



## AGENDA

### PENSION BOARD

**Wednesday, 26 February, 2020, at 10.00 am**      Ask for:      **Theresa Grayell**

**Wantsum Room, Sessions House, County Hall,  
Maidstone**      Telephone      **03000 416172**

*Tea/Coffee will be available 15 minutes before the start of the meeting in the meeting room*

#### **Membership**

##### **Scheme Employer Representatives (4)**

Kent County Council (2)	Mrs M Crabtree (Chairman) and Mrs R Binks
District/Medway Council (1)	Councillor D Monk
Police/Fire & Rescue (1)	Ms A Kilpatrick

##### **Scheme Employee Representatives (4)**

KCC (1)	Ms L Shah
Medway/Districts (1)	Mr J Parsons (Vice-Chairman)
Trade Unions (1)	Vacancy
Kent Active Retirement Fellowship (1)	Mr D Coupland

#### **UNRESTRICTED ITEMS**

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

1. Apologies and Substitutes
2. Declarations of Interest by Board members on items on the agenda for this meeting
3. Minutes of the meeting held on 11 November 2019 (Pages 1 - 8)
4. Dates of future meetings

The Board is asked to note that the following dates have been reserved for its meetings for the rest of 2020 and the start of 2021:

Friday 12 June 2020  
Thursday 27 August 2020  
Friday 23 October 2020  
Tuesday 26 January 2021  
Tuesday 2 March 2021  
Friday 11 June 2021

All meetings will commence at 10.00 am

5. Update from Barnett Waddingham on the actuarial valuation and other actuarial matters, including the McCloud judgement
6. Fund Employer Matters (Pages 9 - 16)
7. Pensions Administration (Pages 17 - 26)
8. Training on governance and administration requirements of the LGPS (Pages 27 - 34)
9. Access Pooling Update (Pages 35 - 46)
10. Pension Fund Business Plan (Pages 47 - 54)

**MOTION TO EXCLUDE THE PRESS AND PUBLIC FOR EXEMPT ITEMS**

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**

11. Pension Fund Risk Register (Pages 55 - 62)
12. Woodford investment update (Pages 63 - 82)
13. Internal Audit action plan

*(At the time of preparing the agenda, the only exempt items were as above. During those and any such items which may arise the meeting is likely NOT to be open to the public)*

Benjamin Watts  
General Counsel  
03000 416814

**Tuesday, 18 February 2020**

## KENT COUNTY COUNCIL

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### PENSION BOARD

MINUTES of a meeting of the Pension Board held in the Wantsum Room, Sessions House, County Hall, Maidstone on Monday, 11 November 2019.

PRESENT: Mrs M E Crabtree (Chairman), Mr J Parsons (Vice-Chairman), Mrs R Binks, Cllr D Monk and Ms L Shah

IN ATTENDANCE: Mr N Vickers (Business Partner (Pension Fund)), Mrs B Cheatle (Pensions Manager), Ms S Surana (Principal Accountant - Investments), Mr S Tagg (Senior Accountant - Pension Fund) and Miss T A Grayell (Democratic Services Officer)

#### UNRESTRICTED ITEMS

##### **1. Apologies and Substitutes**

*(Item 1)*

Apologies for absence had been received from Alison Kilpatrick and David Coupland.

There were no substitutes.

##### **2. Declarations of Interest by Board members on items on the agenda for this meeting**

*(Item 2)*

Mrs Crabtree declared that she had recently become aware that part of her personal pension fund was invested in a Woodford fund.

##### **3. Minutes of the meeting held on 14 June 2019**

*(Item 3)*

It was RESOLVED that the minutes of the meeting held on 14 June 2019 are correctly recorded and they be signed by the Chairman.

##### **4. Motion to exclude the press and public for exempt items**

The Board 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.

#### **SUMMARY OF EXEMPT ITEM**

(where access to minute remains restricted)

##### **5. Woodford update**

*(Item 4)*

1. Mr Vickers updated the Board on developments relating to the Woodford Extra Income Fund, following media reports that the fund would not reopen and would wind

down from 17 January 2020. Mr Vickers advised the Board that the way in which the winding up of the fund was being managed was encouraging in terms of the Council's chances of recovering most of its investment, and set out the expected timetable for this, as communicated by Link in their letter to the investors. He referred also to the advice given by the General Counsel and Monitoring Officer, which was set out in the report and which committed to giving the Superannuation Fund Committee ongoing legal advice and support.

2. Mr Vickers responded to questions of detail from the Board about the likely redemption value, fees payable, the recent history of the Council's investment with Woodford and the advice and decisions around it, and the sequence of events which led to the current situation. The Board also discussed the relative roles of the Superannuation Fund Committee and the Board and how the latter could achieve greater engagement with the work of the former. It was suggested that the Board review its meeting pattern and increase the frequency so its meetings mirrored those of the Superannuation Fund Committee.

3. It was RESOLVED that the information set out in the report and given in response to questions be noted, with thanks.

### **UNRESTRICTED ITEMS**

(meeting re-opens to press and public)

#### **6. ACCESS pooling update**

*(Item 5)*

1. Ms Surana introduced the report, which was welcomed.
2. It was RESOLVED that the information set out in the report be noted, with thanks.

#### **7. Superannuation Fund Report and Accounts and External Audit**

*(Item 6)*

1. Ms Surana introduced the report and Mr Vickers advised the Board that a vital part of its role was to receive and consider the Annual Report and Accounts. He advised the Board that the audit report had raised no areas for concern.
2. It was RESOLVED that the information set out in the report be noted, with thanks.

#### **8. 2019-20 Pension Fund Business Plan**

*(Item 7)*

1. Ms Surana introduced the report and explained that a quarterly update report would be submitted to both the Superannuation Fund Committee and the Pension Board. Mr Vickers highlighted the addition to this year's report of the management costs relating to the pension fund.
2. In response to a question about the increase in administrative costs, Mrs Cheatle explained that this reflected the costs of the recruitment campaign, the re-design of the Pensions section to increase recruitment, the engagement of external

companies to help clear the backlog of work and the costs of the i-connect technology to support data processing and produce monthly rather than annual monitoring information.

3. It was RESOLVED that the 2019-20 Business Plan and the information set out in the report be noted, with thanks.

## **9. Training**

*(Item 8)*

1. Mr Vickers explained that a survey would shortly be undertaken of the experience, qualifications and knowledge of each member of the Superannuation Fund Committee and the Pension Board, from which individual training needs would be identified. E-learning courses were available and had been completed effectively by staff and some members. The Chairman recommended a good 3-day course run by the LGA which she had attended, and some online training provided by the Pensions Regulator. The Vice-Chairman referred to the Local Government Pension Scheme autumn seminar he had attended recently, which had been run by Barnett Waddingham and CIPFA and had covered the need to assess and record individuals' training needs. *He undertook to share information and notes from the seminar with other Board members.*

2. Ms Surana explained that progress on training would need to be reported regularly to both the Superannuation Fund Committee and the Board, and more frequent meetings of the Board would make this easier.

3. The Board discussed meeting at least quarterly, preceding Superannuation Fund Committee meetings, inviting the Superannuation Fund Committee Chairman to Board meetings on a regular basis, to update the Board on the work of the Committee, and recommending to the Superannuation Fund Committee that it have a standing item on its agenda to consider feedback from the Board. The Board agreed that these changes would be built into its future work programme.

4. It was RESOLVED that:-

- a) the training strategy be noted, ahead of it being submitted for approval by the Superannuation Fund Committee at its meeting on 15 November 2019;
- b) the need to complete an assessment of Board members' training needs be noted;
- c) the Board meet in future at least four times a year, each of its meetings preceding a Superannuation Fund Committee meeting;
- d) the Chairman of the SFC be invited to attend future Board meetings on a regular basis, to update the Board on the work of the SFC; and
- e) the Board recommend to the Superannuation Fund Committee that it have a standing item on its agenda to consider feedback from the Pension Board.

