Euro and 4.8% against Yen, while depreciating 4.6% against the US Dollar. As the US Dollar hedge dominates, this led to an overall negative return from the currency hedge.

Table 8(d) shows the contribution to returns over the year on an absolute basis. Equities made a positive contribution over the year, which was dampened by the equity protection strategy. The alternative portfolios added value and the LDI portfolio made the largest contribution overall. The currency hedge detracted 0.8% due to sterling weakening. On a relative basis the Fund underperformed its strategic benchmark return of +13.3% by 3.3%. Underperformance relative to the strategic benchmark was driven by the relative underperformance of the High Alpha and Sustainable Equity portfolios in Q1 2022 and the negative impact of the equity protection strategy which, as expected, detracted from value given the overall rise in equity markets over the year.

Chart 8(d) – 1 Year Total Fund Performance Attribution at 31 March 2022



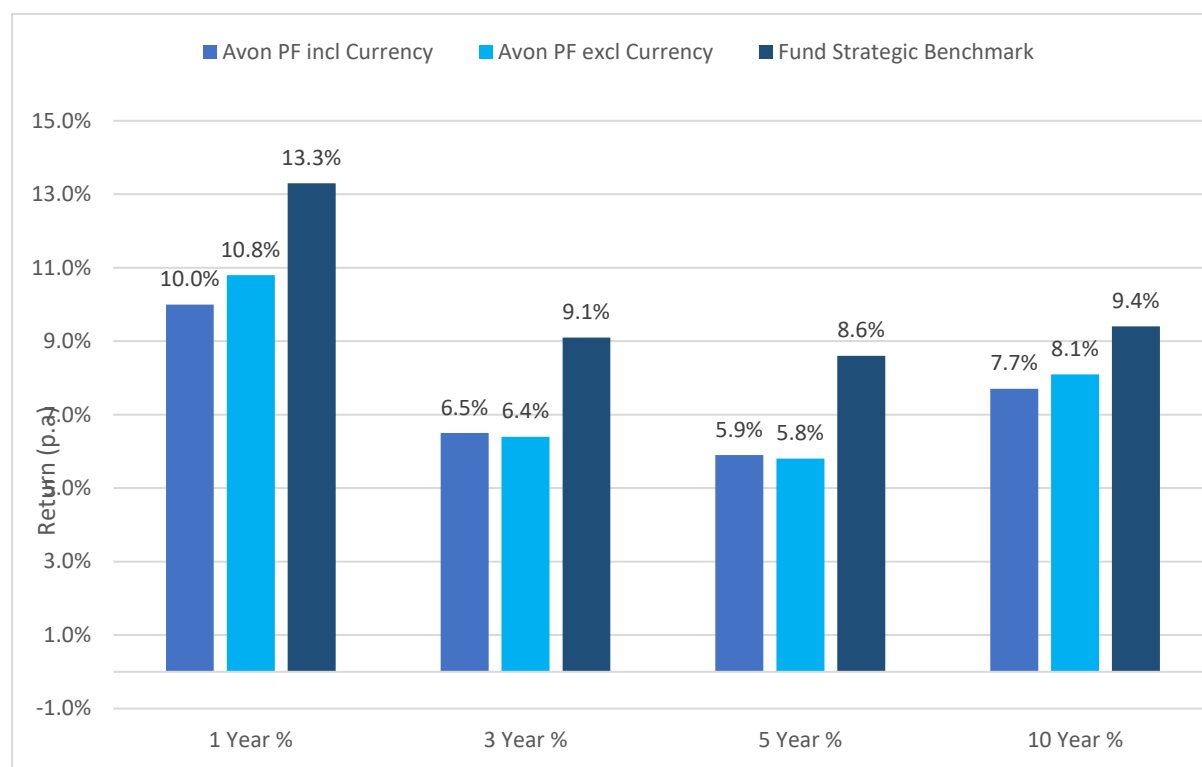
**Other contributions to total return include the ETF liquidity strategy, cash, the impact of cashflows and terminated mandates, as well as rounding error*

The investment return affects the funding or solvency level of the Fund. At the Fund's last strategic review long-term (20 year) return assumptions were revised down, reflecting lower return expectations following a period of high returns. The average expected return for the revised investment strategy is a real return of 2.5%. For the Fund achieving a real return is important as the pension benefits are linked to inflation. During the year the funding level rose from c.97% to c.100% with the deficit estimated to have decreased from £171m to £19m.

Longer term performance

The longer-term performance (annualised returns) of the Fund is shown in Chart 8(e) compared against the Fund's benchmark. The Fund return is inclusive of currency hedging whereas the benchmark return excludes currency hedging.

Chart 8(e): Long Term Performance



Source: Mercer, State Street Bank and Trust

Over three years the Fund's return of 6.5% per annum (excluding currency) is below the strategic benchmark return, primarily due to the equity protection strategy which detracted as equity markets have increased over the period. Over the same period the impact of the currency hedging program is largely neutral. Over longer periods, the strategy has delivered real returns in excess of the return required in the funding strategy.

Table 8(f) shows how each of the investment managers have contributed to performance (net of fees). It shows performance against their specific benchmarks over one year, three years and five years. The performance of the global property portfolio is measured using the Internal Rate of Return since inception as the performance is impacted by the dilution effect of investing monies during the investment phase of the portfolio. Given the recent transitions to Brunel portfolios, many of the mandates do not have long term data.

Table 8(f): Contribution to Performance – Relative Returns of Investment Managers

Manager	Mandate	1 Year Relative Return	3 Year Relative Return	5 Year Relative Return
Brunel	Passive Global Equities Paris-Aligned	--	--	--
Brunel	Active Global Sustainable Equities	-4.2%	--	--
Brunel	Secured Income – Cycle 1	4.5%	2.0%	--
	Secured Income – Cycle 2	10.3%	--	--
Brunel	Renewable Infrastructure – Cycle 1	1.5%	4.6%	--

	Renewable Infrastructure – Cycle 2	-1.6%	--	--
BlackRock	Passive Developed Market Equities	--	--	--
BlackRock	Bespoke Corporate Bonds	--	--	--
JPMorgan ²	Fund of Hedge Funds	0.9%	3.6%	1.3%
Partners ¹	Global Property	-4.3%	--	--
Brunel	Diversified Returns Fund	4.0%	--	--
Brunel	Active Global Equities	-6.2%	--	--
Brunel	Private Debt – Cycle 2	--	--	--
Brunel	UK Property	4.5%	--	--
Brunel	Multi Asset Credit Fund	--	--	--
IFM	Infrastructure	10.8%	3.8%	--

¹ Performance is shown since inception of the mandate on a Net Internal Rate of Return basis

² Mandate terminated and in wind down

Largest Holdings

Table 8(g): Top 10 Largest Investment Holdings at 31 March 2022

Holdings	£'000s	% of Fund
BlackRock Liability Solutions Fund (Risk Management Strategies)	1,119,140	19.2%
Brunel Global Sustainable Equity Fund	802,687	13.8%
Brunel Global High Alpha Equity Fund	695,906	11.9%
Brunel Paris Aligned Developed Equity Fund	574,338	9.9%
Brunel Diversified Returns Fund	538,061	9.2%
IFM Global Infrastructure Fund	427,128	7.3%
Neuberger Berman Multi Asset Credit Fund*	188,054	3.2%
JP Morgan Absolute Return Strategies Fund	170,023	2.9%
Standard Life Long-Lease Property Fund*	144,776	2.5%
M&G Secured Income Property Fund*	134,895	2.3%

* Held in Brunel Portfolios

Investment Administration

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

The Fund has a separate bank account which provides 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 which ensures the investment of the Fund's cash is consistent with the risk parameters of the Fund.

Investment Cost Transparency

The Cost Transparency Initiative (CTI) framework provides greater transparency of the total investment fees and costs for each investment mandate. This is particularly significant for the pooled fund mandates where all the costs are charged to the underlying assets. The Fund includes estimated management fees for all pooled investments in the Statement of Accounts, but other fees and transaction costs are not included. The value of assets and performance data is stated after all costs and therefore the enhanced cost disclosure does not affect investment performance or the value of assets.

All of the Fund's managers including Brunel are signatories to the CTI and have provided the data for each of the portfolios that the Fund invests in.

The data within the CTI templates includes greater detail with respect to underlying fund costs and therefore does not reconcile with the costs disclosed in Note 7 within the Statement of Accounts. Asset allocation will drive changes in the overall costs over time especially given the increasing allocation to private markets which generate higher indirect costs. The data has been aggregated and covers the year ending 31 March 2022.

The increase in the pooled assets ongoing charges from 20bps (2020/21) to 31bps (2021/22) was driven by the increase in management fees, which reflects that Brunel now manage a larger proportion of higher-cost mandates including active credit and private markets assets. Other ongoing charges such as administrative and governance fees were largely comparable to 2020/21.

There was a material decrease in ongoing charges associated with non-pooled assets from 204bps (2020/21) to 78bps (2021/22). This was driven by the decrease in indirect fees and charges largely due to stronger performance of Hedge Funds in the prior year and the reduction in the overall size of the allocation to this strategy.

Finally, there was a significant increase in performance fees paid and carried interest accrued (but not yet paid) which was the result of exceptionally strong performance from the Fund's core infrastructure portfolio which was depressed in the previous year due to the impact of the pandemic on its assets.

Table 8(h): LGPS Code of Transparency

INVESTMENT MANAGEMENT COSTS FOR YEAR TO 31 MARCH 2022										
	Asset Pool				Non-Asset Pool				Fund Total	
	Direct £'000	Indirect £'000	Total £'000	Bps	Direct £'000	Indirect £'000	Total £'000	Bps	£'000	Bps
ONGOING CHARGES										
Fund and Investment Management	12,985	250	13,235	27	18,602	7,614	26,216	270	39,451	68
Management fees	10,640	-	10,640	22	6,213	-	6,213	64	16,853	29
Fees and charges paid through NAV	2,116	-	2,116	4	1,175	-	1,175	12	3,291	6
Management fee rebates	(116)	-	116	(0)	(1,021)	-	(1,021)	(11)	(1,137)	(2)
Indirect fees and charges	-	250	250	1	-	7,614	7,614	78	7,865	13
Performance fees and carried interest	345	-	345	1	12,235	-	12,235	126	12,580	22
Administrative Fees	1,190	-	1,190	2	1,474	-	1,474	15	2,663	5
Governance, Regulation & Compliance	569	-	569	1	491	-	491	5	1,060	2
Total Ongoing Charges Figure	14,743	250	14,994	31	20,566	7,614	28,181	290	43,174	74
ASSET POOL SHARED COSTS										
Asset Pool Shared Costs	1,241	-	1,241	3	-	-	-	-	1,241	2
PORTFOLIO TRANSACTION COSTS										
Explicit Transaction Costs	-	3,648	3,648	8	-	391	391	4	4,039	7
Implicit Transaction Costs	-	4,683	4,683	10	-	(203)	(203)	- 2	4,480	8
Indirect Transaction Costs	-	3,342	3,342	7	-	(5)	(5)	- 0	3,337	6
Anti-dilution offset	-	(337)	(337)	(1)	-	-	-	-	(337)	(1)
Total Transaction Costs	-	11,336	11,336	23	-	184	184	2	11,519	20
PROPERTY EXPENSES										
Property Expenses	-	1,080	1,080	2	-	35	35	0	1,116	2
TOTAL OF ALL COSTS AND FEES	15,984	12,667	28,651	59	20,566	7,833	28,399	293	57,050	98

The different types of costs itemised in table 8(h) are defined below:

Direct costs are those 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 the costs for assets held within the Brunel asset pool and those still managed directly by the Fund. The assets held within 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 those fees that were paid and accrued (not yet paid) in 2021/22.

The Asset Pool shared costs represent the Brunel fees for managing and operating the pool and also includes consultancy costs associated with administering the Brunel client and oversight arrangements.

Transaction costs include broker commissions, transactions taxes, implicit costs, indirect transaction costs and other transaction costs. The costs associated with the transition of assets to Brunel are not included in this analysis.

9. FUNDING STRATEGY

Funding Position

In line with the LGPS regulations, the Fund's funding position is reviewed every three years. The latest triennial valuation based on membership data and asset values as at 31 March 2019, set the employer contribution rates and deficit payment plans for the period from 01 April 2020 to 31 March 2023.

In the 2019 valuation the assets totalled £4,818m and liabilities were £5,102m. 46% of the liabilities related to pensioner benefits, 22% were deferred benefits and 32% related to active members currently contributing and accruing benefits. Consequently, the funding level (the coverage of liabilities by the assets) was 94% which was a significant improvement on the funding level of 86% at the previous valuation in 2016. In monetary terms the deficit fell from £618 million in 2016 to £284m in 2019 with an average deficit recovery period of 13 years.

The improvement in the funding level and deficit was due to a number of factors:

- The higher-than-expected investment return over the 3 years of 8.7% p.a. This translates into an average real return over CPI of about 6.5% p.a. which was significantly ahead of the CPI+2.2% assumed in the 2016 valuation. In monetary terms the 'excess' investment returns were £549m over the valuation period.
- A slowing in the rate of improvement in future life expectancy as evidence by national and scheme specific data.

Offsetting these positive drivers, the discount rate used to value accrued (past service) liabilities fell reflecting lower expectations for investment returns which the Fund's investment strategy can be expected to deliver in the future. This discount rate, based on the expected real return on assets, was CPI+2.2% in 2016 and fell to CPI+1.75% in 2019. The fall in the discount rate meant the value of the liabilities increased.

The Future Service Rate (FSR) which is used to value future benefit accruals also rose to reflect the fact that investment returns generated by the investment strategy are expected to be lower in the future. The discount rate was lowered by 0.5% from CPI +2.75% (in 2016) to CPI +2.25%. Using a long-term inflation assumption of 2.4% the discount rate in 2019 is 4.65% (compared to 4.95% in 2016). The result was to increase the average FSR from 15.6% (in 2016 valuation) to 17.2% of pensionable pay.

The Fund has a Lower Risk investment strategy for certain employers that wish to be exposed to less investment risk, are planning to exit the scheme or have exited the scheme. This strategy invests in a portfolio of corporate bonds structured to better match the liability profile of these employers. As a result, this strategy exhibits a lower real return and higher future service contribution rates. The real return was CPI+0.2% in 2019 producing a discount rate of 2.6%.

The 2019 valuation did not include an allowance for the potential cost of the McCloud judgement. This judgement refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The government announced in 2019 that this must be remedied for all schemes including the LGPS which would likely result in higher costs for most employers. As the remedy had not yet been agreed, employers were provided with an estimate of the costs as part of the 2019 valuation result and given the option to pay additional contributions over 2020-2023 in

respect of this or wait until the final remedy is known. In May 2021 the Local Government Minister confirmed that the remedy will proceed as anticipated and come into force on 01 April 2023.

The historical funding level and asset allocation for the last six valuations is shown in Table 9(a):

Table 9(a): Historical funding level and asset allocation

Valuation result	2004	2007	2010	2013	2016	2019
Value of Assets £m	1,474	2,184	2,459	3,146	3,737	4,818
Value of Liabilities £m	1,841	2,643	3,011	4,023	4,355	5,102
Funding level	80%	83%	82%	78%	86%	94%
Asset Allocation %						
Equities	74%	77%	63%	63%	50%	42%
Bonds & Credit	24%	21%	22%	20%	21%	10%
Diversified Growth Funds	-	-	-	-	10%	12%
Property	-	-	4%	7%	10%	9%
Infrastructure	-	-	-	-	-	7%
Secured Income	-	-	-	-	-	1%
Hedge Funds	-	-	9%	7%	5%	5%
Liability Driven Investments	-	-	-	-	-	12%
Cash	2%	2%	2%	3%	4%	2%

The funding level will vary over time. The value of the assets and liabilities will vary due to changes in market prices. The non-financial assumptions that determine the liabilities will also change over time, such as longevity, the length of time it is assumed pensions will be paid over the retirement age.

Between the triennial valuations the Committee monitors the funding position each quarter. In addition, an interim valuation is undertaken the year before the next triennial valuation to provide employers with an indication of the potential impact of the next valuation on their budget to help them plan accordingly and to consider potential changes required to the Funding Strategy Statement.

An Interim valuation was undertaken as at 31 March 2021 and the Funding level was 97%. The Fund's risk management strategies, specifically the equity protection strategy, helped mitigate some of the initial capital losses experienced in 1Q21 due to the Covid-19 pandemic. As at 31 March 2022 the Fund's indicative funding position has risen further to c. 100%.

The Fund is maturing gradually, and the investment and funding strategies take this into account. As monthly pensions paid to pensioners exceed contributions received from employers and members, the Fund uses investment income to pay the pensions. The cash flow forecast is included in the Fund's Service Plan which is revised annually. Actual cash flow is monitored against the forecast to manage cash requirements monthly.

