Annual Report

Avon Pension Fund, 2020/21

AVON
PENSION
FUND

Bath & North East
Somerset Council

for you, for now, for the future
lgps
2014

CONTENTS

1. FOREWORD

This past year will be remembered as the year of the pandemic. But, despite the challenges this has posed, I am very pleased to report that the Fund has continued to operate throughout, delivering high-quality services to its members and employers.

It goes without saying that it has been a very difficult year operationally, with the Fund having to adapt and re-think how to maintain a high level of service in a remote working environment. At the outset the workload was significant, simply in establishing communication channels for all staff, providing them with the right tools and equipment to work remotely which took several months. The creation of a secure digital online communication service for scheme members greatly reduced the requirement for correspondence to be handled by post. Direct ongoing engagement with all employers was established at the outset and remains in place to monitor and review employer business and operational capabilities. Indeed, the Fund's own operating capability has been kept under regular review given the frequent changes in government requirements which continue to be challenging, with all staff continuing to work from home.

Despite this challenge, the Fund successfully delivered on a number of important projects. The initial market turmoil at the start of the pandemic led the Fund to pause its planned changes to the investment strategy and reassess the financial risks given the pandemic. This did result in some minor timing changes, but the asset allocation changes were implemented in the second half of the year. Similarly, the challenging market situation caused a slight delay to the transition of the remaining investment assets to the Brunel Pension Partnership. However, the planned transitions were successfully completed during the year, securing annual fee savings for the Fund. Further significant work was also undertaken to restructure the Equity Protection Strategy to ensure that it meets the longer-term strategic aims of the Fund.

In addition, we achieved some of our climate change targets ahead of schedule and increased our investments in sustainable assets to help drive the transition to a low-carbon world. We now have £1.2 billion (or 23%) of our assets invested in Sustainable and Low Carbon Equities with an additional £148 million already invested in renewable energy and infrastructure assets such as wind and solar projects. These figures are correct as at 31 March 2021. Our 2020 annual Carbon Metrics Report showed that the equity portfolio was 30% less carbon intensive than its benchmark which means we have achieved one of our climate change objectives two years ahead of target.

Even as the workload for the Fund increased during these unusual times, the Government persisted with introducing the Exit Cap and finally withdrew it as unworkable creating significant unnecessary work for all Funds in the meantime; whilst continuing uncertainty over McCloud remedy and the LGPS Cost Cap mechanism will undoubtedly compound the workload problems in future.

Given the extraordinary circumstances of the last year, I would like to thank the staff of Avon Pension Fund for the resilience and fortitude they have shown in continuing to provide such excellent services in the face of very difficult and very personal challenges, and to the Committee for their wholehearted support for fund officers and in adapting so well to the new modus operandi.

Tony Bartlett

Head of Business Finance and Pensions

2. MANAGEMENT REPORT 2020/21

Covid-19 Pandemic

2020/21 was dominated by the impact of the pandemic on the Pension Fund's operations, service delivery and investment portfolio. Remote working arrangements were successfully implemented, and all staff were still working remotely at the end of the reporting year. Although the operations and administration are highly digitalised, remote working has been challenging and meant that specific aspects of the process have been prioritised to ensure member service has not been compromised. Our scheme employers have been working under similar conditions and our partnership approach has helped maintain a high level of service to employers.

Following the initial fall in markets and heightened volatility as the pandemic unfolded, markets stabilised, regaining lost ground resulting in a 17.3% annual return, valuing the Fund at £5.3 billion. There was no impact on the cash flow as scheme employers all maintained their contribution plans throughout the year. The changes to the investment strategy, being considered as the pandemic started, were agreed and successfully implemented during the year.

Service Plan 2021-24

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:

a) Development and implementation of fully digitalised services to members and employers to increase operational efficiency and capacity

b) To meet our climate objectives, review the equity allocation with objective to having all equity assets managed in sustainable or Paris Aligned investment strategies; increase transparency around our strategy by reporting in line with the Task Force on Climate-related Financial Disclosures

c) Development of broader stakeholder communications especially around the investment strategy and climate change

d) Monitor the performance of Brunel, ensuring the Fund's strategic objectives are being delivered

e) In light of the interim valuation and ahead of the 2022 actuarial valuation, assess whether the current investment strategy still meets the funding objectives

f) Implementation of funding policies that enable greater flexibility in managing employer risk and scheme employer exits

g) Review the Fund's governance and training arrangements so that the Fund complies with the recommendations from the Good Governance Report

h) Promote staff training and wellbeing; ensure sufficient resources and capacity are in place to deal with the increased administration and to support digitalisation.

Investments

During the year the value of the Fund's assets decreased by £834 million to £5,301 million at 31 March 2021. Following a negative return in the previous year, it was positive to achieve 17.3% return in this year. As a result, the return over the last three years was 4.9% per annum which is in line with the funding plan.

The year started with highly volatile markets, but they recovered from the 1Q20 lows as governments unveiled unprecedented support packages to offset the economic contraction. The longer-term impact is still uncertain. The unprecedented stimulus and economic rebound has increased inflationary pressures and the risk of higher interest rates is now affecting markets, with bond yields rising from the yields at the beginning of the year. Whether the pandemic results in other structural changes such as less offshore supply chains, the durability of greater online shopping trends or less demand for office space is not yet clear. Such changes in consumer and industry behaviour following the pandemic will determine how attractive markets will be in the long term. Some such as property owners could face unique challenges if working patterns significantly change as a result of the crisis.

The Fund weathered the crisis well due to the diverse range of assets within its portfolios. Initially, the equity protection strategy protected the value of the equity portfolio, but the protection was eroded as markets rose through the year. Allocations to diversifying assets such as Diversified Growth Funds and Hedge Funds performed their strategic role by providing some downside protection as equity markets fell. Bond markets having initially rallied as riskier assets fell, gave up gains as fears of inflationary pressure increased. Credit markets which were badly affected as investors feared a rise in defaults at the height of the volatile markets, recovered to produce strong returns.

Sterling strengthened against all major currencies over the year in a reversal of currency weakness in previous years. Sterling enjoyed a post Brexit rally after the final transition out of the EU. The successful roll out of the vaccine also supported the currency. As a result, the currency hedge contributed positively to the overall return for 2020/21. Excluding the foreign currency hedge the returns were -14.9% over one year and 5.0% per annum over three years.

There were no further changes to the asset allocation, having been reviewed in 2019/20. The increase in the allocations to Private Debt, Renewable Infrastructure and Secured Income were implemented (albeit more slowly for Private Debt given the uncertain market conditions at the beginning of the year), as was the allocation to sustainable global equities. We now have £1.2 billion (or 23%) of our assets invested in Sustainable and Low Carbon Equities which will help mitigate the financial impact of climate change on the asset portfolio. In addition, £148 million of capital has been invested in renewable energy and infrastructure assets. Lastly, but very importantly, a significant year-on-year improvement in the Weighted Average Carbon Intensity (WACI) of our listed equity portfolio saw us achieve one of our interim climate change objectives two years ahead of target. Our equity portfolio is now 30% less carbon intensive than the wider market[1].

The transition of assets to Brunel continued during the year despite a short delay due to the high level of volatility in the markets in the second quarter of 2020. Our assets transitioned to two new portfolios, the Diversified Returns Fund and Global Sustainable Equities. The final transition will be complete in 2021. In addition, all allocations to Secured Income, Private Debt and Infrastructure assets are being invested via Brunel's portfolios. Overall, Brunel now manage over 70% (or £3.8 billion) of the Fund's assets. The residual legacy assets will be wound down over time and the proceeds invested in Brunel portfolios where they meet our investment objectives.

[1] Relative efficiency measured against a composite benchmark designed to provide a meaningful comparator comprising 62% MSCI World, 13% MSCI Emerging Markets and 25% MSCI ACWI

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 these new arrangements, 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 will be crucial in delivering this strategy and is currently developing a framework to ensure all the portfolios are aligned with the Paris Agreement objectives. They place significant weight on managing its carbon exposure when constructing their portfolios. Brunel have worked extensively to ensure all listed equity portfolios have a carbon intensity less than the relevant benchmark index. Taken together, Brunel listed equity portfolios were 22% less carbon intensive than the custom benchmark and all active equity portfolios had achieved at least a 7% absolute emissions intensity reduction as at 31 December 2020.

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 2020/21 fee savings were achieved on the assets that transferred. However, the costs to date associated with setting up Brunel, ongoing operations and transitioning the assets means the Fund has incurred net costs of £5.7 million, which is slightly lower than the costs anticipated in the business case to establish the pool. As a result, the Fund is not expected to show a net saving until financial year 2024.

Funding Strategy

The last actuarial valuation was in 2019 which projected a deficit of £284m and a funding level of 96%. At 31 March 2020 the funding position had deteriorated to 84% due to the fall in asset prices at the end of the year. However, due to the recovery in asset prices, as at 31 March 2021 the funding level had improved to 97%.

The next valuation will be in 2022; an interim valuation exercise will be undertaken in 2021/22 to prepare the Fund and employers for the potential change in contribution levels as a result of the 2022 valuation. Given the impact of the pandemic on the scheme employers, affordability of pension costs will be a key consideration in managing financial risk for both employers and the Fund.

During the year the regulations were changed to permit more flexibility in agreeing funding plans for employers that exit the scheme or for those that are approaching exit. Our Funding strategy Statement has been updated to reflect these changes.

Pensions Administration

With the UK lockdown in place from 23rd March 2020, prioritisation focussed on critical work to support scheme members in the ongoing payment of pensioner benefits and the processing of retirements 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 by the due date and Pension Savings Statements within ten days of the statutory due date.

During the year a number of key projects were set up to manage further legislative and regulatory challenges emerging during the year:

I. McCloud/Sargeant (Age discrimination) - Project team set up with additional temporary resource to undertake specific data gathering exercise pending regulatory changes and implementation of McCloud remedy expected from 2023.
II. HMT Public Sector Exit Payments Cap – Regulations introduced in November 2020 impacting member severance payments. At short notice the Fund undertook a review of operational process and issued relevant employer communications. The Government subsequently issued further regulations to disapply the cap pending a further consultation expected later in 2021.
III. Fire Pension Scheme Immediate Detriment (McCloud/Sargeant (Age discrimination)) – 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.

Administration Strategy

Whilst the Fund has managed to maintain services, enabling almost all activity to be undertaken remotely and online during the past year, 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 it is expected that 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 2021/22 which will include a number of key investments to kick start some of the work as Strategy development takes place. These include:

- Review target operation model to map service delivery developments including revised structure and roles to support transformation
- Undertake IT specification gap analysis to optimise technology opportunities and efficiencies
- 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.

The Pensions Regulator – Code of Practice 14

The Pension Regulator's (TPR) Code of Practice 14 and the Public Service Pensions (Record Keeping & Miscellaneous Amendments) Regulations 2014 set out the requirements for public sector pension funds to maintain comprehensive and accurate data on their members and their member's pension contributions. The Fund continues to review its core data and processes to assess its level of compliance with regulation requirements in respect of:

- Scheme record keeping
- Maintaining contributions
- Providing information to members.

The regulations require 100% completeness of data across a number of core areas. The Fund undertakes a series of analytical tests against the total membership to measure the overall level of completeness of data accuracy. Measurements tested against both Core and Scheme Specific data across the total scheme membership as at 31 March 2021 demonstrated an overall data score of 95.64%. A data improvement plan has been developed to address the issues of non-compliance identified.

Detailed reports on compliance and the data improvement plan are presented to both Pensions Committee and Local Pensions Board on a quarterly basis.

Governance

<u>Local Pension Board (LPB)</u>

Over the last year the Board has focussed on the Fund's sustainability of its working arrangements during the ongoing Pandemic and has sought assurances from officers that the Fund is able to operate remotely and continue to deliver its service to members & employers.

It has also reviewed a wide range of LGPS regulations and TPR requirements. This has included reviewing all administration processes against their legal timeframes as well as locally agreed service level agreements and analysing key issues around data quality & the McCloud remedy implementation plan.

It carried out a review of all the Fund's statutory annual requirements 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 plans for a revised Administration Strategy including the Fund's digital transformation.

It has also actively monitored the Fund's involvement in the Brunel Pensions Partnership (BPP) that was established in 2017 to facilitate the pooling of the Fund's assets with 9 other LGPS funds in 2018.

Looking ahead the LPB will continue to assist and support the Avon Pension Fund and will be particularly looking at how the Fund plans to meet the requirements of the Good Governance review and the Pension Regulator's single code of practice.

It has also stressed the need to support staff as remote working continues and to develop the service for the benefit of its members & employers.

The LPB annual report is set out in Appendix A.

3. GOVERNANCE AND MANAGEMENT STRUCTURE (as at 31 March 2021)

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 Bruce Shearn (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 Manda Rigby	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	
Peter Sloman	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	Head of Business Finance & Pensions	
Liz Woodyard	Investments Manager	
Geoff Cleak	Group Manager, Funding, Investment and Risk	
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:

BlackRock | Brunel Pension Partnership | ifm investors | J.P.Morgan Asset Management | Jupiter On the planet to perform | Pyrford International | Record

Loomis | Partners Group Passion for Private Markets | Schroders | Ruffer

Actuary: Mercer

Legal Advisor: Osborne Clarke

Bankers: NatWest

AVC Providers: Aviva | Equitable Life

Investment Consultant: Mercer

Global Custodian: State Street

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/
Jupiter	Investment Managers	https://www.jupiteram.com/
Pyrford	Investment Managers	https://www.bmogam.com/team-members/pyrford-international/
Record	Investment Managers	https://www.recordcm.com/
Loomis	Investment Managers	https://www.loomis.co.uk/
Partners Group	Investment Managers	https://www.partnersgroup.com/en/
Schroders	Investment Managers	https://www.schroders.com/
Ruffer	Investment Managers	https://www.ruffer.co.uk/en
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/
State Street	Global Custodian	https://www.statestreet.com/home.html

3. FUND GOVERNANCE

Avon Pension Fund Committee

As administering authority, Bath and North East Somerset Council (the Council), has legal responsibility for the pension 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 in Appendix B.

The Committee meets formally each quarter. Due to the COVID-19 Pandemic all meetings over the last year took place remotely in accordance with regulations made under section 78 of the Coronavirus Act 2020 allowing local authorities in England to have express powers to hold public meetings virtually by using video or telephone conferencing technology.

Since 2019 when the governance structure was reviewed the Committee has included:

- An additional independent representative - to strengthen its position and support retention of the Fund's professional investor status as well as making the Committee less exposed to the electoral cycle.
- An Academy representative - to better represent Academies and Multi Academy Trust employers.

Further, the governance in respect of the dual accountability of Brunel Pension Partnership to the Council as Shareholder and the Avon Pension Fund as client has been strengthened with a subgroup overseeing this important relationship.

Table 1: Committee structure

Voting members (14):	• 5 elected members from Bath & North East Somerset Council • 3 elected members nominated from each of the other West of England unitary councils • 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):	• 1 nominated from the 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 the Pensions Regulator Codes of Practice.

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 (Bath & North East Somerset Council) of the Avon Pension Fund to secure compliance with the LGPS regulations and requirements of the Pensions Regulator (TPR) and ensure efficient and effective governance and administration of the Fund.

Nick Weaver has been appointed as the independent chair since August 2019.

Peter Sloman (Employer representative) and Helen Ball (Member representative) are the newest Board members having just completed a full year since being recruited to the Board in March 2020.

The Terms of Reference for the LPB are set out in Appendix C.

Table 2: Committee and Panel membership and attendance record (as at 31 March 2021)

	Committee Meetings				**Panel Meetings**			
	June 2020	**Sept 2020**	**Dec 2020**	**Mar 2021**	**Aug 20**	**Sept 20**	**Nov 2020**	**Feb 2021**
Bruce Shearn	✓	✓	✓	✓	✓	✓	✓	✓
Shaun Stephenson-McGall	✓	✓	✓	✓	✓	✓	✓	✓
Chris Dando	✓	✓	✓	✓	✓	✓	✓	✓
Paul May	✓	✓	✓	✓				
Manda Rigby	✓	✓	✓	✓				
Steve Pearce	✓	✓	✓	✓				
John Cato	✓	✓	✓	✓				
Toby Savage	✓	X	✓	X				
William Liew	✓	✓	✓	✓				

Wendy Weston	X	✓	✓	✓				
Shirley Marsh	✓	✓	✓	✓	✓	✓	✓	✓
Pauline Gordon	✓	✓	✓	✓	✓	✓	✓	✓
John Finch	✓	✓	✓	✓	✓	✓	✓	✓
John Goddard	X	✓	✓	✓				
Mike Rumph	X	X	X	X				
Richard Orton	✓	✓	✓	✓				

Table 3: Avon Pension Board membership and attendance record (as at 31 March 2021)

Local Pension Board Meetings			
	June 2020 (Informal)	**Nov 2020 (formal)**	**Feb 2021 (Formal)**
Nick Weaver		✓	Postponed
Steve Harman	✓	✓	Postponed
Tony Whitlock	✓	✓	Postponed
Peter Sloman	✓	X	Postponed
David Yorath	✓	X	Postponed
Mark King	X	✓	Postponed
Helen Ball	✓	✓	Postponed

Training

The administering authority recognises the importance of training, both for Committee members, Local Pension Board and pension 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. The Head of Business Finance & Pensions is responsible for ensuring that training is implemented.

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 greater in 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. All Committee members are encouraged to complete the Pension Regulator's public sector pension online toolkit. Officers' annual performance review identifies any training needs as well as monitoring individual performance against objectives.

The Fund also took part in the National Knowledge Assessment carried out by Hymans in 2020 and has put together a training plan for both Committee & Pension Board members based on the recommendations.

Table 4: Training provided in 2020/21

Topic	**Delivered by:**
Governance	
• Legal responsibility of Committee and Officers • Governance & assurance framework • Administration Strategy • Investment Regulations	• 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 • Engagement day on pooling of investments • Committee reports on pooling of investments • Committee reports on Investment Strategy Statement • Quarterly Committee reports updating on legislation and consultations.
Employer and Funding risks	
• Admitted bodies • Employer risks • Funding level/solvency	• Committee reports provide funding position update.
Investment Strategy	
• Asset Allocation • Performance monitoring • Investment manager monitoring • Stewardship activities • Responsible investing policy	• 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.

Table 5: Online Training provided externally 2020/21

Training	Attendees
LAPFF business meeting	Richard Orton, Shaun Stephenson-McGall & Steve Pearce
Fundamentals course 2020	John Cato, Charles Gerrish, Pauline Gordon, Richard Orton, Toby Savage, Shaun Stephenson-McGall
Brunel Engagement Days	John Cato, Charles Gerrish, Shirley Marsh, Pauline Gordon, Richard Orton
LGE Governance & Investment Update	John Cato, Charles Gerrsih, Pauline Gordon, Shirley Marsh & Richard Orton

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. Workshops covering the revised Investment Strategy Statement, Governance & Administration Overview and Administration Strategy Review took place over the last year. 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 all Board Members maintain a training log, which is also submitted annually to assist in the identification of on-going training needs.

All members complete the TPR public sector pension toolkit. Over the last year one member attended the LGPS Fundamentals Training Course, two members attended the LGE Governance & Investments Update, and two members attended the CIPFA Pension Board Spring Seminar.

Three members also attended the Brunel Investor Days held in November 2020.

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 Avon Pension Fund Committee in June 2020. The statement shows a high level of compliance with best practice and is summarised below.

The full Governance Compliance Statement is included as Appendix D and can also be obtained from the Fund's website www.avonpensionfund.org.uk (search Governance Compliance Statement).

Table 6: Governance Compliance

Principle	Compliance status	Comment
Governance structure	Compliant	The decision-making structure is clearly defined. It includes the Committee, Pension Board and the Fund's representation on the Brunel Pension Partnership Oversight Board.
Representation	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.
Selection / Role of lay members	Compliant	The roles and responsibilities of all members are set out in a Job Description.
Voting	Compliant	There is a clear policy on voting rights which has been extended to employer and member representatives.
Training / Facility time / Expenses	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.
Meetings	Compliant	Formal meetings are held quarterly, and lay members are included in the formal arrangements.
Access	Compliant	All members have equal access to meeting papers and advice.
Scope	Compliant	The terms of reference include all aspects of investments, funding, benefits administration and admissions to the Fund.
Publicity	Compliant	All statutory documents are made available to the public.

4. RISK MANAGEMENT

The Avon Pension Fund 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:

a) 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.

b) 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 in order 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 three audits of the Fund's internal processes as follows:

Audit	Assurance level
Risk Management	4 = Good
Altair – IT System Access	4 = Good
TPR Code of Practice 14 – Scheme Governance	4 = Good

The Internal Control Report of each 3rd party supplier is 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.

c) 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.

d) 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. A review was undertaken in Autumn 2019 with the new strategy approved by Committee in Spring 2020.

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

e) 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 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 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.

f) 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 of 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.

g) 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 Local Pension Board 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.

h) 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.

i) COVID-19 Pandemic: A risk was added to the register in May 2020 to reflect the difficulties for the Fund in sustaining homeworking arrangements during the Pandemic. The situation continues to be monitored with risk assessments carried out for all staff, processes reviewed & digital solutions implemented where possible. A new digital strategy will be planned over the next year.

Other risks were also affected by the uncertainty caused by the Pandemic particularly around the possibility of lower investment returns and the covenant of scheme employers. Although the risk scores have increased as markets remain volatile, significant market recovery has led to the Fund recovering 1Q20 losses. The Fund’s portfolio is positioned defensively with risk management strategies in place to mitigate risks where possible and protect capital. A workplan is in place to monitor employer covenant over the year ahead.

