



MEETING of Yate Town Council's Finance and Governance Committee

Wednesday 20 July 2022

You are invited to attend a Meeting of the **FINANCE AND GOVERNANCE COMMITTEE** of **Yate Town Council** to be held at Poole Court on **TUESDAY 26th July 2022** between 7.000pm - 9.00pm for the purpose of transacting the business set out in the Agenda below.

Hayley Townsend
Town Clerk

Agenda

In the exercise of Council functions, Members are reminded that the Council has a general duty to consider Crime & Disorder, Health & Safety, Human Rights and the need to conserve biodiversity. The Council also has a duty to tackle discrimination, provide equality of opportunity for all and foster good relations in the course of developing policies and delivering services under the public sector Equality Duty and Equality Act 2010.

In the event of a fire alarm or other emergency (signalled by a continuously ringing bell), please exit the Council Chamber and leave the building through the nearest fire exit or safest evacuation route. Please meet by the flagpole in the car park. (NB: The nearest fire exit is located at the end of the corridor. (Exit the Council Chamber and turn right)).

1. To Elect Vice-Chair of the Finance & Governance Committee
2. Apologies for Absence
3. Declarations of Interest under the Localism Act 2011

Members who consider that they have an interest are asked to: (a) State the item number in which they have an interest, (b) The nature of the interest, (c) Whether the interest is a disclosable pecuniary interest, non-disclosable pecuniary interest or non-pecuniary interest.



4. Public Participation Session with Respect to Items on the Agenda
5.
 - a) To receive the Notes of the advisory meeting of members of the Finance and Governance Committee held on 14 June 2022, received at Full Council on 28 June 2022. (copy herewith).
 - b) To receive and approve the minutes of the meeting of members of the Finance and Governance Committee meeting held 30th March 2021. (copy herewith).
6. To consider the following Items on the Clerk's Report:
 - 1 Items for Consideration from the Meeting of Members of the Environment and Community Committee held on 19 July 2022**
 - 2 Sealing and Signing of Town Council Documents**
 - 2/1 Documents for Signing/Sealing
 - 2/2 Urgent Documents for Signing/Sealing
 - 3 Accounts/Finance**
 - 3/1 Accounts for Payment
 - 3/2 Bank Reconciliations
 - 3/3 Banking Arrangements
 - 3/4 Direct Debits & Standing Orders
 - 4 Premises**
 - 4/1 Bookings
 - 4/2 Leases
 - 5 Sub-Committee Reports**
 - 5/1 Grants and Finance Sub-Committee
 - 5/2 IT – Website Review Sub-Committee
 - 5/3 Priorities and Strategy Scrutiny Working Group
 - 5/4 Staffing and Governance Sub-Committee
 - (a) Staffing



(b) External Audit

6 Town Council Representatives on Outside Bodies which report to the Finance & Governance Committee

- 6/1 ALCA Regional Committee
- 6/2 NALC Larger Councils' Group

7 Consultations

- 7/1 Current Consultations
- 7/2 Consultation Responses
- 7/3 Urgent Consultations

8 Items for discussion

- 8/1 Accounts and Finance
 - (a) Grants 2022/2023 recommendations
 - (b) Income and Expenditure Report to 30 June 2022
- 8/2 Civic Regalia and Robe
- 8/3 Civility and Respect Pledge
- 8/4 Freedom of the Town award

9 Confidential Items

- 9/1 Confidentiality Confirmation

To **RESOLVE** to enter confidential session if required. *In view of the confidential nature of the business to be transacted, pursuant to the Public Bodies (Admission to Meetings) Act 1960 etc, it is advisable in the public interest that if a confidential session is required, any members of the press or public present be excluded, and they be instructed to withdraw.*

- 9/2 Staffing and Governance Sub-Committee – Confidential Items

- 9/3 To **RESOLVE** to return to public session

10 Consideration of Impact of Decisions on Climate and Waste

Yate Town Council Meeting of the Finance and Governance Committee 26th July 2022

Clerk's Report

Item 1. Items for Consideration from the Meeting of Members of the Environment and Community Committee held on 19 July 2022

To receive recommendations from the meeting of the Environment and Community Committee held on 19 July 2022;

- Yate Ageing Better Health and Wellbeing Sub Committee.
To receive recommendation in respect of Wellbeing Hub proposal from 'Together in One Accord'. (to be circulated)

Item 2. Sealing and Signing of Town Council Documents

2/1 Documents for Signing/Sealing

To **NOTE** that the following documents have been signed or sealed and signed:

- Terms of Engagement for Solicitors to deal with Autumn Brook Service agreement;
- 12 month Kingsgate Park Site Permit for the operation of Ice Cream Van vendor from 1 July 2022 to 30 June 2023 for £8,188;
- 6 month E-Bike hire agreement with Sustainable Travel Solutions Ltd commencing 12 April to 11 October;
- Hanson account application for purchase of materials.

2/2 Urgent Documents for Signing/Sealing

To **RECEIVE** any urgent documents for signature/sealing.

Item 3. Accounts/Finance

3/1 Accounts for Payment

To receive and **NOTE** the accounts for payment previously authorised in line with the Financial Regulations. (Appendix 1)

3/2 Bank Reconciliations

To **NOTE** bank reconciliations to 30 June 2022 have been viewed and agreed by Councillor Ben Nutland.

3/3 Banking Arrangements

To receive and **NOTE** the Public Sector Deposit Fund factsheet as of 30 June 2022 regarding our investment with CCLA. (Appendix 2)

3/4 Direct Debits & Standing Orders

To **NOTE** there has been no additional Direct Debits and Standing Orders set up since an update received on 14 June 2022.

Item 4. Premises

4/1 Bookings

To **NOTE** the following update:

- A new regular hire at the YMCA commenced in June. The group for adults with learning difficulties are currently meeting during the day on Wednesday and Thursday each week having previously been meeting at the Ridgewood Centre in Yate.
- The Yate Army Cadets have booked the YMCA on Wednesday evenings throughout July and August whilst their cadet centre in Yate undergoes repairs.
- Ukrainian Support Group sessions organised by The Care Forum and grant funded by Yate Town Council have been taking place in the Pop Inn Café since the end of June and throughout July.

4/2 Leases

To **NOTE** the following update for the Poole Court leases:

- Officers have contacted MTM awards regarding the lease request for the Bad Salzdetfurth/Genieri Room, who have advised they are awaiting the completion of their CIC application. Once their registration is complete, they will advise Yate Town Council to proceed with the lease agreement.

Item 5. Sub Committees and Working Groups

5/1 Grants & Finance Sub-Committee

To receive and **NOTE** the minutes of the Grants and Finance Sub-Committee meeting that took place on 6 July 2022 (Appendix 3). Recommendations for allocation of grants 2022/2023 to be received under item 8 Items for discussion.

5/2 IT - Website Review Sub-Committee

To **NOTE** comments from the website provider have been shared with members of the Website Review Sub Committee in respect of the secure area on the website. A meeting is to be arranged of the Sub-Committee to provide feedback to the website provider.

5/3 Priorities and Strategy Scrutiny Working Group

To receive the minutes of the Priorities and Strategy Scrutiny Working Group meeting held on 15th July 2022 (Appendix 4)

5/4 Staffing and Governance Sub-Committee

a) Staffing

To be advised that:

- Following the Estates and Community Projects staffing review:
 - o As from 1st August:
 - Leah Collier – Community Projects Manager;
 - Lori Ramsay – Community Projects Officer;
 - Phil Jones – Estates Manager;
 - Tom Edge – Estates Lead;
 - To receive a staffing update under confidential session
- Delegated powers were put in place for the review of the role and grade of the Armadillo Youth Officer and Youth Coordinators. In consultation with the Staffing and Governance Sub-Committee (confidential appendix 5) it has been agreed to:
 - Restructure and recruit to Senior Youth Coordinator (37 hours, Hay 8) and Youth Coordinator (16 hours p/w, Hay 9) roles;
 - Proceed with additional Venue Assistant hours (16 p/w based on savings resulting from review of Youth Coordinator hours during the vacancy review);
 - To consult with venue operations staff on changes to job descriptions and structure;
 - Introduce a call out system, on broadly the same terms as the estates call out rota (subject to HR advice) to enable operation of the Armadillo, particularly needed during absences and whilst we will be short-staffed when existing youth management

- postholders leave. (NB: we lose the Coordinator role in mid-August and the Youth Officer role at end September 2022);
- Close the Armadillo week commencing 30th August onwards (29th is bank holiday Monday) due to staff shortages and to use the time for training and team building purposes.

b) External Audit

To NOTE:

- The external audit documentation was submitted to PKF Littlejohn on 29 June 2022 with a request for the completed audit to be returned by 30 August 2022 so that it can be received by Full Council in September 2022;
- The Confirmation of the Dates of the Period for the Exercise of Public Rights has been displayed on the notice board at Poole Court and on the Yate Town Council website commencing 29 June 2022 ending 10 August 2022.

Item 6. Town Council Outside Bodies Which Report to the Finance and Governance Committee

6/1 ALCA Regional Committee

To **NOTE** the draft draft minutes of the ALCA Regional Committee Meeting held on 6th June 2022 were circulated on 18th July 2022.

The next meeting is scheduled to take place early September.

6/2 NALC Larger Councils' Group

The next meeting of the Larger Councils Group will take place on 26th July 2022 at 11.00am via zoom.

Item 7. Consultations

7/1 Current Consultations

To receive and **NOTE** the correspondence from Avon Pension Fund regarding the draft Funding Strategy Statement. (Appendix 6) Feedback on three key areas has been requested by 24 August 2022:

1. The appropriateness of the assumptions and in particular those that relate to you (e.g. the pay increases you expect to award over the next few years), particularly in light of the high inflation being seen at this time.

2. Comments in relation to the affordability of contributions and in particular whether there is any particular year over 2023/2026 which will be more challenging. This will help us form a view on any further flexibility required.
3. Is the level of detail sufficient and do you need anything further in terms of information / meetings etc. to understand the content and implications of the FSS?

7/2 Consultation Responses

To **NOTE** no consultations responses to report.

7/3 Urgent Consultations

To receive any urgent consultations.

Item 8. Items for Discussion

To **NOTE** to enable focus of the meeting, items for discussion within the Clerk's Report have been collated under item 8 for consideration.

8/1 Accounts / Finance

a) Grants 2022/2023 recommendations

To receive and consider the recommendations from the meeting of members of the Grants and Finance Sub-Committee for grant funding for 2022/2023. (See Appendix 3)

b) Income and Expenditure Report to 30 June 2022

To receive and consider income and expenditure report to 30 June 2022, which will be presented to the next Full Council meeting (Appendix 7)

8/2 Civic Regalia and Robe

To receive a report regarding the current Civic Regalia and Robe and consider recommendations within. (Appendix 8)

8/3 Civility and Respect Pledge

To receive and consider the report and recommendation held within, regarding the new Civility and Respect Pledge that is being introduced to the local council sector. (Appendix 9)

8/4 Freedom of the Town Award

Members to consider the recommendation of introducing a "Freedom of the Town"

award that could be presented to long serving members and/or community stalwarts. Clerks and Councils Direct provide Scrolls with a variety of designs and wording templates at a cost of £85 +VAT + £5.50 P&P

If agreed, members to advise the criteria/eligibility for receiving these awards, (eg, the length of service required to be considered). Furthermore, if these awards are to be retrospectively awarded or if there is a defined commencement date.

Item 9. Confidential Items

That in view of the confidential nature of the business about to be transacted, pursuant to the Public Bodies (Admission to Meetings) Act 1960, it is advisable in the public interest that any members of the press or public present be excluded and they be instructed to withdraw.

9/1 Confidentiality Confirmation

To **RESOLVE** to enter confidential session if required: *That in view of the confidential nature of the business about to be transacted, pursuant to the Public Bodies (Admission to Meetings) Act 1960, it is advisable in the public interest that any members of the press or public present be excluded and they be instructed to withdraw.*

9/2 Staffing and Governance Sub-Committee – Confidential Items

To receive a staffing update. To be circulated
To receive confidential Appendix 5

9/3 To **RESOLVE** to return to public session.

Item 10. Consideration of Impact of Decisions on Climate and Waste

To consider if there are any impacts on climate and waste following decisions taken by the committee during the meeting.

Payments made between 1st and 30th June 2022

Date Paid	Payee Name	Transaction Detail	Total
13/05/2022	Hancocks World of Sweets	Kitchen stock for resale	£ 303.73
17/05/2022	Lenovo technology	IT Equipment	£ 279.98
17/05/2022	Amazon	Welcome Back Grant - Jubilee Events Materials	£ 129.90
17/05/2022	Amazon	Welcome Back Grant - Jubilee Events Materials	£ 64.95
17/05/2022	Amazon	Torches for Events	£ 41.99
17/05/2022	FatBat UK	IT Equipment	£ 49.80
18/05/2022	Amazon	IT Equipment	£ 53.47
18/05/2022	Amazon	Wildlife Camera/Rechargeable Batteries	£ 209.97
20/05/2022	Amazon	Garden Composter	£ 57.95
25/05/2022	Amazon	IT Equipment	£ 104.99
27/05/2022	Hancocks World of Sweets	Kitchen stock for resale	£ 477.84
27/05/2022	Amazon	Furniture Armadillo	£ 329.98
28/05/2022	Instantprint	Poster Printing	£ 216.64
01/06/2022	CNH Industrial	Estates Vehicle Lease Payment	£ 1,171.91
01/06/2022	Disclosure and Barring Service	DBS Check for staff	£ 13.00
06/06/2022	Credit Card Account	Bank Transfer	£ 532.62
06/06/2022	Disclosure and Barring Service	DBS Check for staff	£ 25.00
06/06/2022	ProfitReach	Website Support	£ 98.40
07/06/2022	Avon Fencing 2000	Fencing Works Kingsgate Park	£ 7,680.00
07/06/2022	Avon Local Councils Association	Councillor Training	£ 40.00
07/06/2022	Avon Local Councils Association	Councillor Training	£ 40.00
07/06/2022	Avon Local Councils Association	Councillor Training	£ 40.00
07/06/2022	Avon Sports Ground Maint Co.	Bowling Green Maintenance Contract	£ 630.00
07/06/2022	Avon Sports Ground Maint Co.	Bowling Green Materials	£ 200.64
07/06/2022	Bank Current Account	Bank Transfer	£ 3,000.00
07/06/2022	Bank Current Account	Bank Transfer	£ 128,017.81
07/06/2022	Beacon Cleaning Services	Cleaning Materials	£ 479.84
07/06/2022	Bristol Gas & Heating Ltd	Gas Water Heater Works	£ 577.50
07/06/2022	BWS Security	Fire alarm maintenance	£ 443.51
07/06/2022	BWS Security	Building Security Maintenance Agreement	£ 845.46
07/06/2022	Ford Fuel Oils	Fuel Town Council Vehicles	£ 1,416.01
07/06/2022	Horders	Electrical Works Parish Hall	£ 90.00
07/06/2022	Horders	PAT/Emergency Light Testing	£ 1,957.48
07/06/2022	LBS Horticulture	Planting materials	£ 43.67
07/06/2022	Lawrence Tree Services	H&S Works at Kingsgate Park	£ 900.00
07/06/2022	Murray Hire Ltd	Hire of Estates Equipment	£ 27.00
07/06/2022	Murray Hire Ltd	Estates Equipment Maintenance/Repair.	£ 47.94
07/06/2022	Murray Hire Ltd	Hire of Estates Equipment	£ 196.68
07/06/2022	Murray Hire Ltd	Hire of Estates Equipment	£ 42.00
07/06/2022	Nationwide investment	Bank Transfer	£ 100,000.00
07/06/2022	Raycox Turf Ltd	Topsoil/planting materials	£ 126.00
07/06/2022	Raycox Turf Ltd	Topsoil/planting materials	£ 402.00
07/06/2022	Society of Local Council Clerk	Staff Training	£ 144.00
07/06/2022	South Gloucestershire Council	Estates Vehicles maintenance	£ 449.39
07/06/2022	South Gloucestershire Council	Recruitment pre screening	£ 10.80
07/06/2022	South Gloucestershire Council	Telephone charges 20/21	£ 2,561.11
07/06/2022	South Gloucestershire Council	Telephone charges 21/22	£ 2,361.43
07/06/2022	South Gloucestershire Council	Quarterly Localism Charge	£ 8,093.38
07/06/2022	South Gloucestershire Council	IT Support	£ 611.81
07/06/2022	Totally Branded	Yate Ageing Better Festival bags	£ 570.00
07/06/2022	Virgin Media Payments Ltd	Broadband charges	£ 56.40
07/06/2022	Yate Supplies	Cleaning Materials	£ 85.22
08/06/2022	Amazon	Kitchen stock for resale	£ 38.98
08/06/2022	Amazon	IT Equipment	£ 104.85
08/06/2022	Bank Current Account	Bank Transfer	£ 4,437.15

08/06/2022	Barclays	Bank Charges	£	118.80
08/06/2022	Barclays	Bank Charges	£	8.50
08/06/2022	South Glos Council	Business Rates Heritage	£	66.00
08/06/2022	South Glos Council	Business Rates Poole Court	£	2,345.00
08/06/2022	South Glos Council	Business Rates YMCA	£	124.00
08/06/2022	Amazon	Furniture Armadillo	£	104.85
09/06/2022	Myhrtoolkit Limited	IT Software Subscription	£	118.80
09/06/2022	South Glos Council	Business Rates Armadillo	£	1,859.00
10/06/2022	Disclosure and Barring Service	DBS Check for staff	£	25.00
10/06/2022	Imprest Account	Bank Transfer	£	1,687.26
13/06/2022	Disclosure and Barring Service	DBS Check for staff	£	25.00
13/06/2022	Disclosure and Barring Service	DBS Check for staff	£	25.00
13/06/2022	Disclosure and Barring Service	DBS Check for staff	£	25.00
13/06/2022	Lex Autolease Ltd	Estates Vehicle Lease Payment	£	249.74
13/06/2022	Lex Autolease Ltd	Road Fund Licence Re charge	£	38.40
13/06/2022	Petty Cash	Petty Cash Top Up	£	239.66
13/06/2022	Petty Cash	Petty Cash Top Up	£	102.49
14/06/2022	Bank Current Account	Bank Transfer	£	9,144.39
14/06/2022	Beacon Cleaning Services	Cleaning Town Council Properties	£	369.79
14/06/2022	Beacon Cleaning Services	Cleaning Town Council Properties	£	175.68
14/06/2022	Beacon Cleaning Services	Cleaning Town Council Properties	£	238.22
14/06/2022	Beacon Cleaning Services	Cleaning Town Council Properties	£	213.94
14/06/2022	Black Dog of Wells	Repairs to Town Council mural	£	630.00
14/06/2022	Brake Bros Ltd	Kitchen stock for resale	£	52.56
14/06/2022	CPRE	Annual membership	£	36.00
14/06/2022	Fuelgenie Business Accounts	Fuel Town Council Vehicles	£	386.52
14/06/2022	H2O Window Cleaning Services	Window Cleaning Services	£	90.00
14/06/2022	Murray Hire Ltd	Estates maintenance equipment/materials	£	144.00
14/06/2022	One Stop Cleaning Shop	Cleaning Materials	£	133.86
14/06/2022	P G RUSSELL AGRICULTURAL/GARD	Works to Tylers Field	£	1,680.00
14/06/2022	Reflex Medical	Defib parts	£	295.56
14/06/2022	Reflex Medical	Defib parts	£	98.52
14/06/2022	SHB Hire Ltd	Estates Vehicle Lease Payment	£	437.10
14/06/2022	SJ Woods Signwriter	Honours Board Updating	£	125.00
14/06/2022	South Gloucestershire Council	HR Support	£	387.00
14/06/2022	South Gloucestershire Council	Estates Vehicle maintenance/repairs	£	121.85
14/06/2022	The Bristol Pest Controller	Pest Control Brimsham Lake	£	180.00
14/06/2022	Virgin Media Payments Ltd	Wi fi charges	£	48.00
14/06/2022	Wild Wood Carving Ltd	Wood carvings	£	1,000.00
14/06/2022	WYBONE LIMITED	Memorial bench	£	736.19
14/06/2022	Yate Supplies	Cleaning Materials	£	66.24
15/06/2022	Amazon	Part for estates equipment	£	7.35
15/06/2022	Baker Ross Ltd	Kitchen stock for resale	£	105.60
16/06/2022	Morrisons	Staff refreshments	£	10.20
16/06/2022	Poundland	Frames for Climate Notices	£	20.00
17/06/2022	Avon Pension Fund	Monthly Pension Contributions	£	14,479.13
17/06/2022	Bank Current Account	Bank Transfer	£	14,353.60
20/06/2022	CNH Industrial Capital	Ransome Mower Lease Doc Fee	£	144.00
20/06/2022	South Glos Council	Business Rates Parish Hall	£	309.00
20/06/2022	South Glos Council	Business Rates Pop Inn Cafe	£	494.00
20/06/2022	South Glos Council	Business Rates Football	£	245.00
20/06/2022	South Glos Council	Business Rates Bowling		
21/06/2022	1st Office Equipment Ltd	Photocopier charges	£	817.37
21/06/2022	Bank Current Account	Bank Transfer	£	13,426.81
21/06/2022	Brake Bros Ltd	Kitchen stock for resale	£	67.10
21/06/2022	Bristol Gas & Heating Ltd	Heating system works/commissioning	£	295.00
21/06/2022	ELITE HYGIENE SERVICES LTD	Plumbing call out charge	£	300.00

21/06/2022	INITIAL Washroom Solutions	Hygiene Bins Town Council Properties	£	233.45
21/06/2022	Microsoft	IT Software Subscription	£	5,575.20
21/06/2022	Murray Hire Ltd	Hire of Estates Equipment	£	180.00
21/06/2022	PAB Services	Maintenance/Repair Kitchen Equipment	£	264.00
21/06/2022	Re-Energize	Event Management fees	£	581.00
21/06/2022	STANNAH LIFT SERVICES	Lift Servicing Armadillo	£	296.09
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	6.95
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	62.55
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	17.60
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	29.00
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	16.00
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	29.50
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	28.45
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	10.00
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	87.98
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	38.43
21/06/2022	Trade UK	Estates maintenance equipment/materials	£	17.59
21/06/2022	Virgin Media Payments Ltd	Telephone charges	£	39.85
21/06/2022	Virgin Media Payments Ltd	Broadband charges	£	56.40
21/06/2022	West Mercia Energy	Gas/Electric Town Council Properties	£	3,553.88
22/06/2022	Bank Current Account	Bank Transfer	£	14,678.95
22/06/2022	Disclosure and Barring Service	DBS Check for staff	£	25.00
22/06/2022	HMRC	Monthly Tax/NI Contributions	£	14,460.42
22/06/2022	Petty Cash	Petty Cash Top Up	£	39.47
22/06/2022	Telefonica 02 UK Limited	Staff mobile phone contracts	£	218.53
23/06/2022	CNH Industrial	Estates Vehicle Lease Payments	£	1,171.91
23/06/2022	ProfitReach	Website Support	£	178.80
27/06/2022	Bank Current Account	Bank Transfer	£	4,694.66
27/06/2022	BS1 Fire & Security Ltd	Building Security Maintenance Agreement	£	309.60
27/06/2022	Horders	Electrical call out works	£	90.00
27/06/2022	J Hollister Hardware	Estates maintenance equipment/materials	£	240.08
27/06/2022	Motion Picture Licensing Co.	MPLC annual licence	£	250.69
27/06/2022	P G RUSSELL AGRICULTURAL/GARD	Grass cutting and bales of hay	£	534.00
27/06/2022	SEVERN AMBULANCE & MEDICAL SER	First Aid Cover Beacon Event	£	130.00
27/06/2022	Society of Local Council Clerk	Staff Training	£	42.00
27/06/2022	Society of Local Council Clerk	Staff Training	£	42.00
27/06/2022	South Gloucestershire Council	Estates Vehicle Maintenance agreement	£	449.39
27/06/2022	South Gloucestershire Council	Repairs to bin	£	172.80
27/06/2022	Topweld	Welding repair works	£	828.00
27/06/2022	Trade UK	Estates maintenance equipment/materials	£	18.00
27/06/2022	Trade UK	Estates maintenance equipment/materials	£	35.58
27/06/2022	Trade UK	Estates maintenance equipment/materials	£	8.96
27/06/2022	Trade UK	Estates maintenance equipment/materials	£	7.16
27/06/2022	Trade UK	Estates maintenance equipment/materials	£	14.22
27/06/2022	Trade UK	Estates maintenance equipment/materials	£	5.50
27/06/2022	Trade UK	Planting materials	£	47.00
27/06/2022	Trade UK	Estates maintenance equipment/materials	£	11.26
27/06/2022	Verde Recreo Ltd	All Weather Surface Maintenance	£	446.26
27/06/2022	Virgin Media Payments Ltd	Broadband charges	£	56.40
30/06/2022	Bank Current Account	Bank Transfer	£	48,875.22
30/06/2022	Petty Cash	Petty Cash Top Up	£	365.72
30/06/2022	Petty Cash	Petty Cash Top Up	£	137.00
30/06/2022	Salaries June 22	Salaries June 22	£	49,717.32

The Public Sector Deposit Fund

UK domiciled short-term LVNAV Qualifying Money Market Fund rated AA+mmf
Fact Sheet – 30 June 2022

Investment objective

To maximise the current income consistent with the preservation of principal and liquidity.