Funding Strategy Statement (FSS)

The FSS is revised each valuation to set the parameters for that valuation. The FSS reflects the need to balance the long-term solvency of the Fund with affordability of the scheme employers over the medium term.

The regulations in force in 2019 provided that the FSS must:

- establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward by taking a prudent longer-term view of funding those liabilities
- establish contributions at a level to "secure the solvency of the Fund" and the "long term cost efficiency"
- have regard to the desirability of maintaining as nearly constant a primary rate of contribution (employer contribution rate) as possible

The intention is for the strategy to be both cohesive and comprehensive for the Fund as a whole, recognising that there will be conflicting objectives which need to be balanced and reconciled. Whilst the position of individual employers must be accommodated, the FSS is a single strategy for the administering authority to implement and maintain.

Using the flexibility provided within this framework, in 2019 the Fund kept increases in employer contribution rates to a minimum overall. The improved funding position meant that savings in deficit payments offset the rise in Future Service Contributions for some employers and where not the case, the increase was minimised. The default was for the deficit recovery period to reduce by 3 years to 13 years average for the Fund overall.

When setting contribution rates and deficit recovery periods for individual employers or groups of employers, the Actuary considers an assessment of financial strength and funding sources undertaken by the Fund.

The Future Service Rate (the on-going cost of one year's pension accrual) is expressed as a percentage of pensionable pay. However, to ensure there is no significant underpayment of deficit recovery contributions should payrolls contract during the valuation period, deficit recovery contributions (or past service contributions) are expressed in annual monetary amounts.

The number of employers in the Fund continued to increase due to the creation of academies and the outsourcing of services by scheme employers. As schedule bodies, academies have an automatic right to join the scheme. Employers outsourcing services to an admitted body are required to guarantee the liabilities of the admitted body.

To reduce the risk of a significant increase in liabilities due to early retirements under the ill-health regulations for smaller employing bodies, the Fund operates a "captive" insurance to manage this increase in costs for these employers.

The 2019 FSS was compiled in accordance with the 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 FSS will be reviewed as part of the 2022 valuation and will be consulted on with scheme employers before being published later in 2022/23.

The 2019 Funding Strategy Statement can be obtained from the Fund's website:
<https://www.avonpensionfund.org.uk/finance-and-investments>

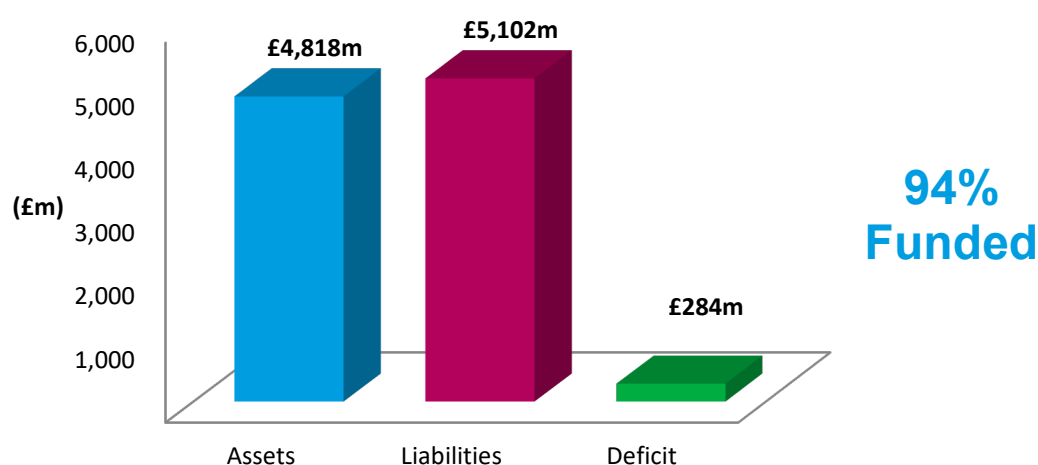
AVON PENSION FUND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 - 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 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023.

On the basis of the assumptions adopted, the Fund's assets of £4,818 million represented 94% of the Fund's past service liabilities of £5,102 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £284 million.



The valuation also showed that a Primary contribution rate of 17.2% 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.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the last actuarial valuation the average recovery period adopted was 13 years, and the total recovery payment (the “Secondary rate”) was an addition of approximately £14m in 2021/22 in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated 31 March 2020.

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:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate) – Higher risk investment strategy	4.15% per annum	4.65% per annum
Rate of return on investments (discount rate) – Lower risk investment strategy	2.6% per annum	2.6% per annum
Rate of pay increases (long term)*	3.9% per annum	3.9% per annum
Rate of increases in pensions in payment (in excess of GMP)	2.4% per annum	2.4% per annum

* allowance was also made for short-term public sector pay restraint over a 4 year period.

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2022. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2023.

The McCloud Judgment

The “McCloud judgment” refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The Government has accepted that remedies are required for all public sector pension schemes and a consultation was issued in July 2020 including a proposed remedy for the LGPS. The key feature of the proposed remedy was to extend the final salary underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and who either remain active or left service after 1 April 2014. In line with guidance issued by the LGPS Scheme Advisory Board, the above funding level and Primary contribution rate do not include an allowance for the estimated cost of the McCloud judgment. At the overall Fund level we estimate that the cost of the judgment was an increase in past service liabilities of broadly £35 million and an increase in the Primary Contribution rate of 0.5% of Pensionable Pay per annum as at the last valuation. Where the employer has elected to include a provision for the cost of the judgment, this is included within the secondary rate for that employer (and also within the whole Fund secondary rate shown above).

Impact of Covid 19 / Ukraine

The valuation results and employer contributions above were assessed as at 31 March 2019. Since 2020 there has been significant volatility and uncertainty in markets around the world in relation to the COVID-19 pandemic and more recently the situation in Ukraine and cost of living crisis. This potentially has far-reaching consequences in terms of funding and risk, which will need to be kept under review and will be considered further as part of the 2022 valuations currently ongoing. We believe that it is important to take stock of the situation as opposed to make immediate decisions in what is an unprecedented set of events. Contributions will be reviewed and updated as part of the 2022 valuation. In addition the Administering Authority has the power to review contributions between valuations where there is a material change in employer circumstances, in line with the new regulations on contribution flexibilities introduced in September 2020. The position will be kept under review by the Administering Authority who will monitor the development of the situation and keep all stakeholders informed of any potential implications so that the outcome can be managed effectively.

Actuarial Present Value of Promised Retirement Benefits for the Purposes 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 2022 (the 31 March 2021 assumptions are included for comparison):

	31 March 2021	31 March 2022
Rate of return on investments (discount rate)	2.1% per annum	2.8% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.7% per annum	3.4% per annum
Rate of pay increases*	4.2% per annum	4.9% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.8% per annum	3.5% per annum

* This is the long-term assumption. An allowance corresponding to that made at the latest formal actuarial valuation for short-term public sector pay restraint was also included.

The demographic assumptions are the same as those used for funding purposes, but we have used the most recent CMI future improvement tables (CMI 2021). Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2020.

During the year corporate bond yields increased, resulting in a higher discount rate being used for IAS26 purposes at the year-end than at the beginning of the year (2.8% p.a. vs 2.1% p.a). This on its own would have led to a significantly lower value placed on the liabilities but it was predominately offset by an increase in the expected long-term rate of CPI inflation during the year, from 2.7% p.a. to 3.4%.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2021 was estimated as £8,364 million including the potential impact of the McCloud Judgment.

Interest over the year increased the liabilities by c£174 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£134 million (this includes any increase in liabilities arising as a result of early retirements/augmentations). There was also a decrease in liabilities of £41 million due to "actuarial gains" (i.e. the effects of the changes in the actuarial assumptions used, referred to above, offset to a small extent by the fact that the 2022 pension increase award was more than assumed).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2022 is therefore £8,631 million.

GMP Indexation

The public service schemes were previously required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government has recently confirmed that it will extend this to include members reaching State Pension Age from 6 April 2021 onwards. This will give rise to a further cost to the LGPS and its employers, and an estimation of this cost was included within the IAS26 liabilities calculated last year and is again included in the overall liability figure above.

Paul Middleman

Fellow of the Institute and

Faculty of Actuaries

Mark Wilson

Fellow of the Institute and

Faculty of Actuaries

Mercer Limited

May 2022

11. EMPLOYER CONTRIBUTION RATES DEFICIT & EMPLOYEE CONTRIBUTIONS

Employer Contribution Rates							
Year Ended 31 March 2022	Active Membership	2021/22			2020/21		
		% of pay	Employee Contributions	plus Deficit / (surplus) amount	% of pay	Employee Contributions	plus Deficit / (surplus) amount
Scheduled Bodies							
Principal Councils and Service Providers							
Avon Fire & Rescue Service	217	17.7	£397,481	-	17.7	£369,772	£944,320
Bath & North East Somerset Council	3055	17.6	£4,375,468	-	17.6	£3,959,230	£7,081,660
Bristol City Council	8194	17.6	£13,595,776	-	17.6	£13,096,981	£20,429,790
North Somerset Council	1944	17.8	£2,871,811	£2,344,090	17.8	£2,694,543	£2,283,500
South Gloucestershire Council	5990	18.2	£6,450,336	-	18.2	£5,993,492	£4,975,610
West of England Combined Authority	221	14.0	£664,512	-£26,500	13.5	£489,366	-£25,500
Further & Higher Education Establishments							
Bath College	212	17.0	£197,293	£82,500	17.0	£188,667	£79,400
Bath Spa University	554	15.3	£982,601	£484,000	14.8	£922,319	£456,430
City of Bristol College	392	17.3	£472,447	£249,100	17.3	£429,152	£239,700
Offender Learning Services (part of Weston College)	50	18.6	£66,256	£19,600	17.0	£72,995	£18,900
South Gloucestershire & Stroud College	530	16.0	£573,576	£323,300	15.2	£529,249	£311,300
St. Brendan's Sixth Form College	111	17.2	£132,385	-	17.2	£120,652	£53,790
University of the West of England	2461	15.5	£3,990,085	£1,932,900	14.8	£3,823,834	£1,860,390
Weston College	300	14.3	£458,771	£231,300	14.3	£461,107	£222,600
Academies and Schools							
Abbeywood Community School	67	16.9	£67,054	£62,180	16.3	£58,068	£59,780
Abbot Alphege Academy	20	17.2	£8,259	£100	17.2	£6,987	£100
All Saints East Clevedon C of E Primary School	16	19.5	£6,229	£4,610	19.5	£5,399	£4,600
Ashcombe Primary School	74	18.1	£43,239	£66,240	18.1	£38,921	£63,790
Ashton Park School	44	18.3	£52,424	£44,960	18.3	£51,613	£43,340
Ashton Vale Primary School	23	18.3	£11,552	£7,860	18.3	£11,149	£7,460
Aspire Academy	54	17.3	£24,867	£40,880	16.6	£21,300	£39,410
Avanti Gardens School	11	15.4	£9,869	£700	14.7	£9,240	£700
Backwell C of E Junior School	11	23.7	£9,958	£12,050	23.7	£9,262	£11,460

Backwell School	71	18.8	£74,765	£168,150	18.8	£70,674	£161,880
Badock's Wood E-ACT Academy	18	15.9	£15,804	£14,260	14.8	£18,092	£13,680
Bannerman Road Community Academy	47	15.9	£26,881	-	15.2	£27,266	£68,070
Barton Hill Academy	32	15.9	£31,324	-	15.2	£30,719	£104,410
Bathampton Primary School	29	19.9	£8,365	£15,870	19.4	£9,569	£15,190
Batheaston Church School	35	21.6	£8,796	£31,850	19.7	£10,545	£30,670
Bathford Church School	26	18.6	£8,171	£10,090	17.9	£9,004	£9,800
Bathwick St Mary Church School	37	17.0	£14,235	£16,170	17.0	£14,014	£15,580
Becket Primary School	23	21.3	£16,911	£32,040	21.3	£18,857	£30,870
Bedminster Down School	39	17.3	£43,402	£23,170	16.6	£44,195	£22,300
Beechen Cliff School	76	18.3	£66,236	£58,290	18.3	£69,552	£56,090
Begbrook Primary Academy	58	17.2	£32,714	£18,320	16.5	£31,306	£17,640
Birdwell Primary School	52	17.5	£28,118	£33,600	16.7	£25,990	£32,300
Bishop Sutton Primary School	21	20.1	£9,855	£9,410	20.1	£9,409	£9,010
Blagdon Primary School	17	20.9	£6,761	£5,780	20.9	£5,589	£5,590
Blaise High School	53	17.8	£41,030	-	17.8	£53,071	£50,120
Bournville Primary School	139	17.8	£99,770	£119,600	17.8	£96,801	£115,100
Bradley Stoke Community School	79	16.9	£77,663	£113,670	16.3	£70,757	£109,470
Bridge Learning Campus	89	16.1	£60,940	£77,610	15.5	£70,719	£74,670
Bristol Cathedral School Trust	132	14.9	£119,174	-	14.4	£100,562	£7,050
Bristol Free School	69	16.3	£51,849	£6,660	15.1	£45,779	£6,370
Bristol Technology & Engineering Academy	4	16.9	£6,786	£600	14.0	£7,590	£600
Broadlands Academy	35	17.2	£33,755	£38,200	17.2	£41,830	£36,800
Broadoak Academy	58	18.2	£46,628	-	18.2	£42,376	£235,750
Cabot Learning Federation	315	15.3	£414,779	£22,730	15.3	£366,760	£21,850
Callicroft Primary School	40	16.9	£21,143	£29,490	16.3	£19,005	£28,390
Cameley CEVC Primary School	22	18.4	£11,933	£7,600	18.4	£10,225	£7,300
Castle Batch Primary School	74	19.0	£26,340	-	19.0	£25,186	£78,330
Castle Primary School (Keynsham)	38	20.3	£22,556	£14,000	20.3	£22,900	£13,500
Chandag Infant School	29	17.3	£9,117	£10,860	16.6	£7,829	£10,460
Chandag Junior School	15	17.3	£8,264	£11,050	16.6	£8,917	£10,660
Charborough Road Primary School	27	16.9	£15,286	£16,890	16.3	£12,823	£16,190
Charfield Primary School	18	19.8	£7,891	£7,270	19.8	£7,244	£6,990
Charlton Wood Primary Academy	21	15.8	£14,866	-	15.0	£9,538	-
Cheddar Grove Primary School	56	17.3	£27,600	£21,130	16.6	£25,491	£20,240
Chestnut Park Primary School		0.0	£2,350	-	-	£0	-

Chew Magna Primary School	24	19.9	£4,597	£4,200	19.9	£5,110	£4,100
Chew Stoke Church School	25	19.2	£10,841	-£9,400	19.2	£8,665	-£9,000
Chew Valley School	56	18.4	£51,946	£59,180	18.4	£49,477	£56,930
Chipping Sodbury School	70	20.3	£40,607	£9,000	-	£0	-
Christ Church C of E Primary School (Bristol)	14	17.5	£16,114	£13,400	17.5	£15,743	£12,900
Christ Church C of E Primary School (WSM)	29	20.3	£17,246	£17,930	20.3	£18,131	£17,340
Churchill Academy	65	17.5	£70,533	£133,950	16.4	£66,278	£128,850
City Academy	111	15.1	£87,183	£16,070	15.1	£85,725	£15,480
Clevedon School	48	16.6	£77,125	£75,740	15.8	£73,375	£74,400
Clutton Primary School	17	18.3	£6,057	£7,400	18.3	£5,798	£7,100
Colston's Girls' School	35	15.9	£29,153	-	15.2	£24,721	-£17,540
Combe Down C of E Primary School	65	19.2	£23,783	£26,750	19.2	£21,117	£26,300
Compass Point South Street Primary School	25	18.3	£18,378	£15,730	18.3	£17,460	£15,220
Corpus Christi Catholic Primary School	28	17.7	£0	£1,000	-	£0	-
Cotham Gardens Primary School	31	15.8	£27,256	-	15.0	£26,191	£45,140
Cotham School	93	16.3	£112,928	£103,870	15.8	£99,567	£100,050
Court de Wyck Church School	18	20.6	£6,412	£14,210	20.6	£6,070	£13,720
Crockerne C of E Primary School	53	21.3	£23,655	£29,590	21.3	£21,444	£28,510
CST Trinity Academy	28	20.0	£20,016	-	20.0	£8,224	-
Culverhill School	54	20.7	£56,525	£26,500	20.7	£52,887	£25,500
Digitech Studio School	21	16.5	£12,923	£200	15.2	£13,092	£200
Diocese of Bristol Academy Trust (Central Functions)	41	17.0	£58,711	-£500	16.5	£33,685	-£500
Downend School	48	19.8	£49,289	£10,620	19.8	£50,386	£10,230
Dundry C of E Primary School	14	18.3	£4,959	-£800	18.3	£5,249	-£800
E-Act (Central Functions)	28	15.9	£36,992	-	-	£0	-
East Harptree Primary School	9	18.9	£6,022	£3,720	18.2	£4,268	£3,530
Easton C of E Academy	37	17.0	£34,485	£62,010	16.5	£38,070	£59,810
Elmlea Infant School	30	18.8	£13,687	-	18.8	£13,803	£24,640
Elmlea Schools' Trust	22	17.6	£20,514	-	17.1	£19,879	£55,390
Endeavour Academy Trust (Central Functions)	8	15.8	£15,273	£1,100	15.0	£19,124	£1,100
Evergreen Primary Academy	22	18.8	£13,684	£13,130	18.8	£10,896	£12,640
Fairfield High School	68	18.0	£68,442	£86,900	18.0	£65,894	£83,700
Fairlaw Primary School	15	15.9	£9,362	-	15.2	£9,940	£280
Farmborough Church Primary School	27	19.7	£8,217	£8,800	19.7	£7,129	£8,400
Farrington Gurney C of E Primary School	12	18.3	£6,224	£5,700	18.3	£6,208	£5,500
Filton Avenue Primary School	56	15.3	£48,575	£47,130	14.2	£49,786	£45,370

