

PENSION FUND COMMITTEE

Thursday, 22nd June, 2023

10.00 am

**Council Chamber, Sessions House,
County Hall, Maidstone**





AGENDA

PENSION FUND COMMITTEE

Thursday, 22nd June, 2023 at 10.00 am
Council Chamber, Sessions House,
County Hall, Maidstone

Ask for: **Matt Dentten**
Telephone: **03000 418381**

Membership

Conservative (8):	Mr C Simkins (Chairman), Mr N J D Chard (Vice-Chairman), Mr P Bartlett, Mr P Cole, Mr P C Cooper, Mr J P McInroy, Mr S Webb and Mr J Wright
Labour (1):	Ms M Dawkins
Liberal Democrat (1):	Vacancy
Green and Independent (1):	Mr P Stepto
District Council (3):	Cllr J Burden and two vacancies
Medway Council (1):	Cllr M Prenter
Pensioner Representative:	Mr P Doust
Active Member Representative:	Mr S Sim
UNISON:	Vacancy

UNRESTRICTED ITEMS

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

- 1 Apologies and Substitutes
- 2 Membership
To note that Cllr Mark Prenter has replaced Cllr Richard Thorne on the committee.
- 3 Declarations of interest by Members in items on the agenda for this meeting.
- 4 Minutes of the meeting held on 29 March 2023 (Pages 1 - 8)

5 Date of next meeting

The next meeting of the committee will be held on 26 September, commencing at 10.00 am at Sessions House, Maidstone.

6 Committee Work Plan and Action Log (Pages 9 - 14)

7 Funding and Employer Matters (Pages 15 - 22)

8 Pensions Administration (Pages 23 - 30)

9 McCloud Remedy update (Pages 31 - 34)

10 Pensions Administration Audit (Pages 35 - 40)

11 Report from the Pension Board (Pages 41 - 42)

12 Fund Position Statement (Pages 43 - 54)

13 Governance and Policy update (Pages 55 - 78)

14 Training Plan (Pages 79 - 88)

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)

15 Investment Strategy (Pages 89 - 200)

16 Responsible Investment (Pages 201 - 248)

17 Guaranteed Minimum Pension update (Pages 249 - 288)

18 ACCESS update (Pages 289 - 294)

19 Funding and Employer Matters (Pages 295 - 298)

Benjamin Watts
General Counsel
03000 416814

Wednesday, 14 June 2023

KENT COUNTY COUNCIL

PENSION FUND COMMITTEE

MINUTES of a meeting of the Pension Fund Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 29 March 2023.

PRESENT: Mr N J D Chard (Vice-Chairman in the Chair), Mr P Bartlett, Mr P Cole, Ms M Dawkins, Mr P Doust, Mr J P McInroy, Mr S Sim, Mr P Stepto, Mr S Webb and Mr J Wright.

ALSO PRESENT: Mr P J Oakford, Mr R J Thomas and Mr T English

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mr N Buckland (Head of Pensions and Treasury), Mr J Graham (Pension Fund Treasury and Investments Manager), Mrs C Chambers (Pensions Administration Manager), Mr S Tagg (Senior Accountant - Employer Governance and Compliance) and Mr M Dentten (Democratic Services Officer).

UNRESTRICTED ITEMS**112. Membership**

(Item 1)

The Vice Chairman paid tribute to Mr Dan Daley, who had recently passed away. He read a statement on behalf of the Chairman which acknowledged Mr Daley's 22 years of service on the committee, including time as its Vice Chairman, and his contributions to the committee's stewardship of the Kent Pension Fund.

It was noted that Mr Simon Webb had replaced Mrs Cole on the committee.

113. Apologies and Substitutes

(Item 2)

Apologies for absence were received from Mr Simkins and Cllr Thorne.

114. Declarations of interest by Members in items on the agenda for this meeting

(Item 3)

1. In relation to item 16, Mr Bartlett declared that he was employed by the Bank of New York Mellon, the parent company of Insight which was involved with the Fund's equity protection, he agreed not to take part in the debate or decision making on the item.
2. Mr Webb and Mr Doust declared that they were in receipt of a Kent LGPS pension.

115. Minutes of the meeting held on 8 December 2022

(Item 4)

RESOLVED that the minutes of the meeting held on 8 December 2022 are correctly recorded and that they be signed by the Chairman.

116. Committee Work Programme and Action Log

(Item 6)

1. Mr Buckland introduced the committee's work programme and action log. He noted that the Kent Fund's Investment Strategy was planned to be the committee's main focus for the forthcoming meetings.
2. In response to a question from the Vice Chairman, Mr Buckland agreed to circulate information on the Fund's abatements policy following the meeting.

RESOLVED to note the work programme for 2023/24 and the updated action log.

117. Fund Employer Matters

(Item 7)

1. Mr Tagg introduced the report which provided information on Fund employers for the 9 months ending 31 December 2022. He highlighted the strong contributions performance achieved by the Fund, noting that 95% of contributions had been met every month from April to December 2022, with the exception of October 2022.

RESOLVED to note the report and to resolve to agree:

- a) to the admission to the Kent Pension Fund of Cater Link Ltd re Future Schools Trust;
- b) that the Kier surplus is allocated to KCC's notional share of the Fund;
- c) that the Sopra Steria surplus is allocated to Folkestone and Hythe District Councils' notional share of the Fund;
- d) that the Fund writes to DLUHC asking for an update on the matter of deemed employer status;
- e) that the Chairman may add recommendations a) to d) to the Record of Decision at the end of today's meeting; and
- f) that once legal agreements have been prepared for a) above the Kent County Council seal can be affixed to the legal documents.

118. Actuarial Valuation results

(Item 8)

Roisin McGuire (Barnett Waddingham) was in virtual attendance for this item.

1. Mrs McGuire gave a presentation. The contents of the presentation included: whole Fund results, with the funding level increasing from 98% in 2019 to 102% in 2022; key financial assumptions, including pension increases (CPI), salary increases and the discount rate; challenges, comprising high inflation, market volatility, the pandemic's mortality impact and climate risk; regulatory considerations, including Section 13 and McCloud; and the planned work to 2025, which comprised member data checks, funding position updates, the monitoring of external factors and employer engagement.

2. The Vice Chairman thanked Mrs McGuire for her presentation and commended Barnett Waddingham for their Actuarial Valuation, assistance and for informing the committee's considerations.

RESOLVED to note and comment on the outcomes of the 2022 Actuarial Valuation.

119. Funding Strategy Statement

(Item 9)

1. Mr Graham provided a verbal overview of the Funding Strategy Statement. He emphasised the importance of the policy as a key component of the Fund's valuation process. He drew members' attention to the changes made to the proposed Statement, which included a revised approach to calculating cessation, a self-insurance arrangement to cover ill-health retirement and death-in-service benefits for all individual employers who were not a government body and no discount will be offered in exchange for early payment of either primary or secondary employer contributions.
2. Following a question from a member on the cessation methodology, Mr Graham explained that gilt yields had been used to judge residual liabilities, the need to be prudent was emphasised with it noted that volatile gilt yield could lead to unreasonable responses. He stated that the proposed methodology would be more equitable for employers.
3. Concerning the level of employer engagement received from the consultation on the proposed revised Statement, Mr Graham gave assurance that methods for improving response volumes would be investigated as part of Barnett Waddingham's review of employer engagement.
4. A member asked whether the revised Statement would mean that employers would need to make greater contributions. Mr Graham explained that employers would not necessarily need to make greater contributions and that previously when gilt yields were low it had made it difficult for employers, whilst the new approach would reduce volatility.

RESOLVED to note the report and to:

- a) agree the revised Funding Strategy Statement at Appendix 1;
- b) agree the revised Contribution Review Policy at Appendix 2; and
- c) agree the revised Deferred Debt and Debt Spreading Agreement Policies at Appendix 3.

120. Pensions Administration

(Item 10)

1. Mrs Chambers introduced the report which updated members on the administration of the Kent Local Government Pension Scheme (LGPS) for from 1 November 2022 to 31 January 2023, including performance; recruitment; Guaranteed Minimum Pension (GMP) reconciliation; the pensions dashboard; changes to the CARE revaluation date; internal audit; the communications policy; judicial review on the cost cap process and McCloud; as well as the impact of the 2023 Spring Budget on pension taxation. Concerning the case volume, she highlighted the 68% increase

over the previous quarter, with phase two of the recruitment campaign underway to address the increase in demand. Addressing the internal audit of pensions administration, she informed members that a draft report had been received and that the final report would be presented to the committee in due course.

RESOLVED to note the report.

121. McCloud Remedy Update

(Item 11)

1. Mrs Chambers presented the report which outlined the planning undertaken for the McCloud Remedy and the options being considered to successfully implement the requirements of the legislation, including data collection, data validation, rectification and the anticipated impact on resources. She informed the committee that additional external support would be required to deliver the large amount of data collecting, validating and uploading which would be required. She warned members that if the addition burden was delivered with existing resources, that it could lead to more than a two-year delay to the Pension Administration service improvement journey. She concluded by explaining that a service specification had been written and was being reviewed for procurement, under the banner of a wider data rectification programme.

RESOLVED to note the report.

122. Report from the Pension Board

(Item 12)

1. The Vice Chairman gave thanks to the Chairman of the Pension Board, Mr Thomas, for his report.

RESOLVED to note the update from the Board.

123. Fund Position

(Item 13)

1. Mr Graham introduced the report which detailed the Fund's asset allocation and performance, including the Fund's value, as of 31 December 2022, which stood at £7.74bn, representing an increase of £94m over the quarter. He noted that the Fund's performance had been strong over the previous quarter, given continued market sensitivity, and that the Fund had outperformed previous value estimates.
2. Concerning the Fund's outlook, a member commented that an approach which recognised that there would be no return to previously normal market conditions should be considered, given that there was limited consensus on the how long it would take for the market to normalise.

RESOLVED to note the Fund's asset allocation and performance as of 31 December 2022.

124. Investment Manager Monitoring

(Item 14)

1. Mr Graham introduced the report which summarised the governance arrangements currently in place to provide oversight and monitoring of the Fund's appointed investment managers as well as the proposed establishment of an investment manager monitoring strategy. He explained that the proposed strategy would ensure a consistent approach to investment manager oversight. He confirmed that the proposal was for two investment manager meetings per quarter and that meeting dates would be circulated to members in the near future.
2. The Vice Chairman stressed the importance of the committee building strong relationships with investment managers and actively challenging their performance. He noted that the proposed approach had been adopted by many other pension fund committees.
3. Following a question from a member on the investment manager meeting arrangements, Mr Graham confirmed that the initial plan was for a mixture of in-person and virtual meetings, which would be reviewed in due course.

RESOLVED to note the report and to endorse the monitoring strategy set out at section 3.

125. Governance, Policies and Training

(Item 15)

1. Mr Buckland provided a verbal overview of the report which addressed the progress made with the implementation of the recommendations arising from the Barnett Waddingham review and the current position of the Fund's policies in line with LGPS regulations and the Pension Regulator code of practice. He introduced Mrs Emma Green, who had been appointed to lead on the governance transformation and development of the member training plan, and explained that she would provide the committee with progress updates going forward.
2. The Vice Chairman commented that a structured training plan, which officers were developing, should align with the Fund's investment strategy and approach to monitoring the performance and governance of the Fund.

RESOLVED to note the report and approve the Fund's Administration Strategy for publication and implementation from 1 April 2023.

Motion to exclude the press and public for exempt business

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 minute

126. Investment Strategy (Item 16)

Robbie Sinnott (Mercer) was in virtual attendance for this item.

1. Mr Graham introduced the report which detailed the Fund's Investment Strategy Statement, considered related issues and made recommendations regarding the Fund's asset allocation.
2. Mr Sinnott gave a presentation. The contents of the presentation included key investment strategy considerations, involving risk management, reviewing the equity portfolio and alternative portfolios as well as the next steps in the investment strategy development process.
3. A member asked whether there was a suggested approach to property asset investment at the current stage in the development of the investment strategy. Mr English informed members that Mercer would provide an assessment of market conditions, which would include long term trajectories, at the committee's next meeting in June.
4. Mr Buckland reassured the committee that their comments would feed directly into the development of the investment strategy.

RESOLVED to note the report and:

- a) agree that the Fund's asset allocation should not be changed in accordance with the Fund's rebalancing policy;
- b) note the latest \$75m annual commitment to the HarbourVest Global Fund programme (section 6);
- c) note the update on the investment strategy review (section 7); and
- d) note the progress update on the extension of the equity protection programme (section 8).

127. Responsible Investment Update (Item 17)

1. Mr Graham introduced the report which provided an update on the work of the Responsible Investment Working Group, the Fund's securities lending activity, the Fund's investment managers' voting activity and their engagement with the companies in which they were invested on the Fund's behalf.
2. Mr Buckland agreed to circulate a glossary of terms on responsible investment to the committee following the meeting.

RESOLVED to note the report and approve the Responsible Investment strategy and work plan.

128. Administration System procurement

(Item 18)

1. Mr Buckland provided a verbal overview of the report which set out the proposal to award a contract for the Pension Administration System. He explained that KCC as the Administering Authority for the Kent Pension Fund had a statutory responsibility to provide the proper administration of the LGPS for all members of the Kent Pension Fund. He confirmed that the existing contract expired on 30 April 2023 and that legal and procurement advice had been received ahead of the proposal coming to committee for its decision.
2. Following questions from the committee, Mr Buckland provided further information on the other alternative Pensions Administration Software providers in the market and the advantages of the recommended option.