Investment policy

The Fund will be invested in a diversified portfolio of high quality sterling denominated deposits and instruments. All investments at the time of purchase will have the highest short term credit rating or an equivalent and correspondingly strong long term rating.

The weighted average maturity of the investments will not exceed 60 days. The Fund will not invest in derivatives or other collective investment schemes.

Target investors

The Fund is designed for local authorities and public sector investors seeking a high level of capital security and a competitive rate of interest for their short-term investments.

Who can invest?

Any public sector organisation can invest in the Fund.

Responsible investment policy

We monitor our counterparties' environmental, social and governance risk management on a regular basis. Our research utilises external data resources and our in-house Ethical and Responsible Investment Team.

Key risks

Investors should consider the following risk factors before investing: Issuer/Credit Risk (issuer/financial institution may not pay), Market Risk (investment value affected by market conditions), Operational Risk (general operational risks), Maturity Profile (timings of investment maturity), Liquidity Risk (investment in non-readily realisable assets), Concentration Risk (need for diversification and suitability of investment) and Interest Rate Risk (changes to interest rate affecting income). Please see the Fund Prospectus for further details.

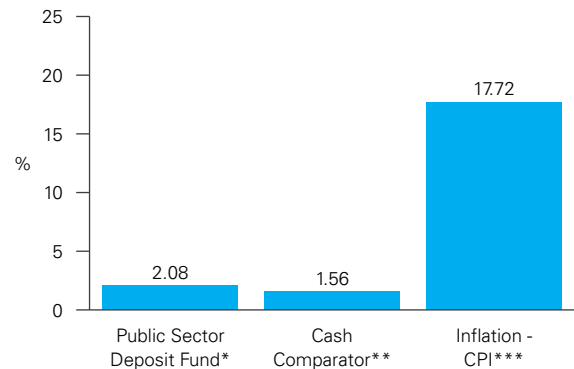
Top 10 counterparty exposures (%)

9.9%	Bank of Montreal
9.9%	Landesbank Baden-Wuerttemberg
7.9%	Yorkshire Building Society
6.7%	DBS Bank Limited
4.3%	BNP Paribas
4.3%	Deutsche Zentral-Genossenschaftsbank (DZ Bank AG)
4.3%	Handelsbanken plc
4.3%	Nordea Bank AB
4.3%	SMBC Bank International plc
3.8%	ABN Amro Bank N.V.

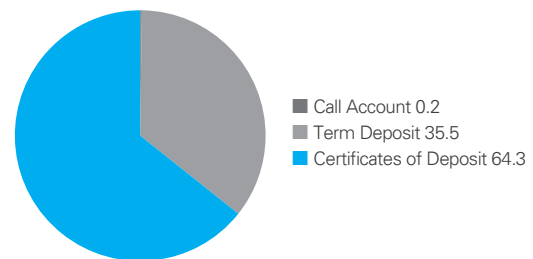
Share class 4 yield as at 30 June 2022

1.0384%

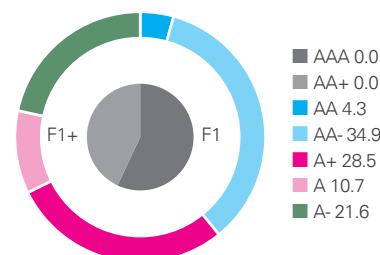
5 years cumulative performance



Asset type (%)



Credit rating† (%)



Top 10 country exposures (%)

22.2%	United Kingdom
18.0%	Germany
14.8%	Canada
9.5%	France
8.1%	Japan
6.7%	Singapore
4.8%	Netherlands
4.8%	Sweden
4.3%	Finland
2.4%	Norway

*Source: CCLA - Net performance shown after management fees and other expenses with gross income reinvested. The yield on the Fund will fluctuate and past performance is not a reliable indicator of future results. **Comparator Benchmark - Sterling Overnight Index Average (SONIA) from 1 January 2021. Prior to that, the comparator benchmark was the 7-Day Sterling London Interbank Bid Rate (7-Day LIBID). ***Consumer Price Index (CPI) is lagged one month. †Using Fitch Ratings methodology.

Income - period to end June

Average yield over the month	0.9574%
Yield at the month end	1.0384%

Discrete year total return performance

	2022	2021	2020	2019	2018
12 months to 30 June					
The Public Sector Deposit Fund	+0.30%	+0.07%	+0.62%	+0.72%	+0.35%
Comparator Benchmark	+0.35%	-0.02%	+0.37%	+0.57%	+0.28%
Relative	-0.05%	+0.09%	+0.25%	+0.15%	+0.07%

Annualised total return performance

	1 year	3 years	5 years
Performance to 30 June			
The Public Sector Deposit Fund	+0.30%	+0.33%	+0.41%
Comparator Benchmark	+0.35%	+0.23%	+0.31%
Relative	-0.05%	+0.10%	+0.10%

Net performance shown after management fees and other expenses with gross income reinvested. Comparator Benchmark - SONIA from 1 January 2021. Prior to that, the comparator benchmark was 7-Day LIBID. Past performance is not a reliable indicator of future results. Source: CCLA

Market update

Inflation data continued to cause concern in most major economies. The UK's consumer price index hit another 40-year high as the ONS's latest release showed that prices had risen 9.1% year on year, a slight increase from the 9.0% reported the previous month but in line with estimates. The Bank of England once again raised its forecast for the peak of inflation, expected in late 2022, to above 11%. The seemingly relentless rise in inflation weighed on consumer confidence, which is a key driver of economic activity. The latest data on the UK manufacturing sector, for example, indicated the worst outlook since June 2020, with the consumer goods sector being worst affected as household belt-tightening depresses demand for less essential products. Despite the evidence of economic slowdown, the Bank of England's Monetary Policy Committee, raised the UK policy rate by a further 0.25% to 1.25%. Unemployment levels are presently close to historic lows at 3.8%, however there are early signs that this market is starting to cool. In the last two months, the pace of job growth has been around three times the pre-pandemic average. The level of vacancies remains elevated. These rose to 1.3 million in May, another record high. The unemployment rate was a little higher than expected, climbing to 3.8% in February-April from 3.7% in the three months to March. That mostly reflected a stronger rebound in participation.

Key facts

Fund size	£1,050m
Credit quality and sensitivity rating by Fitch	AAAmf
Weighted average maturity (Maximum 60 days)	41.10 days
Launch date	May 2011
Minimum initial investment	£25,000.00
Minimum subsequent investment	£5,000.00
Dealing day	Each business day*
Withdrawals	On demand
Domicile	United Kingdom
ISIN Share Class 4	GB00B3LDFH01
Interest payment dates	End of each month
Ongoing charges figure (OCF)**	0.08%***

*Dealing instructions (including cleared funds for purchases) must be received by 11.30 am. **The OCF is based on the annual management charge ("AMC") but excludes portfolio transaction costs. The AMC for the Fund is 0.10% and is inclusive of all other costs and expenses of operating and administering the Fund such as depositary, custody, audit and regulatory fees. The AMC was reduced to 0.08% on a temporary basis in November 2015 to improve the income distribution, due to low interest rates. In May 2021, the AMC was temporarily reduced further to 0.06%. ***With effect from 1 April 2022 and until further notice, the AMC applied to the Fund reverted to the previously discounted rate of 0.08%.

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Risk warning and disclosures

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**MINUTES OF GRANTS AND FINANCE SUB COMMITTEE MEEING HELD
ON WEDNESDAY 6th JULY 2022 FROM 7.00PM – 8.00PM AT POOLE
COURT**

Present

Councillors Mike Drew, John Ford, Cheryl Kirby and Ray Perry.

Finance Manager (RFO) and Deputy RFO.

Minute 1. Election of Chair of the Grants and Finance Sub Committee

RESOLVED Councillor Mike Drew be elected Chair of the Grants and Finance Sub-Committee.

Minute 2. Apologies for Absence

Apologies for absence were received from Councillors John Gawn, Ben Nutland and Jane Price.

Minute 3. Members Declarations of Interest Under the Localism Act 2011

No Declarations of interest under the Localism Act 2011 were received.

Minute 4. Grant Applications 2022/2023

- (a) All grant applications were fully considered, and it was **RECOMMENDED** that grant payments contained in Appendix 1 be made.
- (b) The grants already awarded in the 2022/2023 financial year as listed on Appendix 1 were **NOTED**.
- (c) Members of the Grants and Finance Sub-Committee reviewed the Yate Town Council grant application form for use in 2023 and **RESOLVED** that no amendments are required to the form.

Minute 5. Insurance

- (a) Members of the Grants and Finance Sub-Committee reviewed the council's current insurance provision and policy document and **RESOLVED** that no amendment is required.

- (b) It was **RESOLVED** that a meeting of Grants and Finance Sub-Committee be held to consider the current insurance cover prior to going out to tender for a new insurance agreement April 2023. The date is to be set once a property valuation has taken place and a proposed indicative insurance schedule has been produced following a review of our current asset list and register of interests.

Minute 6. Valuation

It was **NOTED** in line with our insurance agreement timeline and our Lettings and Pricing policy, the RFO will be instructing a property valuation later this year to obtain the reinstatement values needed for the Town Council's insurance tender and to ensure that our pricing structure is correct and fair during the next price review.

Minute 7. Date of next meeting

The next meeting to be arranged as required.

Appendix 1 to appendix 3

Group Name	registered charity no.	Grant awarded 2019/2020	Grant awarded 2020/21 (Covid Battle Fund year)	Grant awarded 2021/2022	Grant requested 2022/2023	Recommended Grant award	What does your organisation do? (2. on grant form)	Briefly describe the project or purpose for which you require a grant and how the project or purpose will benefit the community or residents of Yate. (8. on grant form)	What is the identified need for your proposal (12. on grant form)	Approximately how many people do you expect to benefit from your project? (NB the population of yate is approximately 23k (9. on grant form)	
<i>Councils with the power of general competence may under section 137(3) contribute to the funds of charities in furtherance of their work in the United Kingdom and not for profit bodies operating in the UK.</i>											
Grants already awarded for noting						£9,500.00	Includes £1000 communities				
1	Yate Men Sheds	£2,432.25	£2,490.00	£2,517.00		£2,517.00	Already awarded to provide a grant equal to the lease rent, from the Grants Budget, subject to a three-year Service Level Agreement, tied to occupation of the premises;	Grant allowed for in the 22/23 budget cost centre 4508/512. Not general grant fund.			
2	Family Food 4 Free		£250.00	£1,683.60		£1,522.97	Family food 4 free	To offset charge for the use of the Randolph Room at Poole Court for community fridge. Total £3,926.90. £2403.93 from 2021/2022 grants budget and £1522.97 from 2022/2023 grant fund			
3	Yate Community Plan	£696.00	£607.10	£667.00		700 approx	For clerking meetings in 2022/2023 Financial year	Historic agreement in place to provide Financial Support. Members to note that this grant award will show as an overspend under the Yate Community Plan expenditure code 4596/512 for 2022/2023 financial year. Not general grant fund.			
4	Community Clean Up and Litter Picking	n/a	n/a	n/a		£688.00		Members advise the Clerk to proceed with the recommendation for Yate Town Council to fund the purchase of the litter picking equipment identified as most in need to the value of £687.92 from the grants budget. The equipment is then to be loaned by Yate Town Council, short or long term, to community groups that do not have the constitution to apply for a Yate Town Council Grant or the funds to cover the costs of the litter picking equipment themselves.			
Balance of 22/23 grant fund available						£7,289.03					
Grants to be considered on 6th July 2022											
1	Chipping Sodbury Cricket Club	CASC (Community Amateur Sports Club) Reg 02350	£0.00	£0.00	£0.00	Contribution towards project shortfall of £21,500	£0.00	Provision of cricket as a sport and associated social activities. Chipping Sodbury Cricket Club is the single provider of cricket within the BS37 post code, this is associated with social activities, the club also focuses highly on engaging outside of the club structure with the local community providing recreational, mental and social well being in an appropriate environment ,	Installation of double glazing, reduction of heat loss and more economical use of fuel, along with environmental benefits and supports all round usage for all. Replace calor gas bottles with larger gas tank, more economical unit cost of the gas particularly relevant with all year usage of clubhouse. A key cost factor in view of current pressure on energy prices. Increase the size of the patio creating a suitable accessible to all area that can also be used when cricket is not active. To create a more welcoming environment as well as safe areas, particularly when spectating all cricket activity. Patio furniture to support the above strategy and creating a pleasant environment. Demarcate the area by the construction of additional wooden fencing to create a safe and accessible viewing area. Digital display scoreboard linked to live scoring system. Match information can be accessed from anywhere. Improve the pathways around the clubhouse so they are safe for all users. Providing including disabled access to the ground and pavilion. Provide an external serving facility that provides refreshments for all users of the Ridings. Replace the existing shutters to improve security, protect the investment made.	The club has designed plans to further improve our space both internally and externally in area of the Ridings designated to the cricket club, creating a more welcoming environment to everyone, in addition the club is becoming a hub for local clubs, schools, societies and family celebrations to hold events in a pleasant situation which is now a regular occurrence. The club uses the strapline "the best drinks garden in Chipping Sodbury" as a demonstration of the value we are adding to the local community.	In Yate Parish 155. Outside Yate Parish 63

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2	Civil Service Retirement Fellowship	255465	£200.00	£0.00	£0.00	£200.00	£200.00	A group of elderly people who meet 9 times a year and have various speakers, also have speakers and two annual trips.	The CSRF are a small club that became even smaller after lockdown. We have advertised in the past but with little response but we will advertise in the Boundary Magazine. We all want to keep going but finding this difficult with rising charges for speakers and rent which are our main costs. We expect to make a loss on our only outing this year. Years ago we had 2 outings and always made a profit on both. We hope to continue for as long as possible but meantime we need financial help. We have a very small group which has now become even smaller after the pandemic, we are now struggling financially to cover costs including the cost of the hire of our regular bookings at the Parish Hall.	Since the coming of the U3A societies many clubs like ours have difficulties attracting new members so consequently financially we are suffering. We have put up the membership charges but our costs are rising.	In Yate Parish 17. Outside Yate Parish 1
3	Genieri Link RESUBMITTED BELOW	1057814	£97.20	£0.00	£182.00	£379.00	£0.00	On behalf of the town of Yate, we raise funds to continue the support of our linked community in The Gambia. We support the village Day Care Centre which cares for children aged 3-5 while their mothers work in the fields. We support a Community Garden (which is now almost self-sustaining) (1 Hectare) to grow vegetables. We support a small Primary Health Care Centre by paying a small salary to a Community Health Nurse	We have supported the Primary Healthcare Centre in Genieri with basic medicines for some years now, and on a recent visit it was realised that the healthcare centre has only a dirt floor, which cannot be washed or swept. This is clearly unhygienic, and treatment of patients is unsafe. I requested a quote for the proper tiling of the floor and I have received a quote from the Community Nurse, Mr Alimamey Susso, for digging out and levelling the floor, laying a proper concrete foundation, and then laying tiles in both the waiting area and in the treatment room.	The Primary Healthcare Centre in Genieri has only a dirt floor which means that in the dry season it is dusty and the slightest breeze will spread dust onto patients, the nurse and into the medicine store cupboards. Treatments are unhygienic. It cannot be swept as with time the floor level would sink lower and lower.	1000 poor families in the Gambian village of Genieri
	Genieri Link	1057814	£97.20	£0.00	£182.00	£324.00	£324.00	On behalf of the town of Yate, we raise funds to continue the support of our linked community in The Gambia. We support the village Day Care Centre which cares for children aged 3-5 while their mothers work in the fields. We support a Community Garden (which is now almost self-sustaining) (1 Hectare) to grow vegetables. We support a small Primary Health Care Centre by paying a small salary to a Community Health Nurse	We hold regular events throughout the year to raise awareness in Yate and surrounding areas, of the projects undertaken and the efforts made to assist a very poor community to become self-sustaining. We hold 2 'Taste of the Gambia' suppers during the year, and we request help for the hiring of venues and the provision of food for each occasion. On each occasion, an update on the progress of the projects in the village is given, to inform guests and spread information about another culture in another continent.	To raise awareness in Yate and surrounding areas, of the projects undertaken and the efforts made to assist a very poor community to become self-sustaining.	1000 poor families in the Gambian village of Genieri

Group Name	registered charity no.	Grant awarded 2019/2020	Grant awarded 2020/21 (Covid Battle Fund year)	Grant awarded 2021/2022	Grant requested 2022/2023	Recommended Grant award	What does your organisation do? (2. on grant form)	Briefly describe the project or purpose for which you require a grant and how the project or purpose will benefit the community or residents of Yate. (8. on grant form)	What is the identified need for your proposal (12. on grant form)	Approximately how many people do you expect to benefit from your project? (NB the population of yate is approximately 23k (9. on grant form)
4 Shopmobility	1107379	£0	£0	£250	£750	£500.00	We provide daily and longer-term hire of mobility scooters and wheelchairs for people with physical and hidden disabilities. We signpost and provide direct support to people and their carers to access appropriate services as and when required. We promote better access to public transport for people with disabilities. As a means of improving health & wellbeing	Shopmobility helps disabled people and their carers to live more independently and provide an opportunity to engage in the community and visit vital services and open spaces,	Our service reduces social isolation and pain or exhaustion associated with walking. We require £750.00 towards our rent that is £1500.00. We have submitted an application to Sodbury Town Council for the same amount.	In Yate Parish 45 Outside Yate Parish 95
5 Yate & District Oral History		£0	£0	£500	£678	£500.00	Provides resources in Poole Court allowing local the community to access local history archives	To permit the continued storage of the groups archive material for the benefit of local residents and to provide funding for the monthly meetings and the cost of public liability insurance. The Yate District Oral History Project was established 35 years ago and has provide a valuable service to local residents interested in furthering their historical knowledge of Yate. The group comprises approx 27 members, many of whom are eighty plus years old and recording of their lives and experiences have been instrumental in the success of the project. There are a large number of recorded interviews describing how things were in the past and in addition the group has published a number of books concerning the history of Yate which are available for sale to the general public through the Heritage Centre and the TIC. The Covid pandemic had a serious affect on the finances of the group and we were very grateful for the support provided to us in 2021 by YTC in the form of a grant. Due to that generosity the group has been able to continue and our finances are now in better shape. We believe it is also worthy of mentioning that members of the group are seldom able to interact with others of their years and so the meetings which we are now again holding regularly, are invaluable to providing a means of social interaction for the membership.	To enable the group's archives to continue to be available to residents of Yate and district. We are a non profit making group enhancing awareness of Yate's history.	In Yate Parish 1000 Outside Yate Parish 20+

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6	The Brightwell (West of England MS Therapy centre)	801155	£350	£0	£0	£500.00	£500.00	The Brightwell provides treatments, therapies and advice to people living with Multiple Sclerosis and other neurological conditions.	Sustainable Futures Project. We want to be able to continue providing therapeutic services to people with long-term neurological conditions. Due to the Coronavirus pandemic our income through fundraising and in-person events took a big hit. We are seeking funding to help us get back on our feet and to enable us to continue to provide much-needed therapy to our 262 regular service users. Pre-pandemic we had over 400 regular service users; as things open up we hope to return to similar figures. Our members suffer from conditions such as Multiple Sclerosis, Parkinson's, are recovering from strokes or brain injury. They also suffer from Fibromyalgia, chronic fatigue syndrome, long Covid and other neurological conditions. These conditions cause difficulty with day-to-day life and without the therapy offered at the centre they would have nowhere to turn. The members who are not registered disabled suffer significant obstacles to independent living because of their diagnosis. Unsubsidized therapy costs the centre £1,700 on average per person per annum	Pre-pandemic membership has grown year on year, demand for our oxygen therapy has meant that we now run up to five sessions a day. GP's, consultants and other health care professionals signpost our services. Last year we provided over 10,000 appointments & looked after over 200 people, plus their families and carers. Most of our service users are registered disabled, & our purpose-built Centre is fully accessible. Regular, lifelong person-centred care is not available on the NHS & elsewhere is financially out of reach to our service users. Oxygen Treatment reduces fatigue & pain and can help with bladder management & is a unique provision in the area. Counselling, talking, & holistic therapies reduce stress & anxiety for the person living with MS & for their families. Complementary therapies can help the body & mind stay healthy. Clinician run clinics such as spasticity, foot health & continence confidence are also highly valued by our community, as our advice & advocacy services. We also provide social activities & a friendly home from home.	In Yate Parish 5 Outside of Parish 257
7	Sight Support West of England	1178384	£0	£250	£0	£700.00	£700.00	Sight Support West of England aims to improve the quality of life for blind and partially sighted people	Our information, advice and guidance services are delivered by a team of Community Sight Loss Advisors who are based within the community, some of whom are registered blind themselves and have years of lived experience. The funding will be used towards the activities of the Community Sight Loss Advisor who will support people to thrive after sight loss. Alongside emotional support and guidance the team can advise and train people on the use of specialist equipment, and also provide training in other areas such as reading and writing, kitchen skills, getting out and about, and every day technology.	According to data from the RNIB there is estimated to be over 600 people living with sight loss in Yate. We are the only charity providing face-to-face support for sight loss in Yate.	60 In the Parish of Yate
8	1st Yate Scout Group	1196247	£0	£0	£0	£5,000.00	£500.00	1st Yate Scout Group promote development of young people to achieve their full physical, intellectual, social & spiritual potential as individuals & responsible citizens of the Community.	We have reached maximum capacity in all of our sections. In order to offer more places and to ensure safety during activities, we need to expand. Due to being on a flood plain we cannot extend out so looking to take a wall out to maximise space outside.	To expand our Hall to ensure safety during activities and to increase the number of young people we can have in the hall.	200 In the Yate Parish
9	Sew & Sew		£0	£0	£250	£315.00	£315.00	Sewing & companionship for Ladies	Help with room rental	The Ladies that attend are mainly Widows or Carers	20 in Yate Parish & 3 Outside Yate Parish
10	Ridgewood Community Association	1100458	£0	£0	£789	£2,500.00	£0.00	We run the Local Community Centre	Replacement boiler	The current boiler is very old & often breaks down. We are now finding it harder to get parts which leaves our Users cold & unhappy.	40 in Yate Parish & 6 Outside of Yate Parish