Filton Hill Primary School	19	16.9	£10,058	£12,000	16.3	£9,309	£11,500
Fishponds Church of England Academy	47	17.0	£29,701	£30,610	16.5	£31,149	£29,410
Flax Bourton C of E Primary School	22	21.7	£9,992	£11,170	21.0	£7,103	£10,680
Fonthill Primary School	28	15.8	£14,436	£11,650	15.0	£16,293	£11,150
Fosse Way School	138	15.1	£112,975	£97,100	14.6	£109,862	£93,500
Four Acres Academy	52	16.2	£25,931	£38,400	15.7	£27,017	£36,900
Freshford Church School	26	22.5	£6,589	£4,610	22.5	£6,760	£4,410
Frome Vale Academy	11	19.0	£10,038	£8,920	19.0	£11,397	£8,620
Gatehouse Green Learning Trust	67	18.3	£68,268	£109,290	18.3	£59,083	£105,120
Gatehouse Green Learning Trust (Central Functions)	13	18.3	£26,329	-	18.3	£27,304	-
Gordano School	126	19.1	£141,588	£178,240	18.6	£130,158	£171,580
Greenfield E-ACT Primary Academy	39	15.9	£28,241	£27,210	14.8	£26,782	£26,160
Grove Junior School	22	23.2	£8,135	£10,390	23.2	£8,381	£9,990
Hanham Woods Academy	63	18.8	£40,495	-	18.8	£41,252	£236,970
Hannah More Infant School	23	18.7	£8,606	£10,190	18.7	£9,150	£9,800
Hans Price Academy	62	16.1	£66,583	-	16.1	£65,234	£257,470
Hareclive E-ACT Academy	27	15.9	£21,376	£37,270	14.8	£23,056	£35,930
Hayesfield Girls School	61	18.3	£64,190	-	18.8	£65,900	£143,120
Haywood Village Academy	64	16.7	£29,636	-£4,600	16.7	£25,734	-£4,400
Headley Park Primary School	50	17.4	£32,573	-	17.4	£30,526	£85,100
Henbury Court Primary Academy	42	15.8	£28,766	£50,010	15.0	£26,830	£48,110
Henleaze Junior School	16	19.2	£14,766	£22,200	16.5	£13,812	£21,400
Heron's Moor Academy	57	17.3	£24,043	£19,210	17.3	£21,006	£18,520
High Down Infant School	49	19.7	£14,101	£34,000	18.0	£13,616	£32,730
High Down Junior School	62	20.2	£24,760	£30,080	20.2	£24,265	£29,000
High Littleton C of E Primary School	27	18.3	£10,504	£8,900	18.3	£9,220	£8,600
Hotwells Primary School	19	18.8	£11,181	£41,870	17.7	£10,489	£20,400
Hutton C of E Primary School	29	18.6	£12,312	£14,310	18.6	£10,146	£13,820
IKB Academy	14	17.3	£5,811	£200	16.6	£6,181	£200
Ilminster Avenue E-ACT Academy	28	15.9	£21,512	£9,340	14.8	£19,652	£8,950
Kings Oak Academy	73	18.2	£54,593	£46,450	18.2	£61,702	£44,680
Kingshill Church School	21	19.3	£8,011	£19,790	18.5	£10,009	£19,110
Knowle DGE Academy	77	16.6	£87,426	£67,100	16.6	£85,335	£64,600
Lansdown Park Academy	28	16.6	£31,049	£16,200	16.6	£29,567	£15,600
Little Mead Primary Academy	59	15.8	£37,757	£33,840	15.0	£31,641	£32,540
Locking Primary School	31	17.1	£19,871	£22,200	17.1	£21,075	£21,300

Longvernal Primary School	31	18.3	£11,014	£10,800	18.3	£9,785	£10,400
Luckwell Primary School	17	18.3	£7,849	£7,760	18.3	£8,252	£7,460
Lyde Green Primary School	40	19.8	£25,637	-£490	19.8	£19,804	-£490
Mangotsfield School	68	19.8	£83,922	£50,340	19.8	£53,244	£48,400
Marksbury C of E Primary School	16	16.8	£5,493	£4,600	16.8	£5,267	£4,400
Marlwood School	20	19.8	£20,633	£63,620	19.8	£26,780	£61,290
Mary Elton Primary School	27	18.4	£19,422	£31,260	18.4	£19,363	£30,700
May Park Primary School	45	18.0	£32,070	£24,200	18.0	£38,230	£23,300
Mead Vale Community Primary School	39	18.6	£22,429	£47,700	18.6	£23,844	£45,900
Meadowbrook Primary School	36	16.9	£15,609	£43,090	16.3	£17,026	£41,490
Mendip Green Primary School	102	18.5	£50,963	£66,200	18.5	£47,204	£63,800
Merchants' Academy	104	15.9	£83,724	-	15.2	£75,725	-£60,640
Midsomer Norton Primary School	46	18.3	£19,498	£19,600	18.3	£19,458	£18,900
Midsomer Norton Schools Partnership	164	18.3	£191,092	£172,140	18.3	£133,808	£165,640
Milton Park Primary School	44	17.6	£24,168	£40,700	17.6	£27,025	£39,100
Minerva Primary Academy	29	18.7	£20,264	£10,190	18.7	£17,724	£9,800
Moorlands Infant School	17	18.6	£9,916	£9,100	18.6	£7,516	£8,800
Moorlands Junior School	23	19.0	£13,380	£14,200	18.5	£12,760	£13,700
Mulberry Park Educate Together Primary	16	16.0	£9,482	-	16.0	£5,092	-
Nailsea School	66	19.3	£65,502	£61,600	19.3	£60,800	£59,300
New Siblands School	105	16.9	£72,025	£22,000	16.9	£62,259	£21,100
North Star 240°	13	14.1	£26,041	£18,200	14.1	£8,084	£4,400
North Star 82°	18	17.1	£25,365	£14,900	17.1	£6,483	£3,600
Northleaze C of E Primary School	25	19.7	£9,968	£20,580	19.7	£7,631	£19,890
Norton Hill Primary School	10	18.3	£5,334	-	18.3	£1,129	-
Notton House Academy	61	16.6	£77,324	£73,640	16.6	£72,290	£70,840
Oasis Academy Bank Leaze	22	16.5	£15,014	£17,280	15.8	£13,685	£16,590
Oasis Academy Brightstowe	36	16.5	£54,269	£22,940	15.8	£51,059	£22,160
Oasis Academy Brislington	67	16.5	£61,789	£121,540	15.8	£47,745	£117,040
Oasis Academy Connaught	42	16.5	£30,114	£16,880	15.8	£28,869	£16,300
Oasis Academy John Williams	53	16.5	£67,303	-£7,840	15.8	£64,919	-£7,660
Oasis Academy Long Cross	67	16.5	£53,668	£56,300	15.8	£50,414	£54,150
Oasis Academy Marksbury Road	35	16.5	£30,469	£1,290	15.8	£27,296	£1,290
Oasis Academy New Oak	29	16.5	£22,400	£38,430	15.8	£21,045	£36,960
Oldfield Park Infant School	25	19.4	£11,309	£9,210	19.4	£11,650	£9,100
Oldfield Park Junior School	31	18.2	£13,765	£13,910	18.2	£11,736	£13,700

Oldfield School	63	16.8	£56,162	-	16.2	£51,536	£55,110
Oldmixon Primary School	27	17.8	£21,638	£29,200	17.8	£21,511	£28,100
Olympus Academy Trust (Central Functions)	47	16.9	£69,796	£4,100	16.3	£65,617	£3,900
Orchard School Bristol	54	17.7	£44,832	£44,980	16.4	£45,667	£43,310
Parklands Educate Together Primary	28	14.4	£12,036	-£100	14.4	£7,518	-£100
Parson Street Primary School	48	17.4	£31,037	£3,430	17.4	£29,963	£3,230
Patchway Community School	42	16.9	£37,543	£53,880	16.3	£30,116	£51,880
Paulton Infant School	46	16.7	£15,053	£12,400	16.7	£7,857	£5,934
Peasedown St John Primary School	41	18.3	£22,713	£22,300	18.3	£24,852	£21,500
Pensford Primary School	16	18.9	£5,308	£3,800	18.9	£6,084	£3,700
Perry Court E-ACT Academy	34	15.9	£23,657	£17,770	14.8	£22,633	£17,100
Portishead Primary School	46	17.9	£23,432	£46,840	17.0	£20,940	£45,070
Priory Community School	157	16.6	£180,778	-	16.0	£157,194	£570,900
Ralph Allen School	97	18.4	£97,710	£61,440	18.4	£88,477	£60,400
Redfield Educate Together Primary Academy	41	13.8	£44,011	£3,100	12.9	£36,952	£2,900
Roundhill Primary School	49	19.4	£25,340	£30,600	19.4	£25,885	£29,500
Saltford C of E Primary School	71	17.3	£20,136	£23,660	16.6	£18,535	£22,790
Sandford Primary School	31	22.9	£3,632	£3,000	-	£0	-
Severn Beach Primary School	13	19.8	£7,133	£8,160	19.8	£6,720	£7,870
SGS Pegasus School	21	12.4	£19,358	-£1,000	12.4	£17,912	-£1,000
Shoscombe Church School	22	18.3	£8,218	£6,400	18.3	£7,217	£6,200
Sir Bernard Lovell Academy	62	17.3	£50,378	£77,850	16.6	£49,931	£74,920
Snowdon Vilage	33	11.8	£40,020	£490	9.4	£39,726	£490
Somerdale Educate Together Primary Academy	19	12.7	£10,588	£900	12.7	£9,104	£900
Soundwell College	32	16.6	£26,556	-	16.6	£6,098	-
St Andrew's Church School	35	16.5	£18,479	£24,400	16.0	£16,012	£23,520
St Anne's C of E VA Primary School	98	14.8	£41,733	-	14.0	£38,532	£132,130
St Bede's Catholic College	71	17.3	£53,649	-	16.4	£48,744	£163,060
St Bernard's Catholic Primary School	26	22.0	£1,139	£700	-	£0	-
St Francis Catholic Primary School	20	20.1	£688	£500	-	£0	-
St Georges Church School	33	18.2	£14,823	£24,500	18.2	£16,755	£23,520
St John The Evangelist Church School	25	20.5	£11,335	£15,580	20.5	£10,553	£14,990
St John's C of E Primary School (Keynsham)	26	17.3	£9,322	£14,770	16.6	£7,965	£14,180
St John's C of E Primary School (MSN)	40	18.3	£22,686	£25,090	18.3	£25,594	£24,190
St Julian's C of E Primary School	15	18.3	£7,696	£5,800	18.3	£6,679	£5,600
St Katherine's School	39	19.0	£42,225	-	19.0	£40,194	£194,100

St Mark's C of E School (Bath)	29	18.3	£19,721	£11,800	18.3	£16,630	£10,500
St Mark's Ecumenical Anglican/Methodist Primary School	50	17.9	£26,457	£43,410	17.2	£23,772	£41,740
St Martin's C of E Primary School	71	18.2	£33,842	£54,970	18.2	£34,395	£52,910
St Martin's Garden Primary School	45	17.8	£21,480	£32,140	17.8	£19,518	£31,600
St Mary Redcliffe C of E Primary School	41	17.0	£24,759	£22,480	16.5	£27,040	£21,580
St Marys C of E Primary School (Timsbury)	19	18.3	£6,270	£3,900	18.3	£5,999	£3,500
St Marys C of E Primary School (Writhlington)	19	19.8	£10,624	£8,000	19.8	£7,657	£5,155
St Mary's C of E VA Primary School	14	16.6	£6,295	£7,640	16.6	£4,353	£7,350
St Matthias Academy	16	16.6	£18,389	£14,710	16.6	£16,429	£14,110
St Michael's C of E Junior Church School	23	19.5	£13,917	£16,950	19.5	£13,641	£16,360
St Nicholas Chantry C of E VC Primary School	36	21.8	£19,296	£28,610	21.8	£18,938	£28,100
St Nicholas Church School	25	16.7	£18,963	£11,400	-	£0	-
St Nicholas of Tolentine Catholic School	17	16.4	£12,498	£16,400	15.1	£13,078	£15,800
St Patrick's Catholic Primary School (Bristol)	24	17.9	£13,460	-	17.9	£12,165	£43,160
St Peter's C of E Primary School	51	17.5	£37,620	£46,050	16.8	£33,107	£44,390
St Philip's C of E Primary School (Bath)	31	18.1	£16,788	£24,590	18.1	£16,397	£24,200
St Saviours Infant Church School	20	18.0	£8,224	£20,380	17.1	£7,661	£19,700
St Saviours Junior Church School	9	16.8	£6,220	£7,940	16.3	£7,034	£7,640
St Stephen's Primary Church School	44	19.6	£14,983	£21,360	19.6	£16,957	£20,680
St Teresa's Catholic Primary School (Bristol)	30	17.0	£15,659	£15,090	16.2	£14,940	£14,500
St Ursula's E-ACT Primary Academy	43	15.9	£34,420	£12,750	14.8	£93,868	£12,280
St Werburghs Primary School	37	18.2	£18,463	£22,100	-	£0	-
Stanton Drew Primary School	12	20.2	£3,442	£3,630	20.2	£3,675	£3,530
Stoke Bishop C of E Primary School	37	19.0	£24,056	-	17.9	£21,789	£75,700
Stoke Lodge Primary School	26	16.9	£15,412	£40,690	16.3	£15,934	£39,190
Stoke Park Primary School	38	16.1	£16,064	-	16.1	£14,322	£23,500
Summerhill Academy	27	16.7	£18,709	£13,520	16.7	£16,820	£13,030
Swainswick Church School	8	16.7	£2,866	£1,860	16.7	£2,738	£1,760
The Castle School	70	19.8	£65,863	£91,630	19.8	£81,170	£88,240
The Dolphin School	26	15.9	£20,487	-	15.2	£21,131	£16,500
The Kingfisher School	16	15.9	£11,404	-	15.2	£12,216	£37,180
The Meadows Primary School	32	17.3	£9,316	£3,620	16.6	£6,901	£3,520
The Mendip Studio School	3	18.3	£2,200	-	18.3	£0	-
The Sky Academy	30	16.6	£38,433	£72,400	-	£0	-
Three Ways School	160	15.2	£116,491	£112,300	14.2	£112,064	£108,000
Tickenham C of E Primary School	8	14.2	£4,097	£2,250	13.0	£4,436	£2,200

