

SUPERANNUATION FUND COMMITTEE

Friday, 22nd June, 2018

10.00 am

Medway Room - Sessions House





AGENDA

SUPERANNUATION FUND COMMITTEE

Friday, 22nd June, 2018 at 10.00 am
Medway Room - Sessions House

Ask for: **Ann Hunter**
Telephone: **03000 416287**

Membership

Conservative (8):	Mr C Simkins (Chairman), Mr P V Barrington-King, Mr P J Homewood, Mr J P McInroy and Mr J Wright	Mr N J D Chard (Vice-Chairman), Mr P Bartlett, Mr P C Cooper,
Liberal Democrat (1)	Mr D S Daley	
District Council (3)	Cllr J Burden, Cllr P Clokie and Cllr N Eden-Green	
Medway Council (1)	Cllr L Wicks	
Kent Active Retired Fellowship (2)	Mrs M Wiggins and Mr D Coupland	
UNISON (1)	Mr J Parsons	
Staff Representative (1)	Vacancy	

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UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

A. COMMITTEE BUSINESS

- A1 Substitutes
- A2 Declarations of Interests by Members in items on the Agenda for this meeting.
- A3 Minutes - 23 March 2018 (Pages 5 - 8)
- A4 Motion to exclude the Press and Public

That under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

(During these items the meeting is likely NOT to be open to the press and public)

B. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

- B1 Baillie Gifford (Pages 9 - 10)
- B2 DTZ Investors (Pages 11 - 12)
- B3 Investment Strategy (Pages 13 - 128)
- B4 ACCESS Update (Pages 129 - 156)

UNRESTRICTED ITEMS

(meeting open to the public)

C. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

- C1 Fund Position Statement (Pages 157 - 166)
- C2 Euro Currency Balances (Pages 167 - 168)
- C3 Risk Register (Pages 169 - 174)
- C4 Pensions Administration (Pages 175 - 190)
- C5 Fund Employer Matters (Pages 191 - 198)
- C6 Date of next meeting

The next meeting of the Committee will be held on Friday 7 September 2018 at 10.00am

Benjamin Watts
General Counsel
03000 416814

Thursday, 14 June 2018

In accordance with the current arrangements for meetings, representatives of the Managers have been given notice of the meeting and will be in attendance for Item(s) B1 and B2.

KENT COUNTY COUNCIL**SUPERANNUATION FUND COMMITTEE**

MINUTES of a meeting of the Superannuation Fund Committee held in the Medway Room - Sessions House on Friday, 23 March 2018.

PRESENT: Mr C Simkins (Chairman), Mr P V Barrington-King, Mr P Bartlett, Cllr J Burden, Cllr P Clokie, OBE, Mr P C Cooper, Mr D Coupland, Mr D S Daley, Cllr N Eden-Green, Mr P J Homewood, Mr J P McInroy, Mr J Parsons, Cllr L Wicks, Mrs M Wiggins and Mr J Wright.

ALSO PRESENT: Mr J D Simmonds, MBE

IN ATTENDANCE: Ms D Fitch (Democratic Services Manager (Council)), Mrs A Mings (Treasury and Investments Manager), Mr N Vickers (Business Partner (Pension Fund)) and Mr A Wood (Corporate Director of Finance).

UNRESTRICTED ITEMS**50. Membership**

The Committee noted that Mrs Sophy Lysaght, the Union representative on the Committee, had been replaced by Mr Joe Parsons. The Chairman welcomed Mr Parsons to the meeting and expressed thanks to Mrs Lysaght for her contribution to the work of the Committee.

**51. Declarations of Interests by Members in items on the Agenda for this meeting.
(Item A2)**

None

**52. Minutes of the meeting held on 9 February 2018
(Item A3)**

RESOLVED that the minutes of the meeting held on 9 February 2018 are correctly recorded and that they be signed by the Chairman.

**53. Motion to exclude the Press and Public
(Item A4)**

That under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act.

**54. Woodford Investors
(Item B1)**

(Mr Deer joined the meeting for this item.)

(1) The Chairman welcomed Mr Deer to the meeting and invited him to report the performance of the Kent Pension Fund's investment in the Woodford Fund. He answered questions from Committee members on the performance of Fund.

(2) RESOLVED that the presentation and the responses to the Committee's questions be noted.

(Mr Deer left the meeting after this item.)

55. YFM Private Equity

(Item B2)

(Mr Canning and Mr White joined the meeting for this item.)

(1) The Chairman welcomed Mr Canning and Mr White to the meeting. He invited them to present their report on the current investments by the Kent Pension Fund. They also gave details of a proposal for further investment in a new Fund. They answered questions from Committee members on the current Pension Fund investment and the investment proposal.

(2) RESOLVED that the presentation and the responses to the Committee's questions be noted.

(Mr Canning and Mr White left the meeting after this item.)

56. Fund Structure

(Item B3)

(1) Mr Vickers introduced a report on commercially sensitive matters relating to the structure and management of the Fund, which included the Woodford Fund, YFM Equity Partners and DTZ UK Commercial Property.

(2) Mr Vickers reminded the Committee that managers from Harbourvest and Partners would be attending the June meeting of the Committee and he undertook to arrange informal briefing sessions for members of the Committee in advance of the June meeting.

(3) RESOLVED that:

(a) the Woodford UK Equity mandate be retained but that this decision be reviewed at the November meeting of the Committee when Mr Woodford would be requested to attend to provide a presentation on the mandate and answer questions from the Committee.

(b) the Corporate Director of Finance, in consultation with the Chairman of the Committee, be delegated authority to invest an additional £10m in the YFM EP Co-Invest 2018 Fund and £20m in the proposed YFM EP 2019 Fund, subject to the satisfactory outcome of negotiations on the fee structure.

(c) the update on DTZ Investment Management be noted.

57. Investment Strategy

(Item B4)

(1) Mr Vickers introduced the recommendations of the Mercer review of investment strategy and the proposed implementation plan.

(2) RESOLVED that:

(a) the proposed approach to decision making and implementation of the recommendations from the Mercer review as set out in paragraph 12 of the report, with stage 1 amended to refer to 2 Absolute Return managers, be approved.

(b) Mercer be commissioned to support the Committee over the next 15 months on the implementation of the Investment Strategy.

58. ACCESS Update

(Item B5)

(1) Mrs Mings updated the Committee on progress on pooling. The update included the work of the Joint Committee, the appointment of LiNK as the Operator, the establishment of the Authorised Contractual Scheme and set-up of sub-funds, passive mandates transition and the interim arrangements for the ACCESS Support Unit.

(2) RESOLVED that the report be noted and the Corporate Director of Finance in consultation with the Chairman of the Committee be given delegated authority to make any decisions on moving funds into the Authorised Contractual Scheme depending upon the outcomes achieved by LiNK on the fees to be paid.

UNRESTRICTED ITEMS

(meeting open to the public)

59. Fund Position Statement

(Item C1)

(1) Mr Vickers introduced a report which provided a summary of Fund asset allocation and performance including the investment return to the quarter to 31 December 2017, the one-year investment return and asset allocation. The Committee considered asset allocation.

(2) RESOLVED that no change be made to asset allocation.

60. Fund Employer Matters

(Item C2)

(1) The Committee received a report on employer related matters, a new scheduled body and applications to join the Superannuation Fund.

(2) RESOLVED that:

(a) the Marlowe Trust be admitted to the Kent County Council Superannuation Fund;

- (b) Cater Link Ltd (re Halling Primary School) be admitted to the Kent County Council Superannuation Fund;
- (c) the Chairman sign the minutes relating to recommendations (a) and (b) at the end of today's meeting; and
- (d) once legal agreements have been prepared for these matters the Kent County Council seal can be affixed to the legal documents.

61. Date of next meeting
(Item C3)

It was noted that the next meeting of the Committee would be held on 22 June 2018.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item B1

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By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 22 June 2018

Subject: **FUND POSITION STATEMENT**

Classification: Unrestricted

Summary: To provide a summary of the Fund asset allocation and performance.

FOR INFORMATION

INTRODUCTION

1. The Fund Position Statement is attached in the Appendix.

INVESTMENT RETURN QUARTER TO 31 MARCH

2. The Fund returned -2.65% in the Quarter compared with a benchmark return of -1.72% decreasing in value by £158m.
3. All major Equity markets saw falls in the quarter.
4. Other than Baillie Gifford all the investment managers underperformed in the Quarter.
5. The falls in equity markets have been reversed in the current Quarter, for example, UK Equities are up 10.5% and the Dow Jones 4.7% (at 10 June).