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11	The Care Forum	1053817	£0	£0	£0	£6,000.00	£0.00	The Care Forum is an independent voluntary and community sector organisation, celebrating over 20 years of achieving better outcomes for people using health and social care services. As part of this work we are currently working in a joint partnership supporting the guests from the Homes for Ukraine scheme.	As part of The Care Forum's partnership supporting the guests in the Homes for Ukraine scheme we are working with those who have recently moved to the South Gloucestershire area. Many of the new residents are residing in Yate and we are helping them to integrate into life in their local community. For this particular project we are asking for funding to offer the guests access to day trips to help support their integration into life in the UK. An example of an excursion we would like to invite the guests to is a day out to Westonbirt Arboretum. TCF have secured discounted tickets through Westonbirt's community access scheme and would like to secure funding to support transport to the venue. The idea is that by attending these trips the guests will be able to link up with peers, form friendships and get to experience life in the UK. We are working to identify complimentary tickets to local arts and cultural venues and would like to offer around 4 trips over the coming year, each linking in with cultural activities, particularly those connecting with nature to engage the benefits it holds for mental wellbeing. Many of the guests face barriers to experiencing and accessing events such as these.	We have identified the need for support in accessing activities to improve the integration of potentially isolated Ukrainian guests, newly resident in the UK. The nature of their move to the UK means that many of these individuals will be isolated linguistically, geographically and economically. Many of the guests have limited English and are experiencing barriers in engaging in their local communities. Alongside that, fleeing war and arriving in from a Non-EEA area is challenging, complex and traumatic. We feel that offering the chance to attend excursions with peers will go some way to providing opportunities for them to reflect on and share their past experience and the challenges of integrating into their future in the UK.	8 families (approx 20 people) In Yate Parish & Approx 60 people Outside Yate Parish.
12	Green Travel Community Travel Ltd	NO	£0	£0	£250	£1,166.00	£583.00	Community Transport, accessible, affordable transport for those that cannot access public transport.	Newsletters to all GCT passengers including 215 that are registered in Yate. This is something we started in lockdown and has been well received by passengers, we use these to promote the service and our trips as well as share useful information and fun things such as information about nature, seasonal recipes, quizzes and much more!	To promote and ensure inclusivity in our service, to reach those that may be socially isolated and/or lonely, post covid or may be anxious about travelling. Share useful information such as benefit advice from South Glos, information from Age UK and other groups that also benefit our passenger groups.	215 In Yate Parish various age groups
13	South Gloucestershire Playscheme	1194549	£0	£0	£1,000	£5,000.00	£1,000.00	We offer free play sessions to 5-11 year olds in 5 areas of South Gloucestershire, including Yate, over 4 weeks of the Summer holidays. Each area will have twenty, 4 hour sessions and every child attending will be provided with a free packed lunch.	We provide opportunities for children aged 5-11 to take part in fun play activities in a safe environment. By providing 12 free 4 hour play sessions in Yate where there is a high level of disadvantaged families who cannot afford activities for their children during the long holidays. We aim to reduce anti-social behaviour and promote self-esteem, equal opportunities and aspirations. Sessions will include team games, arts and crafts, and sports, whilst adhering to covid restrictions. We work towards maintaining a level of informal education through the use of themed weeks and working with activity providers, who come in to provide workshops for the children around the weeks theme. We will be having the library visiting our Yate location once a week to help the children attending playscheme to complete the summer reading challenge. Working to a ratio of 1:10 workers to children allows us to have up to 40 children per session. Reducing holiday hunger and financial strain on families (which has been made worse by Covid-19) by providing a free packed lunch to all children attending the play scheme. We will be working with schools and social services to reach out to families who are most in need of our playscheme.	Many parents who struggle financially find the long summer holiday an added strain and often cannot afford to take their children on holiday or for days out. This can lead to children getting bored and can cause tension in the family. The playscheme offers children the opportunity to participate in free fun activities in a secure environment. We have found that due to covid restrictions children's social, emotional and educational levels are behind where they should be. The playscheme provides informal education through the use of themed weeks and activity providers, whilst supporting social and emotional development. £5000 they can offer 4 days / 2000 will allow them to run for 3 days.	400+ In Yate Parish

Group Name	registered charity no.	Grant awarded 2019/2020	Grant awarded 2020/21 (Covid Battle Fund year)	Grant awarded 2021/2022	Grant requested 2022/2023	Recommended Grant award	What does your organisation do? (2. on grant form)	Briefly describe the project or purpose for which you require a grant and how the project or purpose will benefit the community or residents of Yate. (8. on grant form)	What is the identified need for your proposal (12. on grant form)	Approximately how many people do you expect to benefit from your project? (NB the population of yate is approximately 23k (9. on grant form))
14 Yate Community Bike Hub					£5,000.00	£1,500.00	The aims of Climate Action Yate and Chipping Sodbury are to support and develop community-led actions that have a positive effect on climate change, in particular by: a. Supporting local green energy production b. Working towards a zero carbon community c. Adapting to climate change d. Restoring nature e. Doubling tree cover f. Encouraging and supporting sustainable travel options for our community g. Providing information, engagement and advice. h. Generally doing such other things as are or may be considered by the Group to further the foregoing objectives.	The purpose of the grant will be to formally establish a community bike hub incorporating a refurbishment and donation scheme run by a volunteer-led workshop and supporting initiatives such as e-bike, cargo bike and equipment loans to support everyday cycling in Yate. The Climate Action Yate and Chipping Sodbury (CAYACS) action for 2022 is promoting green sustainable travel options in the area. While the furthest residential bounds of our town are only 4 miles wide north to south and east to west, mostly flat and very cyclable, the infrastructure and discourse on transport in our town is dominated by motor vehicles. ¾ of residents commute to work by car and 67% of visitors drive the short journey from residential areas to the town centre ¹ . It is clear status quo of many short journeys undertaken by personal motor vehicle is unsustainable on many fronts including the climate and air quality impact, noise pollution, physical and mental health and well being and independent mobility for all but especially the young, old and those without access to cars for personal mobility (30-40% in some Yate communities). With the average cost of a tank of fuel now standing at over £100, many more families are being priced out of car use and ownership reducing not only their mobility but also their social and economic opportunities and outlook. As a community we must pro actively address this economic hardship and need.	The Yate Community Bike Hub fills a long-standing gap in resources locally that has not been and will not be met by any other organisation. We are able to respond directly to the needs of our fellow citizens and bring them along on the journey to a healthier, more sustainable & economically viable transport future. We are aware of the need to support the community of Yate into the coming period of major transport mode change. This is being driven by external economic factors that are already impacting our community but also by the Yate masterplan vision for the 15 minute town and mini Holland investment which will to transform accessibility for walking and cycling in the medium and long term. These structural changes are much needed and long overdue but can be intimidating for communities so entrenched in current car-dominated transport modes. We are able to offer a helping hand, guidance, and support to ensure that the upcoming changes do not exclude anyone but rather that everyone is ready to take advantage of Yate as a better place to live, work & move about in going forward.	5344 avarious ages
						£6,622.00	Grants recommended			
						£667.03	Grant fund unallocated			

MINUTES OF THE MEETING OF THE PRIORITIES AND STRATEGY SCRUTINY WORKING GROUP, HELD ON FRIDAY 15th JULY 2022 FROM 1.00PM-1.45PM HELD AT POOLE COURT, YATE.

**PRESENT: Councillors Cheryl Kirby, Alan Monaghan, and Chris Willmore.
Town Clerk & Deputy Town Clerk.**

1. ELECTION OF CHAIR & VICE CHAIR OF THE PRIORITIES AND STRATEGY SCRUTINY WORKING GROUP

Councillor Cheryl Kirby was elected Chair and Councillor Alan Monaghan was elected Vice Chair of the Priorities and Strategy Scrutiny Working Group.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mike Drew and Karl Tomasin.

3. DECLARATIONS OF INTEREST UNDER THE LOCALISM ACT 2011

No declarations of interest under the Localism Act 2011 were received.

4. PROCESS REVIEW

Further to minute 5 of the Advisory meeting of the Priorities and Scrutiny Working Group on 12 July 2021, The Business Mechanic was appointed to advise on Town Council processes, with a particular focus on project management processes. An update was received. (Appendix 1)

It was **RESOLVED** that;

- Improvements to process driven actions to be constantly reviewed; however we make a commitment to review a minimum of 12 processes (1 per month), with progress to be reported back to the working group. The following to be actioned as soon as possible:
 - Create a method to consolidate all “for info” emails that normally go the Councillors individually and send weekly updates instead (unless urgent);
 - Cease circulating consultations in advance of agenda/Clerks Report (unless urgent), instead reporting directly into relevant committee without prior notification to members in advance;
 - Redesign the committee process - dividing reports into items to be “NOTED” and those where decisions are required. Devise a method to avoid large amounts (and large file sizes) of appendices being appended to the Clerk’s Report – a document library to be created on the website to “hold” what might normally be appended. (Continue to append papers that are needed for decision making. Final copy of minutes for the

minute book to include all papers (ensuring transparency and governance obligations are met);

- Sharepoint to be revisited to ascertain if this is an option to share document with Councillors;
- Set doodles as soon as a quorum is met;
- Streamline the Graffiti reporting process (online form to be re-designed to avoid asking for a printed version)
- implement trial of “no email Fridays” and focused time for specific pieces of work;
- Appendix 1 to be revisited and updated to show which actions have been completed and which are outstanding.

5. TOWN COUNCIL PRIORITIES

The 2022 quarterly priorities and transactional items were received and **NOTED**.

The following was **RESOLVED**;

- The top 4 priorities are currently:
 - Kingsgate Park Play Area refurb (As resolved at Full Council on 28th June 2022, Peghill refurb to be actioned after Kingsgate Park refurb has been finalised);
 - Climate and Planet;
 - Poverty Agenda;
 - Graffiti removal.
- Officers to draw up a table/report of what is felt to be achievable /what is seen as non-negotiable on delivery in context of resources and with a focus on projects with tangible community benefits; to show what will put on hold until those projects are done. To list out in order, month-by-month with the ability to carry forward until completed;
- Meetings to only be set where necessary (if the majority of the business is for “noting” then update can be sent which in turn can then be appended to next agenda to ensure entry to the in minute book if necessary);
- Clear project lead to be identified, with resource allocated in advance of a meeting.

6. ACTION PLAN

An example of an action plan/strategy document which could be used for the Local Council Award Scheme application for Foundation Level status was received, if it is agreed to make an application.

It was **RESOLVED** that the wording of the eligibility for the Local Council Award Scheme be forwarded to members of the Working Group for them to prepare the vision statement/town plan needed to make an application to the scheme.

It was further **RESOLVED** to forward any requests for standalone tasks to members if help is needed.

7. DATE OF NEXT MEETING

Next meeting to be set for mid-August 2022 to review progress .

Scrutiny/Minutes/Priorities and Strategy 15.7.22

Finance and Governance Committee 26.7.22

Business Process Review

Brief

Philip Avery (The Business Mechanic) was engaged to deliver sessions to key staff on the following topics;

- A common understanding of a simple-to-use project management system to ensure as much as possible a successful delivery of the desired outcome(s) using resources effectively and efficiently.
- A common approach to analysing and mapping procedures and processes as a basis for lean thinking for improvement, focusing on project management and procurement;
- A common vocabulary to ensure that communication is effective;
- An understanding throughout the organisation of the difficulties and complexities inherent in the projects and processes

Review

Staff attended 8 x 2 hr sessions which took place during October 2021. The sessions were recorded and workbooks made available for sharing with staff who didn't attend.

Sessions and "homework" explored the following:

- Efficient and effective procedures (to maintain what is good and improve/grow what isn't);
- Equip council with skills to move forward with the ability to suggest improvements to work smarter;
- Skills to foster culture to identify where processes need to be reviewed (empowerment, time to review and reflect, foster innovation and creativity);
- Identifying clear scope of projects at the outset (changes or "creep" and identification of the effects (ie something else has to drop));
- Process mapping - identifying where effort is wasted and to identify blockages.

Outcomes

(a) Project Management:

- a. Overhaul of our project toolkit (designed to be used for projects from start to finish) using the advice/knowledge of The Business Mechanic and matching it to our organisation and specific legislation (including Financial Regs, Contract Finder etc). As part of that toolkit, developed new checklists for Climate and Planet, accessibility and inclusion (which has in turn prompted review of how we can make improvements to our buildings);

- b. Management of the MAB site now undertaken by YOSC Ltd, which means less YTC time spent on doing so;
- c. The negotiations of the overall site lease arrangements which we hope to conclude in the coming weeks/months will make a significant and positive impact on the amount of officer time spent on YOSC related matters;
- d. Breaking down and phasing longer project tasks – eg, Climate and Planet, Accessibility inhouse review, Old Yate Vision – so that we can prioritise and do things in the order the council wants.

(b) Finance;

- a. Preferred suppliers list to be compiled to improve efficiencies, ensure value for money and to reduce time spent quote-seeking, particularly on semi-regular things;
- b. Reviewed the need for a better way for the Armadillo staff to be able to make purchases without a multi-layered procedure, to enable them to buy the things they need for sessions.

(c) Processes:

- a. Key processes mapped to remove common “blocks.” Reviewed so far;
 - o Orders;
 - o Play Area inspections;
 - o Consultation management;
 - o Installation of nature boxes (repeated mini project);
 - o Delegation approved for ‘quicker’ decisions on maintenance, climate and planet grant approvals, community group event requests etc;
 - o Ongoing support is available from The Business Mechanic as we continue to review processes; this will be an ongoing learning curve as well as a lengthy process to review many of our processes individually over time using the skills gained.

(d) Improving Communications;

- a. Purchase of smartphones (less paper, quicker to take action and delegate, particularly within the estates team where staff are out and about);
- b. Generic email addresses in place for admin, bookings, vacancies and tenders; this ‘groups’ work in one place, meaning less unnecessary email traffic across departments etc;
- c. Newsletter/Round Up/The Voice streamlined to reduce doubling up of work;
- d. Review of social media platforms further to free Social Media Healthcheck by external company which has included;
 - Use of Canva for preparing articles/posters etc which is compatible across multi platforms;
 - Updating bio, opening times, and links to other platforms;

- Use of video clips (which traditionally attract higher “click” rates).

(e) Working Smarter;

- a. Improved system for recording/logging of consultations received and responses submitted;
- b. Secure area on website created to reduce number of documents circulated/less paper at meetings/more secure (currently under test with members of Website Review Sub-Committee);
- c. Investigating play area apps so that routine inspections can be logged remotely, at the time of inspections;
- d. Wifi in community buildings to enable working/meetings to take place from the majority of YTC venues;
- e. Planning & Transportation Committee administration review pending; current system of cancelling meetings is not efficient;
- f. New process for minute book signing to be taken forward;
- g. Improved process for dealing with inbox enquiries with traffic light system annotation;
- h. Review of Wills Davis Atwell process of recording and paying grants via receipts;
- i. Trialling Microsoft Planner for the organisation of events;
- j. Investigating the use of Sharepoint as “central hubs” for SST and for Councillors.

(f) Staffing;

- a. Volunteer process rewritten resulting in a slicker process of logging information;
- b. Review of Estates and Community Projects (Including Armadillo) departments – staffing review underway;
- c. Review and implementation of new training processes – existing software (HR toolkit) now used to record and remind;
- d. Video adverts for recruitment introduced and open recruitment days for Armadillo Venue Assistant vacancies.

Dear Employer,

This email marks the start of the formal consultation process on the draft Funding Strategy Statement ('FSS'). Therefore, please can you read the proposed FSS and provide any comments to the Fund by 24th August 2022. Please can you ensure that this email is forwarded to the officer responsible for financial decisions within your organisation.

As an employer within the Avon Pension Fund, you are responsible for the costs associated with providing pension benefits to your LGPS employees (your "liabilities"). The core benefits provided to members and the member contribution rates are set out within the LGPS Regulations and cannot be affected by you or Bath and North East Somerset Council (the Administering Authority of the Avon Pension Fund).

You have an attributed share of the Fund assets that will contribute towards the cost of your liabilities (except in very unusual circumstances). The remaining costs, including where there is a deficit (i.e. a shortfall between your assets and liabilities in the Fund) fall on you as the employer in the form of your contribution requirements. Your contribution requirements (in respect of future service and deficit recovery) will be reviewed in the coming months as part of the 2022 Actuarial Valuation and will be updated to cover the period 1 April 2023 to 31 March 2026. We expect to give you details on your assets and liabilities in the Fund and the change to your contributions late autumn 2022.

Our key objective (which is determined by regulatory requirements) is to ensure that we get to a 100% solvency funding level over a reasonable timeframe and your contributions are set with this in mind (however, we will also consider your expected position upon exit from the Fund when setting contributions). However in some cases a balance will need to be struck between our key objective and the affordability of contributions. This will also be influenced by the level of risk present in terms of your financial strength (known as your "covenant") and assessment of this will be part of our considerations when finalising your contribution requirements.

The Fund is required to prepare a FSS to document how these objectives will be met and we are required to consult with you on the development of the FSS as a participating employer. It should be noted that whilst we will take into account all consultation responses from employers in the Fund, it is ultimately the Administering Authority's responsibility to formulate and implement the FSS as part of the valuation process.

This FSS sets out how we determine the liabilities (using the actuarial assumptions in the FSS) in respect of your members and hence the contributions that you are required to pay. The FSS will also set out principles around how the timeframe for recovering any deficit is derived (also known as the recovery period). The FSS is designed to set out how the Fund balances the conflicting issues, for example:

- your reasonable affordability and covenant
- the desirability to maintain stability of your ongoing costs ignoring any deficit contributions (the primary rate of contribution)

- ensuring transparency in the process
- allowing for necessary prudence within the assumptions (this is required by the Regulations to ensure the security for you and other employers)

The FSS is also subject to scrutiny at a national level under Section 13 of the Public Service Pension Schemes Act 2013 which will be performed by the Government Actuary's Department. The Government can, in some circumstances, direct the Fund to amend its funding strategy if they feel it is not sufficiently robust to protect current and future taxpayers. This will influence some of the parameters and flexibilities we use in determining the funding strategy to apply – a good example being the length of recovery period that can be adopted.

An updated FSS has been drafted alongside the 2022 actuarial valuation and this is attached. This draft was approved by the Avon Pension Fund committee at its meeting on 24th June 2022. **It is strongly recommended that you read and understand the FSS as it will have a financial and operational impact on you and your members.** The Fund will provide further clarification as we go through the valuation process, which could take the form of meetings with employers or further written communications. We would be grateful for your comments to consider as part of the consultation.

We have worked on streamlining the content of the FSS as part of the 2022 valuation and therefore the format of the document has changed considerably and we hope this will help to make the document more user friendly for employers. In addition, the proposed FSS incorporates the following main changes from the 2019 valuation to the 2022 valuation:

- The medium term recovery period target has remained at 12 years. Subject to reasonable affordability:
 - For tax raising bodies and academies, where the 2019 recovery period exceeds the medium term recovery period target, we are aiming to reduce the recovery period by 3 years (to target the same timeframe to eliminate any deficit), but will not normally reduce the recovery period below 12 years. Where the recovery period was less than 12 years at the 2019 valuation it will remain unchanged.
 - For employers without a guarantee and non-tax raising bodies, the recovery period will reduce by at least 3 years if the 2019 recovery period is more than the medium term recovery period target. Otherwise the recovery period may reduce by up to 3 years at the Fund's discretion, subject to affordability and covenant.
 - For commercial organisations which are admitted bodies in the Fund through the provision of a service to a Scheme Employer, the length/terms of the contract and the age of the membership (particularly for closed employers) will be considered when determining the recovery period.
- Where there is an increase in total contributions, we will allow employers to step any increase in primary contributions over 2023/2026 if the increase is material (subject to a minimum stepped increase of 0.5% of pay p.a. i.e. the

increase in primary contribution rate must be at least 1.5% of pay for this facility to apply).

- We will aim to keep contributions as stable as possible but this may not always be feasible or indeed in your best interests from a long-term financial management viewpoint.
- We will update the demographic assumptions used (e.g. future life expectancy, levels of ill health retirement etc.) once the updated Fund analysis has been completed over the summer.
- We have modelled the range of expected investment returns (in excess of CPI inflation) that the Fund may achieve in the future based on our investment strategy objectives. This has determined the discount rate we use to derive your liabilities and as required, we have maintained the prudential margins we feel are appropriate, taking account of the current challenges including the cost of living crisis unfolding.
- We will be reassessing the strength of covenant for the employers to ensure that they can support their liabilities. This is an ongoing exercise which will help us determine your ability to support your contribution obligations to the Fund in the short and long term.
- We will continue to offer you the opportunity to prepay your deficit contributions early over the period 2023 to 2026 in order to make an initial cash saving. For a small number of particularly large employers, we will offer the option to prepay future service contributions also.
- The Fund will not allow the prepayment of employee contributions.
- The impact on contributions will vary widely between employers as it relates to the experience of your membership (in terms of profile, pay rises granted, ill health retirements and so on). Where employers see an increase in contributions, there are measures in place that can help smooth out these increases.
- We have introduced a notifiable events framework, which is in addition to the covenant monitoring process and requires certain employers to proactively notify the Administering Authority of any material changes or events that occur – in some circumstances, the notification will be required ahead of the event taking place.
- The FSS also includes a number of other Fund policies that you should be aware of, including the following:
 - The assumptions proposed for the 2022 actuarial valuation and the derivation of contribution plans
 - The approach taken when new employers join the Fund
 - The ongoing monitoring of your financial strength (covenant monitoring)
 - The approach adopted when the last active member leaves an employer or the contract ends (e.g. the termination of the employer and the requirement for upfront payment of the debt, or alternatively the

implementation of payment plans and deferred debt agreements in certain circumstances at the Fund's discretion).

We have included glossary of terms in the FSS to help you understand the technical and regulatory terms that must be included in the document.

Some key areas where we would like comments are:

- 1. The appropriateness of the assumptions and in particular those that relate to you (e.g. the pay increases you expect to award over the next few years), particularly in light of the high inflation being seen at this time.**
- 2. Comments in relation to the affordability of contributions and in particular whether there is any particular year over 2023/2026 which will be more challenging. This will help us form a view on any further flexibility required.**
- 3. Is the level of detail sufficient and do you need anything further in terms of information / meetings etc. to understand the content and implications of the FSS?**

Could you please respond to me at: Julia_grace@bathnes.gov.uk

FUNDING STRATEGY STATEMENT

AVON PENSION FUND

[DATE]

BATH AND NORTH EAST SOMERSET COUNCIL

The information enclosed in this statement and the accompanying policies have a financial and operational impact on all participating employers in the Avon Pension Fund. It is imperative that all existing and potential employers are aware of the details set out herein.

Note - Square brackets indicate areas which are yet to be finalised. These will be completed before the FSS is formally signed off in March 2023.

A glossary of the key terms used throughout is available at the end of this document [here]

This Funding Strategy Statement has been prepared by Bath and North East Somerset Council (the Administering Authority) to set out the funding strategy for the Avon Pension Fund ("the Fund"), in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended) and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

1

GUIDE TO THE FSS AND POLICIES

The information required by overarching guidance and Regulations is included in Sections 2 and 3 of the Funding Strategy Statement. This document also sets out the Fund's policies in the following key areas:

1. Actuarial Method and Assumptions (Appendix A)

The actuarial assumptions used for assessing the funding position of the Fund and the individual employers, known as the "Primary" contribution rate, and any contribution variations due to underlying surpluses or deficits, known as the "Secondary" rate, are set out [here].

2. Deficit Recovery and Surplus Offset Plans (Appendix B)

The key principles when considering deficit recovery and surplus offset plans as part of the valuation are set out [here].

3. Employer Types and Admission Policy for New Employers (Appendix C)

Various types of employers are permitted to join the LGPS under certain circumstances. The conditions upon which their entry to the Fund is based and the approach taken is set out [here].

4. Termination Policy for Exiting Employers (Appendix D)

When an employer ceases to participate within the Fund, it becomes an exiting employer under the Regulations. The Fund is then required to obtain an actuarial valuation of that employer's liabilities in respect of the benefits of the exiting employer's former employees along with a termination contribution certificate showing any exit debt or exit credit, due from or to the exiting employer. In some circumstances an employer and the Fund can enter a Deferred Debt Agreement. The termination policy can be found [here].

