

**SUPERANNUATION FUND COMMITTEE**

**Friday, 15th November, 2019**

**10.00 am**

**Medway Room, Sessions House, County Hall,  
Maidstone**







## AGENDA

### SUPERANNUATION FUND COMMITTEE

**Friday, 15th November, 2019 at 10.00 am** Ask for: **Theresa Grayell**  
**Medway Room, Sessions House, County** Telephone: **03000 416172**  
**Hall, Maidstone**

#### 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 S Tranter	
Kent Active Retirement 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)*

- 1 Membership - to note that Cllr Stuart Tranter has replaced Cllr Mrs Josie Iles as the representative of Medway Council
- 2 Substitutes
- 3 Declarations of interest by Members in items on the agenda for this meeting.

- 4 Minutes of 6 September 2019 (and exempt minute of part of the meeting held on 21 June 2019, which was omitted from the previous agenda but which needs to be approved and signed) (Pages 7 - 12)

**Motion to exclude the press and public for exempt business**

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.

Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)

**EXEMPT ITEMS**

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

- 5 31 March 2019 Actuarial Valuation results (Pages 13 - 62)
- 6 Investment Strategy (Pages 63 - 156)
- 7 Competition and Markets Authority (CMA) Order (Pages 157 - 174)

**UNRESTRICTED ITEMS**

*(meeting open to the public)*

- 8 Fund position statement (Pages 175 - 186)
- 9 ACCESS pooling update (Pages 187 - 196)
- 10 Training (Pages 197 - 208)
- 11 Pensions Administration (Pages 209 - 220)
- 12 Fund Employer Matters (Pages 221 - 226)
- 13 Date of next meeting
- The next meeting of the committee will be held on Friday 7 February 2020 at 10.00am

Benjamin Watts  
General Counsel  
03000 416814

**Thursday, 7 November 2019**

*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 their items.*

## KENT COUNTY COUNCIL

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### SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Medway Room, Sessions House, County Hall, Maidstone on Friday, 6 September 2019.

PRESENT: Mr C Simkins (Chairman), Mr N J D Chard (Vice-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, Mrs M Wiggins and Mr J Wright.

ALSO PRESENT: Mr P J Oakford

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mrs A Mings (Treasury and Investments Manager), Mr N Vickers (Business Partner (Pension Fund)), Mr G Singh (Barrister), Mr B Watts (General Counsel) and Mrs A Hunter (Principal Democratic Services Officer).

#### UNRESTRICTED ITEMS

**145. Declarations of interest by Members in items on the agenda for this meeting.**  
*(Item 2)*

There were no declarations made at this point in the meeting. However, before the discussion of item 12 – Fund Employer Matters, Mr Barrington-King said he was in receipt of a pension from West Kent College. He remained in the meeting and took part in the discussion.

**146. Minutes of the meeting held on 21 June 2019**  
*(Item 3)*

RESOLVED that the open minutes of the meeting held on 21 June 2019 are correctly recorded and that they be signed by the Chairman.

**147. Motion to exclude the press and public**  
*(Item 4)*

Resolved 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

(Open minutes)

**148. Schroder**  
*(Item 5)*

*Geoff Day (Client Director), Vincent Man (Solutions Manager) and Csaba Koppány (Solutions Manager) from Schrodgers were present for this item at the request of the committee.*

1. The chairman welcomed Mr Day, Mr Man and Mr Koppany to the meeting and invited them to give a presentation about equity protection. Following the presentation, they answered questions raised by members of the committee.
2. Resolved that the information set out in the presentation and given in response to members' questions be noted.

**149. Investment Strategy**  
(Item 7)

*Nick Page from Mercers was in attendance for this item at the request of the committee.*

1. Mr Page gave a presentation on equity protection, and equity options. Following the presentation, he answered questions from the members of the committee.
2. Resolved that:
  - (a) Equity protection be investigated further with Mercers and a further report be considered at the next meeting of the committee in November 2019;
  - (b) As the equity portfolio risk review conducted by Mercers had not raised any particular concerns to review it on a six-monthly basis and to request Mercers to advise the committee of any key developments and changes identified in their regular reviews;
  - (c) Work with Mercers be undertaken to prepare a report for a future meeting on Currency Hedging.

**150. Woodford Update**  
(Item 6)

*Clifford Sims and Victoria Leigh from Squire Patton Boggs were in attendance for this item at the request of the committee.*

1. Mr Simkins provided an update on the suspension of the investment in the Woodford Income Fund which had been put in place on 3 June. He said that the news from Link was that the suspension of dealing was likely to last until early December. He also said the Pension Fund, as a whole, continued to perform well and value of the Fund had increased over the last three years.
2. Ms Cooke, Corporate Director of Finance, outlined the principal message of a proposed press release which was endorsed by the committee.
3. The committee received a presentation from Clifford Sims and Victoria Leigh and following the presentation, they answered members' questions.
4. Mr Simkins thanked Mr Sims and Ms Leigh for their presentation.
5. Resolved that:
  - (a) The report and presentation be noted;

- (b) Legal work should continue through the General Counsel and the Deputy Monitoring Officer.

### **151. ACCESS Update**

*(Item 8)*

*Alison Mings (Treasury and Investments Manager) was in attendance for this item*

1. Mrs Mings introduced the report which provided an update on the progress made with pooling. She also answered members' questions.
2. Resolved that the report be noted.

### **UNRESTRICTED ITEMS** *(meeting open to the public)*

### **152. Fund Position Statement**

*(Item 9)*

1. Mr Vickers introduced the report which provided a summary of the Fund asset allocation and performance.
2. Resolved that the report be noted.

### **153. Superannuation Fund Report & Accounts and External Audit**

*(Item 10)*

*Alison Mings (Treasury and Investments Manager) was in attendance for this item*

1. Mrs Mings introduced the report which included the annual report and accounts for the Superannuation Fund for 2018/19 and the External Audit Findings report.
2. Resolved that the:
  - (a) Superannuation Fund Annual Report be approved;
  - (b) Updated Investment Strategy Statement be approved;
  - (c) Updated Governance Compliance Statement be approved;
  - (d) Content of the 2018/19 Superannuation Fund Accounts be noted;
  - (e) Report and accounts be published to the Kent Pension Fund website;
  - (f) External auditor's Audit Findings Report be noted;
  - (g) Position with regard to Governance and Audit Committee be noted.

### **154. 2019-20 Pension Fund Business Plan**

*(Item 11)*

*Alison Mings (Treasury and Investments Manager) was in attendance for this item*

1. Mrs Mings introduced the report which advised the Committee of the 2019-20 business plan and the related budget and risk register.
2. Resolved that:
  - (a) The 2019-20 Business Plan and related budget be noted;
  - (b) The Fund Risk Register be agreed.

**155. Fund Employer Matters**  
(Item 12)

*Alison Mings (Treasury and Investments Manager) was in attendance for this item.*

1. Mr Barrington-King said he was in receipt of a pension from West Kent College. He remained in the meeting and took part in the discussion and decision-making.
2. Mrs Mings introduced the report which set out information on employer related matters, updates on Hadlow College and West Kent and Ashford College and the McCloud judgement.
3. Resolved that:
  - (a) In order to safeguard the Kent Pension Fund's interests, authority be delegated to the Corporate Director of Finance to make decisions to resolve the financial position of West Kent and Ashford College;
  - (b) The employer update be noted;
  - (c) The update on Hadlow College be noted;
  - (d) The position of West Kent and Ashford College be noted;
  - (e) The update on the McCloud judgement be noted;
  - (f) The chairman may sign the minutes relating to (a) above at the end of today's meeting.

**156. Date of next meeting**  
(Item 13)

It was noted that the next meeting of the Committee would be held on 15 November 2019 at 10am.



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

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Agenda Item 5

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Agenda Item 6

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Agenda Item 7

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By: Chairman Superannuation Fund Committee  
Corporate Director of Finance

To: Superannuation Fund Committee – 15 November 2019

Subject: **FUND POSITION STATEMENT**

Classification: Unrestricted

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

## **FOR INFORMATION**

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### **INTRODUCTION**

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

### **INVESTMENT RETURN QUARTER TO 30 SEPTEMBER**

2. Market returns were generally positive with the exception of Emerging Markets equities.
3. The Fund had an unusually poor quarter with most equity managers underperforming, in fact of the active managers only Schroders UK equities and Sarasin global equities outperformed the benchmark. The Woodford return also significantly detracted from performance.
2. The most important thing to say about the quarter is that its far too short a period in which to judge the managers. However there are some issues worthy of consideration:
  - Baillie Gifford- the Committee has reduced the mandate size and this now seems well judged. They have been very reliant on internet related companies and the very strong performance of these companies has dissipated.
  - M&G- this is a portfolio based on a strong conviction is a particular style, dividend growth, and it predominantly a retail fund.
  - Schroders Global Active value- value stocks continue to underperform, the MSCI AC World value index lagged the Growth index by 8.6% for the year as a whole.

### **INVESTMENT RETURN 1 YEAR TO 30 SEPTEMBER**

5. The poor quarter also impacts on the 12 month return figures. Again only Schroders UK equities and Sarasin global equities outperformed the benchmark.

6. The Fund has benefitted over a long period from strong returns from Baillie Gifford global equities and there has been a dip in performance. The Schroders Global Active Value and the M&G Global Dividend both performed poorly.
7. The strong performance of Goldman Sachs should be highlighted. Officers met with them in September and their long term buy and hold strategy saw most of their strategies adding value.
8. The disappointing absolute returns from the two Absolute Return managers is also of concern. These strategies emphasize protection of principal but they seem unable to achieve the target returns.