RESOLVED to note the report and:

- a) approve the award of a contract in accordance with Regulation 32 of the Public Contract Regulations (the negotiated procedure), for the Pensions Administration Software contract to Heywood Pension Technologies Limited for a contract term of 5 years for a maximum contract value of £3,907,902 plus indexation.
- b) delegate to the Corporate Director of Finance, the agreement of the final terms of the contract with Heywood Limited and to authorise the execution of the same by Kent County Council.

129. ACCESS Update

(Item 19)

RESOLVED to note the report.

130. Employer Matters

(Item 20)

1. Mr Buckland and Mr Tagg introduced the report and updated the committee on recent key developments concerning Sevenoaks Leisure Limited's exit from the Fund.
2. A member asked a question on cessation costs which was answered by Mr Tagg.
3. Mrs Cooke informed the committee that government had announced £63m of funding for leisure centres in the 2023 Spring Budget. She agreed to keep members updated on the viability of the funding once more detail was available.

RESOLVED to note the report and to resolve to agree that officers continue to work with Sevenoaks Leisure Limited, the Fund actuary and Invicta Law to ensure a smooth exit from the Fund.

131. Business Plan

(Item 21)

1. Mr Buckland introduced the proposed Business Plan 2022-23 to 2024-25 and budget for 2023-24 for the Kent Pension Fund. He noted that whilst the Plan and

budget would be presented and approved on an annual basis, that brief interim updates would be provided to the committee on a more regular basis to support their monitoring.

2. Members asked a series of questions on fund manager fees; anticipated contracts for the forthcoming year; recruitment; and member training, which were answered by the officers in attendance.

RESOLVED to approve the Business Plan 2022-23 to 2024-25 and budget for 2023-24 for the Kent Pension Fund.

132. Risk Register *(Item 22)*

1. Mr Buckland introduced the report, about which there were no questions.

RESOLVED to review and comment on the updated Risk Register.

From: Chairman Pension Fund Committee
Corporate Director of Finance

To: Pension Fund Committee – 22 June 2023

Subject: Committee work programme and Action Log

Classification: Unrestricted

Summary:

To report on the updated Committee work programme for 2023/24 and note the action log from previous meetings.

Recommendation:

The Committee is asked to note the work programme for 2023/24 and the updated action log.

FOR INFORMATION

1. Committee Work Programme

- 1.1 Members will be aware that the established meeting pattern is 4 quarterly meetings plus 1 extra to allow for training.
- 1.2 Appendix 1 shows the plans for the next four formal Committee meetings.
- 1.3 This work programme is intended to inform the Committee of the key items that will be considered at those meetings. This programme will be subject to change as issues arise, and updates will be brought to every meeting.
- 1.4 Members will now be familiar with the manager monitoring meetings that are happening outside of the formal Committee meetings. This process was agreed at the meeting of the Committee in March.

2. Committee Action Log

- 2.1 Since the start of 2022 Officers have kept a log of actions arising from the Committee meetings. This log enables the team to ensure that everything raised at meetings and actions arising from this are not missed and followed up in a timely fashion.

- 2.2 Appendix 2 contains the log of actions for the meetings in 2022/23 with notes showing progress against these. This is shown in addition to the formal minutes as a way of the Committee monitoring progress.
- 2.3 Actions that have been completed since the last meeting are struck through and shaded to show that action has been taken, and they will be removed from the log for the next meeting. The log will be updated after each meeting and run for each financial year, when it will reset, with any outstanding actions added to the start of the following year.

Nick Buckland, Head of Pensions and Treasury

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June 2023

Draft Committee workplan

	26 September 2023	12 December 2023	26 March 2024	27 June 2024
Work programme update	Y	Y	Y	Y
Governance update including Fund policies due for review	Y	Y	Y	Y
Update from the Pensions Board meeting	Y	Y	Y	Y
Pension Fund Business plan and budget update	Y	-	Y	-
ACCESS update	Y	Y	Y	Y
Fund Employer matters	Y	Y	Y	Y
Administration update <ul style="list-style-type: none"> • McCloud • KPI reporting 	Y	Y	Y	Y
Training update	-	Y	-	Y
Fund Position Statement	Y	Y	Y	Y
Risk register update	Y	-	Y	-
Investment Strategy <ul style="list-style-type: none"> • Rebalancing • Manager monitoring 	Y	Y	Y	Y
Review of Investment Strategy (b)	Y	-	-	-
Investment Strategy Statement	Y	-	-	-
Investment Strategy Implementation	Y	Y	Y	Y
Responsible Investment (b)	Y	Y	Y	Y

Notes

- (a) Investment Strategy will be presented to Committee for approval in June 2023. This was originally planned for March but due to the away day being moved, this has been moved to June. Further work on Equity protection and implementation will take place at future meetings.
- (b) RI working group to meet monthly.

Pension Fund Committee Action Log – 2023-24

Date of Meeting	Agenda Item	Action/Question	Outcome	Complete (Y/N)
03/02/2022	RI Training	RI working group has progressed workplan	RI integration and review of RI Policy considered in 2023. Workplan for 2023 agreed by RI working group in February 2023	Remains ongoing
22/06/2022	Fund Employer and Governance matter	How does Kent compare to other Funds in Funding level and contribution rates?	2019 position shared as part of Valuation exercise. This will be updated when 2022 results are known	N
22/06/2022	6 - Pensions Administration	Pensions Administration Strategy – can one be put in place ASAP including penalties if employers do not provide information in a timely manner as agreed.	Draft Administration Strategy agreed by Committee in September. Employers consulted, final version to be presented to Committee for approval 29 March 2023, for implementation 1 April 2023.	Due to be complete by 1 April 2023
22/06/2022	15 - Investment Strategy	Should we limit our exposure to a single manager?	To be considered as part of implementation of the Strategy review	N
28/09/2022	6 - Employer and Governance matters	Concern re impact of inflation on pension payments. Potential for 10% increase from April 2023.	Cashflow regularly monitored. This will have a negative impact, but overall Fund	Remains ongoing

			remains cashflow positive. Will be monitored on an ongoing basis.	
28/09/2022	8 - Pensions Admin	Plans for review of workload of administration team ahead of significant workload.	Team has been reviewed, and recruitment plans commenced. Committee to be updated regularly.	Remains ongoing
28/09/2022	9 – Training update	National Knowledge Assessment launched	Results of Hymans Robertson assessment to be presented to March 2023 Committee with plan developed ahead of June 2023 meeting.	Ongoing
8/12/2022	1 – Membership update	Mr Eden-Green resigned his membership of the Committee	NB to contact district councils, via KFOs and Kent Leaders to request replacements for Mr Eden-Green and Mr Clokie. Contact has been made in June 2023 to seek replacements.	Ongoing
8/12/2022	6 – Employer and Governance matters	Admission of Skanska agreed	Admission documents agreed.	Y
8/12/2022	6 - Employer and Governance matters	Deed of novation be entered into with Southern Housing in relation to Optivo	Legal agreement agreed	Y
8/12/2022	12 – ACCESS update	Training on pooling and ACCESS requested	Committee away day covered pooling, and briefing paper and separate training session	Ongoing

			to be arranged/prepared	
8/12/2022	14 – Governance	Conflicts of Interest policy, breaches of law policy and Administering authority discretions policy agreed.	Policies agreed and published on website	Y
8/12/2022	14 – Governance	Policies presented	Abatements Policy agreed subject to more clarity – Further explanation given in March 2023.	Ongoing
29/03/2023	8 - Actuarial Valuation	Paper showing the effectiveness of the Equity Protection Program requested	Paper on today's agenda and will be considered in detail by EPWG	Ongoing
29/03/2023	14 - Investment Manager Monitoring	Circulate dates of the investment manager meetings	Dates arranged and circulated	Y
29/03/2023	17 - Responsible Investment Update	Circulate RI Glossary of Terms and Investor network review to whole committee	Circulated	Y
29/03/2023	20 - Employer Matters	Provide an update on Sevenoaks leisure	Update on today's agenda	Ongoing
29/03/2023	20 - Employer Matters	Provide a list of employers in the fund where there is no bond or guarantee, and /or not scheme employer	Update on today's agenda to be linked with Actuary review of employer covenant	Ongoing
29/03/2023	22 - Risk Register	Provide an update on Woodford position	Update in today's papers	Y
29/03/2023	22 - Risk Register	Address font size issue on Risk Register	Will be completed ahead of next consideration	Ongoing
29/03/2023	Minutes	NB to send a note to committee members explaining the Abatements Policy	Note circulated	Y

To: Pension Fund Committee – 22 June 2023

From: Chairman Pension Fund Committee
Corporate Director of Finance

Subject: Funding Matters

Classification: Unrestricted

Summary:

This report provides information on Fund employers, an admission matter, information on Oasis Restore Trust and an update on 'deemed employer' status. It also provides an update on academy guarantee and outsourcings and the plans for actuarial procurement.

Recommendations:

The Committee is asked to note the report and agree:

- a) to the admission to the Kent County Council Pension Fund of Churchill Contract Services Ltd (re Inspire Partnership Academy Trust);
- b) that the Chairman may add recommendation a) to the Record of Decision at the end of today's meeting; and
- c) that once legal agreements have been prepared for matter a) the Kent County Council seal can be affixed to the legal documents.

FOR DECISION

Summary:**1. Introduction**

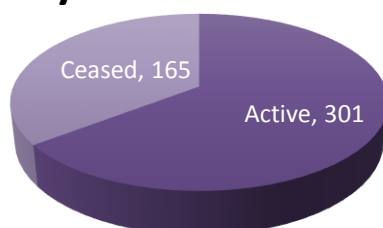
This report provides information on Fund employers for the 3 months ending 31 March 2023. The report also proposes an employer admission, information on Oasis Restore Trust and an update on 'deemed employer' status. It also provides an update on academy guarantee and outsourcings and the plans for actuarial procurement.

2. Employer Update for the 3 months to 31 March 2023

- 2.1 At its last meeting the Committee received an update on employer numbers as at 31 December 2022, when there were 459 employers in the Fund. This number increased by 7 over the first quarter of 2023 and therefore there were 466 employers in the Fund on 31 March 2023. During this 3-month period 7

new employers joined the Fund. In addition, 2 employers changed from being active to ceased and two single academy trusts merged to a multi-academy trust although this does not affect the overall number of 466.

Split of employers between active and ceased



2.2 The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 3 months to 31 March 2023.

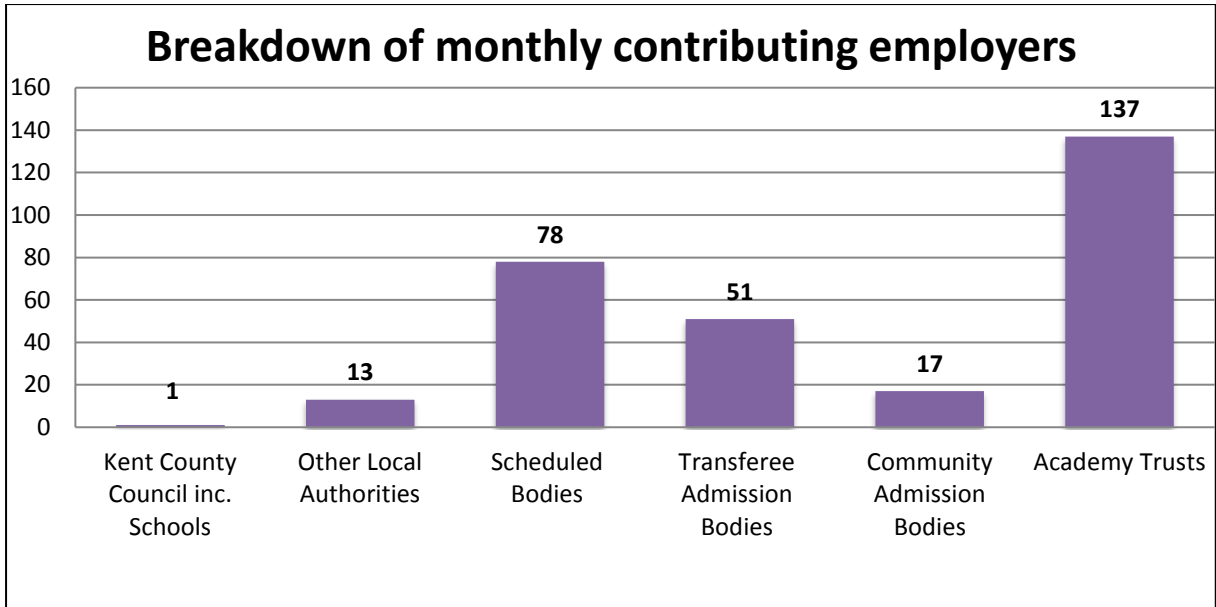
New Employers	Effective Date
Admission Bodies	
Purgo Supply Services Ltd	1 August 2019 (backdated admission)
Oliver Winter t/a Victory Cleaning	1 February 2020 (backdated admission)
Birkin Cleaning Services Ltd (re Maritime Academy Trust)	4 May 2020 (backdated admission)
Town and Country Cleaners Ltd (re Maritime Academy Trust)	1 August 2021 (backdated admission)
Cater Link Ltd (re Sir Roger Manwood Schools)	1 April 2022 (backdated admission)
Academy Trusts	
Oasis Restore Trust	1 February 2023
Nexus Education Schools Trust (NEST)	1 March 2023