Trinity Anglican Methodist Primary School	37	16.2	£21,122	£44,000	15.7	£20,197	£42,430
Trinity Church School	27	18.3	£13,224	£10,300	18.3	£16,740	£9,900
Trust in Learning (Academies) (Central Functions)	14	15.2	£34,015	£5,590	13.2	£28,003	£5,390
Two Rivers C of E Primary School	5	17.3	£2,680	-	16.6	£1,582	-
Tyndale Primary School	23	17.8	£10,573	-	17.8	£9,931	£12,980
Ubley Primary School	14	20.9	£5,676	£4,610	20.9	£5,142	£4,410
Uphill Village Academy	44	18.6	£20,683	£17,630	18.6	£9,644	£8,700
Venturers' Academy	81	15.9	£86,665	-	15.2	£65,852	£10,960
Venturers' Trust (Central Functions)	27	15.9	£68,922	-	15.2	£68,356	-£7,730
Victoria Park Primary School	53	18.4	£28,924	-	18.4	£28,745	£97,050
Walliscote Primary School	35	18.1	£20,667	£30,800	18.1	£21,768	£29,600
Wallscourt Farm Academy	47	15.2	£22,034	£1,470	14.5	£21,664	£1,370
Wansdyke Primary School	26	17.3	£10,668	£8,900	16.6	£9,789	£8,600
Waycroft Academy	68	17.7	£45,052	£43,700	16.9	£43,021	£42,000
Wellsway School	131	17.3	£139,815	£71,980	16.6	£129,477	£69,330
Welton Primary School	25	18.3	£11,138	£6,800	18.3	£8,263	£6,500
West Leigh Infant School	12	20.4	£6,093	£12,250	20.4	£5,998	£11,760
West Town Lane Academy	63	16.7	£41,485	£37,100	16.0	£41,111	£35,700
Westbury Park Primary School	31	18.3	£23,069	£17,300	17.4	£22,418	£16,600
Westbury-on-Trym C of E Academy	43	18.6	£20,624	£19,600	18.6	£18,308	£18,900
Westfield Primary School	67	18.3	£26,685	£23,300	18.3	£24,448	£22,400
Weston All Saints C of E Primary School	105	17.2	£40,479	£36,600	17.2	£40,517	£35,300
Whitchurch Primary School	31	19.7	£13,779	£8,620	19.7	£11,957	£8,500
Wicklea Academy	26	12.3	£14,256	£10,600	12.3	£14,407	£10,200
Widcombe C of E Junior School	23	20.1	£7,517	£14,010	18.7	£7,458	£13,700
Widcombe Infant School	23	20.0	£11,277	£14,010	20.0	£9,803	£13,800
Windwhistle Primary School	83	17.9	£42,770	£61,500	17.9	£42,880	£59,200
Winford C of E Primary School	28	18.7	£10,163	£10,880	18.7	£9,879	£10,480
Winscombe Primary School	38	20.7	£4,548	£3,300	-	£0	-
Winterbourne International Academy	70	16.9	£65,642	-£40,290	16.3	£70,021	-£38,790
Winterstoke Hundred Academy	12	19.4	£9,233	-	19.4	£3,480	-
Woodlands Academy	27	14.8	£16,204	£12,400	14.3	£16,313	£12,000
Woodlands Primary School	51	17.8	£19,264	-	17.8	£21,743	£4,140
Worle Community School	94	17.4	£79,743	-	17.4	£88,092	£349,450
Worle Village Primary School	30	17.7	£12,301	£21,070	17.7	£13,018	£20,380
Wraxall C of E VA Primary School	9	20.2	£3,244	£2,740	20.2	£3,681	£2,650

Writhlington School	99	18.3	£58,568	£108,380	18.3	£98,412	£104,280
Yate Academy	68	17.8	£41,670	-	17.8	£47,652	£20,120
Yatton C of E Junior School	53	19.5	£19,232	£17,340	19.5	£16,740	£16,760
Yatton Infant School	34	19.4	£15,750	£21,360	19.4	£16,956	£20,480
Yeo Moor Primary School	29	19.0	£22,018	£28,710	18.8	£23,025	£28,200
Designating Bodies							
Aequus Developments Limited	5	18.7	£37,968	-	18.7	£40,263	-
Almondsbury Parish Council	5	22.7	£5,426	£1,600	21.0	£4,743	£1,500
Backwell Parish Council	2	23.6	£2,439	-	23.6	£2,474	£850
Bitton Parish Council	2	25.0	£1,113	-	-	£0	-
Bradley Stoke Town Council	10	21.6	£15,504	-£2,000	21.6	£15,856	-£1,900
Bristol Waste Company	155	23.0	£161,228	£14,000	21.7	£70,551	£13,500
Charter Trustees of the City of Bath	2	19.6	£3,474	-£5,700	19.6	£3,466	-£5,500
Churchill Parish Council	1	25.0	£478	-	-	£0	-
Clevedon Town Council	3	21.5	£5,304	-	21.0	£4,287	£2,630
Congresbury Parish Council	1	19.5	£1,532	£300	18.3	£1,671	£300
Dodington Parish Council	8	20.6	£6,525	£1,470	20.6	£5,603	£1,370
Downend and Bromley Heath Parish Council	1	19.6	£3,104	£4,120	18.8	£2,982	£4,020
Emersons Green Town Council	2	21.0	£3,239	-	21.0	£3,274	£4,330
Filton Town Council	46	14.8	£20,680	-£11,400	14.8	£25,698	-£11,000
Frampton Cotterell Parish Council	9	16.2	£6,480	£2,300	16.2	£5,740	£2,200
Hanham Abbots Parish Council	1	19.3	£944	£800	18.2	£1,010	£700
Hanham Parish Council	1	22.4	£1,034	£300	22.4	£1,034	£300
Keynsham Town Council	13	18.8	£13,121	-£8,000	18.8	£14,426	-£7,700
Midsomer Norton Town Council	5	18.1	£7,748	£10,400	18.1	£7,158	£9,900
Nailsea Town Council	7	16.2	£11,527	-	16.2	£9,759	£6,490
Oldland Parish Council	2	20.4	£5,867	£2,400	19.6	£5,426	£2,200
Patchway Town Council	5	20.4	£10,326	-£10,200	20.4	£14,519	-£9,800
Paulton Parish Council	9	19.8	£4,687	-£2,000	19.0	£6,145	-£1,900
Peasedown St John Parish Council	6	18.0	£4,670	-	17.3	£5,076	£11,940
Pill & Easton in Gordano Parish Council	1	20.1	£1,501	£400	19.1	£1,468	£400
Portishead Town Council	9	23.2	£11,394	£2,060	23.2	£8,258	£1,960
Radstock Town Council	4	19.5	£3,741	-	19.5	£3,698	£11,760
Saltford Parish Council	1	13.5	£1,061	£100	13.5	£1,039	£100
Sodbury Parish Council	3	17.9	£7,018	-	17.9	£6,447	-

Stoke Gifford Parish Council	6	17.1	£10,230	-£3,700	16.2	£8,999	-£3,500
Stoke Lodge & the Common Parish Council	3	15.7	£1,490	-	15.7	£935	-
Thornbury Town Council	9	18.8	£12,760	-£14,600	18.8	£15,390	-£14,100
Wellsway MAT Trading Company Limited	55	16.3	£32,308	-	23.0	£19,752	-
Westerleigh Parish Council	2	15.2	£812	£400	14.2	£631	£400
Westfield Parish Council	3	22.0	£2,276	-	22.0	£2,156	£6,860
Weston Super Mare Town Council	33	17.7	£42,286	£14,400	17.7	£34,070	£13,800
Whitchurch Parish Council	1	22.4	£1,083	-£100	22.4	£1,077	-£100
Winterbourne Parish Council	1	36.4	£1,235	-£2,900	36.4	£1,186	-£2,800
Yate Town Council	34	17.5	£44,781	-	17.5	£40,294	£1,780
Yatton Parish Council	6	23.2	£5,905	£3,600	22.6	£5,609	£3,400
Community Admission Bodies							
Adoption West	40	18.1	£60,021	-£5,500	18.1	£50,898	-£5,300
Alliance Homes	38	21.7	£89,453	-£15,100	21.7	£93,981	-£14,500
Ashley House Hostel	14	28.8	£20,541	£20,000	27.0	£20,092	£19,300
Bristol Music Trust	8	22.5	£16,959	-£40,300	22.5	£15,533	-£38,800
Clifton Suspension Bridge Trust	6	25.3	£11,380	-	25.3	£12,060	-
Destination Bristol	4	20.3	£11,480	-	20.3	£0	-
Disability Equality Forum	1	28.5	£755	-£1,800	28.5	£787	-£1,700
Merlin Housing Society Ltd (New Staff Since 2007)	47	30.9	£93,100	£198,000	29.0	£126,241	£190,600
Merlin Housing Society Ltd (SGC)	23	21.7	£75,282	-£329,900	21.7	£69,258	-£317,600
Play Station Nursery Ltd - Barley Close (SGC)	1	23.0	£1,243	-	23.0	£1,132	-
Sirona Care & Health (Telecare Service)	1	23.6	£1,300	-	23.6	£572	-
Southwest Grid for Learning Trust	1	19.6	£5,840	£36,625	19.6	£7,005	£22,930
The Care Quality Commission	4	23.6	£19,074	-	23.6	£18,954	-
The Holburne Museum	1	21.5	£2,333	£36,050	21.5	£2,608	£30,300
The Park Community Trust Ltd	4	22.5	£6,629	-£17,500	22.5	£7,124	-£16,800
University of Bath	844	19.3	£1,169,544	£447,290	16.5	£1,260,905	£1,312,570
Vision North Somerset CIO	2	23.7	£3,068	£11,800	23.7	£5,680	£11,400
Writhlington Trust	8	31.9	£19,235	£15,700	30.3	£13,268	£15,000
Transferee Admission Bodies							
ABM Catering Limited - SGC Schools	8	20.8	£3,029	-	20.8	£6,026	-
Access Your Care Ltd (North Somerset Council)	3	23.4	£1,509	£4,100	-	£0	-

Active Community Engagement Limited (Bristol City Council)	1	24.2	£784	-£10,500	24.2	£810	-£10,100
Active Nation UK Limited (Filton Town Council)	34	18.8	£6,806	-	-	£0	-
Adapt Business Services Limited - North Somerset Council		23.7	£251	-	23.7	£543	-
Campus Schools	1						
Agilisys Limited (North Somerset Council)	19	22.3	£34,885	-£166,700	22.3	£33,879	-£160,500
Agilisys Limited 2015 (North Somerset Council)	35	21.3	£42,310	-£167,400	21.3	£42,070	-£161,100
Alliance Homes - Ebdon Court	6	22.6	£2,298	-	-	£0	-
Alliance in Partnership Limited - Beacon Rise (SGC)	2	22.1	£1,298	-	22.1	£1,102	-
		23.6	£1,051	-	-	£0	-
Alliance in Partnership Limited - St Anne's CEVC Primary School	3						
		23.4	£661	-	-	£0	-
Alliance in Partnership Limited - St Mary's CE Primary School	3						
Alliance in Partnership Limited - Westbury on Trym C of E Academy	1	21.6	£518	-	21.6	£396	-
		25.8	£856	-	25.8	£735	-
Aramark Limited - South Gloucestershire and Stroud College	1						
Aspens Services Limited - Academies Enterprise Trust	5	21.5	£3,815	-	-	£0	-
Aspens Services Limited - Blackhorse Primary School	3	22.6	£1,603	£500	22.6	£1,496	£500
		24.2	£4,114	-£3,700	24.2	£3,951	-£3,600
Aspens Services Limited - Bristol City Council PFI Contract	7						
Aspens Services Limited - Cabot Learning Federation	14	21.8	£5,264	-	-	£0	-
		21.2	£1,870	-	21.2	£1,526	-
Aspens Services Limited - Castle Primary School (Keynsham)	5						
Aspens Services Limited - Castle School Education Trust	2	22.0	£1,095	-	22.0	£1,363	-
Aspens Services Limited - Cathedral Schools Trust	3	23.8	£2,907	-	23.8	£2,768	-
Aspens Services Limited - Charfield School	1	23.3	£727	-£100	23.3	£648	-£100
Aspens Services Limited - Cherry Garden Primary School	1	23.5	£312	£100	23.5	£405	£100
Aspens Services Limited - Culverhill School	2	19.1	£722	-	19.1	£706	-
Aspens Services Limited - Downend School	2	23.3	£1,875	-£500	23.3	£1,469	-£500
Aspens Services Limited - E-ACT	1	26.1	£692	-	26.1	£0	-
Aspens Services Limited - Elmlea Schools Trust	1	25.4	£579	-	-	£0	-
Aspens Services Limited - Hanham Abbots Junior School	4	23.5	£2,077	£1,100	23.5	£2,839	£1,100
Aspens Services Limited - Kaleidoscope MAT	5	19.6	£3,567	-	-	£0	-
		22.8	£7,477	-	22.8	£6,768	-
Aspens Services Limited - Lighthouse Schools Partnership	15						

Aspens Services Limited - Longwell Green Primary School	1	25.0	£164	-	18.0	£198	£100
Aspens Services Limited - Mangotsfield School	4	23.1	£2,869	-£1,800	23.1	£1,687	-£1,700
Aspens Services Limited - The Tynings School	1	17.7	£354	-	17.7	£381	-
Aspens Services Limited - Venturers Trust	11	21.5	£5,138	-	21.5	£7,561	-
Aspens Services Limited - Warmley Park Primary School	2	22.1	£1,393	£100	22.1	£1,326	£100
Atalian Servest Food Company Limited - City of Bristol College	1	28.6	£433	-	-	£0	-
Ategi limited (South Gloucestershire Council)	1	21.3	£708	-£100	21.3	£692	-£100
BAM Construction UK Limited (Bristol City Council)	4	25.7	£4,882	-£10,600	25.7	£4,635	-£10,200
Bespoke Cleaning Services Limited - Olympus Academy Trust	7	22.4	£2,358	£600	22.4	£2,192	£600
Bespoke Cleaning Services Limited - South Gloucestershire & Stroud College	3	22.4	£2,630	-	22.4	£2,602	-
Cater Link Limited - BAM Construction	2	20.8	£1,591	-	20.8	£3,134	-
Cater Link Limited - Cotham School	3	21.7	£4,552	-	21.7	£3,847	-
Churchill Contract Services Ltd - Cabot Learning Federation	20	22.0	£3,335	£100	22.0	£7,986	£100
Churchill Contract Services Ltd - Churchill CofE Primary School	1	20.1	£374	-	20.1	£636	-
Churchill Contract Services Ltd - Wellsway MAT	4	22.6	£956	-	22.6	£1,130	-
Churchill Contract Services Ltd - Westhaven School	1	24.2	£370	-	24.2	£304	-
Circadian Trust (South Gloucestershire Council)	58	21.2	£77,335	£96,500	21.2	£74,617	£92,900
Compass Contract Services (UK) Ltd - Bristol City Council	21	23.3	£13,783	£77,900	23.3	£15,389	£74,900
Compass Contract Services (UK) Ltd - Palladian Academy Trust	1	22.1	£645	£1,700	22.1	£1,627	£1,700
Compass Contract Services (UK) Ltd - St Bede's Academy	1	25.7	£418	£3,300	25.7	£349	£3,100
Compass Contract Services (UK) Ltd - St Patrick's Catholic Primary School	2	24.7	£1,170	-	24.7	£1,057	-
Compass Contract Services (UK) Ltd - St Teresa's Catholic Primary School	1	30.7	£1,115	-	30.7	£1,030	-
Compass Contract Services (UK) Ltd - Westbury Park Primary School	1	19.9	£617	£300	19.9	£600	£300
Creative Youth Network - South Gloucestershire Council Youth Service	1	22.4	£185	-	22.4	£200	-

Direct Cleaning Services (South West) Limited - Palladian MAT	10	20.0	£4,390	-	20.0	£5,208	-
Dolce Ltd - Mangotsfield C of E Primary School	3	22.7	£1,712	-	22.7	£1,645	£3,100
Edwards and Ward Ltd - Bath & Wells MAT	12	20.9	£7,042	£2,800	20.9	£7,666	£2,700
Edwards and Ward Ltd - Henleaze Academy	2	23.9	£1,431	-	23.9	£1,253	-
Edwards and Ward Ltd - Paulton Infant School	1	23.4	£997	-£400	23.4	£1,211	-£400
Edwards and Ward Ltd - St Keyna Primary School	2	21.1	£1,072	-	21.1	£1,127	£1,300
Expedite Complete Business Solutions Ltd - Clevedon Learning Trust	2	22.7	£1,240	-	22.7	£1,617	-
Future Stars Coaching Limited - High Down Schools	7	25.2	£520	-	-	£0	-
Glen Cleaning Company Limited - City of Bristol Council (2020)	14	24.2	£4,834	-	24.2	£6,846	-
Glen Cleaning Company Limited - Excalibur Academies Trust	5	0.0	£941	-	-	£0	-
Glen Cleaning Company Limited - Henleaze Junior Academy	1	21.7	£0	-	21.7	£0	-
Glen Cleaning Company Limited - Lighthouse Schools Partnership	1	21.8	£1,118	-	21.8	£990	-
Greenwich Leisure Ltd - Bath & North East Somerset Council	11	20.2	£20,913	-£10,900	20.2	£20,767	-£10,500
HCRG Care Services Limited (Bath & North East Somerset Council)	76	22.4	£119,453	£5,000	22.4	£126,683	£4,800
Home Life Carers Limited (North Somerset Council)	4	24.2	£2,884	-	24.2	£0	-
Imperial Cleaning Services - The Tynings Primary School	2	26.2	£586	-	-	£0	-
Innovate Services Ltd - Cathedral Schools Trust	3	23.2	£1,574	-	23.2	£1,081	-
Innovate Services Ltd - Gatehouse Green Learning Trust	4	25.4	£3,457	-	25.4	£292	-
KGB Cleaning (South West) Ltd - Cathedral Schools Trust	5	22.7	£2,069	-	22.7	£0	-
Lex Leisure C.I.C. (Bristol City Council)	1	23.6	£1,842	£600	23.6	£1,597	£600
Liberata UK Ltd (North Somerset Council)	15	21.2	£23,140	-£74,100	21.2	£26,297	-£71,200
Mentoring Plus (Bath and North East Somerset Council)	2	24.1	£3,343	£1,600	24.1	£3,310	£1,500
Nobilis Care West Ltd (North Somerset Council)	1	27.5	£828	-	27.5	£845	-
Prestige Cleaning & Maintenance Limited - Circadian Trust	2	25.1	£1,614	-£300	25.1	£1,359	-£300
Prestige Cleaning & Maintenance Limited - ELAN MAT	2	26.4	£560	-	26.4	£338	-
Purgo Supply Services Ltd - Castle School Education Trust	3	22.4	£293	-	-	£0	-
Purgo Supply Services Ltd - E-ACT	9	21.0	£3,492	-	21.0	£5,011	-

