



To all Members of the Pension Fund Committee

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Date: 23 September 2022

Dear Member

PENSION FUND COMMITTEE - WEDNESDAY, 28 SEPTEMBER 2022

I am now able to enclose, for consideration at next Wednesday's meeting, the following report appendix, which was unavailable when the agenda was printed.

Agenda Item No

14 **Governance Review - update (Pages 1 - 18)**

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ben Watts', is written over a faint circular stamp.

Benjamin Watts
General Counsel

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Kent County Council Pension Fund

Governance Policy and Compliance Statement

September 2022

Introduction and Legal Requirements

Kent County Council is the Administering Authority for maintaining and managing the Kent County Council Pension Fund (the Fund) on behalf of its stakeholders; the Scheme Members and Employers participating in the Fund. These responsibilities are primarily set out in the Local Government Pension Scheme (LGPS) Regulations.

[Regulation 55 of The Local Government Pension Scheme Regulations 2013](#) requires the administering authority to prepare and maintain a Governance Compliance Statement setting out whether the authority delegates its functions, or part of its functions to a committee, a sub-committee, or an officer of the authority, and if it does so:

- a. the terms, structure, and operational procedures of the delegation.
- b. the frequency of any committee or sub-committee meetings.
- c. whether such a committee or sub-committee includes representatives of Scheme Employers or Members, and if so, whether those representatives have voting rights.
- d. the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not comply, the reasons for not complying; and
- e. details of the terms, structure and operational procedures relating to the local pension board

An administering authority must keep a statement under review and make such revisions as are appropriate, following a material change to any of the matters mentioned in the statement.

Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.

An administering authority must publish its statement under this regulation, and any revised statement.

This document is the Governance Policy and Compliance Statement for Kent County Council Pension Fund that has been prepared to meet the requirement of the LGPS Regulations. The Governance Compliance Statement noted in point d. above is included as Appendix 1.

About the Kent County Council Pension Fund (“the Fund”)

Under the regulations, Kent County Council is required to maintain a pension fund (the Fund) for its employees and those of other scheme employers within its area.

The Fund Summary Report provides an update on the Fund’s position at the end of each financial year and references the number of members & employers in the scheme.

Aims and Objectives

In relation to the governance of the Fund we will aim to:

