



## AGENDA

### PENSION BOARD

**Friday, 12th February, 2021, at 10.00 am**

Ask for: **Theresa Grayell**

**online**

Telephone **03000 416172**

#### **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 15 October 2020 (Pages 1 - 8)
4. Internal Audit action plan update - verbal

5. Pension Fund business plan (Pages 9 - 16)
6. Pensions Administration (Pages 17 - 20)
7. Fund Employer and Governance Matters (Pages 21 - 26)
8. ACCESS update (Pages 27 - 44)
9. Date of next meeting

The next meeting of the board will be held on Friday 4 June 2021, commencing at 10.00 am.

**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)*

10. Superannuation Fund Committee update (Pages 45 - 46)
11. Training update - verbal
12. Pension Fund Risk Register (Pages 47 - 52)

Benjamin Watts  
General Counsel  
03000 416814

**Thursday, 4 February 2021**

## KENT COUNTY COUNCIL

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### PENSION BOARD

MINUTES of a meeting of the Pension Board held in the online on Thursday, 15 October 2020.

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

ALSO PRESENT: Mr C Simkins

IN ATTENDANCE: Mrs A Mings (Treasury and Investments Manager, and Acting Business Partner for the Kent Pension Fund), Mrs B Cheatle (Pensions Manager), Ms S Surana (Principal Accountant - Investments), Mr S Tagg (Senior Accountant - Pension Fund), Ms K Gray (Senior Accountant - Investments), Miss T A Grayell (Democratic Services Officer) and Ms E Kennedy (Democratic Services Officer)

### UNRESTRICTED ITEMS

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

*(Item 1)*

Apologies for absence had been received from Lauren Shah and Peter Oakford.

There were no substitutes

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

*(Item 2)*

The Chairman, Mrs Crabtree, declared that a small part of her personal pension was invested with Woodford.

#### **3. Minutes of the meeting held on 26 February 2020**

*(Item 3)*

It was RESOLVED that these were a correct record and that a paper copy be signed by the Chairman when this can be done safely. There were no matters arising.

#### **4. Pension Fund Business Plan**

*(Item 4)*

1. Mrs Mings introduced the report and congratulated Mrs Cheatle and her team on getting all benefits illustrations out on time at the end of August despite the disruptions of covid-19. The Business Plan had two new areas of work – i) the McCloud remedy and ii) the new £95k cap on exit payments – and there had also been an increase in budget spend on consultancy fees.

2. Clarification was requested about the accounts being signed off, as the Fire Service Pensions Committee and the Superannuation Fund Committee had heard

different news at respective recent meetings. Ms Surana advised that the auditors, Grant Thornton, were still looking at a very minor point relating to derivatives but it was not expected that this would stop them signing off the accounts. The accounts had therefore been signed off pending resolution of the above. The Public Sector Audit Authority was expected to require more stringent controls and additional testing, and fees payable would rise further to cover this additional work.

3. The Chairman added that there had been some difficulties in valuing the fund's properties due to covid-19 restrictions.

4. Ms Surana advised that it was hoped that the custody contract could be extended beyond its current expiry date, and discussions were going on with procurement colleagues to pursue this. Procurement would then be undertaken jointly with ACCESS partners.

5. It was RESOLVED that the updated Business Plan and the related budget for 2020-21 be noted.

## **5. Fund Employer and Governance Matters**

*(Item 5)*

1. Mrs Mings introduced the report and Mrs Cheatle summarised the background and context of the McCloud remedy and the new £95k cap on exit payments. The County Council's draft response to the McCloud consultation was included in the agenda pack and she outlined the complexity of both applying it retrospectively to existing pensioners and recalculating the benefits for new pensioners, and the inevitable impact this would have on the team's workload. The establishment of the new exit cap had been anticipated for several years and would apply to public sector bodies (but not to other employers) in the scheme. It would require a review of the LGPS regulations and an update of software to handle new calculations, which would initially need to be done manually. It was expected that the cap would affect only a small number of Kent scheme members, but additional resources would be required to manage both that and the McCloud impact coming in at the same time.

2. Mrs Cheatle responded to comments and questions from the board, including the following:-

a) some clarification was still needed on how the cap would apply to some employers, for example, those which had been outsourced, to Local Authority Trading Companies (LATCOs) and to staff who had been transferred under TUPE regulations; and

b) concern was expressed that some of Kent's many academies may decide they could no longer afford to be part of the Kent fund and may leave, having a large impact on the fund.

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

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

*(Item 6)*

1. Mrs Mings introduced the report and advised that the accounts would also be considered by the Superannuation Fund Committee on 13 November 2020 for approval prior to publication. She thanked Mrs Cheatle, Ms Surana and their teams for the immense amount of work they had put into preparing the accounts. Mr Simkins added his thanks.

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

## **7. Internal Audit Review update (verbal)**

*(Item 7)*

1. Mrs Mings gave a verbal update on progress on the action plan since the board's February meeting. Barnett Waddingham had been appointed as consultants, and this news was welcomed. There were two reviews currently underway: of the pension fund governance and of the resources required to support the fund. Board members would be invited to join the first part of the Superannuation Fund Committee meeting on 13 November 2020.

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

## **8. Board Member Training**

*(Item 8)*

1. Mrs Mings introduced the report and thanked all those who had responded to the invitation and taken part in the training offered. Hyman's report on the national picture of training for pensions committees and boards was provided for information and it was hoped that Barnett Waddingham would be able to deliver training at future meetings of the board and the Superannuation Fund Committee. Mrs Mings and Mr Tagg responded to comments and questions from the board, including the following:-

a) the training on offer was welcomed but the point made that elections in May 2021 may bring many new Members, for whom the training would need to be repeated. Members took the view that it was always useful for training to be repeated at regular intervals to refresh their knowledge. It was suggested that the issue of delivering training to a potentially large number of new Members be added to the risk register; and

b) the report gave an overview of training; individual Members' training needs would be addressed in one-to-one sessions.

2. It was RESOLVED that the results of the survey and the next steps set out in the report be noted, with thanks.

## **9. ACCESS update**

*(Item 9)*

1. Mrs Mings and Mr Simkins introduced the report and advised that work was continuing after a brief pause to take account of covid-19 restrictions. Working groups were looking at the range of assets held, to see which could be pooled. A report on the governance arrangements would be considered by the County Council on 22

October 2020 and approval sought to sign the Inter-Authority Agreement, which all 12 local authorities in the pool needed to sign.

2. Mrs Mings and Mr Simkins responded to comments and questions from the board, including the following:-

- a) the structure of the pooling group and the arrangements worked well, with good collaboration between member authorities. The aim was to achieve savings through economies of scale, and Kent had benefitted from its involvement in the pool; and
- b) asked to what extent central government sought to direct the work of pools, Mr Simkins advised that central government checked how pools were working but had not sought to direct their work by steering them in any specific direction. This had been taken as a sign that the authorities in the pool were seen as being capable of making good, independent, professional decisions.

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

## **10. Date of next meeting**

*(Item 10)*

The Democratic Services Officer advised that, due to the desire of the Superannuation Fund Committee to receive a written rather than an oral report of the board's most recent meeting, the next scheduled board meeting had been brought forward from 26 January to **19 January 2021**, commencing at **2.30 pm**. *The board's programme of meeting was later reviewed and the January meeting subsequently moved to 12 February 2021, commencing at 10.00 am.*

## **11. Motion to exclude the press and public for exempt business**

It was 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 MINUTES** (where access remains restricted)

## **12. Superannuation Fund Committee update**

*(Item 11)*

1. Mrs Mings and Mr Simkins introduced the report, advised the board of the present valuation of the fund, the minimal apparent impact of covid-19, that regular update meetings with fund managers helped monitor progress, and that a report on the fund's cashflow would be made to every meeting of the Superannuation Fund Committee. They responded to questions of detail from the board, including on fees and costs and the fund's cashflow.

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

### **13. Pension Fund Risk Register**

*(Item 12)*

1. Mrs Mings and Mr Simkins introduced the report and advised the board of work undertaken since last reporting. There were no questions.
2. It was RESOLVED that the information set out in the report be noted, with thanks.

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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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From: Chairman – Kent Pension Board  
Corporate Director of Finance

To: Kent Pension Board – 12 February 2021

Subject: Pension Fund Business Plan

Classification: Unrestricted

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**Summary:**

To advise the Board of the progress made to date on the business plan and related costs

**Recommendation:**

The Board is recommended to note the updated Business Plan and the costs required to deliver the plan in 2020-21 and 2021-22.

**FOR INFORMATION**

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**1. Introduction**

1.1 The Board is asked to note the updated business plan and forecast costs required to deliver the plan in 2020-21 and 2021-22.

**2. Business plan**

2.1 The Fund's business plan has been updated to reflect progress made to date and anticipated for 2021-22 and a copy is at appendix 1.

