

KENT COUNTY COUNCIL

PENSION BOARD

MINUTES of a meeting of the Pension Board held in the Wantsum Room, Sessions House, County Hall, Maidstone on Tuesday, 4 July 2017.

PRESENT: Mrs M E Crabtree (Chairman), Mr J Parsons (Vice-Chairman), Mrs R Binks, Mr D Coupland, Ms A Kilpatrick, Mrs S Lysaght and Mr J Peden

IN ATTENDANCE: Ms B Cheatle (Pensions Manager), Mr N Vickers (Business Partner (Pension Fund)), Ms D Fitch (Democratic Services Manager (Council)) and Mrs A Mings (Treasury and Investments Manager)

UNRESTRICTED ITEMS

1. Membership

(Item 1)

(1) It was noted that following the May elections Mrs Crabtree and Mrs Binks had been appointed as KCC's two employer representatives.

(2) In accordance with the agreed constitution of this Board, the Chairman must be a Kent County Council Elected Member. The Board endorsed the appointment of Mrs Crabtree as Chairman of the Board.

2. Declarations of Interest in items on the agenda

(Item)

None

3. Minutes - 14 October 2016

(Item 2)

RESOLVED that the minutes of the meeting held on 14 October 2016 be agreed as a correct record and signed by the Chairman.

4. Introduction to the Pensions Board/ Pension Consultation

(Item 3)

(1) Mr Vickers gave a presentation on the background to the establishment of the Board and its remit. He answered questions from members of the Board.

(2) Mr Vickers referred to the survey for Local Pension Boards and Chairmen of Superannuation Fund Committees from the Scheme Advisory Board (SAB) on the effectiveness and operational efficiency of the new governance arrangements with particular emphasis on the role and function of the Local Pension Board. A copy of this survey would be emailed to members of the Board.

(3) RESOLVED that the introduction and survey be noted.

5. Pensions Administration

(Item 4)

(1) Ms Cheatle introduced a report which provided members with a comprehensive update of administration issues including, workload position, achievements against Key Performance Indicators, Guaranteed Minimum Pension (GMP) Reconciliation and the pension administration software product.

(2) Ms Cheatle responded to questions from the Board which included the following:

- In relation to the amount of correspondence dealt with by the team, Ms Cheatle confirmed that as part of the pension administration software, consideration was being given to piloting a self-service module which would give employees access to data via a Pin number. If it was decided to proceed with this the employees would be given the option to have a paper copy. If it was decided to proceed members of the scheme would have access to their Annual Benefit Illustrations on-line however they would still be given the option to have a paper copy.
- In response to a question on whether Ms Cheatle had adequate staff resources, she explained that there were always vacancies in the team. This was a complex area of work where experienced staff were in demand. It was extremely difficult to recruit experienced staff and therefore the emphasis was on training/developing staff. There tended to be a loss of a third of trainees either because they decided that the work was not for them or they moved on to other authorities.
- Ms Cheatle confirmed that she was looking at options to deal with the backlog caused by the requirement to produce annual statements.
- Mr Vickers expressed the view that the way forward was through the use of technology, for example self-service.
- In response to a question on GMP reconciliation and information for members, Ms Cheatle gave a brief summary and confirmed that this was not an issue for those currently in the scheme and deferred pensioners. She stated that she would be bringing a further report to the Pension Board and the Superannuation Fund Committee.

(3) RESOLVED that the report and response to questions be noted.

6. ACCESS Pooling Update

(Item 5)

(1) Mr Vickers and Mrs Mings introduced a report which gave the background to and updated the Committee on the progress made on pooling including discussions with the Local Government Minister, the establishment of the ACCESS Joint Committee, investment manager rationalisation and operator procurement.

(2) Mr Vickers and Mrs Mings answered questions from the Board which included the following:

- In response to a question on whether the set up costs of ACCESS were offset or a detriment on contribution costs, Mr Vickers explained

that set up costs were not significant, they were approximately £5 million on accounts worth £30 billion. The main driver was the cost of savings. Fund managers were volunteering fee reductions but the Kent Fund had the lowest Fund Manager costs of all the ACCESS authorities.

- Mr Vickers confirmed that ACCESS would initially rent the services of a Common Investment Vehicle (CIV) operator with a view to building its own in future.
- Mrs Mings clarified that after the establishment of the CIV the individual ACCESS Funds would still make their own decisions regarding the class of funds to invest in and fund managers. The operator would have the legal relationship with the Fund Manager. Mr Vickers confirmed the level of responsibility for investment was predominately at Fund level and that the main role of the ACCESS Joint Committee was to manage the relationship with the operator. Mrs Mings explained that there would be a contract between the operator and each of the 11 Local Authorities, the client function would be a contract manager role.
- In response to a question on the rental cost of the CIV over 5 years, Mrs Mings stated that it was expected that the operator would charge on the value of investments in the CIV and therefore the view on how much was invested would be important; it would take time to get the £30 billion of funds into the pool. There would be savings on investment management costs so potentially it would be cost neutral over time.

(3) RESOLVED that the report be noted.

7. Fund Employer Matters

(Item 6)

(1) Mrs Mings introduced a report which provided information on employers for the period to 31 March 2017 including the split between active and ceased, contributions from employers for quarter 4 of 2016/17, bodies admitted to the fund since the Board last met, the 31 March 2016 fund valuation, an appeal to the pensions ombudsman and an update on academies.

(2) RESOLVED that the report be noted.

8. Common Investment Vehicle (CIV) Board - Union representation

(Item)

(1) Mrs Lysaght raised on behalf of Unison the issue of union representation on the CIV Board.

(1) Mr Vickers explained that membership of the ACCESS Joint Committee had already been formally approved by each of the 11 constituent authorities, which was one voting Member from each authority. There was provision for the Committee to co-opt non-voting persons. He suggested that representations should be made by UNISON to Mr Simkins, the KCC representative on the Joint Committee. However he also pointed out that decision making regarding Superannuation Fund matters would still be made at local level and that UNISON already had representation on that Committee

(2) RESOLVED that the response be noted.

9. Date of next meeting
(Item 7)

It was agreed that the next meeting of the Board would be held on 27 October 2017 at 10.00am and arrangements would be made for the Board to meet in March 2018.