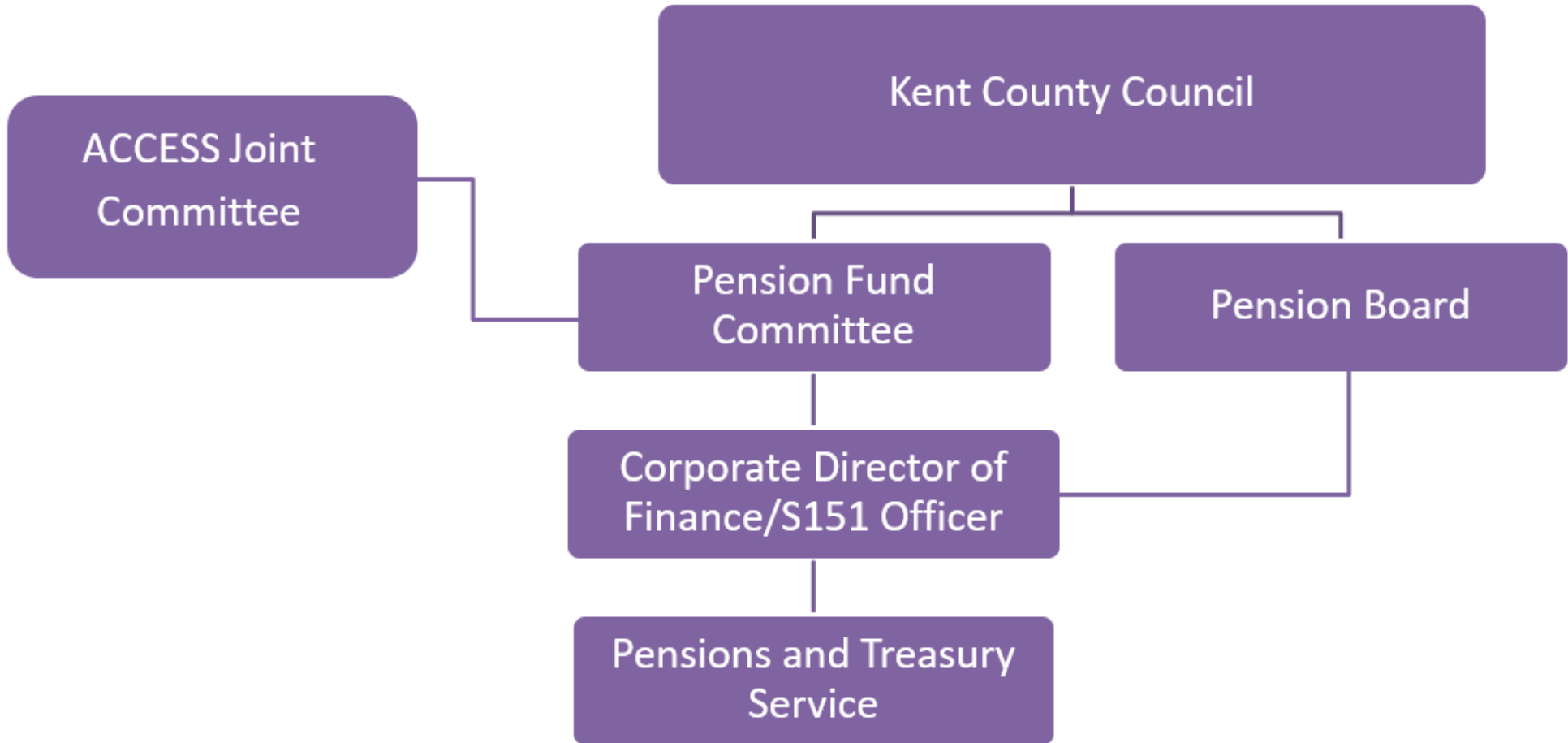
- Provide a high-quality service whilst maintaining value for money
- ensure compliance with the LGPS regulations, other relevant legislation, and the Pension Regulator’s Codes of Practice
- ensure the Fund is managed, and its services delivered by people who have the appropriate knowledge and expertise
- evolve and look for new opportunities, ensuring efficiency at all times
- act with integrity and be accountable to our stakeholders
- understand and monitor risk and compliance
- continually measure and monitor success against our objectives
- ensure the confidentiality, integrity and accessibility of the Fund’s data, systems and services is protected and preserved

Kent County Council Pension Fund Governance Structure

The Fund’s governance structure relates to the Administering Authority’s responsibilities only. Kent County Council is also an employer within the Fund, and a separate governance structure and Scheme of Delegation is in place in relation to Kent County Council’s employer pension responsibilities.

Full details of the delegations from Kent County Council as Administering authority are set out in the council’s [constitution](#).

The following is a summary of the structure.



The role and membership of the Committee is covered on the following pages.

The Role of Officers

The chief officers of Kent County Council have certain statutory and formal responsibilities. Executive powers are delegated to named chief officers under the council's [constitution](#) which sets the parameters within which the officers can implement the Committee decisions and operate the day-to-day business of the Pension Fund.

Pension Fund Committee

Role and Function

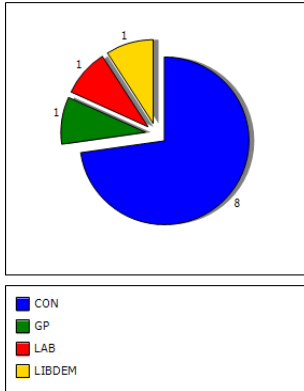
The Pension Fund Committee applies all the powers and duties of Kent County Council (KCC) as the administering authority for the Fund. The committee is responsible for:

- monitoring the administration of the Fund, including compliance with Local Government Pension Scheme (LGPS) and other legislation, ensuring that it delivers best value and compliance with statutory and non-statutory best practise guidance where considered appropriate
- determining pension fund policy regarding employer admission and cessation arrangements
- determining, reviewing, and monitoring the Fund's aims, objectives, strategies, compliance statements and procedures relating to the funding strategy, including approving its Funding Strategy Statement
- determining, reviewing, and monitoring the Fund's other aims, objectives, policies, strategies, compliance statements and procedures for the overall management of the Fund, including but not limited to administration, communication, and governance
- setting investment strategy, carrying out regular reviews, and monitoring the Fund's investments
- appointing the Fund's advisers, including actuaries, governance advisers and specialist lawyers (where required) and to periodically review those arrangements
- appointing professional fund managers relating to the investments of the Fund
- considering the Fund's financial statements
- approving an Annual Report on the activities of the Fund in line with legislation and guidance

