

Avon Pension Fund – Representation Policy

Background

The Local Government Act 1972 allows local authorities wide discretion over Committee appointments and delegations and so the issue of representation on the Pensions Committee remains one for local democracy.

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, including representation.

The Scheme Advisory Board's Good Governance review phase 2 report published in November 2019 also made the recommendation that *"Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each party."*

The terms of reference and composition of the Pension Committee is also set out within Bath & North East Somerset's constitution
<https://democracy.bathnes.gov.uk/documents/s86453/Constitution.pdf>

Representation

The Fund aims to provide the opportunity for all stakeholders to be represented within the committee and Local Pension Board structures.

This policy sets out the Fund's approach to representation of scheme members and non-administering authority employers.

Pension 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.

Key stakeholders are represented as follows:

Unitary Authorities

Bath & North East Somerset Council nominates the Chair and Vice Chair of the Committee plus three further Councillors subject to the rules of political proportionality.

The other three unitary authorities within the Avon Pension Fund area (Bristol, South Gloucestershire & North Somerset) nominate a representative each.

Education Bodies

One representative nominated by Higher & Further education bodies and one nominated from Academy & Multi Academy Trust employers.

Parish Councils

One member is nominated by Parish Councils. This member is a non-voting member.

Trade Unions

Members (active, deferred and pensioner members) are represented by three trade union representatives from each of the main trade union bodies. One member will have voting rights. Voting rights are rotated between the three representatives each year.

Admission Bodies

Admission Bodies are currently not formally represented within the committee structure as it is difficult from a purely practical perspective to have meaningful representation from such a diverse group of employers.

All employing bodies are included in all consultation exercises that the Fund undertakes with its stakeholders.

There are arrangements in place for the public, including employing bodies and members of the Avon Pension Fund to make representations to the committee at the committee meetings.

Independent Members

Three independent members are appointed to the committee independent of the administering authority and other stakeholders to strengthen the independence of the governance process and to provide specialist knowledge of investments, funding and pensions administration.

The existing committee structure consists of:

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

All members of the committee are treated equally in terms of access to papers, meetings and training. Although some members do not have voting rights, they are given full opportunity to undertake training and contribute to the decision making process.

The representation of the Committee was last changed in 2019 and will be further reviewed on a regular basis or at least every 3 years.

Pension Board

In accordance with Section 5 of the Public Service Pensions Act 2013 and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended), the Fund has established its Local Pension Board. The role of the Board is to assist the administering authority with compliance with regulations, requirements of the Pension Regulator (TPR) and to ensure effective and efficient governance and administration of the Scheme.

The Board has an advisory role in assisting the Administering Authority by making recommendations about compliance, process and governance. The Board does not have a decision-making role with regard to strategy or policy nor will it ratify or challenge decisions made by the administering authority. Its role is to have oversight of the governance process for making decisions and agreeing policy and assisting the Avon Pension Fund Committee in improving its governance and administrative arrangements.

There will be up to seven Board members comprising three member representatives, three employer representatives and an Independent Chairperson.

Member representatives can be drawn from the membership and are not restricted to Trades Union representatives. Employer representatives should be representative of the employers within the scheme.

No officer or councillor of the administering authority who is responsible for the discharge of any function under the LGPS regulations can be a member of the Board.

In respect of the Chairperson the term independent means having no current employment, contractual, financial or other material interest in either the Council or any scheme employer in the Avon Pension Fund. The Chairperson can delegate to another Board member if unable to attend a meeting.

The Director of Financial Services, Assurance & One West will represent the Administering Authority as an independent support to the Board and oversee the operation of the Board to ensure it is achieving its terms of reference. They can make recommendations on any changes to Board membership or the terms of reference of the board to Council on an annual basis.

All member and employer representatives have voting rights. The independent chair is a non-voting member.

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