## **10. Fund Employer Matters**

*(Item 9)*

1. Mr Tagg introduced the report and responded to comments and questions from the Board, including the following:-

- a) the promptness of payments from employers was welcomed. Mr Tagg explained that the key performance indicator of 95% of monthly payments being made on time was set many years ago. He advised that it was not expected that a target of 100% would ever be achievable, but he undertook to look into the possibility of raising the target to 96%; and
- b) asked if the Education Administration Orders in place for Hadlow and West Kent and Ashford Colleges and their impact on staff employed there would have any effect on the pension fund, Mr Tagg explained that alternative arrangements would be sought for the workload and staff of those two colleges to be taken on by other local colleges.

2. It was RESOLVED that the information set out in the report and given in response to questions be noted, with thanks.

## **11. The Pensions Regulator Governance and Administration Survey**

*(Item 10)*

1. Mr Vickers introduced the report and related this to the earlier discussion around the Board reviewing its role relative to the Superannuation Fund Committee.

2. It was RESOLVED that the information set out in the report be noted, with thanks.

## **12. Nick Vickers**

The Chairman paid tribute to Mr Vickers, who was shortly to leave the County Council, and thanked him for the support he had given members of the Superannuation Fund Committee and the Pension Board and serving the pension fund for 22 years. His advice and guidance had been very much appreciated.

## **13. Date of next meeting**

*(Item 11)*

The next meeting date listed on the agenda was 12 June 2020 but, following the discussion about more frequent meetings, this was brought forward to Wednesday 26 February 2020, at 10.00 am.

The meeting dates thereafter are as follows:

Friday 12 June 2020  
Thursday 27 August 2020  
Friday 23 October 2020  
Tuesday 26 January 2021  
Tuesday 2 March 2021

Friday 11 June 2021

All meetings will start at 10.00 am at Sessions House, Maidstone.

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

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By: Corporate Director of Finance  
 To: Pension Board – 26 February 2020  
 Subject: **FUND EMPLOYER MATTERS**  
 Classification: Unrestricted

Summary: To report on employer related matters.

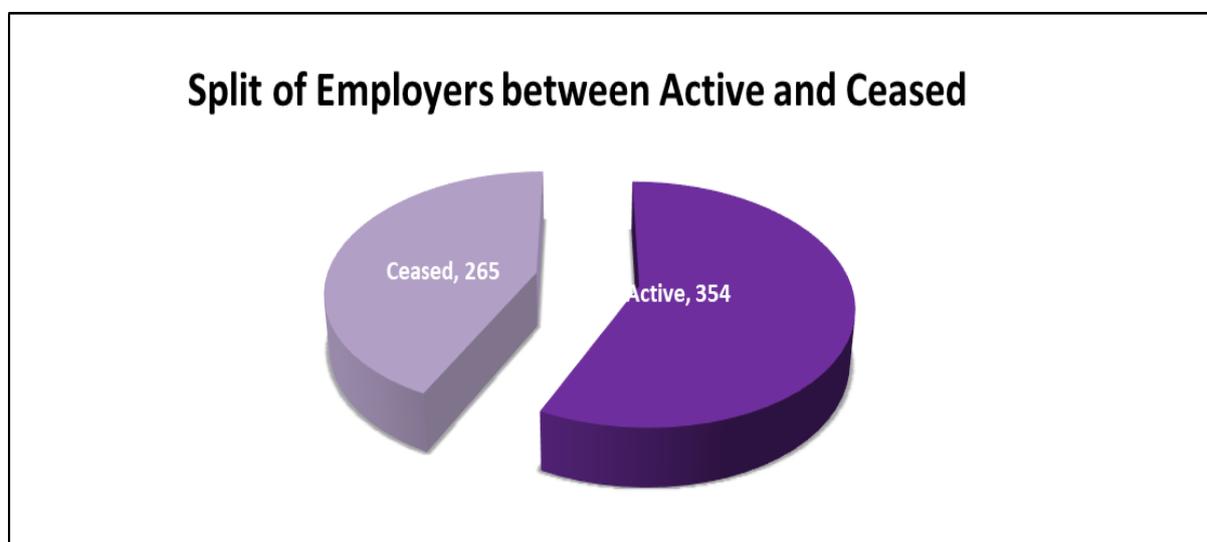
**FOR  
INFORMATION**

**INTRODUCTION**

1. This report sets out information on employer matters, an update on the progress of the Hadlow College, West Kent & Ashford College educational administrations and employer admission matters.

**EMPLOYER MATTERS**

2. There was a total of 619 employers in the Kent Pension Fund at 31 December 2019, an increase of 1 from 30 September 2019.



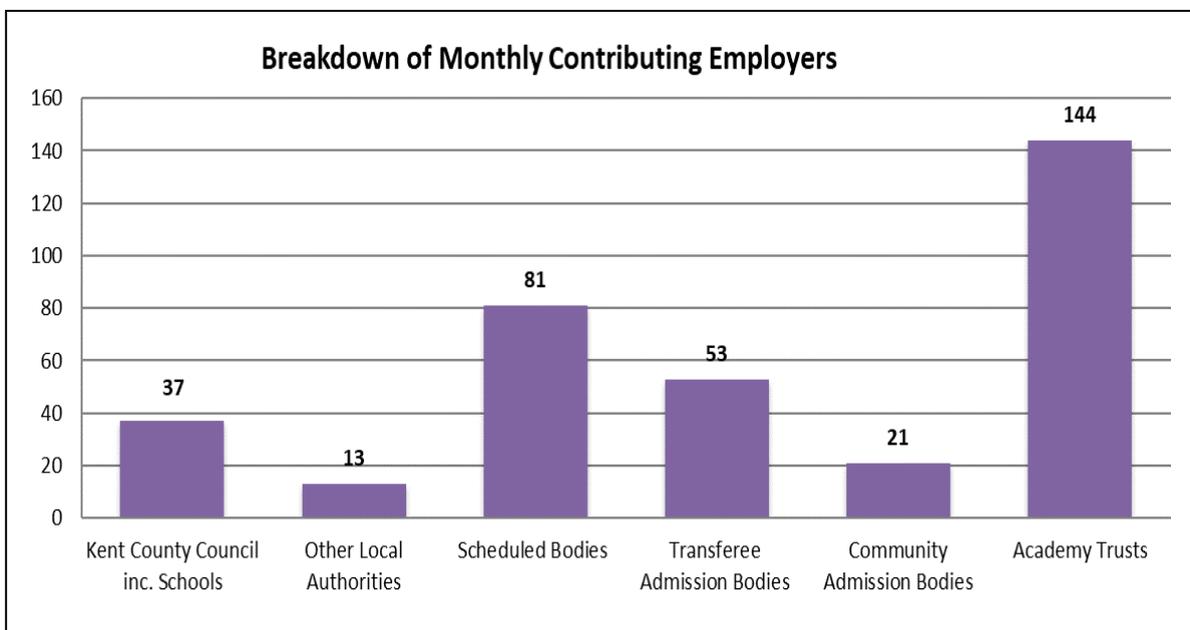
3. The number of active employers regularly paying contributions increased by 2 in the 3 months from the end of September, 2 employers ceased to have active members in the LGPS and 1 changed their payroll provider. The ceased employers no longer have active contributing members in the LGPS and the Fund has an existing or future liability to pay any pensions.

4. The following table lists employers who either joined or ceased to have active members in the Fund during the first 9 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>	
Sodexo Ltd (Oasis Community Learning)	1 September 2018
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
Birkin Cleaning Services Limited	30 September 2019
Circle 33 Housing Ltd (Epic Trust)	31 October 2019

5. 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.