2.2 Members are asked to particularly note the following:

- i) Work completed on the implementation of the investment strategy in particular in relation to an equity protection programme and the transition of a global equities fund to the ACCESS platform.
- ii) Substantial progress has been made with implementing the ACCESS pooling plans. The Kent Fund is represented at all levels of the ACCESS pool and it is anticipated that going forward the amount of work involved will increase as plans are progressed to pool those investments still held outside the pool.
- iii) The Fund's 2019-20 annual report and accounts were signed off at the end of November 2020 and published to the website. The timetable for the preparation of the 2020-21 report and accounts is yet to be finalised.
- iv) We still await the outcomes of the consultations on the McCloud remedy and the changes to the LGPS regulations in respect of the £95k exit cap as well as the outcome of the judicial reviews of the legislation enacted in November 2020. It is anticipated that these will have a substantial impact on the

workload of the Pensions Administration, and it is likely the work involved will be undertaken in 2021-22.

- v) Barnett Waddingham are making progress on the review of the governance of the Pension Fund including the KCC finance support for the Fund. They are due to complete their review by the end of March 2021 with the agreed recommendations being implemented during 2021-22.
- vi) As agreed by the Committee the RI working group has commenced its review of the Fund's RI policy and consideration of the implementation of the policy. This work will be ongoing through the remainder of 2020-21 and into 2021-22.
- vii) A review of the Fund's strategic asset allocation taking into account the 2019 valuation results is planned for mid-year 2021 with any agreed changes to the Fund's investments then being made including possible further transitions to the ACCESS platform.

### **3. 2020-21 forecast**

- 3.1 Total forecast costs to support the 2020-21 business plan are now £4.78m and details are included in the table below.
- 3.2 At the current time it is anticipated that additional costs will be incurred in relation to investment consultancy provided by Mercer in particular for the establishment of an equity protection programme. We are also forecasting higher audit costs due to the additional work requiring to be undertaken in relation to the annual audit of the Fund.

### **4. Draft 2021-22 budget**

- 4.1 It is anticipated that the costs to support the 2021-22 business plan will amount to some £5.05m, an increase of £0.27m mainly due to forecast higher costs of the KCC finance support.
- 4.2 At this stage the budget for 2021-22 for the pension administration, investment accounting and governance costs is provisional pending the outcome of the governance review and ACCESS requirements and will need to be updated for the final outcomes of the review and as the pooling plans progress.
- 4.3 The resources required to support the Fund's RI programme have yet to be confirmed.
- 4.4 Higher investment and governance consultancy costs reflect the reviews planned. Costs for the equity protection consultancy are projected to be lower as the programme has been implemented and will only incur monitoring costs going forward.

### **5. Pension Fund Management Costs**

	<b>Agreed Budget 2020-21</b>	<b>Forecast costs 2020-21</b>	<b>(Overspend) / Underspend</b>	<b>Draft Budget 2021-22</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Pensions Administration	3,411,900	3,411,900		3,610,000
Pension Payroll Services	225,973	225,973	-	226,000
Payment services	17,340	17,340	-	17,400
Financial Services	68,340	68,340	-	69,000
<b>Administration Expenses</b>	<b>3,723,553</b>	<b>3,723,553</b>	<b>-</b>	<b>3,922,400</b>
Actuarial Fee including cost of valuation	260,000	260,000	-	250,000
Legal Fees	125,000	50,000	75,000	50,000
Direct recovery of actuary, legal fees and admin costs	(225,000)	(225,000)	-	(225,000)
Subscriptions	46,000	46,000	-	46,000
ACCESS pooling costs	100,000	90,000	10,000	115,000
Investment Accounting and Oversight costs	400,000	400,000	-	600,000
Performance Measurement Fees	10,000	10,000	-	12,000
Investment and governance consultancy	210,000	180,000	30,000	180,000
Equity Protection consultancy		180,000	(180,000)	30,000
Other professional advice	20,000	20,000	-	20,000
<b>Governance and Oversight Expenses</b>	<b>946,000</b>	<b>1,011,000</b>	<b>(65,000)</b>	<b>1,078,000</b>
Audit fee	24,000	50,000	(26,000)	50,000
<b>Total</b>	<b>4,693,553</b>	<b>4,784,553</b>	<b>(91,000)</b>	<b>5,050,400</b>

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Alison Mings, Acting Business Partner – Kent Pension Fund

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**February 2021**

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## Kent Pension Fund Business Plan

Action No.	Description	Accountable Officer(s)	Actual 2020-21 activity at February 2021	Proposed 2021-22 activity
<b>1. Investment Strategy</b>				
1.1	Implement the revised asset allocation agreed by Superannuation Fund Committee on 9 February 2018.	Zena Cooke / Alison Mings	<p>Manager appointed to implement the equity downside protection programme.</p> <p>Passive equity fund holdings redeemed and replaced by synthetic equity exposure</p> <p>Protection implemented in December 2020 for global equities.</p> <p>Final arrangements for the protection of UK equities to be confirmed by March 2021</p> <p>Continued funding of private equity / infrastructure investments</p>	Finalise monitoring and reporting for equity protection programme
1.2.1	Strategic review of asset allocation taking account of results of the 2019 valuation	Zena Cooke / Alison Mings / Sangeeta Surana		Engage investment consultant to undertake review Q1, report outcome to June committee
1.2.2	Implement the agreed recommendations of the strategic asset allocation review	Zena Cooke / Alison Mings / Sangeeta Surana		Engage investment consultant to advise on new investment options including ACCESS funds, and selection of managers
1.3	Manage the transition of investments including to the ACCESS pooled funds	Alison Mings / Sangeeta Surana	Global equity investments transitioned to ACCESS platform at the end of November 2020.	<p>Transition fixed Income sub-fund investments as already agreed to the ACCESS platform</p> <p>Implement other transitions arising from recommendations of strategic asset allocation review</p>
1.4	Monitoring the performance of investment managers and funds.	Zena Cooke / Alison Mings / Sangeeta Surana	<p>Investment Managers attending quarterly committee meetings</p> <p>Monthly flash reports, quarterly fund performance reports</p> <p>Investment consultant attending every committee meeting.</p> <p>Quarterly manager reviews. From September 2020 covered all managers.</p> <p>Asset allocation Rebalancing Framework agreed September 2020</p>	<p>Investment Managers attending quarterly committee meetings</p> <p>Monthly flash reports, quarterly fund performance reports</p> <p>Investment consultant attending every committee meeting.</p> <p>Quarterly manager reviews.</p> <p>Asset allocation review at every meeting against Rebalancing Framework</p>
1.5	Develop enhanced Responsible Investment (RI) / Environmental Social and Governance (ESG) policy / reporting	Alison Mings Sangeeta Surana Katherine Gray	Policy reviewed at November committee meeting and RI working group established to consider further enhancement and implementation. Report to the March 2021 committee meeting	Ongoing - RI working group monthly meetings, recommendations to the committee, training for the committee on RI developments
1.6	Investment Consultant procurement	Sangeeta Surana Alison Mings	Procurement in hand for long term contract for investment advice to the committee	Ongoing management of Investment consultant contract
1.7	Update investment strategy statement (ISS) reflecting CIPFA guidance and best practice	Alison Mings Sangeeta Surana	ISS updated.	ISS to be updated with assistance from the investment consultant reflecting revised strategic asset allocation
1.8	Custody contract	Sangeeta Surana Katherine Gray	Current contract extended for 9 months with agreement from KCC procurement team	Complete procurement of a long-term custody contract Q2 and manage transition to new provider

## Kent Pension Fund Business Plan

Action No.	Description	Accountable Officer(s)	Actual 2020-21 activity at February 2021	Proposed 2021-22 activity
			ACCESS collaborative procurement using LGPS Framework commenced	if required.