Table 7 – Summary of Risk Register & Dashboard

Risk	Risk Number	Impact	RAG	Trend	Mitigating Action
Recruitment of staff	R28	Fund's ability to develop & implement service plan and administer the Fund		◀▶	Recruitment, additional resource agreed, dedicated training role, training, development & succession planning in place.
McCloud/Sargeant Judgements resulting in the extension of protections	R63	Increase in workload on administration side and for scheme employers		◀▶	Comprehensive project programme in place. Impacted Members identified. Collecting missing data from employers.
Deterioration in financial stability of employers (Employer Covenants)	R23	Employers not able to meet their liabilities impact on rest of Fund		◀▶	The covenant work plan has been agreed & is being implemented. Considering changes to USS debt arrangements & affect to covenant of Higher Education Bodies. Policy being developed for Deferred Debt Arrangements.
Political Pressure to reform the scheme & direct investment decisions e.g., ESG	R42	National decisions are not in best interests of the scheme		◀▶	Participate in Brunel pool. ISS aligned with Fund's Climate Change policy. Developing comms strategy to manage ESG information and debate more proactively with all stakeholders.
Failure to earn investment returns	R26	Scheme cannot meet liabilities; employer contributions could rise		◀▶	Review of Investment Strategy & Risk Management strategies. Portfolio positioned defensively with minimum exposure to UK equities. Specialist advisors used.
Increase in employers	R56	Increased resources needed to support more employers		◀▶	Additional resources in Employer Services to support and train employers.
Climate Change Emergency	R60	Significant financial risk to the value of the investment assets		◀▶	Interim equity allocation review May/June 2021 to understand impact of increased allocation to sustainable equities and move into next generation passive equity indices building on the Fund's low carbon approach. Brunel portfolios seek to reduce emissions by 7% YoY to facilitate client net-zero ambitions. 2022 stocktake to assess whether on track to achieve this.
Inadequate knowledge of those charged with governance	R25	Delays in decision making for the Committee & Fund. Failure to meet MIFID & TPR regulations		◀▶	Based on Hymans NKA recommendations training plan in place for Committee & PB members. Plan to recruit in 2021 for Pension Board members & 2022 for independent Committee member.

Implementation of changes arising from scheme cost cap mechanism	R47	Additional burden on administration. Awareness of members & employers		◀▶	No action to be taken until the HMT Direction, on how McCloud costs are to be considered.
Delays in transition of assets to Brunel or Brunel fails to deliver its objectives	R54	Delays could impact pool's ability to deliver savings in line with business case or pool could fail if objectives are not met		◀▶	Monitoring of transition plan by Investment Panel & Committee. Transition plan nearing completion. Focus shifting to business as usual & strategic developments.
i-Connect data from employers	R59	Incorrect member data on records and valuation of employer liabilities		◀▶	i-Connect Team set up and extracts loaded in-house. DPIA to be reviewed 2021 & audit actions complete. New tolerances will prevent data loading without the fund's approval enabling process to be handed back to some employers.
Sustainability of working arrangements during COVID-19 outbreak	R64	Unable to deliver service to members and employers		◀▶	Steps taken to mitigate the risk of COVID-19 restrictions impacting on the service as set out in business continuity update report. TPR/SAB guidance reviewed as received & procedures reviewed as necessary. Risk assessment of staff working from home carried out.
Failure to secure and manage personal data held by the Fund in line with Data Protection Regulations	R05/R58	Personal data is corrupted, compromised or illegally shared resulting in fines & reputational damage.		◀▶	Data Protection project plan. New processes put in place for remote working due to COVID-19 (DPIA assessment carried out). Cyber Security E-Learning for all staff.
Service delivery efficiency & customer service	R29	Poor member outcomes		◀▶	Expand use of MSS (Member Self-Service) for member communications. This will then form a template on how future services can be digitised. Develop a Digital ABS option for Deferred members. Relocation of our Altair Scanner to a remote location which will improve our organisational resilience, and safeguard staff members.
Late / incorrect contributions from employers	R10	Cashflow, employer funding position, TPR breach		◀▶	Monthly reconciliation follow up in line with TPR code and late payers reported to Committee & Board. Top 34 employers contributing into the fund continue to pay on time. No significant increase in terms of other employers paying late but monitored very closely as the situation continues to evolve.
Political pressure to reform the LGPS (e.g., the introduction of the exit payment cap)	R53	This will place an additional burden on the administration resource		▼	Exit Payment Regulations no longer apply with effect from 12 Feb 21, removing the position of legal uncertainty. No cases were processed therefore no retrospective adjustments are required. Awaiting further government guidance on changes required to tackle unjustified exit payments.

	Governance Risks					Impact	Investment & Funding Risks					
Total	0	0	0	0	0	Negligible	0	0	0	0	0	Total
4	1	0	0	0	0	Low	0	0	2	1	2	11
	1	0	0	1	0	Medium	0	1	0	0	0	
	0	0	0	0	0	High	0	3	0	0	1	
	0	0	0	0	1	Critical	0	0	1	0	0	
Likelihood	Rare	Unlikely	Possible	Likely	Almost Certain		Almost Certain	Likely	Possible	Unlikely	Rare	Likelihood
	0	0	0	0	0	Critical	0	0	0	0	0	
	0	0	4	1	1	High	0	0	0	0	0	
	2	1	1	0	0	Medium	0	0	1	0	1	
Total	0	0	1	1	0	Low	0	0	0	0	0	Total
13	0	1	0	0	0	Negligible	0	0	0	0	0	2
	Administration Risks					Impact	Financial Risks					

The above tables show the number of risks, broken down by type, and their current risk exposure.

Key: Based on Risk Score

Green	1-6
Amber	7-14
Red	15-25

5. 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 annual benefit statement, outlining their current pension benefits, sent by 31 August (for 'active' and 'deferred' members)
- If applicable, a pension savings statement detailing any potential member tax charges
- Regular newsletters (often sent with the annual benefit statement 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* - so that 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 (temporarily suspended due to the ongoing COVID-19 pandemic)

These are all outlined in detail within the Communications Policy Statement set out in appendix E.

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 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:

- The Fund and 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)
- The Fund operates in accordance with LGPS regulations and is aligned with The Pension Regulator in demonstrating compliance and scheme governance
- Communication processes are in place to enable both the Fund and Employers to engage with each other and other partners proactively and responsively
- 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
- 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
- Standards are set and monitored for the delivery of specified activities in accordance with Regulations and minimum standards as set out in the Service Level Agreement
- 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
- Administrative services are developed and delivered digitally as outlined in the ICT Strategy, to streamline processes and maximise efficient use of resources.

The Pensions Administration Strategy is attached in appendix E and is also available on the website www.avonpensionfund.org.uk

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 (annual benefit statements, newsletters etc). The Fund's ICT and Digital "Roadmap" Communications strategies both look to deliver more electronic communications, through development of *my pension online* (member self-service) and online services over the next 3 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.

Commencing in 2021 for the first-time, annual benefit statements for deferred members have been made available online and we have communicated this to those deferred members who already have a My Pension Online account through a managed bulk-emailing 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 2020/2021 by which their membership data must be submitted to the Fund electronically on a regular monthly basis. Due to the COVID-19 outbreak this deadline has been extended to the end of 2021/22.

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 Annual Benefit Statements.

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

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 the Pensions Regulator and Pensions Board

The Communications Policy outlines the communications we provide to various audiences (our stakeholders, audiences and interested parties). The Fund's Communications Policy was updated in 2019 and is included in appendix F.

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 2019/20 and details are highlighted in the tables below.

The Fund's own performance targets are set out in the SLAs it has in place with employers, in many cases the Fund' 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 2019/20 (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 8: Costs and financial indicators (2019/20)

LGPS Costs

Costs per FTE	**2019/20**
Net admin cost per FTE £000s	55.7
National Average £000s	69.4
Members per FTE	2,306
National Average	2,781

Costs per Member	**2019/20**
Investment Management Expenses	
Total Cost £000s	26,943
Cost per Member	221.66
National Average £	232.11
Administration Costs	
Total Cost £000s	2,408
Cost per Member	19.81
National Average £	20.16
Oversight & Governance Costs	
Total Cost £000s	1,752
Cost per Member	14.41
National Average £	15.55
Total Costs £000s	**31,103**
Total cost per Member £	**255.88**
Total National Average £	**267.82**

Data Quality
Since the introduction of The Pension Regulator's (TPR) 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 2020:

- 95% for Common Data
- 85% for Scheme Specific Data

Key performance data

Table 9: Performance Indicators 2019/20 (latest data available from CIPFA report)

	Cases outstanding as at 01/04/19	**Number of cases commenced in year**	**Number of cases completed in year**	**Number of cases outstanding as at 31/03/20**	**% of completed cases in year**
Deaths - Initial letter acknowledging death of active/deferred/pensioner member	-	439	436	3	99.32%
Deaths - Letter notifying amount of dependent's benefit	1	367	367	1	99.73%
Retirements - Letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Active)	24	915	900	39	95.85%
Retirements - Letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Deferred)	8	1,249	1,190	67	94.67%
Retirements - Letter notifying estimate of retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Total)	32	2164	2090	106	95.17%
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Active)	15	807	794	28	96.59%
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Deferred)	21	1,238	1,207	52	95.87%
Retirements - Letter notifying actual retirement benefits (includes all retirement types; normal, ill health, early, late etc.) (Total)	36	2045	2001	80	96.16%
Retirements - Process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (Active)	15	807	794	28	96.59%
Retirements - Process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (Deferred)	21	1,238	1,207	52	95.87%
Retirements - Process and pay lump sum retirement grant (include all retirement types; normal, ill health, early, late etc.) (Total)	36	2045	2001	80	96.16%

Deferment - Calculate and notify deferred benefits	174	2,589	2,560	203	92.65%
Transfers In - Letter detailing transfer ***in*** quote	2	385	385	2	99.48%
Transfers In - Letter detailing transfer ***in***	6	221	222	5	97.80%
Transfers Out - Letter detailing transfer ***out*** quote	126	634	632	128	83.16%
Transfers Out - Letter detailing transfer ***out***	7	76	76	7	91.57%
Refund - Process and pay a refund	19	1,528	1,528	19	98.77%
Divorce Quote - Letter detailing cash equivalent value and other benefits	28	235	234	29	88.97%
Divorce Settlement - Letter detailing cash equivalent value and application of Pension Sharing Order	-	10	10	-	100.00%
Member Estimates	13	635	635	13	97.99%
Joiners - Send notification of joining the LGPS to scheme member	61	4,312	4,128	245	94.40%
Aggregation / Link-ups - Send notification of aggregation options	2	2,739	2,741	-	100.00%

Performance Indicator *(from point at which all required information has been received)*	**Local KPI Target**	**Achieved (%)**	**Number of cases completed within KPI**	**Legal Requiremen t (from notification)**	**Achieved (%)**
Transfers In - Letter detailing transfer ***in*** quote	10 days	55.9%	213.0	2 months	80.3%
Transfers Out - Letter detailing transfer ***out*** quote	10 days	56.2%	355.0	2 months	95.3%
Refund - Process and pay refund	10 days	79.5%	1215.0	2 months	99.4%
Retirements - Letter notifying estimate of retirement benefits (including all retirement types; normal, ill health, early, late etc.) (Active)	15 days	81.9%	736.0	2 months	99.0%
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	88.5%	703.0	2 months	98.1%
Retirements - Letter notifying actual retirement benefits (including all retirement types; normal, ill health, early, late etc.) (Deferred)	15 days	90.9%	779.0	2 months	99.5%
Deaths - Initial letter acknowledging death of active/deferred/pensioner member	5 days	98.9%	431.0	2 months	100.0%

Deaths - Letter notifying amount of dependent's benefit	10 days	83.7%	307.0	2 months	99.2%
Retirements - Process and pay lump sum retirement grant (including all retirement types; normal, ill health, early, late etc.) (Active)	15 days	88.5%	703.0	2 months	98.1%
Retirements - Process and pay lump sum retirement grant (including all retirement types; normal, ill health, early, late etc.) (Deferred)	15 days	90.9%	1097.0	2 months	99.5%
Divorce Quote - Letter detailing cash equivalent value and other benefits	40 days	88.0%	206.0	3 months	100.0%
Divorce Settlement - Letter detailing cash equivalent value and application of Pension Sharing Order	15 days	80.0%	8.0	3 months	90.0%
Joiners - Send notification of joining the LGPS to scheme member	40 days	98.3%	4210.0	2 months	99.0%
Deferred into Pay - Process and pay lump sum retirement grant	15 days	90.9%	1097.0	2 months	99.5%
Deferment - Calculate and notify deferred benefits	30 days	81.5%	2083.0	2 months	96.2%

With the onset of the COVID-19 and UK lockdown in place from March 2020 the Fund has focussed primarily on the prioritisation of critical administration and business service processes around the continued payment of pensioner members and the 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 KPIs were below benchmark.

Staff turnover during the year remained an issue within the administration team causing additional burden on remaining staff to continue BAU operations and support training requirements for new officers.

To manage the continuous staff and recruitment churn the Pensions Committee agreed the appointment of a new role with responsibility to undertake relevant training and development of all new staff officers. A recruitment project to appoint into 11.2 vacant posts across the admin service was implemented and staged over 3 separate phases continuing into summer 2021.

Staffing

The pension service is split into two broad management areas: Finance & Investments and Administration. Here are the staffing levels as at 31 March 2021.

The Employer Services team included a new temporary team of 4 FTEs for the McCloud project. On the Employer Services team 4.2 positions were vacant. On the Member Services team 3.5 positions were vacant.

Table 10: staffing levels as at 31 March 2021

APF 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)	25
• Member Services (Benefits Administration Quality Assurance and Pensions Payroll)	28
• Technical and Compliance	1
• Communications (web, online, newsletters, publications)	3

For the period 2019/20 the Fund had 15.7% of its positions vacant, against an average of 6.2% across Funds who took part in the CIPFA benchmarking exercise.

Table 11: Number of members in fund (2020-2021)

	2021	2020	2019	2018	2017	2016
Active Members	39,159	38,064	36,894	36,479	36,213	37,899
Deferred Members	42,538	42,508	42,114	43,012	41,279	40,711
Pensioners	34,885	33,602	32,137	30,734	29,464	28,079
Undecided Leavers	8,740	7,538	6,968	6,824	5,632	3,117
Total Membership	125,322	121,712	118,113	117,049	112,588	109,806

Table 12: New pensioners (2020/21)

Ill health retirements	73
Early retirements	1352
Normal retirements	489

Table 13: Number of active employers in the fund (2020/21)

	Active	**Ceased**	**Total**
Scheduled body	319	0	319
Admitted body	145	2	147
Total	464	2	466
Ceased employers have outstanding liabilities but no active members			

Budget Outturn

During the year to 31 March 2021, total administration costs (excluding advisory and investment management costs) were £2.4 million, 28% below the budget of £2.9 million.

Annual investment management fees paid in the year were below budget at £18 million.

The budget for governance costs was £1.7 million with actual costs just over budget at £1.8 million.

Internal Resolution Dispute Procedure (IDRP)

If there is a complaint or dispute against a decision or action by either the Avon Pension 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 Internal Disputes Resolution Procedure 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 & IDRP Cases 2020/21
During the year to 31 March 2021 the fund received four applications under the stage 1 process, two of which were 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 are aware of two such further applications under the stage 1 process, both of which were upheld by the employers. A further ten complaints were also received and dealt with outside of the formal IDRP process.

LGPS Policies and Guidance for Employers and Members

The Avon Pension 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 APF 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 Avon Pension 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

6. 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 & 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 14: Avon Pension Fund Expected Costs and savings from Pooling:

(as per Business Case Submissions)

	2016-2017 £000s	2017-2018 £000s	2018-2019 £000s	2019-2020 £000s	2020-2021 £000s	2021-2022 £000s	2022-2023 £000s	2023-2024 £000s	2024-2025 £000s	2025 to 2036 £000s	Total £000s
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 15: 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 £3.8 billion (72%) of the Fund's assets shown in the Table 16 below.

Table 16: Investment assets

	31 March 2021 £000s	%
Investments managed by Brunel Pension Partnership:		
LGIM Low Carbon Global Equities	691,544	13.0
Brunel Infrastructure Portfolio	50,205	0.9
Brunel Secured Income Portfolio	280,324	5.3
Brunel Global Sustainable Equity	541,101	10.2
Brunel Emerging Market Equity	286,760	5.4
Brunel Global High Alpha Equity	403,274	7.6
Brunel Diversified Returns Fund	501,330	9.5
Brunel UK Property	106,841	2.0
BlackRock Liability Solution	942,815	17.7
	3,804,194	**71.8**
Investments managed outside Brunel Pension Partnership	**1,497,795**	**28.2**
TOTAL INVESTMENT ASSETS	**5,301,989**	**100.0**

In 2020/21 the Fund's Global Sustainable Equity and Diversified Returns Fund assets transitioned to Brunel. The transition costs were higher in 2020/21 than estimated in the business case due to delays in some transitions versus the original plan and due to the lack of commonality between legacy assets and target portfolios in both these transitions. With the final transition to complete in 2021/22, the total transition costs will be slightly higher than the estimate in the Original Business Case. In addition, Brunel has taken over management of the pooled UK Property funds. The funds were re-registered so there were no transition costs.

Table 17: Transition Costs

	Direct £000s	Indirect £000s	Total £000s	Cumulative £000s
Transition Fee		199	199	378
Tax		-	-	731
Other Transition Costs		3,337	3,337	6,223
Total Transition Costs		**3,536**	**3,536**	**7,332**

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 have been negotiated with incumbent managers between the formulation of the business case and the transition to Brunel.

Table 18: Investment Fee savings from Pooling (cumulative to 31 March 2021)

	Value in Original Business Case 31 March 2016	Value at 31 March 2021	Price Variance	Quantity Variance	Total Saving / (Cost)
	£000s	£000s	£000s	£000s	£000s
Passive UK Equity	167,800	-	-	183	183
Passive Global Equity	348,900	-	-	380	380
Passive Low Carbon Equity	-	691,544	233	(544)	(311)
UK Equity	201,993	-	948	770	1,718
Global Equity	253,764	403,274	1,042	(1,216)	(174)
Emerging Market Equity	327,299	286,760	917	902	1,819
Global Sustainable Equity	-	541,101	474	(879)	(405)
Diversified Return Funds	-	501,330	1,101	(530)	571
UK Property	-	106,841	36	29	65
Renewable Infrastructure	-	50,205	672	(1,800)	(1,128)
Secured Income	-	280,324	-	(840)	(840)
Black Rock Liability Solution	-	942,815	159	(119)	40
			5,582	(3,664)	1,918

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 the fee savings against the business case the price variance reflects the actual saving in fees due to pooling. To summarise:

a. 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. The fees for the Passive Low Carbon equities are higher than those for Passive UK and Global equities, giving rise to a 'cost' from pooling due to asset allocation changes. The fee rates achieved on all the passive portfolios established by Brunel are lower than the fees charged in the business case.
b. 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.
c. The transition of the Global Equities to Brunel achieved lower fees but more assets were invested compared to the business case. The holding in the Global Equities portfolio was reduced in 2020.
d. The transition to the Global Sustainable Equity Portfolio achieved lower fees but more assets transferred than in the business case.
e. Fewer Emerging Market Equity assets were transitioned, and a lower fee rate was achieved through pooling.
f. More assets transitioned to the Diversified Returns Fund than in the business case, but Brunel has achieved lower fees.
g. Liability Driven Investments (LDI) includes the LDI assets as well as equity assets held as collateral within the Qualifying Investor Fund (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.

h. The transfer of the pooled UK property funds to Brunel's management has generated management fee savings and also savings paid to some of the underlying funds.

i. In addition to the transitions, the Fund has made new allocations to Brunel's Renewable Energy Infrastructure 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 fee rate from within the pool for a similar client portfolio is used for this analysis.
    ii. As there was no allocation to Secured Income 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 2020/21 for its core services was £1.3m. 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 to 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 19: Expected versus Actual Costs and Savings to Date

Costs/(Saving)	2019/20				2020/21			
	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
Ongoing Brunel	893	1,568	1,389[1]	2,425	923	2491	1,278	3,703
Avon internal savings	(267)	(525)	(215)	(430)	(275)	(800)	(215)	(645)
Transition	4,067	7,024	2,824	3,796	260	7,284	3,536	7,332
Fee saving	(1,216)	(1,340)	(1,416)	(1,661)	(2,687)	(4,027)	(3,921)	(5,582)
Net cost /(saving)	**3,478**	**7,991**	**2,582**	**5,202**	**(1,779)**	**6,212**	**678**	**5,880**

Notes: [1] This differs from Statement of Accounts which includes a late invoice received in 2Q20 relating to year ending March 2020.

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

- 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 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 savings are greater than anticipated across all 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 ongoing 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 private market funds with a fixed term to expiry (closed ended funds). The transition of listed, quoted assets will be completed in 2021 with the transition of the Multi Asset Credit mandate (£318 million) to Brunel. All new allocations to Secured Income, Renewable Infrastructure and Private Debt are managed by Brunel and legacy mandates are being wound down as required to fund these new investments.

7. INVESTMENT REPORT

The Avon Pension 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.

a) Investment Strategy Statement

The LGPS (Management and Investment Funds) Regulations 2016 require the Fund to produce an Investment Strategy Statement (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: environmental, social and governance (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 2020, is available and can be found at Appendix G to this Report.

b) Brunel Pension Partnership (Brunel)

By the end of the year, Brunel had over half of its clients £35 billion of assets under its management. In line with this, significant advances have been made from an operational perspective. Notably, in the last year, Brunel successfully launched the Global Sustainable Equity portfolio, to which the Fund subsequently allocated 10% of its assets and the Diversified Returns (DRF) portfolio. This portfolio provides exposure to a broad range of alternative return drivers and offers the Fund a degree of downside protection from equity risk. 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 and infrastructure.

A growing number of strategic affiliations with industry experts including the Sustainability Accounting Standards Board (SASB) and the Institutional Investors Group on Climate Change (IIGCC) as well as support for, and early adoption of, initiatives such as The Taskforce on Climate-related Financial Disclosures (TCFD) ensure Brunel retains its industry leading position in the field of Responsible Investment (RI). Brunel have been particularly active in terms of policy advocacy; joining forces with several other UK pension funds to press for the issuance of green gilts ahead of the government announcement to issue its first ever green bond in 2021 to help tackle climate change and build green jobs across the UK.

The second edition of Brunel's 'Responsible Investment and Stewardship Outcomes Report' along with their inaugural 'Climate Action Plan Report' profiled successes across several key RI themes including social inequality, modern human slavery, cyber security and fossil fuel financing which culminated in industry wide recognition when Environmental Finance named the partnership Pension Fund of the Year.

With the transition of the Multi-Asset Credit portfolio to Brunel in July 2021, 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.

c) 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 manager risk within each of its portfolios. The Committee periodically reviews its investment strategy in order to ensure it reflects the Fund’s liability profile and funding strategy. The last review was undertaken in 2019/20. A review of the allocation within equities is currently in progress exploring how best to deliver its net zero ambition within the equity portfolio.

Asset Allocation

Table 20 shows the Fund’s actual asset allocation at 31 March 2021 against the strategic allocation benchmark. The table also includes the returns from each asset class over one and three years to 31 March 2021.

