

KENT COUNTY COUNCIL

PENSION BOARD

MINUTES of a meeting of the Pension Board held online on Thursday, 18 November 2021.

PRESENT: Mr R J Thomas (Chair), Mr D Jeffrey, Ms A Kilpatrick and Mr J Parsons

ALSO PRESENT: Mr C Simkins and Mrs A van Bochove Allen

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

UNRESTRICTED ITEMS

16. Membership

(Item 1)

It was noted that David Coupland had left the board. The Chair thanked Mr Coupland for his support of the board's work since he joined it in 2016.

The board continued to have a number of vacancies.

17. Apologies and Substitutes

(Item 2)

There were no apologies or substitutes.

18. Declarations of Interest by board members on items on the agenda for this meeting

(Item 3)

The Chair declared that he was an elected Member of Canterbury City Council.

Mr Parsons declared that he served on the Superannuation Fund Committee as a representative of Unison.

19. Minutes of the meeting held on 1 September 2021

(Item 4)

It was RESOLVED that the minutes of the meeting held on 1 September 2021 are correctly recorded and that they be signed by the Chair as a correct record.

20. Pension Fund Business Plan

(Item 5)

1. Mrs Mings introduced the report, about which there were no questions.
2. It was RESOLVED that the information set out in the report be noted, with thanks.

21. Pensions Administration *(Item 6)*

1. The Chair thanked Mrs Cheatle and her team for the excellent training session they had presented for Members that morning to help them understand the complexity of pensions.
2. Mrs Cheatle introduced the report and highlighted key points relating to the team's workload, achievements and system and connectivity issues. The number of staff requesting benefits illustrations recently had increased as home working and flexible work patterns during the pandemic had led many to reflect on their work patterns and consider making lifestyle changes. A new IT system was being trialled to offer better future stability.
3. Since the board's September meeting, at which it had debated the police breach of pension scheme regulations, the board's view had been communicated to the Chief Constable and a response received emphasising that the issue had been taken very seriously and setting out what measures had been put in place to prevent it from recurring. Annual benefits illustrations would be sent to all police pension scheme members by 23 December. Mrs Cheatle confirmed that, having now had this reassurance from the police, she would report the breach to the Pensions Regulator and advise of the actions taken to address it. She then responded to comments and questions from the board, including the following:-
 - a) the news of the remedial measures taken to address the breach of regulations was welcomed;
 - b) Mrs Cheatle advised that, in deciding how to address the breach, she had felt it more helpful to report the breach once it was possible to present a fuller overview of the remedial measures taken. She advised that she would continue to monitor the situation;
 - c) asked how more scheme members could be encouraged to use the online self-service option, Mrs Cheatle advised that benefits illustrations and the pensions website directed people to this option and its use was being promoted. The Chair added that it would be useful to be able to understand how people used and responded to the online facility, for example, how they visited it, how long they spent in it, how they followed up their visit, etc;
 - d) asked if the current increase in requests for benefits illustrations could lead to resource issues, if it were to continue for any length of time, Mrs Cheatle advised that the service would continue to encourage people to use the self-service option and that she did not currently foresee any resourcing issue; and

- e) asked if the cause of previous IT issues were known, Mrs Cheatle advised that this was being investigated and that the service had very high priority for any future IT issues to be addressed.

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

22. Fund Employer and Governance Matters

(Item 7)

1. Mrs Mings introduced the report and advised that, since the board had seen the Funding Strategy Statement in September, the strategy had been approved by the Superannuation Fund Committee, and that security in other forms, including guarantees, would be accepted. Mrs Mings and Mr Tagg responded to comments and questions from the board, including the following:-

- a) disappointment was expressed that, having consulted authorities and employers on the cost control mechanism, the Government seemed then to have ignored their responses. Mrs Mings and Mr Tagg acknowledged this and advised that the issue had been in discussion for a number of years, during which the costs and nature of pension schemes had changed. It remained to be seen if the cost control mechanism would need to be triggered at any time in the future; and
- b) asked for more detail of the impact of this within Kent, Mr Tagg advised that, as per the 31 March 2019 triennial valuation, the Fund's primary contribution rate was 18.4%, with an average secondary contribution rate for 2021/22 of 3.1%. If the costs of payroll were to rise or fall by more than 2%, or the proposed 3%, the situation would need to be reviewed.