5. Review of Employer Contributions between Valuations (Appendix E)

In line with the Regulations, the Administering Authority has the discretion to review employer contributions between valuations in prescribed circumstances. The Fund's policy on how the Administering Authority will exercise its discretion is set out [here].

6. Employers Moving between Investment Strategies (Appendix F)

The Fund currently operates two investment strategies for employers (the higher and lower risk investment strategies) and this policy sets out the conditions upon which employers can move between these investment strategies and circumstances when the Fund may instigate a move. The policy can be found [here].

7. New Academy Conversions and Multi-Academy Trusts (Appendix G)

Current Fund policy regarding the treatment of local authority maintained schools when converting to academy status is for the new academy to inherit the school's share of the historic local authority deficit at the point of its conversion. Further details on this and multi-academy trusts can be found [here].

8. Covenant Assessment and Monitoring Policy (Appendix H)

An employer's financial covenant is its legal obligation and crucially the ability to meet its financial responsibilities to the Fund now and in the future. This is a critical consideration in an employer's funding and investment strategy as it is the employers who underwrite the risks to which the Fund is exposed, including underfunding, longevity, investment and market forces. Further details on how employer covenant is assessed and monitored by the Fund is set out [here].

9. Notifiable Events Framework (Appendix I)

Whilst in most cases regular covenant updates will identify some of the key employer changes, in some circumstances, employers are required to proactively notify the Administering Authority of any material changes. This policy sets out when this may happen and the notifiable events process. More details are set out [here].

10. Ill Health Insurance Arrangements (Appendix J)

The Fund has implemented a captive insurance arrangement which pools the risks associated with ill health retirement costs for employers whose financial position could be materially affected by ill health retirement of one of their members. The captive arrangement is reflected in the employer contribution rates (including on termination) for the eligible employers. More details are set out [here].

2

BACKGROUND

Ensuring that the Avon Pension Fund (the “Fund”) has sufficient assets to meet its pension liabilities in the long-term is the fiduciary responsibility of the Administering Authority (Bath and North East Somerset Council). The Funding Strategy adopted by the Avon Pension Fund is critical in achieving this. The Administering Authority has taken advice from the actuary in preparing this Statement.

The purpose of this Funding Strategy Statement (“FSS”) is to set out a clear and transparent funding strategy regarding how each Fund employer’s pension liabilities are to be met.

Given this, and in accordance with governing legislation, all interested parties connected with the Avon Pension Fund have been consulted and given the opportunity to comment prior to this Funding Strategy Statement being finalised and adopted. This statement takes into consideration all comments and feedback received.

INTEGRATED RISK MANAGED STRATEGY

The funding strategy set out in this document has been developed alongside the Fund’s investment strategy on an integrated basis taking into account the overall financial and demographic risks inherent in the Fund to meet the objective for all employers over different periods. The funding strategy includes appropriate margins to allow for the possibility of adverse events (e.g. material reduction in investment returns, economic downturn and higher inflation outlook) leading to a worsening of the funding position which would result in greater volatility of contribution rates at future valuations if these margins were not included. This prudence is required by the Regulations and guidance issued by professional bodies and Government agencies to assist the Fund in meeting its primary solvency and long term cost efficiency objectives. Individual employer results will also have regard to their covenant strength and the investment strategy applied to the asset shares of those employers.

THE REGULATIONS

The Local Government Pension Scheme Regulations 2013 (“the 2013 Regulations”), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (“the 2014 Transitional Regulations”) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (all as amended) (collectively: “the Regulations”) provide the statutory framework from which the Administering Authority is required to prepare a Funding Strategy Statement (FSS).

THE SOLVENCY OBJECTIVE

The Administering Authority's long-term objective is for the Fund to achieve a 100% solvency level over a reasonable time period. Contributions are set in relation to this objective which means that once 100% solvency is achieved, if assumptions are borne out in practice, there would be sufficient assets to pay all benefits earned up to the valuation date as they fall due.

However, because financial and market conditions/outlook change between valuations, the assumptions used at one valuation may need to be amended at the next in order to meet the Fund's objective. This in turn means that contributions will be subject to change from one valuation to another. This objective translates to an employer specific level when setting individual contribution rates.

The general principle adopted by the Fund is that the assumptions used, taken as a whole, will be chosen with sufficient prudence for this objective to be reasonably achieved in the long term at each valuation.

LONG TERM COST EFFICIENCY

Employer contributions are also set in order to achieve long-term cost efficiency. Long-term cost efficiency requires that any funding plan must provide equity between different generations of taxpayers. This means that the contributions must not be set at a level that is likely to give rise to additional costs in the future which fall on later generations of taxpayers or put too high a burden on current taxpayers. The funding parameters and assumptions (e.g. deficit recovery period) must have regard to this requirement which will underpin the decision-making process. Furthermore, the FSS must have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible.

When formulating the funding strategy, the Administering Authority has taken into account these two key objectives and also considered the implications of the requirements under Section 13(4)(c) of the Public Service Pensions Act 2013. As part of these requirements the Government Actuary's Department (GAD) must, following an actuarial valuation, report on whether the rate of employer contributions to the Fund is set at an appropriate level to ensure the "solvency" of the pension fund and "long term cost efficiency" of the Scheme so far as it relates to the Fund.

EMPLOYER CONTRIBUTIONS

The required levels of employee contributions are specified in the Regulations. Employer contributions are determined in accordance with the Regulations which require that an actuarial valuation is completed every three years by the actuary, including a rates and adjustments certificate specifying the "primary" and "secondary" rate of the employer's contribution.

3

KEY FUNDING PRINCIPLES

PURPOSE OF THE FSS

Funding is making advance provision to meet the cost of pension and other benefit promises. Decisions taken on the funding approach therefore determine the pace at which this advance provision is made. Although the Regulations specify the fundamental principles on which funding contributions should be assessed, implementation of the funding strategy is the responsibility of the Administering Authority, acting on the professional advice provided by the actuary. The purpose of this Funding Strategy Statement is therefore:

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

The intention is for this 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.

THE AIMS OF THE FUND ARE TO:	THE PURPOSE OF THE FUND IS TO:
<ul style="list-style-type: none"> • manage employers’ liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due • enable employer contribution rates to be kept at a reasonable and affordable cost to the taxpayers, mandatory, resolution and admitted bodies, while achieving and maintaining fund solvency and long term cost efficiency, which should be assessed in light of the profile of the Fund now and in the future due to sector changes • maximise the returns from investments within reasonable risk parameters taking into account the above aims. 	<ul style="list-style-type: none"> • receive monies in respect of contributions, transfer values and investment income, and • pay out monies in respect of scheme benefits, transfer values, exit credits, costs, charges and expenses as defined in the Regulations.

RESPONSIBILITIES OF THE KEY PARTIES

The efficient and effective management of the pension fund can only be achieved if all parties (including pensions committee, investment managers, auditors and legal advisors, investment advisors, pension board etc) exercise their statutory duties and responsibilities conscientiously and diligently. The key parties and their roles for the purposes of the FSS are set out below:

KEY PARTIES TO THE FSS

The Administering Authority should:	The Individual Employer should:
<ul style="list-style-type: none"> • operate the pension fund • collect employer and employee contributions, investment income and other amounts due to the pension fund as stipulated in the Regulations • pay from the pension fund the relevant entitlements as stipulated in the Regulations • invest surplus monies in accordance the Regulations • ensure that cash is available to meet liabilities as and when they fall due • take measures as set out in the Regulations to safeguard the fund against the consequences of employer default • manage the valuation process in consultation with the Fund’s actuary • prepare and maintain a FSS and an Investment Strategy Statement (“ISS), both after proper consultation with interested parties • monitor all aspects of the Fund’s performance and funding, amending the FSS/ISS as necessary • effectively manage any potential conflicts of interest arising from its dual role as both fund administrator and a scheme employer, and • support and monitor a Local Pension Board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator’s relevant Code of Practice. 	<ul style="list-style-type: none"> • deduct contributions from employees’ pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations), unless they are a Deferred Employer • pay all contributions, including their own, as determined by the actuary, promptly by the due date (including any exit payments upon ceasing participation where applicable) • develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework • make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain • have regard to the Pensions Regulator’s focus on data quality and comply with any requirement set by the Administering Authority in this context • notify the Administering Authority promptly of any changes to membership or their financial covenant to the Fund, which may affect future funding, and comply with any particular notifiable events specified by the Fund. • understand the pensions impacts of any changes to their organisational structure and service delivery model. • understand that the quality of the data provided to the Fund will directly impact on the assessment of the liabilities and contributions. In particular, any deficiencies in the data may result in the employer paying higher contributions than otherwise would be the case if the data was of high quality. • comply with Regulations in the case of a bulk transfer of staff (noting that any costs incurred by the Fund will be recharged to the receiving / transferring employer).

The Fund Actuary should:	A Guarantor should:
<ul style="list-style-type: none"> • prepare valuations including the setting of employers’ contribution rates at a level to ensure fund solvency after agreeing assumptions with the Administering Authority and having regard to its FSS and the Regulations • prepare advice and calculations in connection with bulk transfers and individual benefit-related matters such as early retirement strain costs, ill health retirement costs, etc • provide advice and valuations on the termination of admission agreements • provide advice to the Administering Authority on the use of bonds and other forms of security against the financial effect on the Fund of employer default • assist the Administering Authority in assessing whether employer contributions need to be revised between valuations as required by the Regulations • advise on funding strategy, the preparation of the FSS and the inter-relationship between the FSS and the ISS, and • ensure the Administering Authority is aware of any professional guidance or other professional requirements which may be of relevance to the Fund Actuary’s role in advising the Fund. 	<ul style="list-style-type: none"> • notify the Administering Authority promptly of any changes to its guarantee status, as this may impact on the treatment of the employer in the valuation process or upon termination. • provide details of the agreement, and any changes to the agreement, between the employer and the guarantor to ensure appropriate treatment is applied to any calculations. • be aware of all guarantees that are currently in place • work with the Fund and the employer in the context of the guarantee • receive relevant information on the employer and their funding position in order to fulfil its obligations as a guarantor.

SOLVENCY FUNDING TARGET

Securing the “solvency” and “long term cost efficiency” is a regulatory requirement. To meet these requirements, the Administering Authority’s long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued pension liabilities (the “funding target”) assessed on an ongoing past service basis including allowance for projected final pay where appropriate.

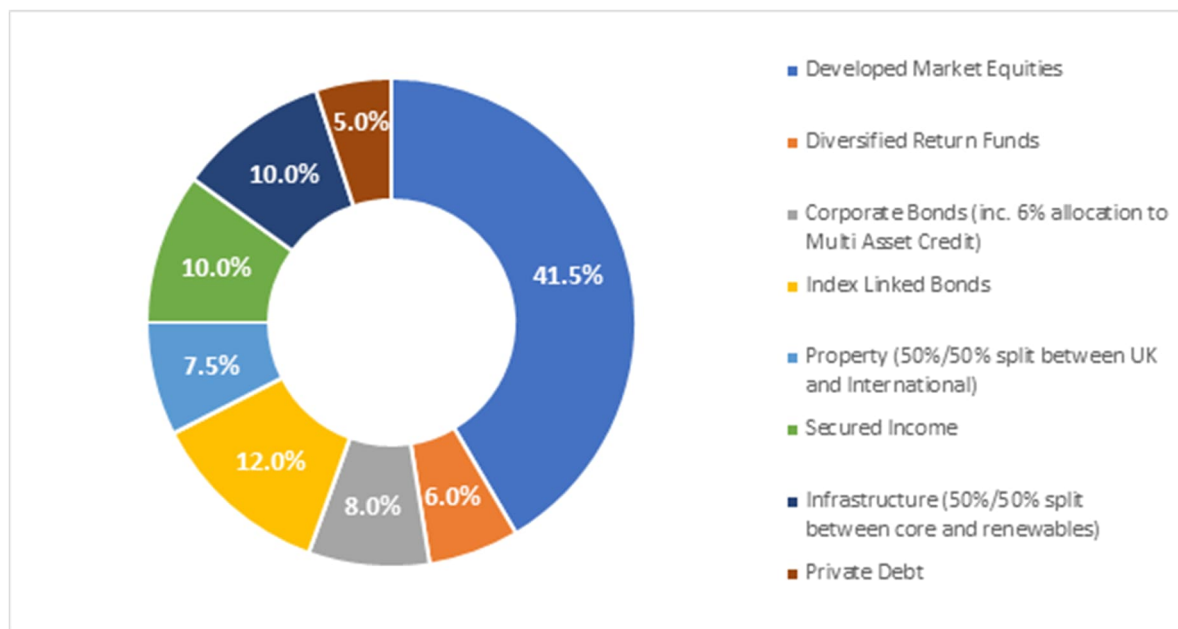
Each employer’s contributions are set at such a level to achieve long-term cost efficiency and full solvency in a reasonable timeframe.

LINK TO INVESTMENT POLICY AND THE INVESTMENT STRATEGY STATEMENT (ISS)

The results of the 2022 valuation show the liabilities to be [xx%] covered by the assets, with the funding [deficit] of [x%] being covered by [future deficit contributions].

In assessing the value of the Fund’s liabilities in the valuation, allowance has been made for growth asset out-performance taking into account the investment strategy adopted by the Fund, as set out in the ISS.

The overall strategic asset allocation is set out in the ISS. The current strategy is included below



RISK MANAGEMENT STRATEGY

In the context of managing various aspects of the Fund’s financial risks, the Administering Authority has implemented a number of investment risk management techniques and these have been allowed for in the actuarial valuation calculations. In outline these are set out below (further information can be found in the ISS).

<p>Equity Protection</p>	<p>The Fund has implemented protection against potential falls in the equity markets via the use of derivatives. The aim of the protection is to provide further stability (or even a reduction) in employer deficit contributions (all other things equal) in the event of a significant equity market fall (although it is recognised that it will not protect the Fund in totality).</p>
<p>Liability Driven Investments (LDI)</p>	<p>The Fund has implemented an LDI strategy in order to hedge part of the Fund’s assets against changes in liabilities for one or more employers.</p>

<p>Lower risk investment strategy</p>	<p>This strategy predominately uses corporate bond investment assets and is expected to reduce funding volatility for employers within it. In these circumstances, the discount rate is directly linked to the yields on the corporate bonds within the strategy. In addition, the strategy has exposure to the Liability Driven Investment (“LDI”) portfolio to provide protection against changes in market inflation expectations. The implementation of a strategy constructed on this basis will better match the overall changes in the liabilities of those employers included in the strategy. All other things equal, this in turn would result in greater stability of the deficit and therefore the contributions for these employers.</p>
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The principal aim of these risk management techniques is to provide more certainty of real investment returns versus CPI inflation and/or protect against volatility in the termination position. In other words they are designed to reduce risk and provide more stability/certainty of outcome for funding and ultimately employer contribution rates. The effect of these techniques has been allowed for in the actuarial valuation calculations and could have implications on future actuarial valuations and the assumptions adopted. Further details of the framework have been included in the ISS.

[CLIMATE CHANGE] (this section is subject to finalisation once the guidance has been provided)

[An important part of the risk analysis underpinning the funding strategy will be to identify the impact of climate change transition risk (shorter term) and physical risks (longer term) on the potential funding outcomes. In terms of the current valuation there will be an analysis of different climate change scenarios at the Whole Fund level relative to the baseline position (i.e. assuming that the funding assumptions are played out). The output will be used, for example, to test whether the funding strategy is sufficiently robust in the context of the scenario analysis considered and therefore any potential contribution impacts. Where risks to the funding strategy are identified these will be highlighted and a judgement made as to how these risks can be mitigated.

The analysis will consider as a minimum the impact on investment returns and inflation under the scenarios considered. One of the scenarios will be consistent with global temperature increases of between 1.5 and 2 degrees C above pre-industrial levels. Results will be considered over a period of at least 20 years to ensure there is sufficient recognition of the transition and physical risks of climate change. The output of the analysis will be considered in the context of investment strategy and employer covenant risk in an integrated way.]

IDENTIFICATION OF RISKS AND COUNTER-MEASURES

The funding of defined benefits is by its nature uncertain. When actual experience is not in line with the assumptions adopted, a surplus or shortfall will emerge at the next actuarial assessment and will require a subsequent contribution adjustment to bring the funding back into line with the target.

The Administering Authority has been advised by the actuary that the greatest risk to the funding level is the investment risk inherent in the predominantly equity based strategy, so that actual asset out-performance between successive valuations could diverge significantly from that assumed in the long term. The Actuary’s formal valuation report includes a quantification of the key risks in terms of the effect on the funding position.

FINANCIAL	DEMOGRAPHIC
<p>The financial risks are as follows:-</p> <ul style="list-style-type: none"> • Investment markets fail to perform in line with expectations • Protection and risk management policies fail to perform in line with expectations • Market outlook moves at variance with assumptions • Investment Fund Managers fail to achieve performance targets over the longer term • Asset re-allocations in volatile markets may lock in past losses • Pay and price inflation significantly more than anticipated • Future underperformance arising as a result of participating in the larger asset pooling vehicle therefore restricting investment decisions • An employer ceasing to exist without prior notification, resulting in a large exit credit requirement from the Fund impacting on cashflow requirements. <p>Any increase in employer contribution rates (as a result of these risks) may in turn impact on the service delivery of that employer and their financial position.</p> <p>In practice the extent to which these risks can be reduced is limited. However, the Fund’s asset allocation is kept under constant review and the performance of the investment managers is regularly monitored. In addition, the implementation of the risk management framework will help to reduce the key financial risks over time.</p>	<p>The demographic risks are as follows:-</p> <ul style="list-style-type: none"> • Future changes in life expectancy (longevity) that cannot be predicted with any certainty. Increasing longevity is something which government policies, both national and local, are designed to promote. It does, however, potentially result in a greater liability for pension funds. • Potential strains from ill health retirements, over and above what is allowed for in the valuation assumptions for employers • Unanticipated acceleration of the maturing of the Fund (e.g. due to further cuts in workforce and/or restrictions on new employees accessing the Fund) resulting in materially negative cashflows and shortening of liability durations. The Administering Authority regularly monitors the position in terms of cashflow requirements and considers the impact on the investment strategy. <p>Early retirements for reasons of redundancy and efficiency do not immediately affect the solvency of the Fund because they are the subject of a direct charge.</p>

GOVERNANCE	REGULATORY
<p>Governance risks are as follows:-</p> <ul style="list-style-type: none"> • The quality of membership data deteriorates materially due to breakdown in processes for updating the information resulting in liabilities being under or overstated • Administering Authority unaware of structural changes in employer’s membership (e.g. large fall in employee numbers, large number of retirements) with the result that contribution rates are set at too low a level 	<p>The key regulatory risks are as follows:-</p> <ul style="list-style-type: none"> • Changes to Regulations, e.g. changes to the benefits package, retirement age, potential new entrants to scheme, • Changes to national pension requirements and/or HMRC Rules • Political risk that the guarantee from the Department for Education for academies is removed or modified along with the operational risks as a consequence of the potential for a

<ul style="list-style-type: none"> • Administering Authority not advised of an employer closing to new entrants, something which would normally require an increase in contribution rates • An employer ceasing to exist with insufficient funding or a bond which is not adequate. <p>For these risks to be minimised much depends on information being supplied to the Administering Authority by the employing bodies. Arrangements are strictly controlled and monitored (e.g. the implementation of iConnect for transferring data from employers), but in most cases the employer, rather than the Fund as a whole, bears the risk.</p>	<p>large increase in the number of academies in the Fund due to Government policy.</p> <ul style="list-style-type: none"> • Uncertainty about the Government’s policy with regard to higher and further education bodies, with the result that the Fund is unsure about the security within which these bodies operate and may therefore be taking undue risk when setting contribution rates <p>Membership of the Local Government Pension Scheme is open to all local government staff and should be encouraged as a valuable part of the contract of employment. However, increasing membership does result in higher employer monetary costs.</p>
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MONITORING AND REVIEW

A full review of this Statement will occur no less frequently than every 3 years, to coincide with completion of a full statutory actuarial valuation and every review of employer rates or interim valuation. Any review will take account of the current economic conditions and will also reflect any legislative changes.

The Administering Authority will monitor the progress of the funding strategy between full actuarial valuations. If considered appropriate, the funding strategy will be reviewed (other than as part of the valuation process), for example, if there:

- has been a significant change in market conditions, and/or deviation in the progress of the funding strategy
- have been significant changes to the Scheme membership, or LGPS benefits
- have been changes to the circumstances of any of the employing authorities to such an extent that they impact on or warrant a change in the funding strategy
- have been any significant special contributions paid into the Fund
- if there have been material changes in the ISS

When monitoring the funding strategy, if the Administering Authority considers that any action is required, the relevant employers will be contacted.

APPENDIX A - ACTUARIAL METHOD AND ASSUMPTIONS

The key whole Fund assumptions used for calculating the funding target and the cost of future accrual for the 2022 actuarial valuation are set out below.

FINANCIAL ASSUMPTIONS			
	2022 valuation assumption		Description
Investment return / discount rate	Higher Risk Strategy	[4.60% p.a. (past) and 5.10% p.a. (future)]	Derived from the expected return on the Fund assets based on the long term strategy set out in the ISS, including appropriate margins for prudence. For the 2022 valuation this is based on an assumed return of [1.5% p.a.] above CPI inflation (past) and [2.0% p.a.] above CPI inflation (future). This real return will be reviewed from time to time based on the investment strategy, market outlook and the Fund’s overall risk metrics.
	Lower Risk Strategy	[2.55% p.a. (past and future for a very mature employer)]	Linked directly to the yields available for the assets within the lower risk investment strategy. The typical discount rate is equivalent to a return of [0.85% p.a.] above gilt yields as at 31 March 2022.
Inflation (Retail Prices Index)	[3.90% p.a.]		The investment market’s expectation as indicated by the difference between yields derived from market instruments, principally conventional and index-linked UK Government gilts as at the valuation date (reflecting the profile and duration of the whole Fund’s accrued liabilities).
Inflation (Consumer Prices Index)	Higher Risk Strategy	[3.10% p.a. (includes an adjustment of [0.80% p.a.])]]	RPI inflation (above) reduced to reflect the expected long-term difference between RPI and CPI measures of inflation (reflecting the profile and duration of the whole Fund’s accrued liabilities and 2030 RPI reform) and adjusted to incorporate an Inflation Risk Premium (“IRP”). This varies for the higher and lower risk strategies, reflecting the degree of inflation hedging inherent in each strategy [and will reflect the duration of an employer’s liabilities in the case of a lower risk strategy].
	Lower Risk Strategy	[3.60% p.a. (includes an adjustment of [0.30% p.a.] for a very mature employer)]	The adjustment to the RPI inflation assumption will be reviewed from time to time to take into account any market factors which affect the estimate of CPI inflation.

Salary increases (long-term)	[4.60% p.a.]	Pre 1 April 2014 benefits (and 2014 to 2022 McCloud underpin) - the assumption for real salary increases (salary increases in excess of price inflation) will be determined by an allowance of [1.50% p.a.] over the inflation assumption as described above. This includes allowance for promotional increases.
Salary increases (short-term)	Where applicable this is [3%, 3.5% or 4%] p.a. until 31 March 2023. As set out on individual employer results schedule.	Allowance has been made for expected short term pay restraint for some employers. To the extent that experience differs to the assumption adopted, the effects will emerge at the next actuarial valuation.
Pension Increases and Deferred Revaluation	Assumed to be in line with the CPI inflation assumption above (noting that pension increases cannot be negative as pensions cannot be reduced). At the 2022 valuation, an adjustment has been made to the liabilities to allow for the known inflation for the period 30 September 2021 to 31 March 2022, and where material, allowance will continue to be made for inflation as it emerges when assessing funding positions between valuations.	
Indexation of CARE benefits	Assumed to be in line with the CPI inflation assumption above. For members in pensionable employment, indexation of CARE benefits can be less than zero (i.e. a reduction in benefits).	