Table 20: Strategic Asset Allocation and Actual Asset Allocation

Asset Class	31/03/2021 Allocation	Strategic Allocation	Strategic Range	Index Asset Class Returns		
				1 Year	3 Years (p.a.)	5 Years (p.a.)
Developed Market Equity	36.2%	32.0%	27.0-37.0%	39.1%	14.1%	14.9%
Emerging Market Equity	5.4 %	5.5%	3.0-9.0%	42.8%	7.5%	13.4%
Diversified Growth Funds	9.5%	10.0%	5.0-15.0%	4.1%	4.5%	4.4%
Generalist Infrastructure	6.9%	5.0%	2.5-7.5%	23.2%	6.3%	--
Renewable Infrastructure	0.9%	5.0%	0.0-7.5%	23.2%	--	--
Liability Matching Assets & Equity Protection*	10.6%	12.0%	No set range	--	3.5%	5.9%
UK Corporate Bonds	2.5%	2.0%	No set range	7.0%	4.1%	4.6%
Fund of Hedge Funds	5.2%	0.0%	n/a	3.3%	3.6%	3.5%
Multi Asset Credit	6.0%	6.0%	3.0-9.0%	4.3%	4.6%	--
Property	7.1%	7.5%	5.0-10.0%	2.5%	2.4%	4.1%
Secured Income	5.3%	10.0%	0.0-15.0%	4.6%	--	--
Private Debt	0.0%	5.0%	0.0-7.5%	--	--	--

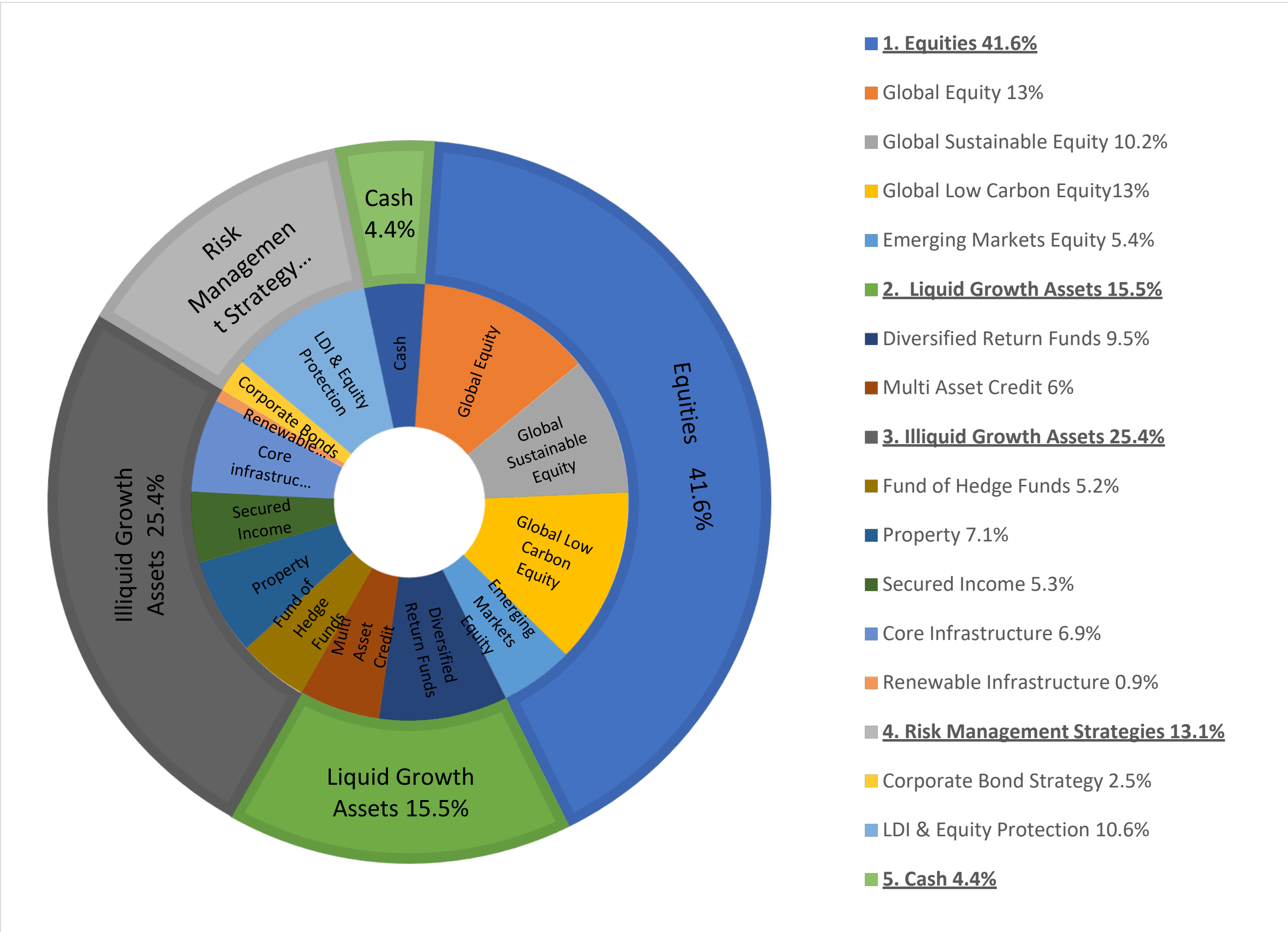
Cash**	4.4%	0.0%	0.0-5.0%	--	--	--

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

***Cash and other instruments including currency instruments and ETF liquidity strategy.*

The investment management structure and amount of assets managed by each manager as at 31 March 2021 is set out in Chart 1.

Chart 1: Asset Allocation by Mandate 31 March 2021



d) Activity during 2020/21

(i) 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. A critical issue that arose during the year was the uncertainty around the future path of inflation caused by the pandemic and the resulting economic stimulus packages released by central banks around the world. Given the negative impact rising inflation would have on the Fund's liabilities, and therefore contributions, the level of inflation hedging was increased to the maximum permissible under the framework. Over the year inflation expectations increased which generated positive absolute returns from the LDI mandate. This was most evident in the final quarter of the year where the return was over 5% which was broadly matched by the change in the value of the liabilities.

The Equity Protection Strategy detracted value given the rise in equity markets during the year. This strategy now adopts a more dynamic approach whereby the protection threshold moves more in line with the underlying market indices.

(ii) Transition of Assets to Brunel:

During the year just under £1 billion of assets transitioned into two new Brunel portfolios, Global Sustainable Equities and Diversified Returns Fund. This meant that at year end Brunel directly managed 72% or £3.8 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 2021, 22% of the Fund's commitment to the renewable infrastructure portfolio had been invested as had 60% of the commitment to the secured income portfolio. This portfolio invests in income generative assets such as quality real estate and operational infrastructure.

As from January 2021 Brunel is managing most of the Fund's UK property assets. The Fund has committed £10m to an affordable housing fund, which works with regional house builders to develop new-build housing for the underserved affordable rental sector.

e) 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 Environmental, Social and Governance (ESG) investment related risks that may be financially material to the Fund. The Responsible Investing (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 www.avonpensionfund.org.uk (search Responsible Investment Policy).

f) Investment Stewardship

The Fund supports and applies the FRC UK Stewardship Code 2020 (the 'Code') 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".

Prior to the introduction of the 2020 Code, the Fund was a tier 1 signatory to the UK Stewardship Code 2012, which meant it provided a good quality and transparent description of its approach to stewardship.

The Fund will submit its first Stewardship Report in line with the new Code by October 2021 for the 12 months to 31 March 2021. 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 report will focus on activities and outcomes to provide evidence on how the Fund has applied the Code over the reporting period and will be available on the Fund's website www.avonpensionfund.org.uk (search FRC Stewardship Code) following FRC assessment.

The assets managed by Brunel are governed by its Stewardship and Voting policies, which, with input from the Fund, underwent a comprehensive review during the year to improve transparency and factor in regulatory changes, including the enhanced requirements of the 2020 Stewardship Code. Any reports by the Fund in respect of 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. In particular, LAPFF seeks to maximise the influence the LGPS funds have as shareholders through co-ordinating shareholder activism amongst the pension funds. This year LAPFF have been instrumental in lobbying the mining sector for improved disclosures around tailing dams. 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 a number of high-profile ESG factors. The Fund, alongside 26 international investors, joined a collaborative engagement led by First Sentier Investors, with support from the Marine Conservation Society aimed at engaging 18 of the largest global manufacturers of washing machines to highlight the risk of micro plastic leakage and to champion technological advances to tackle the issue.

ClimateAction 100+ and the Institutional Investor Group on Climate Change (IIGCC) are forums for collaboration between investors on the financial and physical implications of climate change, which is a strategic priority for the Fund.

On average the Fund engaged with over 300 companies per quarter held within its listed equity portfolios, across a broad range of ESG issues. Environmental topics, on average, featured in 24% of engagements, 78% of which related directly to climate change. Social topics featured in 20% of engagements, where diversity and human rights featured prominently. Of the 37% 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 19% of engagements over the year.

g) Climate Change

During the year the Fund adopted reporting in line with guidance from the Taskforce for Climate-related Financial Disclosures (TCFD). This is a critical framework to help us to deliver our own climate change objectives but is also a way of signalling to investee companies, service providers and partners how important climate risk transparency is if the Avon Pension Fund is to achieve reductions in emissions in the real world.

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/sites/default/files/Avon%202021%20Carbon%20Metrics%20Report_FINAL%20%28New%20cover%29.pdf

(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. 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, form the basis of reporting on climate change.

Aggregate voting and engagement statistics for the Fund's listed equity portfolios is also monitored in terms of votes cast and number of engagements in the period according to each sub-theme included in the Fund's engagement plan which is co-developed with Brunel and their appointed voting and engagement provider, Federated Hermes EOS (Hermes). The engagement service provided by Hermes 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 Hermes 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.

Asset allocation remains one of the Fund's primary tools to help meet our ambition to become a net-zero investor. As an early investor in a passive low carbon strategy, we are now working with Brunel to assess how the Fund can help move the industry forward by looking at next generation low carbon products which employ systematic techniques to target material reductions in emissions today as well as into the future. The Fund now has £1.2bn in low carbon and sustainable listed equities and a further £377m committed to renewable infrastructure projects across a number of portfolios.

Since the end of the year, the Fund has made strides to integrate climate risks and opportunities into its Multi Asset Credit portfolio, benefitting from Brunel's robust due diligence and manager selection process which identified managers that actively integrate climate risk into their investment decisions. Finally, looking forward the Fund will explore ways of integrating climate change into its risk management framework by, for instance, weighing the potential to build its exposure to green gilts in a cost-effective way as issuance increases.

Engagement forms a critical part of the Fund's approach to climate risk. This year we were pleased to see significant progress in the Oil & Gas sectors with several large companies not just setting Net Zero targets but more importantly, publishing details of how they intend to achieve those targets. Equally we have seen significant progress in the Financial sector. As the leading contributor to downstream scope 3 emissions the provision of loans and other forms of direct fossil fuel financing is fundamentally inconsistent with our ambition to reach carbon neutrality by 2050. Increased shareholder pressure has led to a number of concessions at major European Banks around their lending activities, such as HSBC's pledge to phase out the financing of coal-fired power and thermal coal mining by 2030 within the OECD.

(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 Paris Stocktake.

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 biomass, with selected other green infrastructure opportunities such as renewable heat.

Scenario analysis is used to assess what impact climate change may have on the asset portfolio. As part of the last strategic review, evidence-based modelling was used to assess how varying investment strategies performed under a +2°C, +3°C and +4°C scenario over short, medium and long-term investment horizons. Further, working with Brunel and the IIGCC the Fund provided data to the Paris Aligned Investment Initiative (PAII) to test the proposed investment framework, which provides the first practical blueprint for investors to achieve net zero targets.

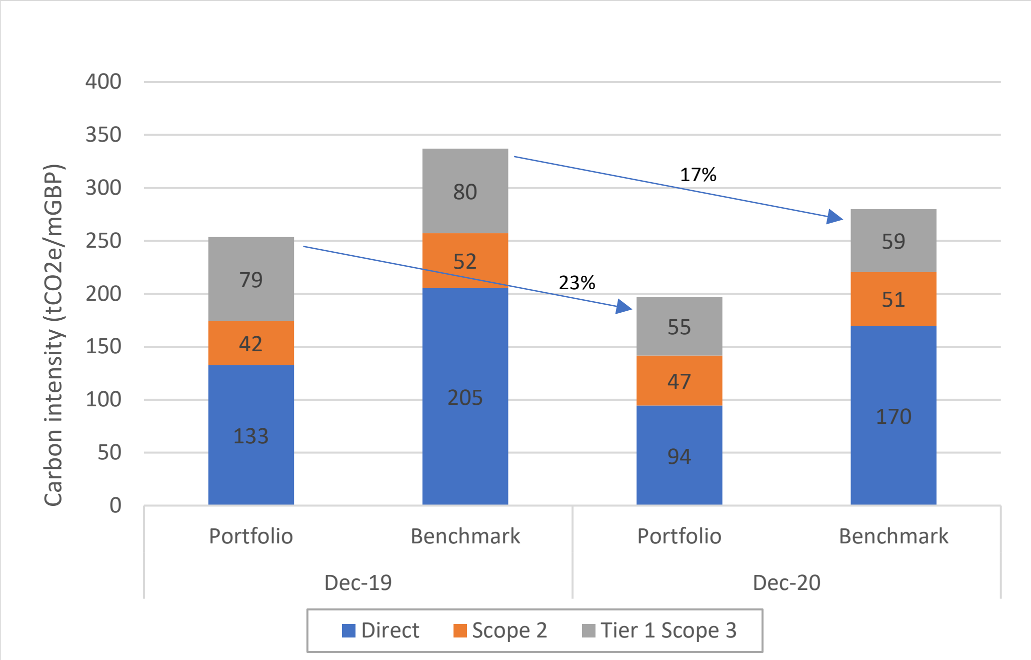
(iv) Metrics & Targets

The annual Carbon Metrics Report details the Weighted Average Carbon Intensity (WACI) [2], fossil fuel related revenues, reserves exposure and the disclosure rates among companies within the equity portfolios.

This year's report showed that all the active equity portfolios that the Fund invests in exhibited a lower WACI than their respective benchmarks and the aggregate portfolio, relative to its benchmark, was 30% more efficient (or less carbon intensive), putting the Fund well ahead of its goal to achieve this level of efficiency by 2022 – as shown below in chart 2.

Chart 2 – Weighted Average Carbon Intensity (Data as at 31 December 2020)

[2] 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.



A significant year-on-year improvement in WACI and future reserves exposure was due to a combination of factors including decarbonisation of the underlying portfolios (driven by investment managers investing less in carbon intensive sectors and/or companies) and the Fund's strategic asset allocation; principally switching the allocation from the oil & gas heavy UK equity market to the less carbon intensive global sustainable equity portfolio.

The Fund recognises that ESG and carbon-specific data is continually improving and that it is vital that our climate change targets evolve with the reporting landscape. For instance, as part of its pledge to the IIGCC Paris Aligned Investment Initiative the Fund is committed to developing a dedicated 'climate solutions' allocation.

As part of a wider equity review in 2021/22 the Fund will undertake bottom-up analysis designed to highlight what is driving the Fund's carbon exposure across mandates, geographies and sectors. This information will be used to inform interim climate change targets consistent with net zero pathways and to direct portfolio exposure away from areas of high climate transition risks and towards those that are well-placed for the transition.

The next year will also see improvements in the Fund's routine reporting. For instance, positive impact reporting being developed by Brunel will enable the Fund to demonstrate how its listed equity portfolios and the underlying companies in which they invest positively contribute to the UN Sustainable Development Goals.

h) Investment Performance

2020/21 Performance

For the year ending 31 March 2021 total Fund assets increased by £834m (+17.3%) to give a value of £5,301m. Investment returns rebounded strongly from the 2019/20 lows, buoyed by increased central bank liquidity and a global recovery led by positive vaccine developments.

2020/21 market performance was dominated by COVID-19 news flow. Following the collapse in economic activity in the first quarter of 2020, the second quarter saw a strong rebound in markets on easing of lockdowns. This began to dissipate, and global activity began falling again mid-way through the year with a resurgence of cases and a return to more severe restrictions. Coming into

2021 the global recovery began in earnest, albeit with large regional disparities, aided by the start of a global vaccine rollout and with companies now looking beyond COVID-19 and into the longer-term.

Growth sectors that made strong gains during the crisis, such as information technology, began to give way to more traditional value sectors such as energy and industrials as the recovery continued. For oil, following a brief move into negative price territory due to oversupply, the latter half of the year saw strong price gains due to the emergence from lockdown and increased industrial activity combined with OPEC-agreed supply cuts.

Despite an initial acceleration of COVID-19 cases in the US, looser monetary policy and a gradual fall in unemployment rates saw equity markets gain 58.8% in US Dollar terms over the year. The election of President Joe Biden brought a reduction in political risk, despite the Capitol Hill insurrection in January, and markets were boosted by a confirmed $1.9 trillion fiscal stimulus package and the promise of a further $2 trillion in infrastructure spending.

The UK also saw a continued recovery and pick-up in demand, despite the mix of easing, and subsequently, tightening of COVID-19 restrictions. This enabled companies to restart previously suspended dividend policies alongside renewed merger and acquisition interest from international firms in UK businesses. While Brexit uncertainty remained for most of the year, the UK completed its transition out of the EU without major incident. One of the world's swiftest vaccine rollouts also helped UK equities to gain 26.7% over the year.

The Eurozone had a more mixed year, with performance varying significantly by country. A notably slower vaccine rollout compared to the US and UK hampered growth prospects, alongside doubts over short-term tourism. However, hopes of a swift global recovery, a large €1.8 trillion budget package, including a €750 billion recovery fund, and the conclusions of Brexit negotiations all helped European (Ex-UK) equities gain 40.6% over the year in Euro terms.

UK government bond yields initially remained low due to COVID-19 and Brexit fears, with the possibility of negative interest rates still being considered. This persisted into the second half of the year before a small rise following the announcement of additional fiscal stimulus and monetary accommodation. Yields then began to rise further towards the end of 2020 on vaccine and global recovery hopes; a trend that continued into 2021 as investors moved into riskier, less defensive, assets. Corporate bonds outperformed government bonds over the period while investment-grade credit spreads fell in 2020 and volatility was kept relatively stable by increased central bank liquidity and institutional demand.

UK Property was another sector heavily hit by COVID-19 in 2020, with many 'material uncertainty' valuation clauses persisting into the new financial year. The office sector suffered due to continued home-working mandates, as did retail outlets and the leisure sector. Stronger performance came from logistics centres and retail warehouses who benefited from increased e-commerce activity. However, 2021 did see a return to optimism in property. The residential market continued to expand and although office space on aggregate increased, supply continued to be constrained by deferment to developments and a lack of Grade A space. Despite these challenges, the Fund's UK property mandate produced a positive absolute return over the year, aided by its defensive positioning, which includes significant exposure to the Industrials sector.

For core infrastructure assets such as airports, toll roads and seaports, the economic implications of radical COVID-19 measures such as travel bans translated into lower expected cash flows and significant reductions in profit in the first half of the year. However, these assets started to recover in the second half of the year as the recovery picked up speed, and the Fund benefited from its focus on infrastructure assets classed as 'essential'. In 2020 the UK government released its National Infrastructure Strategy and an energy white paper, both of which recognised the crucial role infrastructure plays in economic growth. The Fund's dedicated allocation to renewable infrastructure assets proved additive to returns, with global governments recognising the importance of a green recovery to tackle COVID-19 and climate change. The focus on sustainability and renewable energy benefited from increased resilience and lower risk profiles, with the majority of renewable energy assets protected by secured revenues. These assets are attractively placed given the UK's evolving climate policies and trends, while the sector also looks to benefit from the Biden administration's renewed focus on climate after re-joining of the Paris Agreement.

Absolute returns generated by the Fund's investment managers followed the pattern of the broader market with the majority of funds rebounding significantly from 2019/20 lows. The Global Low Carbon and High Alpha Equity mandates both achieved high absolute returns, with High Alpha also returning a significant benefit over its benchmark due to manager outperformance. Private Market mandates such as Secured Income and Infrastructure also performed positively, and above expectations, as real assets continued to deliver. Multi Asset Credit and Hedge Fund portfolios also provided double-digit outperformance over their benchmarks. The only mandate to post a negative absolute return over the year was the Fund's Overseas Property mandate, which was subject to the negative impact COVID-19 caused on the property market.

Finally, Sterling appreciated by 11.3% against the US Dollar, 13.9% against the Yen and by 3.9% against the Euro which generated positive return from the currency hedge.

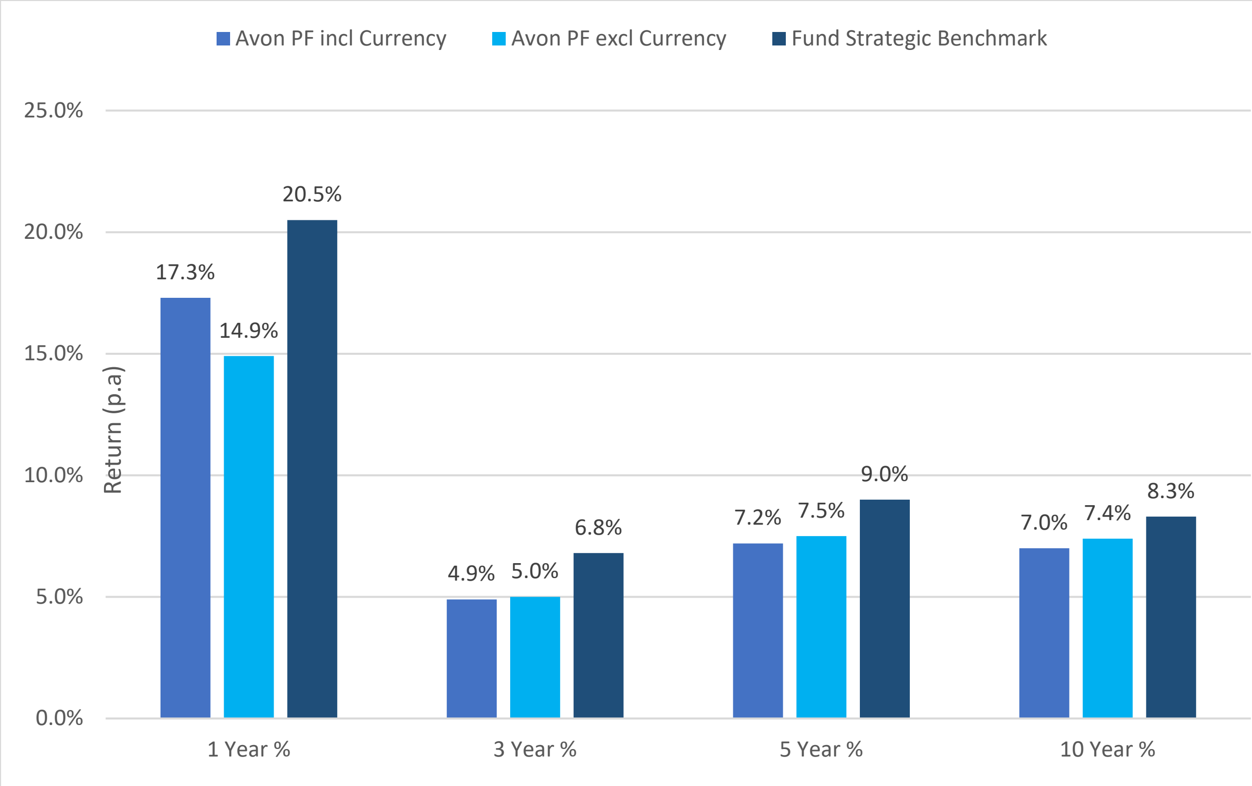
Overall, the Fund's return of +17.3% underperformed its strategic benchmark return of +20.5% by 3.2%. The currency hedge contributed 2.4% to the overall return. Underperformance relative to the strategic benchmark was due to the negative impact of the equity protection strategy which, as expected, detracted from value given the rise in equity markets over the year.