### 2. ACCESS Pool

2.1	Support the Chairman in his role on the Joint Committee (JC).	Alison Mings	Meeting 6 times a year, Next JC meeting 8 March 2021	Quarterly meetings
	Membership of the S151 group	Zena Cooke	Meetings before the JC meetings	Quarterly meetings before the Joint Committee meetings
2.2	Membership of the Officer working group (OWG) and other working groups to support the progress of the pooling agenda	Alison Mings Sangeeta Surana Katherine Gray	Membership of: Active listed assets sub-group, Reporting sub-group, Non-listed assets sub-group, RI task and finish group, Custody procurement task and finish group, Investor user group	Continue to support the progression of pooling in ACCESS through participation in working groups as required. Most of the current working groups are expected to continue in 2021-22
2.3	Support the role of host authority and Access Support Unit (ASU)	Alison Mings	Kent Democratic Services providing clerking support to the JC	Kent Democratic Services providing clerking support to the JC
2.4	Ensure the Superannuation Fund Committee and Board are kept fully informed on ACCESS issues.	Alison Mings	Quarterly updates for the board and committee  Presentation by ACCESS Interim Director to members on 5 February	Quarterly updates for the board and committee

### 3. Governance and employer matters

3.1	Support the Superannuation Fund Committee and the Pension Board members to effectively undertake their roles and ensure that appropriate training is available.	Zena Cooke / Alison Mings	Role of Business Partner being covered by Alison Mings.  Barnett Waddingham commenced review of governance, KCC finance as well as members' training needs.  Training day 5 February 2021  Agree training plan aligned with the Fund's policy	Put in place permanent resources and agreed management structure within the KCC finance function  Implement updated training plan  See actions 3.7 and 3.8
3.2	Prepare the Fund's annual accounts and report including compliance with cost transparency requirements and with revised reporting guidelines	Sangeeta Surana / Katherine Gray	2020 Accounts signed off by Governance & Audit Committee at its October meeting.  Committee approved the report November 2020.  Final audit sign off end November.  Report and Accounts published end November.	Complete accounts and report in line with timetable agreed with KCC Chief Accountant and external auditors. Q2 – Q3.
3.3	Response to consultations and regulation changes	Alison Mings / Barbara Cheatle		
3.3.1	Investment Guidance	Alison Mings	Update deferred on LGPS investment guidance following outcome of the Supreme Court judgement	
3.3.2	Employer flexibilities	Alison Mings	New regulations came into force in September 2020, awaiting guidance. Funding Strategy Statement to be updated on receipt of the MHCLG guidance.	Work with the Fund Actuary on implementing changes re exiting employers.
3.3.3	McCloud remedy	Barbara Cheatle	Consultation response submitted and awaiting guidance.	Implement changes required, see action 4.7



## Kent Pension Fund Business Plan

Action No.	Description	Accountable Officer(s)	Actual 2020-21 activity at February 2021	Proposed 2021-22 activity
3.3.4	Public Sector Exit Payments	Barbara Cheatle	Restrictions on Public Sector payments legislation passed into law. Awaiting outcome of judicial reviews.  Responded to consultation on changes to £95k exit payments cap and awaiting guidance re LGPS regulations.	Implement changes required, see action 4.8
3.4	Actuarial triennial valuation	Fund actuary / Alison Mings / Steve Tagg / Barbara Cheatle	Employers paying contributions from 1 April 2020 based on 2019 valuation	Planning for 31 March 2022 valuation
3.5	Update Funding strategy statement	Alison Mings / Steve Tagg	FSS updated taking account of the valuation results, awaiting advice re new employer flexibilities	FSS to be updated taking account of advice from Governance consultant
3.6	Fund actuary contract	Alison Mings / Steve Tagg		Ongoing management of actuary contract
3.7	Review governance arrangements considering internal audit recommendations.	Zena Cooke / Alison Mings	Barnett Waddingham engaged to undertake the review.  Review commenced Q3, continuing Q4. Training day 5 Feb.	Complete review and implement recommendations
3.8	Undertake review of finance resources considering internal audit recommendations.	Zena Cooke / Alison Mings	Barnett Waddingham engaged to undertake the review.  Review commenced Q3, report due Q4	Implement recommendations Q1
3.9	Review and update finance procedures and documentation considering internal audit recommendations	Treasury and Investments team	Completed review and update	

#### 4. Administration

4.1	Roll out i-Connect employer self service	Barbara Cheatle	Progress on roll out impacted by Covid-19  Rollout to large payrolls, including KCC and Medway in hand.  Introduced to other large employers, such as district councils, colleges etc via webinars in preparation for extension of roll out  Progress made on the data cleansing part of project and possible use of dedicated resource	Further rollout planned
4.2	Preparation of annual benefit illustrations for despatch to members by the statutory deadline	Barbara Cheatle	Ongoing	Ongoing
4.3	Reduce the backlog of unprocessed leaver cases	Barbara Cheatle	External support engaged for to further reduce backlog cases.	
4.4	Follow up GMP reconciliation exercise	Barbara Cheatle	Stage 2 of reconciliation to be completed. Stage 3 of project will require Procurement of a company using the LGPS framework	HMRC have confirmed errors in previous information supplied for GMP reconciliation and so rework required by external company
4.5	Develop plan for introducing member Self Service (MSS)	Barbara Cheatle	MSS available and communicated to various categories of scheme members throughout the year. MSS in UAT environment	Planned roll out to members
4.6	Development of workflow system	Barbara Cheatle	Revision of workflow	.

## Kent Pension Fund Business Plan

Action No.	Description	Accountable Officer(s)	Actual 2020-21 activity at February 2021	Proposed 2021-22 activity
			introduced to staff via webinars from Heywood and internal staff. Internal processes changed and auto allocation of tasks introduced at beginning of June	
4.7	McCloud remedy project - changes to LGPS following the McCloud judgement	Barbara Cheatle	see action 3.3.3 above  Set up project for requesting data from employers and recalculation of benefits where necessary, changes to processes, communications etc	Project to commence once remedy agreed
4.8	Exit payments £95k cap	Barbara Cheatle	see action 3.3.4 above.  Will require a significant communication exercise and changes to processes etc Effective date to be advised but we can expect an influx of retirements involving employer costs before this date	Implementation of changes per LGPS regulations and guidance

From:	Corporate Director of Finance
To:	Pension Board – 12 February 2021
Subject:	Pensions Administration
Classification:	Unrestricted

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### Summary:

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

### Recommendations:

The Board is recommended to note the report.

### REPORT SUMMARY

- i) Number of tasks completed in the 6 month period to the end of September 2020 has fallen when compared to previous years due to changes in working conditions as a result of Covid-19
- ii) Key Performance Indicators in some areas have also been impacted by the change in working conditions.
- iii) The section met its' statutory requirement to send updates to deferred and current members of the scheme by the statutory deadline.
- iv) A contract with an external company to help with backlogs of work is now in place.

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## 1. WORKLOAD POSITION

Tasks completed in key areas between April and September 2020 and comparison with previous 4 years

	TOTAL	Retirement Benefit	Correspondence	Estimate Retirement Benefit	Dependant Benefit	Deferred Benefit	Divorce	Transfer/ Interfund In	Transfer/ Interfund Out
April-Sept 2020	<b>6,770</b>	1090	2200	1840	230	860	150	100	300
2019 - 2020	<b>19,520</b>	2480	4280	3900	450	6680	350	490	890
2018 - 2019	<b>18,120</b>	2590	5790	3680	530	3910	400	430	790
2017 - 2018	<b>14,290</b>	2010	5340	3030	580	1720	330	420	860
2016	<b>13,840</b>	2240	5370	3150	410	1360	380	290	640

-									
2017									

Numbers rounded to the nearest 10 for clarity

- 1.1 The above table shows that in the 6 months to September 2020 the number of tasks completed has fallen. This is due to the change in working conditions due to Covid-19, periods when staff were unable to work due to lack of IT equipment to work from home and other staff unable to work from home due to caring responsibilities.
- 1.2 The areas of work highlighted as priority, calculation and payment of retirement benefits and dependant benefits, dealing with correspondence and estimates of retirement benefits show levels comparable with previous years however the other categories have fewer cases completed.
- 1.3 During the 6 month period we met our statutory requirement to send annual updates to 38,260 deferred members and Annual Benefit Illustrations to 48,600 current members of the scheme.

## 2. ACHIEVEMENTS AGAINST KEY PERFORMANCE INDICATORS (KPIs)

### KPIs in key areas between April and September 2020 and comparison with previous 4 years

	Calculation and payment of retirement benefit	Response to correspondence	Calculation of retirement benefit estimate	Calculation and payment of dependant benefit
KPI	20 days	15 days	20 days	15 days
April-September 2020	94%	99%	64%	100%
2019/2020	97%	100%	90%	93%
2018/2019	96%	100%	72%	97%
2017/2018	98%	99%	72%	99%
2016/2017	95%	99%	67%	95%

NB. All target turnaround times commence when we have all the necessary documentation to complete the particular task. Requirement to complete 95% of the recorded KPI tasks, within the agreed target turnaround times

- 2.1 The table of our performance against our target key performance indicators also reflects the problems we have experienced during the 6 month period to September 2020 as detailed in paragraph 1.1.

## 3. CLEARANCE OF UNPROCESSED CASES

- 3.1 As reported previously to the Board due to various issues since the introduction of the CARE scheme in 2014 backlogs of certain areas of pension work have built up. Agreement was given by the Superannuation Committee for a call-off from the Norfolk framework to contract with an external company to help with the clearance of the backlog. The need for this was further highlighted by a letter from the Government Actuary Department in April 2020, following the submission of our data for the whole LGPS scheme valuation in 2019, highlighting that in some areas Kent's data compared unfavourably against other

funds and they were seeking to see an improvement in the Kent Fund's unprocessed leavers.

3.2 On 4 August 2020 a contract was signed with Independent Transition Management Limited (ITM) to clear 17,000 tasks in a 17.5 month period ending January 2022.

3.3 ITM have assigned 6 of their team to work on the project exclusively together with supervisors, a project manager and a data analyst.

3.4 The ITM staff have received training remotely from KCC staff and are progressing well. Their preliminary work has largely revolved around the review of the 17,000 tasks to quantify the numbers of cases that cannot progress due to missing data from employers and to liaise with employers regarding the submission of the data.