Within the next valuation cycle (i.e. prior to 31 March 2025), the Fund will consider the merits of implementing a medium risk investment strategy. This strategy will have a lower level of growth assets compared with the higher risk whole Fund strategy.

DEMOGRAPHIC ASSUMPTIONS (this section is subject to finalisation following completion of the demographic analysis)

Mortality/Life Expectancy

The derivation of the mortality assumption is set out in separate advice as supplied by the Actuary. The mortality in retirement assumptions will be based on the most up-to-date information in relation to self-administered pension schemes published by the Continuous Mortality Investigation (CMI) including a loading reflecting Fund specific experience and will make allowance for future improvements in longevity and the experience of the scheme. A specific mortality assumption has also been adopted for current members who retire on the grounds of ill health.

For all members, it is assumed that the trend in longevity seen over recent time periods (as evidenced in the [2018] CMI analysis) will continue in the longer term and as such, the assumptions build in a level of longevity ‘improvement’ year on year in the future in line with the CMI 2018 projections and a long term improvement trend of [1.75]% per annum.

As an indication of impact, we have set out the life expectancies at age 65 based on the 2019 and 2022 assumptions:

	Male Life Expectancy at 65		Female Life Expectancy at 65	
	2019	2022	2019	2022
Pensioners	23.1	[23.1]	25.2	[25.2]
Actives aged 45 now	24.6	[24.6]	27.2	[27.2]
Deferreds aged 45 now	23.2	[23.2]	25.9	[25.9]

For example, a male pensioner, currently aged 65, would be expected to live to age [88.1]. Whereas a male active member aged 45 would be expected to live until age [89.6]. The difference reflects the expected increase in life expectancy over the next 20 years in the assumptions above.

The mortality before retirement has also been reviewed based on LGPS wide experience.

Life expectancy assumptions

The post retirement mortality tables adopted for this valuation are set out below:

Current Status	Retirement Type	Mortality Table
Annuitant	Normal Health	[92% S3PMA_CMI_2018 [1.75%]] [87% S3PFA_M_CMI_2018 [1.75%]]
	Dependant	[119% S3PMA_CMI_2018 [1.75%]] [87% S3DFA_CMI_2018 [1.75%]]
	Ill Health	[113% S3IMA_CMI_2018 [1.75%]] [127% S3IFA_CMI_2018 [1.75%]]
	Future Dependant	[117% S3PMA_CMI_2018 [1.75%]] [106% S3DFA_CMI_2018 [1.75%]]
Active	Normal Health	[98% S3PMA_CMI_2018 [1.75%]] [88% S3PFA_M_CMI_2018 [1.75%]]
	Ill Health	[115% S3IMA_CMI_2018 [1.75%]] [138% S3IFA_CMI_2018 [1.75%]]
Deferred	All	[118% S3PMA_CMI_2018 [1.75%]] [105% S3PFA_M_CMI_2018 [1.75%]]
Future Dependant	Dependant	[124% S3PMA_CMI_2018 [1.75%]] [113% S3DFA_CMI_2018 [1.75%]]

OTHER DEMOGRAPHIC ASSUMPTIONS

Commutation	It has been assumed that, on average, 50% of retiring members will take the maximum tax-free cash available at retirement and 50% will take the standard 3/80ths cash sum. The option which members have to commute part of their pension at retirement in return for a lump sum is a rate of £12 cash for each £1 p.a. of pension given up.
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Other Demographics	Following an analysis of Fund experience carried out by the Actuary, the incidence of ill health retirements, withdrawal rates and the proportions married/civil partnership assumption remain in line with the assumptions adopted for the last valuation. In addition, no allowance will be made for the future take-up of the 50:50 option. Where any member has actually opted for the 50:50 scheme, this will be allowed for in the assessment of the rate for the next 3 years.
Expenses	Expenses are met out of the Fund, in accordance with the Regulations. This is allowed for by adding [0.6%] of pensionable pay to the contributions from participating employers. This is reassessed at each valuation. Investment expenses have been allowed for implicitly in determining the discount rates.
Discretionary Benefits	The costs of any discretion exercised by an employer in order to enhance benefits for a member through the Fund will be subject to additional contributions from the employer as required by the Regulations as and when the event occurs. As a result, no allowance for such discretionary benefits has been made in the valuation.

Further details on the demographic assumptions are set out in the Actuary's formal report.

METHOD

The actuarial method to be used in the calculation of the solvency funding target is the Projected Unit method, under which the salary increases assumed for each member are projected until that member is assumed to leave active service by death, retirement or withdrawal from service. This method implicitly allows for new entrants to the scheme on the basis that the overall age profile of the active membership will remain stable. As a result, for those employers which are closed to new entrants, an alternative method is adopted, which makes advance allowance for the anticipated future ageing and decline of the current closed membership group potentially over the period of the rates and adjustments certificate. Employers who move from open to closed may see an increase in contributions as a result of this change.

The assumptions to be used in the calculation of the funding target are set out above. Underlying these assumptions are the following two tenets:

- that the Fund is expected to continue for the foreseeable future; and
- favourable investment performance can play a valuable role in achieving adequate funding over the longer term.

This allows the Fund to take a longer term view when assessing the contribution requirements for certain employers.

There will be a funding plan for each employer. In determining contribution requirements the Administering Authority, based on the advice of the Actuary, will consider whether the funding plan adopted for an employer is reasonably likely to be successful having regard to the particular circumstances of that employer (potentially taking into account any material changes after the valuation date up to 31 March 2023).

As part of each valuation separate employer contribution rates are assessed by the Fund Actuary for each participating employer or group of employers. As indicated above, these rates are assessed

taking into account the experience and circumstances of each employer, following a principle of no cross-subsidy between the distinct employers in the Fund.

METHOD AND ASSUMPTIONS USED IN CALCULATING THE COST OF FUTURE ACCRUAL (OR PRIMARY RATE)

The future service liabilities are calculated using the same assumptions as the funding target except that a different financial assumption for the discount rate is used. A critical aspect here is that the Regulations state the desirability of keeping the “Primary rate” (which is the future service rate) as stable as possible so this needs to be taken into account when setting the assumptions.

As future service contributions are paid in respect of benefits built up in the future, the Primary rate should take account of the market conditions applying at future dates, not just the date of the valuation. In addition, the associated benefits being built up are paid out over a longer time horizon than benefits already accrued; thus it is justifiable to use a slightly higher expected return from the investment strategy.

EMPLOYER ASSET SHARES

The Fund is a multi-employer pension scheme that is not formally unitised and so individual employer asset shares are calculated at each actuarial valuation. This means it is necessary to make some approximations in the timing of cashflows and allocation of investment returns (in line with the appropriate investment strategy) as calculated by the Actuary based on relevant financial information, when deriving the employer asset share.

In attributing the overall investment performance obtained on the assets of the Fund to each employer in either the higher risk or lower risk strategy, a pro-rata principle is adopted. This involves applying the appropriate individual employer investment strategy to each employer unless this is varied by agreement between the employer and the Fund at the sole discretion of the Administering Authority.

At each review, cashflows into and out of the Fund relating to each employer, any movement of members between employers within the Fund, along with investment return earned on the asset share, are allowed for when calculating asset shares at each valuation. In addition, the asset shares maybe restated for changes in data or other policies.

Adjustments are also made on account of the funding positions of orphan bodies which fall to be met by all other active employers in the Fund.

APPENDIX B – DEFICIT RECOVERY AND SURPLUS OFFSET PLANS

If the funding level of an employer is below 100% at the valuation date (i.e. the assets of the employer are less than the liabilities), a deficit recovery plan needs to be implemented such that additional contributions are paid into the Fund to meet the shortfall.

It is the Fund's objective that any funding deficit is eliminated as quickly as the participating employers can reasonably afford given other competing cost pressures, based on the Administering Authority's view of the employer's covenant and risk to the Fund.

EMPLOYER RECOVERY PLANS– KEY PRINCIPLES

The average recovery period for the Fund as a whole is [xx] years at this valuation which is [x] years shorter than the average recovery period from the previous valuation. Subject to affordability and other considerations individual employer recovery periods would also be expected to reduce at this valuation.

Recovery periods will be set by the Fund on a consistent basis across employer categories where possible. This will determine the minimum contribution requirement and employers will be free to select any shorter deficit recovery period and higher contributions if they wish, including the option of prepaying the deficit contributions in one lump sum either on an annual basis or a one-off payment.

Deficit contributions paid to the Fund by each employer will be expressed as cash amounts (flat or increasing year on year).

The Administering Authority retains ultimate discretion in applying these principles for individual employers on grounds of affordability and covenant strength and it may be deemed necessary to deviate under exceptional circumstances. Employers will be notified of their individual deficit recovery period as part of the provision of their individual valuation results.

The key principles when considering deficit recovery and surplus offsets are as follows:

1. A medium term recovery period target has been set at 12 years which in the long term provides equity between different generations of taxpayers whilst ensuring the deficit payments are eliminating a sufficient proportion of the capital element of the deficit, thereby reducing the interest cost.

The recovery period for tax raising bodies and academies will be set as follows:

- a. For employers whose 2019 recovery period exceeded the medium term recovery period of 12 years, the recovery period will reduce by 3 years, but it will not normally reduce below 12 years.
- b. For employers whose 2019 recovery period was less than the medium term recovery period of 12 years, the recovery period will remain unchanged.

2. Employers without a guarantee and non tax raising bodies - Subject to consideration of affordability, as a general rule the deficit recovery period will reduce by:
 - a. At least 3 years (at this valuation when compared to the preceding valuation) for employers whose 2019 recovery period exceeded the medium term recovery period of 12 years. This is to target full solvency over a similar (or shorter) time horizon.
 - b. Between 0 and 3 years (at this valuation when compared to the preceding valuation) for employers whose 2019 recovery period was equal to or less than the medium term recovery period of 12 years. The reduction will be at the Fund's discretion based on the covenant and affordability of each employer.

This is to maintain (as far as possible) equity between different generations of taxpayers and to protect the Fund against the potential for an unrecoverable deficit.

3. However, where an employer is expected to exit the Fund then in normal circumstances, the deficit would be recovered over the remaining period to exit (if shorter than the recovery period determined by points 1. and 2. above).
4. For closed employers, the deficit recovery period will be linked to the expected average future working lifetime of the active membership (if shorter than the recovery period determined by points 1. to 3. above).
5. The deficit recovery period will be set to at least cover the expected interest costs (actual interest costs will vary in line with investment performance) on the deficit.
6. Employers have the freedom to adopt a recovery plan on the basis of a shorter period if they so wish.
7. Subject to affordability considerations and other factors, a bespoke period may be applied in respect of particular employers where the Administering Authority considers this to be warranted.
8. Where there has been a significant increase in deficit, in exceptional circumstances, the Fund may allow an employer to extend their recovery period. The Fund will take into account affordability and covenant considerations when making the decision.
9. For admitted bodies with a guarantee from the outsourcing scheme employer, the Administering Authority will discuss the appropriate deficit recovery period, where applicable, with the outsourcing scheme employer. Generally the deficit recovery period will be the length of the commercial contract left to expiry (or the average remaining working lifetime of the membership if this is shorter). If the scheme employer is retaining the financial risk, the deficit recovery period applied can be the same as the scheme employer's. The terms of the scheme employer's contract with the admission body may be a factor in these cases where this is made known to the Fund.
10. For any employers assessed to be in surplus, their individual contribution requirements will be adjusted to such an extent that any surplus is used (i.e. run-off) over a 12 year period in line with the medium term recovery period target for the whole Fund, subject to a total employer contribution minimum of zero. If an employer is expected to exit the Fund before this period,

contribution requirements will be set to target a nil termination deficit within reasonable expectations and subject to statutory constraints (subject to periodic review).

11. The applicable investment strategy for each employer will be reflected in the relevant employer's notional asset share, funding basis and contribution requirements.
12. The Fund's policy is not to allow the prepayment of employee contributions. The prepayment of primary contributions may be allowed at the Fund's discretion. A copy of the primary contribution prepayment policy can be provided by the Fund upon request.
13. Where increases in total employer contributions are required from 1 April 2023, following completion of the 2022 actuarial valuation, any increase in the primary contribution rate (from the rates of contribution payable in the year 2023/24) may be implemented in steps over a period of 3 years, depending on affordability of contributions as determined by the Administering Authority. The minimum step will be 0.5% of pay per annum (i.e. the increase in primary contribution rate must be at least 1.5% for this facility to apply). However, where total contributions (primary plus secondary) have reduced, the Fund would not consider it appropriate for any increase in contributions paid in respect of future accrual of benefits to be implemented in steps.
14. The secondary contributions may be set with reference to a different funding target, subject to the discretion of the Fund.
15. For employers that do not have a financial year end of 31 March 2023 (e.g. 31st July 2023 or 31st August 2023), the Fund can, at the employer's request before 28th February 2023, allow the employer to continue to pay at their current contribution level (i.e. the 2022/23 contribution rate) until their financial year end date. The new contribution plan would then be implemented after this date (i.e. 1 August 2023 if the year-end is 31 July 2023).
16. As part of the process of agreeing funding plans with individual employers, the Administering Authority will consider the use of contingent assets and other tools such as bonds or guarantees that could assist employing bodies in managing the cost of their liabilities or could provide the Fund with greater security against outstanding liabilities.
17. It is acknowledged by the Administering Authority that, whilst posing a relatively low risk to the Fund as a whole, a number of smaller employers may be faced with significant contribution increases that could seriously affect their ability to function in the future. The Administering Authority therefore would be willing to use its discretion to accept an evidence-based affordable level of contributions for the organisation for the three years 2023/2026. Any application of this option is at the ultimate discretion of the Fund officers and Section 151 officer in order to effectively manage risk across the Fund. It will only be considered after the provision of the appropriate evidence as part of the covenant assessment and also the appropriate professional advice.
18. For those bodies identified as having a relatively weak covenant, the Administering Authority will need to balance the level of risk plus the solvency requirements of the Fund with the sustainability of the organisation when agreeing funding plans.

19. The contributions for any employer may be varied as agreed by the Actuary and Administering Authority to reflect any changes as a result of any benefit costs being insured with a third party or internally within the Fund.
20. Notwithstanding the above principles, the Administering Authority, in consultation with the actuary, has the discretion to consider whether any exceptional arrangements should apply in particular cases.

APPENDIX C – EMPLOYER TYPES AND ADMISSION POLICY

ENTRY TO THE FUND

MANDATORY SCHEME EMPLOYERS

Certain employing bodies are required to join the scheme under the Regulations. These bodies include tax raising bodies, those funded by central government (academies and colleges) and universities (reliant on non-government income).

DESIGNATING BODIES

Designating bodies are permitted to join the scheme if they pass a resolution to this effect. Designating bodies including connected and controlled entities are not required under the Regulations to provide a guarantee. Apart from connected and controlled entities, these bodies usually have tax raising powers.

Connected entities and controlled entities, by definition, have close ties to a scheme employer given that they are either included in the financial statements of the scheme employer or owned/controlled by a scheme employer.

Although connected and controlled entities are “Designating Bodies” under the Regulations, they have similar characteristics to admitted bodies (in that there is an “outsourcing employer”). However, the Regulations do not strictly require such bodies to have a guarantee from a scheme employer.

To limit the risk to the Fund, the lower risk funding basis for calculating the liabilities will apply to all new connected and controlled entities unless a scheme employer provides a guarantee for their connected or controlled entity, in which case the higher risk valuation funding basis will be applied to value the liabilities.

ADMISSION BODIES

An admitted body is an employer which, if it satisfies certain regulatory criteria, can apply to participate in the Fund. If its application is accepted by the Administering Authority, it will then have an “admission agreement”. In accordance with the Regulations, the admission agreement sets out the conditions of participation of the admitted body including which employees (or categories of employees) are eligible to be members of the Fund.

Admitted bodies can join the Fund if

1. They provide a service for a scheme employer as a result of an outsourcing (formerly known as Transferee Admission Bodies).
2. They provide some form of public service or their funding derives primarily from local or central government. In reality they take many different forms but the one common element is that they are “not for profit” organisations (formerly known as Community Admission Bodies). These “not for profit” organisations are a diverse group. Some are financially very secure to the extent that they receive funding from either the government or local authorities on a quasi-permanent

basis. Others either have short-term funding contracts with local authorities, which may not be renewed when they expire, or depend heavily on various forms of fund raising.

Admitted bodies may now only join the Fund if they are guaranteed by a scheme employer (this has not always been the case – see next section). Therefore, these employers pose less financial risk to the Fund. In the case of admitted bodies with an outsourcing contract, when the agreement or service provision ceases, the Fund's policy is that the assets and liabilities of the admission body will in all cases revert to the outsourcing scheme employer or guaranteeing employer. Where there is an agreement in place whereby the admission body is required to make good any deficit which exists on termination, the Fund will, unless otherwise instructed by the outsourcing scheme employer or guarantor, seek to recover the amount due in the first instance; however, if it fails to do so, it will be a matter for outsourcing scheme employer or guarantor to enforce this agreement by instituting recovery procedures. Any sums recovered from outgoing admission bodies on termination must be paid into the Fund for the benefit of the outsourcing scheme employer or guarantor.

RISK MANAGEMENT OF “NOT FOR PROFIT” ADMISSION BODIES

For historical reasons, “not for profit” organisations (formerly known as Community Admission Bodies), which were admitted prior to 2004 have no guarantee and, as such, constitute a potential risk to the Fund. This is because they may cease operations with insufficient residual assets to meet their pension liabilities.

The risks associated with admitted bodies have always existed but these risks have assumed a higher profile recently because most of these bodies now have much greater liabilities relative to the covenant underpinning them.

The tools available to manage these risks are limited to using a more prudent valuation basis (such as the lower risk valuation basis) which minimises the deficit on exit; obtaining charges on assets in favour of the Fund; setting up escrow accounts or obtaining other security. The approach to agreeing the funding plans of these bodies will have regard to the financial strength of each individual body. The aim will be to achieve a balance between securing the solvency of the Fund and the sustainability of the organisation. For those with less secure income streams, the Fund will consider how it can manage contributions into the Fund in the short to medium term without compromising the financial stability of the organisation. Where there are assets or reserves, the Administering Authority will explore how these contingent assets could be used to assist in funding the liabilities or providing security to the Fund and its employing bodies.

Where there are no contingent assets, the policy is to move over time to the lower risk funding basis and to shorten the deficit recovery period. However, this will need to be weighed against the ability of that body to pay higher contribution rates.

CHILDREN'S CENTRE TRANSFER TO ACADEMY TRUSTS

Local education authorities have an obligation to provide Children's Centres under the Childcare Act 2006. The Act places duties on these authorities in relation to establishing and running Children's Centres and therefore the financial obligation to cover the LGPS costs of eligible staff remains a responsibility of the local education authority regardless of service delivery vehicle. The local education authority is liable for all the LGPS liabilities of the Children's Centre. The extensive

academisation programme in recent years has led to a number of Children's Centres being run by an Academy or Academy Trust.

As the staff cannot be employed directly by an Academy or Academy Trust, the Fund will permit admission of a separate participating employer (with its own contribution rate requirements based on the transferring staff), through a tri-partite admission agreement between the Fund, the Local Education Authority of the ceding Council and the body responsible for managing the Children's Centre (this could be an Academy Trust or private sector employer).

RELEVANT LEGISLATION

SECOND GENERATION OUTSOURCINGS FOR STAFF NOT EMPLOYED BY THE SCHEME EMPLOYER CONTRACTING THE SERVICES TO AN ADMITTED BODY

A 2nd generation outsourcing is one where a service is being outsourced for the second time, usually after the previous contract has come to an end. Best Value Authorities, principally the unitary authorities, are bound by The Best Value Authorities Staff Transfers (Pensions) Direction 2007 so far as 2nd generation outsourcings are concerned. In the case of most other employing bodies, they must have regard to Fair Deal Guidance issued by the Government.

It is usually the case that where services have previously been outsourced, the transferees are employees of the contractor as opposed to the original scheme employer and as such will transfer from one contractor to another without being re-employed by the original scheme employer. There are even instances where staff can be transferred from one contractor to another without ever being employed by the outsourcing scheme employer that is party to the Admission Agreement. This can occur when one employing body takes over the responsibilities of another, such as a maintained school (run by the local education authority) becoming an academy. In this instance the contracting scheme employer is termed a 'Related Employer' for the purposes of the Local Government Pension Scheme Regulations and is obliged to guarantee the pension liabilities incurred by the contractor. These liabilities relate both to any staff whom it may be outsourcing for the first time and to any staff who may be transferring from one contractor to another having previously been employed by a scheme employer prior to the initial outsourcing.

A "Related Employer" is defined as "any Scheme employer or other such contracting body which is a party to the admission agreement (other than an administering authority in its role as an administering authority)".

LGPS REGULATIONS 2013: SCHEDULE 2 PART 3, PARAGRAPH 8

This legislation primarily concerns the protection which must be put in place for the benefit of the Fund in the case of "not for profit" organisations.

The Fund is protected from any losses arising from the failure of a commercial organisation to whom a service is outsourced through the application of Regulation 64(3)(a) so that the provision in paragraph 8 which requires the outsourcing scheme employer to provide a guarantee in such cases is effectively superfluous. Outsourcing employers can protect themselves from the failure of one of its contractors by requiring the contractor to put in place a bond under the terms of paragraph 7 of Schedule 2, Part 3 of the Regulations.

Paragraph 8 of Schedule 2, Part 3 of the Regulations provides as follows:-

“Where, for any reason, it is not desirable for an admission body to enter into an indemnity or bond, the admission agreement must provide that the admission body secures a guarantee in a form satisfactory to the administering authority from—

(a) a person who funds the admission body in whole or in part;

(b) in the case of an admission body falling within the description in paragraph 1(d), the Scheme employer referred to in that paragraph;

(c) a person who—

(i) owns, or

(ii) controls the exercise of the functions of, the admission body”.

In accordance with the above Regulations, the Fund requires a guarantee from the Related Employer in most instances. In exceptional circumstances the admission body may supply a bond. Separately from this, as indicated above, a Related Employer (the Outsourcing Scheme Employer) may seek a bond from the admitted body to protect itself taking into account the risk assessment carried out by the Fund actuary.

APPENDIX D - TERMINATION POLICY, FLEXIBILITY FOR EXIT PAYMENTS AND DEFERRED DEBT AGREEMENTS

EXITING THE FUND

TERMINATION POLICY

Unless entering a DDA, an employer ceases to participate in the Fund when the last active member leaves the Fund or when a suspension notice ends and the employer then becomes an “exiting employer” under the Regulations. In this situation the Fund is required to obtain an actuarial valuation of that employer’s liabilities in respect of the benefits of the exiting employer’s current and former employees, along with a termination contribution certificate setting out whether an exit payment is due to the Fund or a credit is payable to the employer.

The Fund’s policy for settling termination payments/credits is as follows:

1. The default position is for exit payments and exit credits to be paid immediately in full once the cessation assessment has been completed by the Actuary (and any determination notice issued by the Fund where applicable). Further detail is set out below.
2. At the discretion of the Administering Authority, instalment plans over a defined period may be agreed but only when there are clear issues of affordability that risk the financial viability of the organisation and the ability of the Fund to recover the debt.