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% (down from 2.7% previously). For the Avon Pension Fund, achieving a real return is important as the pension benefits are linked to inflation. During the year the funding level rose from c.84% to c.97% with the deficit estimated to have decreased from £863m to £171m. The increase in the funding level was driven by the sharp rebound in risk assets such as equities, which outstripped the growth in the value of the liabilities.

Longer term performance

The longer-term performance of the Fund is shown in Chart 3 (the returns are annualised) compared against the Fund's benchmark. The Fund return is inclusive of currency hedging whereas the benchmark return excludes currency hedging.

Chart 3: Long Term Performance



Source: Mercer, State Street Bank and Trust

Over three years the Fund's return of 5.0% per annum (excluding currency) is below the strategic benchmark return, primarily as a result of the equity protection strategy which detracted as equity markets increased over the period. Over this 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. The significant recovery in equity markets in the past year meant the funding level ended the year at broadly the same level as it had been pre-pandemic.

Table 21 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 21: Contribution to Performance – Relative Returns of Investment Managers

Manager	**Mandate**	**1 Year Relative Return**	**3 Year Relative Return**	**5 Year Relative Return**
Brunel	Passive Low Carbon Equities	--	--	--
Brunel	Active Global Sustainable Equities	--	--	--
Brunel	Secured Income	3.1%	--	--
Brunel [4]	Renewable Infrastructure	4.3%	--	--
BlackRock	Passive Developed Market Equities	--	--	--
BlackRock	Bespoke Corporate Bonds	--	--	--

Brunel	Emerging Market Equities	3.3%	--	--
JPMorgan [2]	Fund of Hedge Funds	18.6%	4.0%	--
Partners [1]	Global Property	5.4%	--	--
Brunel	Diversified Returns Fund	--	--	--
Brunel	Global Equities	10.9%	--	--
Schroder[3]	UK Property	0.1%	0.3%	0.1%
Loomis Sayles	Multi Asset Credit Fund	16.5%	-0.4%	--
IFM	Infrastructure	5.7%	4.8%	--

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

[2] Returns expressed in USD

[3] Returns shown to 31 Dec 2020 at which point the mandate began to wind down

[4] The portfolio is still in a build-up phase so performance not yet meaningful

i) Largest Holdings

Table 22: Top 10 Largest Investment Holdings at 31 March 2021

Holdings	£'000s	% of Fund
BlackRock Liability Solutions Fund	942,815	17.8%
LGIM MSCI Low Carbon Tracker Fund[1]	691,544	13.0%
Brunel Global Sustainable Equity Fund	541,101	10.2%
Brunel Diversified Returns Fund	501,330	9.5%
Brunel Global Equity Fund	403,274	7.6%
IFM Global Infrastructure Fund	365,544	6.9%
Natixis Investment Solutions	317,539	6.0%
Brunel Emerging Market Fund	286,760	5.4%
JP Morgan Absolute Return Strategies Fund	277,469	5.2%
Standard Lifelong Lease Property Fund[1]	163,046	3.1%

[1] Held in Brunel Portfolios

j) 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.

k) 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.

Brunel is a signatory to the CTI and has issued templates for each of its portfolios that the Fund invests in.

The CTI templates are not available from the managers in time to complete the Statement of Accounts. This means that the CTI management fee data does not reconcile with the costs disclosed in Note 7 within the Statement of Accounts. Equally, added granularity (particularly in private markets reporting) and an increase in the number of managers providing the data this year means this year's disclosures cannot serve as a direct comparison with the 2019/20 CTI disclosures. Furthermore, changes to asset allocation will drive changes in the overall costs over time especially given the increasing allocation to private markets which generate higher indirect costs. This data does, however, demonstrate what the code expects of its signatories with the aim of improving disclosure over time. The data has been aggregated and pro-rated to provide representative annual costs.

Overall, the Total Ongoing Costs of 103 basis points and Total Costs of 134 basis points compares to 102 and 131 basis points respectively in 2019/20 despite there being a higher level of disclosure in 2020/21.

The different types of costs itemised in table 23 are defined below:

INVESTMENT MANAGEMENT COSTS FOR YEAR TO 31 MARCH 2021										
	Asset Pool				Non-Asset Pool				Fund Total	
	Direct £000s	Indirect £000s	Total £000s	Bps	Direct £000s	Indirect £000s	Total £000s	Bps	£000s	Bps
ONGOING CHARGES										
Fund and Investment Management	**7,088**	**11**	**7,099**	**19**	**13,726**	**30,505**	**44,231**	**295**	**51,331**	**97**
Management fees	5,900	-	5,900	16	9,274	-	9,274	62	15,175	29
Fees and charges paid through NAV	1,250	-	1,250	3	2,889	-	2,889	19	4,139	8
Management fee rebates	(140)	-	(140)	(0)	(1,234)	-	(1,234)	(8)	(1,375)	(3)
Indirect fees and charges	-	11	11	0	-	30,505	30,505	204	30,517	58
Performance fees and carried interest	78	-	78	0	2,797	-	2,797	19	2,875	5
Administrative Fees	**66**	-	**66**	**0**	**2,204**	-	**2,204**	**15**	**2,270**	**4**
Governance, Regulation & Compliance	**376**	-	**376**	**1**	**534**	-	**534**	**4**	**909**	**2**
Total Ongoing Charges Figure	**7,530**	**11**	**7,541**	**20**	**16,463**	**30,505**	**46,968**	**314**	**54,509**	**103**
ASSET POOL SHARED COSTS										
Asset Pool Shared Costs	**1,278**	**-**	**1,278**	**3**	**-**	**-**	**-**	**-**	**1,278**	**2**
PORTFOLIO TRANSACTION COSTS										
Explicit Transaction Costs	-	**1,871**	**1,871**	**5**	**-**	**242**	**242**	**2**	**2,113**	4
Transaction taxes	-	310	310	1	-	110	110	1	420	1

Broker commissions	-	915	915	2	-	86	86	1	1,001	2
Transaction related services	-	27	27	0	-	-	-	-	27	0
Other explicit costs	-	620	620	2	-	46	46	0	666	1
Implicit Transaction Costs	-	**3,905**	**3,905**	**10**	**-**	**5,733**	**5,733**	**38**	**9,638**	**18**
Indirect Transaction Costs	-	**794**	**794**	**2**	**-**	**2,242**	**2,242**	**15**	**3,035**	**6**
Anti-dilution offset	-	**(634)**	**(634)**	**(2)**	**-**	**-**	**-**	**-**	**(634)**	**(1)**
Total Transaction Costs	-	**5,936**	**5,936**	**16**	**-**	**8,217**	**8,217**	**55**	**14,152**	**27**
PROPERTY EXPENSES										
Property Expenses	**-**	**790**	**790**	2	-	**117**	**117**	**1**	**907**	**2**
TOTAL OF ALL COSTS AND FEES	**8,808**	**6,737**	**15,545**	**41**	**16,463**	**38,839**	**55,302**	**369**	**70,847**	**134**

Table 23: LGPS Code of Transparency

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

Indirect costs are those charged to the underlying assets, mainly in pooled mandates. The fee rates in basis points (bps) shown in the table are the fees and costs expressed as a percentage of the value of the assets.

The table shows 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 passive equities and actively managed Global and Emerging Market equities, Diversified Return Fund, UK Property, Secured Income and Infrastructure. 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 in 2020/21.

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.

8. 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 does 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 will likely result in higher costs for most employers. As the remedy has not yet been agreed, employers were provided with an estimate of the costs as part of the valuation result and given the option to pay additional contributions over 2020/23 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 24 below:

Table 24: 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 or 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. The next interim valuation will be as at 31 March 2021.

By 31 March 2020, the funding level had fallen to 84% as the COVID-19 pandemic took hold globally. The Fund's risk management strategies, specifically the equity protection strategy, helped mitigate some of the capital losses. Volatility increased dramatically in March causing investors to sell riskier assets as it became apparent that lower GDP growth was inevitable in the short term as more countries introduced restrictions and lockdowns. At 31 March 2021, the funding level had risen to 97% reflecting a recovery in economic confidence and thus markets.

The pension 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 on a monthly basis.

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 pension 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. During the year the FSS was updated to include amendments in the LGPS Regulations which introduced greater flexibility to review of contribution rates between valuations in certain circumstances and allowing payment plans and deferred debt agreements for exiting employers. These provisions are designed to enable the Fund to better manage employer change and affordability issues.

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 is in Appendix H and can be obtained from the website www.avonpensionfund.org.uk (search *Funding Strategy Statement)*

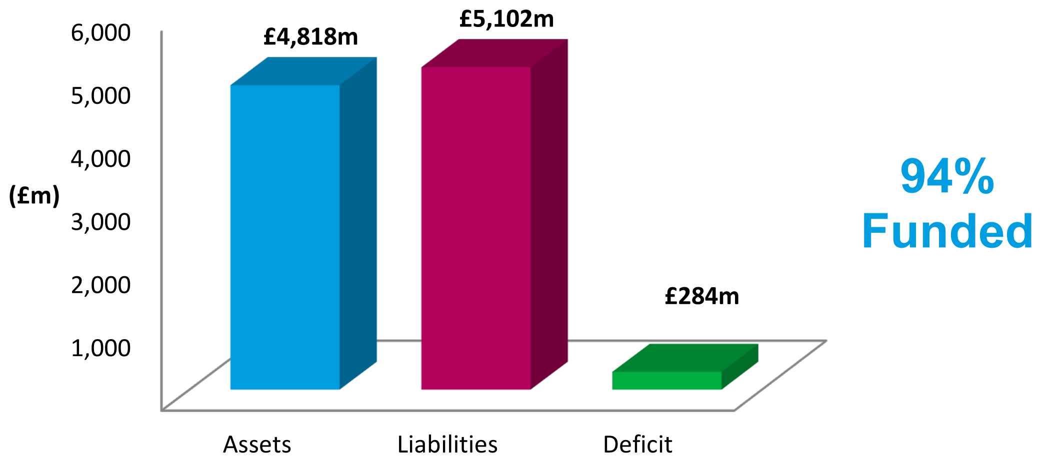
AVON PENSION FUND

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 - 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 this actuarial valuation the average recovery period adopted is 13 years, and the total recovery payment (the "Secondary rate") is 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. However, at the overall Fund level we estimate that the cost of the judgment could be 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. 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

The valuation results and employer contributions above were assessed as at 31 March 2019. In 2020 and 2021 we have so far seen significant volatility and uncertainty in markets around the world in relation to the COVID-19 pandemic. This potentially has far-reaching consequences in terms of funding and risk, which will need to be kept under review. 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. Our view is that employer contributions should not be revisited as a general rule but the Administering Authority has consulted on updates to the Funding Strategy Statement, which will allow the Fund to review contributions between valuations where there is a material change in employer covenant or liabilities, 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 2021 (the 31 March 2020 assumptions are included for comparison):

	31 March 2020	31 March 2021
Rate of return on investments (discount rate)	2.4% per annum	2.1% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.1% per annum	2.7% per annum
Rate of pay increases*	3.6% per annum	4.2% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	2.2% 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. 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 decreased, resulting in a lower discount rate being used for IAS26 purposes at the year-end than at the beginning of the year (2.1% p.a. vs 2.4%). In addition, the expected long-term rate of CPI inflation increased during the year, from 2.1% p.a. to 2.7%. Both of these factors served to increase the liabilities over the year.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2020 was estimated as £7,111 million including the potential impact of the McCloud Judgment.

Interest over the year increased the liabilities by c£169 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£83 million (this includes any increase in liabilities arising as a result of early retirements/augmentations). There was also an increase in liabilities of £1,001 million due to "actuarial losses" (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 2021 pension increase award was less 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 2021 is therefore £8,364 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

Michelle Doman

Fellow of the Institute and

Faculty of Actuaries

Mercer Limited

May 2021

11. EMPLOYER CONTRIBUTION RATES

Employer Contribution Rates								
Year Ended 31 March 2021		**2020/21**			**2019/20**			
	Active Membership	**% 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	229	17.70%	£369,772	£944,320	15.30%	£328,856	£384,300
Bath & North East Somerset Council	2698	17.60%	£3,959,230	£7,081,660	15.40%	£3,748,575	-
Bristol City Council	8274	17.60%	£13,096,981	£20,429,790	15.20%	£11,927,442	-
North Somerset Council	1924	17.80%	£2,694,543	£2,283,500	15.70%	£2,566,259	£4,068,710
South Gloucestershire Council	6087	18.20%	£5,993,492	£4,975,610	16.00%	£5,692,294	-
West of England Combined Authority	200	13.50%	£489,366	-£25,500	13.00%	£334,061	-
Further & Higher Education Establishments							
Bath Spa University	717	14.80%	£922,319	£456,430	13.80%	£886,555	£759,100
Bath College	193	17.00%	£188,667	£79,400	14.60%	£194,441	£177,400
City of Bristol College	388	17.30%	£429,152	£239,700	16.10%	£417,772	£631,400
South Gloucestershire & Stroud College	474	15.20%	£529,249	£311,300	13.80%	£520,058	£470,100
St. Brendan's Sixth Form College	105	17.20%	£120,652	£53,790	15.40%	£103,204	-
University of the West of England	2408	14.80%	£3,823,834	£1,860,390	14.20%	£3,731,060	£2,596,390
Weston College	290	14.30%	£461,107	£222,600	13.10%	£492,244	£386,390
Offender Learning Services	54	17.00%	£72,995	£18,900	13.10%	£82,089	-
Academies and Schools							
Abbeywood Community School	63	16.30%	£58,068	£59,780	15.10%	£47,613	£43,500
Abbot Alphege Academy	17	17.20%	£6,987	£100	20.00%	£3,508	-
All Saints East Clevedon C of E Primary School	16	19.50%	£5,399	£4,600	17.00%	£5,205	£9,300
Ashcombe Primary School	75	18.10%	£38,921	£63,790	14.80%	£42,773	£79,700
Ashton Park School	75	18.30%	£51,613	£43,340	16.20%	£54,485	£71,400
Ashton Vale Primary School	20	18.30%	£11,149	£7,460	17.70%	£10,338	£14,900
Aspire Academy	46	16.60%	£21,300	£39,410	12.90%	£16,446	£41,700
Avanti Gardens School	14	14.70%	£9,240	£700	14.10%	£11,535	-£300
Backwell C of E Junior School	13	23.70%	£9,262	£11,460	21.70%	£8,610	£13,900
Backwell School	70	18.80%	£70,674	£161,880	17.10%	£69,146	£173,500
Badock's Wood E-ACT Academy	21	14.80%	£18,092	£13,680	13.40%	£16,633	£20,900
Bannerman Road Community Academy	47	15.20%	£27,266	£68,070	13.50%	£22,270	£21,500
Barton Hill Academy	36	15.20%	£30,719	£104,410	13.10%	£27,454	£27,200
Bathampton Primary School	40	19.40%	£9,569	£15,190	18.90%	£9,642	£12,500
Batheaston Church School	41	19.70%	£10,545	£30,670	17.90%	£11,651	£20,300
Bathford Church School	23	17.90%	£9,004	£9,800	17.20%	£9,419	£10,900
Bathwick St Mary Church School	42	17.00%	£14,014	£15,580	18.40%	£11,953	£12,300
Becket Primary School	25	21.30%	£18,857	£30,870	19.10%	£18,781	£37,400
Bedminster Down School	41	16.60%	£44,195	£22,300	14.60%	£42,335	£35,800
Beechen Cliff School	77	18.30%	£69,552	£56,090	17.00%	£69,082	£50,200
Begbrook Primary Academy	62	16.50%	£31,306	£17,640	15.70%	£30,357	£20,750
Birdwell Primary School	49	16.70%	£25,990	£32,300	15.90%	£24,763	£28,000
Bishop Sutton Primary School	18	20.10%	£9,409	£9,010	18.20%	£9,102	£11,700
Blagdon Primary School	16	20.90%	£5,589	£5,590	18.00%	£2,780	£4,971
Blaise High School	50	17.80%	£53,071	£50,120	14.70%	£49,622	£38,700
Bournville Primary School	136	17.80%	£96,801	£115,100	15.60%	£89,121	£123,800
Bradley Stoke Community School	76	16.30%	£70,757	£109,470	15.10%	£65,592	£92,700
Bridge Learning Campus	69	15.50%	£70,719	£74,670	14.70%	£72,144	£72,300
Bristol Cathedral School Trust	110	14.40%	£100,562	£7,050	13.80%	£89,024	£3,100

Bristol Free School	80	15.10%	£45,779	£6,370	13.90%	£43,237	£3,800
Bristol Futures Academy	36	9.40%	£39,726	£490	7.00%	£25,418	-£100
Bristol Technology & Engineering Academy	8	14.00%	£7,590	£600	13.00%	£9,492	£600
Broadlands Academy	49	17.20%	£41,830	£36,800	15.10%	£38,886	£42,300
Broadoak Academy	59	18.20%	£42,376	£235,750	16.70%	£50,345	£88,100
Cabot Learning Federation	291	15.30%	£366,760	£21,850	13.90%	£328,082	£85,560
Callicroft Primary School	40	16.30%	£19,005	£28,390	15.10%	£19,230	£23,900
Cameley CEVC Primary School	23	18.40%	£10,225	£7,300	15.60%	£8,107	£10,500
Castle Batch Primary School	64	19.00%	£25,186	£78,330	17.50%	£26,854	£66,700
Castle Primary School (Keynsham)	39	20.30%	£22,900	£13,500	18.00%	£16,085	£21,400
Chandag Infant School	23	16.60%	£7,829	£10,460	15.00%	£8,377	£9,600
Chandag Junior School	17	16.60%	£8,917	£10,660	18.60%	£7,691	£13,300
Charborough Road Primary School	26	16.30%	£12,823	£16,190	15.10%	£13,495	£20,800
Charfield Primary School	19	19.80%	£7,244	£6,990	20.20%	£6,891	£9,000
Charlton Wood Primary Academy	11	15.00%	£9,538	-	14.00%	£4,210	-
Cheddar Grove Primary School	50	16.60%	£25,491	£20,240	17.50%	£27,599	£36,100
Chew Magna Primary School	24	19.90%	£5,110	£4,100	18.90%	£4,870	£6,800
Chew Stoke Church School	21	19.20%	£8,665	-£9,000	16.00%	£9,133	£6,100
Chew Valley School	51	18.40%	£49,477	£56,930	18.10%	£46,957	£58,800
Christ Church C of E Primary School (Bristol)	17	17.50%	£15,743	£12,900	17.20%	£14,234	£13,800
Christ Church C of E Primary School (WSM)	35	20.30%	£18,131	£17,340	19.10%	£19,027	£29,100
Churchill Academy	69	16.40%	£66,278	£128,850	14.80%	£61,092	£125,900
City Academy	95	15.10%	£85,725	£15,480	12.90%	£77,906	£53,100
Clevedon School	53	15.80%	£73,375	£74,400	14.80%	£73,819	£72,900
Clutton Primary School	18	18.30%	£5,798	£7,100	21.60%	£5,849	£8,500
Colston's Girls' School	39	15.20%	£24,721	-£17,540	14.80%	£18,371	-£5,200
Combe Down C of E Primary School	63	19.20%	£21,117	£26,300	16.70%	£21,103	£31,800
Compass Point South Street Primary School	19	18.30%	£17,460	£15,220	15.90%	£18,752	£25,300
Cotham Gardens Primary School	32	15.00%	£26,191	£45,140	14.30%	£26,363	£12,100
Cotham School	90	15.80%	£99,567	£100,050	15.00%	£99,275	£92,800
Court de Wyck Church School	18	20.60%	£6,070	£13,720	20.60%	£6,314	-
Crockerne C of E Primary School	50	21.30%	£21,444	£28,510	17.70%	£19,627	£46,800
CST Trinity Academy	13	20.00%	£8,224	-	20.00%	£2,568	-
Culverhill School	48	20.70%	£52,887	£25,500	20.00%	£52,761	£55,200
Digitech Studio School	20	15.20%	£13,092	£200	13.90%	£10,350	-£100
Diocese of Bristol Academy Trust (Central Functions)	12	16.50%	£33,685	-£500	15.80%	£23,782	£400
Downend School	52	19.80%	£50,386	£10,230	16.30%	£51,265	£44,800
Dundry C of E Primary School	13	18.30%	£5,249	-£800	22.80%	£5,718	£2,400
East Harptree Primary School	11	18.20%	£4,268	£3,530	17.50%	£3,558	£3,300
Easton C of E Academy	48	16.50%	£38,070	£59,810	15.80%	£38,081	£49,900
Elmlea Infant School	36	18.80%	£13,803	£24,640	16.90%	£9,146	£11,300
Elmlea Schools' Trust	25	17.10%	£19,879	£55,390	16.50%	£15,215	-
Endeavour Academy Trust (Central Functions)	24	15.00%	£19,124	£1,100	14.00%	£16,279	-
Evergreen Primary Academy	24	18.80%	£10,896	£12,640	15.70%	£12,847	£24,300
Fairfield High School	67	18.00%	£65,894	£83,700	15.40%	£59,737	£73,700
Fairlawn Primary School	17	15.20%	£9,940	£280	13.60%	£8,987	-£100
Farmborough Church Primary School	22	19.70%	£7,129	£8,400	16.60%	£7,105	£10,600
Farrington Gurney C of E Primary School	12	18.30%	£6,208	£5,500	16.10%	£6,248	£10,400
Filton Avenue Primary School	52	14.20%	£49,786	£45,370	12.80%	£48,827	£40,000
Filton Hill Primary School	18	16.30%	£9,309	£11,500	15.10%	£9,319	£13,700
Fishponds Church of England Academy	61	16.50%	£31,149	£29,410	15.80%	£28,892	£27,200
Flax Bourton C of E Primary School	20	21.00%	£7,103	£10,680	20.10%	£5,950	£8,900
Fonthill Primary School	28	15.00%	£16,293	£11,150	14.00%	£14,730	£22,900
Fosse Way School	143	14.60%	£109,862	£93,500	13.50%	£98,245	£80,900
Four Acres Academy	45	15.70%	£27,017	£36,900	15.00%	£25,130	£33,200
Freshford Church School	28	22.50%	£6,760	£4,410	21.60%	£5,755	£5,800
Frome Vale Academy	13	19.00%	£11,397	£8,620	15.30%	£9,252	£12,510