3.5 As at 31 January 2021 ITM had completed 1,700 tasks

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**November 2020**

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From: Chairman – Kent Pension Board  
Corporate Director of Finance

To: Kent Pension Board – 12 February 2021

Subject: Fund Employer and Governance Matters

Classification: Unrestricted

**Summary:**

This report provides an update on Fund employers, a Scheme Advisory Board (SAB) consultation, the McCloud remedy, the £95k Exit Cap and admission matters

**Recommendation:**

The Board is recommended to note the report

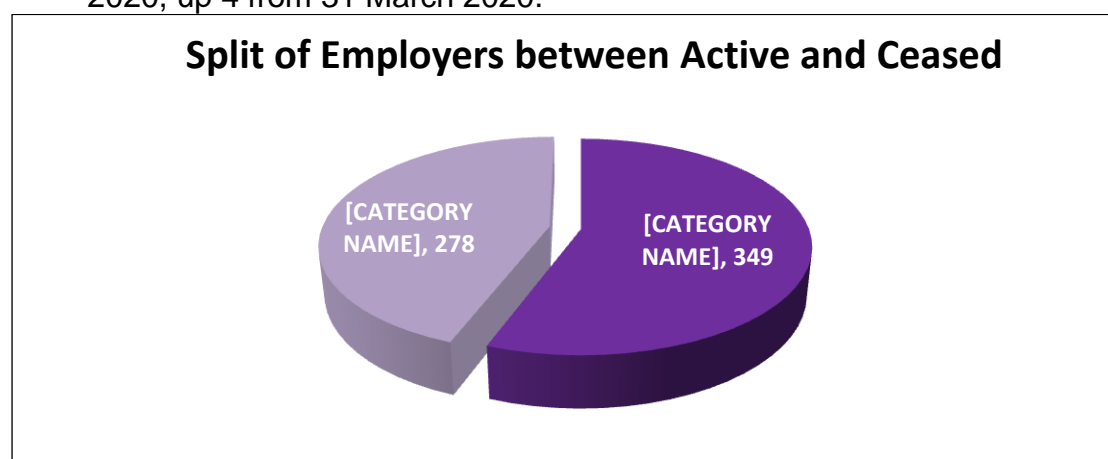
**FOR INFORMATION**

**1 Introduction**

- 1.1 This report provides an update on employers for the 9 months April 2020 to December 2020 as well as a Scheme Advisory Board consultation on Employer Flexibilities.
- 1.2 It also provides an update on the McCloud remedy, the £95k Exit Cap and employer admission matters.

**2 Fund Employer update**

- 2.1 There was a total of 627 employers in the Kent Pension Fund on 31 December 2020, up 4 from 31 March 2020.

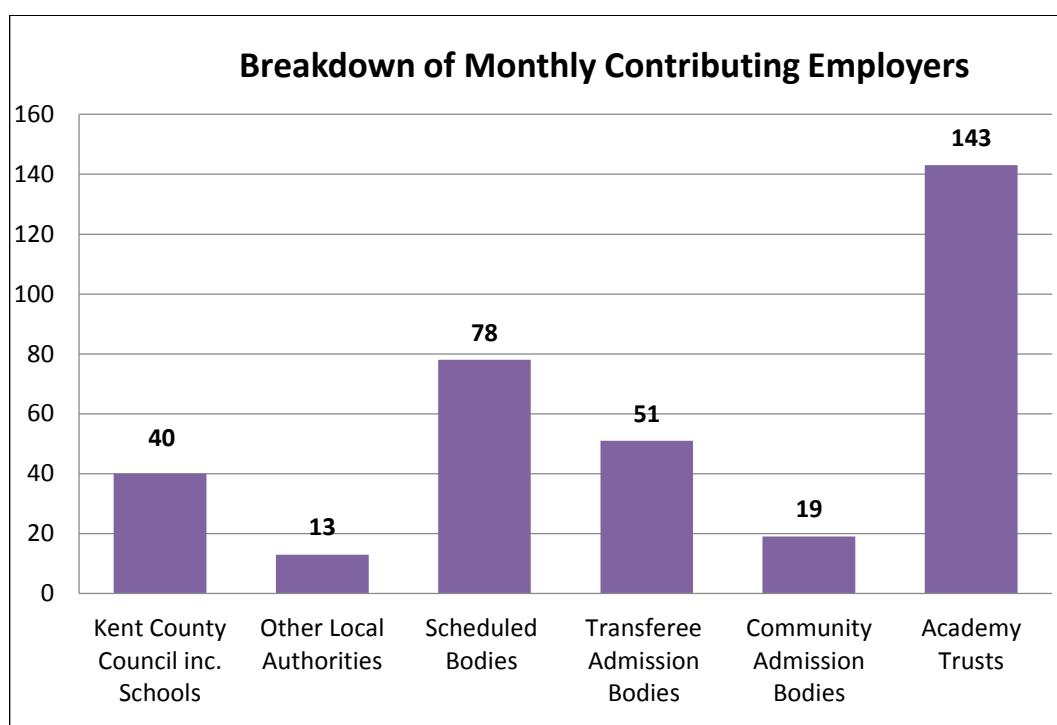


- 2.2 The number of active employers regularly paying contributions increased by 6 in the 9 months from the end of March and 10 employers ceased to have active members in the Local Government Pension Scheme (LGPS). The ceased employers no longer have active contributing members in the LGPS and the Fund has an existing or future liability to pay any pensions.
- 2.3 The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 9 months from 1 April 2020 to 31 December 2020.

<b>New Employers</b>	<b>Effective date</b>
<b>Admission Bodies</b>	
Exclusive Contract Services Limited	1 April 2019 (backdated admission)
Busy Bee Cleaning Services Limited	1 April 2020 (backdated admission)
Wealden Leisure Limited T/A Freedom Leisure Limited	1 September 2020
<b>Scheduled Bodies</b>	
Capel Manor College	1 January 2020 (Backdated Order)
<b>Academy Trusts</b>	
Alternative Learning Trust	1 September 2020
<b>Ceased / Merged to Trust Employers</b>	
<b>Admission Bodies</b>	
Sopra Steria Limited	31 March 2020
Cater Link (re KCC Schools)	30 April 2020
Ashford Leisure Trust	31 August 2020
Cater Link (re Rivermead Trust)	31 October 2020
<b>Scheduled Bodies</b>	
Gen2 Property Limited	02 April 2020
West Kent and Ashford College	31 August 2020
Hadlow College	30 September 2020
East Kent Housing	31 October 2020
Invicta telecare	31 December 2020
<b>Academy Change of Trust</b>	
Barnsole Primary Trust	31 August 2020



2.4 The following chart shows the Employers from whom the Fund receives monthly contributions by Employer Group. Note the KCC figures reflect the council's and schools' relationships with several payroll providers.