### **ASSET ALLOCATION**

9. The Committee is formally required to consider asset allocation at each meeting. The Investment Strategy report makes a recommendation on using surplus Cash to invest in Multi Asset Credit.

### **RECOMMENDATION**

10. Members are asked to note this report.

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



# FUND POSITION STATEMENT

## Summary of Fund Asset Allocation and Performance

### Superannuation Fund Committee

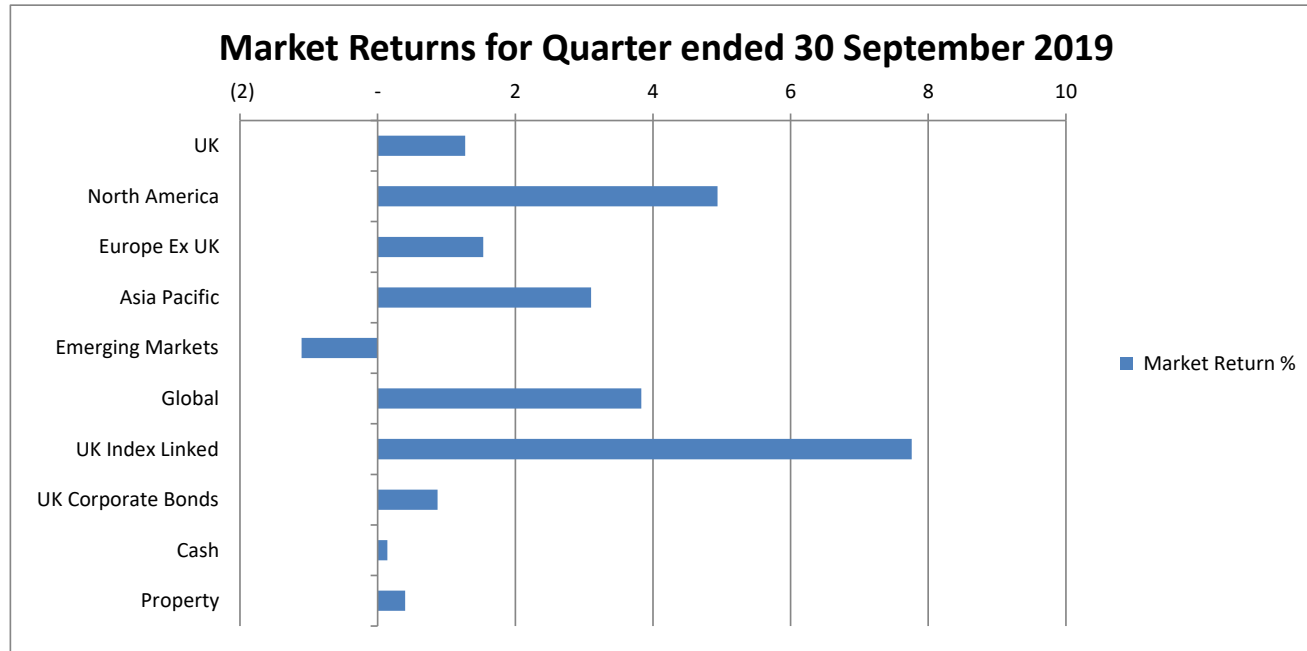
By: **Chairman Superannuation Fund Committee**  
Corporate Director of Finance



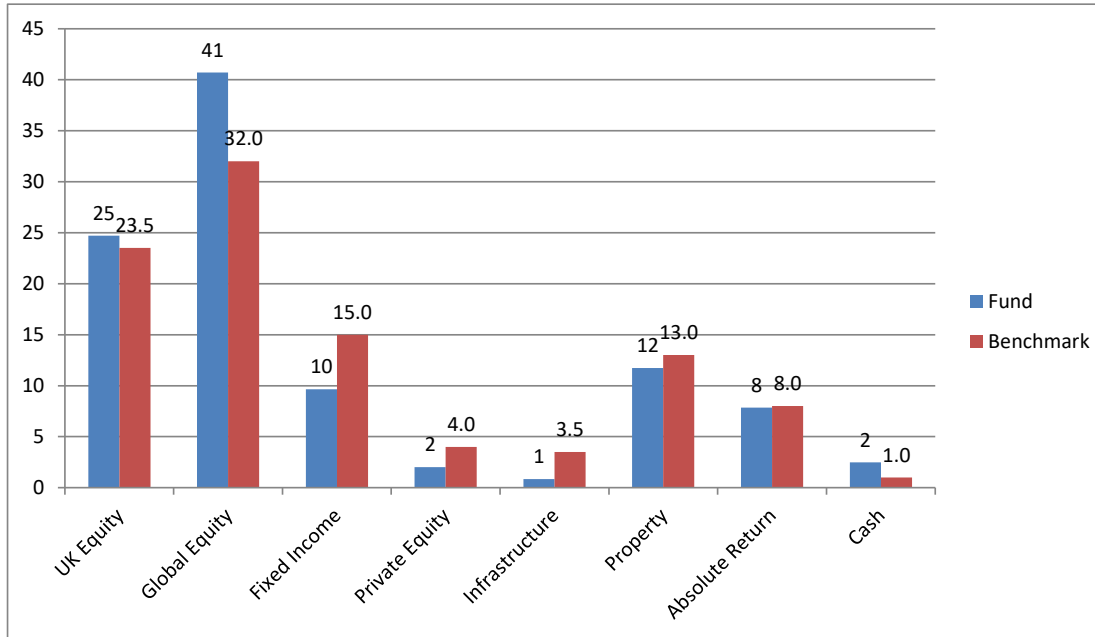
Kent County Council  
Superannuation Fund Q2 2019-20

Nick Vickers - Business Partner (Pension Fund)

## Market Returns for Quarter ended 30 September 2019

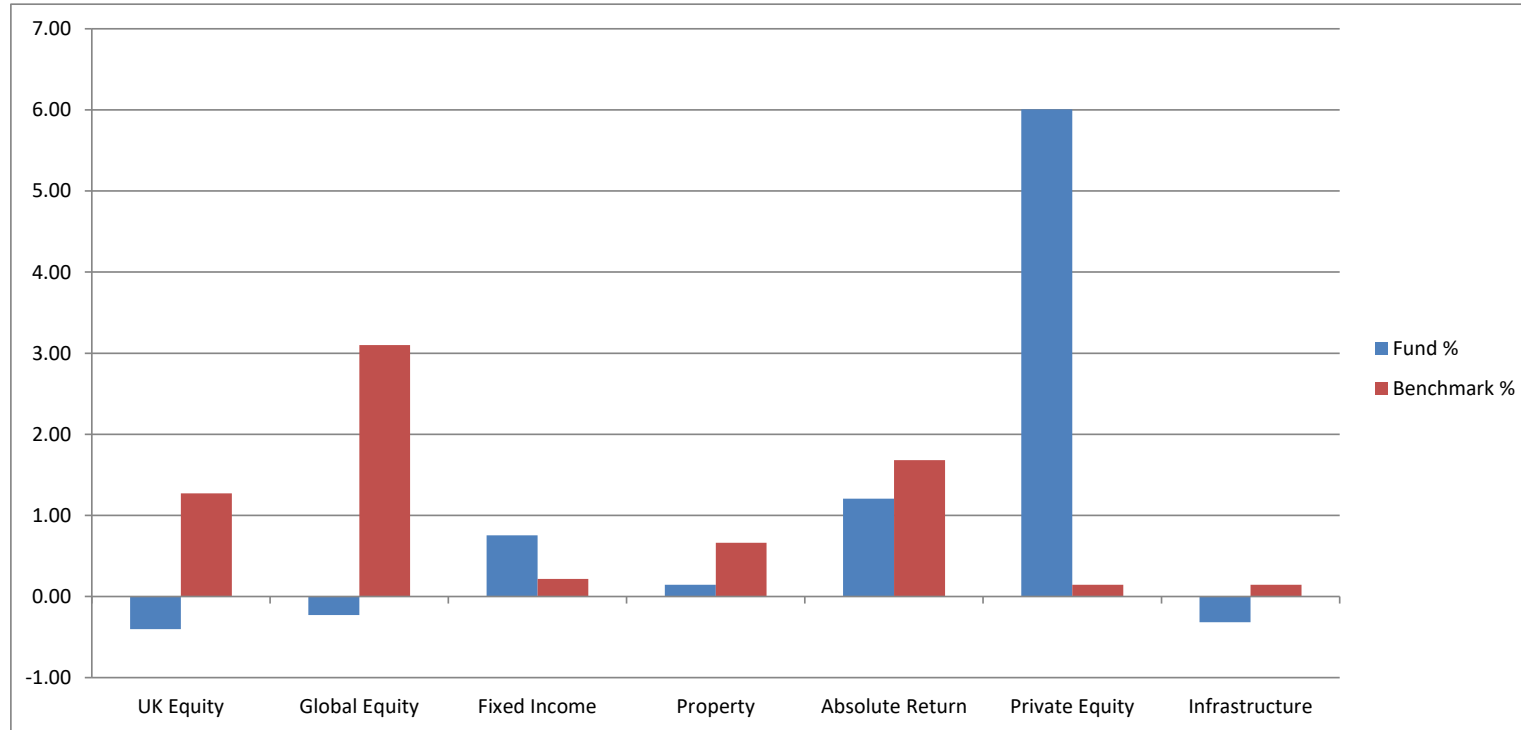


## Fund Asset Allocation vs Benchmark as at 30 September 2019



Asset Class	Fund		Benchmark
	£m	%	%
UK Equity	1,588	24.7	23.5
Global Equity	2,615	40.7	32
Fixed Income	620	9.7	15
Private Equity	130	2.0	4
Infrastructure	54	0.8	3.5
Property	753	11.7	13
Absolute Return	504	7.9	8
Cash	159	2.5	1
<b>Total</b>	<b>6,424</b>	<b>100</b>	<b>100</b>