Purgo Supply Services Ltd - Gatehouse Green Learning Trust	2	22.6	£1,259	-	22.6	£1,731	-
Ridge Crest Cleaning Ltd - Bristol City Council	3	24.5	£1,952	-£12,400	24.5	£2,542	-£11,900
Shaw Healthcare - The Granary	1	22.9	£941	£4,300	22.9	£818	£4,100
Skanska Rashleigh Weatherfoil Ltd (Bristol City Council)	2	23.7	£2,936	-£3,800	23.7	£2,707	-£3,700
SLM Community Leisure Trust (Bristol City Council)	48	21.5	£61,415	£3,500	21.5	£50,059	£3,400
SLM Fitness & Health Ltd (Bristol City Council)	5	21.3	£5,193	£8,400	21.3	£4,351	£8,000
Sodexo Ltd - Diocese of Bristol Academies Trust (DBAT)	5	21.1	£1,713	-	21.1	£3,365	-
Southern Brooks - South Gloucestershire Council Youth Service	1	18.4	£192	-	18.4	£91	-
Taylor Shaw - Olympus Academy Trust	10	22.3	£7,122	-	22.3	£6,260	-
The Brandon Trust	7	22.6	£9,063	£900	22.6	£8,782	£800
Trowbridge Office Cleaning Services Ltd - Learn@MAT	1	20.8	£229	-	20.8	£408	-
Weston Support Services Ltd (Extend Learning Academies Network)	1	25.2	£251	-	25.2	£229	-
Youth Connect (Bath & North East Somerset Council)	14	20.7	£21,003	-	20.7	£20,862	-
Total:			£46,296,425				
Agresso			£46,318,130				
Variance			-£21,706				
Employer Exits			£21,706				
Variance:			£0				

PENSION FUND ACCOUNTS 2021/22 **[UNAUDITED]**

Fund Account

For the Year Ended 31 March 2022

	Notes	2021/22 £'000	2020/21 £'000
Dealings with members, employers and others directly involved in the fund			
Contributions Receivable	4	(185,761)	(211,176)
Transfers In		(13,598)	(8,235)
		(199,359)	(219,411)
Benefits Payable	5	192,395	183,251
Payments to and on account of Leavers	6	9,112	4,701
		201,507	187,952
Net (additions) / withdrawals from dealings with members		2,148	(31,459)
Management Expenses	7	36,943	23,684
Net (additions)/withdrawals including fund management expenses		39,091	(7,775)
Returns on Investments			
Investment Income	8	(25,683)	(21,017)
Profits and losses on disposal of investments and change in value of investments	9	(526,695)	(808,096)
Net Returns on Investments		(552,378)	(829,113)
Net (Increase) in the net assets available for benefits during the year		(513,287)	(836,888)
Opening Net Assets of the Fund		5,308,710	4,471,822
Closing Net Assets of the Fund		5,821,997	5,308,710

Net Assets Statement at 31 March 2022

	Notes	31 March 2022 £'000	%	31 March 2021 £'000	%
INVESTMENT ASSETS					
Property Pooled Investment vehicles		708,665	12.2	534,294	10.1
Non-Property Pooled Investment Vehicles	10	4,954,039	85.1	4,584,191	86.4
Cash Deposits		170,915	2.9	117,641	2.2
Derivative Contracts (Foreign Exchange hedge)		-	-	63,767	1.2
Derivative Contracts: FTSE Futures		676	-	0	-
Long-Term Investments		838	-	768	-
Other Investment balances		98,478	1.70	1,438	-
Total Investment Assets		5,933,611		5,302,099	
INVESTMENT LIABILITIES					
Derivative Contracts (Foreign Exchange hedge)		(31,203)	(0.5)	-	-
Derivative Contracts: FTSE Futures		-	-	(110)	-
Other Investment balances		(74,787)	(1.3)	-	-
Total Investment Liabilities		(105,990)		(110)	
TOTAL NET INVESTMENTS	10	5,827,621		5,301,989	
Long-Term Debtors	12a	218	-	213	-
Net Current Assets					
Current Assets	12	19,663	0.3	15,019	0.3
Current Liabilities	12	(25,505)	(0.4)	(8,511)	(0.2)
Net assets of the scheme available to fund benefits at the period end.		5,821,997	100.0	5,308,710	100.0

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 2022. The actuarial present value of these liabilities is disclosed in note 15.

Notes to Accounts - Year Ended 31 March 2022**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 2021 to 31 March 2022.

- 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 2021/22 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 1.23. They do not take account of liabilities to pay pensions and other benefits in the future.

Impact of COVID-19 Pandemic

- 1.4 The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 came into force on 31 March 2021. These regulations apply to annual accounts relating to the 2020/21 and 2021/22 financial year. The Regulations extend the publication date for local authority audited accounts to 30 September 2022. The public inspection period will start on 1 August 2022. These regulations were provided in order for authorities to have additional time to complete the audit of their accounts for 2020/21 and 2021/22, given the likely impact of the COVID19 virus on availability of local authority staff and auditors to complete the audit process within current deadlines.

- 1.5 The environment in which our employers operate remained challenging over 2021/22. The economic shock from the pandemic and subsequent policy response combined with the impact of geopolitical tensions led to a heightened inflationary outlook. The funding and investment strategies are kept under review as are employer contribution plans so that any potential changes can be managed effectively.

1.6 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 2019. 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 £4,818m. The Actuary estimated that the value of the Fund was sufficient to meet 94% of its expected future liabilities of £5,102m in respect of service completed to 31 March 2019, with a deficit of £284m.

- 1.7 At the 2019 valuation the average deficit recovery period for the Fund overall was set at 13 years.

- 1.8 The 2019 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:

	Past Service Liabilities (Primary Contribution Rate)	Future Service Liabilities (Secondary Contribution Rate)
Rate of return on investments (discount rate)	4.65% per annum	4.15% per annum
Rate of pay increases (long term)	3.9% per annum	3.9% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.4% per annum	2.4% per annum

- 1.9 The 2019 triennial valuation was completed during 2019/20 using market prices and membership data as at 31 March 2019. The 2019 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 2020. The discount rate used in the 2019 valuation is based on CPI plus a real investment return of 1.75% p.a. for past service (the secondary contribution rate) and CPI plus 2.25% p.a. for future service (the primary contribution rate). The discount rate for the lower risk investment strategy was 2.6% p.a..

- 1.10 The Actuary has estimated that the funding level has increased to 100% from 96.9% a year earlier based on the 2019 valuation financial assumptions. The improvement in the funding level is due to the recovery in asset values over the same period.

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

1.11 The 2019 valuation outcome does not include an allowance for McCloud. However, at the overall Fund level the impact was estimated to increase past service liabilities by £35m and to increase the Primary Contribution Rate by 0.5% of pensionable pay per annum. Individual employers were informed of the impact on their costs as part of the valuation exercise, with the option to include the estimated costs in contributions paid from 1 April 2020.

Subsequently in March 2022 DLUHC set out its position on how LGPS funds should treat the McCloud remedy in the 2022 valuation to ensure an consistent approach, since changes to the Regulations have not yet been passed into law. Therefore in line with this recommendation, the Fund's approach will be to include amendments for all employers in the 2022 valuation to reflect the McCloud remedy in both valuing past service liabilities and setting (employer) future service contribution rates. This approach will be set out in the Fund's Funding Strategy Statement for the 2022 valuation. The estimated costs of the remedy are included in the IAS26 disclosure.

1.12 **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.

1.13 The Fund's Funding Strategy Statement can be found on the Fund's website 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

1.14 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 (search Investment Strategy Statement) and is summarised within the Fund's Annual Report. The ISS is updated following strategic reviews.

1.15 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. As a consequence the Fund is a member of Brunel Pension Partnership, a pool of 10 LGPS funds, which has established an FCA regulated company, Brunel Pension Partnership Limited (Brunel), to manage the assets of the pool. Each LGPS fund 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 remaining 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.

1.16 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 has been implemented 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

1.17 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

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

i) Quoted Securities have been valued at 31 March 2022 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, unithised 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 2022 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 and their external auditors.

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 2022.

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

- 1.19 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 2021/22 relate to the 2019 valuation and the employer contribution rates range from 11.8% to 36.4%. 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 2022. The deficit contribution is expressed as a cash sum, and ranges from £0 to £2.3 millions.
- 1.20 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

- 1.21 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.
- 1.22 Benefits payable and refunds of contributions have been brought into the accounts as they fall due.
- 1.23 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. Accruals are only made when it is certain that a transfer is to take place.
- 1.24 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

- 1.25 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

- 1.26 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 Fund business.
- 1.27 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

- 1.28 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

- 1.29 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.

Item Uncertainties

Effect if actual results differ from assumptions

Unlisted Assets

The Hedge Fund (£109m), Infrastructure (£653m), Private Debt (£43m) and Property Limited Partnerships (£506m) 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.

If the valuations of the Property Limited Partnerships, Hedge Fund and Infrastructure assets turn out to be lower or higher than estimated, then the value of the Fund's investments will have been under or overstated. A +/-10% change in the valuations included in the accounts for these portfolios would result in an increase or reduction of +/- £131m 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 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 2022 is £8,631 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 2019 actuarial valuation results:

- a 0.25% per annum reduction in the real investment return assumption would increase deficit by £219m (to £503m)
- a 0.25% per annum increase in the assumed pensionable salary growth would increase the deficit by £16m (to £300m)
- a 0.25% per annum increase in the long-term improvement rate in life expectancy would increase the deficit by £34m (to £318m)

Events After the Balance Sheet Date

- 1.30 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

- 1.31 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

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

Accounting Standards that have been issued but not yet adopted

- 1.33 IFRS 16 Lease Accounting will apply to CIPFA Accounts for the financial year 24/25 onwards. 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

- 1.34 A judgement has been made that the Fund does not have significant influence over the Brunel Pension Partnership and consequently it is not considered to be a joint venture. Each fund holds an equal 10% stake in the Fund, so no fund exerts more influence than another. Also, a holding of 20% or more of the voting power is generally required to indicate significant influence.

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

2 MEMBERSHIP

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

	31 March 2022	31 March 2021
Employed Members	39,559	39,159
Pensioners	36,951	34,885
Members entitled to Deferred Benefits	43,396	42,538
Undecided Leavers	10,237	8,740
TOTAL	130,143	125,322

A further estimated 818 (818 in 2020/21) ex-members whose membership was for up to 2 years before 1 April 2014 or up to 3 months after that date are due refunds of contributions.

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:

	2021/22 £'000	2020/21 £'000	
Employers' normal contributions			
Scheduled Bodies	106,331	99,345	
Administering Authority	11,269	10,192	
Admission Bodies	7,864	8,024	-7,903
Employers' deficit Funding			
Scheduled Bodies	11,690	40,175	
Administering Authority	-	6,817	
Admission Bodies	336	1,429	36,395
Total Employer's normal & deficit funding	137,490	165,982	
Employers' contributions - Augmentation			
Scheduled Bodies	737	628	
Administering Authority	349	29	
Admission Bodies	348	157	814
Members' normal contributions			
Scheduled Bodies	39,587	37,181	
Administering Authority	4,316	3,907	
Admission Bodies	2,416	2,579	43,667
Members' contributions toward additional benefits			
Scheduled Bodies	400	541	
Administering Authority	105	118	
Admission Bodies	13	54	713
Total	185,761	211,176	

The decrease in Employers' contributions between 2020/21 and 2021/22 is mainly due to employers paying deficit contributions for three years in advance (£37.96m) in 2020/21. This decrease in deficit contribution is partially offset by an increase in the primary contribution rate between valuation periods.

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 Utmost Life & Pensions or Aviva on behalf of the individual members concerned. These contributions are not part of the 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 2021/22 **[UNAUDITED]**

5 BENEFITS PAYABLE

Analysis of Gross Benefits Payable by Type:

	2021/22 £'000	2020/21 £'000
Retirement Pensions	159,686	155,336
Commutation of Pensions and Lump Sum Retirement Benefits	30,068	24,017
Lump Sum Death Benefits	2,641	3,898
	<u>192,395</u>	<u>183,251</u>

Analysis of Gross Benefits Payable by Employing Body:

	2021/22 £'000	2020/21 £'000
Scheduled & Designating Bodies	155,477	149,709
Administering Authority	20,226	18,694
Admission Bodies	16,692	14,848
	<u>192,395</u>	<u>183,251</u>

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

Leavers

	2021/22 £'000	2020/21 £'000
Refunds to members leaving service	672	695
Individual Cash Transfer Values to other schemes	7,490	4,006
Group Transfers	950	0
	<u>9,112</u>	<u>4,701</u>

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

7 MANAGEMENT EXPENSES

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

	2021/22	2020/21
	£'000	£'000
Administrative Costs	2,746	2,456
Oversight & Governance Costs	1,940	1,840
Investment Management Expenses	32,257	19,388
	36,943	23,684

Further Analysis of Management Expenses:-

Administrative Costs

Management Costs	1,926	1,571
Administration and Processing	606	578
Service from Administrating Body	491	506
Fees and Income	(277)	(199)
	2,746	2,456

Oversight & Governance Costs

Management costs	765	682
Specialist advice and Governance	1,438	1,293
Actuarial recharges	(317)	(206)
Audit Fees	47	57
Audit Related Service	7	14
	1,940	1,840

Investment Management Expenses (Note 7a)

	32,257	19,388
	36,943	23,684

Management costs in Oversight & Governance Costs include investments, actuarial and accounting staff costs. Audit fees include; the £0.037m external audit fee (2020/21 £0.037m), £0.006m additional audit fees relating to the 19/20 audit, -£0.005m rebate from the PSAA, -£0.011m grant from the DCLG and £0.020m internal audit charge from Bath & North East Somerset Council (2020/21 £0.020m). The audit related service of £0.007m is for an additional external fee relating to information provided to the actuary regarding individual employers' IAS19 disclosures in 2021/22.

7a INVESTMENTS MANAGEMENT EXPENSES

2021/22	Total	Management Fees	Performance related fees	Transaction costs
	£000	£000	£000	£000
Equity	0	0	0	0
Pooled Property	6,201	2,844	3,357	0
Private Infrastructure	2,564	2,564	0	0
Derivatives	456	456	0	0
Pooled Investments *	22,985	13,943	8,878	164
	32,206	19,807	12,235	164
Custody Fees	51			
Total	32,257			

2020/21	Total	Management Fees	Performance related fees	Transaction costs
	£000	£000	£000	£000
Equity	415	414	0	1
Pooled Property	1,404	3,144	(1,740)	0
Private Infrastructure	722	722	0	0
Derivatives	412	410	0	2
Pooled Investments *	16,392	13,309	3,058	25
	19,345	17,999	1,318	28
Custody Fees	43			
Total	19,388			

* Included within Pooled Investments is £1.219m (£1.278m in 20/21) 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 21/22 represent a increase in the provision for pooled property of £3.238m and a payment in year of £0.119m. For Pooled investments there is a payment in year of £4.353m and increase in provision of £4.505m. The current total provision for performance fees is included in note 12 Current Asset and Liabilities.

Of the £32.2m of investment management fees, £12.2m relates to the fees paid to the underlying managers of the portfolios managed by Brunel. Overall, pooling of assets has achieved investment fee savings to date. During the year the Fund's infrastructure and overseas property assets delivered significant returns leading to an increase in paid and accrued performance fees compared to 2020/21.

PENSION FUND ACCOUNTS 2021/22 **[UNAUDITED]**

8 INVESTMENT INCOME

	2021/22 £'000	2020/21 £'000
Dividends from equities	343	2,153
Income from pooled Property Investments	15,281	13,003
Income from other pooled investment vehicles	10,064	5,650
Interest on cash deposits	(5)	202
Other Income (including Stock Lending)		9
TOTAL	25,683	21,017

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 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 £11.2m. During the year the Fund's share of stock lending income in this portfolio was £0.05m. The Fund does not operate a securities lending programme outside of the Brunel portfolios.