The assumptions and approach used to assess the amount of a payment/credit payable upon termination will be consistent with the previous valuation assumptions, updated for market yields and inflation applying at the cessation date. With the following exceptions:

	Employers with no guarantor in the Fund/ only a guarantee of last resort	Employers with a guarantor
Financial assumptions	The lower risk funding basis unless the Administering Authority agrees otherwise, based on the advice of the Actuary. This basis provides some mitigation against financial market risks and protection for the Fund. In the event that the lower risk basis produces a higher discount rate than the higher risk valuation funding basis, the higher risk valuation funding basis will be used.	If the employing body has a guarantor within the Fund or a successor body exists either of which would take over the employing body’s liabilities, the Fund’s policy is that the higher risk valuation funding basis will be used for the termination assessment unless the guarantor informs the Fund otherwise.
Demographic Assumptions	In line with the assumptions adopted for the 2022 valuation with the exception of a	In line with the assumptions adopted for the 2022 valuation for ongoing

	<p>higher level of prudence in the mortality assumptions to further protect the remaining employers. The rate of improvement in the mortality rates will therefore be increased to [2.25% p.a.]. This will be reviewed from time to time to allow for any material changes in life expectancy trends and will be formally reassessed at the next valuation.</p>	<p>funding and contribution purposes. This will be reviewed from time to time to allow for any material changes in life expectancy trends and will be formally reassessed at the next valuation.</p>
<p>McCloud</p>	<p>[A reasonable estimate for the potential cost of McCloud will be included. This will be calculated for all scheme members of the outgoing employer (reflecting the data made available). For the avoidance of doubt, there will be no recourse for an employer with regard to McCloud, once the final termination has been settled and payments have been made.]</p>	
<p>Additional Costs</p>	<p>The exit valuation costs on the Avon Pension Fund website and any additional costs incurred will be identified and notified to both exiting employer and outsourcing employer/guarantor and included in the exit valuation. These costs will be paid by the exiting employer unless the outsourcing scheme employer or guarantor directs otherwise, in which case the costs will be borne by the outsourcing scheme employer or guarantor.</p> <p>In the case of employers without a guarantor, there may also be costs associated with a transition of assets into the lower risk strategy. The Administering Authority reserves the right to pass these costs on to the employer usually via a deduction in the notional asset share.</p>	
<p>Default policy once the termination certificate has been provided</p>	<ul style="list-style-type: none"> • In the case of a surplus - the Fund pays the exit credit to the exiting employer following completion of the termination process (within 6 months of the exit date, or within 6 months of the completion of the cessation assessment by the Actuary (if later), providing no appeals have been raised with the Fund during this time). • In the case of a deficit -the Fund would require the exiting employer to pay the termination deficit to the Fund as a lump sum cash payment (unless agreed otherwise by the Administering Authority at their sole discretion) following completion of the termination process. 	<p>The guarantor or successor body will subsume the assets and liabilities of the employing body within the Fund under the default policy, subject to any deficit being made good by the exiting employer or any surplus being paid to the exiting employer where this is a requirement under the terms of any relevant contract. See further information below for cases where risk sharing applies and / or there is a dispute between the interested parties.</p>

The Administering Authority can vary the treatment on a case-by-case basis at its sole discretion if circumstances warrant it based on the advice of the Actuary based on any representations from the interested parties (where applicable).

DETERMINATION NOTICES (EMPLOYERS WITH A GUARANTOR)

This section is primarily concerned with the outsourcing of services by a scheme employer who then becomes the guarantor of the contractor's pension liabilities under the Regulations. Where there is an outsourcing there will also be a commercial contract between the outsourcing scheme employer and the admission body governing all aspects of the outsourcing. If properly drafted, the contract will make clear whether any deficit or surplus on termination will be the responsibility of the outsourcing scheme employer or the admission body. However, problems arise when the contract either overlooks this issue or fails to provide sufficient clarity.

The Fund will make a determination in all cases whatever the circumstances. Generally, where there is insufficient clarity or ambiguity exists within the contract the Fund's default in these cases is that any surplus would be retained by the Fund in favour of the outsourcing employer/guarantor. This is because the Fund would assume that, had there been a deficit, this would have been the responsibility of the outsourcing scheme employer. Any determination made by the Fund with regard to the allocation of a surplus can be challenged by one or other of the interested parties who can make representations in accordance with the procedure set out in the Regulations (see below). In addition, where the outgoing employer is responsible for only part of the residual deficit or surplus as per a separate risk sharing agreement, the Fund's default will also be that any surplus would be retained by the Fund in favour of the outsourcing employer/guarantor.

For the avoidance of doubt, where the outgoing employer is not responsible for any termination liability then the default position is that no exit credit will be paid provided that the guarantor provides the Fund with a copy of the commercial contract or provides other such reasonable evidence supporting the position.

If there is any dispute, then the following arrangements will apply:

- In the case of a surplus, in line with the amending Regulations (The Local Government Pension Scheme (Amendment) Regulations 2020) the parties will need to make representations to the Administering Authority if they believe an Exit Credit should be paid outside the policy set out above, or if they dispute the determination of the Administering Authority. The Fund will notify the parties of the information required to make the determination on request.
- If the Fund determines an Exit Credit is payable then they will pay this directly to the exiting employer within 6 months of the exit date, or within 6 months of the completion of the cessation assessment by the Actuary (if later)
- In the case of a deficit, in order to maintain a consistent approach, the Fund will seek to recover this from the exiting employer in the first instance although if this is not possible then the deficit will be recovered from the guarantor either as a further contribution collection or it will be taken into account at the next valuation depending on the circumstances.

The Administering Authority will provide details of the information considered as part of their determination. An exit credit determination notice will be provided alongside the termination assessment from the Actuary in cases where there is an exit credit. The notice will cover the following information and process steps:

1. Details of the employers involved in the process (e.g. the exiting employer and guarantor).
2. Details of the admission agreement, commercial contracts and any amendments to the terms that have been made available to the Administering Authority and considered as part of the decision making process. The underlying principle will be that if an employer is responsible for a deficit, they will be eligible for any surplus. This is subject to the information provided and any risk sharing arrangements in place.
3. The final termination certification of the exit credit by the Actuary.
4. The Administering Authority's determination based on the information provided.
5. Details of the appeals process in the event that a party disagrees with the determination and wishes to make representations to the Administering Authority.

DESIGNATING BODIES AND CONNECTED AND CONTROLLED ENTITIES

In the event of cessation:

- Designating bodies will be required to meet any outstanding liabilities valued in line with the "employers with no guarantor in the Fund" approach outlined above. Upon exit, the residual assets and liabilities will revert to the Fund as a whole (i.e. all current active employers).
- Connected and controlled entities will be required to meet any outstanding liabilities valued in line with the approach outlined above for designating bodies. This applies unless a scheme employer provides a guarantee, in which case the Determination Notices (Employers with a guarantor) above will apply. The assets and liabilities will revert in totality to that scheme employer on termination, including any unrecovered deficit, where appropriate.

POLICY IN RELATION TO THE FLEXIBILITY FOR DEBT SPREADING AGREEMENTS (DSA) AND DEFERRED DEBT AGREEMENTS (DDA)

The default position for exit payments is that they are paid in full at the point of exit once the cessation assessment has been completed by the Actuary (adjusted for interest where appropriate).

Under the Regulations the Fund has complete discretion as to whether it agrees to put a DDA in place provided that it follows the procedure set out in the Regulations.

If an employer requests that an exit debt payment is recovered over a fixed period of time (e.g. via a Debt Spreading Agreement ("DSA")) or that they wish to enter into a Deferred Debt Arrangement (DDA) with the Fund, they must make a request in writing covering the reasons for such a request. Any deviation from the default position will be based on the Administering Authority's assessment of whether the full exit debt is affordable and whether it is in the interests of the Fund (and therefore ultimately taxpayers) to adopt either of the approaches. In making this assessment the Administering Authority will consider the covenant of the employer and also whether any security is required and available to back the arrangements.

For the avoidance of doubt, the Fund will not agree to a request for a DSA or DDA which arises because of a decision taken by an employer to exit the Fund prematurely. This applies unless it is clear that continued participation in the Fund puts the solvency of that employer at risk in the foreseeable future and therefore to do so is in the best interest of the Fund in terms of managing risks to the remaining employers and therefore the taxpayer. As part of the evidential requirements

backing a DDA/DSA request by an employer (see below), the Fund will expect employers to be in a position to demonstrate that alternative flexibility with other existing and new sources of finance (including banks and funders) have also been explored and the reasons for why these are not viable.

Any costs (including necessary actuarial, legal and covenant advice) associated with assessing this will be borne by the employer and, depending on the employer's circumstances, will either be required as an upfront payment or included in the contribution plan or exit debt payment.

POLICY FOR SPREADING EXIT PAYMENTS

The following process will determine whether an employer is eligible to spread their exit payment over a defined period via a DSA.

1. The Administering Authority will request financial information from the employer including annual accounts, management accounts, budgets, cashflow forecasts and any other relevant information to use as part of their covenant review. As part of this, the Administering Authority will take advice from the Fund Actuary, covenant, legal and any other specialist adviser. If this information is not provided then the default policy of immediate payment will be adopted.
2. Once this information has been provided, the Administering Authority (in conjunction with the Fund Actuary, covenant and legal advisors where necessary) will review the covenant of the employer to determine whether it is in the interests of the Fund to allow them to spread the exit debt over a period of time. Depending on the length of the period and also the size of the outstanding debt, the Fund may request security to support the payment plan before entering into an agreement to spread the exit payments.
3. The payment plan could include non-uniform payments e.g. a lump sum up front followed by a series of payments over the agreed period. The payments required will include allowance for interest on late payment.
4. The initial process to determine whether an exit debt should be spread may take up to 3 months from receipt of data so it is important that employers who request to spread exit debt payments notify the Fund in good time
5. If it is agreed that the exit payments can be spread then the Administering Authority will engage with the employer regarding the following:
 - a. The spreading period that will be adopted (this will be subject to a maximum of 5 years except in exceptional circumstances).
 - b. The initial and annual payments due and how these will change over the period
 - c. The interest rates applicable and the costs associated with the payment plan devised
 - d. The level of security required to support the payment plan (if any) and the form of that security e.g. bond, escrow account etc.
 - e. The responsibilities of the employer during the exit spreading period including the supply of updated information and events which would trigger a review of the situation
 - f. The views of the Actuary, covenant, legal and any other specialists necessary
 - g. The covenant information that will be required on a regular basis to allow the payment plan to continue.

- h. Under what circumstances the payment plan may be reviewed or immediate payment requested (e.g. where there has been a significant change in covenant or circumstances)
6. Once the Administering Authority has reached its decision, the arrangement will be documented and any supporting agreements will be included.
7. Subject to the employer's circumstances, any costs will either be required as an upfront payment or included in the contribution plan.

EMPLOYERS PARTICIPATING WITH NO CONTRIBUTING MEMBERS (DDA)

As opposed to paying the exit debt upfront or via a DSA, an employer may participate in the Fund with no contributing members and utilise the "Deferred Debt Agreements" (DDA) at the sole discretion of the Administering Authority. This will only be considered when there are issues of affordability that risk the financial viability of the employer organisation and the ability of the Fund to recover the debt. Typically this will be relevant to small 'not for profit' organisations that constitute a potential risk to the Fund because they may cease operations with insufficient residual assets to meet their pension liabilities. A DDA would be at the request of the employer in writing to the Administering Authority.

The following process will determine whether the Fund will agree to allow the employer to enter into such an arrangement:

1. The Administering Authority will request updated covenant data from the employer including annual accounts, management accounts, budgets, cashflow forecasts and any other relevant information showing the expected financial progression of the organisation. If this information is not provided then a DDA will not be entered into by the Administering Authority
2. Once this information has been provided, the Administering Authority will firstly consider whether it would be in the best interests of the Fund and employers to enter into such an arrangement with the employer. This decision will be based on a covenant review of the employer to determine whether the employer could afford the exit debt (either immediately or via a debt spreading agreement) at that time (based on advice from the Actuary, covenant and legal advisor where necessary). If the exit debt is deemed to be affordable then a Deferred Debt Agreement will not apply to the employer.
3. The initial process to determine whether a DDA should apply may take up to 3 months from receipt of the required information so an employer who wishes to request that the Administering Authority enters into such an arrangement needs to make the request in advance of the potential exit date (for example when the Employer's active membership has reduced below 5 members and it appears likely that termination could be triggered within the next [6-9] months).
4. If the Administering Authority's assessment confirms that the potential exit debt is not affordable, the Administering Authority will engage in discussions with the employer about the

potential format of a DDA which will be based on the principles set out in the Scheme Advisory Board's separate guide. As part of this, the following will be considered and agreed:

- a. What security the employer can offer whilst the employer remains in the Fund. In general the Administering Authority will not enter into such an arrangement unless they are confident that the employer can support the arrangement in future. Provision of security may also result in a review of the recovery period and other funding arrangements.
- b. The investment strategy that would be applied to the employer e.g. the lower risk strategy or otherwise which could support the arrangement.
- c. Whether an upfront cash payment should be made to the Fund initially to reduce the potential debt.
- d. What the updated secondary rate of contributions would be required up to the next valuation.
- e. The financial information that will be required on a regular basis to allow the employer to remain in the Fund and any other monitoring that will be required.
- f. The advice of the Actuary, covenant, legal and any other specialists necessary.
- g. The responsibilities that would apply to the employer while they remain in the Fund.
- h. What conditions would trigger the implementation of a revised deficit recovery plan and subsequent revision to the secondary contributions (e.g. provision of security).
- i. The circumstances that would trigger a variation in the length of the DDA (if appropriate), including a cessation of the arrangement (e.g. where the ability to pay contributions has weakened materially or is likely to weaken in the next 12 months). Where an agreement ceases an exit payment (or credit) could become payable. Potential triggers may be the removal of any security or a significant change in covenant assessed as part of the regular monitoring.
- j. Under what circumstances the employer may be able to vary the arrangement e.g. a further cash payment.

The Administering Authority will then make a final decision on whether it is in the best interests of the Fund to enter into a DDA with the employer, and confirm the terms that are required.

5. For employers that are successful in entering into a DDA, contribution requirements will continue to be reviewed as part of each actuarial valuation or in line with the DDA in the interim if any of the triggers are met.
6. The costs associated with the advice sought and drafting of the DDA will be passed onto the employer as part of the arrangements and contribution requirements. Subject to the employer's circumstances, any costs will either be required as an upfront payment or included in the contribution plan.

APPENDIX E - REVIEW OF EMPLOYER CONTRIBUTIONS BETWEEN VALUATIONS

The Administering Authority has the ability to review employer contributions between valuations. The Administering Authority and employers have the following flexibilities:

1. The Administering Authority may review the contributions of an employer where there has been a significant change to the liabilities of an employer.
2. The Administering Authority may review the contributions of an employer where there has been a significant change in the employer's covenant.
3. An employer may request a review of contributions from the Administering Authority if they feel that either point 1 or point 2 applies to them. The employer would be required to pay the costs of any review following completion of the calculations and is only permitted to make a maximum of two requests between actuarial valuation dates (except in exceptional circumstances and at the sole discretion of the Administering Authority).

Where the funding position for an employer significantly changes solely due to a change in assets (and changes in actuarial assumptions), the Regulations do not allow employer contributions to be reviewed outside of a full valuation although changes in assets would be taken into account when considering if an employer can support its obligations to the Fund after a significant covenant change (see 2. above).

The Administering Authority will consult with the employer prior to undertaking a review of their contributions including setting out the reason for triggering the review.

For the avoidance of doubt any review of contributions may result in no change and a continuation of contributions as per the latest actuarial valuation assessment. In the normal course of events, a rate review would not be undertaken close to the next actuarial valuation date, unless in exceptional circumstances. For example:

- A contribution review due to a change in membership profile would not be undertaken in the 6 months leading up to the valuation Rates and Adjustments Certificate.
- However, where there has been a material change in covenant, a review will be considered on a case by case basis which will determine if it should take place and when any contribution change would be implemented.

SITUATIONS WHERE CONTRIBUTIONS MAY BE REVIEWED

Contributions may be reviewed if the Administering Authority becomes aware of any of the following scenarios. Employers will be notified if this is the case.

Consideration will also be given to the impact that any employer changes may have on the other employers and on the Fund as a whole, when deciding whether to proceed with a contribution review.

- **Significant changes in the employer's liabilities**

This includes but is not limited to the following scenarios:

1. Significant changes to the employer's membership which will have a material impact on their liabilities, such as:
 - a. Restructuring of an employer
 - b. A significant outsourcing or transfer of staff to another employer (not necessarily within the Fund)
 - c. A bulk transfer into or out of the employer
 - d. Other significant changes to the membership for example due to redundancies, significant salary awards, ill health retirements (for employers not included in the captive arrangement) or large number of withdrawals
 - e. Where the aggregation of member movements materially shortens the expected time horizon for continued participation in the Fund
2. Two or more employers merging including insourcing and transferring of services
3. The separation of an employer into two or more individual employers

In terms of assessing the triggers under 1. above, the Administering Authority will only consider a review if the change in liabilities is expected to be more than 5% of the total liabilities. In some cases this may mean there is also a change in the covenant of the employer.

Any review of the rate will only take into account the impact of the change in liabilities (including, if relevant, any underfunding in relation to pension strain costs) both in terms of the Primary and Secondary rate of contributions.

- **Significant changes in the employer's covenant**

This includes but is not limited to the following scenarios:

1. Provision of, or removal of, or impairment of, security, bond, guarantee or some other form of indemnity by an employer against their obligations in the Fund. For the avoidance of doubt, this includes provision of security to any other pension arrangement or creditor (e.g. banks), which may impair the security provided to the Fund.
2. Material change in an employer's immediate financial strength or longer-term financial outlook (evidence should be available to justify this) including where an employer ceases to operate or becomes insolvent.
3. Where an employer exhibits behaviour that suggests a change in their ability and/or willingness to pay contributions to the Fund.

In some instances, a change in the liabilities will also result in a change in an employer's ability to meet its obligations.

Whilst in most cases the regular covenant updates requested by the Administering Authority will identify some of these changes, in some circumstances, employers will be required to agree to notify the Administering Authority of any material changes. Where this applies, employers will be notified separately and the Administering Authority will set out the requirements (an example of the notifiable events framework is set out in Appendix I).

Additional information will be sought from the employer in order to determine whether a contribution review is necessary. This may include annual accounts, budgets, forecasts and any

specific details of restructure plans. As part of this, the Administering Authority will take advice from the Fund Actuary, covenant, legal and any other specialist adviser.

Where a contribution review is triggered by a significant change in employer covenant, any review of the contribution rate would include consideration of the updated funding position (both on an ongoing and termination basis) and would usually allow for changes in asset values when considering if the employer can meet its obligations on both an ongoing and termination basis (if applicable). This could then lead to the following actions:

- The contributions changing or staying the same depending on the conclusion, and/or;
- Security to improve the covenant to the Fund, and/or;
- If appropriate, a change in the investment strategy via the lower risk investment option.

In the case of an employer who may exit the Fund, there is statutory provision for rates to be amended between valuations but it is unlikely that this power will be invoked other than in exceptional circumstances.

PROCESS AND POTENTIAL OUTCOMES OF A CONTRIBUTION REVIEW

Where one of the listed events occurs, the Administering Authority will enter into discussion with the employer to clarify details of the event and the Administering Authority will notify the employer of the intention to review contributions if a contribution review is deemed necessary. Ultimately, the decision to review contributions as a result of the above events rests with the Administering Authority after, if necessary, taking advice from their Actuary, legal or a covenant specialist advisor.

This also applies where an employer requests a review of the contributions and the employer will be required to agree to meet any professional and administration costs associated with the review. The employer will be required to outline the rationale and case for the review through a suitable exchange of information prior to consideration by the Administering Authority.

The Administering Authority will consider whether it is appropriate to use updated membership data within the review (e.g. where the change in data is expected to have a material effect on the employer's liabilities in the Fund) and whether any supporting information is required from the employer.

As well as revisiting the employer's funding plan, as part of the review it is possible that other parts of the funding strategy will also be reviewed where the covenant of the employer has changed, for example the Fund will consider:

- Whether the employer's investment strategy remains appropriate or whether they should move to an alternative strategy (e.g. the higher risk or lower risk) in line with this Funding Strategy Statement.
- Whether the Primary contribution rate should be adjusted to allow for any profile change and/or investment strategy change
- Whether the secondary contributions should be adjusted including whether the length of the recovery period adopted at the previous valuation remains appropriate. The remaining recovery period from the valuation would be the maximum period adopted (except in exceptional and justifiable circumstances and at the sole discretion of the Administering Authority on the advice of the Actuary).

The review of contributions may take up to 3 months from the date of confirmation to the employer that the review is taking place, in order to collate the necessary data.

Any change to an employer's contributions will be implemented at a date agreed between the employer and the Fund. The Schedule to the Rates and Adjustment Certificate at the last valuation will be updated for any contribution changes. As part of the process the Administering Authority will consider whether it is appropriate to consult other Fund employers prior to implementing the revised contributions. Circumstances where the Administering Authority may consider it appropriate to do so include where there is another employer acting as guarantor in the Fund, then the guarantor would be consulted on as part of the contribution review process.

The Administering Authority will agree a proportionate process for periodical ongoing monitoring and review following the implementation of the revised contribution plan. The Employer will be required to provide information to the Fund to support this, which will depend in part of the reasons for triggering the contribution review.

APPENDIX F - EMPLOYERS MOVING BETWEEN INVESTMENT STRATEGIES

The Fund currently operates two investment strategies for employers:

- **The Higher Risk Investment Strategy** – This is the current overall Fund investment strategy, as set out in the Investment Strategy Statement and applies to the majority of employers currently.

This is intended for employers that have a reasonable level of security (e.g. tax raising employers and employers with a guarantee).

- **The Lower Risk Investment Strategy** – This strategy exhibits a lower investment risk than the current whole fund strategy. It is predominately linked to corporate bond assets and is expected to reduce funding volatility for employers within it. In addition, the strategy has exposure to the Liability Driven Investment (“LDI”) portfolio to provide protection against changes in market inflation expectations.

This is generally intended for employers that do not have any security, particularly those with a weaker covenant or employers who are close to exiting the Fund. The Fund can move an employer to this strategy if they deem it appropriate (e.g. where there are concerns around employer covenant, where the employer is deemed to be close to exit based on the remaining active membership or it is clear that the employer intends to leave the Fund). However, an employer can also request to switch to this strategy subject to agreement with the Fund as discussed below.

The applicable investment strategy will be reflected in the relevant employer’s notional asset share, funding basis and contribution requirements from the date they are deemed to have switched to that strategy.

CHOOSING TO MOVE TO ANOTHER STRATEGY

Each employer’s current investment strategy will be shown on their valuation schedule. For new employers, they will be placed in the higher risk investment strategy unless informed otherwise.

If an employer would like to move to a different strategy (e.g. from the higher to the lower risk strategy) then the following will apply:

1. The employer must notify the Fund of their choice in writing
2. The Fund will need to consider whether it is appropriate to allow the change in strategy, considering all relevant factors
3. The employer will be notified of any change in contributions that will apply following the switch (e.g. a move to the lower risk strategy may lead to a significant increase in

future service and deficit contributions).

4. Assuming that both the Fund and employer are happy to proceed, the switch will take place from the quarter end following notification to switch by the employer to the Fund, (after the contribution changes have been confirmed). For example, if the decision is made on 1 February the switch will be made effective from 31 March. This is to allow the Fund to transition assets in a managed way as with any strategy change (subject to discretions below). Please note that the notification to switch must be provided at least 15 working days prior to the quarter end, otherwise the switch will be delayed to the next quarter end.
5. The revised contributions will be payable from the start of the quarter from which the switch is made.
6. Under normal circumstances, the employer will remain within that strategy for all future funding and contribution assessments (e.g. at each future actuarial valuation) whilst it continues to be an ongoing employer in the Fund with active members (further detail on when a subsequent change may be appropriate is set out below).

Employers that are considering moving between strategies can ask the Fund for regular funding updates if this would assist with any decision making.

OTHER CONSIDERATIONS

1. If an employer is:
 - a. deemed to have a relatively weak covenant, or
 - b. poses a higher risk in other areas, or
 - c. is deemed to be close to exit based on the remaining active membership or other evidence such as a decision in principle by the employer.

then the Fund reserves the right to automatically move the employer from the higher risk to the lower risk strategy where it is felt that that the investment risk being taken is too high irrespective of the timing considerations noted above (typically following discussions with the employer).

This determination is based on:

1. the type of employer, whether they have a guarantor in place and if so, the nature of the guarantee;
2. current funding position on both the ongoing and termination basis; and
3. the strength of covenant and the ability to improve this over time.