Membership

Voting Members	Members Breakdown	How Nominated or Appointed	Term of office
15 Employer Representatives	11 Members of the County Council (Including Chair)	Appointed by the Council	4 years as appointed at the annual meeting of the Council or as changed from time to time by the Constitution
	3 representatives from the 12 district / borough Councils	Appointed by Kent Leaders Group	4 years from the relevant borough and district elections
	1 Medway Council representative	Nominated	4 years from the relevant Unitary Council elections
Non-voting Members			
1 representative of non-local council employers	1 representative of non-local council employers (e.g. Academies, Police, Fire and other scheduled or admitted bodies)	Nominated by other employers in the Fund (e.g. Academies, Police, Fire and other scheduled or admitted bodies)	4 years from date of appointment
3 Member Representatives	1 Pensioner Representative	Invited to apply and selected by a panel comprising the chair of the Pension Fund Committee, the Corporate Director of Finance (or their nominee), the Head of Pensions and Treasury and the General Counsel (or their nominee)	4 years from date of appointment
	1 Active member Representative	Invited to apply and selected by a panel comprising the chair of the Pension Fund Committee, the Corporate Director of Finance (or their nominee), the Head	4 years from date of appointment

		of Pensions and Treasury and the General Counsel (or their nominee)	
	1 Trade Union Representative	Nominated by Unison	4 years from date of appointment



The Chair of the Committee is one of the 11 County Council representatives and elected by these members only.

The political balance of the 11 appointed County Council Representatives is as follows:

- 8 Conservative
- 1 Green
- 1 Labour
- 1 Liberal Democrat

Meetings

The Committee will meet 5 or 6 times a year with secretarial support provided by KCC Democratic Services. [Find out about the committee meetings including unrestricted meeting papers](#)

Quorum and Substitutes

The quorum for a meeting is one third of its total voting membership.

If a member cannot attend a meeting of the Committee, a nominated spokesperson of their political group or authority may nominate a substitute by written notice to the Clerk.

Pension Board

A local pension board (the Board) was established in 2015 in accordance with regulation 106 of the LGPS 2013 regulations. Its purpose is to assist Kent County Council as the Administering Authority for the Kent Fund to secure compliance with the 2013 regulations and to ensure the effective and efficient governance and administration of the scheme.

Role and Function

The role of the Board, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013 is to assist the County Council as Administering Authority:

(a) to secure compliance with:

- (i) the scheme regulations;
- (ii) any other legislation relating to the governance and administration of the LGPS Scheme and any connected scheme;
- (iii) any requirements imposed by the Pensions Regulator in relation to the LGPS Scheme.

(b) to ensure the effective and efficient governance and administration of the LGPS Scheme.

The Board will ensure it effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Board will also help ensure that the Kent Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Board has power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

The Board should always act within its terms of reference.

Membership

Members	Members Breakdown	How Nominated or Appointed
4 Employer representatives	2 drawn from the County Council	Appointed (not members of Pension Fund Committee)
	2 members representing other employers (e.g. District, Borough and Parish Councils,	Nominated by other employers in the Fund

	Academies, Police, Fire and other scheduled or admitted body employers in the Kent Pension Fund).	
4 Scheme member representatives	1 Trade Union representative	Nominated by Unison
	3 other representatives (at least one staff and one pensioner representative is desirable)	Appointed by the Scheme Manager following the approval of their nomination by the Appointments Panel made up of the following: <ul style="list-style-type: none"> - Chair of the Pension Fund Committee, - the Corporate Director of Finance (or their nominee), - the Head of Pensions and Treasury, - the General Counsel (or their nominee)
2 Independent Members (optional):	2 members from an external source	Appointed by the Scheme Manager following the approval of their nomination by the Appointments Panel

Terms of Office

Membership will be for 4-year renewable periods with a maximum of 8 years.

Meetings

The Board will meet quarterly. The KCC Corporate Director of Finance will be responsible for providing professional advice to the board and secretarial support will be provided by KCC Democratic Services. [Find out about the board meetings including unrestricted meeting papers](#)

Quorum

The Board shall have a quorum of a third of the membership, or no fewer than three members which should always include the Chair or the Vice Chair, at least one employer representative and at least one member representative.