INVESTMENT RETURN ONE YEAR

6. The one year return at Fund level was slightly behind benchmark (4.74% against 4.80%). The long established core managers (Baillie Gifford Global Equities, Schroders UK Equities and DTZ UK Commercial Property) all outperformed with Baillie Gifford performing exceptionally well, Sarasin also produced good outperformance. Both Fixed Income mandates outperformed their benchmark although returns were low in absolute terms. The main manager under performance came from Woodford and the Schroder Global UK Equities and M&G Global Equities both underperformed.
7. For many years most LGPS Funds subscribed to the WM Performance Measurement service which allowed for comparisons with other local authority funds. This has now ceased but the Fund now subscribes to a similar service offered by PIRC and run by former WM staff. Whilst coverage is not as extensive, only 61 of 89 funds, it does give a perspective on the Fund's long term relative performance. The position of the Kent Fund is summarized below:

	1 Year	3 Years	5 Years	10 Years
Kent	4.7%	8.7%	9.2%	8.1%
Universe	4.5%	8.3%	8.8%	7.7%
Percentile Ranking	23rd	15th	30th	20th

8. On this basis the Kent Fund has seen Upper Quartile investment performance over 1, 3 and 10 years.

ASSET ALLOCATION

9. The Committee is formally required to consider asset allocation at each meeting. This is considered more fully in the Investment Strategy report.

RECOMMENDATION

10. Members are asked to note the report.

Nick Vickers
Business Partner (Pension Fund)
Tel: 07920 428575
E-mail: nick.vickers@kent.gov.uk

FUND POSITION STATEMENT

Summary of Fund Asset Allocation and Performance

Superannuation Fund Committee

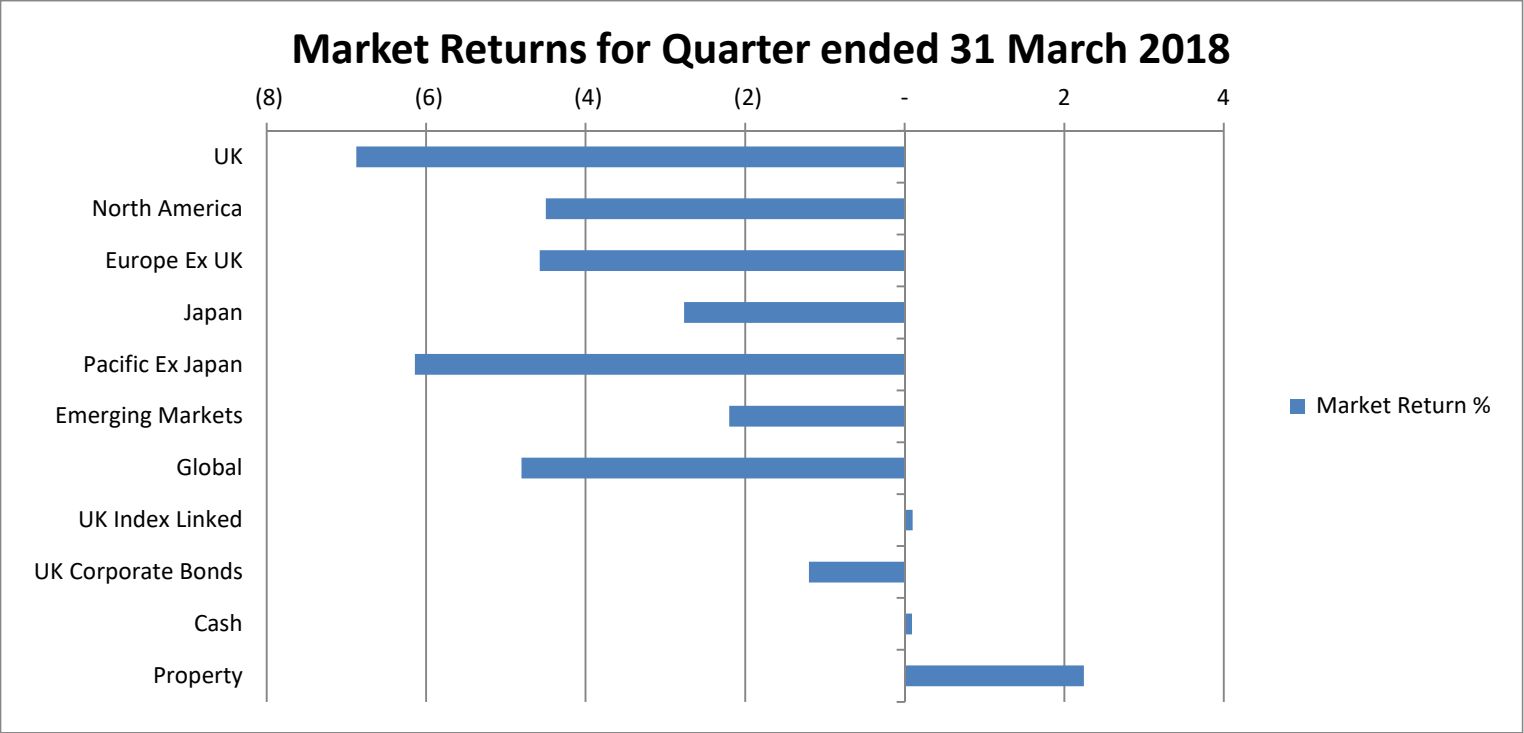
By: Chairman Superannuation Fund Committee
Corporate Director of Finance



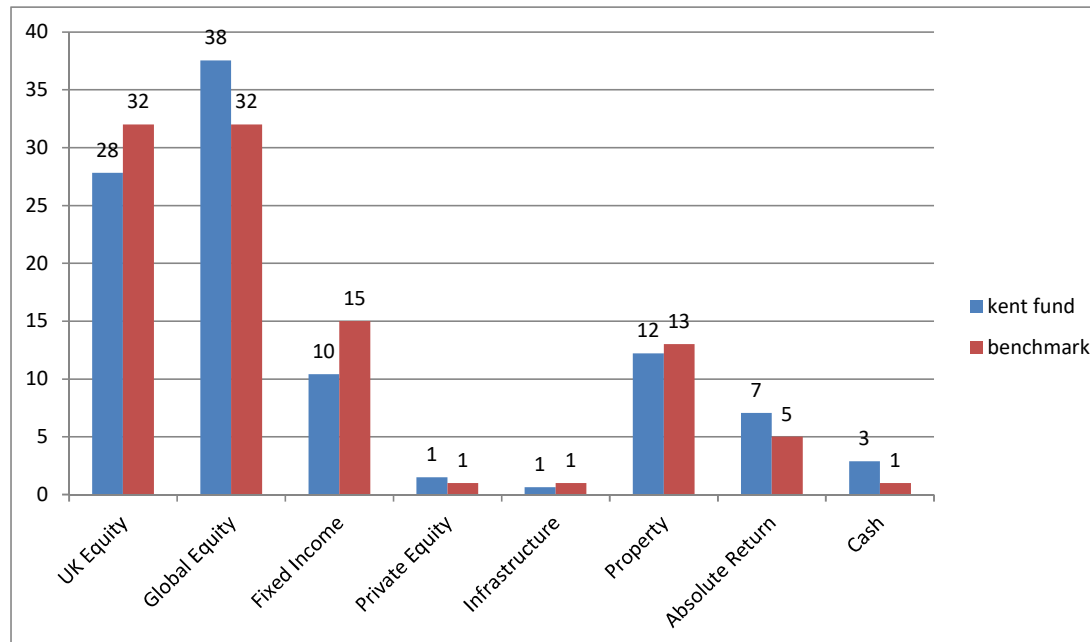
Kent County Council
Superannuation Fund Q4 2017-18

Nick Vickers - Business Partner

Market Returns for Quarter ended 31 March 2018



Fund Asset Allocation vs Benchmark as at 31 March 2018



Asset Class	Kent Fund		Benchmark
	£m	%	%
UK Equity	1,616	28	32
Global Equity	2,181	38	32
Fixed Income	605	10	15
Private Equity	87	1	1
Infrastructure	37	1	1
Property	710	12	13
Absolute Return	410	7	5
Cash	167	3	1
Total	5,812	100	100

Fund Asset Class Performance for Quarter ending 31 March 2018



Asset Class	Fund %	Benchmark %	Outperformance %
UK Equity	-6.91	-6.87	-0.03
Global Equity	-2.55	-4.50	1.94
Fixed Income	0.15	0.55	-0.40
Property	3.45	2.24	1.20
Absolute Return	-1.98	1.30	-3.28
Private Equity	-0.84	0.09	-0.93
Infrastructure	0.32	0.09	0.23

Market Value Summary by Fund Manager as at 31 March 2018

Fund Mandate	Asset Class	Market Value as at 31 December 2017 (£m)	Market Value as at 31 March 2018 (£m)	Change in Market Value (£m)	% of Total Fund 31 March 2018
Baillie Gifford	Global Equity	1,164	1,170	6	20.13%
Schroders	UK Equity	962	900	-62	15.49%
DTZ	Direct Property	481	484	3	8.33%
Pyrford	Absolute Return	418	410	-8	7.05%
Goldman Sachs	Fixed Interest	371	368	-3	6.34%
M&G	Global Equity	343	315	-28	5.42%
State Street*	UK Equity	339	0	-339	0.00%
UBS UK*	UK Equity	0	318	318	5.46%
Woodford	UK Equity	305	274	-31	4.72%
State Street*	Global Equity	298	0	-298	0.00%
UBS Global*	Global Equity	0	285	285	4.91%
Schroders GAV	Global Equity	292	277	-16	4.76%
Schroders	Fixed Interest	243	247	4	4.25%
Sarasin	Global Equity	239	230	-8	3.96%
Fidelity	Pooled Property	120	123	3	2.11%
Internally managed cash	Cash	80	116	36	2.00%
Harbourvest	Private Equity	67	65	-2	1.11%
Partners	Infrastructure	55	37	-18	0.64%
Kames	Pooled Property	55	52	-3	0.90%
DTZ Pooled Funds	Pooled Property	50	51	1	0.88%
Impax	Global Equity	47	45	-2	0.77%
M&G Property	Pooled Property	21	23	2	0.40%
YFM	Private Equity	18	22	4	0.38%
Total Kent Fund		5,970	5,812	-157	100.00%

* During the quarter the UK and Global Equities Passive mandates with State Street were transitioned to UBS in their entirety.