Ceased Employers	Effective Date
Admission Bodies	
Churchill Contract Services Ltd (re Lordswood School)	31 August 2021 (late notification of leaving)
Compass Contract Services (UK) Ltd t/a Chartwells (KCSP Primary Schools)	30 November 2022 (late notification of leaving)
Academy Trusts	
Joydens Wood Junior School Academy	28 February 2023
Joydens Wood Infant School Academy	28 February 2023

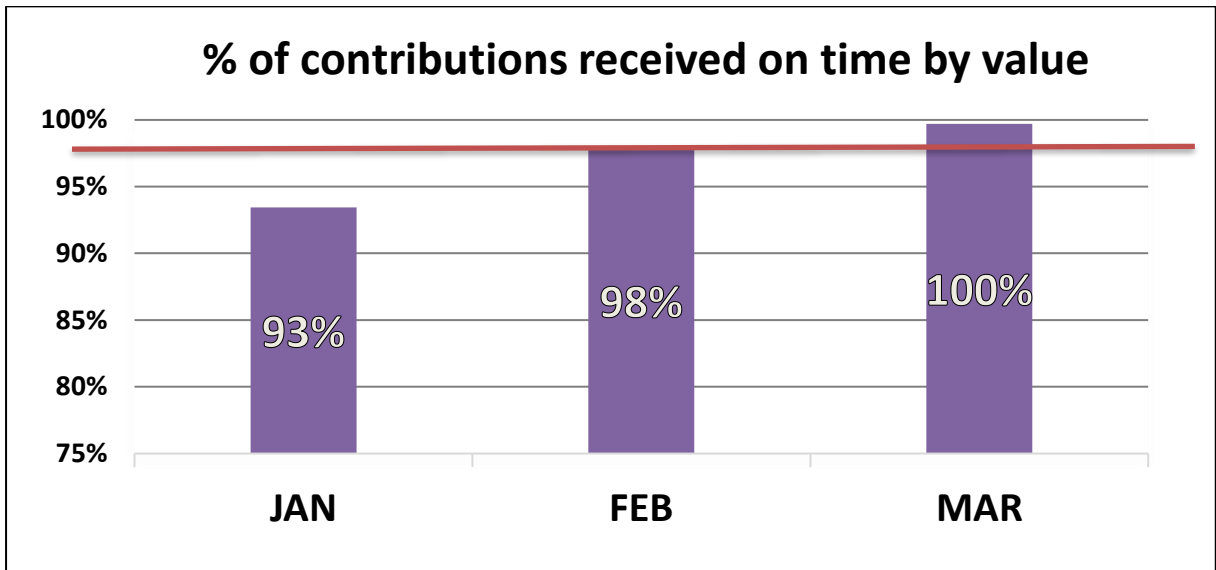
2.3 In the 12 months to 31 March 2023 the Fund received £291.2m from employers in respect of their monthly contributions (employer and employee) as follows:

	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
A pril	14,006,574	9,504,528	613,517	24,124,619
May	13,980,039	9,223,205	554,842	23,758,086
June	14,084,304	9,108,759	973,332	24,166,395
July	13,957,142	9,645,167	195,484	23,797,793
August	21,781,225	1,860,797	73,542	23,715,563
September	14,931,769	8,690,214	134,700	23,756,683
October	13,975,914	8,752,754	1,500,298	24,228,967
November	15,930,491	8,939,216	140,671	25,010,378
December	16,904,276	8,311,427	10,490	25,226,193
January	14,084,838	8,733,617	1,604,389	24,422,845
February	13,545,272	10,395,849	512,663	24,453,784
March	15,680,111	8,791,674	73,825	24,545,610
Total	182,861,955	101,957,207	6,387,753	291,206,916

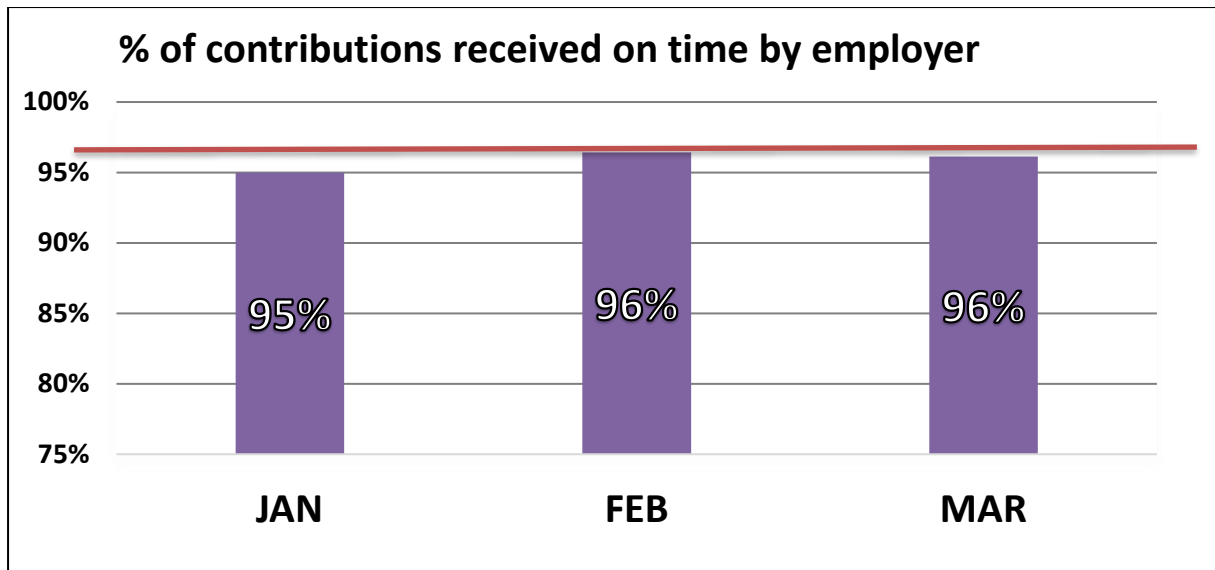
2.4 The following table shows employers from whom the Fund receives monthly contributions by Employer Group.



2.5 The Key Performance Indicator (KPI) of 95% for % of contributions was met every month January to March 2023 bar January 2023, when Medway Council paid late on 20 February 2023.



2.6 The Key Performance Indicator (KPI) of 95% for % employers was met every month January to March 2023.



3 Churchill Contract Services Ltd (re Inspire Partnership Academy Trust)

- 3.1 Inspire Partnership Academy Trust has awarded a 3-year contract for cleaning services from 1 May 2022, involving the transfer of 8 employees to Churchill Contract Services Ltd.
- 3.2 The admission application has been made under Schedule 2 Part 3 1(d) (i) of the LGPS Regulations 2013, as amended, and under this regulation the admitted body is required to provide some form of security.
- 3.3 The Fund actuary has assessed the employer contribution rate as 23.7% for a closed agreement and the bond for the first year as £15,000.
- 3.4 The completed questionnaires and supporting documents provided by Churchill Contract Services Ltd have been examined by officers to ensure compliance with the LGPS regulations, and Invicta Law has given a favourable opinion.
- 3.5 The Committee is asked to agree that Churchill Contract Services Ltd (re Future Schools Trust) be admitted to the Fund.

4 Oasis Restore Trust

- 4.1 Oasis Restore Trust is a brand-new academy based in Medway, that joined the Kent Pension Fund as a scheduled body on 1 February 2023 when their first LGPS employee commenced employment.
- 4.2 Oasis Restore Trust applied to join the Kent Pension Fund as a secure 16 -19 Academy. It is defined as an Academy under the terms of the Academies Act 2010.
- 4.3 Secure 16 to 19 academies are a new type of youth custody provision, created as part of the Government's response to Charlie Taylor's Review of the Youth

Justice System in England and Wales, published in December 2016, which recommended the creation of 'secure schools'. This is the first of these in Kent Pension Fund and one of only three geographically in the UK.

- 4.4 These types of academies differ from normal academies because they are funded by the Ministry of Justice (MoJ) and its partners and are accountable to them. The Department for Education (DfE) neither funds, nor is accountable for secure 16 to 19 academies however they have agreed to include these types of academies in their Academy guarantee whilst MoJ finalises their own guarantee with relation to the LGPS. This may take around 8 to 12 months. The agreement currently is that any costs incurred under DfE guarantee with respect to a secure 16 to 19 academy is reimbursed by the MoJ.
- 4.5 MoJ have approval from HM Treasury to fund pensions liabilities in this way, in accordance with Managing Public Money, and so are permitted to make a transaction with DfE.
- 4.6 Given that Oasis Restore Trust is a new type of entity, the Fund has taken legal and actuarial advice to satisfy itself that admission to the LGPS is appropriate in accordance with the LGPS regulations. Whilst Oasis Restore Trust is the first such example of a secure academy institution in Kent, this initiative is something we could see elsewhere in Kent and Medway in the future.
- 4.7 Oasis Restore Trust has not been put into the existing academy pool on advice from Barnett Waddingham, as this academy is not the same as those currently in the academy pool from both a funding source perspective and a membership profile perspective.
- 4.8 The number of LGPS active members at Oasis Restore Trust is expected to increase to some 200 posts during 2023/24 and so a reassessment of their initial employer contribution rate of 13.2% will be undertaken by Barnett Waddingham.

5 2019 Government Consultation - deemed employer route

- 5.1 At their meeting on 29 March 2023 Committee agreed that the Chairman writes to DLUHC asking for an update on the matter of deemed employer status.
- 5.2 Officers have considered the matter further and the Charman wrote to Cllr Roger Phillips Scheme Advisory Board Chairman. A further update will be provided at future meetings of the Committee and Board.

6 Update on academy guarantee and outsourcings

- 6.1 On 17 May 2023, the Department for Education (DfE) published their policy for guaranteeing the outsourcing arrangements from academy trusts. This applies to England only.

- 6.2 Education and Skills Funding Agency (ESFA) approval is no longer required by academy trusts seeking pass-through arrangements with their administering authorities for outsourcing contracts for employees covered by the DfE Guarantee policy.
- 6.3 The DfE Guarantee covers employees eligible for the LGPS who:
- 6.3.1 are working for the academy trust, who are transferred to a contractor or on future re-tenders as part of an outsourcing contract.
 - 6.3.2 were working for the local authority in a maintained school, then transferred to a contractor under TUPE, prior to the school becoming an academy, and where the outsourcing contract has passed to the academy trust following conversion to an academy and
 - 6.3.3 are working for the local authority, which is providing services to the academy trust under a contract, and the trust decides to outsource this contract to a third-party provider. Therefore, the employees transfer from the local authority to the new contractor.
- 6.4 The Key points are -
- 6.4.1 Provided the circumstances of an outsourcing contract match one or more of the scenarios outlined in the policy document the academy trust does not need to seek ESFA approval for pass-through arrangements.
 - 6.4.2 If the circumstances of an outsourcing contract are not covered in the policy document, the academy trust must seek ESFA approval using the ESFA enquiry form.
 - 6.4.3 All contracting arrangements currently in place that meet the criteria outlined in the policy document are eligible for pass-through under the DfE Guarantee.
 - 6.4.4 Where academy trusts have already entered arrangements that do not meet the criteria outlined in the policy document, they may discuss alternative options with the relevant administering authority.
 - 6.4.5 Under a pass-through arrangement, if the contractor external to the academy trust ceases to trade, then the LGPS liabilities will remain with the trust. The trust may then choose to seek a new provider or bring services in-house.
 - 6.4.6 The policy means the administering authority should no longer require a bond for pension liabilities. However, if they insist, that would be for the external contractor to provide, as an academy trust cannot provide a bond for LGPS pension liabilities. Where this happens, academy trusts should notify ESFA through the ESFA enquiry form.

7 Actuary procurement

- 7.1 As an Administering Authority the Kent Fund is required to appoint as actuary in accordance with the LGPS regulations.
- 7.2 The current incumbent Barnett Waddingham was appointed by the Kent Fund on 1 November 2009.
- 7.3 The Fund actuary is a key advisor to the Fund, providing daily advice on employer related matters, the triennial valuation which certifies employer contribution rates, employer accounting reports and matters of Fund policy such as the Funding Strategy Statement.
- 7.4 The Committee is advised it is proposed to re-render for actuarial services with a likely start date in 2024/2025.
- 7.5 A detailed update will be provided to Committee at their meeting on 26 September 2023 where it is anticipated a delegation will be sought to the Corporate Director of Finance.

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22 June 2023

From:	Chairman Pension Fund Committee Corporate Director of Finance
To:	Pension Fund Committee – 22 June 2023
Subject:	Pensions Administration
Classification:	Unrestricted

Summary:

This report brings members up to date with a range of issues concerning the administration of the Kent Local Government Pension Scheme (LGPS) for the period 1 February to 30 April 2023.

Recommendations:

The Committee is asked to note the report.

REPORT SUMMARY

1. Performance Update
2. Recruitment
3. Annual Benefit Illustrations/Member Newsletters
4. Benchmarking
5. End of Year
6. Breaches of Law
7. Complaints, Compliments and Comments
8. New Telephony Solution
9. Pensions Dashboard
10. Superannuation Contributions Adjusted for Past Experience (SCAPE) Rate

For Information**1. Performance**

- 1.1 During the period 1 February to 30 April 2023 a total of 16,041 new cases were received by the Pensions team. This is an increase of 1,264 from the previous period. 13,792 cases were completed during the period February to April. An increase of 1,914 compared to the previous period.
- 1.2 The principal areas of increase relating to cases received can be seen across Deferred Benefits. With the main increase to cases completed being seen across New Starters and Deferred Benefits. This can be attributed to data cleansing by a large scheme employer in preparation for onboarding to

iConnect, and preparation by the pensions team for year-end (ensuring records are up to date for Annual Benefit Illustrations).