## Fund Asset Class Performance for Quarter ending 30 September 2019



Asset Class	Fund %	Benchmark %	Outperformance %
UK Equity	-0.40	1.27	-1.67
Global Equity	-0.23	3.10	-3.33
Fixed Income	0.76	0.22	0.54
Property	0.15	0.66	-0.52
Absolute Return	1.21	1.68	-0.47
Private Equity	6.01	0.14	5.86
Infrastructure	-0.32	0.14	-0.46

## Market Value Summary by Fund Manager as at 30 September 2019

Fund Mandate	Asset Class	Market Value as at 30 June 2019 (£m)	Market Value as at 30 Sept 2019 (£m)	Change in Market Value (£m)	% of Total Fund 30 Sept 2019
Baillie Gifford	Global Equity	1,317	1,286	-31	20.0%
Schroders	UK Equity	993	1,006	13	15.7%
DTZ	Direct Property	484	481	-3	7.5%
Pyrford	Absolute Return	429	433	4	6.7%
Goldman Sachs	Fixed Interest	395	400	6	6.2%
M&G	Global Equity	368	374	6	5.8%
UBS UK	UK Equity	349	353	4	5.5%
UBS Global	Global Equity	323	337	13	5.2%
Schroders GAV	Global Equity	315	309	-6	4.8%
Woodford	UK Equity	224	197	-26	3.1%
Sarasin	Global Equity	270	283	13	4.4%
Schroders	Fixed Interest	247	247	-1	3.8%
Fidelity	Pooled Property	131	132	1	2.1%
Internally managed cash	Cash	151	121	-30	1.9%
Harbourvest	Private Equity	85	93	9	1.5%
Ruffer	Absolute Return	69	71	2	1.1%
Kames	Pooled Property	50	50	0	0.8%
DTZ Pooled Funds	Pooled Property	50	48	-2	0.8%
Impax	Global Equity	52	52	0	0.8%
Partners	Infrastructure	49	54	5	0.8%
YFM	Private Equity	34	38	4	0.6%
M&G Property	Pooled Property	32	42	10	0.7%
UBS Emerging Markets	Global Equity	16	16	0	0.2%
<b>Total Kent Fund</b>		<b>6,432</b>	<b>6,423</b>	<b>-8</b>	<b>100.0%</b>

## Performance Returns as at 30 September 2019

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
<b>Total Fund</b>	0.10	1.58	2.16	4.33	8.10	8.05
<b>Uk Equity</b>						
Schroders UK Equity	1.34	0.92	3.69	2.59	7.40	6.62
UBS	1.23	1.27	2.68	2.68	--	--
Woodford	-11.77	1.27	-31.37	2.68	-13.43	6.76
<b>Global Equity</b>						
Baillie Gifford	-2.31	2.56	1.60	5.98	13.87	10.56
Sarasin	4.95	3.25	7.91	7.28	13.50	11.65
Schroders GAV	-1.94	3.25	0.93	7.28	8.13	11.65
UBS Emerging Markets	-0.81	-0.51	6.48	7.12	--	--
UBS World Ex UK Equity	4.10	4.10	8.17	8.21	--	--
Impax	0.62	3.25	7.51	7.28	8.91	11.65
M&G	1.61	3.25	1.50	7.90	10.61	12.30
<b>Fixed Interest</b>						
Goldman Sachs	1.43	0.86	7.53	3.50	4.95	3.50
Schroders Fixed Interest	-0.32	0.22	2.33	1.03	1.43	0.73
<b>Property</b>						
DTZ	0.03	0.66	4.08	2.90	9.43	7.59
Fidelity	0.65	0.40	3.44	2.22	6.77	6.75
Kames	0.29	0.40	0.70	2.22	7.91	6.75
M&G Property	-0.16	0.40	2.30	2.22	3.17	6.75
<b>Private Equity</b>						
Harbourvest	6.78	0.14	21.17	0.58	19.44	0.36
YFM	4.00	0.14	31.16	0.58	23.47	0.36
<b>Infrastructure</b>						
Partners	-0.32	0.14	7.03	0.58	10.31	0.36
<b>Absolute Return</b>						
Pyrford	0.93	1.68	2.81	7.43	1.70	8.24
Ruffer	2.91	1.68	2.02	7.43	--	--

## Fund Manager Benchmarks and Performance Targets

Asset Class / Manager	Performance Benchmark	Performance Target
<b>UK Equities:</b>		
Schroders UK Equity	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
UBS UK Equity	FTSE All Share	Match
<b>Global Equities:</b>		
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
UBS Global Equity	FTSE (Dev) World ex UK	Match
UBS Emerging Market Equities	FTSE Emerging Markets	Match
<b>Fixed Income:</b>		
Schroders Fixed Interest	3 months Sterling Libor	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
<b>Property:</b>		
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	
<b>Alternatives: (Cash / Other Assets)</b>		
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%
Absolute Return – Ruffer	Retail Price Index (RPI)	
Internally managed cash – KCC Treasury and Investments team	GBP 7 Day LIBID	

## Fund Structure as at 30 September 2019

UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
Schroders +1.5% £1,006 m	Baillie Gifford +1.5% £1,286 m	Goldman Sachs +6.0% Abs. £400 m	DTZ Property £530 m	Internally managed Cash £121 m
UBS 0.0% £353 m	M&G +3.0% £374 m	Schroders +4.0% £247 m	Fidelity Property £132 m	Partners Infrastructure £54 m
Woodford £197 m	Schroders +3.0% - +4% £309 m		Kames Property £50 m	YFM Private Equity £38 m
	UBS +0.0% £352 m		M&G Property £42 m	HarbourVest Private Equity £93 m
	Impax +2.0% £52 m			Pyrford Abs. Return RPI + 5% £433 m
	Sarasin +2.5% £283 m			Ruffer Abs. Return RPI £71 m
Total Fund			£6.4 bn	





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By: Chairman Superannuation Fund Committee  
Corporate Director of Finance

To: Superannuation Fund Committee – 15 November 2019

Subject: **ACCESS POOLING UPDATE**

Classification: Unrestricted

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Summary: To update on ACCESS arrangements.

## **FOR INFORMATION**

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### **INTRODUCTION**

1. This report is to update the Committee on ACCESS. Progress on the set up of the ACCESS ACS and arrangements for pooling alternative investments is reported in the Fund Strategy report. This report covers other developments.

### **JOINT COMMITTEE**

2. The Joint Committee met on 9 September and a summary update of their meeting is attached at appendix 1. The Joint Committee (JC) had previously met on 11 June and a copy of the minutes of this meeting is at appendix 2.
3. At the JC meeting on 9 September Andrew Reid was re-elected as chair for a further 2-year term. However on 15 October Andrew advised the ACCESS authorities that he had resigned as chair as he has taken on a cabinet role at Suffolk County Council and is no longer a member of the Suffolk Pension Fund Committee.
4. The JC will be seeking to elect another chair at its December meeting.

### **GOVERNANCE**

5. The Inter Authority Agreement (IAA) covering the governance of the pool including the setup of the Joint Committee is being reviewed and once the review is finalised the revised IAA will be sealed by each authority. Officers and members of the JC will be required to have Governance training and these training resources will then be available to the Kent Fund for use with the Committee and Pension Board.
6. Officers are now working on the business plan and budget for 2020 – 21 reflecting the progress being made on establishing the ACS and the development of pooled arrangements for the non-listed investments. It is anticipated that the Joint Committee will approve the plan at its meeting in December.

## **ACCESS SUPPORT UNIT (ASU) ARRANGEMENTS**

7. As previously reported the ASU is now fully established with 3 full-time staff supported by officers of the eleven authorities. Due to time pressures Alison Mings has ceased to be involved as a technical lead. Kent Democratic Services are continuing however to provide the secretariat support to the JC to mid-2020.
8. Kent Officers (Alison Mings and Sangeeta Surana) continue to actively participate in the OBSG Onboarding sub-group as well as attending meetings of the Officer Working Group.

## **SCHEME MEMBER REPRESENTATION ON THE JOINT COMMITTEE**

9. Several ACCESS Funds including the Kent Fund have received correspondence from UNISON requesting representation on the Joint Committee. As reported in the summary of the JC meeting at appendix 1, the Committee has decided not to change the current representation arrangements.

## **RECOMMENDATION**

10. The Committee is recommended to note this report.

### **Alison Mings**

Treasury and Investments Manager

[Alison.mings@kent.gov.uk](mailto:Alison.mings@kent.gov.uk)

03000 416488

SUMMARY UPDATE  
ACCESS Joint Committee:  
9 September 2019



All ACCESS Authorities were represented, and the key matters considered are described below.