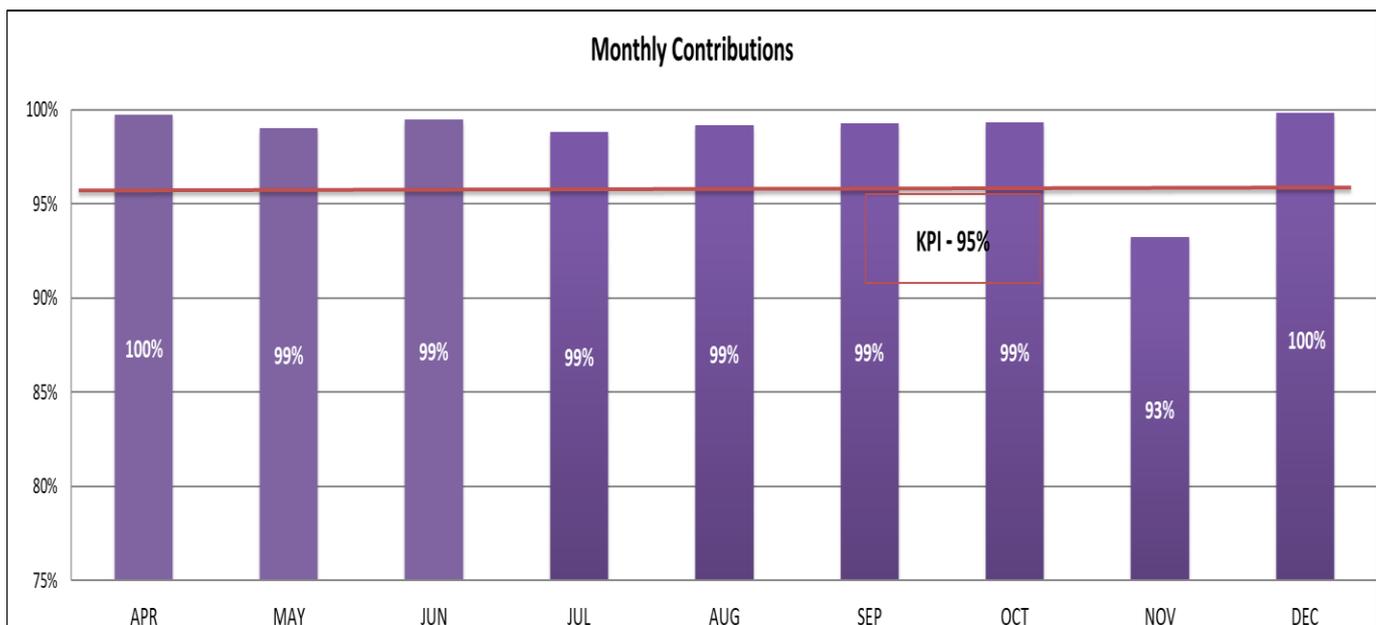


## CONTRIBUTIONS FROM EMPLOYERS

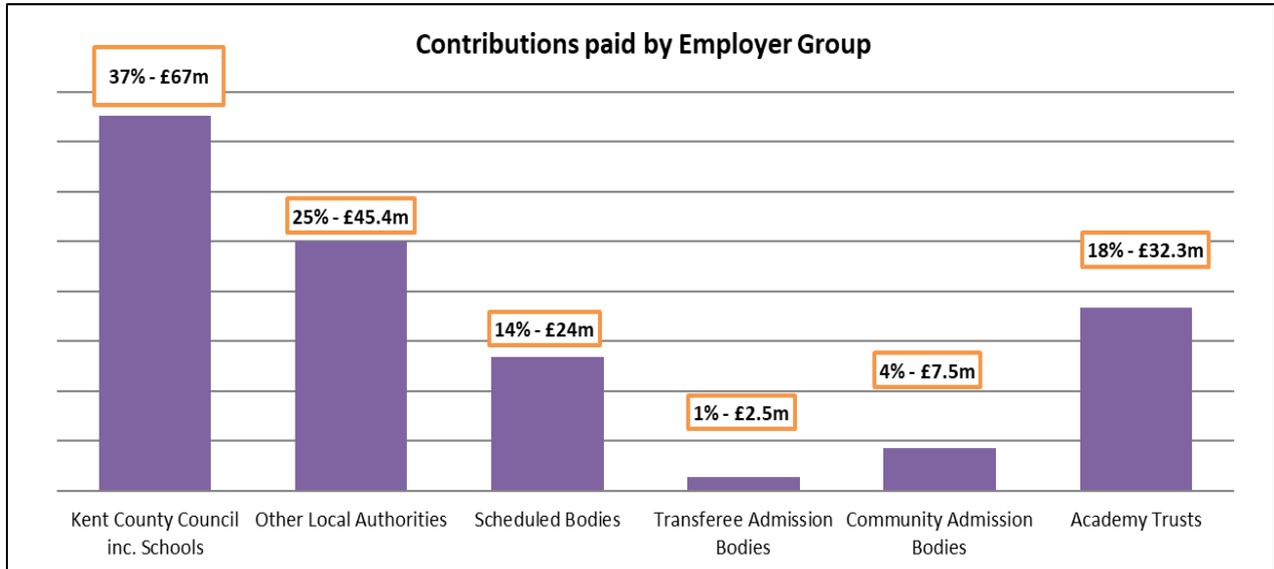
6. In the period April to December 2019-20 the Fund received £179m from employers in respect of their monthly contributions (employer and employee) as follows:

	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	10,379,146	9,614,534	49,875	20,043,555
May	11,946,710	7,666,890	190,115	19,803,715
June	12,711,002	7,416,605	107,620	20,235,227
July	11,666,419	7,860,946	228,515	19,755,880
August	13,209,586	6,267,578	163,482	19,640,646
September	11,782,559	7,789,521	139,747	19,711,827
October	12,515,457	7,292,194	136,652	19,943,303
November	11,583,924	7,085,807	1,353,591	20,023,322
December	11,435,818	8,816,867	26,232	20,278,917
<b>Total</b>	<b>107,230,621</b>	<b>69,810,942</b>	<b>2,394,829</b>	<b>179,436,392</b>

7. Employers are required to pay contributions to the Fund by the 19th of the month following and KCC monitors the timing of receipt of these contributions compared to a KPI of 95%. The chart shows that the KPI was exceeded in 8 of the 9 months. In November the actual percentage of contributions received on time fell to 93% due to Medway Council paying their October contributions a day late.



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



### **UPDATE ON THE ACTUARIAL VALUATION AND OTHER MATTERS**

9. Barnett Waddingham are due to complete the valuation of the Fund as at 31 March 2019 by 31 March 2020. They have been invited to attend the Board meeting on 26 February to update the Board on the progress of the valuation, the impact of the McCloud judgement and other matters, and to answer questions from members.

### **2019 ACTUARIAL VALUATION RESULTS**

10. The funding position as at 31 March 2019 has improved to 98% with a reduced deficit of £129m compared to the level at 31 March 2016 when the Fund was 89% funded with a deficit of £547m.
11. The higher funding level reflects strong investment returns over the intervening 3 years, higher contributions received than expected and a slowdown in longevity and pay increases.
12. This improvement should have reduced most employers' deficit recovery (secondary) contributions while the cost of future accrual (primary contributions) for employers has risen slightly. The Fund level primary rate based on payroll figures as at 31 March 2019 rises to 18.4% pa compared to the 2016 valuation of 14.9% pa. This increase is attributable to a number of prudent measures factored into the valuation for unknown outcomes such as McCloud, the cost cap mechanism and HM Government's own Section 13 review.
13. Barnett Waddingham presented draft results to the Kent Finance Officers meeting on 1 November and to the Superannuation Fund committee on 15 November 2019. They also presented at the Pension Fund employers forum on

3 December in Ashford where representatives from some 114 employers had an opportunity to ask questions. The presentation was filmed and is available for employers to view from the Kent Pension Fund website. Officers have communicated the valuation results to individual employers.

14. Barnett Waddingham are due to sign off the final valuation report by 31 March 2020 and submit it to central government. The report will also be published on the Kent Pension Fund website. The new employer contribution rates are effective from 1 April 2020.
15. The next valuation of the Fund is currently due as at 31 March 2022 although a recent government consultation proposed moving to 4 yearly (quadrennial) valuations to align with other public sector schemes. We await the outcome of the consultation.