- 1.3 Performance on casework in lower priority areas is expected to be impacted whilst the team is carrying a number of vacancies, onboarding and training new team members and resource being dedicated to supporting on the end of year process.

2. Recruitment

- 2.1 As a result of some recent workforce planning, phase 2 of the recruitment campaign is in progress. This includes the backfilling of existing vacancies and some newly created roles to help support the Fund's vision and Business Plan.
- 2.2 Progress has been made with the new Continuous Improvement Officer role. A job description has been drafted and job evaluation has taken place in order to determine the appropriate grade for this new role.

3 Annual Benefit Illustrations/Member Newsletters

- 3.1 The Annual Benefit Illustrations (ABI) templates for active and deferred members, together with the member newsletters, have been drafted and reviewed internally. Feedback has been provided by Simon Sim (Active Scheme Member representative) and the documents have been issued for final review.
- 3.2 The documents include the changes to Annual Allowance and Lifetime Allowance as a result of the Budget, together with the change in the CARE revaluation date. The ABI documents also include the first written notification to members of our intention to provide future ABIs digitally.

4 Benchmarking

- 4.1 As part of the Fund's objective to be 'best in class' and to be able to track the service transformation journey, the Fund are partnering with CEM to undertake benchmarking against other LGPS and international pension funds.
- 4.2 CEM works with over 400 funds worldwide, and provide clients with objective, actionable benchmarking insight into how to maximise value for money in investments and pension administration. The Fund currently works with CEM to benchmark investment performance and costs.
- 4.3 The Fund anticipates using the service to demonstrate value for money, improve member and employer service, optimise costs and staffing levels, make better decisions and save time by learning from peers.

- 4.4 The report provided compares the Funds pension administration costs and member service with a peer group of other schemes.
- 4.5 It is anticipated that a final report will be available to share with the Pension Fund Committee in December.

5 End of Year

- 5.1 For the year ending 31 March 2023 the Fund is expecting 595 year-end returns from scheme employers. A deadline of 6 April 2023 was set, with many employers requesting an extension to 28 April 2023.
- 5.2 As at 30 May 2023, the Fund had received 563 of the 595 returns. Upon receipt of the data a number of formatting, accuracy and balancing validation checks are carried out to ensure the data is accurate to load to member records.
- 5.3 As at 30 May 2023, 239 of the received returns have been returned to employers due to queries on the data. Of these 43 are still with employers to correct.
- 5.4 Additional resource has been allocated to this project this year; this initially resulted in slightly slower progress whilst training took place. However, the team are now ahead of the position at the same time last year with 39.66% of the work completed (compared to 29.54% at the same time last year).

6 Breaches of Law

- 6.1 Under the new [Policy for Recording and Reporting Breaches of Law](#) details of identified breaches of scheme Regulations can be found in **Appendix 1**.
- 6.2 The register currently includes cases where the Fund holds unclaimed refunds for members who joined the scheme after 1 April 2014, left with an entitlement to a refund of contributions and have not claimed the refund within 5 years of leaving.
- 6.3 [Regulation 18\(5\)](#) states that an Administering Authority shall refund contributions to a person entitled when the person requests payment, **or on the expiry of a period of five years beginning with the date the person's active membership ceased** if no request made by then, or if the person attains age 75 before then, on the day before attaining age 75. These are considered as a breach as the five-year period will have expired if and when payment is made by the Fund.
- 6.4 Upon leaving the scheme, the Fund will write to members with details of the refund payable and a claim form. If member's do not return the completed claim form, it is difficult for the Fund to make payment within the prescribed five-year deadline. Tracing of the unclaimed refunds will be covered by the Fund's Data Improvement Plan going forward.

6.5 The first line on the Breaches register includes data on all unclaimed refunds up to 31 March 2023. The second line of the report shows the data for April 2023. Going forward, data will be provided at each meeting on a monthly basis.

7 Complaints, Compliments and Comments

7.1 For the period 1 February to 30 April 2023 a total of 0 complaints, 33 compliments and 13 comments were received into the corporate system called iCasework. These have been summarised below:

	Complaints	Compliments	Comments
February	0	7 (good communications)	1 (disagreement with decision/policy)
March	0	8 (x7 good communications x1 helpful staff)	8 (x5 poor communications x3 disagreement with decision/policy)
April	0	18 (x17 good communication) x1 helpful staff	4 (x2 good communication x1 disagreement with decisions or policies made x1 poor communication)

8 New Telephony Solution

8.1 The administration team have been working with colleagues in ICT to develop a new options-based telephony solution which allows customers to connect with a member of the team who specialises in the area relating to their enquiry. It also means the members of the administration team are only taking calls relating to subjects on which they are experienced and knowledgeable.

8.2 It is anticipated this will significantly improve customer satisfaction levels and first point fix contact.

8.3 The team have been testing the new telephony system, and some minor adjustments have been made to the solution.

8.4 The solution also provides robust management information to allow the management team to assign an appropriate number of team members to each call queue.

8.5 Since going live in April 2023, the following statistics have been recorded:

	No. of calls received	No. of calls missed	% of calls taken
April	1,318	444	66.31

8.6 It is anticipated that the number of calls missed will reduce as more robust data allows the management team to determine the correct number of team members required on the call queues.

9 Pensions Dashboard

9.1 In March, the Pensions Minister announced delays to the delivery of Pensions Dashboards. On 8 June, the Minister issued an updated [statement](#) setting out further details of the delay.

9.2 Details are set out below:

- Legislation will be updated to set an overall connection deadline for all schemes, which will be 31 October 2026.
- The individual connection deadlines for schemes will be set out in guidance and will be before the final deadline of 31 October 2026. The Department of Work and Pensions (DWP) is planning to collaborate with the industry this year before publishing this guidance.
- The date that Dashboards will go live to the public (Dashboards Available Point) has not been announced yet, but the Minister said that this could be earlier than 31 October 2026. This indicates that Public Sector Schemes will have an earlier staging date than 31 October 2026.

9.3 The announcement of a final connection deadline is helpful, and although later than originally expected, the Fund will continue with its preparations for Dashboards with a focus on data cleansing/improvement and backlog clearance.

10 Superannuation Contributions Adjusted for Past Experience (SCAPE) Rate

10.1 The SCAPE rate is the discount rate used for the valuation of the unfunded public sector pension schemes in the UK. In the LGPS, contribution rates are not linked to the SCAPE rate. As the LGPS is funded, the discount rate is based on future expected returns from each fund's assets.

10.2 However, there are secondary impacts from this news which do affect the LGPS. The factors that are used daily to administer the LGPS e.g., cash-equivalent transfer values (CETVs), early and late retirements and additional pension purchases, are based on the SCAPE rate.

10.3 The new SCAPE rate was effective from 30 March 2023 and was confirmed in a ministerial statement as CPI plus 1.7%, a reduction from the previous rate of CPI plus 2.4%.

10.4 In the LGPS the change in the SCAPE rate will result in changes to Government Actuary Department (GAD) factors so a pause is needed for some calculations until new factors are available. Some of the factors have now been published and the Fund await the uploading of these by the administration system provider before resuming some calculations.

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June 2023

Reference	Date entered in register	Title of breach	Owner of breach	Third party which caused the breach (if any)	Description and cause	Possible effect and wider implications	Category of members and number of members affected	Initial (re)action	Assessment of breach (red/amber/green) Brief summary of rationale	Reported to tPR (Yes/No) and outcome of report	If reported, name of reporter	Further actions taken to rectify breach	Outstanding actions (if any) and date breach closed
B1	27/04/23	Over 5 year unclaimed refunds	Clare Chambers	Scheme Members (Frozen Refunds)	Scheme members who joined the scheme after 1 April 2014, left with an entitlement to a refund of contributions but have not claimed the refund within 5 years of leaving the scheme	Inaccurate valuation of the Fund's liabilities	Frozen Refund members who left between 01/04/2014 and 31/03/2018 x2,996 members	Claim forms sent to members upon leaving the scheme	Green Not materially significant - no financial detriment to member - procedures being put in place to avoid future breaches - Regulations due to be amended by government	No	N/A	5 year period has already expired so breach cannot be rectified	Fund need to chase members for completion of claim forms following an address tracing exercise. Fund also need to implement a more robust process for chasing members who are approaching the 5 year deadline. To note, it is anticipated that this Regulation will be removed in due course, in which case these may no longer be considered as a breach
B2	27/04/23	Over 5 year unclaimed refunds	Clare Chambers	Scheme Members (Frozen Refunds)	Scheme members who joined the scheme after 1 April 2014, left with an entitlement to a refund of contributions but have not claimed the refund within 5 years of leaving the scheme	Inaccurate valuation of the Fund's liabilities	Frozen Refund members who left between 01/04/2018 and 30/04/2018 x76 members	Claim forms sent to members upon leaving the scheme	Green Not materially significant - no financial detriment to member - procedures being put in place to avoid future breaches - Regulations due to be amended by government	No	N/A	5 year period has already expired so breach cannot be rectified	Fund need to chase members for completion of claim forms following an address tracing exercise. Fund also need to implement a more robust process for chasing members who are approaching the 5 year deadline. To note, it is anticipated that this Regulation will be removed in due course, in which case these may no longer be considered as a breach

From: Chairman Pension Fund Committee
Corporate Director of Finance

To: Pension Fund Committee – 22 June 2023

Subject: McCloud update

Classification: Unrestricted

Summary:

To provide an update on the McCloud Remedy Regulations and the actions taken by Officers of the Kent Pension Fund to prepare in advance of the regulations becoming law, which is expected to be 1 October 2023.

Recommendation:

The Committee is asked to note the report.

FOR INFORMATION

1. Background

- 1.1 When the Government reformed public service pension schemes in 2014 and 2015 it introduced protections (underpins) for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' pension schemes had been discriminated against because the protections did not apply to them. Consequently, the Government has confirmed that there will be changes to all the main public service pension schemes, including the LGPS, to remove the discrimination. This ruling is often called the 'McCloud judgment' after a member of the Judges' Pension Scheme involved in the case (www.lgpsmember.org/faqs/what-is-the-mccloud-case-about/, Jan 2022).
- 1.2 On 6 April 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published their response to the consultation on amendments to the underpin. The consultation proposed changes to the underpin to address the discrimination found in the McCloud judgment and to ensure that it works effectively and consistently for qualifying members.
- 1.3 Alongside the consultation response, in collaboration with the Scheme Advisory Board (SAB), DLUHC published a factsheet summarising the remedy for members. This has been added to the Kent Pension Fund website and will be referenced in member newsletters.

1.4 DLUHC has recently launched a further consultation, with responses due 30 June 2023. The consultation seeks views on:

- issues such as aggregation and flexible retirement.
- issues not included in the original consultation (such as compensation, interest and excess teacher service).
- the update of draft regulations.

1.5 DLUHC will finalise the regulations after considering the responses to the further consultation. The McCloud Remedy Regulations are expected to come into force on 1 October 2023, with backdated effect to 1 April 2014.

2. Data Rectification for Kent Pension Fund – procurement of provider

2.1 A significant amount of work will be required by the Fund to comply with various projects that require accurate, complete and up-to-date data (i.e., the McCloud judgment, Pensions Dashboard and the Fund's Data Quality Policy). As such, the Fund is planning to issue a tender to procure external support from a pensions data management specialist.

2.2 Officers are working with colleagues in KCC's Procurement Team to prepare tender documents. The procurement process will be via the National LGPS Framework. It is anticipated that Invitations to Tender will be sent out by the end of June 2023, with bid documents to be returned in July.

2.3 A tender evaluation process will be undertaken to select the most suitable Supplier for the data rectification. The Pension Fund Committee will be updated on the Supplier awarded the contract.

2.4 In addition to supporting the major data projects and data cleansing, the Fund may also consider third-party resource support on mortality screening and address tracing. Whilst assisting project needs (as outlined above), mortality screening and address tracing would also assist business as usual operations dependent upon accurate records being held.

3. Collection of scheme Member data from Employers

3.1 Officers have commenced a project to contact all Fund Employers by the end of June to request scheme member data (including hours and service breaks between 1 April 2014 and 31 March 2022) by the end of September.

3.2 SAB have provided advice on what actions to take if data is not forthcoming, incomplete or erroneous.

3.3 The information supplied by Employers will be used to prepare for the McCloud ruling, thereby ensuring payments can be made to relevant scheme members as appropriate.

4. Data Quality Policy

4.1 All data is to be collected as per KCC's data policy. The Fund's Data Quality Policy has been drafted and is included within the Governance and Policies

paper for today's meeting. It is intended to present to the Pension Fund Committee for approval at their next meeting.

4.2 The objectives of the Data Quality Policy include:

- Ensuring that member records are maintained as accurately as possible to ensure benefits are paid correctly on time.
- Ensuring that members receive a high standard of service.
- Ensure the Fund is able to meet its legal obligation.
- Ensure that costs are reliable/correct; and
- To ensure data supplied to the Fund's actuary is as accurate as possible so the correct liabilities can be calculated and comply with the Pension Regulators Code of Practice.