Substitutes

Each Board member should endeavour to attend all Board meetings during the year. Substitutes are allowed for two member representatives and for two employer representatives providing they undertake the training and development.

ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of eleven Local Government Pension Schemes (LGPS) Administering Authorities:

- Cambridgeshire County Council
- East Sussex County Council
- Kent County Council
- Norfolk County Council
- Essex County Council
- Northamptonshire County Council
- Hampshire County Council
- Hertfordshire County Council
- Suffolk County Council
- Isle of Wight Council
- West Sussex County Council

Strategic oversight and scrutiny responsibilities remain with the Administering Authorities as do all decision making on their individual Fund asset allocations and the timing of transfers of assets from each Fund into the arrangements developed by the ACCESS Pool.

ACCESS Joint Committee

The Joint Committee (JC) within the ACCESS pool is made up of the 11 Chairs of the pension committees of the 11 participating LGPS funds. The JC has been appointed by the eleven Administering Authorities under s102 of the Local Government Act 1972, to exercise specific functions in relation to the pooling of LGPS assets. The JC's functions include the specification, procurement, recommendation of appointment of pool Operators (for active asset management) and pool-aligned asset providers (for passive asset management), to the Administering Authorities. The Joint Committee also reviews ongoing performance.

The Section 151 Officers of the ACCESS Authorities provide advice to the Joint Committee to ensure appropriate resourcing and support is available to implement the Committee's decisions and to run the ACCESS Pool.

The Joint Committee is further supported by the Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

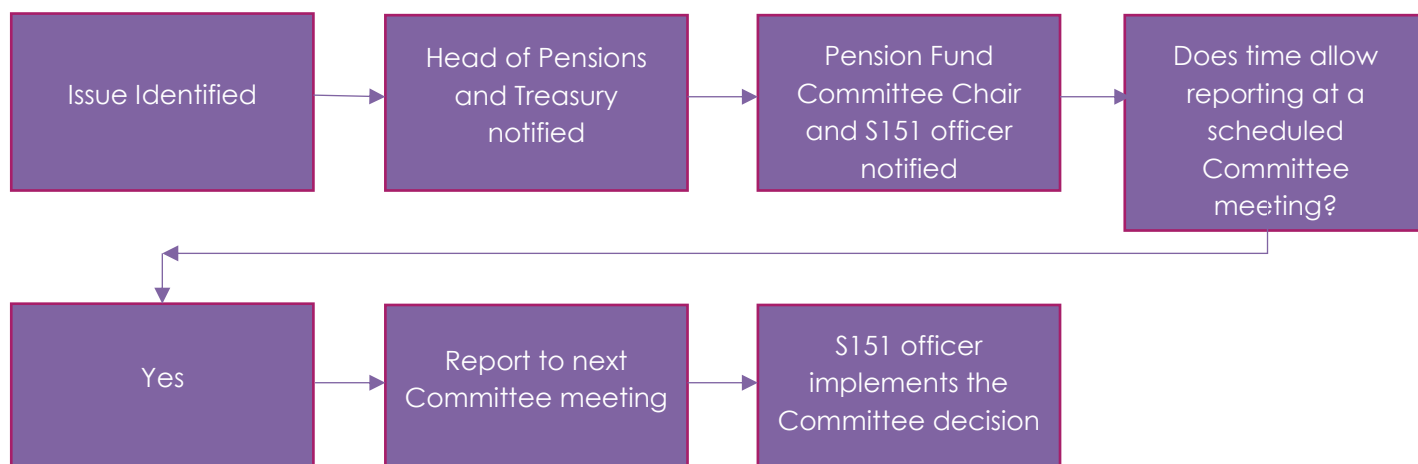
The Officer Working Group consists of officers identified by each of the ACCESS Authorities whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee.

The ACCESS Support Unit (ASU) provides the day-to-day support for running the ACCESS Pool and has responsibility for programme management, contract management, administration, and technical support services. There are five full time ASU roles, hosted by Essex County Council. These roles are also supplemented with additional technical support from Officers within the ACCESS Authorities.