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

9 CHANGES IN TOTAL NET ASSETS

Change in Market Value of Investments	Value at 31/03/21 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value at 31/03/22 £'000
Bonds	-	408,717	(411,838)	3,121	-
Equities	-	381,484	(377,279)	(4,205)	-
Long Term Investments	768	-	-	70	838
Pooled Investments-					
- Property	534,294	189,028	(97,220)	82,563	708,665
- Non-Property	4,584,191	2,379,836	(2,410,237)	400,249	4,954,039
Derivatives					
- Foreign Exchange Hedge	63,767	28,231	(85,402)	(37,799)	(31,203)
- FTSE Futures	(110)	394	(5,329)	5,721	676
Sub Total	5,182,910	3,387,690	(3,387,305)	449,720	5,633,015
Cash Deposits	117,641	511,950	(530,602)	71,926	170,915
Net Purchases & Sales Amount receivable for sales Payable for purchases Investment Debtors & Creditors Total Investment		3,899,640	(3,917,907)	(18,267)	97,069
	1,438			(74,787)	(74,787)
Assets	5,301,989			(29)	1,409
Long Term Debtors	213			5	218
Current Assets	6,508			(12,350)	(5,842)
Less Net Revenue of Fund				13,408	
Total Net Assets	5,308,710			526,695	5,821,997

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 (£39.091m) plus Investment income (£-25.683m) as shown in the Fund account.

Change in Total Net Assets 2020/21

Change in Market Value of Investments	Value at 31/03/20 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Value at 31/03/21 £'000
Equities	147,306	384	(152,865)	5,175	-
Long Term Investments	427	-	-	341	768
Pooled Investments-					
- Property	424,153	288,021	(158,905)	(18,975)	534,294
- Non-Property	3,778,471	1,191,182	(1,079,291)	693,829	4,584,191
Derivatives					
- Foreign Exchange Hedge	(30,367)	50,706	(57,775)	101,203	63,767
- FTSE Futures	1,078	580	(6,061)	4,293	(110)
Sub Total	4,321,068	1,530,873	(1,454,897)	785,866	5,182,910
Cash Deposits	143,135	511,950	(530,602)	(6,842)	117,641
Net Purchases & Sales		2,042,823	(1,985,499)	57,324	
Investment Debtors & Creditors	2,836			(1,398)	1,438
Total Investment Assets	4,467,039				5,301,989
Long Term Debtors	212			1	213
Current Assets	4,571			1,937	6,508
Less Net Revenue of Fund				(28,792)	
Total Net Assets	4,471,822			808,096	5,308,710

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

10 INVESTMENT ASSETS

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

	31 March 2022 £'000	31 March 2021 £'000
Non-Property Pooled Investment Vehicles		
Global Equity	2,176,034	2,031,146
Risk Management Strategy	1,119,140	942,816
Diversified Growth Funds	538,061	501,330
Infrastructure	653,396	513,891
Multi Asset Credit	315,433	317,539
Hedge Funds	109,262	277,469
Private Debt	42,713	0
	<u>4,954,039</u>	<u>4,584,191</u>
Other Investments		
Pooled Property Investments	708,665	534,294
Derivative contracts		
• Foreign Exchange Hedge		63,767
• Derivative contracts: FTSE Futures	676	
	<u>709,341</u>	<u>598,061</u>
Cash deposits	170,915	117,641
Investment Income due	1,409	1,438
Amounts receivable for sales	97,069	
Total Investment Assets	<u>5,932,773</u>	<u>5,301,331</u>
Long Term Investments		
Equities	<u>838</u>	<u>768</u>
Investment Liabilities		
Derivative contracts		
• Foreign Exchange Hedge	(31,203)	
• Derivative contracts: FTSE Futures		(110)
Amounts payable for purchases	(74,787)	
Total Investment Liabilities	<u>(105,990)</u>	<u>(110)</u>
Total Investment Assets	<u>5,827,621</u>	<u>5,301,989</u>

During the year the strategic allocation to equities increased from 37.5% to 41.5%. A number of changes to the composition of the equity portfolio took place including the removal of the 5.5% allocation to emerging market equities and a subsequent increase to global equities. The Fund began divesting from hedge funds with proceeds used to fund investments in infrastructure, credit and property as committed capital to the Brunel Renewable Infrastructure, Secured Income and Private Debt Portfolios were drawn down.

The Long-term investment of £0.838m represents the 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 2021.

Included within the equity of Brunel is a Pension Reimbursement Asset (PRA) created in 19/20. The implementation of the PRA provides certainty to Brunel that its shareholders will reimburse any LGPS pension related cashflows, including reimbursement of all regular ongoing contributions, all additional contributions (e.g. to fund discretionary early retirements or other discretionary benefits) and all exit payments. The current value of the PRA is £7.68m. The Fund has elected to declare 10% of the PRA as a contingent liability (see Note 13)

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

DERIVATIVES ANALYSIS

Open Forward Currency Contracts

Settlement	Currency Bought	Local Value	Currency Sold	Local Value	Asset Value	Liability Value
		000		000	£'000	£'000
Up to one month	EUR	56,410	GBP	47,835	-	(123)
Up to one month	JPY	2,056,200	GBP	12,950	-	(76)
Up to one month	USD	134,052	GBP	101,342	487	-
Up to one month	GBP	13,680	JPY	2,056,200	805	-
Up to one month	GBP	48,701	EUR	56,410	988	-
Up to one month	GBP	174,498	USD	235,470	-	(4,148)
One to six months	EUR	12,723	GBP	10,679	123	-
One to six months	JPY	1,252,100	GBP	8,122	-	(260)
One to six months	USD	149,579	GBP	110,517	3,103	-
One to six months	GBP	234,993	EUR	277,513	-	(793)
One to six months	GBP	60,857	JPY	9,356,600	2,067	-
One to six months	GBP	473,806	USD	656,669	-	(25,000)
Six to twelve months	GBP	-	EUR	-	-	-
Six to twelve months	GBP	-	JPY	-	-	-
Six to twelve months	GBP	84,975	USD	114,697	2,039	-
Six to twelve months	USD	723,205	GBP	538,015	-	(10,538)
Six to twelve months	EUR	52,958	GBP	45,371	140	-
Six to twelve months	JPY	1,620,900	GBP	10,214	-	(19)
Total					9,754	(40,957)
Net forward currency contracts at 31st March 2022						(31,203)
Open forward currency contracts at 31 March 2021					65,025	(1,258)
Net forward currency contracts at 31st March 2021						63,767

Exchange Traded Derivatives held at 31 March 2022:

Contract Type	Expiration	Book Cost	Unrealised Gain/(Loss)
		£'000	£'000
FTSE equity futures	June 2021	20,811	676

Exchange Traded Derivatives held at 31 March 2021:

FTSE equity futures	June 2021	33,659	(110)
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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 2021/22 **[UNAUDITED]**

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 2022 £'000	%	31 March 2021 £'000	%
Investments managed by Brunel Pension Partnership:				
BlackRock Risk Management Strategy	1,119,140	19.2	942,815	17.8
LGIM Low Carbon Global Equities	-	-	691,544	13.0
Brunel Renewables Portfolio	89,252	1.5	50,205	0.9
Brunel Secured Income Portfolio	468,845	8.0	280,324	5.3
Brunel Multi Asset Credit	315,433	5.4	-	-
Brunel Global Sustainable Equity	802,687	13.8	541,101	10.2
Brunel Paris Aligned Developed Equity	574,338	9.9	-	-
Brunel Diversified Returns Fund	538,061	9.2	501,330	9.5
Brunel UK Property	210,953	3.6	106,841	2.0
Brunel Emerging Market Equity	-	-	286,760	5.4
Brunel Global High Alpha Equity	695,906	11.9	403,274	7.6
Brunel Private Debt	42,713	0.7	-	-
Avon Transition Fund	137	0.0	-	-
	4,857,465	83.4	3,804,194	71.8
Investments managed outside Brunel Pension Partnership:				
Blackrock	105,135	1.8	108,663	2.0
Record	(10,360)	(0.2)	97,316	1.8
Jupiter Asset Management	-	-	205	0.0
Partners Group	194,880	3.3	192,409	3.6
Loomis (Natixis)	-	-	317,539	6.0
TT International	312	0.0	303	0.0
IFM Investors	427,128	7.3	365,544	6.9
Schroder Investment Management	13,510	0.2	92,048	1.7
JP Morgan	170,023	2.9	277,470	5.2
Custodian Cash	40,715	0.7	18,821	0.4
Long Term Investment	838	0.0	768	0.0
Treasury Management	27,975	0.5	26,709	0.5
	970,156	16.6	1,497,795	28.2
TOTAL INVESTMENT ASSETS	5,827,621	100.0	5,301,989	100.0

During 2021/22, the assets managed by Loomis (Natixis) transitioned to the Brunel asset pool. In addition, new investments were made to the Renewable Infrastructure, Private Debt and Secured Income portfolios managed by Brunel.

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 2022 £'000	% of Net Asset	Value at 31st March 2021 £'000	% of Net Asset
Blackrock Liability SOL Mutual Fund	1,119,140	19.22%	942,815	17.76%
Brunel Global Sustainable Equity	802,687	13.79%	541,101	10.19%
Brunel Global High Alpha Equity Fund	695,906	11.95%	403,274	7.60%
Brunel Paris Aligned Developed Equity	574,338	9.86%	-	-
Brunel Diversified Returns Fund	538,061	9.24%	501,330	9.44%
IMF Global Infrastructure (UK)	427,128	7.34%	365,544	6.89%
LGIM Low Carbon Global Equity	-	0.00%	691,544	13.03%
NATIXIS Investment Solutions	-	0.00%	317,539	5.98%
Brunel Emerging Market Equity	-	0.00%	286,760	5.40%
APF Absolute Return Strategies	170,023	2.92%	277,469	5.23%

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

12 CURRENT ASSETS AND CURRENT LIABILITIES

Provision has been made in the accounts for debtors and creditors known to be outstanding at 31 March 2022.

Debtors and creditors included in the accounts are analysed below:

	31 March 2022 £'000	31 March 2021 £'000
CURRENT ASSETS		
Contributions Receivable		
- Employers	12,803	9,642
- Members	3,610	3,610
Discretionary Early Retirement Costs	214	278
Other Debtors	3,036	1,489
	<u>19,663</u>	<u>15,019</u>
CURRENT LIABILITIES		
Management Fees	(845)	(927)
Provision for Performance Fees	(9,798)	(2,055)
Lump Sum Retirement Benefits	(5,668)	(1,861)
Contributions received in advance	(2,658)	
Other Creditors	(6,536)	(3,668)
	<u>(25,505)</u>	<u>(8,511)</u>
NET CURRENT ASSETS	<u>(5,842)</u>	<u>6,508</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 2022.

	31 March 2022 £'000	31 March 2021 £'000
Reimbursement of lifetime tax allowances	<u>218</u>	<u>213</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. The Fund offer to pay the tax upfront and are reimbursed from pension deductions over time. This creates a long-term debtor in the accounts.

13 CONTINGENT LIABILITIES

Brunel Pension Partnership, in which Avon Pension Fund have a 10% share, have a Pension Reimbursement Asset of £7.676m. The implementation of the PRA provides certainty to Brunel that its shareholders will reimburse any LGPS pension related cash-flows, including reimbursement of all regular ongoing contributions, all additional contributions (e.g. to fund discretionary early retirements or other discretionary benefits) and all exit payments.

Accordingly the Fund have recognised a contingent liability of £0.768m, representing 10% of its share in the Brunel Pension Partnership. It has elected to treat this as a contingent liability because the value and timing of this is uncertain and subject to change.

14 EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after 31 March 2021 that require any adjustment to these accounts.

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 2022 (the 31 March 2021 assumptions are included for comparison):

	31st March 2022	31st March 2021
Rate of return on investments (discount rate)	2.8% per annum	2.1% per annum
Rate of CPI Inflation / CARE benefit revaluation	3.4% per annum	2.7% per annum
Rate of pay increases*	4.9% per annum	4.2% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	3.5% per annum	2.8% per annum

* This is the long-term assumption. An allowance corresponding to that made at the latest formal actuarial valuation for short-term public sector pay restraint was also included.

The demographic assumptions are the same as those used for funding purposes, but we have used the most recent CMI future improvement tables (CMI 2021). Full details of these assumptions are set out in the formal report on the actuarial valuation dated March 2020.

During the year corporate bond yields increased, resulting in a higher discount rate being used for IAS26 purposes at the year-end than at the beginning of the year (2.8% p.a. vs 2.1% p.a.). This on its own would have led to a significantly lower value placed on the liabilities but it was predominately offset by an increase in the expected long-term rate of CPI inflation during the year, from 2.7% p.a. to 3.4%.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2021 was estimated as £8,364 million including the potential impact of the McCloud Judgment.

Interest over the year increased the liabilities by c£174 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£134 million (this includes any increase in liabilities arising as a result of early retirements/augmentations). There was also a decrease in liabilities of £41 million due to "actuarial gains" (i.e. the effects of the changes in the actuarial assumptions used, referred to above, offset to a small extent by the fact that the 2022 pension increase award was more than assumed).

The net effect of all the above is that the estimated total value of the Fund's promised retirement benefits as at 31 March 2022 is therefore £8,631 million.

GMP Indexation

The public service schemes were previously required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government has recently confirmed that it will extend this to include members reaching State Pension Age from 6 April 2021 onwards. This will give rise to a further cost to the LGPS and its employers, and an estimation of this cost was included within the IAS26 liabilities calculated last year and is again included in the overall liability figure above.

16 TRANSFERS IN

During the year ending 31 March 2022 group transfers in to the Fund from Manchester College (Greater Manchester Pension Fund) to Offender Learning Service (APF) and from Sky Academy Somerset Council (Peninsular Fund) to Learn@MAT (APF) were completed. The total received for these group transfers was £1.405m

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.

	2021/22	2020/21
	£'000	£'000
Benefits Paid and Recharged	5,562	5,758

The Fund also administers £26.5m pension payments on behalf of the Fire Service and the Teachers' pension schemes. (£24.2m in 2020/21). In 21/22 there were £2.4m more lump sum payments, compared to the previous year. These are not funded by the Fund and are recharged in full. They are not included in the Fund Account. The Fire Service and Teachers' employers also pay for the cost of providing this service.

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

18 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC's)

Scheme members may make Additional Voluntary Contributions that are invested in insurance policies with Utmost Life & Pensions or Aviva, the Fund's nominated AVC providers. Additional Voluntary Contributions received from employees and paid to Utmost Life & Pensions during 2021/22 were £55 (2020/21 £55). Additional Voluntary Contributions received from employees and paid to Aviva during 2021/22 were £583,282 (2020/21 - £522,078).

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

	31 March 2022 £'000	31 March 2021 £'000
<u>Utmost Life & Pensions (Equitable Life in 2018/19)</u>		
With Profits Retirement Benefits		-
Unit Linked Retirement Benefits	607	647
Building Society Benefits		
	<u>607</u>	<u>647</u>
Death in Service Benefit	<u>53</u>	<u>53</u>
<u>Aviva</u>		
With Profits Retirement Benefits	57	264
Unit Linked Retirement Benefits	4,207	3,951
Cash Fund	839	749
	<u>5,103</u>	<u>4,964</u>

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 2021/22 £39,160 was charged to the Fund in respect of Allowances paid to the voting Members of the Fund Committee (£40,801 in 2020/21). Seven voting members and one non-voting member of the Committee (including two B&NES Councillor Members) were members of the Local Government Pension Scheme during the financial year 2021/2022. (Seven voting members and one non-voting member in 2020/2021, including two B&NES Councillor Members)

Independent Member Related:

Three Independent Members were paid allowances of £13,478, £13,759 and £13,539 respectively during the year for their work in relation to the 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 2021/22 the Fund paid B&NES Council £518,585 for administrative services (£535,892 in 2020/21). Various Employers paid the Fund a total of £210,118 for pension related services including pension's payroll and compiling data for submission to the actuary (£215,804 in 2020/21).

Pension Board Related:

In 2021/22 £7,306 was charged to the Fund in respect of Allowances and expenses paid to the Members of the Pension Board (£7,108 in 2020/21). Seven members of the Pension Board were members of the Local Government Pension Scheme during the financial year 2021/2022, one of which left and was replaced in year (six members in 2020/21).

Officer and Manager related:

The officers administering the Fund are all eligible to be members of the Fund.

The Fund is governed by Central Government regulation. There are no other related party transactions except as already disclosed elsewhere.

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 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 2021/22 the Fund paid BPP £1,218,692 (2020/21 £1,277,972).

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.

KEY MANAGEMENT PERSONNEL

- 20 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 Business Finance and Pensions and the Divisional Director Risk and Assurance. It does not include the Director of Finance (S151).

	31 March 2022 £'000	31 March 2021 £'000
Proportion of salary Recharged to Fund	52	49
Proportion of employer's contributions recharged to Fund	11	11
	<u>63</u>	<u>60</u>

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

21 OUTSTANDING COMMITMENTS

As at 31 March 2022 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 £468.2m (31 March 2021 £687.2m).