4.3 Once agreed and finalised, the Policy will be used in conjunction with external support to develop a Data Improvement Plan.

4.4 The project work on McCloud will be undertaken in accordance with the Data Quality Policy.

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From: Chairman Pension Fund Committee
Corporate Director of Finance

To: Pension Fund Committee – 22 June 2023

Subject: Pension Administration Audit

Classification: Unrestricted

Summary:

To outline the findings of an Internal Audit of the administration of the Kent Pension Fund (CS04-2023 – Pension Scheme Admin, May 2023).

Recommendation:

The Committee is asked to note the report.

FOR INFORMATION

1. Background

1.1 Internal Audit undertook a review of the administration of Kent Pension Fund between February and March 2023. The Audit findings were presented in April 2023. A summary of the findings is attached in the Appendix. The audit involved a review of relevant documentation, interviews with key officers and sample testing of controls. Key focus areas of the audit were:

- Governance & oversight arrangements
- Policies, procedures and staff training
- System access, data security and data quality
- Pension scheme administration
- Compliance with scheme rules and regulations
- Capacity and resourcing of the pension scheme administration team

1.2 The Internal Audit summary report of the Fund was taken to KCC's Governance and Audit Committee on 18 May 2023.

2. Report Conclusions

2.1 The Audit Opinion given was 'Adequate' meaning that "internal control, governance and management of risk is adequate overall, however there were areas identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk "*(Pension Scheme Administration, CS04-2023, Internal Audit Report, 25 April 2023 - Definitions)*.

- 2.2 The Prospect for Improvement assessment was 'Good' meaning that "there are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place "(*as above reference*).
- 2.3 A total of seven issues were raised in the report (two high risk, three medium risk and two low risk). All seven issues identified have a management action plan identified to facilitate improvement.
- 2.4 Officers are comfortable with the findings of the Audit and content that both the Audit Opinion of 'Adequate' and 'Good' Prospects for Improvement are a fair reflection of the current situation and future plans. In most cases the items identified already had plans in place for improvement as part of the already developed plans in place.

3. High Risks Identified in the Report

- 3.1 There were two areas considered high risk in the report, these were:
- Annual Benefit and Annual Allowance Statements
 - Member Data
- 3.2 For Annual Benefit and Annual Allowance Statements, concerns related to missing governance and historical practices not being reviewed. An Action Plan is in place to improve controls and outcomes. Specifically, three actions have been proposed, to be completed by 31 December 2023, that relate to digital solutions, improving monitoring systems and a review of current practices.
- 3.3 For Member Data, concerns relating to the McCloud data remedy project and data quality. An Action Plan with two actions has been proposed to improve data management and data quality. Specifically, a full tender exercise is currently underway, and data is to be collected from Employers; and a Data Quality Policy has been drafted. The Data Quality Policy is to be reviewed at June's Pension Fund Committee. The actions proposed are timetabled for completion by 30 September 2023, ahead of the McCloud Remedy Regulations expected to come into force on 1 October 2023. An update on progress of the McCloud project is elsewhere on today's agenda.

4. Medium Risk items identified in the Report

- 4.1 There were three areas considered medium risk in the report, these were:
- Pension Scheme Governance
 - Key Performance Indicators (KPIs)
 - Late Provision of Leaver Information by Scheme Employers
- 4.2 For Pension Scheme Governance, one area was identified which related to the number of meetings of the Pension Board that were held in the previous twelve months. Members will be aware that this was due to issues previously

with getting full quorate meetings, but this has been addressed in the recent recruitment exercises.

- 4.3 For Key Performance Indicators, concerns related to the reporting of KPIs, and the time taken to process leavers and transfers out. An Action Plan has been proposed to improve processes and outcomes. Specifically, three actions have been proposed, with medium term targets for 31 December 2023 and a longer-term target of 31 March 2025 for scheme member self-service and iConnect. These proposed improvement actions relate to the introduction of digital reporting; benchmarking and sharing best practice with other Funds; recruitment; and the introduction of digital automation for bulk processes.
- 4.4 For Late Provision of Leaver Information by Scheme Employers, concerns related to delays in making payments to members. An Action Plan has been proposed to improve processes and outcomes. Specifically, three actions have been proposed, which include the introduction of the Administration Strategy (now adopted); increased utilisation of iConnect for Employer data submissions; and recruitment. A medium-term target for 30 September 2023 has been set for recruitment into the Employer Support Team, with a longer-term target of 31 December 2025 for iConnect due to the number of Employers that will need to be onboarded to the system.

5. Low Risk items identified in the Report

- 5.1 There were two areas considered low risk in the report, these were:
- Housekeeping
 - Members owed Deferred Refunds
- 5.2 For Housekeeping, concerns related to the need to update administrative procedures and materials, the need to review temporary workarounds, website information and policies. An Action Plan has been proposed to correct and complete these matters by 31 March 2024, with quick wins proposed by 30 April 2023 (since completed) for the some of the housekeeping required. Specifically, six actions have been proposed that include business administration corrections, recruitment; investigations into digital solutions; and the preparation of a new Security Access policy.
- 5.3 For Members owed Deferred Refunds, a concern was raised that officers were reactive, rather than proactive in their approach. In response to this concern, a new process is to be developed for Frozen Refund Members by 31 December 2023. The process will form part of the annual data cleanse and will be included in the Breaches Log going forward.

6. Good Prospects for Improvement Identified in IA Report

- 6.1 The management action plans in place include a broad range of proposals that strengthen the Fund's strategies in recruitment (increasing capacity), procurement (outsourcing data rectification), governance (new policies and

procedures) and offer digital solutions to manage demand. A number of these initiatives are to be delivered imminently or are in progress and were already integral elements in the Fund's Business Plan, to achieve the objective of delivering a best-in-class service to all our members and employers.

- 6.2 Pension Fund Committee will be updated at future meetings, as management actions are completed, and solutions developed.

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June 2023

D2. CS04-2023 – Pension Scheme Admin

Audit Opinion	Adequate
Prospects for Improvement	Good

Key Strengths

- The Fund's policies are being reviewed and where gaps are identified, new policies are drafted and presented to the Pension Fund Committee.
- Work has been undertaken to implement the recommendations made following a review by a consulting firm of the fund's governance. 139 recommendations were made and as at March 2023, 116 recommendations have been implemented or are in progress.
- The workload of the team and level of resource has been reviewed with additional roles being created to increase the capacity of the team.
- Ways of working are continuously reviewed in order to improve efficiency. Since 1 November 2022, the way work is allocated to the team was changed so that all administration teams spend a minimum of one month on a given subject area. Previously, teams only spent one week on a given subject area before moving on. This new arrangement allows team members to become more experienced in each area as they spend more time processing each case type. Furthermore, postage tasks are to be outsourced to increase capacity for casework, and bulk processing of certain tasks is to be introduced to reduce processing times.
- Pension administration information provided to Committees has been improved with Key Performance Indicators (KPIs) being reported to the Pension Board and Pension Fund Committee since November 2022 and December 2022 respectively. KPIs were previously not reported to either forum

Areas for Development

- There are processes in place for the production and despatch of Annual Benefit statements and Annual Allowances. However, work needs to be undertaken to ensure regulations are not breached and where breaches occur, the Pension Fund Committee and Pension Board should be informed. **Issue 1 (High)**.
- Data for the McCloud data remedy project is yet to be collected and gaps in member data identified through a data quality review carried out by a consulting firm in October 2022 have not yet been addressed. **Issue 2 (High)**.

- The Pension Board only met once in the 12 months to 31 January 2023. The LGPS requires pension funds to operate a Local Pension Board. **Issue 3 (Medium)**.
- The KPIs reported do not have any comparators and are not benchmarked against other local authorities to assess how well the KCC pension administration team is doing. In addition, there is a backlog of cases, with the time taken to process leavers and transfers out running into years in some instances. **Issue 4 (Medium)**.
- There is no set timeframe for scheme employers to provide leaver information and in some cases, scheme employers take over a year to notify the pension administration team of members leaving. **Issue 5 (Medium)**.
- Improvements to housekeeping are required to ensure staff have access to up to date information and supporting documentation can be located easily. **Issue 6 (Low)**.
- The pension administration team does not proactively contact members who are owed deferred refunds. They wait to hear from the member and interest is added to the amount due when it is paid later. **Issue 7 (Low)**.

Prospects for Improvement

Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:

- As described above, in addition to established practices and processes there a number of initiatives that are underway and imminent.
- Management have engaged positively with the audit and developed appropriate actions to address the issues identified.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	2	2	NA
Medium Risk	3	3	NA
Low Risk	2	2	NA

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From: Chairman Kent Pension Board
Corporate Director of Finance

To: Pension Fund Committee – 22 June 2023

Subject: Pension Board update

Classification: Unrestricted

Summary:

This report summarises the Pension Board meeting that took place on 8 June 2023.

Recommendation:

The Committee is asked to note the update from Pension Board.

FOR INFORMATION

1. Background

1.1 This briefing note has been prepared as a summary of the discussions at the meeting of the Pension Board on 8 June 2023.

2. Pension Board – 8 June 2023

2.1 At its meeting on 14 March 2023 the Kent Pension Board considered a varied agenda, and a number of the key items are considered below.

3. Detailed update on Pensions administration including a review of the Key Performance Indicators.

3.1. The Pensions Administration manager updated the Board on the key issues that were impacting the Administration team, and the plans for the future development of the service.

3.2. The Board asked for assurance that the recruitment activity being undertaken within the administration team was included in the Budget that had been agreed by the Committee in March 2023. In addition, the Board was interested to understand the impact of the changes on the structure of the Pensions and Treasury service, and asked if they might see revised team structures.

3.3. This assurance was given by officers around the changes being with the agreed budget, and in addition it was agreed to share more detail of the structures, showing where the changes have impacted the team. This will also summarise the desired impact of these new roles on the aims and objectives of the service. It was also noted that the roles had been added to the structure to support the Fund's overall objectives to modernise and provide a best-in-class service.

4. Update on the work of the Pension Fund Committee

- 4.1. The Chairman of the Pension Fund Committee updated the Board on the work of the Committee in recent meetings. He specifically the ongoing review of the Fund's Investment strategy which is being considered by the Committee on today's agenda. He also advised the Board on the work the Committee and Responsible Investment Working group had been progressing in this area. He noted developments within ACCESS and commented on the overall strong performance of the Kent Fund over the last three years.

5. Governance and Policy updates

- 5.1. The Head of Pensions and Treasury noted that the implementation of the recommendations of the Barnett Waddingham review were now largely complete, however a number of them now needed either Government consultations, legislation or codes of conduct to be published which were clearly out of the Fund's direct control.
- 5.2. In addition, the Board considered the two policies that are being presented to the Committee at today's meeting. The Board had particular interest in the Communications Policy, in particular some of the ways the Fund is intending on communicating digitally with members and employer bodies in the future. The Board commended the Fund on the developments in this area.

6. Business Plan and Risk-Register

- 6.1 The Board considered a summary of the updates to the Fund's Business Plan and Risk Register. Officers are working to develop a report that enables the Board to clearly see the updates to both without being unwieldy and this remains a work in progress. However, the Board were comfortable with the minor updates presented.

7. Training Plan

- 7.1. The Board considered the training plan for Board and Committee members, which is also on today's agenda. Given there are a number of new members on the Board it was agreed that each member would be given the opportunity to assess their knowledge levels so that the Fund could support them in undertaking their responsibilities effectively.

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June 2023

From:	Chairman Kent Pension Fund Committee Corporate Director of Finance
To:	Kent Pension Fund Committee – 22 June 2023
Subject:	Fund Position 31 March 2023
Classification:	Unrestricted

Summary:

To provide a summary of the Fund's asset allocation and performance.

Recommendation:

The Committee is asked to note the Fund's asset allocation and performance as of 31 March 2023.

FOR INFORMATION

1. Introduction

- 1.1 This report provides an update on the Fund's asset allocation and performance.
- 1.2 A copy of the Fund Position Statement is at Appendix 1

2. Fund value and asset allocation

- 2.1 As of 31 March 2023, the Fund's value was £7.83bn, an increase of £92m over the quarter.
- 2.2 Within its equity allocation, the current asset allocation is currently biased towards global equity and underweight UK equity versus the strategic asset allocation. Notwithstanding this, the overall (combined) equity allocation is within the formal tolerance ranges established under the Fund's Investment Strategy Statement. Moreover, the Pension Fund Committee is due to revisit the strategic asset allocation at its meeting on 22 June. Therefore, no rebalancing is recommended at this stage. All other asset classes remain within their target allocation ranges.

3. Investment performance quarter to 31 March 2023

- 3.1 UK equities lagged slightly behind global equity returns over the quarter with the FTSE All-Share index returning +3.0% in the three months to 31 March compared to +4.4% rise in global equities.
- 3.2 Global equities and bonds experienced renewed volatility in March following the failure of Silicon Valley Bank (SVB) and Signature Bank in March. However,

softer US inflation data, China's reopening, and falling wholesale gas prices in Europe all helped the MSCI global equity index to rise by 4.4% over the quarter.