This is to protect the Fund as a whole (ultimately the taxpayers) and all employers within it.

2. Once an employer has moved into the lower risk strategy, they will be unable to move back to the higher risk strategy unless they can provide sufficient security (e.g. a guarantee or evidence of a change in employer type). Any move would be at the sole discretion of the Fund.
3. There may be costs associated with a transition of assets into the lower risk strategy. The Administering Authority reserves the right to pass these costs on to the employer usually

via a deduction in the notional asset share.

IMPLEMENTING THE MOVE TO THE LOWER RISK STRATEGY

A further step will apply before any action is taken to avoid potential timing issues in switching strategy. If there has been a material shift in market conditions between the date of notification to switch by the employer and the following quarter end, the decision to move can be postponed:

- **By the employer** if they feel that market conditions have changed such that the move would be more detrimental to their funding position than initially thought at the time of notification
- **By the Fund** if the transition of assets would be too expensive based on the current financial conditions

In this case, an agreement will be reached as to when it will be appropriate to move in the future and triggers will be implemented to achieve this.

APPENDIX G - ACADEMIES / MULTI-ACADEMY TRUST POLICY

ACADEMY CONVERSIONS AND DEFICIT TRANSFERS

The Fund's policy regarding the treatment of schools when converting to academy status is for the new academy to inherit the school's appropriate share of the historic local authority deficit or surplus prior to its conversion. This is in accordance with the Department for Education (DfE) guidance issued when the Academy conversion programme was extended to cover all schools.

Therefore, the transferring deficit or surplus is calculated as the capitalised amount of the funding contributions relating to past service to the conversion date (based on the local authority recovery period) the school would have made to the Fund had it not converted to academy status. In the case of a deficit, it will be subject to a limit to ensure that the minimum asset share of the new academy is nil.

MULTI ACADEMY TRUSTS

Multi-Academy Trusts (MATs) are groups of academies managed and operated by one proprietor. The employer of non-teaching staff in academies is the proprietor of the Academy Trust and not the individual academy within the Trust. It is therefore the proprietor who is the employer for LGPS purposes making the MAT legally responsible for staff across all schools in the pool.

Within a MAT all academies are governed by one Trust and a Board of Directors. The MAT holds ultimate responsibility for all decisions regarding the running of the individual academies. However, the governing bodies of the individual academies remain in place and the MAT will need to decide the extent to which it delegates functions to these governing bodies to enable more focused local control.

Multi-Academy Trusts are often set up to cover a number of academies across England. The employees of the former schools can be employed directly by the Trust so they can be deployed across different academy schools in the Trust if necessary.

In cases where numerous academies are operated by the same managing Trust, the Fund is willing to allow a combined funding position and average contribution requirements to apply to all constituent academies. Notwithstanding this, the Fund will continue to track the constituent academies separately, in the interests of transparency and clarity around entry and exit events.

APPROACH TO SETTING CONTRIBUTION RATES

The Fund must have a separate employer number for each academy for transparency of cashflows, managing risks should an academy need to leave one Trust for another and for accounting where disaggregated disclosure reports are required. It should also be noted that the Department for Education (DfE) have confirmed that the guarantee relates to individual academies and MATs.

The Fund will provide the MATs with the option of having a common Primary contribution rate for all the academies within the trust if the MAT is willing to settle for that approach, bearing in mind that the risks of under and over payments will be shared by all academies in the MAT pool.

The past service deficit will still be assessed at an individual academy level so that it only relates to the staff of the respective academy. However, the MAT can opt to have the deficits for all the academies within the trust aggregated for the purposes of the actuarial valuation report.

Any new academies joining an existing MAT pool in the Fund can contribute at the employer contribution rate already established for the MAT but an actuarial assessment will still need to be carried out to determine the deficit applicable to the transferring staff.

OUTSOURCINGS BY MULTI ACADEMY TRUSTS

The Fund's current policy is in accordance with the Regulations requiring a separate admission agreement in respect of separate contracts.

Under Schedule 2, Part 3, paragraph 5. of the 2013 Regulations, if the admission body is exercising the functions of the scheme employer in connection with more than one contract or other arrangement under paragraph 1(d)(i), the administering authority and the admission body shall enter into a separate admission agreement in respect of each contract or arrangement.

With the development of MATs, there is a case for the Fund to allow a MAT to enter into a single admission agreement with the contractor providing similar services at various sites provided the outsourcing is covered by a single commercial contract. The Fund has developed a mechanism whereby this can be done, subject to certain conditions which must be agreed by the MAT.

The Fund will need to have sight of the contract in order to satisfy the regulatory requirement that the Admission Agreement covers one contract. The Admission Agreement will need to have provision for adding future employees should any academies join the MAT subsequent to the commencement date.

The scheme employer, the Multi Academy Trust in this instance, needs to be a party to any admission agreement and, as such, is the ultimate guarantor. In the event of contractor failure, the LGPS regulations provide that the outstanding liabilities assessed by the Fund's actuary can be called from the scheme employer i.e. the Multi Academy Trust.

If academies are to comply with "new" Fair Deal guidance, employees carrying out a service on behalf of the Academies must be allowed continued access to the LGPS. This can be achieved by entering into an Admission Agreement with the Administering Authority, Multi Academy Trust and the contractor (admitted body).

At every triennial valuation the actuary reviews the funding level of the admitted body and adjusts its employer contribution rate as required. Once either the service contract comes to an end or all the LGPS members have left, the admission agreement terminates and, in accordance with Fund policy, the Trust becomes responsible for the assets and liabilities standing to the account of the admitted body. A cessation valuation can be provided by the Fund actuary should the Trust request it.

APPENDIX H – COVENANT ASSESSMENT AND MONITORING POLICY

Covenant is the employer's legal obligation and financial ability to meet their defined benefit obligations in the Fund now and in the future. Regular assessment and monitoring of employer covenant is undertaken to understand the current strength of the employer's covenant and how they could change in the future. This is important to assist the Fund in deciding the appropriate level of risk when setting the investment strategy, employer funding targets and, where necessary, employer recovery plans. Therefore, a sound understanding of the covenant of employers is an essential part of the integrated approach to risk management of the Fund.

Employer's covenant can change quickly and therefore assessing the covenant of employers from a legal and financial perspective is an ongoing activity. The Fund has a well-developed and proportionate framework to monitor employer covenant and identify changes in covenant. The Fund can also draw on the expertise of external covenant advisers when necessary.

RISK CRITERIA

The assessment criteria upon which the affordability and recovery of employer contributions should be reviewed could include:

- Nature and prospects of the employer's industry
- Employer's competitive position and relative size
- Management ability and track record
- Financial policy of the employer
- Profitability, cashflow and financial ability to meet contributions (both ongoing and on exit)
- Employer's credit rating
- Position of the economy as a whole
- Legal aspects

Not all of the above would be applicable to assessing employer risk within the Fund; rather a proportionate approach to consideration of the above criteria would be made, with further consideration given to the following:

- The scale of obligations to the pension scheme relative to the size of the employer's operating cashflow
- The relative priority placed on the pension scheme compared to corporate finances
- An estimate of the amount which might be available to the scheme on insolvency of the employer as well as the likelihood of that eventuality.

ASSESSING EMPLOYER COVENANT

The strength of employer covenant can be subject to substantial variation over relatively short periods of time and, as such, regular monitoring and assessment is undertaken. The employers' covenants will be assessed and monitored objectively in a proportionate manner and their ability to

meet their obligations in the short and long term will be considered when determining an individual employer's funding strategy.

An assessment of employer covenant includes determining the following:

- Type of employer body and its origins
- Nature and enforceability of legal agreements
- Whether there is a bond in place and the level of the bond
- Whether a more accelerated recovery plan should be enforced
- Whether there is an option to call in contingent assets
- Whether there is a need for monitoring of ongoing and termination funding ahead of the next actuarial valuation

The employer covenant will be assessed based on publicly available information and/or information provided by the employer. The monitoring of covenant strength along with the funding position (including on the termination basis) enables the Fund to anticipate and pre-empt employer funding issues and thus adopt a proactive approach. In order to objectively monitor the strength of an employer's covenant, adjacent to the risk posed to the Fund, a number of fundamental financial metrics will be reviewed to develop an overview of the employer's stability and a rating score will be applied using a Red/Amber/Green (RAG) rating structure. Research will be carried out into employers' backgrounds and, in addition, employers may be contacted to gather further information. Focus will be placed on the regular monitoring of employers with a proactive rather than reactive view to mitigating risk. The covenant assessment will be combined with the funding position to derive an overall risk score. Action will be taken if these metrics meet certain triggers based on funding level, covenant rating and the overall risk score

FREQUENCY OF MONITORING

The funding position and contribution rate for each employer participating in the Fund will be reviewed in detail at each triennial actuarial valuation and will continue to be monitored between valuations (including on the termination basis) using an online system provided to officers by the Fund Actuary.

Employers subject to a more detailed review, where a risk criterion is triggered, will be reviewed at least every six months.

In some circumstances, employers will be required to agree to notify the Administering Authority of any material changes in covenant. Where this applies, employers will be notified separately. The notifiable event requirements are set out in Appendix I.

COVENANT RISK MANAGEMENT

The focus of the Fund's risk management is the identification and treatment of the risks and it will be a continuous and evolving process which runs throughout the Fund's strategy. Mechanisms that will be explored with certain employers, as necessary, will include but are not limited to the following:

1. Parental Guarantee and/or Indemnifying Bond
2. Transfer to a more prudent funding/investment approach (e.g. the lower risk basis)
3. Shortened recovery periods and increased cash contributions
4. Managed exit strategies
5. Contingent assets and/or other security such as escrow accounts.

APPENDIX I - NOTIFIABLE EVENTS FRAMEWORK

The Fund regularly monitors the covenant of its employers. Whilst in most cases the regular covenant updates will identify some of the key employer changes, in some circumstances, employers are required to notify the Administering Authority of any material changes. This is in keeping with the guide that The Scheme Advisory Board recently published ('A Guide for Administering Authorities') in which is recommended that Administering Authorities should include a notifiable events process within its policies.

It is considered to be in the best interests of the employer to inform the Fund of any notifiable events that occur. This will enable the Fund to work with the employer to find an effective solution, particularly in times of change or financial distress and keep the interests of the employer, the Fund, the members and a guarantor (if one exists) in mind. Early engagement is always more effective and efficient for all parties than retrospective steps.

By not informing the Fund of a notifiable event, it may be seen as a deliberate act to hide the information or delay the Fund from taking action. If the Fund becomes aware of an event that has not been openly communicated as part of this policy, they reserve the right to implement one or more of the actions set out below without the consent of the employer.

In the case of guaranteed employers this policy applies to both the employer and the guarantor.

A notifiable event is any event or circumstance that, in the judgement of the Fund, could materially affect one or more of the following:

- the employer's basis for continued participation in the Fund
- the employer's ability to pay its ongoing contributions to the Fund*
- the employer's ability to pay its termination debt to the Fund in the event of ceasing to participate in the Fund*

* These conditions would also apply where an employer and the Fund has entered into a Deferred Debt Agreement allowing continued participation as a Deferred Employer with no contributing members.

This policy sets out a list of typical events that, if they apply, must be notified to the Fund within a reasonable time period. The list is not exhaustive and may be modified from time to time. The Fund would deem 10 working days to be reasonable in the majority of cases. In some cases, notification prior to the event occurring may be required and this is detailed within the relevant sections below. The Fund will ensure that all information is treated as confidential.

EVENTS THAT MUST BE NOTIFIED TO THE FUND

The Fund considers any change that would be detrimental to either the employer's ability to finance their pension obligations or the ongoing viability of the employer to be 'material' and 'significant'.

Typical events that must be notified to the Fund include the following:

1) Significant changes in the employer's membership / liabilities

This includes but is not limited to the following scenarios, where applicable:

1. Significant changes to the employer's membership which will have a material impact on their liabilities, such as:
 - a. Restructuring of the employer involving significant changes in staffing
 - b. A significant outsourcing or transfer of staff to another employer (not necessarily within the Fund)*
 - c. A bulk transfer of staff into the employer, or out of the employer to another pension scheme*
 - d. Other significant changes to the membership for example due to redundancies, significant salary awards, ill health retirements or large a number of member withdrawals*
 - e. A decision which will restrict the employer's active membership in the future*
2. Two or more employers merging including insourcing and transferring of services*
3. The separation of an employer into two or more individual employers*
4. Concerns of fraudulent activity that may include pensions aspects

*In these examples, the Fund requires prior notification of events at least 14 days before commencement of staff consultation regarding proposed changes to members' pensions. The Fund will ensure that all information is treated as confidential.

2) Significant changes to the employer covenant

i. Significant changes in the employer's financial strength / security

A material change in an employer's immediate financial strength or longer-term financial outlook. This includes but is not limited to the following scenarios (where applicable):

- a. An employer's forecasts indicate reduced affordability of contributions.
- b. A significant reduction in funding (e.g. reduction in grants, central government funding or other income stream)
- c. Provision of security to any other party including lenders and alternative pension arrangements
- d. Impairment of security, bond or guarantee provided by an employer to the Fund against their obligations
- e. The sale or transfer of significant assets, where the net book value or sale value exceeds 10% of the employer's net assets
- f. A material increase in gearing (i.e. taking on additional debt in order to finance its operations)
- g. The employer has defaulted on payments
- h. There has been a breach of banking (or other) covenant or the employer has agreed a waiver with the lender
- i. The employer's officers are seeking legal advice in the context of continuing to trade and/or potential wrongful trading
- j. An employer becomes insolvent

ii. A change in the employer's circumstances

This includes but is not limited to the following scenarios, where applicable:

- a. A merger of the employer with another organisation

- b. An acquisition by the employer of another organisation or relinquishing control
- c. An employer commences the wind down of its operations or ceases to trade
- d. A material change in the employer's business model
- e. A change in the employer's legal status (to include matters which might change qualification as a scheme employer under the LGPS Regulations)
- f. The employer becoming aware of material suspected / actual fraud or financial irregularity
- g. The employer becoming aware of material legal or court action against them
- h. There has been suspension or conviction of senior personnel
- i. Regulatory investigation and/or sanction by other regulators
- j. Loss of accreditation by a professional, statutory or regulatory body

In the examples set out above, the Fund requires prior notification of these events (e.g. at the time that there has been a decision in principle rather than once the event has happened). The Fund will ensure that all information is treated as confidential.

WHAT INFORMATION SHOULD BE PROVIDED TO THE FUND?

The information required will vary depending on the situation that has arisen. The first step will be to email or call the Fund to notify them of the event that has occurred.

WHAT ACTION WILL THE FUND TAKE ONCE NOTIFIED?

Where one of the listed events occurs, the Fund will enter into discussion with the employer to clarify details of the event. If necessary, advice will be taken from the Fund Actuary, legal or a covenant specialist advisors. Depending on the outcome of the Fund's review of the situation, potential actions that may be taken as a result are as follows:

- a. No further action required
- b. More detailed request for further information and ongoing monitoring
- c. The Fund will review the documentation provided and respond on next steps
- d. A review of employer contributions
- e. A review of the recovery period used to calculate secondary contributions
- f. A review of the employer's investment strategy
- g. A review of the termination position and discussions with the employer as to how this may be addressed
- h. A review of any deferred debt agreements if applicable

Employers will kept informed of all steps throughout the process.

APPENDIX J – INSURANCE ARRANGEMENTS

OVERVIEW OF ARRANGEMENT

Ill health retirements can be expensive for employers, particularly small employers where one or two costly ill health retirements can take them well above the “average” implied by the valuation assumptions.

For certain employers in the Fund (following discussions with the Fund Actuary and after considering potential alternative insurance arrangements) a captive insurance arrangement was established by the Administering Authority to cover ill-health retirement costs. This has applied to all ill-health retirements since 1 April 2017. It applies only to ill-health retirements involving the early payment of pension and to the associated benefit costs.

The captive arrangement operates as follows:

- “Premiums” are paid by the eligible employers into the captive arrangement which is tracked separately by the Fund Actuary in the valuation calculations. The premiums are included in the employer’s primary rate. The premium for 2023/26 is [1.00]% of pay per annum
- The captive arrangement is then used to meet strain costs (over and above the premium paid) emerging from ill-health retirements in respect of active members i.e. there is no initial impact on the deficit position for employers within the captive and any subsequent impact should be manageable.
- The premiums are set with the expectation that they will be sufficient to cover the costs in the 3 years following the valuation date. If any excess premiums over costs are built up in the Captive, these will be used to offset future adverse experience and/or result in lower premiums at the discretion of the Administering Authority based on the advice of the Actuary.
- In the event of poor experience over a valuation period any shortfall in the captive fund is effectively underwritten by the other employers within the Fund. However, the future premiums will be adjusted to recover any shortfall over a reasonable period with a view to keeping premiums as stable as possible for employers. Over time the captive arrangement should therefore be self-funding and smooth out fluctuations in the contribution requirements for those employers in the captive arrangement.
- Premiums payable are subject to review from valuation to valuation depending on experience and the expected ill health trends. They will also be adjusted for any changes in the LGPS benefits. They will be included in employer rates at each valuation or on commencement of participation for new employers.

EMPLOYERS COVERED BY THE ARRANGEMENT

Those employers (both existing and new) that will generally be included in the captive are:

- Academies
- Community related Admitted Bodies
- Contract related Admitted Bodies
- Town and Parish Councils
- Designating Bodies.

These employers have been notified of their participation. New employers entering the Fund who fall into the categories above will also be included. At the discretion of the Administering Authority and where it is felt to be beneficial to the long term covenant and financial health of an employer, specific employers (outside of the categories listed above) may be included within the captive arrangement. In addition, the Administering Authority has the ability to exclude any employer in order to manage employer risk within the Fund.

For all other employers who do not form part of the captive arrangement, the current treatment of ill-health retirements will still apply. The Fund therefore continues to monitor ill-health retirement strain costs incurred in line with the allowance made in the actuarial assumptions. Once the allowance is exceeded, any excess costs are recovered from the employer, either at the next valuation or at an earlier review of the contributions due, including on termination of participation.

EMPLOYER RESPONSIBILITIES

Apart from the regulatory procedures in place to ensure that ill-health retirements are properly controlled, **employing bodies should be doing everything in their power to ensure robust processes are in place to determine eligibility for ill health retirements.**

The Fund and the Actuary will monitor the number of retirements that each captive employer is granting over time. If any employer has an unusually high incidence of ill health retirements, consideration will be given to the governance around the eligibility criteria applied by the employer and it is possible that some or all of the costs would fall on that employer if the governance was not deemed strong enough.

APPENDIX K - GLOSSARY OF TERMS

ACTUARIAL VALUATION: an investigation by an actuary into the ability of the Fund to meet its liabilities. For the LGPS the Fund Actuary will assess the funding level of each participating employer and agree contribution rates with the Administering Authority to fund the cost of new benefits and make good any existing deficits as set out in the separate Funding Strategy Statement. The asset value is based on market values at the valuation date.

ADMINISTERING AUTHORITY: the council with a statutory responsibility for running the Fund and that is responsible for all aspects of its management and operation.

ADMISSION BODIES: A specific type of employer under the Local Government Pension Scheme (LGPS) who do not automatically qualify for participation in the Fund but are allowed to join if they satisfy the relevant criteria set out in the Regulations.

BENCHMARK: a measure against which fund performance is to be judged.

BENEFITS: The benefits provided by the Fund are specified in the governing legislation contained in the Regulations referred to within the FSS. Benefits payable under the Fund are guaranteed by statute and thereby the pensions promise is secure for members.

The Fund is a defined benefit arrangement with principally final salary related benefits from contributing members up to 1 April 2014 and Career Averaged Revalued Earnings ("CARE") benefits earned thereafter. There is also a "50:50 Scheme Option", where members can elect to accrue 50% of the full scheme benefits in relation to the member only and pay 50% of the normal member contribution.

BEST ESTIMATE ASSUMPTION: an assumption where the outcome has a 50/50 chance of being achieved.

BONDS: loans made to an issuer (often a government or a company) which undertakes to repay the loan at an agreed later date. The term refers generically to corporate bonds or government bonds (gilts).

CAREER AVERAGE REVALUED EARNINGS SCHEME (CARE): with effect from 1 April 2014, benefits accrued by members in the LGPS take the form of CARE benefits. Every year members will accrue a pension benefit equivalent to 1/49th of their pensionable pay in that year. Each annual pension accrued receives inflationary increases (in line with the annual change in the Consumer Prices Index) over the period to retirement.

CPI: acronym standing for "Consumer Prices Index". CPI is a measure of inflation with a basket of goods that is assessed on an annual basis. The reference goods and services differ from those of RPI and the method of calculation is different. The CPI is expected to provide lower, less volatile inflation increases. Pension increases in the LGPS are linked to the annual change in CPI.

CPIH: An alternative measure of CPI which includes owner occupiers' housing costs and Council Tax (which are excluded from CPI).

CONTINGENT ASSETS: assets held by employers in the Fund that can be called upon by the Fund in the event of the employer not being able to cover the debt due upon termination. The terms will be set out in a separate agreement between the Fund and employer.

COVENANT: the assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term or affordability constraints in the short term.

DEFERRED DEBT AGREEMENT (DDA): A written agreement between the Administering Authority and an exiting Fund employer for that employer to defer their obligation to make an exit payment and continue to make contributions at the assessed Secondary rate until the termination of the DDA.

DEFERRED EMPLOYER: An employer that has entered into a DDA with the Fund.

DEFICIT: the extent to which the value of the Fund's past service liabilities exceeds the value of the Fund's assets. This relates to assets and liabilities built up to date and ignores the future build-up of pension (which in effect is assumed to be met by future contributions).

DEFICIT RECOVERY PERIOD: the target length of time over which the current deficit is intended to be paid off. A shorter period will give rise to a higher annual contribution, and vice versa.

DERIVATIVES: Financial instruments linked to the performance of specific assets which can be used to magnify or reduce exposure to those assets

DISCOUNT RATE: the rate of interest used to convert a cash amount e.g. future benefit payments occurring in the future to a present value i.e. the liabilities. A higher discount rate means lower liabilities and vice versa.

EARLY RETIREMENT STRAIN: the additional cost incurred by a scheme employer as a result of allowing a Scheme Member aged 55 or over to retire before Normal Retirement Age and to receive a full pension based on accrued service at the date of retirement without full actuarial reduction.

EMPLOYER'S FUTURE SERVICE CONTRIBUTION RATE ("PRIMARY RATE"): the contribution rate payable by an employer (expressed as a % of pensionable pay) which is set at a level which should be sufficient to meet the cost of new benefits being accrued by active members in the future. The cost will be net of employee contributions and will include an allowance for the expected level of administrative expenses. See also "Primary Rate" below.

EMPLOYING BODIES: Scheme employers that participate in the LGPS.

EQUITIES: shares in a company which are bought and sold on a stock exchange.

EQUITY PROTECTION: an insurance contract which provides protection against falls in equity markets. Depending on the pricing structure, this may be financed by giving up some of the upside potential in equity market gains.

EXIT CREDIT: the amount payable from the Fund to an exiting employer where the exiting employer is determined to be in surplus at the point of cessation based on a termination assessment by the Fund Actuary.

FUNDING OR SOLVENCY LEVEL: the ratio of the value of the Fund's assets and the value of the Fund's liabilities expressed as a percentage.

FUNDING STRATEGY STATEMENT: This is a key governance document which the Administering Authority is obliged to prepare and publish that outlines how the Administering Authority will manage employer's contributions and risks to the Fund.

GOVERNMENT ACTUARY'S DEPARTMENT (GAD): the GAD is responsible for providing actuarial advice to public sector clients. GAD is a non-ministerial department of HM Treasury.

GUARANTEE / GUARANTOR: a formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the Fund can consider the employer's covenant to be as strong as its guarantor's.

GUARANTEE OF LAST RESORT: for the purposes of the FSS, a guarantee of last resort refers to the situation where an employer has exhausted all alternative options for payment of an exit debt and so the debt is recovered from another employer in the Fund, however the liabilities are not subsumed in this case.