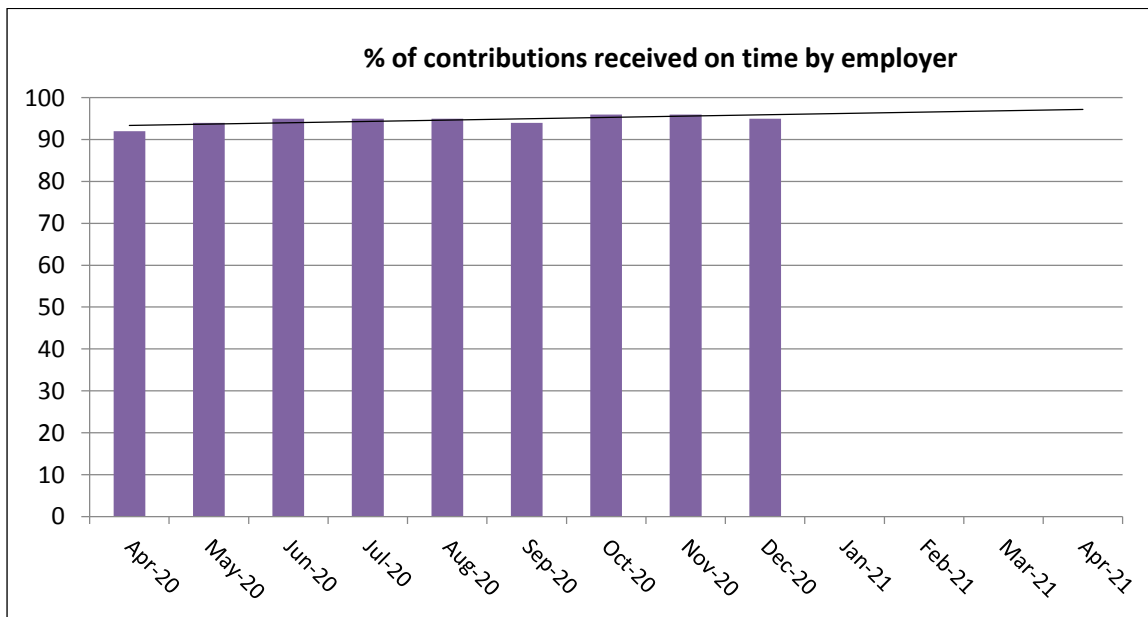
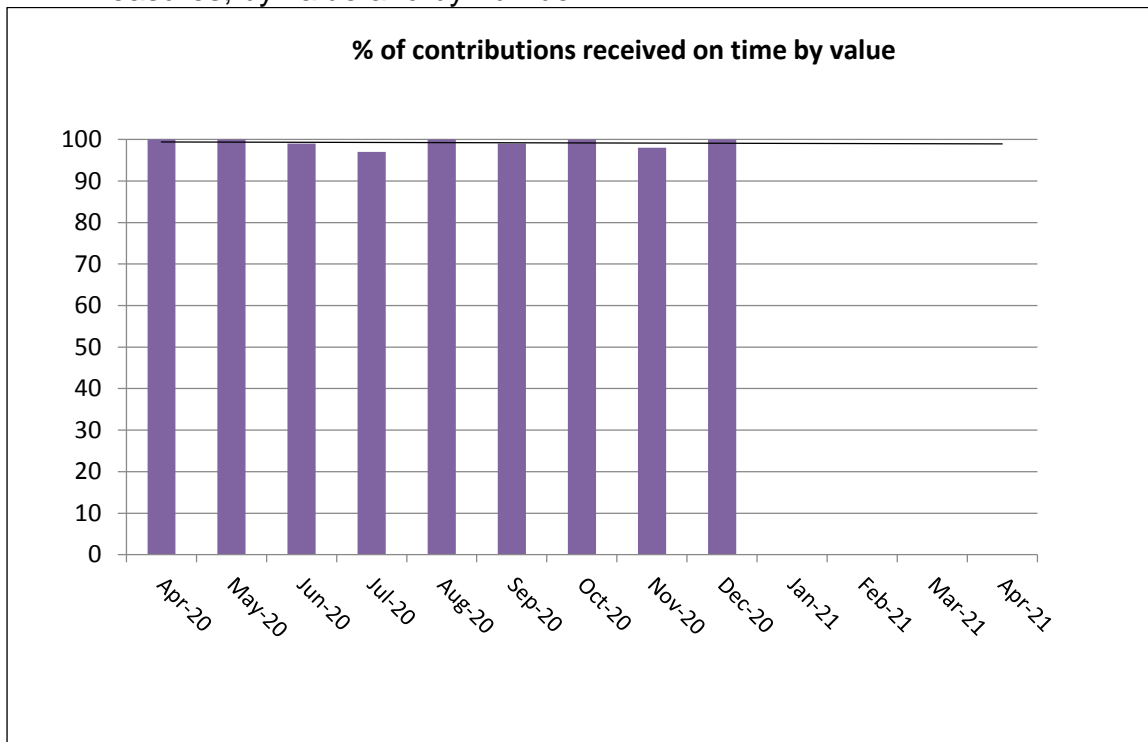


### 3 Contributions from employers

3.1 In the first 9 months from April to December 2020 the Fund received £188.6m from employers in respect of their monthly contributions (employer and employee) as follows:

	<b>Received Early</b>	<b>Cash on 19th</b>	<b>Received Late</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
April	14,992,211	6,003,509	94,242	21,089,962
May	12,090,475	8,523,449	65,637	20,679,561
June	10,734,308	10,084,330	154,205	20,972,843
July	11,841,344	8,317,987	658,617	20,817,948
August	11,264,687	9,227,397	81,480	20,573,564
September	12,335,935	8,529,640	254,687	21,120,262
October	13,409,520	7,717,392	20,001	21,146,913
November	12,341,896	8,225,342	463,120	21,030,358
December	12,868,136	8,315,621	15,136	21,198,893
<b>Total</b>	<b>91,178,512</b>	<b>74,944,667</b>	<b>1,807,125</b>	<b>188,630,304</b>

3.2 KCC monitors the receipt of these contributions and the following two charts show the % of employer contributions received on time by two different measures; by value and by number.



3.3 We have a KPI of 95% for % of contributions received on time by value and this was achieved in all 9 months. We also have a new reportable KPI of 95% for % of contributions received on time by employer. This was achieved in most months except for April when there were 28 late employers many of whom had still to adjust their processes to take account of the impact of the pandemic. By contrast in December there were 16 late or non-payers.

3.4 We are aware that some of our employers for example leisure centres, have found the pandemic particularly difficult and this has resulted in 4 of our employers being late or non-payers. Officers are in touch with the employers as well as with the scheme employers and actuary concerning arrangements for payment of the contributions.

#### **4 Deferred employers – employer flexibilities**

4.1 At their meeting on 15 October 2020 the Board were advised that the Local Government Pension Scheme (LGPS) Regulations 2013 had been amended from 23 September 2020 to include reference to deferred employers.

4.2 The Scheme Advisory Board (SAB) issued a draft Guide to Employer Flexibilities covering:

- guidance on preparing and maintaining policies on review of employer contributions;
- employer exit payments; and
- deferred debt agreements.

4.3 We are waiting for the issue of the guidance and will then need to update the Fund's Funding Strategy Statement (FSS).

#### **5 McCloud judgement and proposed remedy update**

5.1 The consultation on the Government's proposal to amend the LGPS regulations to take into account the McCloud judgement closed in October 2020 and we await the outcome.

5.2 Assuming the resultant legislation is in line with the proposals in the consultation, initial indications show that 15,820 active members of the Kent Fund will fall within the scope of the remedy with almost 40,000 deferred and retired members also impacted.

5.3 Discussions are being undertaken with our pensions administration software provider to provide templates so that missing data can be collected from employers and uploaded directly onto our database. This would be the first stage of the exercise with the remedy calculations following.

#### **6 £95,000 cap on exit payments in the public sector including early retirement payments**

6.1 Members were advised at their October meeting of the likely impact on the Pensions Administration team of this change. It was anticipated that it would require more administrative resource and give employers new challenges as they seek to manage their workforce, particularly as the effective date became clear.

6.2 This issue was added to the Pension Fund Risk Register given the potential

impact on the administration team.

- 6.3 The consultation on the changes to the Scheme regulations closed on 18 December 2020.
- 6.4 On 22 December 2020, three requests for Judicial Reviews of the Restriction of Public Sector Exit Payment Regulations 2020 were given permission to proceed. These requests contest the regulations on a number of grounds, including their effect on the LGPS regulations. It is expected that the judicial reviews will be heard towards the end of March 2021 with MHCLG confirming that these hearings will affect the timing of LGPS regulation changes.
- 6.5 This delay therefore leaves the LGPS in the position of having pension scheme rules that appear at odds with the Exit Cap Regulations as the Restriction of Public Sector Exit Payments Regulations 2020 became law on 4 November 2020.
- 6.6 The Scheme Advisory Board (SAB) has taken legal advice on the positions of both LGPS administering authorities and employers after 4 November and issued a commentary on this advice on 30 October. This can be accessed via <https://www.lgpsboard.org/index.php/structure-reform/public-sector-exitpayments>
- 6.7 SAB have also advised administering authorities to seek urgent legal advice relating to their specific circumstances regarding any exits occurring on or after 4 November that exceed the cap. The Kent Fund, along with other members of the ACCESS pool, sought and have received advice from Squires, Patton, Boggs.

## **7 Employer admission matters**

- 7.1 At their meeting on 13 November 2020 the Committee agreed to the admission of PT Commercial t/a Ecoclean (re Coppice Primary partnership Trust) and of Cleantec Services Ltd (re Dartford Grammar School for Girls Academy)
- 7.2 The Committee also agreed that officers may return a surplus, if any, having regard to any relevant considerations and the LGPS (Amendment) Regulations 2020, to Invicta Telecare Ltd who became an exiting employer on 31 December 2020.

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**February 2021**

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From: Chairman – Kent Pension Board  
Corporate Director of Finance

To: Kent Pension Board – 12 February 2021

Subject: ACCESS update

Classification: Unrestricted

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**Summary:**

This update provides a summary of the activities of the ACCESS pool.

**Recommendation:**

**The Pension Board to note this report.**

**FOR INFORMATION**

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**1. Introduction**

- 1.1 Board and Committee members received a presentation from Kevin McDonald, Interim ACCESS Director, on 5 February, and a copy of the slides is being circulated.
- 1.2 At the end of December 2020 the Kent Fund had invested in 5 sub-funds in the ACCESS authorised contractual scheme (ACS) operated by Link Financial Solutions, with a combined value of £3.7bn.
- 1.3 This report is to update the Board on the work being undertaken by the ACCESS pool.

**2. Joint Committee**

- 2.1 The Joint Committee (JC) has met since the last update for the Board and a summary report of their meeting on 13 January 2021 is at appendix 1. Copies of the minutes of the meetings held on 7 September and 12 November are at appendices 2 and 3.
- 2.2 The next meeting of the JC is scheduled for Monday 8 March 2021.