- 3.3 Against this backdrop, the Fund's active equity managers lagged behind the benchmark returns this quarter, with the exception of Impax, which marginally outperformed the benchmark, and the Baillie Gifford Global Equity Core Fund, which outperformed its benchmark by a considerable margin due to a relatively strong return for growth style stocks.
- 3.4 The property market stayed relatively flat this quarter following the significant drop in valuations last quarter. Our property managers mainly outperformed with the exception of M&G Residential Property Fund which saw negative returns of -0.7% (although this mandate has performed relatively well over the year to 31 March), and Aegon (Kames) which returned 0.0% against a benchmark of 0.2%.
- 3.5 The rise in the global equities meant that the equity protection program lost £118m during the quarter, but the fall was offset by the rise in physical equities held by the Fund.
- 3.6 Both the absolute return managers underperformed again against the RPI linked benchmark whilst the private equity and Infrastructure mandates had mixed returns.
- 3.7 Overall, during the quarter, the Fund returned 1.1%, underperforming against its benchmark return of 2.6%.

4. Longer term performance

- 4.1 For the year ended March 2023, the Fund achieved a return of 1.4% against a benchmark return of 0.3%, an outperformance of 1.11%.
- 4.2 The past year has continued to be one of significant economic challenges, from the cost-of-living crisis, recovery from the pandemic, the invasion of Ukraine, and the banking liquidity crisis, the impact of the now lengthy period of uncertainty continues to be felt throughout financial markets.
- 4.3 Against this backdrop of economic uncertainty, value style investors have outperformed growth stocks, which have struggled. Baillie Gifford, the Fund's global equities manager with a growth style has returned -10.0% over the year, although this followed on from a period of exceptional outperformance coming into 2022, and in the last few months has regained some of the lost ground earlier in the year. In contrast, both the Fund's value managers, Schroders GAV and M&G global dividend fund being the best performing over the year, despite a difficult quarter.
- 4.4 The bond markets similarly experienced reversing fortunes between the first and second half of the year. Despite the recovery in the last 2 quarters, 3 of the 4 bond managers recorded negative returns for the year compared to a benchmark of 2.1%, with CQS delivering the worst performance of -5.1% for the year and M&G MAC fund the best performing with annual returns of +2.4%.
- 4.5 After recording strong growth recovering from post covid lockdown in the first half of the year, property assets have continued to come under pressure from rising interest rates and the IPD Property Fund benchmark has recorded a net decline of almost 14.9% for the year. However, the Fund's property managers

have outperformed the property index, in particular portfolios with less exposure to industrial property assets such as the M&G Residential Property Fund.

- 4.6 The Fund operates a diversified asset allocation, across a range of asset classes and styles, together with an equity protection programme, in order to manage risk and meet its investment objectives.
- 4.7 Over three years, the Fund has outperformed with a return of 11.0% per annum compared to the benchmark return of 9.9% p.a.

5. Outlook

- 5.1 The investment outlook remains uncertain. Inflation remains high although now trending downwards. Market sentiment remains highly sensitive to economic news and there is limited consensus on how long it will take to normalise. The IMF has lowered global growth projections to 2.8% for 2023 and challenges in the US banking sector persist. Against this backdrop our managers continue to focus on stock-picking and look for companies with strong balance sheets and good long-term prospects. The Fund aims to limit volatility by diversifying sources of return within the portfolio. The Fund will be reviewing its investment strategy over the next few months to take advantage of the revised valuation results.

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June 2023

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FUND POSITION STATEMENT

Summary of Fund Asset Allocation and Performance

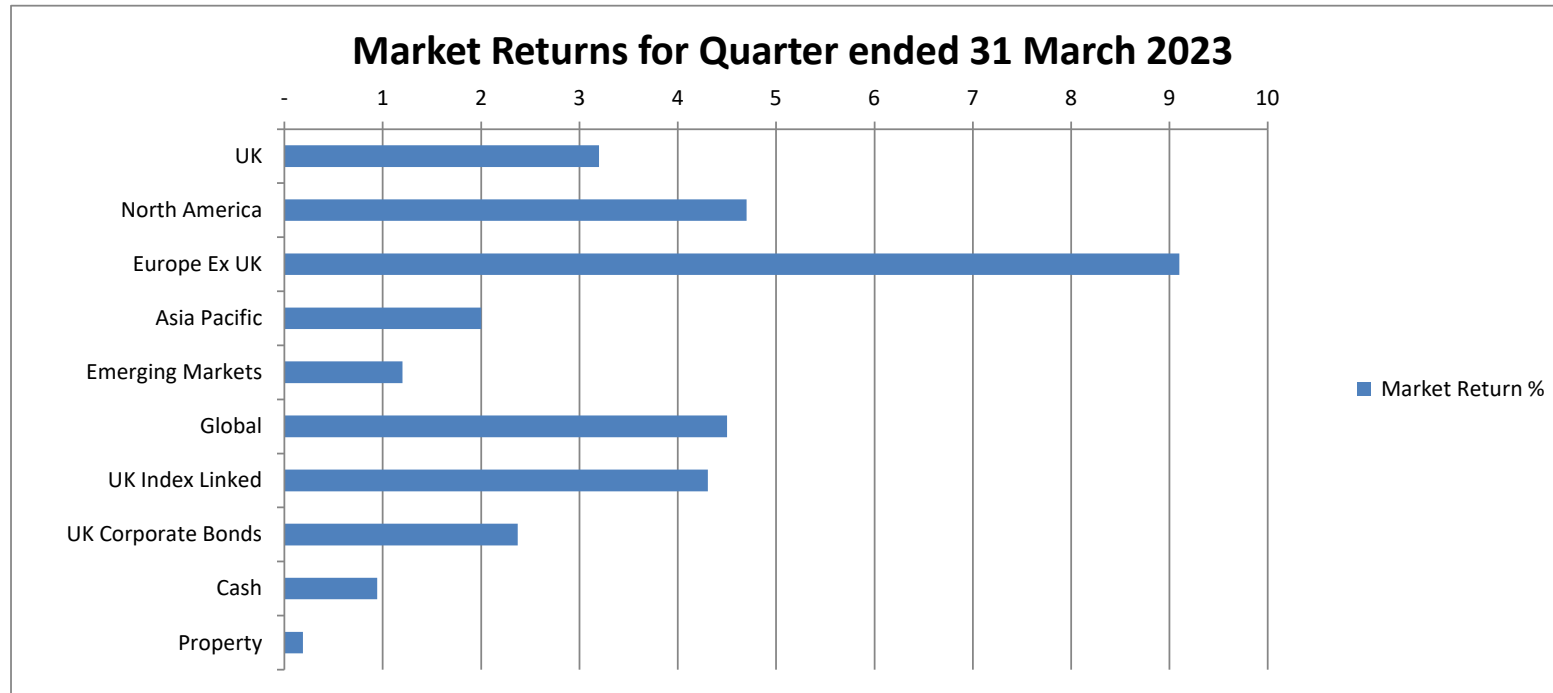
Pension Fund Committee

By: Chairman Pension Fund Committee
Corporate Director of Finance

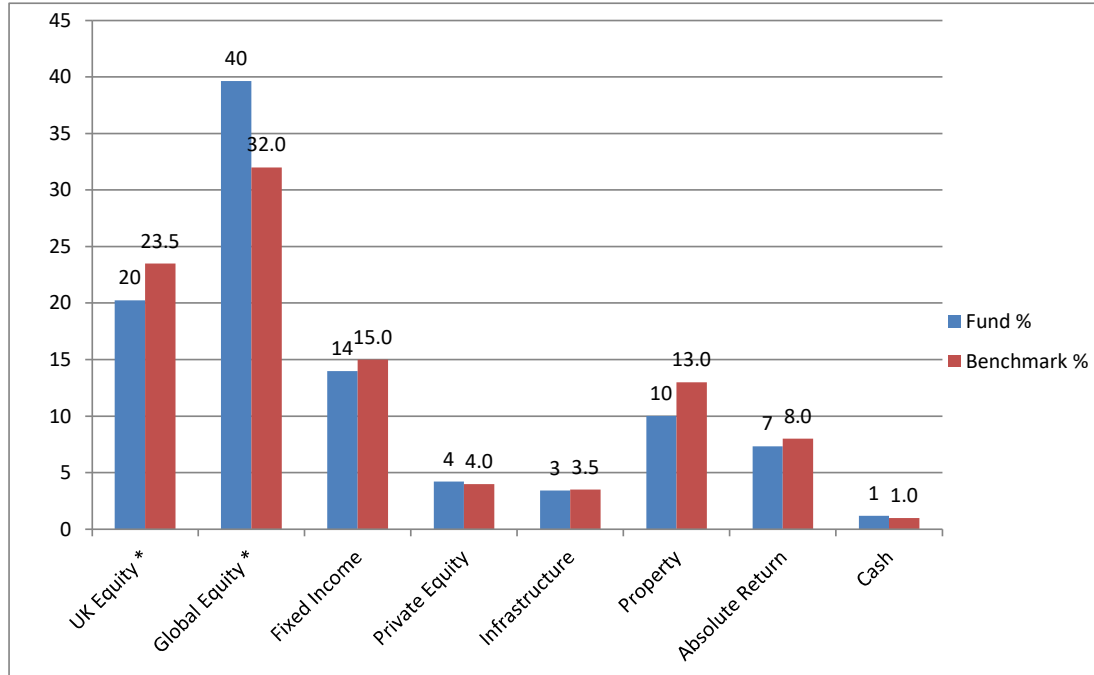


Kent Pension Fund
Q4 2022-23
Katherine Gray- Principal Accountant

Market Returns for Quarter ended 31 March 2023



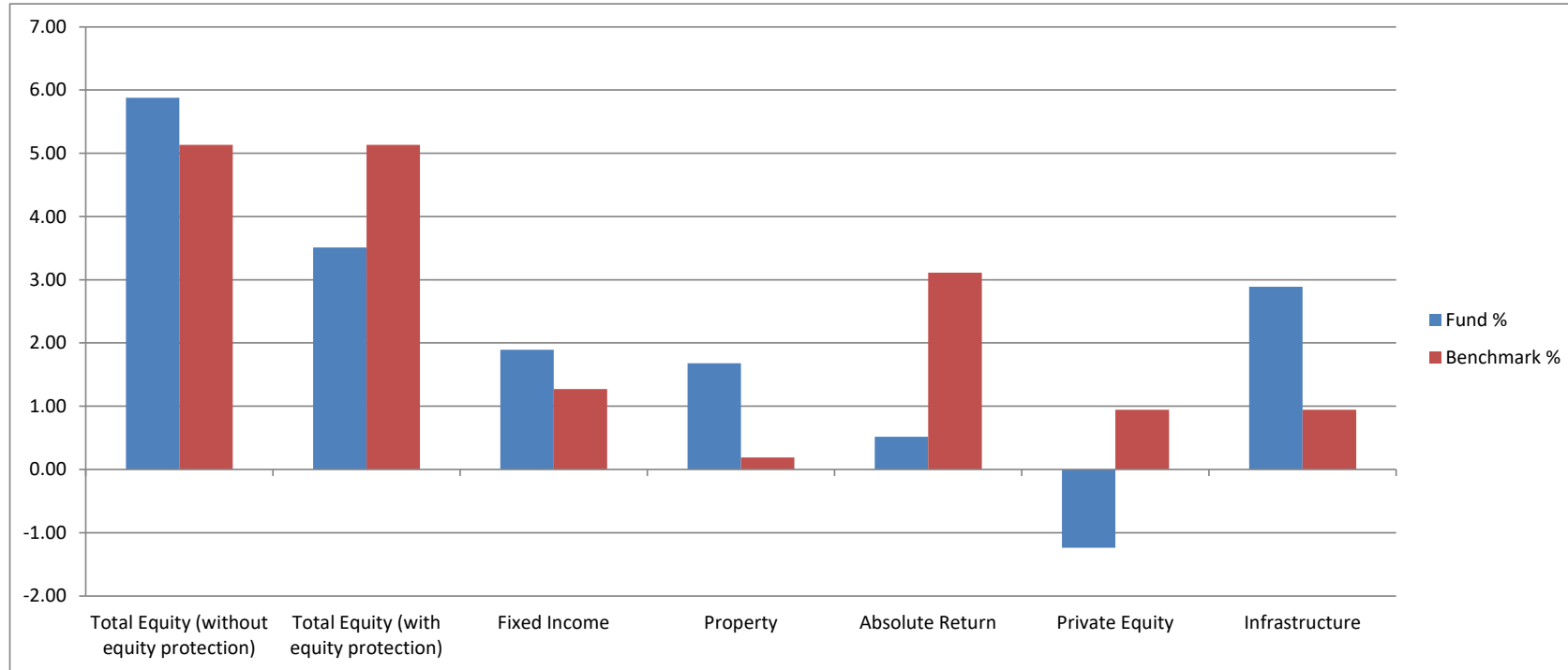
Fund Asset Allocation vs Benchmark as at 31 March 2023



Asset Class	Fund		Benchmark	Over / (under) weight
	£m	%	%	%
UK Equity *	1,584	20.2	23.5	-3.3
Global Equity *	3,103	39.6	32	7.6
Fixed Income	1,094	14.0	15	-1.0
Private Equity	330	4.2	4	0.2
Infrastructure	267	3.4	3.5	-0.1
Property	784	10.0	13	-3.0
Absolute Return	574	7.3	8	-0.7
Cash	93	1.2	1	0.2
Total	7,828	100	100	