Performance Returns as at 31 March 2018

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund	-2.65	-1.72	4.74	4.80	8.70	7.61
Uk Equity						
Schroders UK Equity	-6.42	-6.74	1.57	1.24	5.21	5.76
UBS*	--	--	--	--	--	--
Woodford	-10.13	-6.87	-13.38	1.25	0.10	5.86
Global Equity						
Baillie Gifford	0.51	-4.38	14.29	3.54	16.19	9.83
Sarasin	-3.50	-4.50	6.74	2.37	9.61	10.18
Schroders GAV	-5.34	-4.50	-1.39	2.37	8.67	10.18
UBS Emerging Markets*	--	--	--	--	--	--
UBS World Ex UK Equity*	--	--	--	--	--	--
Impax	-4.73	-4.50	3.50	2.37	12.08	10.18
M&G	-8.13	-4.38	-0.66	2.90	9.57	10.78
Fixed Interest						
Goldman Sachs	-0.80	0.86	3.75	3.50	4.32	3.52
Schroders Fixed Interest	1.59	0.12	2.21	0.41	1.19	0.06
Property						
DTZ	3.65	2.24	12.08	11.01	12.01	8.78
Fidelity	2.53	1.90	11.92	10.05	8.74	8.07
Kames	3.89	1.90	12.20	10.05	9.12	8.07
M&G Property	-2.78	1.90	-1.41	10.05	--	--
Private Equity						
Harbourvest	-2.47	0.09	6.07	0.21	18.51	0.26
YFM	4.98	0.09	11.49	0.21	15.79	0.26
Infrastructure						
Partners	0.32	0.09	10.29	0.21	20.40	0.26
Absolute Return						
Pyrford	-1.98	1.30	-2.59	8.43	2.52	7.76

Fund Manager Benchmarks and Performance Targets

Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders UK Equity	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
State Street UK Equity	FTSE All Share	Match
UBS UK Equity	FTSE All Share	Match
Global Equities:		
Baillie Gifford	Customised	+1.5% pa over rolling 3 years
Sarasin	MSCI AC World Index NDR	+2.5% over rolling 3 - 5 years
M&G	MSCI AC World Index GDR	+3% pa
Schroders GAV	MSCI AC World Index NDR	+3% - 4% pa over rolling 3 years
Impax	MSCI AC World Index NDR	+2% pa over rolling 3 years
State Street Global Equity	FTSE World ex UK	Match
UBS Global Equity	FTSE (Dev) World ex UK	Match
UBS Emerging Market Equities	FTSE Emerging Markets	Match
Fixed Income:		
Schroders Fixed Interest	3 months Sterling Libor	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
Property:		
DTZ	IPD Pension Fund Index	≥ 3 year rolling average of benchmark returns
Fidelity	IPD UK PF Property Fund Index	
Kames	IPD UK PF Property Fund Index	
M&G Property	IPD UK PF Property Fund Index	
Alternatives: (Cash / Other Assets)		
Private Equity – YFM	GBP 7 Day LIBID	
Private Equity – HarbourVest	GBP 7 Day LIBID	
Infrastructure – Partners Group	GBP 7 Day LIBID	
Absolute Return – Pyrford	Retail Price Index (RPI)	RPI + 5%
Internally managed cash – KCC Treasury and Investments team	GBP 7 Day LIBID	

Fund Structure as at 31 March 2018

UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
Schroders +1.5% £900 m	Baillie Gifford +1.5% £1,170 m	Goldman Sachs +6.0% Abs. £368 m	DTZ Property £535 m	Internally managed Cash £116 m
UBS 0.0% £318 m	M&G +3.0% £315 m	Schroders +4.0% £247 m	Fidelity Property £123 m	Partners Infrastructure £37 m
Woodford £274 m	Schroders +3.0% - +4% £277 m		Kames Property £52 m	YFM Private Equity £22 m
	UBS +0.0% £285 m		M&G Property £23 m	HarbourVest Private Equity £65 m
	Impax +2.0% £45 m			Pyrford Abs. Return RPI + 5% £410 m
	Sarasin +2.5% £230 m			
Total Fund			£5.8 bn	

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 22 June 2018

Subject: **EURO CURRENCY BALANCES**

Classification: Unrestricted

Summary: To update the Committee on the Fund's cash position and seek approval to convert EUR29m to GBP

FOR DECISION

INTRODUCTION

1. Since 2010 the Pension Fund has made investment commitments in Euro denominated Private Equity and Infrastructure funds. These funds are now in their distributing stages and are returning more Euros to the Kent Pension Fund than they are drawing down for investment.
2. The Committee is considering making new investments and the Investment Strategy Review proposed using the Fund's surplus cash to fund these.

2017/18 CASHFLOWS

3. During the 6 months since 1 September 2017 when the Fund's cash position was last reported to the Committee the net distributions by these funds have been as follows:
 - a. Harbourvest: EUR2.6m
 - b. Partners Group: EUR23.8m (of which EUR20m was distributed in February 2018)
4. The Fund's Euro balance as at 31 March 2018 was EUR31.5m.
5. Holding a Euro balance does not earn any interest and in some banks, incurs a charge. In contrast the GBP balances can be invested in Money Market Funds (MMFs) and Cashplus funds to achieve a yield of 0.4%-0.5%. The Pension Fund is presently invested in a number of such funds and there is capacity within existing limits to invest the additional sums.
6. In respect of existing investments with Harbourvest and Partners Group it is anticipated that future (euro denominated) drawdowns of commitments will be small and likely to be largely offset by further distributions. It is however proposed that the Fund continues to hold EUR3m to cover future drawdowns, leaving a surplus of EUR29m which could be sold for Sterling.

7. The Committee is considering making new investments with Harbourvest and Partners Group. If new investments are agreed then these may require to be funded in Euros however the timing for these funding arrangements is difficult to predict.
8. The GBP proceeds of the sale of the EUROS would immediately be invested in MMFs.

SURPLUS CASH

9. As at 31 March 2018 the Fund also held GBP80.3m and USD9.14m presently invested in short term MMFs and Cashplus funds.
10. The Fund needs to hold GBP30m to fund monthly pension payments and expenses. After taking into account the sale of the EUROS some GBP85m is available to fund future investments.

RECOMMENDATION

11. Members are asked to note this report and to agree to delegate the decision to the Director of Finance in consultation with the Chairman to sell EUR29m when the GBP/Euro exchange rate is at or lower than 1.14.

Alison Mings
Treasury and Investments Manager
Tel 03000 416488
Email: alison.mings@kent.gov.uk

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 22 June 2018

Subject: **RISK REGISTER UPDATE**

Classification: Unrestricted

Summary: To report an updated Pension Fund Risk Register.