**3. Recent activity**

- 3.1 Since the last report to the Board the Officer Working Group (OWG) as well as other working groups with Kent being represented on each group, have been meeting remotely on a periodic basis.

- 3.2 A communications company has been hired to support the ACCESS Support Unit (ASU) and JC and an advisor appointed to assist with the drafting of the ACCESS pool's ESG guidelines taking account of the individual ACCESS funds' policies. Discussions are also continuing on the pipeline of additional listed asset sub-funds as well as consideration being given to the pooling solutions for unlisted assets.
- 3.4 A review of the resources of the ASU has been completed and at its meeting in January the JC agreed the recruitment of 2 additional staff.
- 3.5 The JC has also agreed the 2021-22 business plan which anticipates further progress on pooling listed assets and commencement of pooling of illiquids, and the budget to support this work taking into account the additional staff costs.

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**February 2021**

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All eleven ACCESS Authorities were represented. The key matters considered are described below.

Part I Item	Details
Business plan & budget	<p>The Committee received an updated on the <b>2020/21 Business Plan</b>.</p> <p>This included work undertaken to review the size and scope of the ASU, which commenced with an initial discussion paper which was the basis of individual discussions with officers at each Authority, followed by a second discussion paper and collective dialogue at OWG and finally by s151 Officers. The common themes of this dialogue were:</p> <ul style="list-style-type: none"> <li>• recognition of the increased pressure on Authorities;</li> <li>• acceptance that the ability to increase Technical Lead capacity was unlikely;</li> <li>• recognition of the increased workload implication of the business plan to the ASU; and</li> <li>• support for an expanded ASU.</li> </ul> <p>As a consequence, it was proposed that two new ASU posts be created: a Client Manager and an additional ACCESS Support Officer at an expected cost of £160k p.a. The proposal, supported by the s151 Officers, was incorporated within the proposed 2021/22 budget.</p> <p>A forecast 2020/21 spend of £0.969m against a budget of £1.078m was noted.</p> <p>The proposed <b>2021/22 Business Plan and budget</b> was considered. The Business Plan continues many current themes including active asset migration from Authorities into the ACS, the commencement of pooling illiquid assets along with the developments in the areas of governance, communications and Responsible Investment. To support this, a budget of £1.247m (including the £160k in respect of additional ASU staff) was recommended by the s151 Officers.</p> <p>The individual contribution by each Authority in respect of the 2021/22 budget is £113k.</p> <p><b>The Committee :</b></p> <ul style="list-style-type: none"> <li>• <b>noted the updates in respect of 2020/21’s business plan and budget;</b></li> <li>• <b>recommended the 2021/22 Business Plan to the ACCESS Authorities;</b></li> <li>• <b>and</b></li> <li>• <b>accepted the recommendation of the s151 Officers from ACCESS Authorities to determine the 2021/22 budget totalling £1.247m to support the proposed business plan.</b></li> </ul>

Part II Item	Details
Illiquid assets	<p>The JC received a report updating on the development of pooled illiquid asset investment solutions.</p> <p>It was highlighted that the proposed solutions do not require existing illiquid assets to be either re-housed or sold with proceeds then re-invested. The solutions are primarily geared towards new strategic allocations that Authorities may wish to make, but will also enable new investments to maintain existing allocations where deemed appropriate in line with their own strategic asset allocation decisions and requirements.</p> <p>The background and process of engagement with ACCESS Authorities was highlighted, and Sam Gervaise-Jones from advisers bfinance outlined the potential solutions for private equity, private debt, infrastructure and real estate. It was appreciated that the process will commence with the procurement of an Implementation Adviser.</p> <p><b>The Committee agreed:</b></p> <ul style="list-style-type: none"> <li>• <b>the proposed pooling structures for real estate, private equity, private debt and infrastructure; and</b></li> <li>• <b>the procurement, via the National LGPS frameworks, of a consultant to support the implementation of the proposed illiquid asset pooling structures and manager/fund/allocator procurements as required.</b></li> </ul>
Environmental, Social & Governance / Responsible Investment	<p>The JC received a report on the procurement of an ESG / RI advisor. This highlighted that, following evaluation of the bids received and interviews held on 7 January, the firm with the highest score was Minerva.</p> <p><b>The proposal to appoint Minerva to undertake a review of the pool's ESG/RI guidelines and to recommend appropriate reporting arrangements, was agreed.</b></p>
Investment Performance report	<p>The Committee noted the Investment Performance report as at 30 September 2020. The total pooled assets of all ACCESS Authorities was £25.471bn, an increase of £0.482bn from the June 2020 quarter. Indicative numbers as 31 December were stated as £31.119m (reflecting recent sub-fund launches).</p> <p>Information on investment performance, stock-lending and voting was provided along with carbon measurement and benchmarking. Details of engagement on the LGF ACCESS Absolute Return sub-fund were also included.</p> <p><b>Report noted.</b></p>
Sub-fund implementation	<p>The JC received a report outlining progress on sub-fund implementation. It was highlighted that a total of seven sub-fund launches had taken place in November and December 2020, two of which were Global equities (Acadian) and UK equities (Majedie). This activity added over £5bn to assets within the ACS and represented a significant step forward.</p> <p><b>Report noted.</b></p>



Contract Management	<p>The JC received a report covering a number of aspects of Contract and Supplier Relationship management including:</p> <ul style="list-style-type: none"> <li>• levels of insurance provision;</li> <li>• the Virtual Investor Day on 17 December 2020;</li> <li>• fee details; and</li> <li>• the “Temperature Check” undertaken in September 2020.</li> </ul> <p>The Committee were also updated on the first Internal Audit report undertaken on the work of the ASU which had attained Good Assurance.</p> <p><b>Report noted.</b></p>
Risk Register	<p>The Committee received a report on the Pool’s Risk Register. Whilst current rating of the Risk 5 (Brexit) is Amber, it was noted that this had been rated Red during December when the likelihood of a “No Deal” outcome increased. The implications for financial markets of the United Kingdom’s withdrawal from the European Union continue to be monitored.</p> <p><b>Report noted.</b></p>
Link Presentation	<p>Karl Midl, Richard Thornton and James Zealander from Link Fund Solutions gave a presentation which included an overview of Operator Services provided along with an update on sub-funds, initiatives and risks. The recent Temperature Check and Virtual Investor Day were covered, and it was highlighted that dialogue on insurance will continue.</p> <p><b>Presentation noted.</b></p>
Scheduled Business as Usual (BAU) evaluation	<p>The Committee received an update on the Scheduled BAU evaluation following the workshop held on 12 November.</p> <p><b>Report noted, and next steps agreed.</b></p>
Next meeting date	<p>8 March 2021 – Virtual meeting</p>

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## **ACCESS JOINT COMMITTEE**

MINUTES of a meeting of the ACCESS Joint Committee held at Virtual Meeting on Monday, 7th September, 2020.

PRESENT: Cllr Mark Kemp-Gee - Chair (Hampshire CC), Cllr Susan Barker - Vice-Chair (Essex CC), Cllr Gerrard Fox (East Sussex CC), Cllr Adrian Axford (Isle of Wight), Cllr Terry Rogers (Cambridgeshire CC), Cllr Judy Oliver (Norfolk CC), Cllr Bill Parker (Northamptonshire CC), Cllr Ralph Sangster (Hertfordshire CC), Cllr Charlie Simkins (Kent CC) and Cllr Karen Soons (Suffolk CC).

ALSO PRESENT: Kevin McDonald (ASU Director), Mark Paget (ASU Contract Manager) and Dawn Butler (ASU Support Officer), John Wright (Hymans Robertson) and Clifford Sims (Squire Patton Boggs, Solicitor).

OFFICERS: Andrew Boutflower (Hampshire), Glenn Cossey (Norfolk), Jody Evans (Essex), Paul Finbow (Suffolk), Michelle King (East Sussex), Alison Mings (Kent), Sharon Tan (Suffolk), Jo Thistlewood (Isle of Wight), Patrick Towey (Hertfordshire), Paul Tysoe (Cambridgeshire), Mark Whitby (Northamptonshire), Rachel Wood (West Sussex), Carolyn Williamson (Hampshire S151 Officer), and Joel Cook (Kent - Clerk).

### **UNRESTRICTED ITEMS**

#### **205. Apologies/Substitutes.**

*(Item. 1)*

1. Apologies and substitutes were as follows:  
Cllr Jonathan Ekins (Northamptonshire CC) – Cllr Bill Parker substitute (Northamptonshire CC).

RESOLVED that the apologies and substitutes be noted.

#### **206. Declaration of interests in items on the agenda.**

*(Item. 2)*

1. No declarations of interest were made.

#### **207. Chair's introduction.**

*(Item. 3)*

1. The Chair advised the Committee that the Chair's Introduction would be a standing item to serve as a conduit for the Chair and other Members to update the Joint Committee on matters related to pool developments and Member training between formal meetings.

RESOLVED the at the Chair's introduction be noted.