Part I Item	Details
Election of Chairman	Cllr Andrew Reid (Suffolk), incumbent, was unanimously re-elected as Chairman of the Joint Committee for a period of two years.
ACCESS Support Unit (ASU) update	<p>The appointment of Kevin McDonald as <i>Interim Director ACCESS Support Unit</i> on 1<sup>st</sup> August 2019 was noted.</p> <p>The Committee also noted that Nicole Wood replaced Margaret Lee as <i>s151 Officer</i> at Essex CC (ASU Host Authority) on the same date.</p>
Scheme Member representation	<p>A report on Scheme Member representation was considered which set out:</p> <ul style="list-style-type: none"> <li>• relevant background;</li> <li>• UNISON’s correspondence;</li> <li>• the current local governance and transparency arrangements at each ACCESS Fund;</li> <li>• the guidance and draft guidance from tPR, SAB, MHCLG and CIPFA (section 6); and</li> <li>• the s151 Officers’: <ul style="list-style-type: none"> <li>○ consideration of ACCESS’s objective to enable Authorities “to execute their fiduciary responsibilities to LGPS stakeholder including scheme members and employers...”;</li> <li>○ their conclusions that existing Authority representation on the JC (via Elected Members) is appropriate and that scheme member &amp; employer involvement in Authorities’ discharging their fiduciary duty (including asset pooling) is a matter for each Authority to determine locally; and</li> <li>○ their recommendation that no change be made to the current arrangements.</li> </ul> </li> </ul> <p>This matter was considered by the Committee, and following discussion of the report, a vote on the above recommendation was taken and the recommendation (<i>no change to current arrangements</i>) was agreed.</p>
Governance	<p>The Committee were updated on Monitoring Officers’ comments on the revised Inter Authority Agreement (IAA).</p> <p>As the expected completion date was prior to the Committee’s next meeting it was agreed that a tracked changes version of the final IAA would be circulated.</p>
Business plan & budget	The Committee were updated on progress on the 2019/20 Business Plan along with workstreams undertaken by the ASU. The revised budget forecast was noted.

Part II Item	Details
Risk Register	The Committee noted the risk register and where appropriate agreed the proposed changes to the ratings of the risks specified.
Contract Management & supplier relationship update	<p>The Committee noted a report on the Operator contract. This included details of current issues upon which the ASU and colleagues on the Officer Working Group are engaging with Link.</p> <p>Details of contract and supplier relationship management arrangements and activity was also included.</p>
Link presentation	<p>Karl Midl, Duncan Lowman and James Zealander from Link Fund Solutions gave a presentation.</p> <p>This highlighted progress on onboarding sub funds to date and plans for future launches along with the forthcoming inaugural investor day. Key learnings were also highlighted and discussed.</p>
MHCLG update	<p>The Committee noted a report highlighting the positive meeting between ACCESS and Civil Servants from MHCLG that took place on 4 July.</p> <p>The recently issued MHCLG reporting template was also noted.</p>
Sub Fund implementation & development of illiquid	<p>A report updating the Committee on sub fund launches and the future pipeline was noted. As a result of Link's recent appointment of two Global Value Equity managers agreement was given to an additional sub fund.</p> <p>Details of the forthcoming inaugural ACCESS investor day were noted.</p> <p>The process and timescales for the procurement of investment consultancy for the means and process for pooling illiquid assets were noted.</p>
Next meeting date	9 December 2019



## **ACCESS JOINT COMMITTEE**

MINUTES of a meeting of the ACCESS Joint Committee held at Islington Town Hall on Tuesday, 11th June, 2019.

PRESENT: Cllr Andrew Reid - Chairman (Suffolk CC), Cllr Susan Barker (Essex CC), Cllr Paul Bartlett – substitute (Kent CC), Cllr Vanessa Churchman – substitute (Isle of Wight), Cllr Jonathan Ekins (Northamptonshire CC), Cllr Gerrard Fox (East Sussex CC), Cllr Mark Kemp-Gee (Hampshire CC), Cllr Judy Oliver (Norfolk), Cllr Terry Rogers (Cambridgeshire CC), Cllr Ralph Sangster (Hertfordshire CC) and Dr James Walsh - substitute (West Sussex)

ALSO PRESENT: Dawn Butler (ASU), Clifford Sims (Squire Patton Boggs), John Wright (Hymans Robertson)

OFFICERS: Andrew Boutflower (Hampshire), Nicola Mark (Norfolk), Kevin McDonald (Essex), Alison Mings (Kent), Ola Owolabi (East Sussex), Matthew Nendick (Hertfordshire), Paul Finbow (Suffolk), Sharon Tan (Suffolk) Jo Thistlewood (Isle of Wight), Mark Whitby (Northamptonshire), Rachel Wood (West Sussex), Glenn Cossey (Norfolk) and Joel Cook (Kent - Clerk)

### **UNRESTRICTED ITEMS**

#### **133. Membership.** *(Item. 2)*

1. The Committee was advised of the following changes:
  - Cllr Jonathan Ekins has replaced Cllr Graham Lawman as the Northamptonshire County Council representative.
  - Cllr Gerard Fox has replaced Cllr Richard Stogdon as the East Sussex County Council representative.
2. The Chairman requested that previous Joint Committee Members Cllr Stogdon and Cllr Lawman be formally thanked for their hard work and commitment.

RESOLVED that the changes to the membership be noted and that Cllrs Lawman and Stogdon be thanked for their contribution to the work of ACCESS.

#### **134. Election of Vice-Chair.** *(Item. 3)*

1. Cllr Bartlett nominated Cllr Kemp-Gee, seconded by Dr Walsh. No other nominations were made.

RESOLVED that Cllr Kemp-Gee be elected Vice-Chairman.

**135. Declaration of interests in items on the agenda.**

*(Item. 4)*

No declarations were made.

**136. Minutes of the meeting held on 18 March 2019.**

*(Item. 5)*

1. The committee was advised that, in line with requests made at the previous meeting, s151 Officer attendance would take place at future meetings. It was noted that on this occasion, Jo Thistlewood (Isle of Wight) had been asked to attend on behalf of the s151 Officers as none were available.

RESOLVED that the minutes of the meeting on 18 March 2019 be signed as a true and accurate record.

**137. Host Authority arrangements [11:10 - 11:15].**

*(Item. 6)*

1. Kevin McDonald (Essex) provided an update on the provision of Secretariat services to the Joint Committee.
2. He explained that, whilst the ultimate goal was for the Secretariat function to be included within the ASU, it was proposed that it remain with Kent for a further 12 months.
3. The proposal recognised that the ASU establishment was not yet complete, and it would be beneficial to continue with the clerking support provided by Kent due to the comprehensive knowledge built up by colleagues there.
4. Officers confirmed that there would be no additional budgetary implications.

RESOLVED that:

- The content of the report be noted;
- the current Clerking / Secretariat service provided by Kent be extended for 12 months.

**138. ACCESS Annual Report [11:15 - 11:30].**

*(Item. 7)*

1. Sharon Tan (Suffolk) introduced the draft format for the ACCESS Annual Report to the Joint Committee.
2. Members requested the following:
  - a. Passive Investments be mentioned in the Report;
  - b. the final Report be available by 15 July and that it be published on the ACCESS website;
  - c. the addition of an executive summary which highlighted the successes of the Fund.



RESOLVED that:

- the format and approach to ACCESS annual report be approved (subject to the inclusion of the above requests);
- approval and publication of final version be delegated to Sharon Tan (Suffolk) in consultation with the Chair & Vice-Chair.

**139. 2018/19 Out-turn & 2019/20 Business Plan Update [11:30 - 11:45].**

*(Item. 8)*

1. Alison Mings (Kent) provided an update on the activities undertaken since the last Joint Committee and associated spend.
2. The 2018/19 outturn had a total spend of £1.427m, and arrangements were in place to collect each Authority's share (£113.4k).
3. There had only been minor changes to the ACCESS Strategic Business Plan since the last Joint Committee meeting.
4. In response to questions from Members, Alison Mings confirmed that the Strategic Business Plan would be updated to show that work on joint policies was underway and that the Communications Strategy would be included in the Business Plan as it was already underway.
5. Members asked for clarity around the significant reduction in the 2019/20 budget for "strategic and technical costs" (from £395k to £189k). It was confirmed that the fees were lower due to the ASU taking over some of the work previously provided by Hymans. In addition, officers were able to provide a more realistic forecast due to their increasing knowledge of the ACCESS costs.
6. Responding to questions regarding the increased budget for "advice re new structures" (from £92k to £175k), Officers explained that this change reflected the need for additional commissioned services to review and plan future illiquid options, as per previous Joint Committee resolutions.
7. To provide further clarity on these points, it was agreed that future budget and outturn updates would include more explanatory notes.
8. Alison Mings (Kent) presented the risk register and explained there were no substantial changes since the last update. A Member raised a technical question about one of the sub-funds and following a brief discussion, Andrew Bouflower (Hampshire) assured Members the on-going issue was being addressed.

RESOLVED that the 2018/19 outturn position and updated Business Plan be noted.

**140. Motion to Exclude the Press and Public.**

*(Item. 9)*

RESOLVED 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 paragraphs 3 & 5 of part 1 of Schedule 12A of the Act.

**141. MHCLG Consultation update [11:45 - 12:00].**  
*(Item. 10)*

1. Kevin McDonald (Essex) updated the Joint Committee on the submission of the consultation response.
2. Nicola Mark (Norfolk) advised the Joint Committee that a meeting with the Minister, Rishi Sunak MP, had been requested. A meeting with the civil servant Theresa Clay had been offered, and this was under negotiation.
3. Members restated their desire for an elected representative from the Joint Committee to be present at the meeting.
4. Members noted their disappointment that no formal written response had been received to confirm that the points made by ACCESS were being considered.