FOR DECISION

INTRODUCTION

1. The Committee last considered the Pension Fund Risk Register in February 2016:

RISK REGISTER

2. This report presents an updated risk register. The highest ranked risks with respective scores are:
- Fund investment return below that assumed by the actuary (12)
 - Risks associated with the investment in the ACCESS ACS sub-funds (12)
 - Change of premises for Administration staff (12)

RECOMMENDATION

3. Members are asked to agree the Risk Register.

Alison Mings
Treasury and Investments Manager
Alison.mings@kent.gov.uk

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KENT PENSION FUND RISK REGISTER JUNE 2018

Ref	Risk	Impact	Likelihood	Risk Score	Risk Owner	Mitigation
Governance Risks						
G1	Increased scrutiny from the National Scheme Advisory Board, Pensions Regulator and Pensions Ombudsman.	2	2	4	N Vickers	Compliance with guidelines and reporting requirements, data quality reviews
G2	Compliance with GDPR	4	2	8	N Vickers	KCC policies and protocols.GDPR training now compulsory for all KCC staff .
G3	Inadequate skills & knowledge of committee and board members/officers	4	2	8	N Vickers	Emphasis on member and officer training & development. Attendance at training events run by Fund Managers, CIPFA, PLSA , actuary, consultants etc.
G4	Loss of experienced Members/staff	3	2	6	N Vickers	Succession planning, Ongoing training of staff
G5	Change of Actuary	3	2	6	N Vickers	Discussions with Procurement to extend contract pending retendering at an opportune time.
G6	Outsourcing of BSC who provide ICT support and payment services	2	3	6	B Cheatle/ A Mings	SLA and contract management

Employer Risks

E1	Failure to communicate with employers effectively.	2	1	2	B Cheatle/ A Mings / S Tagg	Employer Forums, meetings Published communication policy Recognising Academies at Trust level Fund website further developed including for Employers thinking of joining the Fund
E2	Financial failure of an employer	2	2	4	A Mings/ S Tagg	Monitoring of employers, bond / guarantees, credit risk management information Awareness of daily news which could affect the Fund Pro-active management of exit liability as per Reg 64 (4) Agree shorter recovery periods. Cash deficit contributions
E3	Employer outsourcing	2	2	4	S Tagg	Clear process and communication with employers pre decisions Liaise with Invicta Law Liaise with actuary. Manage potential for different types of employer participating in the Fund Monitor maturity of Fund due to closed agreements, staff movement to different terms and conditions and contract end dates Regular employers' report to SFC and Pensions Board Manage Exiting employers Communication between scheme employers (including KCC) and the Pension Fund. From 18 May 2018 it will be possible to backdate admission agreements
E4	Failure to collect pension contributions in line with regulatory guidelines	3	1	3	A Mings/ S Tagg	Regular monitoring and recovery action, KPIs Escalation process agreed and documented Regular reporting to the Superannuation Fund Committee and Pensions Board Periodic internal and external audit review KPI below 95% one month reported to Board

Ref	Risk	Impact	Likelihood	Risk Score	Risk Owner	Mitigation
E5	Increased number of employers in the fund	2	3	6	A Mings/ S Tagg	Appropriate staffing resources and systems Regular liaison with actuary. Recognising Academies at Trust level Clear communication. Increased resource at Invicta Law Ltd
E6	Fragmentation of Payroll and Personnel providers	2	3	6	B Cheatle/ A Mings / S Tagg	Use of website for uploading information directly and swiftly Implement system for data submission by employers on monthly basis Regular communication with employers Recognising Academies at Trust level
E7	2019 valuation exercise	2	3	6	A Mings/ S Tagg	Preparation and liaison with actuary and employers

Investment Risks

Funding Risks						
I1	Increased maturity of Fund as local authorities outsource services to organisations who agree closed arrangements. Ageing membership of the scheme.	2	2	4	N Vickers/ A Mings	Review of Funding Strategy Cash flow monitoring. Triennial valuation and annual interim reviews for funding levels. KCC is paying cash sums re its falling payroll as its sets up trading companies
I2	Increased longevity of pensioners	3	2	6	N Vickers	Actuarial assumptions, increased employer contributions. Increasing longevity beginning to smooth
I3	Changes in maturity profiles mean that different employers need different investment strategies	2	2	4	N Vickers	Balanced Investment strategy. Liaison with actuary.
I4	Insufficient Cash-Flow to meet Pensions liability	3	2	6	A Mings/ S Surana	Cash flow forecasting and monitoring Cash generation by Investment in cash distributing funds Selection of counterparties according to KCC TMPs
I5	Insufficient Cash-Flow to meet new investment obligations	3	2	6	A Mings/ S Surana	Investment in Liquid assets.
I6	High inflation	3	1	3	N Vickers	Balanced Asset Allocation including Inflation protection investments.
Investment Manager/custodian Risks						
I7	Lack of adequate internal controls at Fund Managers and Custodian	3	2	6	A Mings/ S Surana	Internal Control reports for Fund Managers and Custodian
I8	Fund managers' non-compliance with LGPS 2016 regs and Fund ISS / FSS	2	1	2	A Mings/ S Surana	IMAs, Fund Manager reports, monthly management reporting, Committee reviews, officer reviews
I9	Fund investment return below that assumed by the actuary	4	3	12	N Vickers	Diversified investment strategy with annual review. Advice from Consultants Monitoring of investment managers. Tactical asset allocation
I10	Investment Management and other service provider fees too high	3	2	6	N Vickers/ Alison Mings	Participation in the ACCESS Pool to reduce fee rates. Requirement for Fund managers to sign up to transparency code Use of LGPS frameworks to procure financial services including Passive Investment Management

Ref	Risk	Impact	Likelihood	Risk Score	Risk Owner	Mitigation
Investment Governance Risk						
I11	Investments too complex	2	2	4	N Vickers	Diversified Investment strategy. Attendance at Industry and Fund Manager training forums Advice from Consultants
I12	Derisking not implemented at the right time	3	2	6	N Vickers	Review of Investment strategy and rebalancing to agreed asset allocation Monitoring of funding levels. Advice from Consultants
I13	Failure of manager or custodian	3	2	6	A Mings/ S Surana	Quarterly performance monitoring Contract management, media reports Internal Control reports; diversification of manager mandates; diversification of custody via pooled funds Advice from Consultants
I14	Completeness and accuracy of investment records including income	2	2	4	A Mings/ S Surana	Reconciliation of KCC accounting systems with fund managers' reports and custodian records. Annual external audit review, and periodic internal audit review
I15	Insurance risk on property portfolio	2	2	4	S Surana	Ensure adequate cover in place at all times
I16	Risks associated with the establishment of the ACCESS pool	2	3	6	A Mings/ S Surana	Operator appointed, Project Group established, representation of Chair and officers, project managed by consultants and use of professional services and advice, separate risk register
I17	Risks associated with the investment in the ACCESS ACS sub-funds	4	3	12	A Mings/ S Surana	Transition Management, pooling negotiations and due diligence, advice from consultants

Administration Risks

A1	Poor communication with members	2	1	2	B Cheatle	Communication policy and procedures in place, ABI's
A2	Fraudulent payments	2	1	2	B Cheatle/ A Mings	Atmos monitoring process. Internal controls. Regular internal & external audits.
A3	Failure of employers to provide timely and accurate information such as whole time equivalent pay and CARE Pensionable Pay	2	3	6	B Cheatle/ S Tagg	Regular communication. Intervention with problem employers. Better sharing of queries on year-end returns. Implement system for data submission by employers on monthly basis
A4	Inadequate implementation of the 2014 Regulations	3	3	9	B Cheatle/ S Tagg	Regular communication. Improved Fund website Staff training.
A5	Failure to maintain proper records leading to inadequate data, which could lead to increased complaints and errors and scrutiny from Pensions Regulator	3	1	3	B Cheatle	Engagement with employers, employer manuals in place, electronic interface, year end data cleansing, officer checking, regular review of data quality
A6	Security and integrity of member data	3	1	3	B Cheatle	Access controls, authorisations, reconciliations, GDPR training and procedures
A7	System failure	3	1	3	B Cheatle	Externally hosted business continuity arrangements with Heywood. Cover for key staff in Business Services Centre

Ref	Risk	Impact	Likelihood	Risk Score	Risk Owner	Mitigation
A8	Failure or delay in paying pensioners	2	4	8	B Cheatle	Externally hosted business continuity arrangements with Heywood.
A9	Impact of tax changes on individuals-annual allowance/lifetime allowance	2	3	6	B Cheatle	Briefing material.
A10	Change of premises	3	4	12	B Cheatle	Admin team moved to Invicta House temporarily, moved to Cantium House in 2015 and anticipate moving to Sessions House in 2018
A11	Ending of Contracting Out - GMP reconciliation	2	4	8	B Cheatle	Using 3rd party service provider. Awaiting central government guidance on any underpayment or overpayment of pensions
A12	Recruitment and retention of pension admin staff	2	4	8	B Cheatle	Career progression and development opportunities to be highlighted

By: Chairman Superannuation Fund Committee
Corporate Director of Finance and Procurement

To: Superannuation Fund Committee – 22 June 2018

Subject: **PENSIONS ADMINISTRATION**

Classification: Unrestricted

Summary: To provide members with a comprehensive update of administration issues including:-

- Workload position
- Achievements against Key Performance Indicators (KPIs)
- Pension Overpayment for write off
- Monthly submission of employer data
- Staff resource
- General Data Protection Regulations
- The Pensions Regulator – Data Quality

FOR DECISION

INTRODUCTION

1. This report brings members fully up to date with a range of issues concerning the administration of the Kent Pension Scheme.

WORKLOAD POSITION

2. Appendix 1 shows the year on year comparison of work levels being received in the section.
3. The majority of work categories remain at similar levels when compared to 2016/17.
4. As reported previously the category where there is the most marked increase, when compared to 2013/14, is with regard to communications to the section. Emails and written correspondence seem to be levelling now at around 5300 a year. We encourage members of the scheme to visit our website www.kentpensionfund.co.uk, with 106,328 visits in 2017, to answer as many of their questions as possible however many still require a personal response. These figures do not include telephone calls received in the section, which averages at approximately 1550 each month.