HIGHER RISK VALUATION FUNDING BASIS: the financial and demographic assumptions used to determine the employer's contribution requirements. The relevant discount rate used for valuing the present value of liabilities is determined based on the expected long term return achieved on the Fund's investments. This is expressed as an expected return over CPI.

ILL HEALTH CAPTIVE: this is a notional fund designed to protect certain employers against excessive ill health costs in return for an agreed insurance premium.

INVESTMENT STRATEGY: the long-term distribution of assets among various asset classes that takes into account the Funds objectives and attitude to risk.

LETTING EMPLOYER: an employer that outsources part of its services/workforce to another employer, usually a contractor. The contractor will pay towards the LGPS benefits accrued by the transferring members, but ultimately the obligation to pay for these benefits will revert to the letting employer.

LGPS: the Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations, for workers in local government. These Regulations also dictate those employing bodies which are eligible to participate, members' contribution rates, benefit calculations and certain governance requirements.

LIABILITIES: the actuarially calculated present value of all benefit entitlements i.e. scheme cashflows of all members of the Fund, accumulated to date or in the future. The liabilities in relation to the benefit entitlements earned up to the valuation date are compared with the present market value of Fund assets to derive the deficit and funding/solvency level. Liabilities can be assessed on different set of actuarial assumptions depending on the purpose of the valuation.

LONG TERM COST EFFICIENCY: this is a measure of the extent to which the Fund's policies properly address the need to balance immediate budgetary pressures with the undesirability of imposing an excessive debt burden on future generations.

LOWER RISK FUNDING BASIS: an approach where the discount rate used to assess the liabilities is determined based on the expected long term return achieved on the Fund's lower risk investment strategy. This is usually adopted for employers who are deemed to have a weaker covenant than others in the Fund, are planning to exit the Fund or would like to target a lower risk strategy. This basis is adopted for ongoing contribution rate purposes as the employers' asset share is invested in the lower risk investment strategy.

LOWER RISK INVESTMENT STRATEGY: an investment strategy which is predominately linked to corporate bond investment assets and is expected to reduce funding volatility for employers within it (as a minimum this will be reviewed following each actuarial valuation). In addition, the strategy has exposure to the Liability Driven Investment ("LDI") portfolio to provide protection against changes in market inflation expectations.

MANDATORY SCHEME EMPLOYERS: employers that have the statutory right to participate in the LGPS. These organisations (set out in Part 1 of Schedule 2 of the 2013 Regulations) would not need to designate eligibility, unlike the Part 2 Scheme Employers. For example, these include councils, colleges, universities and academies.

MATURITY: a general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter. This has implications for investment strategy and, consequently, funding strategy.

MCCLOUD JUDGMENT: This refers to the linked legal cases of Sargeant and McCloud, and which found that the transitional protections (which were afforded to older members when the public service pension schemes were reformed in 2014/15) constituted unlawful age discrimination.

MEMBERS: The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferreds (ex-employees who have not yet retired) and pensioners (ex-employees who have now retired and dependants of deceased ex-employees).

MINIMUM RISK FUNDING BASIS: an approach where the discount rate used to assess the liabilities is determined based on the market yields of Government bond investments based on the appropriate duration of the liabilities being assessed. This can be used as a benchmark to assess the level of reliance on future investment returns in the funding strategy and therefore the level of risk appetite in a Funds choice of investment strategy.

ORPHAN LIABILITIES: liabilities in the Fund for which there is no sponsoring employer within the Fund. Ultimately orphan liabilities must be underwritten by all other employers in the Fund.

PERCENTILES: relative ranking (in hundredths) of a particular range. For example, in terms of expected returns a percentile ranking of 75 indicates that in 25% of cases, the return achieved would be greater than the figure, and in 75% cases the return would be lower.

PHASING/STEPPING OF CONTRIBUTIONS: when there is an increase/decrease in an employer's long term contribution requirements, the increase in contributions can be gradually "stepped" or phased in over an agreed period. The phasing/stepping can be in equal steps or on a bespoke basis for each employer.

POOLING: employers may be grouped together for the purpose of calculating contribution rates, (i.e. a single contribution rate applicable to all employers in the pool). A pool may still require each individual employer to ultimately pay for its own share of deficit, or (if formally agreed) it may allow deficits to be passed from one employer to another.

PREPAYMENT: the payment by employers of contributions to the Fund earlier than that certified by the Actuary. The amount paid will be reduced in monetary terms compared to the certified amount to reflect the early payment.

PRESENT VALUE: the value of projected benefit payments, discounted back to the valuation date.

PRIMARY RATE OF THE EMPLOYERS' CONTRIBUTION: the contribution rate required to meet the cost of the future accrual of benefits including ancillary, death in service and ill health benefits together with administration costs. It is expressed as a percentage of pensionable pay, ignoring any past service surplus or deficit, but allowing for any employer-specific circumstances, such as its membership profile, the funding strategy adopted for that employer, the actuarial method used and/or the employer's covenant. The Primary rate for the whole fund is the weighted average (by payroll) of the individual employers' Primary rates. For any employer, the rate they are actually required to pay is the sum of the Primary and Secondary rates. See also "Employer's future service contribution rate" above.

PROFILE: the profile of an employer's membership or liability reflects various measurements of that employer's members, i.e. current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members compared to their salary levels, etc.

PRUDENT ASSUMPTION: an assumption where the outcome has a greater than 50/50 chance of being achieved i.e. the outcome is more likely to be overstated than understated. Legislation and Guidance requires the assumptions adopted for an actuarial valuation to be sufficiently prudent.

RATES AND ADJUSTMENTS CERTIFICATE: a formal document required by the LGPS Regulations, which must be updated at least every three years at the conclusion of the formal valuation. This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the three-year period until the next valuation is completed.

REAL RETURN OR REAL DISCOUNT RATE: a rate of return or discount rate net of (CPI) inflation.

RECOVERY PLAN: a strategy by which an employer will make up a funding deficit over a specified period of time ("the recovery period"), as set out in the Funding Strategy Statement.

SAB FUNDING BASIS OR SAB BASIS: a set of actuarial assumptions determined by the LGPS Scheme Advisory Board (SAB). Its purposes are to set out the funding position on a standardised approach so that comparisons can be made with other LGPS Funds, and to assist with the "Section 13 review" as carried out by the Government Actuary's Department. As an example, the real discount rate over and above CPI used in the SAB Basis as at 31 March 2022 was [2.4% p.a.], so it can be substantially different from the actuarial assumptions used to calculate the Fund's solvency funding position and contribution outcomes for employers.

SCHEME EMPLOYERS: organisations that participate in the Avon Pension Fund.

SECTION 13 VALUATION: in accordance with Section 13 of the Public Service Pensions Act 2014, the Government Actuary's Department (GAD) have been commissioned to advise the Department for Levelling Up, Housing and Communities (DLUHC) in connection with reviewing the 2022 LGPS actuarial valuations. All LGPS Funds therefore will be assessed on a standardised set of assumptions as part of this process.

SECONDARY RATE OF THE EMPLOYERS' CONTRIBUTION: an adjustment to the Primary rate to reflect any past service deficit or surplus, to arrive at the rate each employer is required to pay. The Secondary rate may be expressed as a percentage adjustment to the Primary rate, and/or a cash adjustment in each of the three years beginning 1 April in the year following that in which the valuation date falls. The Secondary rate is specified in the rates and adjustments certificate. For any employer, the rate they are actually required to pay is the sum of the Primary and Secondary rates.

SOLVENCY FUNDING TARGET: an assessment of the present value of benefits to be paid in the future. The desired funding target is to achieve a solvency level of a 100% i.e. assets equal to the accrued liabilities at the valuation date assessed on the ongoing concern basis.

STRAIN COSTS: the costs arising when a members retire before their normal retirement date and receive their pensions immediately without actuarial reduction. So far as the Fund is concerned, where the retirements are not caused by ill-health, these costs are invoiced directly to the retiring member's employer at the retirement date and treated by the Fund as additional contributions. The costs are calculated by the Actuary.

SWAPS: a generic term for contracts put in place with financial institutions such as banks to limit the Fund's investment and other financial risks where financial obligations on one basis are "swapped" for financial obligations on another basis.

50/50 SCHEME: in the LGPS, active members are given the option of accruing a lower personal benefit in the 50/50 Scheme, in return for paying a lower level of contribution.

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YATE TOWN COUNCIL

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Summary Income & Expenditure by Budget Heading 30/06/2022

Month No: 4

Cost Centre Report

		Actual Last Year	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
101	Bowling Green/Sports Pavilion							
	Income	15,494	15,610	15,165	(445)			102.9%
	Expenditure	21,876	3,676	25,103	21,427	404	21,023	16.3%
	Movement to/(from) Gen Reserve	(6,382)	11,934					
102	Football Pitches/Pavilion							
	Income	7,237	599	7,023	6,424			8.5%
	Expenditure	18,557	4,539	19,646	15,107	1,278	13,830	29.6%
	Net Income over Expenditure	(11,320)	(3,940)	(12,623)	(8,683)			
	plus Transfer from EMR	0	0					
	less Transfer to EMR	(2,010)	0					
	Movement to/(from) Gen Reserve	(9,310)	(3,940)					
104	Tennis Courts - Sunnyside Lane							
	Income	1,321	1,028	1,574	546			65.3%
	Expenditure	359	3,286	3,556	270		270	92.4%
	Net Income over Expenditure	962	(2,258)	(1,982)	276			
	plus Transfer from EMR	0	0					
	less Transfer to EMR	(386)	0					
	Movement to/(from) Gen Reserve	1,348	(2,258)					
105	Kingsgate Park							
	Income	8,006	8,188	8,398	210			97.5%
	Expenditure	32,099	3,552	37,809	34,257	4,313	29,944	20.8%
	Net Income over Expenditure	(24,093)	4,636	(29,411)	(34,047)			
	plus Transfer from EMR	-2,039	0					
	less Transfer to EMR	0	0					
	Movement to/(from) Gen Reserve	(26,132)	4,636					
106	Brinsham Fields							
	Expenditure	17,595	554	21,904	21,350	317	21,033	4.0%
	plus Transfer from EMR	0	0					
	Movement to/(from) Gen Reserve	(17,595)	(554)					
108	Abbotswood Centre							
	Income	0	1,049	0	(1,049)			0.0%
	Expenditure	441	116	1,146	1,030		1,030	10.1%
	Movement to/(from) Gen Reserve	(441)	933					
109	YOSC							
	Income	29,060	8,517	78,980	70,463			10.8%
	Expenditure	62,555	9,355	149,874	140,519		140,519	6.2%
	Net Income over Expenditure	(33,496)	(838)	(70,894)	(70,056)			
	plus Transfer from EMR	0	0					
	less Transfer to EMR	(9,413)	0					
	Movement to/(from) Gen Reserve	(24,083)	(838)					
111	PA - Eggshill Lane							
	Expenditure	1,871	111	1,394	1,283	17	1,267	9.1%
112	PA - Kingsgate Park Junior							
	Expenditure	2,217	171	1,222	1,051	17	1,034	15.4%
113	PA - Kingsgate Park Senior							
	Expenditure	1,822	112	2,401	2,289	17	2,272	5.4%
114	PA - Howard Lewis							
	Expenditure	2,986	340	1,432	1,092	17	1,075	24.9%
115	PA - St Mary's Senior							
	Expenditure	1,724	297	1,569	1,272	142	1,130	28.0%
116	PA - St Mary's Junior							
	Expenditure	910	102	1,101	999	17	982	10.8%

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Summary Income & Expenditure by Budget Heading 30/06/2022

Month No: 4

Cost Centre Report

		Actual Last Year	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent	
117	PA - Tyndale Park	Expenditure	3,613	270	3,850	3,580	3,580	7.0%	
118	PA - Wellington Road	Expenditure	448	30	839	809	17	792	5.6%
119	PA - Witches Hat	Expenditure	3,563	495	4,440	3,945	167	3,778	14.9%
	plus Transfer from EMR		0	0					
	less Transfer to EMR		0	0					
	Movement to/(from) Gen Reserve		<u>(3,563)</u>	<u>(495)</u>					
120	PA - Abbotswood	Expenditure	4,513	52	1,289	1,237	1,237	4.1%	
121	PA - Millside Playzone	Expenditure	1,753	340	1,445	1,105	17	1,088	24.7%
122	PA - Lye Field	Expenditure	59	0	839	839	839	0.0%	
123	PA - Peg Hill Skate Park	Expenditure	10,193	60	9,239	9,179	17	9,162	0.8%
	plus Transfer from EMR		0	0					
	Movement to/(from) Gen Reserve		<u>(10,193)</u>	<u>(60)</u>					
124	PA - Yate West Kickabout	Expenditure	229	30	839	809	17	792	5.6%
125	PA - Longs Drive Playzone	Expenditure	693	30	1,259	1,229	142	1,087	13.6%
126	PA - Brinsham Park	Expenditure	1,940	102	1,339	1,237	17	1,220	8.9%
129	Play Areas	Expenditure	44,098	0	60,594	60,594	60,594	0.0%	
130	Open Spaces	Income	391	60	60	0			100.0%
	Expenditure		78,682	9,723	90,472	80,749	1,217	79,533	12.1%
	Net Income over Expenditure		<u>(78,291)</u>	<u>(9,663)</u>	<u>(90,412)</u>	<u>(80,749)</u>			
	plus Transfer from EMR		0	450					
	Movement to/(from) Gen Reserve		<u>(78,291)</u>	<u>(9,213)</u>					
160	Estates Staff	Income	2,165	0	0	0			0.0%
	Expenditure		110,328	64,797	109,791	44,994	1,620	43,374	60.5%
	Movement to/(from) Gen Reserve		<u>(108,163)</u>	<u>(64,797)</u>					
170	Est Crewcab Tipper WA66ECX	Expenditure	7,054	1,665	6,848	5,183	5,183	24.3%	
171	Est Kangoo Bus Van WN71SZG	Expenditure	5,249	1,273	4,580	3,307	3,307	27.8%	
172	Est Tractor J418 ODG	Expenditure	1,577	150	1,864	1,714	1,714	8.0%	
173	Est Kubota Mower Y434 HEU	Expenditure	800	155	1,759	1,604	858	746	57.6%
174	Est Renault Kangoo BT18 DZL	Expenditure	3,552	3,983	4,115	133	133	96.8%	
176	Estates Equipment	Income	73	0	0	0			0.0%
	Expenditure		5,990	1,725	5,323	3,598	(397)	3,995	24.9%
	Movement to/(from) Gen Reserve		<u>(5,916)</u>	<u>(1,725)</u>					
177	Est Batwing Mower (KP) WX15KKC	Expenditure	3,153	3,136	14,232	11,096	1,951	9,145	35.7%
178	Estates Ranger Pickup EF18 XBM	Expenditure	5,539	5,393	6,917	1,524	1,524	78.0%	
179	Estesia mower	Expenditure	362	0	0	0	0	0.0%	
180	Transport Initiatives	Expenditure	813	0	1,200	1,200	3,865	(2,665)	322.1%
501	Democratic Representation	Expenditure	386	120	7,481	7,361	74	7,287	2.6%
	plus Transfer from EMR		0	0					
	less Transfer to EMR		1,000	0					
	Movement to/(from) Gen Reserve		<u>(1,386)</u>	<u>(120)</u>					

Summary Income & Expenditure by Budget Heading 30/06/2022

Month No: 4

Cost Centre Report

		Actual Last Year	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
502	Civic Expenses							
	Income	180	0	0	0			0.0%
	Expenditure	2,587	301	3,868	3,567	162	3,405	12.0%
	Net Income over Expenditure	<u>(2,407)</u>	<u>(301)</u>	<u>(3,868)</u>	<u>(3,567)</u>			
	plus Transfer from EMR	-226	94					
	Movement to/(from) Gen Reserve	<u>(2,633)</u>	<u>(207)</u>					
505	Adjustment to Reserves							
	Expenditure	0	0	0	0	2,064	(2,064)	0.0%
508	Service Support							
	Income	1,412,529	771,324	1,540,994	769,670			50.1%
	Expenditure	366,348	116,446	416,962	300,516	1,306	299,210	28.2%
	Net Income over Expenditure	<u>1,046,181</u>	<u>654,878</u>	<u>1,124,032</u>	<u>469,154</u>			
	less Transfer to EMR	0	0					
	Movement to/(from) Gen Reserve	<u>1,046,181</u>	<u>654,878</u>					
510	Grants							
	Expenditure	20,011	11,927	17,500	5,573		5,573	68.2%
	plus Transfer from EMR	-2,489	2,404					
	Movement to/(from) Gen Reserve	<u>(22,500)</u>	<u>(9,523)</u>					
512	Community Support							
	Income	3,806	4,895	7,346	2,451			66.6%
	Expenditure	164,820	42,419	207,889	165,470	204	165,266	20.5%
	Net Income over Expenditure	<u>(161,013)</u>	<u>(37,524)</u>	<u>(200,543)</u>	<u>(163,019)</u>			
	plus Transfer from EMR	-14,096	0					
	less Transfer to EMR	0	0					
	Movement to/(from) Gen Reserve	<u>(175,109)</u>	<u>(37,524)</u>					
550	Heritage Centre							
	Income	2,995	2,800	2,800	0			100.0%
	Expenditure	82,346	18,480	92,322	73,842	2,812	71,030	23.1%
	Net Income over Expenditure	<u>(79,351)</u>	<u>(15,680)</u>	<u>(89,522)</u>	<u>(73,842)</u>			
	plus Transfer from EMR	-273	0					
	Movement to/(from) Gen Reserve	<u>(79,624)</u>	<u>(15,680)</u>					
551	Parish Hall							
	Income	11,768	9,277	11,193	1,916			82.9%
	Expenditure	11,916	2,420	18,340	15,920	656	15,264	16.8%
	Movement to/(from) Gen Reserve	<u>(148)</u>	<u>6,857</u>					
552	Pop Inn Cafe							
	Income	7,914	4,490	7,343	2,853			61.1%
	Expenditure	28,593	6,447	34,791	28,344	878	27,467	21.1%
	Movement to/(from) Gen Reserve	<u>(20,679)</u>	<u>(1,957)</u>					
553	Poole Court							
	Income	29,007	27,942	32,540	4,598			85.9%
	Expenditure	87,005	20,230	97,530	77,300	1,749	75,552	22.5%
	Movement to/(from) Gen Reserve	<u>(57,998)</u>	<u>7,712</u>					
554	Armadillo							
	Income	58,005	21,146	60,418	39,272			35.0%
	Expenditure	312,254	75,612	347,842	272,230	2,853	269,377	22.6%
	Net Income over Expenditure	<u>(254,249)</u>	<u>(54,465)</u>	<u>(287,424)</u>	<u>(232,959)</u>			
	plus Transfer from EMR	0	0					
	less Transfer to EMR	(45,383)	0					

Summary Income & Expenditure by Budget Heading 30/06/2022

Month No: 4

Cost Centre Report

		Actual Last Year	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent
	Movement to/(from) Gen Reserve	<u>(208,866)</u>	<u>(54,465)</u>					
555	Facilities Development							
	Income	368	0	0	0			0.0%
556	YMCA							
	Income	3,560	4,316	3,430	(886)			125.8%
	Expenditure	10,837	1,654	11,513	9,859	259	9,600	16.6%
	Movement to/(from) Gen Reserve	<u>(7,277)</u>	<u>2,662</u>					
600	Capital Expenditure							
	Income	91,115	6,665	0	(6,665)			0.0%
	Expenditure	210,638	24,093	101,200	77,107	31,312	45,795	54.7%
	Net Income over Expenditure	<u>(119,523)</u>	<u>(17,428)</u>	<u>(101,200)</u>	<u>(83,772)</u>			
	plus Transfer from EMR	90,392	6,400					
	less Transfer to EMR	26,726	3,000					
	Movement to/(from) Gen Reserve	<u>(55,857)</u>	<u>(14,028)</u>					
<hr/>								
	Grand Totals:- Income	1,684,993	887,907	1,777,264	889,357			50.0%
	Expenditure	1,756,956	439,768	1,958,468	1,518,700	60,371	1,458,329	25.5%
	Net Income over Expenditure	<u>(71,963)</u>	<u>448,139</u>	<u>(181,204)</u>	<u>(629,343)</u>			
	plus Transfer from EMR	71,269	9,348					
	less Transfer to EMR	-29,465	3,000					
	Movement to/(from) Gen Reserve	<u>28,772</u>	<u>454,487</u>					

Civic Regalia and Robe report

Following the recent appointment of a new Mayor and Vice Chair, Yate Town Council has reviewed the current regalia and robe as it became apparent that the existing 28-year-old robe is too long and too large.

YTC have contacted the manufacturer to obtain their advice regarding the refurbishment and refitting of these items.

They provided the following response 29 June 2022:

Thanks very much for sending the picture of the new mayor. I can see that the current robe is too big for her and would need a lot of alterations.

I have checked our files and interestingly, Michaels made the current robe in 1994 out of Superfine Doeskin.

As the robe is nearly 30 years old and made from Superfine Merino Wool, I wouldn't recommend altering as it could damage the fabric.

However, as the fabric is a heavy-duty Merino Wool, I think the robe will last many more years provided alteration work isn't carried out.

A new Robe would be for smaller and more petite wearers, I wouldn't recommend a Heavy material such as Doeskin as it could be too heavy for the wearer. A very popular fabric is the Panama Wool as it is lighter weight.

If you did decide to purchase a smaller Mayor's Robe, it would also increase the longevity of the current Robe because you could swap and change accordingly depending on the mayor's height and also the season.

Regarding the Tricorn, unfortunately refurbishment isn't an option. The reason is because our Tricorns have a plastic insert which we cut and then use heat to allow the sides to come up to the centre. Once we have taken the cover off, we can't flatten the plastic again as it will be very brittle and could snap.

Recommendation:

Following this advice and feedback from the users of the civic items please could members consider the recommendation to purchase the following items;

- a new replacement hat (Tricorn) for £378.50 ex VAT.
- a new robe made from Panama Wool would be £1,391.50 ex VAT
- The Wedge Jabot for £103.50 ex VAT.
- Delivery £12.50 ex VAT.

Currently within the 2022/2023 budget there is a sum allotted of £108.00 for Civic Regalia and Robes which includes any cleaning, etc.

As the quotes exceed this present budget the cost could be met from the Project Support Earmarked Reserves, that is in place to assist with Project costs as identified, which has an available balance of £9,248.

Civility and Respect Pledge

Definition of Civility and Respect:

Civility means politeness and courtesy in behaviour, speech, and in the written word. Examples of ways in which you can show respect are by listening and paying attention to others, having consideration for other people's feelings, following protocols and rules, showing appreciation and thanks, and being kind.

The National Association of Local Councils (NALC), the Society of Local Council Clerks (SLCC), and One Voice Wales (OVW), believe now is the time to put civility and respect at the top of the agenda and start a culture change for the local council sector.

By our council signing up to the civility and respect pledge we are demonstrating that our council is committed to treating councillors, clerks, employees, members of the public, representatives of partner organisations, and volunteers, with civility and respect in their role.

Signing up is a simple process, which requires councils to register and agree to the following statements:

Statement	Tick to agree
Our council has agreed that it will treat all councillors, clerk and all employees, members of the public, representatives of partner organisations, and volunteers, with civility and respect in their role.	
Our council has committed to training councillors and staff.	
Our council has signed up to Code of Conduct for councillors	
Our council has good governance arrangements in place including, staff contracts, and a dignity at work policy.	
Our council will commit to seeking professional help in the early stages should civility and respect issues arise.	
Our council will commit to calling out bullying and harassment when it and when it happens.	
Our council will continue to learn from best practice in the sector and aspire to being a role model/champion council e.g., via the Local Council Award Scheme	
Our council supports the continued lobbying for the change in legislation to support the Civility and Respect Pledge, including sanctions for elected members where appropriate.	

Recommendation:

To pass a resolution to sign up to the civility and respect pledge