### **HADLOW COLLEGE**

16. Hadlow College went into Educational Administration on the 22 May 2019.
17. Barnett Waddingham have prepared an indicative cessation report as at 30 June 2019 which sets out a number of different scenarios depending on the arrangements agreed for the college staff going forward. We await confirmation as to which scenario is agreed although it is understood the long term funding scenario where a successor college or colleges take on the LGPS liabilities for the active, deferred and pensioner members is currently the preferred option.
18. The indicative cessation report will need to be updated taking account of the 31 March 2019 actuarial assumptions, final member data, updated cashflows and when the final date of cessation is known.
19. It is now proposed that the various Hadlow College campuses transfer to three successor colleges to facilitate the continued education of the students and the employment of the staff. Two of these colleges, East Kent College and North Kent College are already in the Kent Pension Fund and the third, Capel Manor College (CMC), is in the London Borough of Enfield Pension Fund.
20. BDO confirmed on 11 December 2019 that some 13 LGPS members of staff at the Hadlow College Mottingham Campus would transfer to CMC on 31 December 2019. Discussions are ongoing to ensure the continuing LGPS membership of the active staff when they transfer to CMC also taking into account the deferred and pensioner liabilities relating to the Mottingham campus. Barnett Waddingham have advised that the liabilities for the active, deferred and pensioner members should remain with the Kent Fund.
21. The Corporate Director of Finance has therefore agreed to the administrators, BDO, applying to the Secretary of State for Education for a Direction Order allowing CMC to be a Scheduled Body concurrently in the Kent Pension Fund and the London Borough of Enfield Pension Fund and this will need to have retrospective effect given the timescale involved.
22. It is now understood the transfers to East Kent College and North Kent College are scheduled for 31 March 2020.

## **WEST KENT AND ASHFORD COLLEGE**

23. West Kent and Ashford College went into Educational Administration on 16 August 2019.
24. Barnett Waddingham have prepared an indicative cessation report as at 30 June 2019 which sets out a number of different scenarios depending on the arrangements agreed for the college staff going forward. We await confirmation as to which scenario is agreed although it is understood the long term funding scenario where a successor college or colleges take on the LGPS liabilities for the active, deferred and pensioner members is currently the preferred option.
25. The indicative cessation report will need to be updated taking account of the 31 March 2019 actuarial assumptions, final member data, updated cashflows and when the final date of cessation is known.
26. At this time we are awaiting confirmation of the arrangements for staff at West Kent and Ashford College.

## **EMPLOYER ADMISSION MATTERS**

27. At their meeting on 15 November 2019 the Superannuation Fund Committee agreed, based on indicative estimates provided by Barnett Waddingham, that the Fund may return any surplus to two exiting employers, Canterbury Archaeological Trust and Invicta Telecare t/a Centra Pulse.
28. An updated cessation report prepared as at 31 August 2019 when Canterbury Archaeological Trust became an exiting employer, due to the departure of the last active LGPS member, showed a deficit of £12,000 primarily due to a lower actual discount rate than estimated as at the exit date and Officers are liaising with Canterbury Archaeological Trust regarding the payment of this deficit.
29. The cessation report for Invicta Telecare t/a Centra Pulse showed a £27,000 surplus which will be returned to them.
30. Committee also agreed we may amend the terms of the Amey Community Ltd admission agreement so it may be opened for two employees transferring from Kier Facility Services Ltd.

## **RECOMMENDATION**

31. The Board is asked to note this report.

**Alison Mings**  
**Treasury and Investments Manager**  
[Alison.mings@kent.gov.uk](mailto:Alison.mings@kent.gov.uk)  
**03000 416488**

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By: Corporate Director of Finance  
 To: Pension Board – 26 February 2020  
 Subject: **PENSIONS ADMINISTRATION**  
 Classification: Unrestricted

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

**FOR INFORMATION**

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

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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 Appendix1 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 Pension Board 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
  - (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 commenced 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 note this report.

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

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**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

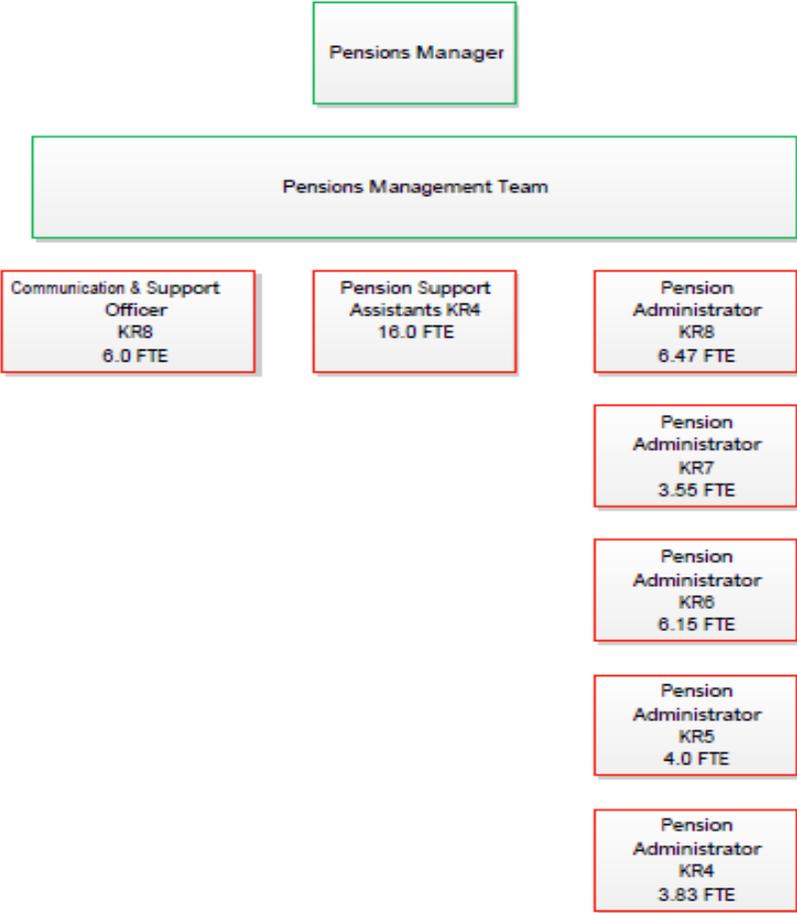
\*\*this figure includes cases processed by external companies

## 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						
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 Officers

KR8

6 FTE

Senior Pensions Administrators

KR7

6 FTE

Pensions Support Assistant

Apprentice

3 FTE

Pensions Administrators

KR6

12 FTE

By: Corporate Director of Finance  
To: Pension Board – 26 February 2020  
Subject: **Training on governance and administration requirements of the LGPS**  
Classification: Unrestricted

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Summary: To ask members to rate their knowledge of LGPS governance and administration requirements

## **FOR DECISION**

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### **INTRODUCTION**

1. The Pension Board and Superannuation Fund committee both approved the Kent Pension Fund Training Strategy at their meetings in November 2019.
2. The Strategy includes understanding governance and administration requirements of the LGPS in the CIPFA Code of Practice and the Pensions Regulator has designed a toolkit to assist members to improve their understanding. For Board members the completion of the toolkit is a mandatory requirement.
3. Members are therefore asked to complete the attached needs analysis provided by the Pensions Regulator, and to rate their knowledge of these requirements. Officers can assist members if required with the completion of the analysis.
4. Completed questionnaires should be returned to Steve Tagg. Steve will also assist members with the completion of the toolkit if required.
5. It is understood some members have already completed the toolkit and they should advise Steve accordingly.

### **RECOMMENDATION**

6. Members are asked to complete the needs analysis by 31 March 2020 and to liaise with Steve Tagg regarding the completion of the toolkit.