5. The decrease in the number of deferred benefits shown in Appendix I for the years from 2015/16 is partially due to members now requiring 2 years' membership of the scheme before being entitled to a deferred benefit, an increase in the previous requirement of 3 months membership, however the main reason for the difference in the number of deferred benefits when compared to previous years is that due to increased workloads in other areas we have deferred benefit calculations that have not yet been processed.
6. The increase in the number of transfers in of pension rights from previous pension schemes rose in 2017/18, partially due the clearance of a backlog of this category of work following the changes to the scheme in 2014 and the delay in the clarification as to how these cases should be dealt with in the Career Average Earnings Scheme.
7. The increase in the number of transfers out of pension benefits continues to rise as it does throughout the pensions industry mainly due to the ' Freedom and Choice' options announced by the Government, which came into force from April 2015, which allows members with pension rights in a defined contribution scheme options to access their pension rights earlier and in some cases to draw down their pension rights in full.

ACHIEVEMENTS AGAINST KEY PERFORMANCE INDICATORS (KPIs)

8. Appendix 2 shows the achievements of the section in meeting its KPIs for the year 2017/18 compared to the previous 4 years.
9. We are required to complete 95% of the recorded KPI tasks, within the agreed target turnaround times.
10. All 4 categories of work show a continuation or improvement in the KPI percentage when compared to those achieved in 2016/17 however as a result of concentrating efforts on these areas of work and due to the changes to the scheme still impacting, especially with regard to data received from employers, and the requirement in the scheme regulations that annual benefit illustrations and deferred benefit updates have to be issued by 31 August, other areas of work have suffered.

OVERPAYMENT OF PENSION FOR WRITE OFF

11. The case of Mr R was previously reported to the Committee in June 2012.
12. Mr R had been receiving a pension since 1982 and in February 2012 was in receipt of a monthly pension of £622.53.
13. In 2012 the National Fraud Initiative, which matches KCC's pension data against the Disclosure of Death Registration Information (DDRI) identified that Mr R had died on the 21 January 2009.
14. After receipt of a copy of the death certificate from the registration service, confirming the date of death, Mr R's pension was suspended. The pension had

continued to be paid from January 2009 to February 2012 resulting in an overpayment of pension of £22,060.69 (gross).

15. In March 2012 KCC contacted Lloyds TSB bank who held the account into which the pension payments were made. They confirmed that they were unaware of the death, that the account was still open and that monies were being withdrawn.
16. As a result of this information KCC's Counter Fraud Manager was informed who in turn made Kent Police aware of the circumstances.
17. A relative of Mr R was interviewed regarding the withdrawals and admitted to using the bank account after Mr R's death. There was no money left in the account and it is believed that the money had been used for typical living expenses. The relative was unemployed and on benefits and did not own any substantial assets.
18. The Police, in conjunction with the Crown Prosecution Service were minded to administer a caution for the offence which we understand was administered in August 2012.
19. Although there was not a prosecution for the offence the Counter Fraud Manager, at that time, was of the view that recovery could be sought from the relative however due to the financial position of the relative this was not pursued.
20. Due to the amount of the overpayment permission is sought from the Committee to write off this overpayment of pension.
21. Subsequent to this, and other cases where pensions were overpaid for some considerable time, the Fund now utilises a mortality screening service which matches Kent's pension data against the information held on the DDRI which highlights deaths of members of the scheme on a monthly basis.

MONTHLY SUBMISSION OF EMPLOYER DATA

22. At the November 2017 Committee agreement was given to additional funding for the purchase of i-Connect, a product that would allow us to receive electronic submission of data from employers on a monthly rather than annual basis.
23. A project team has been set up within the section with regard to the implementation of the new system and the roll out to employers
24. The current position is that a considerable amount of testing has been taking place internally with regard to the capabilities of the product and the impact on internal procedures.
25. As a result, we are hoping to contact some employers shortly to check that they are still happy to pilot i-Connect with us.
26. Target dates will be dependent on how quickly the pilot employers can produce the file extract but we would hope to have gone live with at least one employer by the end of September.

STAFF RESOURCE

27. At the November 2017 Committee agreement was given to extra staff resource of 4 Pension Support Assistants bringing the Pension Section complement to 61 FTE staff.
28. Subsequently we have run 2 recruitment campaigns with regard to the recruitment of Pension Support Assistants with 4 being appointed in November 2017 and a further 6 in March 2018 (equivalent to 8.4FTE). Unfortunately in the same timespan we have lost some of our existing staff which means that we currently have 9 FTE vacancies within the section. These vacancies range from Pension Support Assistants through to more senior roles.
29. We are carrying out recruitment campaigns with regard to the senior roles. With regard to the less senior roles we are looking to fill some of these throughout the summer with temporary workers in order to tackle some of the backlogs of our work and will look to recruit permanent staff in the autumn.

GENERAL DATA PROTECTION REGULATIONS (GDPR)

30. The General Data Protection Regulations are a new set of European Union regulations which came into force on 25 May 2018.
31. The regulations introduce new and extended rights for individuals in relation to the personal data an organisation holds about them. In addition an organisation will have an obligation for better data management and a new regime of fines will be introduced for use when an organisation is found to be in breach of the GDPR.
32. The GDPR states that personal data must be:
 - processed lawfully, fairly and in a transparent manner
 - collected only for specified, explicit and legitimate purposes
 - adequate, relevant and limited to what is necessary
 - accurate and kept up to date
 - held only for the absolute time necessary and no longer
 - processed in a manner that ensures appropriate security of the personal data
33. The pension section requires various pieces of personal data with regard to members of the scheme and these are provided by both the individual and their employer in order to administer the pension scheme. This data includes, but is not limited to names, addresses, National Insurance numbers, dates of birth and salary details which are required to maintain scheme records and calculate member benefits.
34. Every Local Government Pension Scheme (LGPS) fund is required to have an up to date privacy notice in line with the new requirements setting out amongst other things, why data is held, the reason for processing the data, who they share the data

with and the period for which the data will be retained. The notice must also provide members with additional information about their rights under the legislation.

35. Appendix 3 details the Privacy Notice for the Kent Pension Fund which is available on our website at www.kentpensionfund.co.uk/privacy.

THE PENSIONS REGULATOR – DATA QUALITY

36. The Pensions Regulator (TPR) requires each administering authority to complete an annual scheme return. Our understanding is that unlike previous returns which required the administering authority to only measure common data the 2018 return will require the additional reporting of scheme-specific data.
37. To ensure consistency across all administering authorities, the Scheme Advisory Board for LGPS in England and Wales are working closely with Ministry for Housing, Communities and Local Government and Government Actuary Department to develop a standard set of scheme-specific data for administering authorities to use when completing this year's scheme return.
38. When details of the scheme-specific data are known measurements of our current data will be undertaken and a data improvement plan introduced.
39. We understand that TPR will be issuing the scheme return in July and the deadline for submission will be in September.

RECOMMENDATION

40. Members are asked to note this report.

(1) Agree to the write off of the overpayment of pension of £22,060.29

Barbara Cheatle
Pensions Manager
03000 415270

Tasks completed in key administration areas
Workload summary

Case Type	2013/14	2014/15	2015/16	2016/17	2017/18
Benefit calculation	1978	1928	1766	2238	2008
Correspondence	1467	3450	4719	5370	5339
Divorce case	312	293	385	381	329
Estimate calculation	2861	2541	2810	3145	3025
Deferred benefit	5244	2475	993*	1357*	1720*
Transfer/Interfunds in	374	189	204	286	422
Transfer/Interfunds out	478	558	651	644	859
Dependants	364	323	377	410	377
Total	13,078	11,757	11,905	13,831	14,079

*These represent the number of leavers that have been identified as deferred benefits and have been processed. It does not include members who have left the scheme where we have still to process the leaver

Achievements against Key Performance Indicators

Case Type	Target Time	13/14		14/15		15/16		16/17		17/18	
		No	% in target	No	% in target	No	% in target	No	% in target	No	% in target
Calculation and payment of retirement benefit	20 days	1978	99%	1928	99%	1766	96%	2238	95%	2008	98%
Calculation and payment of dependant benefit	15 days	364	99%	323	87%	377	86%	410	95%	578	99%
Calculation and provision of benefit estimate	20 days	2861	98%	2541	63%	2810	62%	3145	67%	3025	72%
Reply to correspondence	15 days	1467	99%	3450	98%	4719	98%	5370	99%	5339	99%

NB. All target turnaround times commence when we have all the necessary documentation to complete the particular task.

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Kent Pension Fund Privacy Notice

This notice is for members and beneficiaries of the Kent Pension Fund (the “Fund”). It has been prepared by Kent County Council (the “Administering Authority”, or “we”) in its capacity as the administering authority of the Kent Pension Fund.