**208. Minutes of the meeting held on 17 July 2020.**

*(Item. 4)*

RESOLVED that the minutes of the meeting on 17 July 2020, subject to the correction of a minor error regarding the Annual Report being cited as the Annual Plan in paragraph 200, were a correct record and that they be signed by the Chairman.

**209. Business Plan and Budget update.**

*(Item. 5)*

1. Kevin McDonald (ASU Director) provided an update on the Business Plan, Budget and Risk Register. He recommended a restructure of the meeting schedule for the 2020/21 municipal year, with future meetings held in early November, January and March. Mr McDonald confirmed that Monitoring Officers from all ACCESS authorities had approved the Joint Committee's revised Inter Authority Agreement (IAA), which would now progress through formal governance at each authority prior to adoption.
2. Mr McDonald confirmed that due to several budgetary variances ACCESS's actual expenditure for 2020/21, including forecasts, stood at £1,011,258, a predicted underspend of £68,505 (£6,228 per authority). He added that a delay in the procurement of alternative assets had contributed significantly to the underspend. He explained that this meant that much of the planned expenditure would still be incurred but likely not within the 2020/21 financial year.

RESOLVED that the proposed amendment of the meeting schedule for 2020/21, the Business Plan update, the current forecast variances against the 2020/21 budget and summary Risk Register be noted.

**210. Communications.**

*(Item. 6)*

1. Mr Wright (Hymans Robertson) provided an update on the work undertaken at the Joint Committee's 17 July workshop on Communications, which focused on responsible investment, raising the profile of spokespeople and the benefits associated with pooling services. He recommended that the Joint Committee procure the services of a Public Relations specialist with expertise in public sector finance and government relations. Mr Wright suggested that the ASU Director act as spokesperson for ACCESS initially.
2. Mr McDonald clarified the proposal that Essex County Council be made the lead procurement authority in relation to the acquisition of Public Relations services for the Joint Committee, explaining that the intention was to work in partnership with procurement specialists Bloom. He explained the use of a Lead Procurement Authority was permitted under the existing Inter-authority Agreement (IAA). Mr McDonald confirmed that a draft of the Member

involvement arrangements in the PR provider selection process would be circulated to the members of the Joint Committee.

3. Members discussed the merits of individual Cllrs taking on lead roles on communications in areas in which they had expertise, with some potential areas such as ESG / RI and fiduciary duty / legal matters already identified. It was noted that this approach would be explored further with the Chair and Vice-Chair prior to updates at a future meeting.

RESOLVED that the report from Hymans Robertson and recommendations in the attached paper from Hymans Robertson be noted and that Essex County Council be permitted to act as the lead authority in the procurement of Public Relations professional advice.

**211. ESG / RI Position Statement.**  
*(Item. 7)*

1. Mr McDonald provided an update related to ACCESS's development of updated Environment, Social & Governance (ESG) and Responsible Investment (RI) guidelines, and confirmed that:
  - All ACCESS authorities remained individually responsible for determining their own ESG/RI policy.
  - All ACCESS authorities endorsed the UK Financial Reporting Council's (FRC) Stewardship Code.
  - Five member authorities referenced the United Nations Principles on Responsible Investment (UNPRI) in their ESG/RI policy and all respective fund managers were signatories.
  - Requirements had been drafted for the provision of specialist ESG/RI guideline advice.
2. Mr McDonald outlined the proposal that the Joint Committee agree that Essex County Council act as the lead authority in the procurement of ESG and RI professional advice. He added that a detailed timeline and progress report on this procurement will be drawn up prior to the Joint Committee's November meeting.
3. Members commented that future communication strategies should promote ACCESS's positive stance on ESG but highlighted the need to focus on the key role played by the individual authorities which would inform any ACCESS activity.

RESOLVED that the content of the report be noted, and that Essex County Council be permitted to act as the lead authority in the procurement of Environment, Social & Governance and Responsible Investment professional advice.

**212. Motion to Exclude the Press and Public.**  
*(Item. 8)*

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.

**213. Investment Performance.**

*(Item. 9)*

1. Mrs Tan (Suffolk) updated the Joint Committee on ACCESS's Quarter 1 Investment Performance and highlighted that figures corroborated the national trend.
2. Members discussed the disparity in Carbon Intensity (CI) between Sub-Funds and noted the difficulty of balancing Carbon Intensity and return, as well as the probability Carbon Intensive companies may reduce their CI.

RESOLVED that the report be noted.

**214. MHCLG - Pooling Submission (to follow).**

*(Item. 10)*

1. Mr McDonald provided an update and confirmed that advice had been sought from OWG prior to the drafting of the pooling submission and that an emphasis had been placed on highlighting assets under management, costs and key messages.
2. Members agreed that role of administering authorities should be highlighted by including the logos of all ACCESS member authorities in the MHCLG submission.
3. Mr McDonald reassured the committee that ACCESS's current progress performance compared favourably with that of other pools nationally.

RESOLVED that the content of the report be noted.

**215. Contract Management - Insurance Review.**

*(Item. 11)*

*At the direction of the Chair, the Committee considered items 11 and 12 together in view of the related recommendations – resolutions for each item are still detailed separately.*

1. Mr Paget (ASU) Provided a Contract Management update. He outlined the proposal to relax the Standard & Poor's credit rating requirement of the Operator's Professional Indemnity and Crime insurance cover and the linked intention to update the Operator Agreement to include additional KPIs which better reflected Business As Usual (BAU) operations. He confirmed that as ACCESS's Contracts Manager he would be responsible for negotiating the additional KPIs.
2. Mr Paget confirmed that the pool had AUM cover which totalled £20bn, as of August 2020 the pool's AUM topped £14bn.
3. Mr Sims (Squire Patton Boggs) and the Clerk clarified that the Operator Agreement was a combination of contracts held with all 11 participating Authorities and therefore amendments would have be managed

accordingly, with formal decision-making happening at local level, subject to the proposed recommendation from the Joint Committee.

4. It was confirmed that Mr Paget would consult and update the Chair and Vice-Chair on the progress of contract negotiations and that the outcome of the negotiations and operator agreement amendments would be reported at the next meeting.

RESOLVED that;

- The report be noted;
- Progression of the amendment to the Operator Agreement relaxing the Standard & Poor's credit rating requirement of Link's Professional Indemnity and Crime Insurance Cover to A-, subject to their agreement to the incorporation of additional KPIs, be approved; and
- authority be delegated to the ASU Contracts Manager, in consultation with the ASU Director and the Chair and Vice Chair of the Joint Committee, to finalise the arrangements and make the relevant recommendations to the administering authorities in relation the Operator Agreement amendment.

**216. Contract Management update - General.**

*(Item. 12)*

RESOLVED that;

- the matters highlighted within the report, the activity that has taken place and forthcoming plans be noted.
- progression of the amendment to Schedule 4 of the Operator Agreement to incorporate specified additional KPIs, as negotiated by the Contracts Manager, be approved; and
- authority be delegated to the ASU Contract Manager, in consultation with the ASU Director and the Chair and Vice Chair of the Joint Committee, to undertake and finalise the negotiations and make the relevant recommendations to the administering authorities in relation the Operator Agreement amendment.

**217. Scheduled Business As Usual (BAU) evaluation.**

*(Item. 13)*

1. Mr Wright gave a presentation to the Joint Committee to introduce the work undertaken as part of the review. It was highlighted that the Committee would receive further reports at future meetings as the review progressed.

RESOLVED that;

- the report be noted;
- the progression of further scoping work and options analysis to support the review be approved.

**218. Risk Register.**  
*(Item. 14)*

1. Mr McDonald provided an overview of the Risk Register.

RESOLVED that the report be noted.

**219. Link Presentation (to follow).**  
*(Item. 15)*

*Karl Midl, James Zealander and Richard Thornton from Link Fund Solutions were present for this item.*

1. Mr Midl provided a verbal update on the Woodford matter. He advised that no timeline was available on the conclusion of the FCA investigation.
2. Mr Midl and Mr Zealander delivered a presentation and focused on Operator Services, divided into: appointing and overseeing Investment Managers, Monitoring Investments, Overseeing Administrators and the benefits of the Authorised Contractual Scheme (ACS) structure over other structures.

RESOLVED that the presentation be noted.





## **ACCESS JOINT COMMITTEE**

MINUTES of a meeting of the ACCESS Joint Committee held virtually on Thursday, 12th November, 2020.

PRESENT: Cllr Mark Kemp-Gee - Chair (Hampshire CC), Cllr Susan Barker - Vice-Chair (Essex CC), Cllr Vanessa Churchman (Isle of Wight), Cllr Jonathan Ekins (Northamptonshire CC), Cllr Gerrard Fox (East Sussex CC), Cllr Terry Rogers (Cambridgeshire CC), Cllr Judy Oliver (Norfolk CC), Cllr Ralph Sangster (Hertfordshire CC), Cllr Charlie Simkins (Kent CC) and Cllr Karen Soons (Suffolk CC).