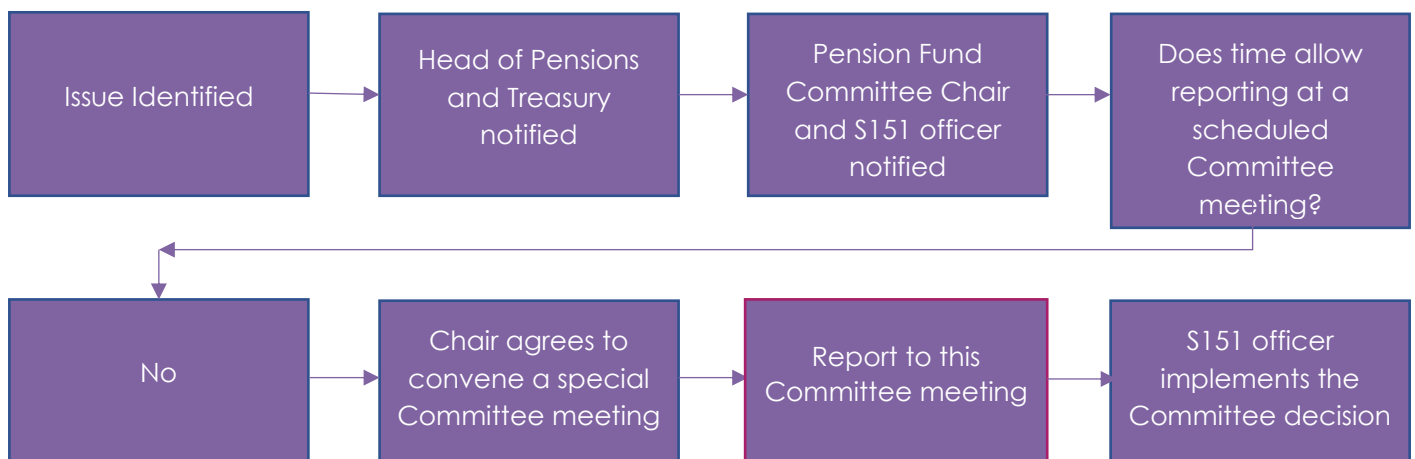
Committee Meeting Guidelines

All decisions of the Committee must be taken in accordance with the decision-making procedures set out in the [Council's Constitution](#).

1. Scheduled Committee meeting cycle
 - 1.1 The Committee meets five / six times a year including four quarterly meetings to receive regular reports, with an additional meeting set for February which is available for other purposes or items. Additional meetings may be called as required.
 - 1.2 The majority of decisions required to be made by the Pension Fund Committee are tabled sufficiently in advance to allow members to receive appropriate briefings and make the decision within the normal meeting cycle.
 - 1.3 At least 5 clear working days are required for the notice of meetings, publication of the agenda and reports.
 - 1.4 The following process is used when there is time to allow a decision to be made at the next scheduled Committee:



2. Special / urgent meetings
 - 2.1 The Fund recognises that good governance requires that on occasion the Committee can respond to urgent matters by taking decisions promptly outside of the scheduled meeting cycle. On such occasions the following processes may be adopted.
 - 2.2 At least 5 clear working days are required for the notice of meetings, publication of the agenda and reports
 - 2.3 The process to be used when the Chair agrees to convene a special Committee meeting:



3 Shorter notice of meetings

3.1 A meeting may be convened at shorter notice than 5 working days and a copy of the agenda and associated reports must be available to members when the meeting is convened. Where an item is added to the agenda after it is published then an amended agenda and any report must be available when that item is added to the agenda.

4 Delegation to officers

4.1 All decisions must be made at formal meetings and cannot be made for example by email.

4.2 Should a decision be required before the next formal meeting is scheduled or it is not possible to convene a special meeting then according to the constitution decisions relating to the County Council's Pension Fund may be delegated to Officers by the Pension Fund Committee.

4.3 The Committee may discuss an issue and resolve that a delegation be made to the Corporate Director of Finance, after consultation with the Chair of the Pension Fund Committee in respect of a future decision. This decision should then be reported to the next scheduled committee meeting.

4.4 The Council scheme of delegation is set out in Section 10 of the Constitution (section 10.9 onwards). This scheme also sets out the process for urgent decisions where it had not been possible to put a delegation in place by the Committee.

Approval

The governance arrangements of the Fund were reviewed in June 2022 and this version of the Governance Policy and Compliance Statement was approved at the Pension Fund Committee meeting on 28 September 2022. It will be formally reviewed and updated at least every three years or sooner if the governance arrangements or other matters included within it merit reconsideration.