This privacy notice is also provided at the following link:

www.kentpensionfund.co.uk/privacynotice

Why we are providing this notice to you

As the Administering Authority of the Fund we hold certain information about you (“personal data”) which we use to administer the Fund and to pay benefits from it. This notice is designed to give you information about the data we hold about you, how we use it, your rights in relation to it and the safeguards that are in place to protect it.

The technical bit

The Administering Authority holds personal data about you in its capacity as data controller for the proper handling of all matters relating to the Fund, including its administration and management. This includes the need to process your data to contact you, to calculate, secure and pay your benefits, for statistical and financial modelling and for reference purposes (for example, when we assess how much money is needed to provide members’ benefits and how that money should be invested), and to manage liabilities and administer the Fund generally. Further information about how we use your personal data is provided below.

The legal basis for our use of your personal data will generally be one or more of the following:

- a) we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund; and
- b) we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body; and
- c) we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund; and

- d) because we need to process your personal data to meet our contractual obligations to you in relation to the Fund (for example, under an agreement that you will pay additional voluntary contributions to the Fund), or to take steps, at your request, before entering into a contract.

What personal data we hold, and how we obtain it

The types of personal data we hold and process about you can include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth, national insurance number and employee and membership numbers.
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information.
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details.
- Information about your family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or Fund may be reimbursed from your benefits.

We obtain some of this personal data directly from you. We may also obtain data (for example, salary information) from your current or past employer(s) or companies that succeeded them in business, from a member of the Fund (where you are or could be a beneficiary of the Fund as a consequence of that person's membership of the Fund) and from a variety of other sources including public databases (such as the Register of Births, Deaths and Marriages), our advisers and government or regulatory bodies, including those in the list of organisations that we may share your personal data with set out below.

Where we obtain information concerning certain "special categories" of particularly sensitive data, such as health information, extra protections apply under the data protection legislation. We will only process your personal data falling within one of the special categories with your consent, unless we can lawfully process this data for another reason. Where consent has been given, you have the right to withdraw your consent to the processing at any time by notifying the Administering Authority in writing. However, if you do not give consent, or subsequently withdraw it, the Administering Authority may not be able to process the relevant information to make decisions based on it, including decisions regarding the payment of your benefits.

Where you have provided us with personal data about other individuals, such as family members, dependants or potential beneficiaries under the Fund, please

ensure that those individuals are aware of the information contained within this notice.

How we will use your personal data

We will use this data to deal with all matters relating to the Fund, including its administration and management. This can include the processing of your personal data for all or any of the following purposes:

- to contact you.
- to assess eligibility for, calculate and provide you (and, if you are a member of the Fund, your beneficiaries upon your death) with benefits.
- to identify your potential or actual benefit options and, where relevant, implement those options.
- for statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested).
- to comply with our legal and regulatory obligations as the administering authority of the Fund.
- to address queries from members and other beneficiaries and to respond to any actual or potential disputes concerning the Fund.
- the management of the Fund's liabilities, including the entering into of insurance arrangements and selection of Fund investments.
- in connection with the sale, merger or corporate reorganisation of or transfer of a business by the employers that participate in the Fund and their group companies.

Organisations that we may share your personal data with

From time to time we will share your personal data with advisers and service providers so that they can help us carry out our duties, rights and discretions in relation to the Fund. Some of those organisations will simply process your personal data on our behalf and in accordance with our instructions. Other organisations will be responsible to you directly for their use of personal data that we share with them. They are referred to as data controllers and we have highlighted them in the table below. The data controllers may be obliged under the data protection legislation to provide you with additional information regarding the personal data they hold about you and how and why they process that data. Further information may be provided to you in a separate notice or may be obtained from the advisers and service providers direct, for example via their websites

These organisations include the Fund's:

Data processors	Data controllers
<ul style="list-style-type: none"> • Tracing bureaus for mortality screening and locating members – (currently Atmos Data Services Limited and Lexis Nexis Risk Solutions (Business Services)) • Overseas payments provider to transmit payments to scheme member with non-UK accounts – (currently Western Union Business Solutions (UK) Limited) • Printing companies – (currently Adare SEC Limited and other third party printing companies based in the EEA) • Pensions software provider – (currently Aquila Heywood and i-Connect) • Provider to aid with GMP reconciliation exercise – (currently Independent Transition Management Ltd) • Suppliers of IT, document production and distribution services 	<ul style="list-style-type: none"> • Additional Voluntary Contribution providers – (currently Equitable Life, Prudential and Standard Life) • Legal adviser – (currently Invicta Law) • Fund Actuary – (currently Barnett Waddingham) • External auditor – (currently Grant Thornton) • Internal auditor – (currently Kent County Council) • LGPS National Insurance database – (South Yorkshire Pensions Authority) • The Department for Work and Pensions • The Government Actuary's Department • The Cabinet Office – for the purposes of the National Fraud Initiative • HMRC • The Courts of England and Wales – for the purpose of processing pension sharing orders on divorce

In each case we will only do this to the extent that we consider the information is reasonably required for these purposes.

From time to time we may provide some of your data to your employer and their relevant subsidiaries (and potential purchasers of their businesses) and advisers for the purposes of enabling your employer to understand its liabilities to the Scheme. Your employer would generally be a controller of the personal data shared with it in those circumstances. For example, where your employment is engaged in providing services subject to an outsourcing arrangement, the Administering Authority may provide information about your pension benefits to your employer and to potential bidders for that contract when it ends or is renewed.

Where requested or if we consider that it is reasonably required, we may also provide your data to government bodies and dispute resolution and law enforcement organisations, including those listed above, the Pensions Regulator, the Pensions

Ombudsman and Her Majesty's Revenue and Customs (HMRC). They may then use the data to carry out their legal functions.

The organisations referred to in the paragraphs above may use the personal data to perform their functions in relation to the Fund as well as for statistical and financial modelling (such as calculating expected average benefit costs and mortality rates) and planning, business administration and regulatory purposes. They may also pass the data to other third parties (for example, insurers may pass personal data to other insurance companies for the purpose of obtaining reinsurance), to the extent they consider the information is reasonably required for a legitimate purpose.

In some cases recipients of your personal data may be outside the UK. This means your personal data may be transferred outside the European Economic Area (EEA) to a jurisdiction that may not offer an equivalent level of protection as is required by EEA countries. If this occurs, we are obliged to verify that appropriate safeguards are implemented with a view to protecting your data in accordance with applicable laws. Please use the contact details below if you want more information about the safeguards that are currently in place.

We do not use your personal data for marketing purposes and will not share this data with anyone for the purpose of marketing to you or any beneficiary.

How long we keep your personal data

We will only keep your personal data for as long as we need to in order to fulfil the purpose(s) for which it was collected and for so long afterwards as we consider may be required to deal with any questions or complaints that we may receive about our administration of the Fund, unless we elect to retain your data for a longer period to comply with our legal and regulatory obligations. In practice, this means that your personal data will be retained for such period as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund and for a period of 100 years after those benefits stop being paid. For the same reason, your personal data may also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement.

Your rights

You have a right to access and obtain a copy of the personal data that the Administering Authority holds about you and to ask the Administering Authority to correct your personal data if there are any errors or it is out of date or incomplete. In some circumstances you have the right to object to the processing of your personal data; for example, you have the right to object to processing of your personal data which is based on the public interest or legitimate interests identified in the section above headed '*The Technical Bit*', or where processing is for direct marketing purposes. In some cases you may also have a right to ask the Administering Authority to restrict the processing of your personal data until any errors are corrected, or to transfer or (in very limited circumstances) erase your personal data. You can obtain further information about these rights from the Information

Commissioner's Office at: www.ico.org.uk or via their telephone helpline (0303 123 1113).

If you wish to exercise any of these rights or have any queries or concerns regarding the processing of your personal data, please contact the Fund Administrator as indicated below. You also have the right to lodge a complaint in relation to this privacy notice or the Administering Authority's processing activities with the Information Commissioner's Office which you can do through the website above or their telephone helpline.

As explained in the section above headed '*How we will use your personal data*' one of the reasons we collect and hold your personal data is to administer your Fund benefits. If you do not provide the information we request, or ask that the personal data we already hold is deleted or that the processing of the personal data be restricted, this may affect our ability to administer your benefits, including the payment of benefits from the Fund. In some cases it could mean the Administering Authority is unable to put your pension into payment or has to stop your pension (if already in payment).

Updates

We may update this notice periodically. Where we do this we will inform members of the changes and the date on which the changes take effect.

Keeping your personal information secure

We have appropriate security measures in place to prevent personal information from being accidentally lost, or used or accessed in an unauthorised way. We limit access to your personal information to those who have a genuine business need to know it. Those processing your information will do so only in an authorised manner and are subject to a duty of confidentiality.

We also have procedures in place to deal with any suspected data security breach. We will notify you and any applicable regulator of a suspected data security breach where we are legally required to do so.