ALSO PRESENT: Kevin McDonald (ASU), Mark Paget (ASU), Dawn Butler (ASU), Clifford Sims (Squire Patton Boggs) and John Wright (Hymans Robertson)

OFFICERS: Andrew Boutflower (Hampshire), Glenn Cossey (Norfolk), Jody Evans (Essex), Paul Finbow (Suffolk), Sian Kunert (East Sussex), Alison Mings (Kent), Sharon Tan (Suffolk), Jo Thistlewood (Isle of Wight), Patrick Towey (Hertfordshire), Paul Tysoe (Cambridgeshire), Mark Whitby (Northamptonshire), Rachel Wood (West Sussex), and Joel Cook (Kent - Clerk).

### **UNRESTRICTED ITEMS**

**220. Apologies/Substitutes.**  
(Item. 1)

1. Apologies were received from Cllr Adrian Axford (Isle of Wight) and Cllr Jeremy Hunt (West Sussex). Cllr Vanessa Churchman substituted for Cllr Axford.

RESOLVED that the apologies and substitutes be noted.

**221. Declaration of interests in items on the agenda.**  
(Item. 2)

1. No declarations of interest were made.

**222. Chair's remarks.**  
(Item. 3)

1. The Chair confirmed that interviews for Communications/public relations partner had taken place on 9 November with Cllr Soons joining the Chair and Vice Chair on the panel. In thanking Cllr Soons and Cllr Barker for their involvement he highlighted that a report on the matter appeared later in the agenda.

2. The Chair assured Members that the development of new workstreams would involve the input of other members of the Joint Committee.
3. It was confirmed that training with public relations advisors would be made available to members of the Joint Committee.

RESOLVED that the Chair's remarks be noted.

**223. Minutes of the meeting held on 7 September 2020.**  
*(Item. 4)*

RESOLVED that the minutes of the meeting on 7 September 2020 were a correct record and that they be signed by the Chair.

**224. Business Plan.**  
*(Item. 5)*

1. Kevin McDonald (ASU Director) provided an update on the Business Plan and Risk Register. He confirmed that further budget information would be made available at the Joint Committee's January meeting. Mr McDonald stated that the risk profile remained unchanged, though assured Members that the profile was under constant review.
2. Mr McDonald outlined developments which had occurred since the publication of the agenda. He introduced a proposal which had been received from the Border to Coast Pensions Partnership pool, to commission research into the performance, structure and use of overseas pension pools. Mr McDonald noted that the proposal had been made due to the maturity of many overseas pools in comparison to those within the UK and that a majority consensus had been received from other pools within England and Wales to commission the research. In regard of timescale Mr McDonald estimated that the project from commissioning to completion would be 6 months.
3. Mr McDonald advised that the total cost implication for the ACCESS pool had been estimated at £20,000.
4. Members queried the MHCLG involvement in the project and whether any risks had been identified in terms of future relationships between the Ministry and participating pools. Mr McDonald assured the Joint Committee that MHCLG would be interested in the outcome of the research and no relevant risks had been identified.

RESOLVED that the Joint Committee:

- a) note the Business Plan update;
- b) note summary Risk Register; and
- c) agree to ACCESS' involvement in the research report and the associated spend.

**225. Communications.**  
*(Item. 6)*

*Consideration of Item 6 was moved to after consideration of Item 7 – to allow for transition into exempt for the remainder of the meeting (Part II items as per published agenda).*

1. Mr McDonald outlined the progress made regarding the public relations arrangement and engagement terms which had been formed with Bloom in conjunction with advice from Squire Patton Boggs.
2. Mr McDonald noted that Hymans Robertson had been involved in the shortlisting of service providers from Bloom's category list and had identified two potential suppliers. John Wright (Hymans Robertson) confirmed that providers had been evaluated against a service specification and weighted scoring matrix.
3. The Chair congratulated Bloom and Hymans Robertson for their involvement in the sourcing and delivery of high-quality interviews.

**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.**

*The Committee moved into exempt session during consideration of Item 6.*

4. Mr McDonald introduced the supplementary report and outlined the timetable of actions taken to facilitate a well governed procurement.
5. Cllr Soons informed the Joint Committee that she had asked both interviewed agencies the same set of questions and that she had been impressed with the responses of the successful candidate in terms of the depth of understanding, experience and enthusiasm. The Chair concurred with these sentiments.
6. The Chair said he would value Cllr Soons' involvement in future workshops delivered by the public relations advisors.
7. Mr McDonald highlighted the cost of the advice on a year one and two cost basis, though reminded Members that the contract was for two years.

RESOLVED that the Joint Committee:

- a) note the report;
- b) note the outcome of the procurement process; and
- c) agree the appointment of Engine MHP to provide external communications support for a period of 2 years.

**226. ESG / RI Position Statement.**

*(Item. 7)*

1. Mark Whitby (Cambridge & Northamptonshire) provided an update on ESG and RI developments. He confirmed that the task and finish group for the procurement of ESG advice had been formed and that a two-stage

procurement had been planned, which comprised the implementation of guidelines and comprehensive information reporting.

2. It was noted that the task and finish group were due to meet next on 13 November 2020.
3. Members discussed proposals for the membership of the ESG advice selection interview panel.
4. Cllr Ekins agreed to substitute for members of interview panel if required.

RESOLVED that the Joint Committee:

- a) note the content of the report; and
- b) determine that the Chair, Vice-Chair and Cllr Fox represent the Joint Committee on the selection interview panel.

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

*(Item. 8)*

Motion to Exclude passed during consideration of Item 6 – Communications.

**228. Contract Management.**

*(Item. 9)*

1. Mark Paget provided a verbal overview of the report and confirmed that negotiations had concluded successfully with Link regarding the addition of updated KPIs and the agreement to amend the level of Links Insurance cover.
2. Mr Paget informed the Joint Committee that a virtual Investor Day event was scheduled on 17 December between 1300-1500, that Northern Trust were been due to present and that a recording would be made available.
3. Mr Paget outlined the insurance agreement covering Link's services and confirmed that insurance advice had been provided on contractual basis.
4. Mr McDonald confirmed to the Joint Committee that the ASU had been internally audited by Essex County Council and that the results of the audit would be brought to the January committee meeting.

RESOLVED that the Joint Committee matters highlighted within the report, the activity that has taken place and forthcoming plans be noted.

**229. Sub-fund Implementation.**

*(Item. 10)*

1. Andrew Boutflower (Hampshire) updated the Joint Committee on the launch of the ACS investment sub-funds. He affirmed that the launch had to that point progressed as planned. The different tranches and progress of each individual sub-fund were outlined to Members.

2. It was confirmed that the agreement of all ACCESS member authorities had been required to launch the sub-funds.
3. Mr McDonald agreed to circulate figures with the Joint Committee subsequent to the launch of the sub-funds.
4. Planned sub-funds were highlighted.

RESOLVED that the Joint Committee note the progress in launching the ACS investment sub-funds.

**230. ACCESS illiquid asset pooling approach.**  
*(Item. 11)*

*Sam Gervaise-Jones of bFinance was in attendance for this item.*

1. Alex Younger (Norfolk) provided a verbal overview of the illiquid asset pooling approach report. Real estate, private equity, private debt and infrastructure were highlighted as the primary categories of illiquid asset held by member authorities, Mr Younger stressed that these assets were long term investments.
2. Mr Younger confirmed that future new money investments in illiquid assets would be pooled and that it was economically inefficient to transfer or sell long term private market assets at the time of the meeting.
3. Sam Gervaise-Jones (bFinance) gave a summary of bFinance's engagement with member authorities. He noted that different approaches were required across each asset class. Mr Gervaise-Jones recommended the use of an Implementation Advisor and Allocator to consult and assist member authorities in the creation of common definitions for asset types and further private equity partnerships. He outlined the advantages an Allocator would have for the pool within the field of global real estate investment.
4. Mr Gervaise-Jones reassured the Joint Committee that investments were still able to be multi-classed and that there was no need to tightly define all illiquid assets during phase one.
5. Mr McDonald outlined the timeline for phase one of the illiquid asset pooling approach project and noted that the proposed developments were to be taken to Section 151 Officers prior to further consideration from the Joint Committee at its January meeting.

RESOLVED that the Joint Committee note the report.

**231. Fiduciary Duties - Q&A update.**  
*(Item. 12)*

1. Clifford Sims (Squire Patton Boggs – Legal Advisor) provided a verbal update and overview of the report, which outlined the Q&A document produced by Norfolk County Council. He confirmed that contact had been made with the LGA on behalf of the Scheme Advisory Board.
2. Mr Sims suggested that further legal comments be presented at a subsequent Joint Committee meeting, in order that legal advice be consolidated and exhaustive.
3. It was confirmed that the draft document could be shared with ACCESS authority pension committees on a confidential basis as the document was still subject to further legal expert review.

RESOLVED that the Joint Committee note the report and thanked Norfolk County Council for developing and sharing the Q&A document.

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Agenda Item 12

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