RESOLVED that Elected Members and OWG Officers should meet with Theresa Clay – dates to be confirmed.

**142. ACS Implementation update [12:00 - 12:20].**  
*(Item. 11)*

1. Andrew Boufflower (Hampshire) update the Joint Committee on the progress of launching the ACS, the sub-funds that will be created within it and the options for pooling illiquid investments.

RESOLVED that

- The progress in launching the ACS investment sub-funds be noted;
- The progress in identifying options for pooling illiquid investments be noted.

**143. Contract Management update [12:20 - 12:40].**  
*(Item. 12)*

1. Kevin McDonald (Essex) provided an update on the ACS Operator contract on behalf of Mark Paget (ASU).
2. The Joint Committee discussed the Key Performance Indicators (KPIs) used to measure Link's performance. Members asked to see those KPIs and that they be reviewed to ensure they were still fit for purpose.
3. The Chairman requested that Link be invited to the next meeting to discuss performance.

RESOLVED that the report be noted.

**144. Access Support Unit update [12:40 - 13:00].**

*(Item. 13)*

1. Jo Thistlewood (Isle of Wight) provided an update to the Joint Committee on the development of the ACCESS Support Unit (ASU).
2. Following the update from the previous meeting, Members were notified that the appointment to the post of Director (following the commissioning of a specialist recruiter) had not been successful.
3. Following careful evaluation of the available options, the Officer Working Group had developed a recommendation to the Joint Committee that an ASU Director to be appointed on a secondment or permanent basis, from within the pool of officers already participating in the ACCESS funds.
4. Members were presented with a revised timetable for the recruitment of the Director post, though cautioned that it was subject to review and change.

RESOLVED that;

- ASU Director post to be recruited / sought from ACCESS Pool officers (secondment or permanent) on a full-time basis;
- updated timeline supported with intention of allowing for a decision by Essex appointment committee on 24 July;
- candidates not be interviewed by any representative of their own authority.

**145. Governance arrangements [13:30 - 13:50].**

*(Item. 14)*

1. Nicola Mark (Norfolk) updated the Joint Committee on the progress of the Phase 3 Governance work, previously outlined at the meeting on 13 March 2019. She highlighted the progress that had been made over the past two years, despite confronting a number of challenges, and the view from the Auditors that the Governance Manual had been extremely useful to them.
2. The Chairman highlighted to good work of Nicola Mark in leading the Governance work.
3. Clifford Sims (Squire Patton Boggs) updated the Joint Committee on the amendments that had been made to the Inter Authority Agreement (IAA).
4. Engagement with Monitoring Officers (MOs) via webinar was scheduled for 12 June.
5. Members queried the status and planning for the training that would be provided around ACCESS's governance arrangements. Sharon Tan (Suffolk) affirmed that she would be bringing a paper on this to the next meeting as part of a wider training update.

RESOLVED that

- The Governance manual be approved for adoption and ongoing management by the ASU; and that

- The IAA be endorsed for referral to MOs for further consideration and progression through the Administering Authorities' relevant governance processes.

**146. Items for information or advice from the committee [13:50 - 14:00].**  
*(Item. 15)*

1. Updates on the following were discussed briefly:
  - Scheme Member representation (to be considered at future meeting)
  - Plans for informal meetings to be held for ACCESS Members
  - Woodford investment fund
  - MHCLG meeting

By: Chairman Superannuation Fund Committee  
Corporate Director of Finance

To: Superannuation Fund Committee – 15 November 2019

Subject: **TRAINING**

Classification: Unrestricted

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Summary: To advise the Committee of the Fund's updated training strategy

**FOR DECISION**

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**INTRODUCTION**

1. The Kent Fund has always been aware of the importance of members and officers associated with the Fund developing and maintaining their knowledge and skill base.
2. In 2011 the Superannuation Fund Committee agreed a training plan for its members and officers and it is proposed that this is replaced by the Training Strategy at appendix 1.
3. The existing strategy specifically applies to Superannuation Committee members and references the CIPFA Pensions Knowledge and Skills Framework.
4. Since 2011 we have seen a number of changes to the CIPFA guidance including the extension of the knowledge and skills framework to the Local Pensions Board in 2015, as well as the introduction of the 2013 Public Services Pensions Act, the Pensions Regulator's (TPR) Code of Practice for Public Service Schemes and Guidance from the Scheme Advisory Board
5. In September 2019 the Pensions Regulator published a report based on their survey of the governance and administration of 10 LGPS funds which particularly recommended that administering authorities should arrange training for pension board members and set clear expectations around meeting attendance, and that individual pension board member training and training needs should be assessed and clearly recorded.
6. It should also be noted that the Pensions Board's existing terms of reference refer to the need for individuals appointed to have relevant knowledge and understanding.
7. The purpose of the updated strategy is to ensure that the Kent Pension Fund complies with the guidance as it relates to the knowledge and skills of

Superannuation Fund Committee members, Pension Board members and pension fund officers.

### **IMPLEMENTATION AND MONITORING**

8. The Corporate Director of Finance is responsible for the implementation of the Training Strategy.
9. In order to facilitate the effective implementation of the Strategy Committee and Board members will be asked to complete an assessment of what learning they need and the status of their current knowledge. Officers will then liaise with members regarding the training required.
10. All training undertaken should be reported to the Treasury & Investments Manager who will maintain a record.
11. Compliance with this strategy will be demonstrated on a yearly basis through an annual report to both the Superannuation Fund Committee and Local Pension Board.

### **RECOMMENDATION**

12. Members are asked to approve the revised training strategy and to note the need to complete an assessment of their training needs.

Alison Mings  
Treasury and Investments Manager  
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03000 416488

# Kent Pension Fund Training Strategy 2019

# Kent Pension Fund Training Strategy

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## **Introduction**

1. This is the training strategy of Kent County Council as Administering Authority for the Kent Pension Fund. The strategy is intended to assist the Superannuation Fund Committee and Local Pension Board members as well as officers in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities.
2. The Kent Pension Fund (the Fund) will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those responsible for financial administration and decision making.
3. The Fund has delegated responsibility for the implementation of the Strategy to the Corporate Director of Finance.
4. The Fund will demonstrate compliance with its training strategy on a yearly basis through an annual report to both the Superannuation Fund Committee and Local Pension Board.

## **Strategy Objectives**

5. Kent County Council recognises the importance of its role as Administering Authority of the Kent County Council Superannuation Fund on behalf of its stakeholders including:
  - 137,416 current and former members of the Fund, and their dependents
  - some 434 employers within the geographical county of Kent
  - the local tax payers within Kent.
6. In relation to the governance of the Fund the objectives relating to knowledge and skills are to:
  - a) Ensure the Kent Fund is managed and its services delivered by people who have the appropriate knowledge and expertise;
  - b) Ensure the Kent Fund is effectively governed and administered; and
  - c) Ensure decisions are robust, are well founded and comply with regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for the Ministry of Housing Communities and Local Government (MHCLG).
7. To assist in achieving these objectives, the Kent Pension Fund will aim to comply with the CIPFA Knowledge and Skills Frameworks, the knowledge and

skills elements of the Public Service Pensions Act 2013, The Pensions Regulator's (TPR) Code of Practice for Public Service Schemes, as well as any other LGPS specific guidance relating to the knowledge and skills of Superannuation Fund Committee members, Pension Board members and pension fund officers which may be issued from time to time.

8. The Training Strategy applies to all Members of the Superannuation Fund Committee who require an understanding of:
  - a) Their responsibilities as delegated to them by The Kent County Council as an administering authority of an LGPS fund;
  - b) The fundamental requirements relating to pension fund investments;
  - c) The operation and administration of the Kent Pension Fund;
  - d) Controlling and monitoring the funding level; and
  - e) Effective decisions in the management of the Kent Pension Fund.
9. It also applies to Local Pension Board members who must be conversant with:
  - a) The relevant LGPS Regulations and any other regulations governing the LGPS;
  - b) Any document recording policy about the administration of the Kent Pension Fund;
  - c) And have knowledge and understanding of the law relating to pensions; and
  - d) Such other matters as may be prescribed.
10. In addition it applies to KCC officers responsible for the management and administration of the LGPS including the Corporate Director of Finance (Section 151 Officer) who will be expected to have appropriate knowledge and skills relating to their roles as determined by the Pensions Admin Manager and the Manager Treasury and Investments. They will be expected to:
  - a) receive appropriate training to fill any knowledge gaps identified; and
  - b) seek to maintain their knowledge.

## **CIPFA's Code of Practice on Public Sector Pensions Finance, Knowledge and Skills (the Code of Practice")**

11. CIPFA's Code of Practice, issued in 2013, embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:
- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
  - ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
  - publicly report how these arrangements have been put into practice each year.

### **CIPFA Knowledge and Skills Framework – Superannuation Fund Committee**

12. In January 2010 CIPFA launched technical guidance for Elected Representatives on s101 Pension Committees and non-executives in the public sector within a knowledge and skills framework. The framework covers six areas of knowledge identified as the core requirements:
- a) Pensions legislative and governance context;
  - b) Pension accounting and auditing standards;
  - c) Financial services procurement and relationship development;
  - d) Investment performance and risk management;
  - e) Financial markets and products knowledge; and
  - f) Actuarial methods, standards and practice.
13. Although the CIPFA Knowledge and Skills Framework complements the Code of Practice that should be adopted by administering authorities there is no legal requirement for knowledge and understanding for members of an s101 Pension Committee.
14. However the view of the Kent Fund is that members of the Superannuation Fund Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board.