Who to Contact

Please contact the Fund administrator Kent County Council for further information about the Kent Pension Fund either by post to Pensions Section, Kent County Council, Invicta House, County Square, Maidstone, Kent ME14 1XX, by completion of an online enquiry form available at www.kentpensionfund.co.uk or by telephone 03000 413488.

Please contact the Information Resilience and Transparency Team at data.protection@kent.gov.uk to exercise any of your rights, or if you have a complaint about why your information has been collected, how it has been used or how long we have kept it for.

You can contact our Data Protection Officer, Benjamin Watts, at dpo@kent.gov.uk or write to the Data Protection Officer, Sessions House, County Hall, Maidstone Kent ME14 1XQ.

The General Data Protection Regulation also gives you the right to lodge a complaint with a supervisory authority. The supervisory authority in the UK is the Information Commissioner who may be contacted at <https://ico.org.uk/concerns> or telephone 03031 231113.

For further information visit <https://www.kent.gov.uk/about-the-council/about-the-website/privacy-statement>

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By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 22 June 2018

Subject: **FUND EMPLOYER MATTERS**

Classification: Unrestricted

Summary: To report on employer related matters, applications to join the Fund and a change in the Local Government Pension Scheme (LGPS) regulations.

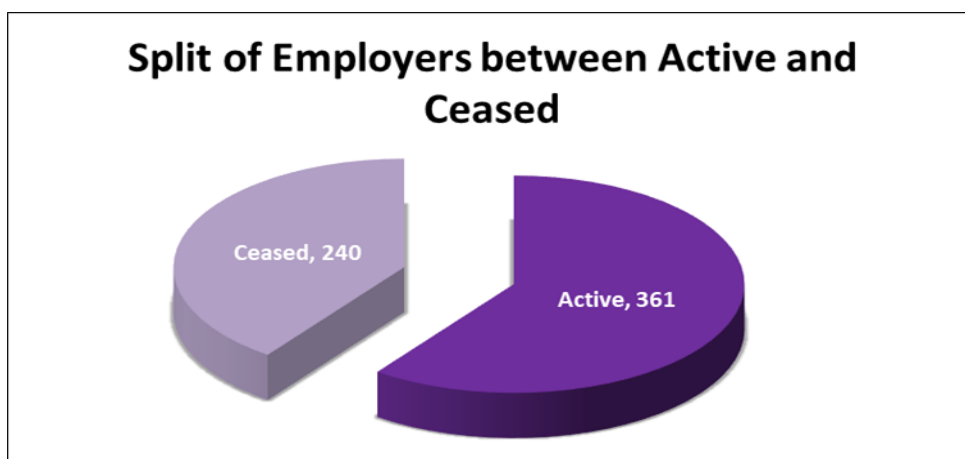
FOR DECISION

INTRODUCTION

1. This report sets out information on employer related matters, applications to join the Fund and a change in the LGPS regulations.
2. The Committee are advised that the minutes relating to the new admission matters are to be signed at the end of today’s meeting to facilitate completion on the desired dates.

EMPLOYERS IN THE FUND AT 31 MARCH 2018

3. There were a total of 601 employers in the Kent Pension Fund.



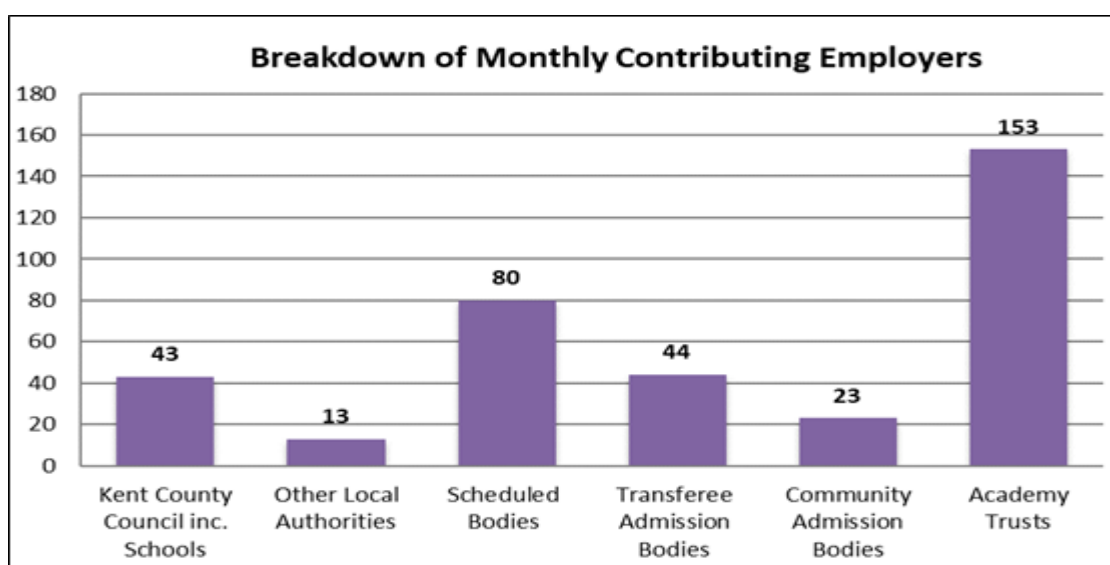
4. The number of Active employers regularly paying contributions fell in the 3 months to 31 March 2018 to 361 as a result of 2 KCC schools changing payroll provider, 1 college merging with another, 4 single Academy Trust joining existing Multi-Academy Trusts and 4 new employers joining the Fund. The number of Ceased employers has increased to 240. These no longer have active contributing members in the LGPS and the Fund has an existing or future liability to pay pensions.

5. The following table lists employers who either joined or ceased to have active members in the Fund during 2017-18

New Employers	Effective date
<i>Scheduled Bodies</i>	
Walmer Parish Council	1 April 2017
Barham Parish Council	1 April 2017
Invicta Law Ltd	1 June 2017
Hever Parish Council	1 April 2017
<i>Academy Trusts</i>	
The Areté Trust	1 June 2017
Aletheia Anglican Academies Trust	1 April 2017
Barnsole Primary Trust	1 May 2017
The Inspiring Change Multi Academy Trust	1 June 2017
Endeavour Academy Trust	1 April 2017
Potential in Everyone Academy Trust	1 August 2017
Maritime Academy Trust	1 September 2017
University of Kent Academies Trust	1 September 2017
Education for the 21st Century (E21C	1 January 2018
Inspire Partnership Academy Trust	1 January 2018
<i>Admitted Bodies</i>	
Cater Link re Dover Grammar School for Boys	1 October 2017
Pabulum Limited	1 March 2018
Civica UK Limited	2 February 2018
Ceased Employers	Effective date
<i>Academy joined a Multi-Academy Trust</i>	
Brompton Academy	1 September 2017
Chatham Grammar School for Girls (Academy)	1 September 2017
West Malling CEP School (Academy)	1 September 2017
Folkstone Academy Merged into The Turner Trust	1 November 2017
Wilmington Boys School Academy	1 April 2017
Wilmington Girls School Academy	1 April 2017
Shorne CEP School Academy	1 September 2017
St Botolphs CEP School Academy (AAT)	1 September 2017

Saint George's Church of England School (Academy)	1 September 2017
Spires Academy	1 January 2018
Community Admission Body	
Kent College Pembury	1 April 2017
Scheduled Bodies	
Canterbury College (Merged with East Kent College)	1 February 2018

6. The following chart shows the Employers from whom the Fund receives monthly contributions, by Employer Group. Note the KCC figures reflect the County's and schools' relationships with a number of payroll providers.