Governance Compliance Statement

As can be seen from the table below, the Fund's governance arrangements in respect of the Pension Fund Committee are fully or partially compliant with the most recent guidance issued by the Secretary of State for Housing, Communities and Local Government (issued in 2008):

Principle	Kent County Council Pension Fund's position	Compliance
Structure		
<p>The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.</p>	<p>The Pension Fund Committee is a delegated committee of Kent County Council and exercises all the powers and duties of Kent County Council as the Administering Authority for the Kent County Council Pension Fund.</p> <p>Its Terms of Reference is reviewed on an annual basis.</p> <p>The matters the Committee is responsible for include determining, reviewing, and monitoring the Fund's aims and objectives relating to funding, investments, administration, communication, and governance, and ensuring the proper administration of the Fund, including compliance with legislation, and agreeing the financial statements</p>	Fully Compliant
<p>That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.</p>	<p>Membership of the Committee is drawn from the County Council, other scheme employers and member representatives. All representatives receive appropriate training and development.</p>	Fully Compliant
Committee Membership and Representation		
<p>That all key stakeholders are afforded the opportunity to be represented within the main or</p>	<p>Committee members serve for a 4-year term.</p>	Fully compliant

<p>secondary committee structure.</p> <p>These include:</p> <ul style="list-style-type: none"> • employing authorities (including non-scheme employers, e.g., admitted bodies) • scheme members (including deferred and pensioner scheme members) • independent professional observers • expert advisers (on an ad hoc basis) 	<p>The Committee consists of 19 members: 15 employer representatives with full voting rights, and 4 other non-voting representatives.</p> <p>Of the employer representatives 11 are drawn from the County Council, 3 are nominated by the 12 district councils and Medway Council has 1 representative.</p> <p>The 4 other representatives include a Unison representative, a representative of a non-local council employer, 1 active member and 1 pensioner representative.</p> <p>The Fund’s investment advisors, Mercer Ltd, attend every Committee meeting and facilitate workshops on any significant changes to investment strategy.</p>	
<p>That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.</p>	<p>All members of the Committee are treated equally in terms of access to papers and meetings, as well as training and are given full opportunity to contribute to the decision-making process, with or without voting rights</p>	<p>Fully compliant</p>
<p>Voting</p>		
<p>The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p>	<p>The County Council representatives have full voting rights reflecting the fact that the County Council has the legal responsibility to pay all benefits from the Fund. The other representatives with voting rights represent employers who are the main contributors to the Fund.</p> <p>The 4 non-voting representatives are able to engage in and contribute to decision making.</p> <p>The political balance of the 11</p>	<p>Fully compliant</p>

	<p>County Council representatives who have voting rights is as follows: 8 Conservative members, 1 Green Party member, 1 Labour member and 1 Liberal Democrat member.</p> <p>The voting rights of Pension Fund Committee members are regularly reviewed, the most recent review being June 2022</p>	
Training / Facility time / expenses		
<p>That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.</p> <p>That where such a policy exists, it applies equally to all members of committees, subcommittees, advisory panels, or any other form of secondary forum.</p>	<p>Arrangements for training, facility time and expenses of Committee and Pension Board members are described in the Kent County Council constitution. This policy applies equally to all Committee and Pensions Board members.</p> <p>The Fund's training policy was updated in March 2022. This sets out its expectations of the minimum level of knowledge and understanding that Committee members should have.</p> <p>Both Committee and Board members have been provided with a copy of the Pension Fund training plan. This includes training for members to enable them to understand their roles on the committee and board.</p> <p>Members' training is regularly reviewed with support from officers.</p> <p>All additional costs of attending training courses are reimbursed from the Fund.</p>	Compliant
Meetings – Frequency		
That an administering authority's main committee or committees meet at least quarterly.	The Pension Fund Committee usually meets 5 or 6-times year.	Fully Compliant
That administering authorities who do not include lay members in their formal governance arrangements,	The Pensions Forum meets twice a year for all employers focussing on administration issues.	Not compliant

provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.		
Access		
That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee. That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	All Committee members have access to committee papers, documents and advice that falls to be considered at meetings of the Committee. Meeting papers are also available on the Kent County Council website .	Fully compliant
Scope		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	The Committee monitors the administration of the pension scheme and determines pension fund policy in regard to employer admission arrangements.	Compliant
Publicity		
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	Details of all Committee meetings are available on the Kent County Council website including all unrestricted committee papers. The Fund's Governance Policy Statement is published on the Fund's website	Compliant