## **CIPFA Knowledge and Skills Framework – Local Pension Board**

15. In August 2015 CIPFA extended the Knowledge and Skills Framework to specifically include members of Local Pension Boards, albeit there exists an overlap with the original Framework. The Framework identifies the following areas as being key to the understanding of local pension board members:
  - a) Pensions Legislation;
  - a) Public Sector Pensions Governance;
  - b) Pensions Administration;
  - c) Pensions Accounting and Auditing Standards;
  - d) Pensions Services Procurement and Relationship Management;
  - e) Investment Performance and Risk Management;
  - f) Financial markets and product knowledge;
  - g) Actuarial methods, standards and practices.
16. Given that the role of the Local Pension Board is to assist the Committee i.e. the Scheme Manager, Board members should have sufficient knowledge and understanding of the regulatory structure of the LGPS and the documentary recording of policies around the administration of the Kent Pension Fund to be able to challenge the failure of the Kent Fund to comply with regulations and policies.
17. Local Board members should commit sufficient time to their learning and development and the Kent Pension Fund will make appropriate training available to assist and support members in undertaking their roles.

## **Guidance from the Scheme Advisory Board**

18. The Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's Code of Practice and in January 2015 published Guidance for administering authorities to support them in establishing their Local Pension Board. The Guidance includes a section designed to help Local Pension Board members to understand their knowledge and understanding obligations.
19. Knowledge and understanding must be considered in the light of the role of a Local Pension Board and the Fund will make appropriate training available to assist and support members in undertaking their role.

## **The Pensions Regulator's E-learning toolkit**

20. The Regulator has developed an online tool designed to help those running public service schemes to understand the governance and administration requirements in the CIPFA Code of Practice. The toolkit is designed specifically with Local Pension Board members in mind however the material covered is of equal relevance to members of the Superannuation Fund Committee.
21. The Superannuation Fund Committee is encouraged to complete the toolkit. and for the Local Pension Board members this is a mandatory requirement.
22. The toolkit is an easy to use resource and covers short modules. These are:
  - a) Conflicts of Interests;
  - b) Managing Risk and Internal Controls;
  - c) Maintaining Accurate Member Data;
  - d) Maintaining Member Contributions;
  - e) Providing Information to Members and Others;
  - f) Resolving Internal Disputes;
  - g) Reporting Breaches of the Law.

## **The Pensions Regulator's 21st Century Trusteeship guidance**

23. Members of both the Committee and the Board are encouraged to follow the guidance. This programme was launched to raise the standards of governance across all workplace pension schemes. The programme includes what arrangements need to be in place to support good decision making, as follows:
  - a) Clear roles and responsibilities and clear strategic objectives
  - b) A skilled, engaged and diverse Committee and Board led by an effective chair
  - c) Close relationships with employers, advisors and others involved in running the scheme
  - d) Sound structures and processes focused on outcomes
  - e) A robust risk management framework focused on key risks.

## **Markets in Financial Instruments Directive II (MIFID II)**

24. The Kent Pension Fund needs to demonstrate a high level of skills and knowledge across the Committee and Board to enable the Fund to opt-up and be recognised as a professional investor rather than a retail investor to continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Fund.
25. Failure to adequately demonstrate a high level of collective skills and knowledge across the Superannuation Fund Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

## **Initial Induction and Training**

26. On joining the Superannuation Fund Committee and Pension Board all new members receive an initial induction session and are encouraged to become familiar with the Pension Fund website [Fund information - Kent Pension Fund](#) which provides access to
  - The latest Actuarial Valuation report
  - The latest Annual Report and Accounts,
  - Fund policies
27. New members will also be asked to complete an assessment of what learning they need and the status of their current knowledge.
28. They will be expected to complete the TPR toolkit within 6 months of joining the Pensions Board while new Committee members will be encouraged to complete the toolkit within this timeframe.

## **Delivery of training**

29. Consideration will be given to various training resources available in delivering training to the Superannuation Fund Committee and Local Pension Board members. These may include but are not restricted to:
  - a) Internally developed training days;
  - b) Training delivered by investment managers and the Fund's consultants at Committee and board meetings;

- c) In-house and shared training events where it improves economy, efficiency and effectiveness;
  - d) Self-improvement and familiarisation with regulations and documents;
  - e) The Pension Regulator's e-learning programme;
  - f) Attending courses, seminars and external events;
  - g) Regular updates from officers and/or advisers;
  - h) Circulated reading material;
30. Training events will be advertised to members as and when they are notified to officers and members are expected to make officers aware of any events that are of interest.

### **Costs**

31. All costs relating to this training strategy are met by The Kent Pension Fund.

### **Monitoring and reporting**

32. The Fund will maintain a record of all training undertaken by Committee and Board members who will be asked to confirm this record every 6 months.
33. Compliance with the Fund's training strategy will be reported on a yearly basis to both the Superannuation Fund Committee and Local Pension Board.
34. This information will also be included in the Kent County Council Superannuation Fund Annual Report and Accounts.

### **Effective date**

35. This strategy was taken to the Local Pension Board for comment on 11 November 2019 and was subsequently approved by the Pension Fund Committee on 15 November 2019.

### **Review**

36. This strategy is expected to be appropriate for the long-term but it will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.

**Alison Mings**  
**Treasury and Investments Manager**

[Alison.mings@kent.gov.uk](mailto:Alison.mings@kent.gov.uk)



By: Chairman Superannuation Fund Committee  
Corporate Director of Finance

To: Superannuation Fund Committee – 15 November 2019

Subject: **PENSIONS ADMINISTRATION**

Classification: Unrestricted

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

- Workload position
- Achievements against Key Performance Indicators (KPIs)
- Pension Administration team redesign
- Clearance of unprocessed cases

**FOR INFORMATION**

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## **INTRODUCTION**

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

## **WORKLOAD POSITION**

2. Appendix 1 shows the year on year comparison of work levels being received in the section together with the levels in the 6 months ending 30 September 2019.
3. As at 30 September 2019 the total number of tasks completed was 11,738. If workloads continue at the same level for the remainder of 2019/20 then the total number completed during the year will far exceed completed tasks in previous years. This is due to increases in workloads in certain areas however also as a result of the work undertaken by external companies, as detailed in previous meetings, in processing deferred benefits.
4. In previous years communications have shown a year on year increase, however there has been a decrease during the first 6 months of this year. The reason for this could be as a result of backlogs of cases being processed which means that scheme members no longer call regarding the progress of their case. This was particularly noticeable after Annual Benefit Illustrations were issued when calls fell by approximately 40%. We encourage members of the scheme to visit our website [www.kentpensionfund.co.uk](http://www.kentpensionfund.co.uk), with a current average of 11,000 visits a month, to answer as many of their questions as possible. However many still require a personal response with an average of 1575 calls a month received.
5. The number of deferred benefit calculations completed has increased as these were one area of work undertaken by external companies.

## **ACHIEVEMENTS AGAINST KEY PERFORMANCE INDICATORS (KPIs)**

6. Appendix 2 shows the achievements of the section in meeting its KPIs for the 6 months to 30 September 2019 compared to the previous 4 years.
7. We are required to complete 95% of the recorded KPI tasks, within the agreed target turnaround times.
8. The 4 areas are either equal to last year or have improved however the completion of estimates in the 20 day turnaround time unfortunately still falls below the 95%. The first 6 months of the year are always particularly busy when dealing with our normal workload as well as the despatch of the deferred benefit update statements and Annual Benefit Illustrations. In addition as has been demonstrated in Appendix 1 we have also seen an increase in our workload over this period however we are hopeful that the annual figures for 2019/20 will see an improvement in this area.

## **PENSIONS ADMINISTRATION TEAM REDESIGN**

9. As explained at previous Superannuation Committee meetings the Pensions Administration team has for many years suffered difficulties with recruiting, and the retention, of staff.
10. Part of the team has, since the 1990s, operated on a career structure consisting of 5 different Grades. The structure was in place when KCC had incremental steps within the Grades which is no longer in place. This, together with the lack of progression, and the need to increase collaborative working across the whole team has prompted a review of the service.
11. A review was undertaken and changes were proposed. These changes aimed to provide:
  - (i) An efficient and professional pensions administration service,
  - (ii) Customer orientated service for current and previous members and proactive support for employers,
  - (iii) A clear career pathway for all employees within the Pensions Administration team,
  - (iv) A flexible pension administration service fit to deal with changes to Pensions in the future along with technological advances, and
  - (v) Collaborative working across the Pensions Administration teams.
12. The proposal also made clear that this was not a cost saving exercise.
13. Consultation on the redesign was launched on 10 September 2019. Feedback and questions on the whole proposal, particular aspects of it and any counter-proposals were invited from staff directly affected by the redesign. After the consultation period concluded on 10 October 2019 all responses were considered. The feedback was varied ranging from support for the new structure to alternative proposals and as a result changes to the proposal were made.

14. Appendix 3 shows the old structure with Appendix 4 detailing the new structure. Distinct job descriptions now exist for each role, apprenticeship roles have now been included with the entry level of a pension assistant being raised from KR4 to KR5.
15. In the majority of cases staff have been deployed into the new roles with recruitment to other roles taking place. Implementation of the new structure will commence on 1 December 2019.
16. As explained this was not a cost saving exercise with the additional staffing costs estimated at £90,000.