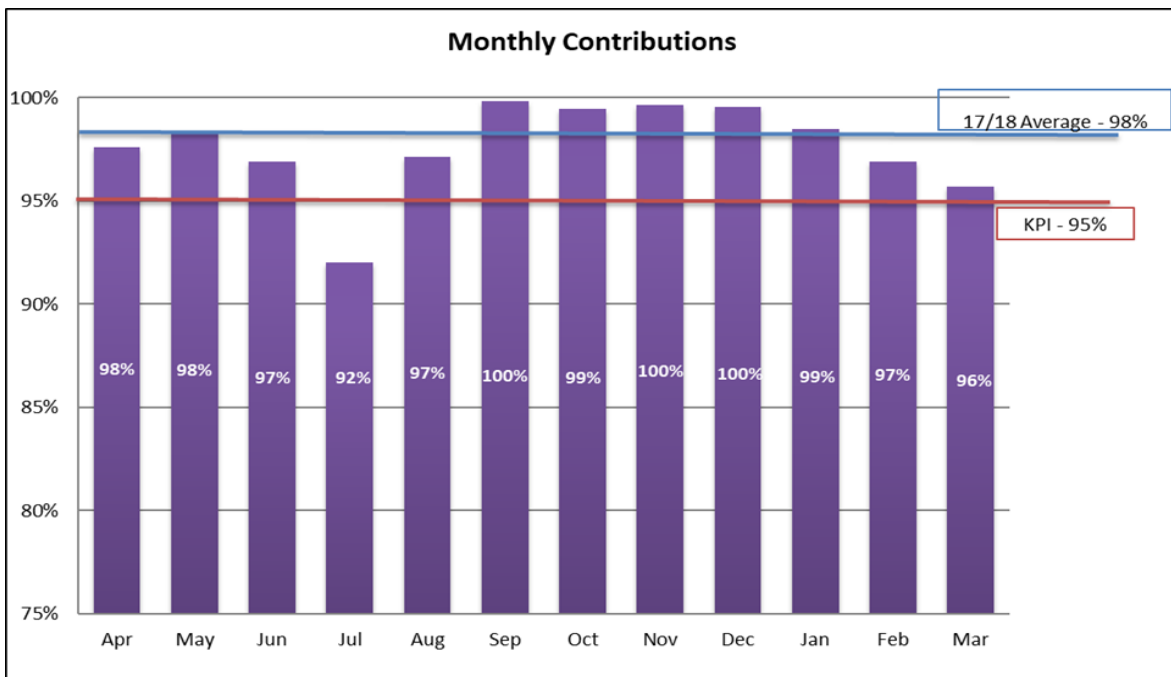
CONTRIBUTIONS FROM EMPLOYERS

7. In the 12 months to 31 March 2018, the Fund received £222m from Employers in respect of their monthly contributions (employer and employee) as follows:

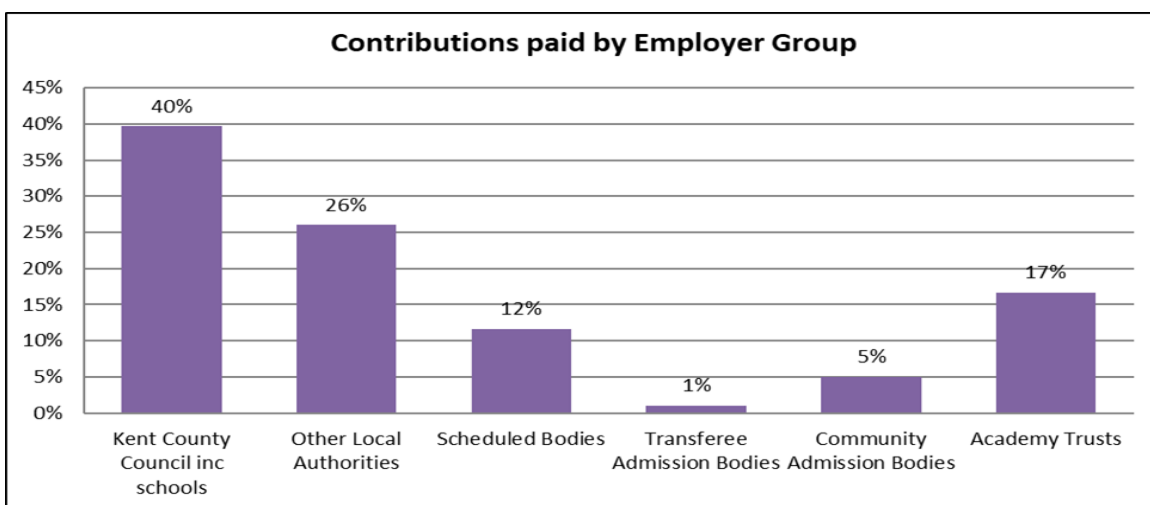
	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	9,229,792	8,995,087	451,570	18,676,449
May	9,567,508	8,485,886	217,665	18,271,059
June	9,329,874	8,456,378	533,514	18,319,766
July	9,763,338	7,131,768	1,461,061	18,356,167
August	9,624,425	8,197,452	524,565	18,346,442
September	9,720,014	8,451,367	31,184	18,202,565
October	9,661,277	8,954,944	102,704	18,718,925
November	9,807,829	8,535,097	60,513	18,403,439
December	10,313,657	8,384,840	81,990	18,780,487

January	9,923,005	8,576,605	127,914	18,627,525
February	9,617,811	8,584,091	465,358	18,667,260
March	9,569,859	8,405,322	607,583	18,582,764
Total	116,128,389	101,158,837	4,665,621	221,952,847

8. KCC monitors the timing of receipt of these contributions compared to a KPI of 95%. During the period the KPI was exceeded in 11 of the 12 months, the exception being July when contributions received on or before the due date dropped to 92% due to one local authority paying a day late as the 19th fell on the weekend. The average for contributions received was 98%.



9. The following chart shows the proportion paid by KCC and other employers of contributions received.



CHURCHILL CONTRACT SERVICES LTD

10. The Williamson Trust in relation to the Sir Joseph Williamsons Mathematical School is awarding a three year contract with possible three year extension for cleaning services from 16 July 2018. This involves the transfer of some 9 employees from the Trust to Churchill Contract Services Ltd.
11. To ensure the continuity of pension arrangements for these employees, Churchill Contract Services Ltd has made an application for admission to the Superannuation Fund.
12. The admission application has been made under Schedule 2 Part 3 1(d) (i) of the Local Government Pension Scheme Regulations 2013, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity.
13. The Fund Actuary has assessed the employer contribution rate as 22.5% for a closed agreement and the value of the Bond for the three years as £25,000.
14. The completed questionnaire and supporting documents provided by Churchill Contract Services Ltd have been examined by Officers to ensure compliance with the LGPS Regulations, and Invicta Law have given a favourable opinion.

CATER LINK LTD

15. Medway Council is awarding a three year contract with possible two year extension for catering services although the effective date is not yet known. This involves the transfer of a number of employees from Medway Council to Cater Link Ltd.
16. To ensure the continuity of pension arrangements for these employees, Cater Link Ltd has made an application for admission to the Superannuation Fund.
17. The admission application has been made under Schedule 2 Part 3 1(d) (i) of the Local Government Pension Scheme Regulations 2013, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity.
18. The Fund Actuary will assess the employer contribution rate and level of bond.
19. The completed questionnaire and supporting documents provided by Cater Link Ltd have been examined by Officers to ensure compliance with the LGPS Regulations, and Invicta Law have given a favourable opinion.

TWO APPLICATIONS FROM COMPASS CONTRACT SERVICES (UK) LTD t/a CHARTWELLS

20. The Kent Catholic Schools Partnership (KCSP) is awarding two three year contracts with possible two year extensions to Compass Contract Services (UK) Ltd t/a Chartwells for the provision of catering services firstly to the

secondary schools and secondly to the primary schools, although the effective dates are not yet known. This involves the transfer of a number of employees from KCSP to Compass Contract Services (UK) Ltd t/a Chartwells.

21. To ensure the continuity of pension arrangements for these employees, Compass Contract Services (UK) Ltd t/a Chartwells has made applications for two admissions to the Superannuation Fund.
22. The applications have been made under Schedule 2 Part 3 1(d) (i) of the Local Government Pension Scheme Regulations 2013, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity.
23. The Fund Actuary will assess the employer contribution rate and level of bond in respect of each admission.
24. The completed questionnaires and supporting documents provided by Compass Contract Services (UK) Ltd t/a Chartwells have been examined by Officers to ensure compliance with the LGPS Regulations, and Invicta Law have given a favourable opinion.

CHANGE IN LOCAL GOVERNMENT PENSION SCHEME REGULATIONS

25. The LGPS (Amendment) Regulations 2018 [SI2018/493] were laid before Parliament on 19 April 2018 with most of the changes taking effect from 14 May 2018 although some of the changes have retrospective effect to 1 April 2014.
26. The main changes in terms of the employers' membership of the Kent Fund are:
 - The Fund may at its discretion backdate admission agreements. It is no longer required to provide details of agreements to the Secretary of State but is now required to publish a list of existing admission agreements by 14 May 2019.
 - Employers exiting the LGPS with a surplus will be entitled to receive that surplus. This is a significant change and officers will be having discussions with the Fund Actuary to understand how employers in the Kent Fund may be affected.
27. It is expected that there will be a further Fair Deal consultation by the end of 2018.

RECOMMENDATION

28. Members are asked to note this report and to agree:
 - a) to the admission to the Kent County Council Superannuation Fund of Churchill Contract Services Ltd;

- b) to the admission to the Kent County Council Superannuation Fund of Cater Link Ltd;
- c) to the admission to the Kent County Council Superannuation Fund of Compass Contract Services (UK) Ltd t/a Chartwells re Kent Catholic Schools Partnership Secondary Schools;
- d) to the admission to the Kent County Council Superannuation Fund of Compass Contract Services (UK) Ltd t/a Chartwells re Kent Catholic Schools Partnership Primary Schools;
- e) that the Chairman may sign the minutes relating to recommendations (a) to (d) at the end of today's meeting; and
- f) that once legal agreements have been prepared for these matters the Kent County Council seal can be affixed to the legal documents.

Steven Tagg
Treasury and Investments
03000 416747

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