Alison Mings  
Treasury and Investments Manager  
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**Kent Pension Fund – Local Pension Board**  
**Learning needs analysis of certain governance and administration requirements**

**Step 1 – Plan your learning**

**Learning needs analysis**

**Personal development**

**1 – My role, responsibilities and duties as a pension board member**

Do I know...?	Rate my skills 1 – no knowledge 5 – highly skilled	My objectives	Timescale	What learning am I planning to do?	Where to find information
Who The Pensions Regulator is What my role, responsibilities and duties are How the regulator’s code of practice will support me in assisting the scheme manager with running an effective and efficient scheme	<p>1 2 3 4 5</p> <p>1 2 3 4 5</p> <p>1 2 3 4 5</p>				Introduction to public service pension schemes: <a href="http://www.tpr.gov.uk/PS-introduction">www.tpr.gov.uk/PS-introduction</a>

**2 – The knowledge and understanding I need as a pension board member**

Do I know...?	Rate my skills	My objectives	Timescale	What learning am I planning to do?	Where to find information
What I need to know about my scheme as a pension board member What I need to know about pensions law as a pension board member How to plan, follow and record my training, knowledge and understanding	<p>1 2 3 4 5</p> <p>1 2 3 4 5</p> <p>1 2 3 4 5</p>				Knowledge and understanding duty on pension board members: <a href="http://www.tpr.gov.uk/PS-knowledge">www.tpr.gov.uk/PS-knowledge</a>

<b>3 – Conflicts of interest</b>					
<b>Do I know...?</b>	<b>Rate my skills</b>	<b>My objectives</b>	<b>Timescale</b>	<b>What learning am I planning to do?</b>	<b>Where to find information</b>
What information I need to provide to the scheme manager	<b>1 2 3 4 5</b>				'Conflicts of interest' course in the Public Service toolkit: <a href="http://www.pensionseducationportal.com">www.pensionseducationportal.com</a>
How to disclose potential or actual conflicts of interest	<b>1 2 3 4 5</b>				
How to monitor and discuss the risk of potential or actual conflicts of interest	<b>1 2 3 4 5</b>				
<b>4 – Publishing scheme information</b>					
<b>Do I know...?</b>	<b>Rate my skills</b>	<b>My objectives</b>	<b>Timescale</b>	<b>What learning am I planning to do?</b>	<b>Where to find information</b>
What information needs to be published about the pension board	<b>1 2 3 4 5</b>				Publishing scheme information: <a href="http://www.tpr.gov.uk/PS-publishing">www.tpr.gov.uk/PS-publishing</a>
How that information is to be recorded and published	<b>1 2 3 4 5</b>				
What the pension board's role is regarding the publication of that information	<b>1 2 3 4 5</b>				
<b>5 – Risk management and internal controls</b>					
<b>Do I know...?</b>	<b>Rate my skills</b>	<b>My objectives</b>	<b>Timescale</b>	<b>What learning am I planning to do?</b>	<b>Where to find information</b>
How risks will be identified and assessed	<b>1 2 3 4 5</b>				'Managing risk and internal controls' course in the Public Service toolkit:
How internal controls will be set up	<b>1 2 3 4 5</b>				
How risk assessments will be documented	<b>1 2 3 4 5</b>				

How possible fraudulent activity will be identified and dealt with	1 2 3 4 5				<a href="http://www.pensionseducationportal.com">www.pensionseducationportal.com</a>
Who is involved in internal controls and risk management and their role	1 2 3 4 5				
What the pension board's role is in internal controls and risk management	1 2 3 4 5				
<b>6 – Record-keeping</b>					
<b>Do I know...?</b>	<b>Rate my skills</b>	<b>My objectives</b>	<b>Timescale</b>	<b>What learning am I planning to do?</b>	<b>Where to find information</b>
How an effective scheme record-keeping process will be set up	1 2 3 4 5				'Maintaining accurate member data' course in the Public Service toolkit: <a href="http://www.pensionseducationportal.com">www.pensionseducationportal.com</a>
How the required records of scheme members' data, transactions and pension board decisions will be kept	1 2 3 4 5				
Who is involved in record-keeping and their role	1 2 3 4 5				
What the pension board's role is in record-keeping	1 2 3 4 5				
<b>7 – Maintaining contributions</b>					
<b>Do I know...?</b>	<b>Rate my skills</b>	<b>My objectives</b>	<b>Timescale</b>	<b>What learning am I planning to do?</b>	<b>Where to find information</b>
How employer and employee payment contributions will be monitored and recorded	1 2 3 4 5				'Maintaining member contributions' course in the Public Service toolkit: <a href="http://www.pensionseducationportal.com">www.pensionseducationportal.com</a>
How late or failed payments which are likely to be of material significance to the regulator will be reported to the regulator	1 2 3 4 5				
What the pension board's role is in	1 2 3 4 5				

maintaining contributions and notifying the regulator of late or failed payments					
<b>8 – Communicating with members</b>					
<b>Do I know...?</b>	<b>Rate my skills</b>	<b>My objectives</b>	<b>Timescale</b>	<b>What learning am I planning to do?</b>	<b>Where to find information</b>
What information must be provided to members about the administration of the scheme and their benefits	1 2 3 4 5				‘Providing information to members and others’ course in the Public Service toolkit: <a href="http://www.pensionseducationportal.com">www.pensionseducationportal.com</a>
How that information will be provided to members	1 2 3 4 5				
Who is involved in member communications	1 2 3 4 5				
What the pension board’s role is in member communications	1 2 3 4 5				
<b>9 – Resolving disputes</b>					
<b>Do I know...?</b>	<b>Rate my skills</b>	<b>My objectives</b>	<b>Timescale</b>	<b>What learning am I planning to do?</b>	<b>Where to find information</b>
How disputes within my scheme will be resolved	1 2 3 4 5				‘Resolving internal disputes’ course in the Public Service toolkit: <a href="http://www.pensionseducationportal.com">www.pensionseducationportal.com</a>
How disputes within my scheme and their resolutions will be documented	1 2 3 4 5				
What the pension board’s role is in the resolution of issues and disputes	1 2 3 4 5				
<b>10 – Reporting breaches of the law</b>					
<b>Do I know...?</b>	<b>Rate my skills</b>	<b>My objectives</b>	<b>Timescale</b>	<b>What learning</b>	<b>Where to find information</b>

				am I planning to do?	
How to identify breaches of the law	<b>1 2 3 4 5</b>				'Reporting breaches of the law' course in the Public Service toolkit: <a href="http://www.pensionseducationportal.com">www.pensionseducationportal.com</a>
How breaches of the law will be assessed	<b>1 2 3 4 5</b>				
How breaches of the law likely to be of material significance to the regulator will be reported	<b>1 2 3 4 5</b>				
What my responsibility is to report breaches	<b>1 2 3 4 5</b>				
Who else is under a duty to report breaches	<b>1 2 3 4 5</b>				

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By: Corporate Director of Finance  
To: Pension Board – 26 February 2020  
Subject: **ACCESS POOLING UPDATE**  
Classification: Unrestricted

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Summary: To update on progress on pooling.

## **FOR INFORMATION**

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### **INTRODUCTION**

1. This report is to update the Board on progress on pooling.

### **JOINT COMMITTEE**

2. The Joint Committee has met since the last update for the Board and a summary update of their meeting on 9 December 2019 is attached at appendix 1. The Joint Committee (JC) had previously met on 9 September and a copy of the minutes of this meeting is at appendix 2.
3. At the JC meeting on 9 December Councillor Mark Kemp-Gee, chairman of the Hampshire Fund was elected as chair and Councillor Susan Barker was elected as vice-chair.

### **GOVERNANCE**

4. The timetable for the completion of the review of Inter Authority Agreement (IAA) which covers the governance of the pool including the setup of the Joint Committee and was signed in 2017 has been revised. Once the review is finalised the revised IAA will be sealed by each authority.
5. Officers and members of the JC received Governance training on 9 December and it is intended that these training resources be made available to the Kent Fund for use with the Committee and Pension Board.

### **BUSINESS PLAN AND BUDGET**

6. On 9 December the Joint Committee agreed to recommend the 2020/21 business plan to ACCESS authorities and accepted the recommended budget of £1.08m (2019/20 £1.02m) required to support the plan. The anticipated cost to the Kent Fund will be £98,000 for 2020/21.
7. During 2020/21 it is anticipated that there will be further pooling of listed assets and the initial implementation of pooled alternative assets.

## **ESTABLISHMENT OF THE ACS AND SET UP OF SUB-FUNDS**

8. The Kent Fund now holds units in 4 ACCESS sub-funds following the successful transition of our investment in the Ruffer fund in December 2019. Plans are in hand for the Kent investment in a global value equity fund to transition mid-2020 and discussions are continuing on the establishment of further sub-funds in the ACCESS ACS.
9. At present none of the other Kent Fund strategies are included on the ACCESS roster. Our investments will be held outside the pool until the Kent Fund agrees the way forward taking account of advice from the Fund's investment consultant.
10. It has generally been agreed that the first ACCESS investor day held on 16 October was a success and another day is planned for 2 April 2020. It is anticipated managers of UK equity sub funds will be attending. All members of the Pensions Board are invited to attend and more details will be issued in due course.

## **POOLING OF ALTERNATIVE INVESTMENTS**

11. Officers have continued to consider options on the most suitable model for pooling these investments with support from an external consultant.