### **CLEARANCE OF UNPROCESSED CASES**

17. As Members will recall during the last year, in preparation for data to be sent to our actuary for the valuation, use was made of the National LGPS Framework for Third Party Administration Services, established by Norfolk CC, to engage with 2 companies to assist with the clearance of unprocessed cases.
18. Each company was tasked with completing 5000 cases during a 6 month period ending 30 September 2019. During this period 7172 tasks were completed at a cost of approximately £350,000. There were differing reasons for the non completion of the targeted 10,000 cases with the absence of the required paperwork from employers being the prime reason.
19. Although the submission of the valuation data has been completed work still needs to be undertaken on the outstanding unprocessed cases in order that our data meets The Pensions Regulator's code of conduct and expectations around the administration of pensions and the accuracy of data, with the public sector coming under more and more scrutiny. In addition the pension scheme regulations and the statutory disclosure regulations require that casework is completed under statutory deadlines and require schemes to hold up to date and accurate information.
20. As a result we are discussing with KCC's Commissioning team to undertake a further call off from the framework to engage with a company to assist us with this task. The new contract would be for a longer period with the expectation that all the backlog of cases are cleared. This will mean that from next year the redesigned pension administration team will deal with all new casework ensuring that it is all completed in the statutory deadlines.

### **RECOMMENDATION**

21. Members are asked to:
  - (1) Note this report, and
  - (2) Agree that a call off from the Norfolk Framework may be undertaken to engage a company to help to clear backlog cases.

**Barbara Cheatle**  
**Pensions Manager**  
**03000 415270**

**Tasks completed in key administration areas  
Workload summary**

<b>Case Type</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>6 months to September 2019</b>
Benefit calculation	1766	2238	2008	2591	1357
Correspondence	4719	5370	5339	5789	2395
Divorce case	385	381	329	398	182
Estimate calculation	2810	3145	3025	3681	2149
Deferred benefit	993*	1357*	1720*	3914	4709**
Transfer/Interfunds in	204	286	422	432	198
Transfer/Interfunds out	651	644	859	788	505
Dependants	377	410	578	529	243
<b>Total</b>	<b>11,905</b>	<b>13,831</b>	<b>14,280</b>	<b>18,122</b>	<b>11,738</b>

\*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

\*\*this figure includes cases processed by external companies

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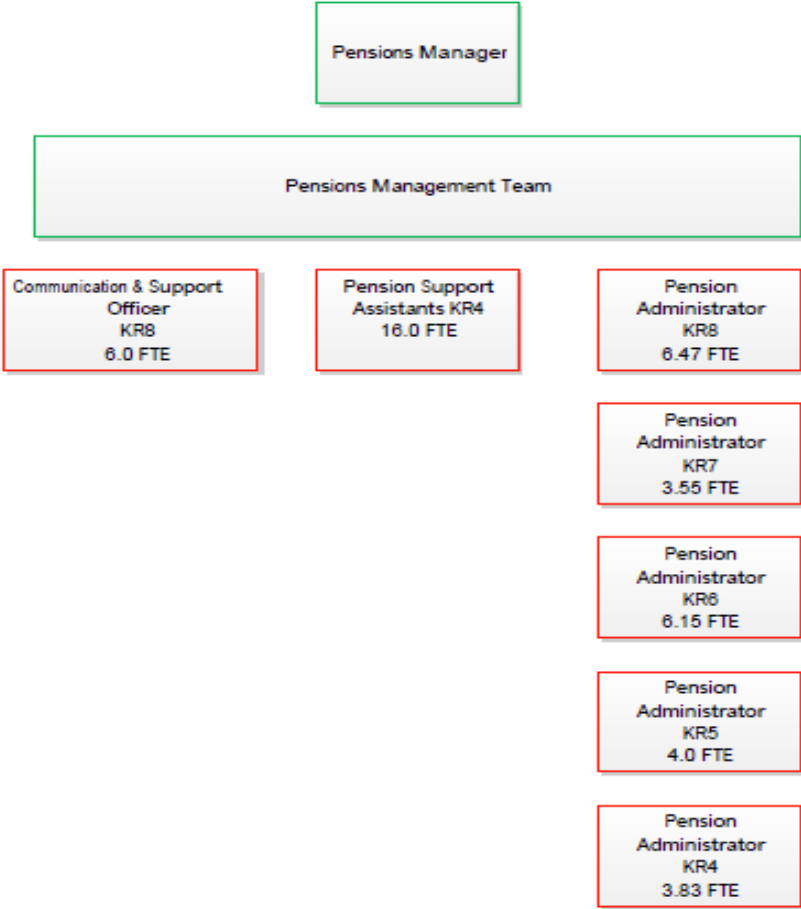
## Achievements against Key Performance Indicators

Case Type	Target Time	15/16		16/17		17/18		18/19		6 months to September 2019	
		No	% in target	No	% in target	No	% in target	No	% in target	No	% in target
Calculation and payment of retirement benefit	20 days	1766	96%	2238	95%	2008	98%	2591	96%	1357	97%
Calculation and payment of dependant benefit	15 days	377	86%	410	95%	578	99%	529	97%	243	100%
Calculation and provision of benefit estimate	20 days	2810	62%	3145	67%	3025	72%	3681	72%	2149	89%
Reply to correspondence	15 days	4719	98%	5370	99%	5339	99%	5789	100%	2395	100%

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

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Pensions Manager

Pensions Management Team

Communication and Support  
Officers  
KR8  
6 FTE

Pensions Assistant  
KR5  
16 FTE

Pensions Support Assistant  
Apprentice  
3 FTE

Pensions Officers  
KR8  
6 FTE

Senior Pensions Administrators  
KR7  
6 FTE

Pensions Administrators  
KR6  
12 FTE

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By: Chairman Superannuation Fund Committee  
Corporate Director of Finance

To: Superannuation Fund Committee – 15 November 2019

Subject: **Fund Employer Matters**

Classification: Unrestricted

Summary: To report on employer related matters.

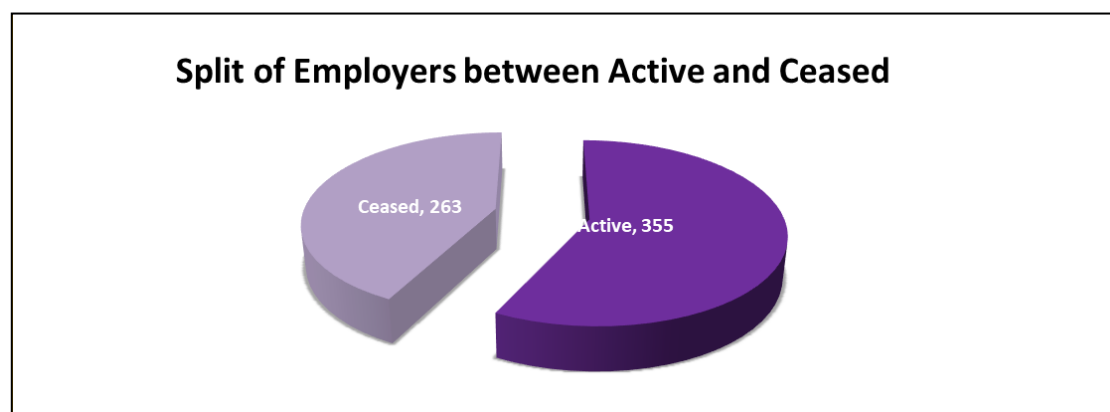
**FOR DECISION**

**INTRODUCTION.**

1. This report sets out information on employer related matters, an amendment to an agreement and two cessations. The Committee’s approval is sought to enter into the legal amendment and cessation documentation which will be issued by officers.
2. The Committee are advised that the admission minutes relating to the amendment and cessation matters are to be signed at the end of today’s meeting to facilitate completion.

**EMPLOYER UPDATE**

3. There was a total of 618 employers in the Kent Pension Fund at 30 September.



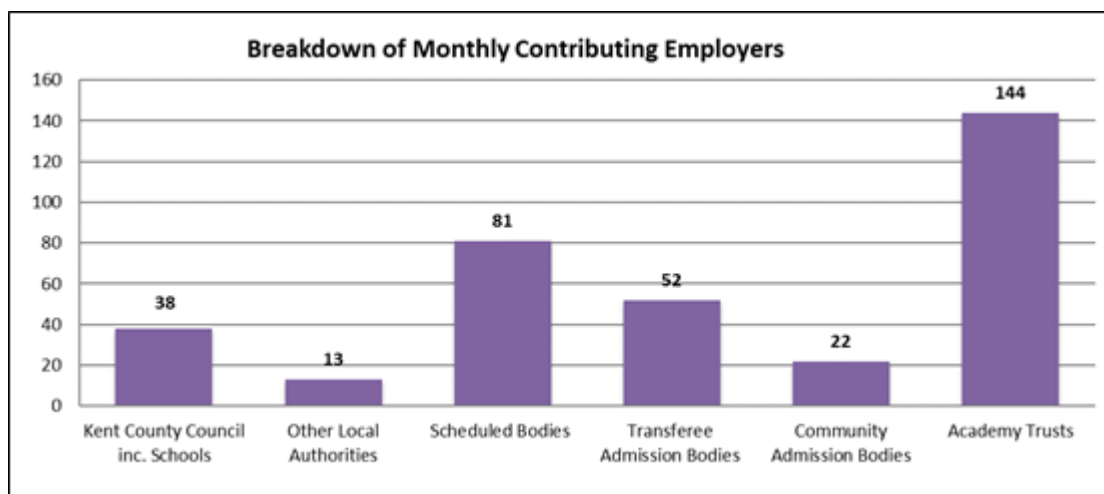
4. The number of active employers regularly paying contributions was the same at 30 September 2019 as at the end of June while 7 ceased to have active members in the LGPS in the quarter. The ceased employers no longer have active contributing members in the LGPS and the Fund has an existing or future liability to pay any pensions.