Gatehouse Green Learning Trust	58	18.30%	£59,083	£105,120	14.50%	£60,985	£92,100
Gatehouse Green Learning Trust (Central Functions)	17	18.30%	£27,304	-	16.20%	£11,567	-
Gordano School	115	18.60%	£130,158	£171,580	17.80%	£111,386	£158,600
Greenfield E-ACT Primary Academy	38	14.80%	£26,782	£26,160	13.40%	£23,014	£22,800
Grove Junior School	14	23.20%	£8,381	£9,990	22.10%	£10,582	£15,700
Hanham Woods Academy	72	18.80%	£41,252	£236,970	16.60%	£44,548	-
Hannah More Infant School	20	18.70%	£9,150	£9,800	16.90%	£8,640	£17,300
Hans Price Academy	70	16.10%	£65,234	£257,470	14.80%	£61,986	-
Hareclive E-ACT Academy	30	14.80%	£23,056	£35,930	13.40%	£21,745	£33,000
Hayesfield Girls School	78	18.80%	£65,900	£143,120	17.50%	£64,018	-
Haywood Village Academy	61	16.70%	£25,734	-£4,400	15.90%	£22,114	-
Headley Park Primary School	49	17.40%	£30,526	£85,100	17.10%	£30,077	£39,800
Henbury Court Primary Academy	40	15.00%	£26,830	£48,110	14.00%	£27,826	£38,590
Henleaze Junior School	16	16.50%	£13,812	£21,400	13.60%	£13,897	£17,400
Heron’s Moor Academy	47	17.30%	£21,006	£18,520	15.10%	£20,411	£26,100
High Down Infant School	54	18.00%	£13,616	£32,730	16.10%	£13,118	£38,600
High Down Junior School	67	20.20%	£24,265	£29,000	19.50%	£20,040	£43,300
High Littleton C of E Primary School	26	18.30%	£9,220	£8,600	15.60%	£8,689	£7,800
Hotwells Primary School	21	17.70%	£10,489	£20,400	16.00%	£10,186	£15,900
Hutton C of E Primary School	26	18.60%	£10,146	£13,820	16.50%	£9,989	£26,500
IKB Academy	16	16.60%	£6,181	£200	14.00%	£5,800	-
Ilminster Avenue E-ACT Academy	31	14.80%	£19,652	£8,950	13.40%	£15,682	£9,000
Kings Oak Academy	83	18.20%	£61,702	£44,680	16.00%	£59,483	£63,380
Kingshill Church School	27	18.50%	£10,009	£19,110	17.60%	£10,810	-
Knowle DGE Academy	83	16.60%	£85,335	£64,600	15.50%	£85,118	£76,400
Lansdown Park Academy	31	16.60%	£29,567	£15,600	15.50%	£22,667	£9,000
Little Mead Primary Academy	56	15.00%	£31,641	£32,540	14.00%	£31,564	£25,450
Locking Primary School	43	17.10%	£21,075	£21,300	16.40%	£18,821	£31,000
Longvernal Primary School	32	18.30%	£9,785	£10,400	16.80%	£10,261	£4,000
Luckwell Primary School	16	18.30%	£8,252	£7,460	19.60%	£9,461	£15,200
Lyde Green Primary School	30	19.80%	£19,804	-£490	20.00%	£13,382	-
Mangotsfield School	49	19.80%	£53,244	£48,400	17.10%	£48,634	£80,100
Marksbury C of E Primary School	17	16.80%	£5,267	£4,400	14.80%	£5,252	£6,200
Marlwood School	27	19.80%	£26,780	£61,290	17.10%	£25,974	£61,800
Mary Elton Primary School	30	18.40%	£19,363	£30,700	17.00%	£20,067	£30,200
May Park Primary School	53	18.00%	£38,230	£23,300	15.40%	£23,048	£32,356
Mead Vale Community Primary School	59	18.60%	£23,844	£45,900	16.90%	£26,712	£51,600
Meadowbrook Primary School	38	16.30%	£17,026	£41,490	15.10%	£16,437	£36,800
Mendip Green Primary School	85	18.50%	£47,204	£63,800	16.90%	£50,860	£83,900
Merchants' Academy	100	15.20%	£75,725	-£60,640	15.10%	£70,327	-
Midsomer Norton Primary School	44	18.30%	£19,458	£18,900	16.00%	£19,573	£25,000
Midsomer Norton Schools Partnership	142	18.30%	£133,808	£165,640	17.90%	£128,114	£159,400
Milton Park Primary School	51	17.60%	£27,025	£39,100	15.70%	£24,003	£65,700
Minerva Primary Academy	28	18.70%	£17,724	£9,800	17.80%	£17,465	£12,910
Moorlands Infant School	15	18.60%	£7,516	£8,800	18.60%	£8,728	£8,700
Moorlands Junior School	25	18.50%	£12,760	£13,700	17.60%	£8,080	£9,600
Mulberry Park Educate Together Primary	12	16.00%	£5,092	-	20.00%	£2,385	-
Nailsea School	68	19.30%	£60,800	£59,300	19.80%	£57,282	£69,300
New Siblands School	89	16.90%	£62,259	£21,100	14.30%	£58,996	£72,000
North Star 240°	20	14.10%	£8,084	£4,400	-	£0	-
North Star 82°	18	17.10%	£6,483	£3,600	-	£0	-
Northleaze C of E Primary School	24	19.70%	£7,631	£19,890	18.60%	£7,973	£24,400
Norton Hill Primary School	4	18.30%	£1,129	-	-	£0	-
Notton House Academy	66	16.60%	£72,290	£70,840	15.50%	£67,274	£73,900
Oasis Academy Bank Leaze	20	15.80%	£13,685	£16,590	12.70%	£11,305	£12,800
Oasis Academy Brightstowe	34	15.80%	£51,059	£22,160	13.70%	£47,222	£58,700
Oasis Academy Brislington	42	15.80%	£47,745	£117,040	16.30%	£43,630	£108,000

Oasis Academy Connaught	40	15.80%	£28,869	£16,300	14.60%	£25,832	£15,500
Oasis Academy John Williams	48	15.80%	£64,919	-£7,660	13.60%	£68,143	£5,100
Oasis Academy Long Cross	67	15.80%	£50,414	£54,150	15.50%	£47,992	£46,700
Oasis Academy Marksbury Road	34	15.80%	£27,296	£1,290	15.40%	£27,074	-
Oasis Academy New Oak	30	15.80%	£21,045	£36,960	13.80%	£20,179	£25,300
Oldfield Park Infant School	23	19.40%	£11,650	£9,100	18.10%	£11,557	£18,000
Oldfield Park Junior School	25	18.20%	£11,736	£13,700	19.70%	£11,093	£11,300
Oldfield School	60	16.20%	£51,536	£55,110	15.50%	£44,141	-
Oldmixon Primary School	26	17.80%	£21,511	£28,100	15.90%	£21,186	£50,200
Olympus Academy Trust (Central Functions)	47	16.30%	£65,617	£3,900	15.10%	£52,336	-
Orchard School Bristol	49	16.40%	£45,667	£43,310	14.80%	£44,311	£52,500
Parklands Educate Together Primary	14	14.40%	£7,518	-£100	20.00%	£4,647	-
Parson Street Primary School	48	17.40%	£29,963	£3,230	15.40%	£28,191	£22,500
Patchway Community School	39	16.30%	£30,116	£51,880	19.60%	£25,467	£72,400
Paulton Infant School	47	16.70%	£7,857	£5,934	-	£0	-
Peasedown St John Primary School	49	18.30%	£24,852	£21,500	16.50%	£27,780	£45,500
Pensford Primary School	13	18.90%	£6,084	£3,700	16.70%	£4,457	£6,100
Perry Court E-ACT Academy	35	14.80%	£22,633	£17,100	13.40%	£19,982	£39,600
Portishead Primary School	42	17.00%	£20,940	£45,070	15.70%	£23,835	£42,600
Priory Community School	152	16.00%	£157,194	£570,900	15.20%	£138,840	-
Ralph Allen School	108	18.40%	£88,477	£60,400	16.90%	£79,316	£60,900
Redfield Educate Together Primary Academy	32	12.90%	£36,952	£2,900	11.90%	£27,964	£400
Roundhill Primary School	53	19.40%	£25,885	£29,500	17.10%	£25,703	£39,000
Saltford C of E Primary School	62	16.60%	£18,535	£22,790	17.90%	£17,675	£15,500
Severn Beach Primary School	13	19.80%	£6,720	£7,870	20.60%	£6,001	£11,200
SGS Pegasus School	22	12.40%	£17,912	-£1,000	20.00%	£13,683	-
Shoscombe Church School	20	18.30%	£7,217	£6,200	19.20%	£6,791	£6,700
Sir Bernard Lovell Academy	52	16.60%	£49,931	£74,920	15.70%	£46,126	£85,000
Somerdale Educate Together Primary Academy	18	12.70%	£9,104	£900	20.00%	£5,649	-
Soundwell College	9	16.60%	£6,098	-	-	£0	-
St Andrew's Church School	35	16.00%	£16,012	£23,520	15.50%	£14,477	£19,700
St Anne's C of E VA Primary School	83	14.00%	£38,532	£132,130	12.80%	£35,709	£30,200
St Bede's Catholic College	69	16.40%	£48,744	£163,060	15.20%	£47,364	£53,100
St Georges Church School	39	18.20%	£16,755	£23,520	18.70%	£15,357	-
St John The Evangelist Church School	23	20.50%	£10,553	£14,990	18.00%	£10,950	-
St John's C of E Primary School (Keynsham)	26	16.60%	£7,965	£14,180	17.70%	£7,745	£11,200
St John's C of E Primary School (MSN) (Ann Harris)	46	18.30%	£25,594	£24,190	16.90%	£25,597	£25,700
St Julian's C of E Primary School	12	18.30%	£6,679	£5,600	19.20%	£5,425	£7,400
St Katherine's School	44	19.00%	£40,194	£194,100	17.10%	£37,438	£85,600
St Mark's C of E School (Bath)	24	18.30%	£16,630	£10,500	-	£0	-
St Mark's Ecumenical Anglican/Methodist Primary School	43	17.20%	£23,772	£41,740	15.70%	£23,179	-
St Martin's C of E Primary School	71	18.20%	£34,395	£52,910	16.80%	£34,959	£64,200
St Martin's Garden Primary School	44	17.80%	£19,518	£31,600	14.90%	£19,639	£45,200
St Mary Redcliffe C of E Primary School	45	16.50%	£27,040	£21,580	15.80%	£26,686	£32,700
St Marys C of E Primary School (Timsbury)	21	18.30%	£5,999	£3,500	-	£0	-
St Marys C of E Primary School (Writhlington)	25	19.80%	£7,657	£5,155	-	£0	-
St Mary's C of E VA Primary School	6	16.60%	£4,353	£7,350	16.60%	£4,414	£6,200
St Matthias Academy	17	16.60%	£16,429	£14,110	15.50%	£15,830	£18,400
St Michael's C of E Junior Church School	20	19.50%	£13,641	£16,360	20.40%	£12,433	£13,300
St Nicholas Chantry C of E VC Primary School	50	21.80%	£18,938	£28,100	17.60%	£19,555	£29,900
St Nicholas of Tolentine Catholic School	20	15.10%	£13,078	£15,800	13.40%	£12,867	£14,100
St Patrick’s Catholic Primary School, Bristol	21	17.90%	£12,165	£43,160	17.50%	£11,706	-
St Peter's C of E Primary School	46	16.80%	£33,107	£44,390	15.80%	£31,344	£31,600
St Philip's C of E Primary School, Bath	34	18.10%	£16,397	£24,200	17.30%	£15,034	£23,700
St Saviours Infant Church School	24	17.10%	£7,661	£19,700	16.10%	£11,606	£16,900
St Saviours Junior Church School	16	16.30%	£7,034	£7,640	15.60%	£6,733	£7,600
St Stephen's Primary Church School	42	19.60%	£16,957	£20,680	19.50%	£17,276	£20,900

St Teresa's Catholic Primary School, Bristol	31	16.20%	£14,940	£14,500	15.40%	£13,619	£14,400
St Ursula's E-ACT Primary Academy	74	14.80%	£93,868	£12,280	13.40%	£79,426	£1,100
Stanton Drew Primary School	11	20.20%	£3,675	£3,530	18.40%	£4,073	£5,000
Stoke Bishop C of E Primary School	34	17.90%	£21,789	£75,700	16.50%	£17,658	-
Stoke Lodge Primary School	34	16.30%	£15,934	£39,190	15.10%	£16,913	£31,300
Stoke Park Primary School	29	16.10%	£14,322	£23,500	13.10%	£11,698	£14,000
Summerhill Academy	29	16.70%	£16,820	£13,030	17.70%	£17,495	£13,200
Swainswick Church School	12	16.70%	£2,738	£1,760	20.00%	£1,262	-
The Castle School	86	19.80%	£81,170	£88,240	18.30%	£78,018	£94,100
The Dolphin School	29	15.20%	£21,131	£16,500	10.30%	£21,167	£700
The Kingfisher School	18	15.20%	£12,216	£37,180	18.10%	£10,028	£13,500
The Meadows Primary School	18	16.60%	£6,901	£3,520	16.90%	£7,122	£9,100
Three Ways School	150	14.20%	£112,064	£108,000	12.70%	£110,341	£73,000
Tickenham C of E Primary School	12	13.00%	£4,436	£2,200	11.90%	£4,219	£1,200
Trinity Anglican Methodist Primary School	44	15.70%	£20,197	£42,430	14.70%	£18,950	-
Trinity Church School	30	18.30%	£16,740	£9,900	11.90%	£17,778	£8,800
Trust in Learning (Academies) (Central Functions)	14	13.20%	£28,003	£5,390	11.20%	£21,701	-
Two Rivers C of E Primary School	4	16.60%	£1,582	-	-	£0	-
Tyndale Primary School	19	17.80%	£9,931	£12,980	17.70%	£7,412	£9,800
Ubley Primary School	11	20.90%	£5,142	£4,410	19.60%	£5,026	£8,000
Uphill Village Academy	41	18.60%	£9,644	£8,700	-	£0	-
Venturers' Academy	74	15.20%	£65,852	£10,960	15.10%	£53,054	-
Venturers' Trust (Central Functions)	32	15.20%	£68,356	-£7,730	14.80%	£57,620	-
Victoria Park Primary School	57	18.40%	£28,745	£97,050	16.60%	£28,332	£36,200
Walliscote Primary School	36	18.10%	£21,768	£29,600	16.10%	£21,377	£41,300
Wallscourt Farm Academy	39	14.50%	£21,664	£1,370	13.80%	£19,640	£200
Wansdyke Primary School	26	16.60%	£9,789	£8,600	16.30%	£9,495	£14,100
Waycroft Academy	66	16.90%	£43,021	£42,000	15.70%	£41,806	£38,600
Wellsway School	111	16.60%	£129,477	£69,330	15.60%	£125,560	£54,000
Welton Primary School	19	18.30%	£8,263	£6,500	16.60%	£8,539	£20,100
West Leigh Infant School	11	20.40%	£5,998	£11,760	19.90%	£6,476	£14,800
West Town Lane Academy	60	16.00%	£41,111	£35,700	14.60%	£41,731	£29,600
Westbury Park Primary School	33	17.40%	£22,418	£16,600	16.40%	£22,425	£18,100
Westbury-on-Trym C of E Academy	40	18.60%	£18,308	£18,900	16.30%	£17,562	£23,300
Westfield Primary School	59	18.30%	£24,448	£22,400	16.20%	£23,225	£24,500
Weston All Saints C of E Primary School	107	17.20%	£40,517	£35,300	17.20%	£39,813	£42,800
Whitchurch Primary School	33	19.70%	£11,957	£8,500	-	£0	-
Wicklea Academy	27	12.30%	£14,407	£10,200	16.30%	£11,734	£12,900
Widcombe C of E Junior School	19	18.70%	£7,458	£13,700	17.20%	£8,175	£11,600
Widcombe Infant School	19	20.00%	£9,803	£13,800	16.30%	£11,688	£20,700
Windwhistle Primary School	86	17.90%	£42,880	£59,200	16.90%	£40,659	£80,400
Winford C of E Primary School	26	18.70%	£9,879	£10,480	16.40%	£9,635	£16,500
Winterbourne International Academy	68	16.30%	£70,021	-£38,790	15.10%	£65,749	-£6,500
Winterstoke Hundred Academy	7	19.40%	£3,480	-	11.60%	£2,123	-£700
Woodlands Academy	26	14.30%	£16,313	£12,000	13.10%	£14,654	£8,100
Woodlands Primary School	41	17.80%	£21,743	£4,140	15.30%	£9,440	-
Worle Community School	110	17.40%	£88,092	£349,450	17.50%	£87,205	£127,400
Worle Village Primary School	27	17.70%	£13,018	£20,380	17.50%	£12,416	£14,300
Wraxall C of E VA Primary School	12	20.20%	£3,681	£2,650	17.50%	£3,428	£6,400
Writhlington School	115	18.30%	£98,412	£104,280	14.40%	£95,719	£98,200
Yate Academy	55	17.80%	£47,652	£20,120	15.30%	£50,404	£31,600
Yatton C of E Junior School	45	19.50%	£16,740	£16,760	17.90%	£16,014	£23,200
Yatton Infant School	42	19.40%	£16,956	£20,480	17.00%	£16,095	£30,900
Yeo Moor Primary School	33	18.80%	£23,025	£28,200	18.20%	£22,031	£23,700
Designating Bodies							
Aequus Developments Limited	7	18.70%	£40,263	-	18.70%	£6,938	-

Almondsbury Parish Council	3	21.00%	£4,743	£1,500	19.30%	£5,742	-
Backwell Parish Council	2	23.60%	£2,474	£850	22.50%	£2,603	-
Bradley Stoke Town Council	10	21.60%	£15,856	-£1,900	20.70%	£16,078	-
Bristol Waste Company	37	21.70%	£70,551	£13,500	20.70%	£73,503	£800
Charter Trustees of the City of Bath	2	19.60%	£3,466	-£5,500	15.10%	£3,271	-£1,600
Clevedon Town Council	3	21.00%	£4,287	£2,630	20.30%	£4,410	-
Congresbury Parish Council	2	18.30%	£1,671	£300	17.20%	£1,455	£100
Destination Bristol	5	20.30%	£24,277	-	14.90%	£24,422	-
Dodington Parish Council	7	20.60%	£5,603	£1,370	22.00%	£5,184	£1,760
Downend and Bromley Heath Parish Council	1	18.80%	£2,982	£4,020	16.80%	£2,772	£500
Emersons Green Town Council	3	21.00%	£3,274	£4,330	20.10%	£2,552	-
Filton Town Council	72	14.80%	£25,698	-£11,000	15.20%	£32,123	-£6,600
Frampton Cotterell Parish Council	6	16.20%	£5,740	£2,200	20.40%	£6,079	£2,600
Hanham Abbots Parish Council	1	18.20%	£1,010	£700	15.20%	£981	£200
Hanham Parish Council	1	22.40%	£1,034	£300	20.00%	£1,009	£2,300
Keynsham Town Council	13	18.80%	£14,426	-£7,700	20.00%	£15,310	£15,850
Midsomer Norton Town Council	5	18.10%	£7,158	£9,900	20.40%	£5,714	£9,200
Nailsea Town Council	8	16.20%	£9,759	£6,490	20.90%	£9,854	£6,900
Oldland Parish Council	2	19.60%	£5,426	£2,200	18.80%	£5,280	£1,800
Patchway Town Council	6	20.40%	£14,519	-£9,800	20.40%	£15,951	-£6,100
Paulton Parish Council	8	19.00%	£6,145	-£1,900	17.30%	£6,011	-£2,100
Peasedown St John Parish Council	6	17.30%	£5,076	£11,940	16.00%	£4,887	£1,000
Pill & Easton in Gordano Parish Council	1	19.10%	£1,468	£400	18.20%	£1,446	£400
Portishead Town Council	8	23.20%	£8,258	£1,960	18.30%	£6,756	£5,600
Radstock Town Council	4	19.50%	£3,698	£11,760	14.80%	£3,872	£5,000
Saltford Parish Council	1	13.50%	£1,039	£100	24.50%	£865	£500
Sodbury Parish Council	2	17.90%	£6,447	-	20.00%	£6,201	-
Stoke Gifford Parish Council	6	16.20%	£8,999	-£3,500	14.40%	£9,722	-£3,100
Stoke Lodge & the Common Parish Council	3	15.70%	£935	-	20.00%	£843	-
Thornbury Town Council	13	18.80%	£15,390	-£14,100	23.50%	£16,949	£15,200
Wellsway MAT Trading Company Limited	45	23.00%	£19,752	-	23.00%	£0	-
Westerleigh Parish Council	1	14.20%	£631	£400	13.30%	£596	-£2,000
Westfield Parish Council	3	22.00%	£2,156	£6,860	16.80%	£2,041	-
Weston Super Mare Town Council	31	17.70%	£34,070	£13,800	16.50%	£33,002	£11,800
Whitchurch Parish Council	1	22.40%	£1,077	-£100	19.90%	£1,142	£300
Winterbourne Parish Council	1	36.40%	£1,186	-£2,800	27.40%	£1,160	£1,600
Yate Town Council	35	17.50%	£40,294	£1,780	13.20%	£37,515	-
Yatton Parish Council	6	22.60%	£5,609	£3,400	22.10%	£5,125	£700
Community Admission Bodies							
Adoption West	35	18.10%	£50,898	-£5,300	15.70%	£47,940	-
Alliance Homes	40	21.70%	£93,981	-£14,500	20.00%	£108,191	£122,200
Ashley House Hostel	14	27.00%	£20,092	£19,300	25.30%	£19,458	£10,900
Bristol Music Trust	8	22.50%	£15,533	-£38,800	20.00%	£19,300	£11,700
Clifton Suspension Bridge Trust	7	25.30%	£12,060	-	21.40%	£12,356	£5,400
Disability Equality Forum	1	28.50%	£787	-£1,700	26.90%	£831	-£500
Learning Partnership West Ltd	1	35.00%	£1,645	-£12,300	25.60%	£1,690	-£69,800
Merlin Housing Society Ltd (New staff since 2007)	62	29.00%	£126,241	£190,600	26.40%	£142,573	£72,200
Merlin Housing Society Ltd (SG)	33	21.70%	£69,258	-£317,600	19.50%	£74,683	-£115,100
Play Station Nursery Ltd - Barley Close (SGC)	2	23.00%	£1,132	-	-	£0	-
Sirona Care & Health (Telecare Service)	1	23.60%	£572	-	-	£0	-
Southwest Grid for Learning Trust	1	19.60%	£7,005	£22,930	11.40%	£10,658	£33,300
The Care Quality Commission	4	23.60%	£18,954	-	22.60%	£18,672	£72,000
The Holburne Museum	1	21.50%	£2,608	£30,300	20.10%	£5,558	£28,000
The Park Community Trust Ltd	6	22.50%	£7,124	-£16,800	22.10%	£7,842	-£5,500
University of Bath	1028	16.50%	£1,260,905	£1,312,570	15.10%	£1,259,150	-
Vision North Somerset CIO	5	23.70%	£5,680	£11,400	20.60%	£6,749	£14,800