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

12. As previously reported following the receipt of correspondence from UNISON requesting representation on the Joint Committee, the Committee at its meeting on 9 September decided not to change the current representation arrangements.
13. The Joint Committee chair and vice chair subsequently wrote to Councillor Roger Phillips, chair of the Scheme Advisory Board (SAB) advising him of the ACCESS position, in response to his letter received in December 2019.

## **RECOMMENDATION**

14. The Pension Board is recommended to note this report.

**Alison Mings**

Treasury and Investments Manager

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SUMMARY UPDATE  
ACCESS Joint Committee:  
9 December 2019



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

Part I Item	Details												
Election of Chairman	<p>Current Vice-Chairman Cllr Mark Kemp-Gee (Hampshire), was elected unopposed to fill the vacant position of Chairman of the Joint Committee.</p> <p>This vacancy arose following a reallocation of Cabinet responsibilities at Suffolk CC. The previous Joint Committee Chairman (Cllr Andrew Reid) was given a Cabinet role in October 2019, and local governance arrangements precluded him from continuing his Local Government Pension Scheme Committee responsibilities.</p>												
Election of Vice-Chairman	<p>As a consequence of Cllr Kemp-Gee's election as Chairman, a further election was held for the newly created vacancy for the position of Vice Chairman.</p> <p>Cllr Susan Barker (Essex), was elected unopposed to fill the vacant position of Vice-Chairman of the Joint Committee.</p>												
ACCESS Support Unit (ASU) update	A revised organisational chart of the ASU was noted.												
Governance	<p>The Committee noted that final Monitoring Officer comments on the revised Inter Authority Agreement (IAA) were being addressed. It was now expected that a tracked changes version of the final IAA would be circulated prior to Christmas.</p> <p>It was also noted that a training session on Governance would follow the meeting.</p>												
Business plan & budget	<p>The Committee were updated on progress on the 2019/20 Business Plan along with workstreams undertaken by the ASU. The revised budget forecast, and summary risk profile were noted.</p> <p>A detailed discussion took place on proposals for 2020/21, for which a budget of £1.080m was proposed and the Business Plan contained key themes with the following milestones:</p> <table border="0"> <thead> <tr> <th>Theme</th> <th>Key 2020/21 milestone(s)</th> </tr> </thead> <tbody> <tr> <td>Active listed assets</td> <td>The completion of active listed asset migration via sub-fund tranches 5 &amp; 6</td> </tr> <tr> <td>Passive listed assets</td> <td>Ongoing monitoring &amp; engagement with UBS</td> </tr> <tr> <td>Alternative assets</td> <td>Initial pooling of alternative assets</td> </tr> <tr> <td>Governance</td> <td>The application of appropriate forms of Governance</td> </tr> <tr> <td>ASU</td> <td>The size and scope of the ASU will be reviewed</td> </tr> </tbody> </table>	Theme	Key 2020/21 milestone(s)	Active listed assets	The completion of active listed asset migration via sub-fund tranches 5 & 6	Passive listed assets	Ongoing monitoring & engagement with UBS	Alternative assets	Initial pooling of alternative assets	Governance	The application of appropriate forms of Governance	ASU	The size and scope of the ASU will be reviewed
Theme	Key 2020/21 milestone(s)												
Active listed assets	The completion of active listed asset migration via sub-fund tranches 5 & 6												
Passive listed assets	Ongoing monitoring & engagement with UBS												
Alternative assets	Initial pooling of alternative assets												
Governance	The application of appropriate forms of Governance												
ASU	The size and scope of the ASU will be reviewed												

	<p>Following discussion, the Committee agreed to:</p> <ul style="list-style-type: none"> <li>• recommend the 2020/21 business plan to the ACCESS Authorities; and</li> <li>• accept the recommendation of the s151 Officers of the ACCESS Authorities to determine the 2020/21 budget totalling £1.080m to support the proposed business plan.</li> </ul>
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.
Sub Fund implementation & development of illiquid	<p>A report updating the Committee on sub fund launches and the future pipeline was noted.</p> <p>The details of progress on tranche 4a sub-fund launches was discussed, and an update was given on the options being explored in establishing a transition capacity within the Authorised Contractual Scheme (ACS).</p> <p>On non-listed / alternative assets the progress on dialogue with consultants bFinance was highlighted and the timetable for reporting to the Committee was noted.</p> <p>The Committee approved the request to Link for a search for an Emerging Markets (EM) equities manager.</p>
Contract Management & supplier relationship update	<p>The Committee noted a report on the Operator contract. This included</p> <ul style="list-style-type: none"> <li>• details of current issues upon which the ASU and colleagues on the Officer Working Group are engaging with Link;</li> <li>• feedback received from attendees at Octobers' Investor Day; and</li> <li>• a current procurement time-table.</li> </ul> <p>Details of contract and supplier relationship management arrangements and activity was also included.</p>
MHCLG update	The recently submitted reporting template issued MHCLG reporting template was noted.
Items of interest	It was noted that the Chairman of the Scheme Advisory Board intended to meet the Chairmen of pool Joint Committees (or equivalent pool bodies) in the New Year.
Link presentation	<p>Karl Midl, and James Zealander from Link Fund Solutions gave a presentation.</p> <p>This outlined progress on onboarding sub funds to date and plans for future launches. Key learnings were discussed.</p> <p>Work underway to establish a means of transitioning assets within the ACS was highlighted and discussed.</p> <p>The October Investor Day was also covered.</p>

Next meeting  
date

9 March 2020

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## **ACCESS JOINT COMMITTEE**

MINUTES of a meeting of the ACCESS Joint Committee held at Committee Room 1 - Islington Town Hall, Upper Street, London N1 2UD on Monday, 9th September, 2019.

PRESENT: Cllr Andrew Reid - Chairman (Suffolk CC), Cllr Paul Brading – substitute (Isle of Wight), Cllr Jonathan Ekins (Northamptonshire CC), Cllr Gerard Fox (East Sussex CC), Cllr Jeremy Hunt (West Sussex CC), Cllr Terry Rogers (Cambridgeshire CC), Cllr Judy Oliver (Norfolk), Cllr Mark Platt – substitute (Essex CC), Cllr Tom Thacker - substitute (Hampshire CC), Cllr Adam Mitchell - substitute (Hertfordshire CC) and Mr Charlie Simpkins – (Kent CC).

ALSO PRESENT: Nicole Wood, Executive Director for Finance and Technology (Essex County Council), representing Section 151 Officers, Clifford Sims (Squire Patton Boggs) and Cllr Ian Gardener (Cambridgeshire CC).

OFFICERS: Nicola Mark (Norfolk), Kevin McDonald (ASU), Jody Evans (Essex) Alison Mings (Kent), Ola Owolabi (East Sussex), Andrew Lowe (Hampshire), Paul Finbow (Suffolk), Mark Paget (ASU) Jo Thistlewood (Isle of Wight), Paul Tysoe (LGSS Pensions), Patrick Towey (Hertfordshire) and Denise Fitch (Kent - Clerk).

### **UNRESTRICTED ITEMS**

**147. Apologies/Substitutes.**

*(Item. 1)*

Apologies and substitutes were noted as follows:

Cllr Barker (Essex) – Cllr Platt substitute  
Cllr Kemp-Gee (Hampshire) – Cllr Thacker substitute  
Cllr Axford (Isle of Wight) – Cllr Brading substitute  
Cllr Sangster (Hertfordshire) – Cllr Mitchell substitute

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

*(Item. 2)*

No declarations were made.

**149. Election of Chairman.**

*(Item. 3)*

(1) Cllr Simkins nominated Cllr Reid, seconded by Cllr Hunt. There were no further nominations.

(2) RESOLVED that Cllr Reid be elected Chairman of the Joint Committee.

**150. Minutes of the meeting held on 11 June 2019.**  
(Item. 4)

(1) Cllr Rogers stated that he had not attended the previous meeting but had been listed as present in the minutes.

(2) RESOLVED that, subject to removing Cllr Rogers name from the list of Members present, the minutes from the meeting held on 11 June 2019 be signed as a true and accurate record.