22 FINANCIAL INSTRUMENTS

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

2021/22	Fair Value through Profit and Loss £'000	Assets at amortised cost £'000	Financial liabilities at amortised cost £'000
Financial Assets			
Long Term Investment	838		
Pooled Investments (Non-Property)	4,954,039		
Pooled Property Investments	708,665		
Derivative contracts Futures	676		
Derivative Contracts FX Hedge	-		
Derivative Contracts Equity Options	-		
Cash	26,120	144,795	
Other investment balances		98,478	
Debtors		19,881	
Total Financial Assets	5,690,338	263,154	-
Financial Liabilities			
Other investment balances			(74,787)
Derivative contracts Futures	-		
Derivative Contracts FX Hedge	(31,203)		
Creditors			(25,505)
Total Financial Liabilities	(31,203)	-	(100,292)
Total Net Assets	5,659,135	263,154	(100,292)
2020/21	Fair Value through Profit and Loss £'000	Assets at amortised cost £'000	Financial liabilities at amortised cost £'000
Financial Assets			
Equities	0		
Long Term Investment	768		
Pooled Investments (Non-Property)	4,584,191		
Pooled Property Investments	534,294		
Derivative Contracts Futures	-		
Derivative Contracts FX Hedge	63,767		
Derivative contracts Equity Options	-		
Cash	25,340	92,301	
Other investment balances		1,438	
Debtors		15,232	
Total Financial Assets	5,208,360	108,971	-
Financial Liabilities			
Other investment balances			
Derivative contracts Futures	(110)		
Derivative Contracts FX Hedge	-		
Creditors			(8,511)
Total Financial Liabilities	(110)	-	(8,511)
Total Net Assets	5,208,250	108,971	(8,511)

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

As all investments are disclosed at fair value, carrying value and fair value are therefore the same.

Net gains and losses on Financial Instruments

	31st March 2022 £'000	31st March 2021 £'000
Financial assets		
Fair value through profit & loss	491,724	804,841
Amortised Cost - realised gains on derecognition of assets		
Amortised cost - unrealised gains	76,975	22,230
Financial Liabilities		
Fair value through profit & loss	(42,004)	(18,975)
Amortised Cost - realised losses on derecognition of assets		
Amortised cost - unrealised losses		
	<u>526,695</u>	<u>808,096</u>

23 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The primary objective of the 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 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 2022 Brunel Pension Partnership (Brunel) manages £4.857 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 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 the manager diversification is greater under Brunel than it was before pooling.

(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., international conflict, COVID-19 type shocks and geopolitical trade tensions 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 Fund's largest allocation is to equities and therefore the fluctuation in equity prices is the largest market risk within the portfolio. 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.

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 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.

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 2022. This analysis assumes all other variables including interest rates and foreign currency exchange rates remain the same.

Movements in market prices could have increased or decreased 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 2022:

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Global Equities	2,176,710	13.6%	2,472,743	1,880,677
Emerging Market Equities	-		-	-
Risk Management Strategies	1,119,140	15.4%	1,291,488	946,792
Diversified Return Funds	538,061	8.4%	583,258	492,864
Multi Asset Credit	315,433	8.2%	341,299	289,567
Property	708,665	3.8%	735,594	681,736
Fund of Hedge Funds	109,262	5.5%	115,271	103,253
Infrastructure	653,396	17.3%	766,434	540,358
Private Debt	42,713	9.6%	46,813	38,613
Long Term Investment	838	15.0%	964	712
Cash & Equivalents	163,403	0.1%	163,566	163,240
Total Investment Assets	5,827,621		6,517,429	5,137,813

PENSION FUND ACCOUNTS 2021/22 **[UNAUDITED]**

The analysis for the year ending 31 March 2021 is shown below:

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Global Equities	1,744,275	14.2%	1,991,962	1,496,588
Emerging Market Equities	286,760	16.0%	332,641	240,878
Risk Management Strategy	942,815	12.4%	1,059,724	825,906
Diversified Return Funds	501,330	8.4%	543,442	459,219
Multi Asset Credit	317,539	6.7%	338,815	296,264
Property	534,294	2.0%	544,980	523,608
Fund of Hedge Funds	277,469	5.9%	293,840	261,099
Infrastructure	513,891	17.2%	602,281	425,502
Long Term Investment	768	15.0%	884	653
Cash & Equivalents	182,846	0.1%	183,029	182,663
Total Investment Assets	5,301,989		5,891,597	4,712,380

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.

	31/03/2022 £'000	31/03/2021 £'000
Cash and Cash Equivalents	163,402	182,846
Multi Asset Credit	315,433	
Risk Management Strategy	1,119,140	942,815
Total	1,597,976	1,125,661

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 2022 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 2022

	Value £'000	Change in net assets +100 bps £'000	-100 bps £'000
Cash and Cash Equivalents	163,402	-	-
Multi Asset Credit	315,433	(42,068)	42,068
Risk Management Strategy	1,119,140	(149,255)	149,255
Total	1,597,976	(191,323)	191,323

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 2021 is shown below:

As at 31 March 2021

	Value £'000	Change in net assets +100 bps £'000	-100 bps £'000
Cash and Cash Equivalents	182,846	-	-
Risk Management Strategy	942,815	(126,054)	126,054
Total	1,125,661	(126,054)	126,054

The MAC portfolio listed in the sensitivity analysis to March 2022 was not held in 2020/21

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, overseas property funds, infrastructure funds and hedge funds (where the shares are denominated in US dollars), while our MAC portfolio also hold some assets denominated in foreign currencies. 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 exposures within the portfolio. For the global property funds the share class of the pooled funds held has been used.

Currency risk by asset class:

Currency Exposure - Asset Type	Asset value as at 31st March 2022	Asset value as at 31st March 2021
	£'000	£'000
Global Equities	1,791,741	1,744,275
Global Property Funds	169,986	178,563
Multi Asset Credit	52,733	
Fund of Hedge Funds	109,262	276,402
Infrastructure Funds	34,427	21,389

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 main currencies over the 3 years to 31 March 2022. The 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. Therefore, there is no currency exposure on the assets that are 100% hedged. The infrastructure and MAC assets are not currently hedged due to the relatively small exposures they contain.

A strengthening / weakening of Sterling against the various currencies by one standard deviation (expressed as a percentage) at 31 March 2022 would have increased / decreased the net assets by the amount shown in the tables below and vice versa:

Currency Risk by Asset Type:

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Global Equities	1,791,741	4.0%	1,863,958	1,719,525
Multi Asset Credit	52,733	5.3%	55,552	49,913
Infrastructure	34,427	6.9%	36,795	32,058

The same analysis for the year ending 31 March 2021 is shown below:

Currency Risk by Asset Type:

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Global Equities	1,744,275	4.0%	1,813,482	1,675,069
Infrastructure	21,389	6.4%	22,761	20,016

(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 though 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 2021/22 [UNAUDITED]

The MAC portfolio is comprised of assets with the following array of credit ratings as at 31st March 2022:

Credit Rating	Value £'000
AAA	3,880
AA+ to AA-	252
A+ to A-	5,709
BBB+ to BBB-	29,241
BB+ to BB-	57,062
B+ to B-	142,513
Unrated	12,144

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 £3.0m for 2021/22 (£1.5m for 2020/21)

Another source of credit risk is the cash balances held to meet operational requirements or by the 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. Cash held by the Fund and managers is 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 2022 was £128.2m. This was held with the following institutions:

	31st March 2022		31st March 2021	
	Rating	Balance £'000	Rating	Balance £'000
Custodian's Liquidity Fund				
State Street Global Services	AAA	100,279	AAA	78,134
Money Market Funds				
Goldman Sachs Global Treasury Fund	AAA	1,420	AAA	-
Aberdeen Liquidity Fund	AAA	6,570	AAA	7,470
Federated Investors	AAA	8,840	AAA	9,730
State Street Global Advisors	AAA	950	AAA	950
CCLA - The Public Sector Deposit Fund	AAA	8,340		7,190
Bank				
NatWest Special Interest-Bearing Account	A+	1,840	A+	1,360
NatWest Current Account	A+	6	A+	9

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 2022 the market value of shares on loan totalled £10.23m, which generated £0.05m 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 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 2022 the value of the illiquid assets was £1,514m, or 26% of the total Fund assets (31 March 2021: £1,326m which represented 25% 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 2021/22 **[UNAUDITED]**

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	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.

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

The following sets out the Fund's financial assets and liabilities measured at fair value according to the fair value hierarchy at 31 March 2022.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities	103,102	2,072,932		2,176,034
Pooled Investments:-				-
Risk Management Strategy	-	1,119,141		1,119,141
Fund of Hedge Funds	-	-	109,262	109,262
Diversified Return Funds	-	538,061	-	538,061
Multi Asset Credit	-	315,433		315,433
Property	-	202,979	505,686	708,665
Infrastructure	-		653,396	653,396
Private Debt	-		42,713	42,713
Long Term Investment	-		838	838
Cash	170,915	-		170,915
Derivatives: Forward FX	-	(31,203)		(31,203)
Derivatives: Futures	676			676
Investment Debtors/Creditors	23,690			23,690
	298,383	4,217,343	1,311,895	5,827,621

The fair value hierarchy as at 31 March 2021 was:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities	108,467	1,922,679		2,031,146
Pooled Investments:-				-
Risk Management Strategy		942,816		942,816
Fund of Hedge Funds			277,469	277,469
Diversified Return Funds		501,330		501,330
Multi Asset Credit		317,539		317,539
Property		172,346	361,948	534,294
Infrastructure			513,891	513,891
Long Term Investment			768	768
Cash	117,641			117,641
Derivatives: Forward FX	-	63,767		63,767
Derivatives: Futures	(110)			(110)
Investment Debtors/Creditors	1,438			1,438
	227,436	3,920,477	1,154,076	5,301,989

There were no re-classifications of assets between levels since 2020/21 and the only new asset included in the hierarchy at Level 3 is Private Debt.

Reconciliation of Fair Value measurements within Level 3

Level 3	Market value 31 March 2021 £'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 2022 £'000
Property	361,948		124,435	(18,191)	31,386	6,108	505,686
Fund of Hedge Funds	277,469		-	(179,157)	(21,049)	31,999	109,262
Infrastructure	513,891		85,466	(18,949)	72,995	(7)	653,396
Private Debt			42,493		220		42,713
Long Term Investment - Equities	768				70		838
	1,154,076	-	252,394	(216,297)	83,623	38,100	1,311,896

PENSION FUND ACCOUNTS 2021/22 **[UNAUDITED]**

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 2022.

	Assessed valuation range +/-	Value at 31 March 2022	Value on increase	Value on decrease
		£'000	£'000	£'000
Property	10%	505,686	554,108	453,361
Fund of Hedge Funds	10%	109,262	188,238	154,013
Infrastructure	15%	653,396	751,406	555,387
Private Debt	15%	42,713	49,120	36,306
Long Term Investment - Equities	15%	838	964	713
Total		1,311,895	1,543,836	1,199,780

The same analysis for 31 March 2021:

	Assessed valuation range +/-	Value at 31 March 2021	Value on increase	Value on decrease
		£'000	£'000	£'000
Property	10%	361,948	398,142	325,753
Fund of Hedge Funds	10%	277,469	305,216	249,723
Infrastructure	15%	513,891	590,975	436,808
Long Term Investment	15%	768	884	653
Total		1,154,077	1,295,217	1,012,936

25 EMPLOYING BODIES

As at 31 March 2022 the following employing bodies had contributing scheme members in the Fund:

Principal Councils and Service Providers

Avon Fire & Rescue Service
Bath & North East Somerset Council
Bristol City Council

North Somerset Council
South Gloucestershire Council
West of England Combined Authority

Further & Higher Education Establishments

Bath College
Bath Spa University
City of Bristol College
Offender Learning Services (part of Weston College)

South Gloucestershire & Stroud College
St. Brendan's Sixth Form College
University of the West of England
Weston College

Academies and Schools

Abbeywood Community School
Abbot Alphege Academy
All Saints East Clevedon C of E Primary School
Ashcombe Primary School
Ashton Park School
Ashton Vale Primary School
Aspire Academy
Avanti Gardens School
Backwell C of E Junior School
Backwell School
Badock's Wood E-ACT Academy
Bannerman Road Community Academy
Barton Hill Academy
Bathampton Primary School
Batheaston Church School
Bathford Church School
Bathwick St Mary Church School
Becket Primary School
Bedminster Down School
Beechen Cliff School
Begbrook Primary Academy
Birdwell Primary School
Bishop Sutton Primary School
Blagdon Primary School
Blaise High School
Bournville Primary School
Bradley Stoke Community School
Bridge Learning Campus
Bristol Cathedral School Trust
Bristol Free School
Bristol Technology & Engineering Academy
Broadlands Academy
Broadoak Academy
Cabot Learning Federation
Callicroft Primary School
Cameley CEVC Primary School
Castle Batch Primary School
Castle Primary School (Keynsham)
Chandag Infant School
Chandag Junior School
Charborough Road Primary School
Charfield Primary School
Charlton Wood Primary Academy
Cheddar Grove Primary School
Chestnut Park Primary School
Chew Magna Primary School
Chew Stoke Church School
Chew Valley School
Chipping Sodbury School
Christ Church C of E Primary School (Bristol)
Christ Church C of E Primary School (WSM)
Churchill Academy
City Academy
Clevedon School
Clutton Primary School
Colston's Girls' School
Combe Down C of E Primary School
Compass Point South Street Primary School
Corpus Christi Catholic Primary School
Cotham Gardens Primary School
Cotham School
Court de Wyck Church School
Crockerne C of E Primary School
CST Trinity Academy
Culverhill School
Digitech Studio School
Diocese of Bristol Academy Trust (Central Functions)

Moorlands Infant School
Moorlands Junior School
Mulberry Park Educate Together Primary
Nailsea School
New Siblands School
North Star 240°
North Star 82°
Northleaze C of E Primary School
Norton Hill Primary School
Notton House Academy
Oasis Academy Bank Leaze
Oasis Academy Brightstowe
Oasis Academy Brislington
Oasis Academy Connaught
Oasis Academy John Williams
Oasis Academy Long Cross
Oasis Academy Marksburys Road
Oasis Academy New Oak
Oldfield Park Infant School
Oldfield Park Junior School
Oldfield School
Oldmixon Primary School
Olympus Academy Trust (Central Functions)
Orchard School Bristol
Parklands Educate Together Primary
Parson Street Primary School
Patchway Community School
Paulton Infant School
Peasedown St John Primary School
Pensford Primary School
Perry Court E-ACT Academy
Portishead Primary School
Priory Community School
Ralph Allen School
Redfield Educate Together Primary Academy
Roundhill Primary School
Saltford C of E Primary School
Sandford Primary School
Severn Beach Primary School
SGS Pegasus School
Shoscombe Church School
Sir Bernard Lovell Academy
Snowdon Village
Somerdale Educate Together Primary Academy
Soundwell College
St Andrew's Church School
St Anne's C of E VA Primary School
St Bede's Catholic College
St Bernard's Catholic Primary School
St Francis Catholic Primary School
St Georges Church School
St John the Evangelist Church School
St John's C of E Primary School (Keynsham)
St John's C of E Primary School (MSN)
St Julian's C of E Primary School
St Katherine's School
St Mark's C of E School (Bath)
St Mark's Ecumenical Anglican/Methodist Primary School
St Martin's C of E Primary School
St Martin's Garden Primary School
St Mary Redcliffe C of E Primary School
St Marys C of E Primary School (Timsbury)
St Marys C of E Primary School (Writhlington)
St Mary's C of E VA Primary School
St Matthias Academy
St Michael's C of E Junior Church School
St Nicholas Chantry C of E VC Primary School