West of England Sport Trust (WESPORT)	6	31.10%	£15,254	-£3,700	25.60%	£14,606	£22,000
Writhlington Trust	8	30.30%	£13,268	£15,000	25.80%	£17,061	-
Transferee Admission Bodies							
ABM Catering Limited - SGC Schools	10	20.80%	£6,026	-	22.00%	£0	-
Active Community Engagement Limited (Bristol City Council)		24.20%	£810	-£10,100	22.60%	£2,994	£785
Adapt Business Services Limited - North Somerset Council Campus Schools	2	23.70%	£543	-	24.50%	£399	-
Agilisys Limited (North Somerset Council)	21	22.30%	£33,879	-£160,500	21.30%	£37,472	£18,800
Agilisys Limited 2015 (North Somerset Council)	38	21.30%	£42,070	-£161,100	20.60%	£43,492	£46,400
Alliance in Partnership Limited - Beacon Rise (SGC)	1	22.10%	£1,102	-	-	£0	-
Alliance in Partnership Limited - Westbury on Trym C of E Academy	1	21.60%	£396	-	17.00%	£411	-
Alliance Living Care Limited - Ebdon Court	7	22.60%	£5,685	-	-	£0	-
Alliance Living Care Limited - North Somerset Council	5	23.40%	£4,615	£3,900	22.30%	£4,755	-
Aramark Limited - South Gloucestershire and Stroud College	1	25.80%	£735	-	24.40%	£311	-
Aspens Services Limited - Begbrook Primary Academy	1	22.00%	£1,038	-£100	20.00%	£1,068	-£200
Aspens Services Limited - Blackhorse Primary School	3	22.60%	£1,496	£500	20.40%	£1,476	-
Aspens Services Limited - Bristol City Council PFI Contract	7	24.20%	£3,951	-£3,600	23.00%	£4,701	-
Aspens Services Limited - Castle Primary School (Keynsham)	5	21.20%	£1,526	-	19.40%	£1,767	-
Aspens Services Limited - Castle School Education Trust	3	22.00%	£1,363	-	19.90%	£2,187	-
Aspens Services Limited - Cathedral Schools Trust	4	23.80%	£2,768	-	21.80%	£2,296	-
Aspens Services Limited - Charfield School	1	23.30%	£648	-£100	21.20%	£690	-
Aspens Services Limited - Cherry Garden Primary School	2	23.50%	£405	£100	21.00%	£452	-
Aspens Services Limited - Culverhill School	2	19.10%	£706	-	15.30%	£665	-
Aspens Services Limited - Downend School	2	23.30%	£1,469	-£500	21.00%	£1,587	-
Aspens Services Limited - E-ACT	2	26.10%	£0	-	-	£0	-
Aspens Services Limited - Frome Vale Academy	1	22.60%	£798	£2,900	21.10%	£951	-£100
Aspens Services Limited - Hanham Abbotts Junior School	5	23.50%	£2,839	£1,100	21.50%	£2,776	-
Aspens Services Limited - Hanham Woods Academy	3	22.90%	£1,014	-	19.50%	£912	-
Aspens Services Limited - King's Oak Academy	5	23.30%	£1,840	-£5,300	24.00%	£1,771	-£900
Aspens Services Limited - Lighthouse Schools Partnership	12	22.80%	£6,768	-	25.00%	£8,345	-
Aspens Services Limited - Longwell Green Primary School	1	18.00%	£198	£100	17.00%	£793	-
Aspens Services Limited - Mangotsfield School	3	23.10%	£1,687	-£1,700	18.50%	£1,640	-
Aspens Services Limited - Minerva Academy	2	24.10%	£1,382	-£300	23.30%	£1,303	-
Aspens Services Limited - New Horizons Learning Centre	1	14.30%	£246	-£100	13.20%	£268	-
Aspens Services Limited - Staple Hill Primary School	1	19.20%	£471	-	20.10%	£452	-
Aspens Services Limited - Summerhill Academy	1	25.30%	£594	£1,200	23.70%	£631	-
Aspens Services Limited - The Tynings School	1	17.70%	£381	-	15.70%	£634	-
Aspens Services Limited - Venturers Trust	12	21.50%	£7,561	-	26.00%	£8,044	-
Aspens Services Limited - Warmley Park Primary School	2	22.10%	£1,326	£100	18.50%	£1,040	-
Ategi limited (South Gloucestershire Council)	1	21.30%	£692	-£100	18.70%	£692	-
BAM Construction UK Limited (Bristol City Council)	4	25.70%	£4,635	-£10,200	22.70%	£6,019	£2,800
Bespoke Cleaning Services Limited - Castle School Education Trust		22.40%	£2,425	£400	22.00%	£3,017	-
Bespoke Cleaning Services Limited - Olympus Academy Trust		22.40%	£2,192	£600	19.30%	£2,058	-
Bespoke Cleaning Services Limited - South Gloucestershire & Stroud College		22.40%	£2,602	£0	21.10%	£1,908	-
Cater Link Limited - BAM Construction	3	20.80%	£3,134	-	25.00%	£0	-
Cater Link Limited - Cotham School	6	21.70%	£3,847	-	-	£0	-
Churchill Contract Services Ltd - Cabot Learning Federation	26	22.00%	£7,986	£100	21.10%	£3,780	-
Churchill Contract Services Ltd - Churchill CofE Primary School	1	20.10%	£636	-	18.40%	£0	-
Churchill Contract Services Ltd - Wellsway MAT	5	22.60%	£1,130	-	23.30%	£712	-
Churchill Contract Services Ltd - Westhaven School	1	24.20%	£304	-	23.50%	£272	-
Circadian Trust (South Gloucestershire Council)	58	21.20%	£74,617	£92,900	18.10%	£90,171	£123,510
Compass Contract Services (UK) Ltd - Bristol City Council	26	23.30%	£15,389	£74,900	21.00%	£21,325	-
Compass Contract Services (UK) Ltd - Palladian Academy Trust	4	22.10%	£1,627	£1,700	20.10%	£2,216	-
Compass Contract Services (UK) Ltd - St Bede's Academy		25.70%	£349	£3,100	25.80%	£1,132	-
Compass Contract Services (UK) Ltd - St Patrick's Catholic Primary School	1	24.70%	£1,057	-	21.40%	£698	-
Compass Contract Services (UK) Ltd - St Teresa's Catholic Primary School	1	30.70%	£1,030	-	23.60%	£728	-
Compass Contract Services (UK) Ltd - Westbury Park Primary School	1	19.90%	£600	£300	18.40%	£1,074	-

Creative Youth Network - South Gloucestershire Council Youth Service	1	22.40%	£200	-	20.10%	£626	-
Direct Cleaning Services (South West) Limited - Newbridge Primary School	1	17.60%	£317	-£500	14.30%	£276	-
Direct Cleaning Services (South West) Limited - Palladian MAT	7	20.00%	£5,208	-	-	£0	-
Dolce Ltd - Mangotsfield C of E Primary School	3	22.70%	£1,645	£3,100	19.90%	£1,929	-
Edwards and Ward Ltd - Bath & Wells MAT	19	20.90%	£7,666	£2,700	19.00%	£8,691	-
Edwards and Ward Ltd - Courtney Primary School	2	22.80%	£197	-	25.00%	£799	-
Edwards and Ward Ltd - Henleaze Academy	2	23.90%	£1,253	-	21.00%	£1,273	-
Edwards and Ward Ltd - Paulton Infant School	2	23.40%	£1,211	-£400	20.90%	£1,269	-
Edwards and Ward Ltd - St Keyna Primary School	3	21.10%	£1,127	£1,300	19.90%	£1,253	-
Edwards and Ward Ltd - St Mark's C of E School (Bath)	1	25.30%	£453	£300	22.70%	£831	-
Expedite Complete Business Solutions Ltd - Clevedon Learning Trust	5	22.70%	£1,617	-	-	£0	-
Future Stars Club Limited (Bath & Wells MAT)	1	29.20%	£187	£300	20.00%	£228	-
Glen Cleaning Company Limited - City of Bristol Council (2020)	23	24.20%	£6,846	-	24.00%	£8,413	-
Glen Cleaning Company Limited - Henleaze Junior Academy	2	21.70%	£0	-	-	£0	-
Glen Cleaning Company Limited - Lighthouse Schools Partnership		21.80%	£990	£0	19.20%	£808	-
Greenwich Leisure Ltd - Bath & North East Somerset Council	11	20.20%	£20,767	-£10,500	16.90%	£24,236	£1,700
Innovate Services Ltd - Cathedral Schools Trust	3	23.20%	£1,081	-	-	£0	-
Innovate Services Ltd - Gatehouse Green Learning Trust	5	25.40%	£292	-	-	£0	-
KGB Cleaning (South West) Ltd - Cathedral Schools Trust	10	22.70%	£0	-	-	£0	-
Lex Leisure C.I.C. (Bristol City Council)	1	23.60%	£1,597	£600	22.80%	£1,810	-
Liberata UK Ltd (North Somerset Council)	16	21.20%	£26,297	-£71,200	20.70%	£36,465	-£50,100
Mentoring Plus (Bath and North East Somerset Council)	2	24.10%	£3,310	£1,500	23.30%	£3,316	-
Nobilis Care West Ltd (North Somerset Council)	1	27.50%	£845	-	21.90%	£842	-
Notaro Homecare Limited (North Somerset Council)	4	24.20%	£2,970	-	21.70%	£3,110	-
Prestige Cleaning & Maintenance Limited - Circadian Trust	2	25.10%	£1,359	-£300	26.20%	£2,134	-
Prestige Cleaning & Maintenance Limited - ELAN MAT	2	26.40%	£338	-	-	£0	-
Purgo Supply Services Ltd - E-ACT	8	21.00%	£1,731	-	21.00%	£0	-
Purgo Supply Services Ltd - Gatehouse Green Learning Trsut	4	22.60%	£5,011	-	21.00%	£0	-
Relyon Cleaning Services - Cotham Gardens Primary School	1	29.90%	£352	-£1,000	30.80%	£322	-
Ridge Crest Cleaning Ltd - Bristol City Council	3	24.50%	£2,542	-£11,900	22.60%	£2,674	-
Shaw Healthcare - The Granary	1	22.90%	£818	£4,100	23.30%	£770	£9,600
Skanska Rashleigh Weatherfoil Ltd (Bristol City Council)	2	23.70%	£2,707	-£3,700	21.20%	£2,976	-£300
SLM Community Leisure Trust (Bristol City Council)	50	21.50%	£50,059	£3,400	19.20%	£61,278	£23,900
SLM Fitness & Health Ltd (Bristol City Council)	5	21.30%	£4,351	£8,000	18.40%	£6,245	£9,900
Sodexo Ltd - Diocese of Bristol Academies Trust (DBAT)	5	21.10%	£3,365	-	-	-£0	-
Southern Brooks - South Gloucestershire Council Youth Service	1	18.40%	£91	-	16.30%	£0	-
Suez Recycling And Recovery South Gloucestershire Ltd	1	33.20%	£1,298	£39,500	29.90%	£1,366	£73,900
Taylor Shaw - City of Bristol College	1	23.40%	£419	-£18,100	21.50%	£564	-
Taylor Shaw - Olympus Academy Trust	12	22.30%	£6,260	-	20.40%	£5,214	-
The Brandon Trust	8	22.60%	£8,782	£800	22.00%	£9,926	-
Trowbridge Office Cleaning Services Ltd - Learn@MAT	1	20.80%	£408	-	18.80%	£342	-
Virgin Care Services Limited (Bath & North East Somerset Council)	91	22.40%	£126,683	£4,800	21.00%	£148,784	-
Weston Support Services Ltd (Extend Learning Academies Network)	1	25.20%	£229	-	24.20%	£137	-
Youth Connect (Bath & North East Somerset Council)	16	20.70%	£20,862	-	20.70%	£8,750	-
Total:			£43,615,992				
Agresso			-£43,666,711				
Variance			-£50,719				
Employer Exits			£50,719				
Variance:			£0				

Fund Account

For the Year Ended 31 March 2021

	Notes	2020/21 £'000	2019/20 £'000
Dealings with members, employers and others directly involved in the fund			
Contributions Receivable	4	**(211,176)**	(161,648)
Transfers In		**(8,235)**	(20,452)
		(219,411)	(182,100)
Benefits Payable	5	**183,251**	181,242
Payments to and on account of Leavers	6	**4,701**	12,818
		187,952	194,060
Net (additions) / withdrawals from dealings with members		**(31,459)**	11,960
Management Expenses	7	**23,684**	31,102
Net (additions)/withdrawals including fund management expenses		**(7,775)**	43,062
Returns on Investments			
Investment Income	8	**(21,017)**	(32,568)
Profits and losses on disposal of investments and change in value of investments	9	**(808,096)**	335,511
Net Returns on Investments		**(829,113)**	302,943
Net (Increase) in the net assets available for benefits during the year		**(836,888)**	346,005
Opening Net Assets of the Fund		**4,471,822**	4,817,827
Closing Net Assets of the Fund		**5,308,710**	4,471,822

Net Assets Statement at 31 March 2021

	Notes	31 March 2021 £'000	%	31 March 2020 £'000	%
INVESTMENT ASSETS					
Equities		**0**	-	147,306	3.3
Bonds		**0**	-	0	-
Property Pooled Investment vehicles		**534,294**	**10.1**	424,153	9.5
Non Property Pooled Investment Vehicles	10	**4,584,191**	**86.4**	3,778,471	84.5
Cash Deposits		**117,641**	**2.2**	143,135	3.2
Derivative Contracts (Foreign Exchange hedge)		**63,767**	**1.2**	0	-
Derivative Contracts: FTSE Futures		**0**	-	1,078	-
Long-Term Investments		**768**	-	427	-
Other Investment balances		**1,438**	-	3,249	0.1
Total Investment Assets		**5,302,099**		4,497,819	
INVESTMENT LIABILITIES					
Derivative Contracts (Foreign Exchange hedge)		-	-	(30,367)	(0.7)
Derivative Contracts: FTSE Futures		**(110)**	-	0	-
Other Investment balances		-	-	(413)	-
Total Investment Liabilities		**(110)**		(30,780)	
TOTAL NET INVESTMENTS	10	**5,301,989**		**4,467,039**	
Long Term Debtors	12a	**213**	-	212	-
Net Current Assets					
Current Assets	12	**15,019**	**0.3**	14,206	0.3
Current Liabilities	12	**(8,511)**	**(0.2)**	(9,635)	(0.2)
Net assets of the scheme available to fund benefits at the period end		**5,308,710**	**100.0**	4,471,822	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 2021. The actuarial present value of these liabilities is disclosed in note 15.

Notes to Accounts - Year Ended 31 March 2021

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 2020 to 31 March 2021.

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 2020/21 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. The Regulations extend the publication date for local authority audited accounts to 30 September 2021. The public inspection period will start on 1 August 2021. These regulations apply only in relation to annual accounts relating to the 2020/21 financial year. These regulations were provided in order for authorities to have additional time to complete the audit of their accounts for 2020/21, 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 Staff have been working from home during the year end process and audit. The Fund is largely operating as business as usual having adapted work processes to be delivered remotely.

Although investment markets were very volatile during 2020, most assets have recovered from low valuations at March 2020 and into 2021 volatility has subsided. However, the environment in which our employers operate has been negatively affected by the economic shock from the pandemic and the significant lockdowns in the UK. Any long term impact of the pandemic on the Fund is as yet uncertain but there could be consequences in terms of the investment and funding strategies and managing employer risk. 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 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 96.9% from 84% 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.

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. Once the remediation for the Local Government Pension Scheme is known, employer contributions will be adjusted in line with guidance from the Scheme Advisory Board for those employers who have opted not to pay estimated costs from 1 April 2020. For those that have included an allowance in their contributions no adjustment will be made until the next valuation. The estimated costs of the remedy is 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 from 1 April 2018. 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. Since July 2018 the Fund's assets have gradually transitioned to Brunel. Once assets have transferred, Brunel is responsible for appointing and monitoring managers and other investment related operational aspects of the Fund. The Investment Strategy Statement will be updated during this transition to reflect the changing responsibilities.

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 index option contracts.
(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 2021 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, unitised 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 2021 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 2021.

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 in 2020/21 relate to the 2019 valuation and the employer contribution rates range from 9.4% 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 2021.

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 Pension 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
Market Value of investments	The Fund's investments are revalued on a monthly basis using quoted prices in active markets or by reference to markets which are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs with the exception of unlisted assets such as the Hedge Funds (£277m), the Property (£362m) and Infrastructure (£514m) Limited Partnerships and the shareholding in Brunel Pension Partnership (£0.8m). While market values are not estimates, the method of valuation does mean that future values may fluctuate. In the 2019/20 accounts the impact of the pandemic on market prices meant that less certainty could be attached to valuations than would normally be the case. For 2020/21 markets have recovered and we can attach more weight to previous market evidence and other inputs to inform opinions of value. The subjectivity of the inputs used in making an assessment of fair value is explained in Note 24.	For every 1% increase in Market Value the value of the Fund will increase by £53m with a decrease having the opposite effect.
Unlisted Assets	The Hedge Fund, Infrastructure and Property Limited Partnerships 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 +/- £115m in total Fund assets. Note 24 shows the sensitivity of these assets to changes in value in more detail.
Actuarial present value of promised retirement benefits (Note 15)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Mercer, a firm of consulting actuaries, is engaged to provide the authority with expert advice about the assumptions to be applied.	The 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) • a 25% fall in asset value would increase the deficit by £1,205m (to £1,489m)

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.

Critical Judgements in Applying Accounting Policies

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

The net pension fund liability is recalculated every three years by the Scheme Actuary. The methodology used is in line with accepted guidelines. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the Actuary and have been summarised in Note 1.8 above. These actuarial revaluations are used to set future contribution rates and underpin the fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

Note 23 Nature and extent of risks arising from financial instruments details the Fund's approach to managing risk. None of the Fund's investments are impaired.

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

IFRS 16 Lease Accounting will apply to CIPFA Accounts for the financial year 21/22 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.

1.33 There has been a reclassification of investment assets in the accounts for 2019/20. It is considered that the reclassification is a more appropriate representation of the assets held by the Fund and provides consistency with the Net Assets statement (NAS) and throughout the notes. The reclassification affects the following notes where the investments are analysed at the asset level, Note 10 - Investment Assets, Note 23 – Financial Risk Management, Note 24 – Fair Value Hierarchy.

In these notes the changes are as follows: The Secured Income Portfolio of £69.1m as at 31 March 2020 included pooled property (£17.6m) and infrastructure (£51.5m) funds. These are now split between pooled property and pooled infrastructure. The Risk Management Strategy (£937.2m as at 31 March 2020) was split into its component parts, namely, Liability Driven Investments (£287.6m), Equity Protection Strategy (£118.8m), pooled Equity Fund (£414.9m), Corporate Bond Portfolio (£113.5m) and Cash (£1.3m). It has been reclassified as a single pooled vehicle consistent with the other pooled vehicles held by the Fund.

The reclassification does not materially affect the NAS and so no restatement is required. In terms of Secured Income, the notes have been reclassified to match the NAS. Predominantly the changes relating to the Risk Management Strategy were all within non-property pooled. This leaves one immaterial difference remaining between NAS and the notes of £1.3m in Cash which has been reclassified to Pooled Investment Vehicles as it relates to the cash held in the Risk Management Strategy.

2 MEMBERSHIP

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

	31 March 2021	31 March 2020
Employed Members	**39,159**	38,064
Pensioners	**34,885**	33,602
Members entitled to Deferred Benefits	**42,538**	42,508
Undecided Leavers	**8,740**	7,538
TOTAL	**125,322**	121,712

A further estimated 818 (818 in 2019/20) 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:-

		2020/21 £'000		2019/20 £'000
Employers' normal contributions				
Scheduled Bodies	99,345		83,909	
Administering Authority	10,192		8,538	
Admission Bodies	8,024	117,561	7,829	100,276
Employers' deficit Funding				
Scheduled Bodies	40,175		16,498	
Administering Authority	6,817		0	
Admission Bodies	1,429	48,421	699	17,197
Total Employer's normal & deficit funding		165,982		117,473
Employers' contributions - Augmentation				
Scheduled Bodies	628		1,318	
Administering Authority	29		950	
Admission Bodies	157	814	319	2,587
Members' normal contributions				
Scheduled Bodies	37,181		34,623	
Administering Authority	3,907		3,704	
Admission Bodies	2,579	43,667	2,719	41,046
Members' contributions toward additional benefits				
Scheduled Bodies	541		450	
Administering Authority	118		56	
Admission Bodies	54	713	36	542
Total		211,176		161,648

The increase in Employers' contributions between 2019/20 and 2020/21 is mainly due to employers paying deficit contributions for three years in advance (£37.96m). The remaining increase is due to an overall 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 Pension Fund and are not therefore reflected in the Fund's accounts. A statement of the value of these investments is given in note 18.