**151. ACCESS Support Unit update.**  
(Item. 5)

(1) Jo Thistlewood (Isle of Wight) introduced a report which provided an update on developments regarding recruitment to the ACCESS Support Unit (ASU).

(2) Kevin McDonald (ASU) undertook to look at how the reporting structure chart (para 4.1 of the report) could be clarified in line with the points raised by Members.

(3) RESOLVED that the appointment of Kevin McDonald as the interim Director of the ACCESS Support Unit be noted.

**152. Scheme Member representation.**  
(Item. 6)

(1) Kevin McDonald introduced a report on Scheme Member representation which set out the relevant background, UNISON's correspondence, the current local governance and transparency arrangements for each ACCESS fund Section 101 Committee/Local Pension Board and various draft guidance. He commended the work carried out by Mark Whitby (LGSS) on this matter.

(2) The report contained the outcome of consideration by ACCESS Section 151 Officers of a report on Scheme Membership. It was confirmed that the Section 151 Officers were of the view that existing Authority representation on the Joint Committee (via Elected Members) was appropriate and that scheme member and employer involvement in Authorities' discharging their fiduciary duty (including asset pooling) was a matter for each Authority to determine locally. The Section 151 Officers recommended no change be made to the current Joint Committee Scheme arrangements.

(3) The Committee considered the advice from the Section 151 Officers and discussed whether it would be appropriate to make any changes to Scheme Membership in advance of any statutory guidance on this matter.

(4) RESOLVED that the report be noted and no change be made to the current Joint Committee Membership arrangements.

**153. Governance update.**

*(Item. 7)*

(1) In introducing the report Nicola Mark (Norfolk) highlighted the extension to the timetable and referred to the recent webinar between ACCESS Monitoring Officers. She stated that there were no significant amendments proposed.

(2) Clifford Sims (Squire Patton Boggs) emphasised the need for all 11 authority Monitoring Officers to be satisfied with the updated IAA prior to it being approved by each authority. The original Inter-Authority Agreement (IAA) did not deal with future procurement of other services, such as procured assets and illiquid assets, therefore the new IAA needed to address these issues. He expressed the view that the current timetable was achievable and it was hoped that the governance sub-group would be able to sign off the draft IAA in mid September, dependant upon the Kent and Essex Monitoring officers being satisfied with the draft.

(3) Nicola explained that the governance working group intended to hold a governance training session for the Joint Committee on 9 December 2019 following the Committee meeting. This training could then form the basis of training information for section 101 Committees and Pension Boards.

(4) RESOLVED that-

a) the updated IAA be shared with Joint Committee Members after it has been reviewed by all Monitoring Officers,

b) if Members have any issues with the shared IAA, they should raise these with their Local Authority's Monitoring Officer and make the Chairman aware.

c) If the Chairman considers any issues raised by Members to be substantial he will require the updated IAA to be submitted to the Joint Committee for approval prior to formal adoption by the constituent authorities

d) if there are no unresolved substantial issues raised by Members, the updated IAA be formally adopted by each of the constituent authorities and reported to the Joint Committee for information.

**154. 2019/2020 Business Plan and Budget update.**

*(Item. 8)*

(1) Kevin McDonald introduced a report which updated the Committee on progress with the 2019/20 Business Plan along with the workstreams being undertaken by the ASU. He explained that the forecast spend was currently lower than the original budget which reflected the migration of third party work into the ASU.

(2) RESOLVED that the updated business plan, the ASU workstream progress report and the revised outturn 2019/20 be noted.

**155. 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.

**156. Risk Register.**

*(Item. 10)*

(1) Kevin McDonald referred the Committee to the Risk Register and highlighted proposed changes to the risks set out in the report. Officers answered questions and gave an explanation of regulatory and contractual insurance requirements.

RESOLVED that the report be noted and the revisions to the Risk Register as set out in the report be approved.

**157. MHCLG meeting update.**

*(Item. 11)*

(1) Kevin McDonald introduced a report which highlighted the positive meeting between ACCESS and civil servants from the Ministry of Housing, Communities and Local Government (MHCLG) which had taken place on 4 July 2019. The report included feedback on ACCESS progress to date and the status of the pending government consultation on revised investment pooling guidance.

(2) RESOLVED that the report and the ongoing dialogue on the Ministry of Housing, Communities and Local Government's reporting template be noted.

**158. ACS Implementation update.**

*(Item. 12)*

(1) The Committee received an update report on the progress with launching the Authorised Contractual Scheme (ACS), the sub-funds that would be created within it and the options for pooling illiquid investments.

(2) RESOLVED that;

a) the progress in launching the ACS investment sub-funds and progress in identifying options for pooling illiquid investments be noted;

b) the appointment of investment managers be noted and the resultant additional sub-fund for global equities value strategies be approved.

**159. Contract Management update.**

*(Item. 13)*

(1) The Committee considered a report on the Operator contract which included details of current issues upon which the ASU and the Officer Working Group were

engaging with Link. The report also included details of contract and supplier relationship management arrangements and activity.

(2) RESOLVED that the report be noted.

**160. LiNK presentation.**

*(Item. 14)*

(1) Karl Midl, Duncan Lowman and James Zealander from Link Fund Solutions gave a presentation. The presentation highlighted progress on onboarding sub funds to date and plans for future launches along with the forthcoming inaugural investor day.

(2) The slides presented by LINK would be circulated to the Committee and a note provided to Members explaining insurance arrangements.

(3) RESOLVED that the presentation be noted.

**161. Items for information or advice from the Committee.**

*(Item. 15)*

(1) The Joint Committee discussed the need for ongoing support from Hymans. Members were of the view that Hymans continued support would be welcomed, particularly in light of future pooling guidance. The Committee were of the view that this should be on a “pay as you go” basis.

(2) The Chairman announced that this would be Ola Owolabi’s (East Sussex) last meeting and thanked him for his support to the Joint Committee since its inception.

**162. Date of next meeting - 9 December 2019.**

*(Item. 16)*

It was noted that the next meeting of the Joint Committee would be held on 9 December 2019, at 11am in Islington Town Hall.

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By: Corporate Director of Finance  
 To: Pension Board – 26 February 2020  
 Subject: **Pension Fund Business Plan**  
 Classification: Unrestricted

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Summary: To advise the Board of the revised business plan and related budget

**FOR INFORMATION**

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**INTRODUCTION**

1. At its meeting in November the Board noted the 2019-20 business plan for the Fund produced by the KCC finance team and the expenditure identified as being necessary to implement the plan during 2019-20.
2. The Board is now asked to note the updated business plan including anticipated activity in 2020-21 and the budget required to deliver the plan in 2019-20 and 2020-21.

**UPDATED BUSINESS PLAN**

3. The Fund’s business plan has been updated to reflect progress made in 2019-20 and anticipated activity in 2010-21, see attached at appendix 1.

**2019-20 FORECAST AND 2020-21 ESTIMATE**

4. Officers forecast that the expenditure required to implement the business plan during 2019-20 totals £4.5m (budget £4.4m) and increases to £4.7m in 2020-21 as per the table below.
5. The higher costs forecast for 2019-20 mainly relate to higher investment consultancy fees due to the engagement of Mercer to provide advice to the Fund on the implementation of the investment strategy in particular the equity downside protection programme. This increase is partially offset by lower legal fees due to a reduced number of new admission bodies in the Fund as well as lower ACCESS pooling costs and other professional fees.
6. In 2020-21 it is anticipated that the resources required to deliver the business plan costs will rise mainly due to the need to take into account the SAB Good Governance recommendations, the Pensions Regulator’s guidance and the recommendations of the Internal Audit review.
7. In particular staff costs relating to the investment accounting and oversight function are forecast to be higher as additional resources are expected to be recruited to support the Fund. The Fund will also have to pay for the procurement

of external governance consultancy to support these changes and to provide training for both the committee and board.