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

23. Superannuation Fund Report and Accounts and External Audit

(Item 8)

1. Mrs Mings and Ms Surana introduced the report and advised that the accounts would be submitted for approval to the Superannuation Fund Committee on 23 November and the Governance and Audit Committee on 30 November and would then be published online on 1 December 2021.

2. The Chair thanked the officer team for the great amount of work put into preparing the accounts. Ms Surana advised that the process this year had been longer and more complex than usual and was likely to be similar again next year. In addition, audit firms had experienced staff shortages during the pandemic and had struggled to process and clear accounts by the usual deadlines.

3. Asked about the likely impact of the Actuary's assumption of 1.2% inflation, Ms Surana advised that the figures would be revised to show the likely impact of this when the fund was next valued in 2022. The benefit of having a diverse portfolio was that some classes of investment would be less volatile than others. The Kent fund

always looked for long-term growth and Ms Surana reassured Members that the fund was well protected in the long term.

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

24. Report from the Superannuation Fund Committee meeting (verbal)
(Item 9)

25. The Chairman of the Superannuation Fund Committee, Mr C Simkins, gave a verbal update of the issues discussed by the committee on 8 September and advised that an additional, special meeting had been arranged for 23 February to discuss the results of the environmental, social and governance (ESG) survey and the progress of the governance review. A new Head of Pensions and Treasury was being appointed and was expected to be in post in the new year; the committee and board would both be advised of the name of the new officer and their start date. He thanked Mrs Cheatle for the update earlier in this meeting on the handling of the police breach of pension scheme regulations, which had been reassuring, and asked that the board and committee be advised when the breach had been reported to the Pensions Regulator, and of the response received.

1. It was RESOLVED that the verbal update be noted, with thanks.

25. ACCESS update
(Item 10)

1. Mrs Mings introduce the report, about which there were no questions.

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

26. Date of next meeting
(Item 11)

It was noted that the next meeting of the board would be held on Tuesday 15 March 2022 at 10.00 am.

27. 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.

EXEMPT BUSINESS
(open access to minutes)

28. Governance review
(Item 12)

1. Mrs A Van Bochove Allen introduced the report and presented a series of slides which set out the purpose of the governance review, the approach adopted and the

outcomes. Some recommendations had already been put into place, while work was currently underway on others, but there was much work still to be done. Recommendations in the report included more frequent reporting of the risk register, an annual review of the training plan, wider recruitment to the board and staggered terms of office, an update of the terms of reference and a work programme or forward plan for the board which included follow-up and monitoring of progress. It was recommended that the board meet four times a year, which were currently scheduled, although meetings were too frequently cancelled or were not quorate, due to the ongoing membership issues. The Kent fund would need to consider whether or not it agreed with the recommendations made and how and when it would make the changes identified.

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

- a) asked which actions were most urgent, and how these could be shown on the spreadsheet and action plan included with the report, Mrs Van Bochove Allen advised that the top priority was recruitment to the board; and
- b) Mr Parsons advised that the Unison regional office should be contacted to identify a union representative for the board and this was subsequently done by the Democratic Services Officer.

3. The Chair thanked Mrs Van Bochove Allen for her work on the review and the presentation of its findings and recommendations.

4. It was RESOLVED that the recommendations for actions and improvements be noted, with thanks, and a report on progress be made to the board's March meeting.

29. Pension Fund Risk Register

(Item 13)

1. Ms Surana introduced the report and responded to comments and questions of detail from the board, including the availability of any insurance cover for cybersecurity risks, the risks associated with climate change and the level of risk still presented by uncertainty about what would arise from the McCloud judgement.

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