* Synthetic equity exposure with Insight is included in UK and Global Equities

Fund Asset Class Performance for Quarter ending 31 March 2023



Asset Class	Fund %	Benchmark %	Outperformance %
Total Equity (without equity protection)	5.88	5.13	0.74
Total Equity (with equity protection)	3.51	5.13	-1.62
Fixed Income	1.89	1.27	0.62
Property	1.68	0.19	1.49
Absolute Return	0.52	3.11	-2.60
Private Equity	-1.24	0.94	-2.18
Infrastructure	2.89	0.94	1.94

Market Value Summary by Fund Manager as at 31 March 2023

Fund Manager	Asset Class	Market Value as at 31 December 2022 (£m)	Market Value as at 31 March 2023 (£m)	Change in Market Value (£m)	% of Total Fund 31 March 2023
Schroders - LF ACCESS UK Equity Fund	UK Equity	1,146	1,184	39	15.1%
Baillie Gifford - LF ACCESS Global Equity Core Fund	Global Equity	987	1,071	84	13.7%
Insight	Equity Protection Program	1,158	1,040	-118	13.3%
M&G - LF ACCESS Global Dividend Fund	Global Equity	517	536	19	6.8%
DTZ	Direct Property	493	502	8	6.4%
Schroders GAV - LF ACCESS Global Active Value Fund	Global Equity	400	405	5	5.2%
Goldman Sachs	Fixed Interest	376	386	10	4.9%
Pyrford	Absolute Return	377	382	6	4.9%
Sarasin	Global Equity	360	375	15	4.8%
Partners	Infrastructure	249	267	18	3.4%
Harbourvest	Private Equity	259	255	-4	3.3%
M&G Alpha Opportunities	Fixed Interest	241	246	4	3.1%
Schroders	Fixed Interest	238	239	1	3.1%
CQS	Fixed Interest	221	226	5	2.9%
Ruffer - LF ACCESS Absolute Return Fund	Absolute Return	194	192	-3	2.4%
Fidelity	Pooled Property	143	143	0	1.8%
YFM	Private Equity	68	75	7	1.0%
Impax Environmental Markets	Global Equity	70	73	3	0.9%
M&G Residential Property	Pooled Property	69	69	0	0.9%
DTZ Pooled Funds	Pooled Property	39	39	0	0.5%
Aegon (Kames)	Pooled Property	32	32	0	0.4%
Woodford	UK Equity	4	3	-1	0.0%
Internally managed cash	Cash	96	90	-6	1.2%
Total Kent Fund		7,737	7,829	92	100.0%

Total investments in ACCESS pooled funds

3,244

3,388

Percentage of the total Fund

42%

43%

Performance Returns as at 31 March 2023

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund *	1.12	2.64	1.44	0.33	11.03	9.88
UK Equity						
Schroders - LF ACCESS UK Equity Fund	3.37	3.02	3.63	2.95	15.42	13.59
Woodford	-21.71	3.08	-53.63	2.92	-35.78	13.81
Global Equity						
Baillie Gifford - LF ACCESS Global Equity Core Fund	8.53	4.73	-9.95	1.56	10.05	14.27
Sarasin	4.27	4.39	-1.60	-1.43	15.04	15.47
Schroders - LF ACCESS Global Active Value Fund	1.15	4.39	0.97	-1.43	17.63	15.47
Impax	4.42	4.39	-2.29	-1.43	19.16	15.47
M&G - LF ACCESS Global Dividend Fund	3.77	4.39	3.52	-1.43	21.49	15.47
Fixed Interest						
Goldman Sachs	2.65	0.86	-3.86	3.50	1.53	3.50
Schroders Fixed Interest	0.60	0.84	-1.67	2.06	3.26	0.87
CQS	2.17	1.82	-5.13	6.08	6.68	4.88
M&G Alpha Opportunities	1.73	1.82	2.35	6.08	6.66	4.88
Property						
DTZ	2.47	0.19	-11.37	-14.87	4.21	2.69
Fidelity	0.25	0.19	-13.42	-14.87	2.64	2.69
Aegon (Kames)	0.02	0.19	-7.63	-14.87	1.84	2.69
M&G Property	-0.70	0.19	0.78	-14.87	1.66	2.69
Private Equity						
Harbourvest	-3.45	0.94	0.98	2.27	26.75	0.74
YFM	7.17	0.94	18.62	2.27	34.22	0.74
Infrastructure						
Partners	2.84	0.94	13.69	2.27	5.86	0.74
Absolute Return						
Pyrford	1.47	3.11	1.61	18.51	4.89	12.89
Ruffer - LF ACCESS Absolute Return Fund	-1.33	3.11	0.24	18.51	9.61	12.89

* The total fund return includes the impact of the equity protection program, a separate report detailing the performance of the program is provided as a separate report

Fund Manager Benchmarks and Performance Targets

Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders - LF ACCESS UK Equity Fund	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
Global Equities:		
Baillie Gifford - LF ACCESS Global Equity Core Fund	Customised	+1.5% pa over rolling 3 years
Sarasin	MSCI AC World Index NDR	+2.5% over rolling 3 - 5 years
M&G - LF ACCESS Global Dividend Fund	MSCI AC World Index GDR	+3% pa
Schroders - LF ACCESS Global Active Value Fund	MSCI AC World Index NDR	+3% - 4% pa over rolling 3 years
Impax	MSCI AC World Index NDR	+2% pa over rolling 3 years
Fixed Income:		
Schroders Fixed Interest	ICE BofA Sterling 3 month Gov Bill Index	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
CQS	ICE BofA Sterling 3 month Gov Bill Index + 4%	
M&G Alpha Opportunities	ICE BofA Sterling 3 month Gov Bill Index + 4%	
Property:		
DTZ	IPD Pension Fund Index	≥ 3 year rolling average of benchmark returns
Fidelity	IPD UK PF Property Fund Index	
Aegon (Kames)	IPD UK PF Property Fund Index	
M&G Property	IPD UK PF Property Fund Index	
Alternatives: (Cash / Other Assets)		
Private Equity – YFM	SONIA	
Private Equity – HarbourVest	SONIA	
Infrastructure – Partners Group	SONIA	
Absolute Return – Pyrford	Retail Price Index (RPI)	RPI + 5%
Ruffer - LF ACCESS Absolute Return Fund	Retail Price Index (RPI)	
Internally managed cash – KCC Treasury and Investments team	SONIA	

From: Chairman Pension Fund Committee
Corporate Director of Finance

To: Pension Fund Committee – 22 June 2023

Subject: Governance & Policy update

Classification: Unrestricted

Summary:

To report to Pension Fund Committee the progress made with the implementation of the recommendations arising from the Barnett Waddingham review. This report also advises Pension Fund Committee on the current position of the Fund policies.

Recommendation:

The Committee is asked to note the report.

FOR INFORMATION

1. Introduction

- 1.1 As previously agreed, Pension Fund Committee will be updated at each meeting on the progress made on the implementation of the Barnett Waddingham recommendations.
- 1.2 Members are reminded that Barnett Waddingham made 139 Recommendations and some 116 have been implemented or are in progress.
- 1.3 48 recommendations were made following the review of the Pension Board's role, membership, responsibilities and duties, its relationship with the Pension Fund Committee, and its effectiveness and compliance with LGPS regulations and the Pension Regulator's Code of Practice. 46 of the 48 recommendations have been implemented or are in progress.
- 1.4 The majority of the outstanding actions require updated legislation, codes of conduct or consultation from Government and therefore there are no updates to report to this meeting. At the next meeting officers will prepare a more detailed assessment showing those areas where more work is required.
- 1.5 It will also be appropriate to consider whether an independent assessment of the Fund's progress against these recommendations, and other governance related areas would be appropriate, and officers will also update Pension Fund Committee when this work has started.

Fund policies

2. Communications Policy

- 2.1 The first draft of the Fund's new Communications Policy for 2023/24 (**Appendix 1**) has been developed by the Communications and Support Team. The purpose of the policy is to publish a statement setting out the plans concerning the methods of communication with stakeholders of the Kent Pension Fund.
- 2.2 As part of the "Digital by Default" objective, the Fund will be encouraging members and employers to use electronic methods to send and receive documents. The Fund are also encouraging members to engage with their pension by integrating member self-service with standard work processes to increase take up across all membership groups.
- 2.3 The Fund will be undertaking a mailing preference exercise over the next 12 months to notify members that all future Annual Benefit Illustrations will be published on Member Self Service as opposed to being sent out as hard copies in the post.
- 2.4 The Communications and Support Team will be undertaking a programme of work to onboard all scheme employers to iConnect (an online tool for submitting data and forms). The aim is to have all employers onboarded by the end of 2025 and to make this tool mandatory once all employers are onboarded.
- 2.5 The Communications and Support Team are also increasing the number of newsletters produced for members. Currently, only pensioner members are provided with a newsletter. Going forward, newsletters will also be produced for active and deferred members.

3. Data Quality Policy

- 3.1 The Fund's Data Quality Policy has been drafted (**Appendix 2**). The objectives of the policy are to ensure that member records are maintained as accurately as possible to ensure benefits are paid correctly on time, members receive a high standard of service, the Fund is able to meet its legal obligations, ensure investment and administration costs are reliable/correct, ensure data supplied to the Fund's actuary is as accurate as possible so the correct liabilities can be calculated and ensure compliance with the Pension Regulators Code of Practice.
- 3.2 Once agreed and finalised, the Policy will be used in conjunction with external support to develop a Data Improvement Plan.
- 3.3 These two policies were also taken to Pension Board on 8th June. No changes were recommended.

4. Policy Summary

4.1 The table below summarises the Fund's Policies and Strategies and highlights the two noted above. It also shows that in September the Board and Committee will be due to review updated ISS, Governance policy and compliance statement, Responsible Investment policy and Personal Data Retention policy.

Policy	Last reviewed by the Committee	Next update and review due	Responsibility
Funding Strategy Statement (FSS)	March 2023	March 2025	Nick Buckland
Investment Strategy Statement (ISS)	September 2022	September 2023 after review of Investment Strategy	James Graham
Governance policy and compliance statement	September 2022	September 2023	Nick Buckland
Responsible Investment policy	September 2022	September 2023 – linked to Investment Strategy review	James Graham
Communications policy	June 2023 (presented)	June 2025	Clare Chambers
Administration Strategy	March 2023	March 2025	Clare Chambers
Conflicts of Interests Policy	December 2022	December 2024	Nick Buckland
Breaches of the Law policy	December 2022	December 2024	Nick Buckland
Discretions policy	December 2022	December 2024	Clare Chambers
Abatements policy	December 2022	December 2024	Clare Chambers
Training Strategy	March 2022	March 2024	Emma Green
Personal Data Retention policy	December 2019	September 2023	Clare Chambers
Data Quality policy	June 2023 (presented)	June 2025	Clare Chambers
Escalations policy	n/a	New policy, tbc	Clare Chambers
Privacy Notice	n/a	New policy, tbc	Clare Chambers

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June 2023

Communication Policy 2023/24



Contents

Purpose	2
Regulatory Framework	2
General Communication	2
Prospective Members	4
Representatives of Scheme Members	4
Active Members	4
Deferred Benefit Members	5
Pensioner Members	5
Employing Authorities	6
Accessibility	8
Privacy Policy	8
Freedom of Information	8
Review	8
Further Information	9
Appendix 1 Table of Publications	10

1. Purpose

- 1.1. The purpose of this policy is to publish a statement setting out the plans concerning the methods of communication with stakeholders of the Kent Pension Fund ('the Fund').
- 1.2. This document is presented to the Pension Fund Committee for approval on 22 June 2023.

2. Regulatory Framework

- 2.1. The policy has been produced in accordance with Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013.
- 2.2. The Regulation requires that an administering authority must prepare, maintain, and publish a written statement setting out its policy concerning communications with:
 - members
 - representatives of members
 - prospective members
 - scheme employers
- 2.3. In particular, the statement must set out its policy on:
 - the provision of information and publicity about the scheme
 - the format, frequency, and method of distributing information or publicity
 - the promotion of the scheme to prospective scheme members and their employers
- 2.4. The communication policy must be revised and republished following any change in policy on any of the matters referred to in 2.3.
- 2.5. For the purposes of this policy, published means being accessible on the publicly available website [Kent Pension Fund](#).

3. General Communication

- 3.1. The Fund encourages members and employers to use electronic methods to send documents.
- 3.2. The Fund provides scheme members and potential scheme members with information on the benefits of the Local Government Pension Scheme (LGPS) using various mediums.
- 3.3. LGPS support is available nationally through websites and guidance for both employers and scheme members. The Fund communications will continue to reference these national resources, together with material provided by pension industry experts.
- 3.4. The Fund will continue to support collaboration and development of communication media with other administering authorities through membership of the Communications Working Group. The group is run by the Local Government Pensions Committee Secretariat (LGPC), as part of the Local Government Association (LGA).