### Pension Fund Management Costs

	2019-20 budget	Forecast 2019-20	Overspend / underspend 2019-20	Forecast 2020-21
	£	£	£	£
Pensions Administration	3,345,000	3,345,000	-	3,411,900
Pension Payroll Services	221,542	221,542	-	225,973
Payment services	17,000	17,000	-	17,340
Financial Services	67,000	67,000	-	68,340
<b>Administration Expenses</b>	<b>3,650,542</b>	<b>3,650,542</b>	<b>0</b>	<b>3,723,553</b>
Actuarial Fee including cost of valuation	300,000	300,000	-	260,000
Legal Fees	125,000	114,000	-11,000	125,000
Direct recovery of actuary, legal fees and admin costs	-250,000	-250,000	-	-225,000
Subscriptions	46,000	40,000	-6,000	46,000
ACCESS pooling costs	110,000	100,000	-10,000	100,000
Investment Accounting and Oversight costs	285,700	285,700	-	400,000
Performance Measurement Fees	30,000	10,000	-20,000	10,000
Investment Consultancy	50,000	177,800	127,800	160,000
Governance consultancy				50,000
Other professional advice	20,000	20,000	-	20,000
<b>Governance and Oversight Expenses</b>	<b>716,700</b>	<b>797,500</b>	<b>80,800</b>	<b>946,000</b>
Audit fee	24,000	24,000	-	24,000
<b>Total</b>	<b>4,391,242</b>	<b>4,472,042</b>	<b>80,800</b>	<b>4,693,553</b>

### RECOMMENDATION

- The Board is recommended to note the updated Business Plan and the related budget for 2019-20 and 2020-21.

#### **Alison Mings**

Treasury and Investments Manager

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## Kent Pension Fund Business Plan

Action No.	Description	Accountable Officer(s)	Completed 2019-20	Anticipated 2020-21
<b>1.</b>	<b>Investment Strategy</b>			
1.1	Implement the revised asset allocation agreed by Superannuation Fund Committee on 9 February 2018.	(Nick Vickers) / Zena Cooke / Alison Mings	MAC investments (M&G and CQS) funded, Equity downside protection project in progress Additional commitments to Harbourvest and Partners Group Funds as per planned schedule	Implementation of the equity downside protection programme  Funding of private equity / infrastructure investments
1.2	Manage the transition of investments including to the ACCESS pooled funds	Alison Mings / Sangeeta Surana	Ruffer Absolute Return fund transitioned December 2019.	Global Value Equity fund transition planned June 2020
1.3	Report to the Superannuation Fund Committee on new investment options.	(Nick Vickers) / Zena Cooke / Alison Mings	Ongoing.	Ongoing.
1.4	Monitoring the performance of investment managers and funds.	(Nick Vickers) / Zena Cooke / Alison Mings / Sangeeta Surana	Mercer attending every committee meeting. Providing quarterly manager reviews Quarterly performance reporting to Committee undertaken by officers	Mercer attending very committee meeting. Providing quarterly manager reviews Quarterly performance reporting to Committee undertaken by officers
1.5	Support the Superannuation Fund Committee and the Pension Board members to effectively undertake their roles and ensure that appropriate training is available.	(Nick Vickers) / Zena Cooke / Alison Mings	Nick Vickers left KCC end December 2019. Role of business partner being covered by Alison Mings. Pensions board now meeting 4 times a year Committee work programme	Implementation of revised committee work programme  Planned procurement of external governance training provider

			including training developed	
1.6	Develop enhanced RI / ESG policy / reporting	Alison Mings / Sangeeta Surana / Katherine Gray	Committee considered the policy at 7 February meeting. Draft revised policy to be reviewed at 13 March meeting	Agreement of revised policy and implementation of reporting required
3.6	Update investment strategy statement reflecting CIPFA guidance and best practice	Alison Mings / Sangeeta Surana		ISS to be updated with assistance from the investment consultant
1.7	Investment Consultant procurement	Sangeeta Surana	Business case prepared for procurement. Procurement process at planning stage.	Undertake procurement for long term contract for investment advice to the committee
1.8	Review of asset allocation taking account of results of the 2019 valuation	Zena Cooke / Alison Mings / Sangeeta Surana		Engage investment consultant
1.9	Custody contract	Sangeeta Surana / Katherine Gray		Current contract expires 1/11/20, procurement using LGPS frameworks
<b>2.</b>	<b>ACCESS Pool</b>			
2.1	Support the Chairman in his role on the Joint Committee.	Alison Mings	Ongoing	Ongoing
2.2	Membership of the Officer working group (OWG) Participate in working groups to set up ACCESS ACS sub-funds and other CIVs as required for pooling alternative assets	Alison Mings / Sangeeta Surana	Launch of ACS sub-funds  Proposals for alternative assets platform under development. OWG to review 20 Feb 2020  Set up reporting framework  Establishment of S151 group  Complete review of IAA review  Review operational issues with	Selection of fund managers, set up and launch of ACS sub-funds  Finalisation of arrangements for alternative assets platform  Finalisation of reporting framework

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			Link and fund managers	
2.3	Support the role of host authority and ASU - business planning - budget - ASU technical lead	Alison Mings / Sangeeta Surana	Role of host authority transferred to Essex CC June 2019. Alison Mings stood down as technical lead Kent democratic services continuing to provide clerk to the Joint Committee	Transfer of clerking role to Essex CC
2.4	Ensure the Superannuation Fund Committee is kept fully informed on ACCESS issues.	Alison Mings	Ongoing, committee and board receive quarterly updates	Ongoing

<b>4.</b>	<b>Administration</b>			
4.1	Roll out i-Connect employer self service	Barbara Cheatle	i-Connect initially rolled out to 60 employers with information being received on a monthly basis	Further roll out to large payrolls, including KCC and Medway. Presentation to other large employers, such as district councils, colleges etc in preparation for extension of roll out
4.2	Preparation of annual benefit illustrations for despatch to members by the statutory deadline	Barbara Cheatle	99% of scheme members received annual benefit illustration by statutory deadline	Ongoing
4.3	Reduce the backlog of unprocessed leaver cases	Barbara Cheatle	Contracts with 2 external companies, together with employment of temporary workers, cleared approximately 7200 cases. Further project to be initiated. Business case prepared for procurement. Procurement process at planning stage	Procurement of a company using the LGPS framework in order to further reduce backlog cases.
4.4	Follow up GMP reconciliation exercise	Barbara Cheatle	Matching of data between pensions database and HMRC records and reconciliation carried out.	Stage 2 of reconciliation to be completed. Stage 3 of project will require Procurement of a company using the LGPS

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				framework
4.5	Develop plan for introducing member Self Service	Barbara Cheatle	Engagement with Heywoods to initialise project	MSS available and communicated to various categories of scheme members throughout the year
4.6	Development of workflow system	Barbara Cheatle		Review

<b>3.</b>	<b>Other</b>			
3.1	Prepare the Fund's 2019 accounts and report including compliance with cost transparency requirements and with revised reporting guidelines	Sangeeta Surana / Katherine Gray	Accounts completed on time with clean audit report	Accounts completion planned for July 2020
3.2	Implement changes proposed in recent MHCLG consultations including Fair Deal	Alison Mings	Still awaiting confirmation of further pooling consultation. ACCESS response to RI consultation Jan 2020. Other LGPS changes on hold	Changes to be implemented as required
3.3	Complete the March 2019 LGPS triennial valuation and communicate revised employer contribution rates	Barnett Waddingham Alison Mings / Steve Tagg / Barbara Cheatle	Funding level improved to 98%. Results communicated to employers. Due for sign off 31 March 2020	Revised employer rates to be implemented 1 April 2020
3.4	Update Funding strategy statement	Alison Mings / Steve Tagg		Update FSS with assistance from Barnett Waddingham taking account of the valuation results
3.5	Fund actuary contract	Alison Mings / Steve Tagg		Procurement of the fund actuary using the LGPS framework
3.6	Review governance arrangements taking into account internal audit recommendations, SAB good governance recommendation and	Zena Cooke / Alison Mings	Commence review of Pensions Board role. Assess board's training needs	Procure governance advice using LGPS framework. Consultant to review fund policies, current role of the

	TPR guidance			board and provide training to board and committee members
3.7	Undertake review of finance resources taking into account internal audit recommendations, tPR guidance and good governance review recommendations	Zena Cooke / Alison Mings	Treasury and Investments staff attended a workshop on 5 February. Contributed ideas for the scope of the review	Complete review and create new team / structure / recruitment
3.8	Review and update finance procedures and documentation taking into account internal audit recommendations	Treasury and Investments team		Complete review and update

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