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

Downend School	St Nicholas Church School
Dundry C of E Primary School	St Nicholas of Tolentine Catholic School
E-Act (Central Functions)	St Patrick's Catholic Primary School (Bristol)
East Harptree Primary School	St Peter's C of E Primary School
Easton C of E Academy	St Philip's C of E Primary School (Bath)
Elmlea Infant School	St Saviours Infant Church School
Elmlea Schools' Trust	St Saviours Junior Church School
Endeavour Academy Trust (Central Functions)	St Stephen's Primary Church School
Evergreen Primary Academy	St Teresa's Catholic Primary School (Bristol)
Fairfield High School	St Ursula's E-ACT Primary Academy
Fairlawn Primary School	St Werburghs Primary School
Farmborough Church Primary School	Stanton Drew Primary School
Farrington Gurney C of E Primary School	Stoke Bishop C of E Primary School
Filton Avenue Primary School	Stoke Lodge Primary School
Filton Hill Primary School	Stoke Park Primary School
Fishponds Church of England Academy	Summerhill Academy
Flax Bourton C of E Primary School	Swainswick Church School
Fonthill Primary School	The Castle School
Fosse Way School	The Dolphin School
Four Acres Academy	The Kingfisher School
Freshford Church School	The Meadows Primary School
Frome Vale Academy	The Mendip Studio School
Gatehouse Green Learning Trust	The Sky Academy
Gatehouse Green Learning Trust (Central Functions)	Three Ways School
Gordano School	Tickenham C of E Primary School
Greenfield E-ACT Primary Academy	Trinity Anglican Methodist Primary School
Grove Junior School	Trinity Church School
Hanham Woods Academy	Trust in Learning (Academies) (Central Functions)
Hannah More Infant School	Two Rivers C of E Primary School
Hans Price Academy	Tyndale Primary School
Hareclive E-ACT Academy	Ubley Primary School
Hayesfield Girls School	Uphill Village Academy
Haywood Village Academy	Venturers' Academy
Headley Park Primary School	Venturers' Trust (Central Functions)
Henbury Court Primary Academy	Victoria Park Primary School
Henleaze Junior School	Walliscote Primary School
Heron's Moor Academy	Wallscourt Farm Academy
High Down Infant School	Wansdyke Primary School
High Down Junior School	Waycroft Academy
High Littleton C of E Primary School	Wellsway School
Hotwells Primary School	Welton Primary School
Hutton C of E Primary School	West Leigh Infant School
IKB Academy	West Town Lane Academy
Ilminster Avenue E-ACT Academy	Westbury Park Primary School
Kings Oak Academy	Westbury-on-Trym C of E Academy
Kingshill Church School	Westfield Primary School
Knowle DGE Academy	Weston All Saints C of E Primary School
Lansdown Park Academy	Whitchurch Primary School
Little Mead Primary Academy	Wicklea Academy
Locking Primary School	Widcombe C of E Junior School
Longvernal Primary School	Widcombe Infant School
Luckwell Primary School	Windwhistle Primary School
Lyde Green Primary School	Winford C of E Primary School
Mangotsfield School	Winscombe Primary School
Marksbury C of E Primary School	Winterbourne International Academy
Marlwood School	Winterstoke Hundred Academy
Mary Elton Primary School	Woodlands Academy
May Park Primary School	Woodlands Primary School
Mead Vale Community Primary School	Worle Community School
Meadowbrook Primary School	Worle Village Primary School
Mendip Green Primary School	Wraxall C of E VA Primary School
Merchants' Academy	Writhlington School
Midsomer Norton Primary School	Yate Academy
Midsomer Norton Schools Partnership	Yatton C of E Junior School
Milton Park Primary School	Yatton Infant School
Minerva Primary Academy	Yeo Moor Primary School

Designating Bodies

Aequus Developments Limited
Almondsbury Parish Council
Backwell Parish Council
Bitton Parish Council
Bradley Stoke Town Council
Bristol Waste Company
Charter Trustees of the City of Bath
Churchill Parish Council
Clevedon Town Council
Congresbury Parish Council
Dodington Parish Council
Downend and Bromley Heath Parish Council
Emersons Green Town Council
Filton Town Council
Frampton Cotterell Parish Council
Hanham Abbots Parish Council
Hanham Parish Council
Keynsham Town Council
Midsomer Norton Town Council
Nailsea Town Council

Oldland Parish Council
Patchway Town Council
Paulton Parish Council
Peasedown St John Parish Council
Pill & Easton in Gordano Parish Council
Portishead Town Council
Radstock Town Council
Saltford Parish Council
Sodbury Parish Council
Stoke Gifford Parish Council
Stoke Lodge & the Common Parish Council
Thornbury Town Council
Wellsway MAT Trading Company Limited
Westerleigh Parish Council
Westfield Parish Council
Weston Super Mare Town Council
Whitchurch Parish Council
Winterbourne Parish Council
Yate Town Council
Yatton Parish Council

Community Admission Bodies

Adoption West
Alliance Homes
Ashley House Hostel
Bristol Music Trust
Clifton Suspension Bridge Trust
Destination Bristol
Disability Equality Forum
Merlin Housing Society Ltd (New Staff Since 2007)
Merlin Housing Society Ltd (SGC)

Play Station Nursery Ltd - Barley Close (SGC)
Sirona Care & Health (Telecare Service)
Southwest Grid for Learning Trust
The Care Quality Commission
The Holburne Museum
The Park Community Trust Ltd
University of Bath
Vision North Somerset CIO
Writhlington Trust

Transferee Admission Bodies

ABM Catering Limited - SGC Schools
Access Your Care Ltd (North Somerset Council)

Active Community Engagement Limited (Bristol City Council)
Active Nation UK Limited (Filton Town Council)
Adapt Business Services Limited - North
Somerset Council Campus Schools
Agilisys Limited (North Somerset Council)

Agilisys Limited 2015 (North Somerset Council)

Alliance Homes - Ebdon Court

Alliance in Partnership Limited - Beacon Rise (SGC)
Alliance in Partnership Limited - St Anne's CEVC
Primary School
Alliance in Partnership Limited - St Mary's CE
Primary School
Alliance in Partnership Limited - Westbury on
Trym C of E Academy
Aramark Limited - South Gloucestershire and
Stroud College
Aspens Services Limited - Academies Enterprise
Trust
Aspens Services Limited - Blackhorse Primary
School
Aspens Services Limited - Bristol City Council
PFI Contract
Aspens Services Limited - Cabot Learning
Federation
Aspens Services Limited - Castle Primary School
(Keynsham)
Aspens Services Limited - Castle School
Education Trust
Aspens Services Limited - Cathedral Schools
Trust
Aspens Services Limited - Charfield School
Aspens Services Limited - Cherry Garden
Primary School

Aspens Services Limited - Culverhill School

Aspens Services Limited - Downend School

Aspens Services Limited - E-ACT

Aspens Services Limited - Elmlea Schools Trust
Aspens Services Limited - Hanham Abbots
Junior School
Aspens Services Limited - Kaleidoscope MAT
Aspens Services Limited - Lighthouse Schools
Partnership
Aspens Services Limited - Longwell Green
Primary School

Aspens Services Limited - Mangotsfield School

Aspens Services Limited - The Tynings School

Aspens Services Limited - Venturers Trust
Aspens Services Limited - Warmley Park
Primary School
Atalian Servest Food Company Limited - City of
Bristol College

Ategi limited (South Gloucestershire Council)
BAM Construction UK Limited (Bristol City
Council)
Bespoke Cleaning Services Limited - Olympus
Academy Trust
Bespoke Cleaning Services Limited - South
Gloucestershire & Stroud College
Cater Link Limited - BAM Construction
Cater Link Limited - Cotham School
Churchill Contract Services Ltd - Cabot Learning
Federation
Churchill Contract Services Ltd - Churchill CofE
Primary School

Churchill Contract Services Ltd - Wellsway MAT

Compass Contract Services (UK) Ltd - Palladian Academy Trust
Compass Contract Services (UK) Ltd - St Bede's Academy

Compass Contract Services (UK) Ltd - St Patrick's Catholic Primary School
Compass Contract Services (UK) Ltd - St Teresa's Catholic Primary School

Compass Contract Services (UK) Ltd - Westbury Park Primary School
Creative Youth Network - South Gloucestershire Council Youth Service

Direct Cleaning Services (South West) Limited - Palladian MAT

Dolce Ltd - Mangotsfield C of E Primary School

Edwards and Ward Ltd - Bath & Wells MAT

Edwards and Ward Ltd - Henleaze Academy

Edwards and Ward Ltd - Paulton Infant School

Edwards and Ward Ltd - St Keyna Primary School

Expedite Complete Business Solutions Ltd - Clevedon Learning Trust

Future Stars Coaching Limited - High Down Schools

Glen Cleaning Company Limited - City of Bristol Council (2020)

Glen Cleaning Company Limited - Excalibur Academies Trust

Glen Cleaning Company Limited - Henleaze Junior Academy

Glen Cleaning Company Limited - Lighthouse Schools Partnership

Greenwich Leisure Ltd - Bath & North East Somerset Council

HCRG Care Services Limited (Bath & North East Somerset Council)
Home Life Carers Limited (North Somerset Council)

Imperial Cleaning Services - The Tynings Primary School

Innovate Services Ltd - Cathedral Schools Trust

Innovate Services Ltd - Gatehouse Green Learning Trust

KGB Cleaning (South West) Ltd - Cathedral Schools Trust

Lex Leisure C.I.C. (Bristol City Council)

Liberata UK Ltd (North Somerset Council)
Mentoring Plus (Bath and North East Somerset Council)

Nobilis Care West Ltd (North Somerset Council)

Prestige Cleaning & Maintenance Limited - Circadian Trust

Prestige Cleaning & Maintenance Limited - ELAN MAT

Purgo Supply Services Ltd - Castle School Education Trust

Purgo Supply Services Ltd - E-ACT

Purgo Supply Services Ltd - Gatehouse Green Learning Trust

Ridge Crest Cleaning Ltd - Bristol City Council

Shaw Healthcare - The Granary

Skanska Rashleigh Weatherfoil Ltd (Bristol City Council)

SLM Community Leisure Trust (Bristol City Council)

SLM Fitness & Health Ltd (Bristol City Council)
Sodexo Ltd - Diocese of Bristol Academies Trust (DBAT)
Southern Brooks - South Gloucestershire Council Youth Service

Taylor Shaw - Olympus Academy Trust

The Brandon Trust

Trowbridge Office Cleaning Services Ltd - Learn@MAT

PENSION FUND ACCOUNTS 2021/22 [UNAUDITED]

Churchill Contract Services Ltd - Westhaven School	Weston Support Services Ltd (Extend Learning Academies Network)
Circadian Trust (South Gloucestershire Council)	Youth Connect (Bath & North East Somerset Council)
Compass Contract Services (UK) Ltd - Bristol City Council	

13. STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. The Council has made the Chief Financial Officer (S151) responsible for financial administration.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts for the year

Chief Financial Officer responsibilities:

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements which were reasonable and prudent
- Complied with the local authority Code of Practice

The Chief Financial Officer has also:

- Kept proper and up to date accounting records.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

Statement of the Chief Financial Officer

I hereby certify that this statement of accounts presents a true and fair view of the financial position of the Council at the accounting date and the income and expenditure for the year ended 31 March 2022.

Andy Rothery

Chief Financial Officer (S.151 Officer)

14. AUDITOR'S REPORT

15. FINANCE TABLES FOR ANNUAL REPORTS 21-22 UPDATED

Year Ended 31 March	2022	2021	2020	2019	2018
Revenue Account	£m	£m	£m	£m	£m
Income					
Net Contributions	185.7	211.2	161.6	153.9	224.8
Investment Income	25.7	21.0	32.5	37.0	28.0
Net Cash Transfer	4.5	3.6	7.7	-0.7	0.7
Total	215.9	235.8	201.8	190.2	253.5
Expenditure					
Pension & Benefits	192.4	183.2	181.2	171.9	163.0
Investment Management Expenses	32.2	19.4	26.9	19.3	23.1
Administration Costs	4.7	4.3	4.2	3.5	3.3
Total	229.3	206.9	212.3	194.7	189.4
Surplus for the Year	-13.4	28.9	-10.5	-4.5	64.1
Revaluation of Investments	526.7	808.0	-335.5	221.4	183.0
Change in Fund Value	513.3	836.9	-346.0	216.9	247.1
Total Fund Value	5822.0	5308.7	4471.8	4817.8	4600.9
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.					

Analysis of Fund's Investment Assets		
	Total	
Equities	2,361	
Bonds	1,189	
Property	875	
Diversified Strategies	538	
Infrastructure	516	
Cash & Other	348	
	5,827	

An analysis of the movement in the Fund's non-investment assets is included in Note 12 and Note 12a to the Final Accounts

Analysis of Investment Income accrued during the reporting period		
	Total	
Equities	-	
Bonds	0.4	
Property	22.1	
Diversified Strategies	-	
Infrastructure	2.2	
Cash & Other	1.0	
	25.7	

BUDGET v OUTTURN REPORT ON THE COSTS TO THE FUND					
	Budget 2022/23 £m	Budget 2021/22 £m	Actual 2021/22 £m	Budget 2020/21 £m	Actual 2020/21 £m
Administrative Costs					
Management Costs	801	2,207	1,926	1,978	1,571
Administration and Processing	2,653	701	606	671	578
Service from Administrating Body	512	483	491	507	506
Fees and income	(402)	(221)	(277)	(221)	(199)
	3,564	3,170	2,746	2,935	2,456
Investment Management Expenses					
Fund Manager Base Fees	27,126	19,339	19,842	21,122	17,999
Custody & Transaction costs	44	44	51	67	44
	27,170	19,383	19,893	21,189	18,043
Oversight & Governance costs					
Management Costs	878	785	765	706	682
Specialist advice and Governance	1,794	1,528	1,439	1,201	1,294
Actuarial recharges	(246)	(192)	(317)	(200)	(206)
Audit fees	63	56	54	52	71
	2,489	2,177	1,941	1,759	1,841
	33,223	24,730	24,580	25,883	22,340
Figures do not include investment transaction costs that are deducted at source, transition costs or performance fees that relate to previous years. Budget figures include any adjustments made during the year.					

FUND CASH FLOW	FULL YEAR 2021/22	
	Forecast Per	
	Service Plan	Out-turn
	£'000	£'000
Outflows		
Benefits	(163,714)	(163,214)
Pensions Lump sums	(22,392)	(24,379)
Administration costs	(9,838)	(8,897)
Total Outflows	(195,944)	(196,490)
Inflows		
Deficit recovery	11,511	12,776
Future service Contributions	157,600	174,286
Total Contributions	169,111	187,062
Net Cash Flow (excluding Investment Income and Transfers)	(26,833)	(9,428)
Net Transfers In & Out (budgeted as zero)	-	3,158
Investment income received as cash	27,000	7,524
Net Cash In-Flow (Out-Flow)	167	1,254
Future service contributions were higher than expected. This is partly due to some employers paying their FSR in advance for 22/23 in March and other contributions being higher than expected		

Timeliness Analysis of Contributions Payments	
	£'000
Total Contributions due in year	185,761
Total contributions received late by:	£'000
1 day	-
2 days	-
3 days	2
Over 3 days	447
	449
Percentage of contributions received late	0.24%
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.	

Pension Overpayments by financial year			
The table below 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.			
	Overpayments		
	invoiced	Annual Payroll	% of payroll
	£000s	£000s	
2017/18	191	135,003	0.14%
2018/19	350	142,405	0.25%
2019/20	111	149,862	0.07%
2020/21	94	155,356	0.06%
2021/22	146	159,686	0.09%

16. PENSION INCREASE

Deferred Pensions & Pensions in Payment

Deferred pensions and pensions in payment are increased each year in line with the annual Statutory Pensions Increase (Review) Orders. This is currently based on the change in the published Consumer Price Index (CPI) for the 12 months to 30 September of the previous year. The full increase for 2021/22, which came into effect from the first Monday following the new tax year on 11 April 2022, was 3.1%. The full increase for the previous year 2020/21, which came into effect from 12 April 2021, was 0.5%.

Active Members - CARE Pension Accounts

Career average pensions that have been built up by active fund members since 1 April 2021, including any previously revalued CARE benefits brought forward from previous CARE years since 1 April 2014, are also subject to annual increases. These increases are in line with the Public Service Pensions Revaluation Orders which are also currently based on CPI for the 12 months to 30 September of the previous year. The full increase for 2021/22, which came into effect from 1 April 2022 was 3.1%, with the full increase for the previous year 2020/21, which came into effect from 1 April 2021, being 0.5%.

The State Guaranteed Minimum Pension (GMP) Indexation

The public service schemes were previously required to provide full CPI pension increases on GMP benefits for members who reach State Pension Age between 6 April 2016 and 5 April 2021. The UK Government has recently confirmed that it will extend this to include members reaching State Pension Age from 6 April 2021 onwards.

17. CONTACTS

For further information on investments, accounts, benefits and administration of the Avon Pension Fund email us at: *avonpensionfund@bathnes.gov.uk*

Or you can write to us at:

Avon Pension Fund,
Bath and North East Somerset Council
Lewis House
Manvers Street
Bath
BA1 1JG

Telephone: 01225 395100

Fax: 01225 395258

General information about the Avon Pension Fund can be found at: www.avonpensionfund.org.uk

18. GLOSSARY OF TERMS

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.

CPIH is a broader measure of inflation based on CPI including owner occupiers' housing costs.

Community Admission Bodies These either have sufficient links with a Scheme employer, and provides 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 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 the annual accounts, these are included in '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 This 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 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.

Pension Account Each *scheme year* the amount of pension you have built up during the year is worked out and this amount is added to your active *pension account*

Pooled Funds These 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 Fund. The Scheme Employer transferring must act as guarantor for such bodies.

A full A-Z of pension terminology can be found at <http://www.avonpensionfund.org.uk/glossary>