5 BENEFITS PAYABLE

Analysis of Gross Benefits Payable by Type:-

	2020/21	2019/20
	£'000	£'000
Retirement Pensions	**155,336**	149,862
Commutation of Pensions and Lump Sum Retirement Benefits	**24,017**	27,527
Lump Sum Death Benefits	**3,898**	3,853
	183,251	181,242

Analysis of Gross Benefits Payable by Employing Body:-

	2020/21	2019/20
	£'000	£'000
Scheduled & Designating Bodies	**149,709**	148,027
Administering Authority	**18,694**	18,338
Admission Bodies	**14,848**	14,877
	183,251	181,242

6 PAYMENTS TO AND ON ACCOUNT OF LEAVERS

Leavers

	2020/21	2019/20
	£'000	£'000
Refunds to members leaving service	**695**	1,148
Individual Cash Transfer Values to other schemes	**4,006**	11,670
Group Transfers	**0**	0
	4,701	12,818

7 MANAGEMENT EXPENSES

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

	2020/21	2019/20
	£'000	£'000
Administrative Costs	**2,456**	2,408
Oversight & Governance Costs	**1,840**	1,752
Investment Management Expenses	**19,388**	26,942
	23,684	31,102
Further Analysis of Management Expenses:-		
Administrative Costs		
Management Costs	**1,571**	1,555
Administration and Processing	**578**	568
Service from Administrating Body	**506**	490
Fees and Income	**(199)**	(205)
	2,456	2,408
Oversight & Governance Costs		
Management costs	**682**	609
Specialist advice and Governance	**1,293**	1,349
Actuarial recharges	**(206)**	(244)
Audit Fees	**57**	32
Audit Related Service	**14**	6
	1,840	1,752
Investment Management Expenses (Note 7a)	**19,388**	26,942
	23,684	31,103

Management costs in Oversight & Governance Costs include investments, actuarial and accounting staff costs. Audit fees include; £0.037m external audit fee as set out in the Audit Plan (2019/20 £0.022m) and £0.020m internal audit charge (2019/20 £0.008m) The audit related service of £0.014m is for an additional external fee relating to information provided to the actuary regarding individual employers' IAS19 disclosures in 2019/20 and 2020/21 (£0.007m per year).

7a INVESTMENTS MANAGEMENT EXPENSES

2020/21	Total	Management Fees	Performance related fees	Transaction costs
	£000	£000	£000	£000
Equity	415	414	0	1
Bonds	0	0	0	0
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**			

2019/20	Total	Management Fees	Performance related fees	Transaction costs
	£000	£000	£000	£000
Equity	2,547	2,365	0	182
Bonds	138	138	0	0
Pooled Property	2,070	3,108	(1,038)	0
Private Infrastructure	264	264	0	0
Derivatives	435	429	0	6
Pooled Investments *	21,450	16,814	4,624	12
	26,904	**23,118**	**3,586**	**200**
Custody Fees	38			
Total	**26,942**			

* Included within Pooled Investments is £1.278m (£1.437m in 19/20) paid to Brunel Pension Partnership for core investment services.

The analysis of Investment Management expenses has been changed to follow CIPFA guidance for the 20/21 Final Accounts.

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 20/21 represent a reduction in the provision for pooled property (£1.740m) and a payment in year for pooled investments (£3.058). The current total provision for performance fees is included in note 12 Current Asset and Liabilities.

Of the £19.3m of investment management fees, £7.3m relates to the fees paid to the underlying managers of the portfolios managed by Brunel. During the year assets transferred from the legacy equity manager to Brunel pooled funds causing the equity related fees to fall from 2019/20. Overall, pooling of assets has achieved investment fee savings to date.

8 INVESTMENT INCOME

	2020/21 £'000	2019/20 £'000
Dividends from equities	**2,153**	13,020
Income from pooled Property Investments	**13,003**	14,810
Income from other pooled investment vehicles	**5,650**	3,977
Interest on cash deposits	**202**	556
Other Income (including Stock Lending)	**9**	205
TOTAL	**21,017**	32,568

The decrease in income from dividends from equities is because the fund has transitioned its assets away from segregated equities to pooled funds managed by Brunel in year.

The Fund had an arrangement with its custodian (State Street Trust and Bank) to lend eligible securities from its portfolio to third parties in return for which the third parties paid fees to the fund. The third parties provided collateral to the Fund which was held during the period of the loan. This arrangement ceased when the Fund's segregated equity assets transferred to Brunel in 2020/21. Brunel has a similar arrangement for select portfolios with their custodian. The income from this programme is not distributed but accumulates within the relevant Brunel pooled fund. At the year end based on its holding in the Brunel Global High Alpha Portfolio, the Fund had £10.4m stock on loan, secured by collateral of £11.3m. During the year the Fund's share of stock lending income in this portfolio was £0.03m.

9 CHANGE IN TOTAL NET ASSETS

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**

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

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

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

The Net Revenue of Fund equals the Net Withdrawals / additions including fund management expenses (£-7.775m) plus Investment income (£-21.017m) as shown in the Fund account.

Change in Total Net Assets 2019/20

Change in Market Value of Investments	Value at 31/03/19 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	**Value at 31/03/20 £'000**
Equities	554,790	106,998	(509,191)	(5,292)	**147,305**
Long Term Investments	395	-		32	**427**
Pooled Investments-					
- Property	428,752	31,992	(25,133)	(11,458)	**424,153**
- Non Property	3,718,767	1,221,116	(868,805)	(292,607)	**3,778,471**
Derivatives					
- Foreign Exchange Hedge	7,984	72,084	(57,050)	(53,385)	**(30,367)**
- FTSE Futures	349	5,651	(1,409)	(3,513)	**1,078**
Sub Total	4,711,037	1,437,841	(1,461,588)	(366,223)	**4,321,067**
Cash Deposits	105,377	291,448	(282,435)	28,745	**143,135**
Net Purchases & Sales		1,729,289	(1,744,023)	(14,734)	
Investment Debtors & Creditors	3,339			(503)	**2,836**
Total Investment Assets	4,819,753				**4,467,038**
Long Term Debtors	70			142	**212**
Current Assets	(1,996)			6,567	**4,571**
Less Net Revenue of Fund				10,494	
Total Net Assets	**4,817,827**			**(335,512)**	**4,471,821**

10 INVESTMENT ASSETS

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

		31 March 2021 £'000		31 March 2020 £'000 RESTATED
Global Equity Segregated		0		147,306
Non-Property Pooled Investment Vehicles				
Global Equity	2,031,146		1,277,334	
Risk Management Strategy	942,816		937,195	
Diversified Growth Funds	501,330		605,666	
Infrastructure	513,891		409,957	
Multi Asset Credit	317,539		291,661	
Hedge Funds	277,469		257,967	
		4,584,191		3,779,780
Other Investments				
Pooled Property Investments	534,294		424,153	
Derivative contracts				
• Foreign Exchange Hedge	63,767			
• Derivative contracts: FTSE Futures			1,078	
		598,061		425,231
Cash deposits		117,641		141,826
Investment Income due		1,438		2,848
Amounts receivable for sales				401
Total Investment Assets		**5,301,331**		**4,497,392**
Long Term Investments				
Equities		**768**		**427**
Investment Liabilities				
Derivative contracts				
• Foreign Exchange Hedge			(30,367)	
• Derivative contracts: FTSE Futures	(110)			
Amounts payable for purchases			(413)	
Total Investment Liabilities		**(110)**		**(30,780)**
Total Investment Assets		**5,301,989**		**4,467,039**

The 2019/20 analysis has been restated as follows: (a) the analysis of UK and Overseas assets plus quoted and unquoted has been removed in line with CIPFA guidance; (b) the assets held within the Secured Income Portfolio (£69.1m) have been split between Pooled Infrastructure (£51.5m) and Pooled Property Funds (£17.6m) to provide consistency with the Net Asset Statement; (c) the Risk Management Strategy (£937.2m) is included as a pooled fund consistent with other pooled funds held by the Fund. In 2019/20 it was split between the underlying assets (Liability Driven Investing (£287.6m), Equity Fund £414.9m), Equity Protection Strategy (£118.8m), Corporate Bonds (£114.5m) and cash (£1.3m).

During the year there were a number of changes to the asset allocation. The allocation to Diversified Return Funds fell from 15% to 10% of total assets. The proceeds were used to fund investments in infrastructure and property as committed capital to the Brunel Renewable Infrastructure and Secured Income Portfolios were drawn down.

The Long term investment of £0.768m represents Avon Pension Fund's share of the Brunel Pension Partnership. This share represents 10% of the Total Equity, as per Brunel's Statement of Financial Position, as at 30th September 2020.

Included within the equity of Brunel is a newly created Pension Reimbursement Asset (PRA). 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 £6.56m. The Fund has elected to declare 10% of the PRA as a contingent liability (see Note 13)

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	50,686	GBP	43,331	-	(136)
Up to one month	JPY	1,469,100	GBP	9,728	-	(90)
Up to one month	USD	103,182	GBP	75,379	-	(599)
Up to one month	GBP	10,874	JPY	1,469,100	1,236	-
Up to one month	GBP	46,515	EUR	50,686	3,320	-
Up to one month	GBP	81,965	USD	103,182	7,185	-
One to six months	EUR	6,587	GBP	5,820	-	(199)
One to six months	JPY	535,800	GBP	3,719	-	(202)
One to six months	USD	4,560	GBP	3,326	-	(22)
One to six months	GBP	218,277	EUR	244,047	9,945	-
One to six months	GBP	49,882	JPY	7,022,300	3,785	-
One to six months	GBP	383,163	USD	490,755	27,589	-
Six to twelve months	GBP	-	EUR	-	-	-
Six to twelve months	GBP	-	JPY	-	-	-
Six to twelve months	GBP	383,163	USD	2,848	-	(9)
Six to twelve months	USD	684,594	GBP	507,556	11,950	
Six to twelve months	EUR	47,492	GBP	40,619	4	
Six to twelve months	JPY	1,297,300	GBP	8,533	9	
Total					**65,025**	**(1,258)**
	Net forward currency contracts at 31st March 2021					**63,767**
	Open forward currency contracts at 31 March 2020				13,715	(44,082)
	Net forward currency contracts at 31st March 2020					**(30,367)**

Exchange Traded Derivatives held at 31 March 2021:-			
Contract Type	Expiration	Book Cost	Unrealised Gain/(Loss)
		£'000	£'000
FTSE equity futures	June 2021	33,659	(110)
Exchange Traded Derivatives held at 31 March 2020:-			
FTSE equity futures	June 2020	21,109	1,078

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.

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 2021 £'000	%	31 March 2020 £'000	%
Investments managed by Brunel Pension Partnership:				
BlackRock Risk Management Strategy	**942,815**	**17.8**	937,195	21.0
LGIM Low Carbon Global Equities	**691,544**	**13.0**	497,508	11.1
Brunel Renewables Portfolio	**50,205**	**0.9**	24,312	0.5
Brunel Secured Income Portfolio	**280,324**	**5.3**	69,107	1.5
Brunel Global Sustainable Equity	**541,101**	**10.2**	-	-
Brunel Diversified Returns Fund	**501,330**	**9.5**	-	-
Brunel UK Equity Portfolio	**-**	**-**	149,873	3.4
Brunel UK Property	**106,841**	**2.0**	-	-
Brunel Emerging Market Equity	**286,760**	**5.4**	196,232	4.4
Brunel Global High Alpha Equity	**403,274**	**7.6**	377,707	8.5
	3,804,194	**71.8**	**2,251,934**	**50.4**
Investments managed outside Brunel Pension Partnership:				
Blackrock	**108,663**	**2.0**	40,434	0.9
Record	**97,316**	**1.8**	(8,174)	(0.2)
Jupiter Asset Management	**205**	**0.0**	173,740	3.9
Partners Group	**192,409**	**3.6**	231,705	5.2
Loomis (Natixis)	**317,539**	**6.0**	291,661	6.5
Pyrford International	**-**	**-**	213,642	4.8
TT International	**303**	**0.0**	310	0.0
IFM Investors	**365,544**	**6.9**	334,132	7.5
Ruffer	**-**	**-**	392,024	8.8
Schroder Investment Management	**92,048**	**1.7**	228,380	5.1
JP Morgan	**277,470**	**5.2**	257,967	5.8
Custodian Cash	**18,821**	**0.4**	23,192	0.5
Long Term Investment	**768**	**0.0**	427	0.0
Treasury Management	**26,709**	**0.5**	35,665	0.8
	1,497,795	**28.2**	2,215,105	49.6
TOTAL INVESTMENT ASSETS	**5,301,989**	**100.0**	4,467,039	100.0

During 2020/21, the assets managed by Ruffer and Pyrford (both Diversified Growth Funds), Jupiter Investment Management (Equities) and Schroder Investment Management (UK Property funds) transitioned to the Brunel asset pool. In addition, new investments were made to the Renewable Infrastructure 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 2021**	**% of Net Asset**	Value at 31st March 2020	% of Net Asset
	£'000		£'000	
Blackrock Liability SOL Mutual Fund	**942,815**	**17.76%**	937,195	20.96%
LGIM Low Carbon Global Equity	**691,544**	**13.03%**	497,508	11.13%
Brunel Global Sustainable Equity	**541,101**	**10.19%**	0	0.00%
Brunel Diversified Returns Fund	**501,330**	**9.44%**	0	0.00%
Brunel Global High Alpha Equity Fund	**403,274**	**7.60%**	377,707	8.45%
IMF Global Infrastructure (UK)	**365,544**	**6.89%**	334,132	7.47%
NATIXIS Investment Solutions	**317,539**	**5.98%**	291,661	6.52%
Brunel Emerging Market Equity	**286,760**	**5.40%**	196,232	4.39%
APF Absolute Return Strategies	**277,469**	**5.23%**	257,967	5.77%
CF Ruffer Absolute Return Fund	**0**	**0.00%**	392,024	8.77%

12 CURRENT ASSETS AND CURRENT LIABILITIES

Provision has been made in the accounts for debtors and creditors known to be outstanding at 31 March 2021.
Debtors and creditors included in the accounts are analysed below:-

		31 March 2021 £'000		31 March 2020 £'000
CURRENT ASSETS				
Contributions Receivable				
- Employers	9,642		8,723	
- Members	3,610		3,340	
Transfer Values Receivable	-		-	
Discretionary Early Retirement Costs	278		537	
Other Debtors	1,489	15,019	1,606	14,206
CURRENT LIABILITIES				
Management Fees	(927)		(1,389)	
Provision for Performance Fees	(2,055)		(3,795)	
Transfer Values Payable	-		-	
Lump Sum Retirement Benefits	(1,861)		(2,254)	
Other Creditors	(3,668)	(8,511)	(2,197)	(9,635)
NET CURRENT ASSETS		6,508		4,571

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 2021.

	31 March 2021 £'000	31 March 2020 £'000
Reimbursement of lifetime tax allowances	213	212

The Lifetime tax allowance was introduced in 2016. It limits the amount of pension that can be paid without an extra charge. Responsibility for payment rests with the pensioner. Avon Pension Fund offer to pay the tax upfront and are reimbursed from pension deductions over time. This creates a long term debtor in the accounts.

13 CONTINGENT LIABILITIES

Brunel Pension Partnership, in which Avon Pension Fund have a 10% share, have recognised a Pension Reimbursement Asset of £6.556m. 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.

Accordingly the Pension Fund have recognised a contingent liability of £0.656m, representing 10% of it's 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 2021 (the 31 March 2020 assumptions are included for comparison):

	31st March 2021	31st March 2020
Rate of return on investments (discount rate)	**2.1% per annum**	2.4% per annum
Rate of CPI Inflation / CARE benefit revaluation	**2.7% per annum**	2.1% per annum
Rate of pay increases*	**4.2% per annum**	3.6% per annum
Rate of increases in pensions in payment (in excess of GMP) / Deferred revaluation	**2.8% per annum**	2.2% 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. 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 decreased, resulting in a lower discount rate being used for IAS26 purposes at the year-end than at the beginning of the year (2.1% p.a. vs 2.4%). In addition, the expected long-term rate of CPI inflation increased during the year, from 2.1% p.a. to 2.7%. Both of these factors served to increase the liabilities over the year.

The value of the Fund's promised retirement benefits for the purposes of IAS 26 as at 31 March 2020 was estimated as £7,111 million including the potential impact of the McCloud Judgment.

Interest over the year increased the liabilities by c£169 million, and allowing for net benefits accrued/paid over the period also increased the liabilities by c£83 million (this includes any increase in liabilities arising as a result of early retirements/augmentations). There was also an increase in liabilities of £1,001 million due to "actuarial losses" (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 2021 pension increase award was less 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 2021 is therefore £8,364 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 2021 there were no group transfers in to the fund.

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.

	2020/21	2019/20
	£'000	£'000
Benefits Paid and Recharged	**5,758**	5,845

The Fund also administers £24.2m pension payments on behalf of the Fire Service and the Teachers' pension schemes. (£24.3m in 2019/20, including a large number of Retirement Lump Sum payments). 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.

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 2020/21 were £55 (2019/20 £55). Additional Voluntary Contributions received from employees and paid to Aviva during 2020/21 were £522,078 (2019/20 - £434,272).

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

	31 March 2021 £'000	31 March 2020 £'000
Utmost Life & Pensions (Equitable Life in 2018/19)		
With Profits Retirement Benefits	**-**	-
Unit Linked Retirement Benefits	**647**	**678**
Building Society Benefits		
	647	**678**
Death in Service Benefit	**53**	**53**
Aviva		
With Profits Retirement Benefits	**264**	**73**
Unit Linked Retirement Benefits	**3,951**	**3,438**
Cash Fund	**749**	**455**
	4,964	**3,966**

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 2020/21 £40,801 was charged to the Fund in respect of Allowances paid to the voting Members of the Avon Pension Fund Committee (£39,331 in 2019/20). Seven voting members and one non- voting member of the Avon Pension Fund Committee (including two B&NES Councillor Members) were members of the Local Government Pension Scheme during the financial year 2019/2020. (Six voting members and one non-voting member in 2019/2020, including two B&NES Councillor Members)

Independent Member Related:-

Three Independent Members were paid allowances of £13,231, £13,164 and £11,664 respectively during the year for their work in relation to the Pension Fund Committee and the Investment Panel. All three Members were paid in respect of the full year. They are entitled to claim reasonable expenses which are included in the above allowances. The Independent Members are not eligible to join the Local Government Pension Scheme.

Employer Related:-

During the year 2020/21 the Fund paid B&NES Council £444,893 for administrative services (£426,662 in 2019/20). Various Employers paid the fund a total of £215,804 for pension related services including pension’s payroll and compiling data for submission to the actuary (£223,831 in 2019/20).

Pension Board Related:-

The Pension Board came in to operation in July 2015. In 2020/21 £7,180 was charged to the Fund in respect of Allowances and expenses paid to the Members of the Pension Board (£7,574 in 2019/20). Six members of the Pension Board were members of the Local Government Pension Scheme during the financial year 2019/2020. (Four members in 2019/2020).

Officer and Manager related:-

The officers administering the Avon Pension Fund are all eligible to be members of the Avon Pension 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 pension fund assets for Avon, Buckinghamshire. Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire Funds.

Each of the 10 local authorities, including Bath & North East Somerset Council own 10% of BPP Ltd. In 2019/20 the Pension Fund paid BPP £1,277,972 (2019/20 £1,436,784).

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.

20 KEY MANAGEMENT PERSONNEL

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 2021 £'000	31 March 2020 £'000
Proportion of salary Recharged to Avon Pension Fund	**49**	50
Proportion of employers contributions recharged to Avon Pension Fund	**11**	12
	60	62

21 OUTSTANDING COMMITMENTS

As at 31 March 2021 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 £687.2m (31 March 2020 £428.6m). The increase is due to new commitments made in the year to Secured Income, Renewable Infrastructure, UK Property and Private Debt.

22 FINANCIAL INSTRUMENTS

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

2020/21	Fair Value through Profit and Loss	Assets at amortised cost	Financial liabilities at amortised cost
	£'000	£'000	£'000
Financial Assets			
Equities	0		
Long Term Investment	768		
Pooled Investments (Non-Property)	4,584,191		
Liability Driven Pooled investments	-		
Pooled Property Investments	534,294		
Derivative contracts Futures	-		
Derivative Contracts FX Hedge	63,767		
Derivative Contracts Equity Options	-		
Cash		117,641	
Other investment balances		1,438	
Debtors		15,232	
Total Financial Assets	5,183,020	134,311	-
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	**5,182,910**	**134,311**	**(8,511)**

2019/20	Fair Value through Profit and Loss	Assets at amortised cost	Financial liabilities at amortised cost
	£'000	£'000	£'000
Financial Assets			
Equities	147,306		
Long Term Investment	427		
Pooled Investments (Non-Property)	3,372,054		
Liability Driven Pooled investments	287,601		
Pooled Property Investments	406,560		
Derivative Contracts Futures	1,078		
Derivative contracts Equity Options	118,816		
Cash		143,123	
Other investment balances	2,848		
Debtors		14,418	
Total Financial Assets	4,336,690	157,541	-
Financial Liabilities			
Other investment balances			
Derivative Contracts FX Hedge	(30,367)		
Creditors			(9,635)
Total Financial Liabilities	(30,367)	-	(9,635)
Total Net Assets	**4,306,323**	**157,541**	**(9,635)**

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 2021 £'000	31st March 2020 £'000
Financial assets		
Fair value through profit & loss	**804,841**	32
Amortised Cost - realised gains on derecognition of assets		
Amortised cost - unrealised gains	**22,230**	30,711
Financial Liabilities		
Fair value through profit & loss	**(18,975)**	(366,255)
Amortised Cost - realised losses on derecognition of assets		
Amortised cost - unrealised losses		
	808,096	(335,512)

23 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

As at 31 March 2021 Brunel Pension Partnership (Brunel) manages £3.804 billion of the Fund's assets while the remaining assets are managed by external Investment Managers. Managers are required to invest in accordance with the terms of the agreed investment guidelines that set out the relevant benchmark, performance target, asset allocation ranges and any restrictions. The Avon Pension Fund Committee has determined that the investment management structure is appropriate and is in accordance with its investment strategy. The Committee regularly monitors each investment portfolio and its Investment Consultant advises on the nature of the investments made and associated risks.

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

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

In the following tables, for consistency, the asset previously classified as Secured Income has been included within Infrastructure. Additionally, where previously assets within the Risk Management Strategy pooled vehicle were split into their component parts (including Liability Driven Investments, Global Equities and UK Bonds), this is now included as a pooled vehicle, Risk Management Strategy. These changes have been restated as such for 2019/20.

(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 investments portfolio to all these risks. The level of risk exposure 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 investment managers.