5. The following table lists employers who either joined or ceased to have active members in the Fund during the first 6 months of 2019-20. This includes backdated admission agreements.

New Employers	Effective date
<b>Academy Trusts</b>	
Deal Education Alliance for Learning Trust (DEALT)	1 April 2019
Connect Schools Academy Trust	1 July 2019
<b>Admitted Bodies</b>	
Compass Contract Services (UK) Ltd T/A Chartwells (re KCSP Primary Schools)	1 January 2019
Compass Contract Services (UK) Ltd T/A Chartwells (re KCSP Secondary Schools)	1 January 2019
Deep Beat Entertainment (re Strood Sports Centre)	1 February 2019
Deep Beat Entertainment (re Medway Park)	1 February 2019
PT Commercial Ltd T/A Ecocleen	1 April 2019
The Contract Dining Company Limited	1 July 2019
Compass Contract Services (UK) Ltd (T/A Chartwells RE Fortis Trust)	1 July 2019
Alliance in Partnership Limited	1 August 2019
<b>Scheduled Bodies</b>	
Swingate School	1 September 2019

Ceased/Merged to Trust Employers	Effective date
<b>Academy Trusts</b>	
Brent Primary School Academy	31 August 2019
<b>Admitted Bodies</b>	
Invicta Telecare T/A Centra Pulse	31 May 2019
Canterbury Archaeological Trust	31 August 2019
Churchill Contract Services (SJWMS)	31 August 2019
Compass Contract Services (UK) Ltd	31 August 2019
YBC Cleaning Services Limited	31 August 2019

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 several payroll providers.



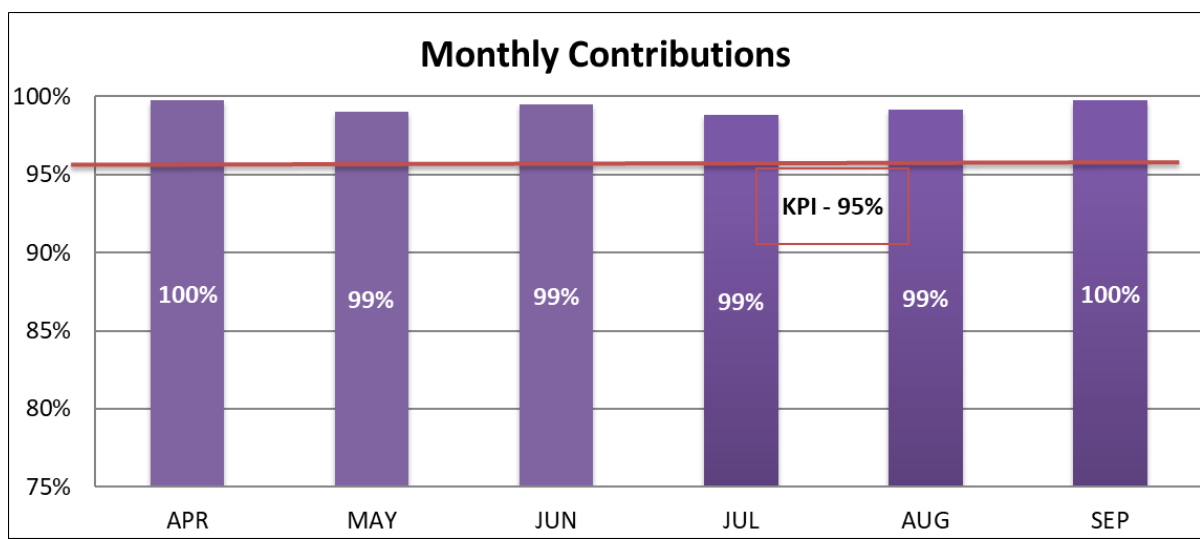
## **CONTRIBUTIONS FROM EMPLOYERS**

7. In the period April to September 2019 the Fund received £119m from employers in respect of their monthly contributions (employer and employee) as follows:

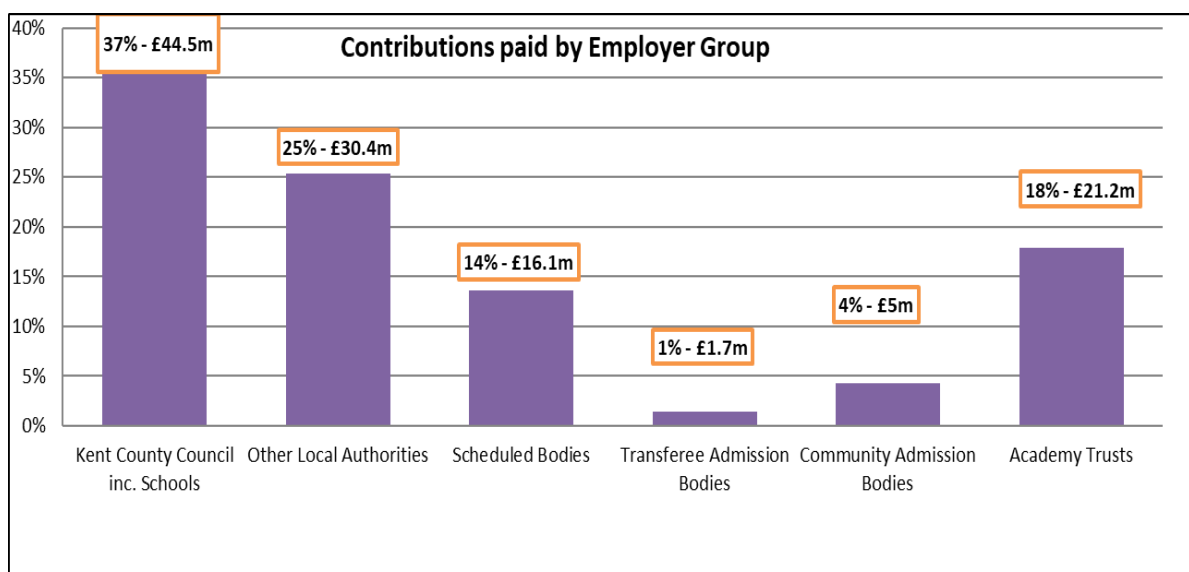
	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	10,401,124	9,584,819	34,810	20,020,753

May	11,943,102	7,676,488	171,801	19,791,390
June	12,709,535	7,419,715	86,889	20,216,139
July	11,688,093	7,835,617	230,013	19,753,723
August	13,203,583	6,274,817	160,927	19,639,327
September	11,780,730	7,792,373	36,808	19,606,910
<b>Total</b>	<b>71,726,168</b>	<b>46,583,828</b>	<b>721,247</b>	<b>119,031,243</b>

8. KCC monitors the timing of receipt of these contributions compared to a KPI of 95%. The KPI was exceeded in all 6 months and the average for this quarter for contributions received was 99%.



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





### **AMEY COMMUNITY LTD**

10. Amey Community Ltd is an admission body which joined the Kent Fund on 1 November 2014 following a transfer of staff from Kent County Council under a closed agreement
11. On 28 October 2019 two staff transferred to Amey from Kier Facility Services who are in their broadly comparable pension scheme.
12. To preserve the pension entitlement for these two employees Amey proposes to open their admission agreement for them so they can participate in the LGPS.

### **CANTERBURY ARCHAEOLOGICAL TRUST**

13. Canterbury Archaeological Trust is an admission body which joined the Kent Fund on 26 October 1979.
14. On 31 August 2019 the last active members retired so Canterbury Archaeological Trust has become an exiting employer.
15. A cessation report has been commissioned from the actuary as at 31 August 2019 although we are waiting for the 31 March 2019 actuarial assumptions to be agreed before the cessation report can be finalised.
16. As at 31 March 2019 the Trust's accounting report showed a surplus of £289,000. If the 31 August 2019 cessation report shows a surplus it is proposed Committee resolve to allow officers to return it in accordance with the actuary report and LGPS 2013 regulations.

### **INVICTA TELECARE t/a CENTRA PULSE**

17. Invicta Telecare t/a Centra Pulse is an admission body which joined the Kent Fund on 30 November 2015 following a transfer of staff from Kent County Council.
18. On 31 May 2019 the last active members left so Invicta Telecare t/a Centra Pulse has become an exiting employer.
19. A cessation report has been commissioned from the actuary that shows a £80,000 surplus although it is now intended to update the report given the assumptions of the 31 March 2019 valuation have been finalised. If the updated report shows a surplus it is proposed Committee resolve to allow officers to return it in accordance with the actuary report and LGPS 2013 regulations.

### **RECOMMENDATION**

20. Members are asked to note the employer report and to resolve to agree:

- a) That the Amey Community Ltd admission agreement may be opened for the two staff transferring to them from Kier Facility Services Ltd;
- b) That any surplus may be returned by officers to Canterbury Archaeological Trust;
- c) That any surplus may be returned by officers to Invicta Telecare t/a Centra Pulse;
- d) That the Chairman may sign the minutes relating to recommendations a) to c) at the end of today's meeting; and
- e) That once legal agreements have been prepared for the Amey matter the Kent County Council seal can be affixed to the legal document.

**Steven Tagg**  
**Treasury and Investments**  
**03000 416747**