Market Price Risk
Market price risk represents the risk that the value of a financial instrument will fluctuate caused by factors other than interest rates or currencies. These changes can be caused by factors specific to the individual instrument, its issuer or factors affecting the market in general e.g. COVID-19 type shocks and geopolitical trade tensions 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 Investment 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 covenant underpins 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 equity index options have been used 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 low carbon 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 low carbon 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 2021. 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 2021:

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
UK Equities	-	0.0%	-	-
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 Strategies	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**

The analysis for the year ending 31 March 2020 (Restated) is shown below:

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
UK Equities	299,855	14.3%	342,734	256,975
Global Equities	929,632	12.1%	1,042,117	817,146
Emerging Market Equities	196,232	16.0%	227,629	164,835
Risk Management Strategy	937,195	9.9%	1,029,978	844,413
Diversified Return Funds	605,666	7.4%	650,485	560,847
Multi Asset Credit	291,661	7.3%	312,952	270,369
Property	424,153	1.8%	431,788	416,518
Fund of Hedge Funds	257,967	5.4%	271,897	244,036
Infrastructure	409,957	15.9%	475,141	344,774
Long Term Investment	427	15.0%	491	363
Cash & Equivalents	114,295	0.1%	114,409	114,181
Total Investment Assets	**4,467,039**		**4,899,620**	**4,034,458**

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.

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

	31/03/2021 £'000	31/03/2020 £'000 Restated
Cash and Cash Equivalents	**182,846**	114,295
Risk Management Strategy	**942,815**	937,195
Total	**1,125,661**	1,051,490

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 as at 31 March 2021 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 it's 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 2021		**Change in net assets**	
	Value £'000	**+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**

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 2020 is shown below:

As at 31 March 2020 (Restated)		**Change in net assets**	
	Value £'000	**+100 bps £'000**	**-100 bps £'000**
Cash and Cash Equivalents	**114,295**	-	-
Risk Management Strategy	**937,195**	(42,642)	42,642
Total	**1,051,490**	**(42,642)**	**42,642**

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). 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 2021	Asset value as at 31st March 2020
	£'000	£'000
		Restated
Global Equities	**1,744,275**	929,632
Global Property Funds	**178,563**	194,926
Fund of Hedge Funds	**276,402**	257,967
Infrastructure Funds	**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 2021. 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 assets are not currently hedged as the investment cycle is at an early stage.

A strengthening / weakening of Sterling against the various currencies by one standard deviation (expressed as a percentage) at 31 March 2021 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	1,744,275	3.97%	1,813,482	1,675,069
Infrastructure	21,389	6.40%	22,761	20,016

The same analysis for the year ending 31 March 2020 is shown below:

Currency Risk by Asset Type (Restated)

Asset Type	Value £'000	% Change	Value on Increase £'000	Value on Decrease £'000
Global Equities	929,632	4.05%	967,243	892,021

(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 QIF 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).

The fund is subject to credit risk within its general debtors although none of these would represent a material risk to the fund. General debtors were £1.5m for 20/21 (£1.6m for 19/20)

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 2021 was £104.8m. This was held with the following institutions:

	31st March 2021		31st March 2020	
	Rating	Balance £'000	Rating	Balance £'000
Custodian's Liquidity Fund				
State Street Global Services	AAA	78,134	AAA	23,193
Money Market Funds				
Goldman Sachs Global Treasury Fund	AAA	-	AAA	7,800
Aberdeen Liquidity Fund	AAA	7,470	AAA	9,950
Federated Investors	AAA	9,730	AAA	9,780
State Street Global Advisors	AAA	950	AAA	950
CCLA - The Public Sector Deposit Fund		7,190		-
Bank				
Handelsbanken	AA	-	AA	1,410
Bank of Scotland Corporate Deposit Account	A+	-	A+	90
State Street Bank and Trust Co	AA+	-	AA+	3,629
NatWest Special Interest Bearing Account	A+	1,360	A+	1,960
NatWest Current Account	A+	9	A+	30

The balance on the Custodian's Liquidity Fund now includes cash held across all mandates. Previously only cash held in the Custodian's general account has been included. For comparative purposes the balance held as at 31st March 2020 was £98.9m

Following the transition of the segregated equity portfolios to Brunel, the Fund's Stock Lending programme that was managed by the custodian, is no longer in place as at year end March 2021. The investment managers may do security lending within pooled vehicles.

(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 pension 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 which was not drawn on during the year.

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 2021 the value of the illiquid assets was £1,326m, or 25% of the total Fund assets (31 March 2020: £1,093m which represented 24.5% 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.

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 exchange rates at 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	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.
Hedge Funds	Level 3	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.	Valuations can be affected by material events between the date of the financial accounts provided and the pension 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	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 pension 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 at the end of each quarter by independent valuation firms. The valuation method is employed for each asset at the discretion of the appointed independent 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 pension 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 pension fund's own reporting date, by changes to expected cash flows and any differences between audited and unaudited accounts.

The following sets out the Fund's financial assets and liabilities measured at fair value according to the fair value hierarchy at 31 March 2021.

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'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**

The fair value hierarchy as at 31 March 2020 was:

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000 RESTATED	£'000
Equities	187,555	1,237,086		**1,424,641**
Pooled Investments:-				**-**
Risk Management Strategy	-	937,195		**937,195**
Fund of Hedge Funds	-		257,967	**257,967**
Diversified Return Funds	-	605,666		**605,666**
Multi Asset Credit	-	291,661		**291,661**
Property	-	211,633	212,519	**424,153**
Infrastructure	-	-	409,957	**409,957**
Long Term Investment	-	-	427	**427**
Cash	141,826	-		**141,826**
Derivatives: Forward FX	(30,367)	-	-	**(30,367)**
Derivatives: Futures	1,078	-	-	**1,078**
Investment Debtors/Creditors	2,836	-	-	**2,836**
	302,927	**3,283,241**	**880,871**	**4,467,039**

The 2019/20 Fair Value analysis has been restated to be consistent with other notes to the accounts.

There has been one re-classification between 31 March 2020 and 31 March 2021 from Level 1 to Level 2. Having reviewed the valuation basis, it was concluded that Level 2 was a more appropriate valuation basis for the Forward currency contracts.

There were no transfers between Level 2 and Level 3 assets in the year.

Reconciliation of Fair Value measurements within Level 3

Level 3	Market Value 01 April 2020	Transfer into Level 2	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains / losses	Realised gains / losses	**Market value 31 March 2021**
	£'000 **RESTATED**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Property	212,519		172,002	(10,317)	(17,431)	5,175	**361,948**
Fund of Hedge Funds	257,967		-		19,502		**277,469**
Infrastructure	409,957		88,815	(18,638)	33,751	6	**513,891**
Long Term Investment - Equities	427				341		**768**
	880,871	**-**	**260,817**	**(28,955)**	**36,163**	**5,181**	**1,154,076**

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 2021. The sensitivity of property assets was raised to 15% in last year's assessment due to the ongoing impact of the COVID-19 pandemic. However, this has now reverted back down to a pre-pandemic 10%.

	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 - Equities	15%	768	884	653
Total		**1,154,077**	**1,295,217**	**1,012,936**

The same analysis for 31 March 2020 (Restated):

	Assessed valuation range +/-	Value at 31 March 2020	Value on increase	Value on decrease
		£'000	£'000	£'000
Property	15%	212,519	244,397	180,641
Fund of Hedge Funds	10%	257,967	283,764	232,170
Infrastructure	15%	409,957	471,451	348,463
Long Term Investment	15%	427	491	363
Total		**880,870**	**1,000,102**	**761,638**

25 EMPLOYING BODIES

As at 31 March 2021 the following employing bodies had contributing scheme members in the Avon Pension 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 Spa University
Bath College
City of Bristol College
South Gloucestershire & Stroud College
St. Brendan's Sixth Form College
University of the West of England
Weston College
Offender Learning Services

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 Futures Academy
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
Chew Magna Primary School
Chew Stoke Church School
Chew Valley 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
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)
Downend School
Dundry C of E Primary School
Midsomer Norton Schools Partnership
Milton Park Primary School
Minerva Primary Academy
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 Marksbury 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
Severn Beach Primary School
SGS Pegasus School
Shoscombe Church School
Sir Bernard Lovell Academy
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 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) (Ann Harris)
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
St Nicholas of Tolentine Catholic School

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

Designating Bodies

Aequus Developments Limited
Almondsbury Parish Council
Backwell Parish Council
Bradley Stoke Town Council
Bristol Waste Company
Charter Trustees of the City of Bath
Clevedon Town Council
Congresbury Parish Council
Destination Bristol
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
Disability Equality Forum
Learning Partnership West Ltd
Merlin Housing Society Ltd (New staff since 2007)
Merlin Housing Society Ltd (SG)
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
West of England Sport Trust (WESPORT)
Writhlington Trust

Transferee Admission Bodies

ABM Catering Limited - SGC Schools
Active Community Engagement Limited (Bristol City Council)
Adapt Business Services Limited - North Somerset Council Campus Schools
Agilisys Limited (North Somerset Council)
Agilisys Limited 2015 (North Somerset Council)
Alliance in Partnership Limited - Beacon Rise (SGC)
Alliance in Partnership Limited - Westbury on Trym C of E Academy
Alliance Living Care Limited - Ebdon Court
Alliance Living Care Limited - North Somerset Council
Aramark Limited - South Gloucestershire and Stroud College
Aspens Services Limited - Begbrook Primary Academy
Aspens Services Limited - Blackhorse Primary School
Aspens Services Limited - Bristol City Council PFI Contract
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 - Frome Vale Academy
Aspens Services Limited - Hanham Abbotts Junior School
Aspens Services Limited - Hanham Woods Academy
Aspens Services Limited - King's Oak Academy
Aspens Services Limited - Lighthouse Schools Partnership
Aspens Services Limited - Longwell Green Primary School
Aspens Services Limited - Mangotsfield School
Aspens Services Limited - Minerva Academy
Aspens Services Limited - New Horizons Learning Centre
Aspens Services Limited - Staple Hill Primary School
Aspens Services Limited - Summerhill Academy
Aspens Services Limited - The Tynings School
Aspens Services Limited - Venturers Trust
Aspens Services Limited - Warmley Park Primary School
Ategi limited (South Gloucestershire Council)
BAM Construction UK Limited (Bristol City Council)
Bespoke Cleaning Services Limited - Castle School Education Trust
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
Churchill Contract Services Ltd - Westhaven School

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 - Newbridge Primary School
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 - Courtney Primary School
Edwards and Ward Ltd - Henleaze Academy
Edwards and Ward Ltd - Paulton Infant School
Edwards and Ward Ltd - St Keyna Primary School
Edwards and Ward Ltd - St Mark's C of E School (Bath)
Expedite Complete Business Solutions Ltd - Clevedon Learning Trust
Future Stars Club Limited (Bath & Wells MAT)
Glen Cleaning Company Limited - City of Bristol Council (2020)
Glen Cleaning Company Limited - Henleaze Junior Academy
Glen Cleaning Company Limited - Lighthouse Schools Partnership
Greenwich Leisure Ltd - Bath & North East Somerset Council
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)
Notaro Homecare Limited (North Somerset Council)
Prestige Cleaning & Maintenance Limited - Circadian Trust
Prestige Cleaning & Maintenance Limited - ELAN MAT
Purgo Supply Services Ltd - E-ACT
Purgo Supply Services Ltd - Gatehouse Green Learning Trust
Relyon Cleaning Services - Cotham Gardens Primary School
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
Suez Recycling And Recovery South Gloucestershire Ltd
Taylor Shaw - City of Bristol College
Taylor Shaw - Olympus Academy Trust
The Brandon Trust
Trowbridge Office Cleaning Services Ltd - Learn@MAT
Virgin Care Services Limited (Bath & North East Somerset Council)

Circadian Trust (South Gloucestershire Council)
Compass Contract Services (UK) Ltd - Bristol City Council

Compass Contract Services (UK) Ltd - Palladian Academy Trust

Weston Support Services Ltd (Extend Learning Academies Network)
Youth Connect (Bath & North East Somerset 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 Director of Finance 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.

Director of Finance responsibilities:

The Director of Finance 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 Director of Finance 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 Director of Finance 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 Director of Finance

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 2020.

Andy Rothery
Director of Finance (s.151 Officer)

14. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BATH & NORTH EAST SOMERSET COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS OF AVON PENSION FUND

Opinion

We have audited the financial statements of Avon Pension Fund (the 'Pension Fund') administered by Bath & North East Somerset Council (the 'Authority') for the year ended 31 March 2021 which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

• give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and of the amount and disposition at that date of the fund's assets and liabilities,

• have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and

• have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Financial Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

The responsibilities of the Chief Financial Officer with respect to going concern are described in the 'Responsibilities of the Authority, the Chief Financial Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Pension Fund Annual Report and the Statement of Accounts, other than the Pension Fund's financial statements, our auditor's report thereon, and our auditor's report on the Authority's and group's financial statements. Our opinion on the Pension Fund's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Pension Fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund's financial statements or our knowledge of the Pension Fund obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Pension Fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice (2020) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements and our knowledge of the Pension Fund, the other information published together with the Pension Fund's financial statements in the Statement of Accounts and the Pension Fund Annual Report for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

• we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

• we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

• we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;

• we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

• we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

Responsibilities of the Authority, the Chief Financial Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the accounts set out on page 138, the Authority 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. In this authority, that officer is the Chief Financial Officer. The Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Chief Financial Officer is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Pension Fund will no longer be provided.

The Corporate Audit Committee is Those Charged with Governance for the Pension Fund. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

• We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Public Service Pensions Act 2013, The Local government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

• We enquired of senior officers and the Corporate Audit Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

• We enquired of senior officers, internal audit and the Corporate Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

• We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and revenue and expenditure recognition. We determined that the principal risks were in relation to:

- The valuation of Level 3 Investments,
- Journals processed by senior finance officers, as we would not expect them to be involved in the normal day to day operations of the general ledger,
- Journals with a blank description, as this could indicate that there is not a legitimate reason for posting the journal.

• Our audit procedures involved:

  - evaluation of the design effectiveness of controls that the Chief Financial Officer has in place to prevent and detect fraud;
  - journal entry testing, with a focus on those that were large and unusual;

- challenging assumptions and judgements made by management in its significant accounting estimates in respect of level 2 and level 3 Investments and IAS 26 pensions liability valuations;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

• These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

• The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition,

• Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government pensions sector
- understanding of the legal and regulatory requirements specific to the Pension Fund including:
- the provisions of the applicable legislation
- guidance issued by CIPFA, LASAAC and SOLACE
- the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
- the Pension Fund’s operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Barber

Peter Barber, Key Audit Partner

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

Bristol

16 December 2021

15. SUMMARY OF FINANCIAL STATISTICS 2020-21

Year Ended 31 March	**2021**	**2020**	**2019**	**2018**	**2017**
Revenue Account	**£m**	**£m**	**£m**	**£m**	**£m**
Income					
Net Contributions	211.2	161.6	153.9	224.8	146.3
Investment Income	21.0	32.5	37.0	28.0	29.4
Net Cash Transfer	3.6	7.7	-0.7	0.7	-1.8
Total	235.8	201.8	190.2	253.5	173.9
Expenditure					
Pension & Benefits	183.2	181.2	171.9	163.0	159.8
Investment Management Expenses	19.4	26.9	19.3	23.1	21.4
Administration Costs	4.3	4.2	3.5	3.3	3.1
Total	206.9	212.3	194.7	189.4	184.3
Surplus for the Year	28.9	-10.5	-4.5	64.1	-10.4
Revaluation of Investments	808.0	-335.5	221.4	183.0	627.2
Change in Fund Value	836.9	-346.0	216.9	247.1	616.8
Total Fund Value	**5308.7**	**4471.8**	**4817.8**	**4600.9**	**4353.8**
	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

	£m
Equities	2,031
Bonds	-
Property	534
Alternatives	1,786
Infrastructure	514
Cash	119
Other	318
	5,302

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

	£m
Equities	2
Bonds	-
Property	13
Alternatives	6
Infrastructure	-
Cash	0
Other	0
	21

BUDGET v OUTTURN REPORT ON THE COSTS TO THE FUND	Budget 2021/22 £m	Budget 2020/21 £m	Actual 20/21 £m	Budget 2019/20 £m	Actual 2019/20 £m
Administrative Costs					
Management Costs	2,207	1,978	1,571	1,761	1,555
Administration and Processing	701	671	578	651	568
Service from Administrating Body	483	507	506	482	502
Fees and income	- 221	- 221	- 199	- 196	- 205
	3,170	2,935	2,456	2,698	2,420
Investment Management Expenses					
Fund Manager Base Fees	19,339	21,122	17,999	21,311	20,284
Custody & Transaction costs	44	67	44	-	37
	19,383	21,189	18,043	21,311	20,321
Oversight & Governance costs					
Management Costs	785	706	682	690	609
Specialist advice and Governance	1,528	1,201	1,294	1,518	1,349
Actuarial recharges	- 192	- 200	- 206	- 225	- 244
Audit fees	56	52	71	31	38
	2,177	1,759	1,841	2,014	1,752
	24,730	25,883	22,340	26,023	24,493

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

FUND CASH FLOW		FULL YEAR 2020/21 Forecast Per Service Plan	Out-turn
		£'000	£'000
Outflows			
Benefits	Pensions	(156,044)	(157,970)
	Lump sums	(30,777)	(24,399)
Administration costs		(10,420)	(9,479)
Total Outflows		**(197,241)**	**(191,848)**
Inflows			
Deficit recovery		48,888	49,179
Future service Contributions		141,638	161,177
Total Contributions		**190,526**	**210,356**
Net Cash Flow (excluding Investment Income and Transfers)		**- 6,715**	**18,508**
Net Transfers In & Out (budgetted as zero)		-	5,316
Investment income received as cash		7,000	(29,059)
Net Cash In-Flow (Out-Flow)		**285**	**(5,235)**

The actual cash flow to 31 March was an outflow of c£5.2m against a budgeted inflow of £0.3m for the same period. The difference was mainly due to future service rate contributions paid in advance deposited with the custodian and not drawn back throughout the year. This was partly due to greater than expected future service contributions received. The calculation for future service contributions for 21/22 has been updated to ensure a more accurate prediction next year.

Timeliness Analysis of Contributions Payments		
		£'000
Total Contributions due in year		211,176
Total contributions received late by:		£'000
	1 day	-
	2 days	3
	3 days	246
	Over 3 days	128
		376
	Percentage of contributions received late	0.18%

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

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 raised	Annual Payroll	% of payroll
	£000s	£000s	
2016/17	119	129,796	0.09%
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%

Avon Pension Fund participates in the National Fraud Initiative (NFI) which is a biennial data matching exercise administered by the Cabinet Office. Pension data was submitted through the web portal in 2020 and data match reports produced matching:-

• Active pensioners with Department of Works and Pensions (DWP) deceased records, to identify cases where we might be continuing to pay someone who has died;
• Pensioners with payroll records for public sector bodies to identify cases where pensions should be abated; and
• Pensioners receiving an enhanced injury pension with individuals receiving relevant state benefits to identify cases where they have failed to declare relevant state benefits that may remove or reduce entitlement to the enhanced pension.

During the 2020 exercise Match reports were reviewed and additional information sought as necessary. The reports identified 14 pensioners who had died where the Pensions Section had not been informed of their death and total overpayments amounted to £48,364.00. As at 31st August 2021 £16,889.00 had been recovered. None of the cases identified were suspected of fraud.

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 2020/21, which came into effect from the first Monday following the new tax year on 12 April 2021, was 0.5%. The full increase for the previous year 2019/20, which came into effect from 6 April 2020, was 1.7%.

Active Members - CARE Pension Accounts

Career average pensions that have been built up by active fund members since 1 April 2020, 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 2020/21, which came into effect from 1 April 2021 was 0.5%, with the full increase for the previous year 2019/20, which came into effect from 1 April 2020, being 1.7%.

The State Guaranteed Minimum Pension (GMP)

The Fund is not normally responsible for any increases to GMPs accrued before 6 April 1988 or any increases, above 3%, for GMPs accrued after 5 April 1988; these increases are usually paid by the State as part of the State Pension.

However, on 6th April 2016 the Government introduced a new Single State Pension and as a result there is no longer a second state pension and therefore contracting out ceased. As a consequence, HM Treasury introduced an interim solution to indexation of GMPs. The implications are that the Fund became responsible for paying the full pensions increase on all of the GMP for any scheme member who reached their State Pension Age (SPA) between 6th April 2016 and 5th December 2018 inclusive. This interim measure has further been extended to 5 April 2021.

In March 2021, the Government published its response to the consultation on Guaranteed Minimum Pension (GMP) Indexation in Public Service Pension Schemes (PSPS). The response concluded that the Government had decided to discount conversion as a long-term policy solution and make the interim solution the permanent solution for GMP indexation in PSPS. HMT has updated their direction under section 59A of the Social Security Pensions Act 1975, implementing the decision. The updated direction commenced on 6 April 2021 and applies in England, Scotland and Wales.

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

Corporate Bonds - Fixed interest securities and index-linked securities issued by companies registered either in the UK or overseas. They represent 'loans' to the companies which are repayable on a stated future date (for definitions of "fixed interest" and "index-linked" see 'Fixed Interest Government Securities' and 'Index-linked Government Securities'). In 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 - The Fund benchmark reflects the asset mix determined by the Fund. It is expressed in terms of asset proportions and market indices (e.g., 45% UK Equities invested in the FTSE-Actuaries All Share Index). On this basis a benchmark return can be calculated. The significance of this benchmark is that it represents "normal fund policy".

Guaranteed Minimum Pension - The LGPS guarantees to pay you a pension that is at least as high as you would have earned had you not been *contracted out* of the *State Earning Related Pension*

Scheme (SERPS) at any time between 6 April 1978 and 5 April 1997. This is called the *Guaranteed Minimum Pension (GMP).*

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

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

Indexed-Linked Government Securities - Investments in government stocks (UK and overseas) where both the annual interest payment and the capital sum repayable by the Government are adjusted to allow for inflation. Investments in government stocks 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 - Pooled Funds are funds which manage the investments of more than one investor on a collective basis. Each investor is allocated units in the fund which are revalued at regular intervals. Income from these investments is normally reinvested in the pooled fund automatically which increases the value of the units.

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

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

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

19. APPENDICES

Appendix A – Avon Pension Fund Pension Board Annual Report 2021

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

Appendix B - Terms of Reference for the Avon Pension Fund Committee and Investment Panel

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

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

Appendix C – Terms of Reference for the Local Pension Board

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

Appendix D - Governance Compliance Statement

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

Appendix E - Administration Strategy 2019

https://www.avonpensionfund.org.uk/sites/default/files/AS-20191106.pdf

Appendix F - Communications Policy Statement

https://www.avonpensionfund.org.uk/sites/default/files/Communications-Policy-Statement-20191119.pdf

Appendix G – Investment Strategy Statement

https://www.avonpensionfund.org.uk/sites/default/files/ISS-20200925.pdf

Appendix H - Funding Strategy Statement

https://www.avonpensionfund.org.uk/sites/default/files/FSS-20210416.pdf