- 3.5. News items and blogs are produced on the website regularly as the need arises, to highlight current issues, upcoming changes or to provide articles of interest.
- 3.6. The Fund communicates with the Pension Fund Committee and Local Pension Board in various ways as set out by the [Terms of reference for the Kent Local Pension Board \(kentpensionfund.co.uk\)](#) and the [Terms of reference for the Kent Pension Fund Committee \(kentpensionfund.co.uk\)](#).
- 3.7. The Fund communicates information about the investment decisions made by the Pension Fund Committee and Local Pension Board via the newsletters and on the Fund website.
- 3.8. The Fund recognises that its staff are its greatest resource and that they are kept informed about the Fund's aims to deliver an outstanding and 'best in class' service to members and employers.
- 3.9. This is achieved via the use of email, internal and on-line meetings, quarterly performance reviews, internal and external training events on specific topics, together with the opportunity to study for professional qualifications. There is a dedicated training team who provide expert tuition on the LGPS and the wider pensions industry.
- 3.10. The Fund obtains feedback periodically from different member groups and employers and publishes all relevant results on the websites.
- 3.11. The Table of Communications in Appendix 1 of this document details the Fund's method of communication, intended audience, publication media, frequency, and method of distribution.
- 3.13 All prospective, active, deferred and pensioner members have access to the following:
 - **Major changes to scheme regulations** are communicated to member groups and are published on the website in an effective, straightforward, and timely manner.
 - **Kent Pension Fund website** has dedicated areas for all members. It includes information about the scheme, guides, factsheets, and forms. Customers can request a paper copy of information or documents by contacting their employer (if applicable) or the Fund. Members and Employers can upload documents on a secure area of the website.
 - **The Pensions Customer Helpline** is available Monday to Friday. The current opening times are available on the [Kent Pension Fund](#) website. The telephone number is 03000 41 34 88.
 - **The Pensions Mailbox** is a central mailbox for any customer emails. The email address is Pensions@kent.gov.uk.
 - **Written Correspondence** can be sent to the Fund, together with forms and certificates. The address is Pension Section, Sessions House, County Hall, Maidstone, Kent, ME14 1XQ.

- **One to one appointments** with a member of the Kent Pension team are available Monday to Friday via Teams on request, during the opening times of the pensions customer helpline.
- 3.14 All active, deferred and pensioner members have access to [member self-service](#) which is an online secure facility for members of the Fund, hosted by Heywood Pension Technologies Ltd. Registered members can:
- view the details the Fund holds for them and keep their personal details up to date
 - create, view and update their expression of wish for any death grant that may be payable
 - perform quotations for deferred benefits and future benefits (depending on member status)
 - view P60s and pay slips (pensioner members)
- 3.15 To encourage members to engage with their pension, the Fund are integrating member self-service with standard work processes, to increase take up across all membership groups.
- 3.16 The Fund is committed to offering electronic methods of communication to members and will implement additional features of member self-service as identified.
- 3.17 Monthly website and member self-service data is recorded to monitor the usage and member registration numbers, to measure the success of campaigns run by the Fund.

4 Prospective Members

- 4.1 A dedicated area of the website is provided for those thinking of joining the scheme containing information, guides, and factsheets.

5 Representatives of Scheme Members

- 5.1 Scheme information, guides and factsheets are available on the website. Individual pension information is provided to representatives on the written authorisation of the scheme member, with the exception of transfer of pension benefits.

6 Active Members

- 6.1 Active members are members who are in employment and contributing to the Fund.
- 6.2 Employers will enrol relevant employees into the scheme and provide scheme information and forms on joining. When the employer notifies the Fund, a welcome letter is sent to the member with further information regarding the pension scheme.

- 6.3 An illustration is sent to members of their pension benefits by 31 August each year. The illustration shows the basic information that is held about the member, such as the pay used for pension purposes. It gives an illustration of the pension benefits built up to the previous 31 March and also includes the death grant lump sum, should the member die in service.
- 6.4 A pension saving statement is sent to members if they have exceeded, or are approaching, the annual allowance limit. This is in relation to the growth in their pension benefits in the year ending 31 March. The letter is sent to members by the following 6 October.
- 6.5 The Fund arranges a programme of online and face to face events each year to meet with groups of members. These events are arranged either in conjunction with employers or are advertised to members of the scheme via the newsletters or on the website.
- 6.6 Newsletters will be provided to members at least annually and published on the Fund website. Each newsletter will include articles regarding the scheme and other useful information.
- 6.7 The Fund will be inviting members to volunteer for the member user group in the future, whose purpose is to gather feedback of services used and act as a testing group for future projects.

7 Deferred benefit members

- 7.1 Deferred benefit members are members who have stopped contributing to the LGPS with the Fund and have a benefit held in the Fund which is payable at retirement age.
- 7.2 Deferred benefit illustrations are sent to members before 31 August each year, giving an illustration of their current deferred pension benefits held in the Fund.
- 7.3 The Fund arranges a programme of online events each year to meet with groups of members. These events are advertised to members of the scheme via the newsletters or on the website.
- 7.4 Newsletters will be provided to members annually and published on the Fund website. Each newsletter will include articles regarding the scheme and other useful information.

8 Pensioner members

- 8.1 Pensioner members are members who are in receipt of a pension from the Fund.
- 8.2 The Open Lines newsletter is provided to pensioner members twice a year, in spring and autumn. It is produced in conjunction with Kent Active Retirement Fellowship (KARF). The newsletter includes:

- articles about topical issues
- KARF news and activities and
- provides a state benefit update with a dedicated helpline to contact.

8.3 The spring issue includes details about the annual pension increase and tax information for the new financial year.

8.4 Members can opt out of receiving Open Lines. Those members will receive a letter in the spring instead, detailing information about the annual pension increase. Members have the option to choose to receive Open Lines as a link by email or by post.

8.5 Payslips are issued in paper format to the members' home address once a year in April and at any other time during the year if:

- the pay differs by more than £5
- there is a change of bank details

Payslips are available to view on [Member Self Service](#), together with the P60.

8.6 A dedicated pension payroll helpline, 03000 41 11 07 is available Monday to Friday 9am to 5pm. Pension payroll also have a dedicated mailbox, pensions.payroll@cantium.solutions

8.7 Kent Active Retirement Fellowship (KARF) was set up in 1997 by people in receipt of a pension from the Fund. KARF provide their members with the opportunity to meet with other retired people with similar interests. The local branches offer a variety of activities and events, including social, cultural, educational, leisure and fellowship.

8.8 The Fund is independent of KARF but help promote their activities by including information in the Open Lines newsletter, having a dedicated KARF area on the website and including information in the benefit letter to newly retired members.

9 Employing authorities

9.1 Employing authorities are employers that offer membership of the pension scheme to their employees.

9.2 The Fund supports employers to enable them to fulfil their statutory role in the Fund by providing regular relevant information and access to various types of resources. The [Administration Strategy](#) sets out the Employer and Fund responsibilities to administer the scheme.

9.3 The Communication and Support team are a dedicated team of officers who provide support to employers. Each officer has responsibility for a group of employers, and they provide guidance, training and support by phone, email, and visits in person.

- 9.4 The Fund provides a forum for employers twice a year, in June and December. The forums include presentations on topical issues, an administrative update, employer discussion session, etc.
- 9.5 As the need arises, specialist forums are arranged for employers, for example, when there are major changes in the scheme or overriding legislation. These are held at different venues around Kent.
- 9.6 Any major changes in the scheme regulations or policies are notified to employers. In the event of significant changes, additional specialist forums are provided, as detailed previously.
- 9.7 Updates are sent to employers by email when news and changes have occurred that require a summary notification.
- 9.8 The Fund's website has a dedicated secure area for employers, which is accessed via an individual password. The website includes information and guidance about the scheme, template letters, forms, etc.
- 9.9 The Communication and Support officers visit employers upon request or when the officer believes they may need help and guidance.
- 9.10 Officers train employers on pension issues upon request or when the officer believes they may need training.
- 9.11 The Fund offer a programme of on-line webinars to all employers on specific topics and will advertise these using the employer newsletter and on the website.
- 9.12 Officers attend meetings with employers on request, including those with their HR and Payroll departments or providers.
- 9.13 The Communication and Support officers will provide additional support to new employers, to assist in their understanding of the roles and responsibilities as an employer, and to provide guidance on Fund processes.
- 9.14 The Fund provides access to iConnect for employers, which enables monthly payroll updates and, in the future, will provide additional features such as the facility to request estimated benefits, including costs, and other information.
- 9.15 The Fund will onboard employers to iConnect on an ongoing programme, with the aim to have all employers using this portal by the end of 2025. iConnect will become mandatory once all existing employers have been onboarded and any new employers admitted to the Fund will automatically onboard to iConnect.

10 Accessibility

- 10.1 The Fund is committed to ensuring communications are accessible to all stakeholders and recognises the requirement for different methods of communication for different members.
- 10.2 To achieve this, the Fund will ensure that all communications use plain English and where possible, are available in alternative formats as requested.
- 10.3 The Fund is committed to developing further use of electronic means of communicating through email, websites, and member self-service. Communications will be issued to all stakeholders to encourage interaction by electronic means, whilst also offering other mediums.
- 10.4 The Fund is committed to ensuring that the [Fund](#) website, together with the documents available on the website, meet the [Web Content Accessibility Guidelines \(WCAG 2.1\)](#)

11 Privacy Policy

- 11.1 As the Administering Authority, the Fund holds certain information about scheme members ("personal data") which is needed to administer the Fund.
- 11.2 Further information about the data held and how it is used can be found in the [full privacy notice](#) (PDF, 331.9 KB).

12 Freedom of Information

- 12.1 Anyone has a right under the Freedom of Information (FOI) Act to request any information held by the Fund which is not already made available.
- 12.2 FOI requests will be dealt with openly and swiftly.
- 12.3 Requests should be made in writing, by email or online to the Information Resilience and Transparency Team at the address at the end of this document.
- 12.4 A fee may be charged in line with our published FOI guidance.

13 Review

- 13.1 The policy will be reviewed annually and updated sooner if the information included within it requires reconsideration.

14 Further Information

Please use the [online enquiry form](#) to contact the Fund or send documents electronically.

Alternatively, you can call: Telephone: 03000 41 34 88

Monday to Friday 9am to 3pm

To call from abroad dial +44 3000 41 34 88

Calls cost the same as 01 and 02 numbers and are included in free call packages.

If you have a Freedom of Information request, please refer to the [Making a Freedom of Information Request](#) information available online.

Alternatively, you can email the request at:

freedomofinformation@kent.gov.uk

Or write to at:

Information Resilience and Transparency Team

Kent County Council

Room 2.64 Sessions House

County Hall

Maidstone

ME14 1XQ

	Frequency	Format	Method of Distribution
Changes in Legislation	As necessary	Email	Email to employers
Material Alterations to Basic Scheme Information	As soon as possible and within 3 months after the change takes effect.	Website Email Paper Based	Letter or email to all stakeholders and online
Guides and factsheets for members and employers	Always available	Website Paper Based on request	Online or sent to home address
Pension Fund Report and Accounts	Annual	Website Paper Based on request	Online or sent to home address
Pension Fund Policies	Always available	Website Paper Based on request	Online or sent to home address
Valuation Report	Always available. New report every 3 years.	Website Paper Based on request	Online or sent to home address
Welcome letter to new members	As necessary	Email Paper Based Member Self Service	Email or sent to home address
Annual Benefit Illustration to members	Annual	Email Paper Based Member Self Service	Currently sent to home address. Future statements will be available via Member Self Service and paper based by request.

Deferred Benefit Illustration to members	Annual	Email Paper Based Member Self Service	Currently sent to home address. Future statements will be available via Member Self Service and paper based by request.
Newsletters - Members	Active members – at least once a year Deferred members - annually Pensioner members - twice a year	Email Paper Based Online	Email, sent to home address and available online.
Pension Saving Statements	Annual	Paper Based	Currently sent to home address. Future statements will be available via Member Self Service and paper based by request.
Customer Satisfaction Feedback	Annual and ad hoc	Electronic, Face to Face or paper based	E-mail, in person or via post
P60	Annual	Paper Based Member Self Service	Sent to home address

Payslip	Monthly (see 8.5 for conditions of issue)	Paper Based Member Self Service	Currently sent to home address. Future statements will be available via Member Self Service and paper based by request.
Member webinars / presentations	On request via employer and on a regular programme	Online and face to face	Via employer or online
One to one meeting with members	On request	Online	Online
Training for new employers	As necessary	Online and face to face	In person or online
Newsletter - Employers	Quarterly	Email	Email to employers
Employer Forum	Twice a year	Online and face to face	In person or online
Employer User Group	As necessary	Online and face to face	In person or online
Ad hoc Employer Training and meetings	On request	Online and face to face	In person or online
Telephone helpline to the Fund	Always available		
Dedicated email addresses to the Fund	Always available		
Member Self Service	Always available		
Fund website	Always available		
National websites (promoted in Fund publications)	Always available		

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Kent Pension Fund

Data Quality Policy

1. Introduction

- 1.1 This document defines the data improvement plan for the Kent Pension Fund ('the Fund') which is administered by Kent County Council ('the Administering Authority').
- 1.2 The Fund collects and holds large amounts of digital and paper-based data and is heavily reliant on the timely receipt of quality (accurate, complete and up to date) data from scheme employers, in order to effectively administer the Local Government Pension Scheme (LGPS).
- 1.3 Details of the information scheme employers are required to provide, and the consequences of them failing to do so are detailed in the Fund's Administration Strategy.
- 1.4 Fundamentally, the purpose of the LGPS is to pay the right benefits to the right member at the right time. It is therefore imperative that the highest possible data quality standards are maintained, to comply with this core function and to ensure the cost-effective use of resources.
- 1.5 The LGPS continues to face ongoing legislative change with oversight of administration and governance falling under the remit of the Pension Regulator (tPR), with a heightened responsibility on scheme managers and local pension boards to ensure data is readily available and fit for purpose at all times.
- 1.6 The legal requirements relating to scheme record keeping are set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) 2014.
- 1.7 TPR's guidance requires that schemes should:
 - Continually review their data and carry out a data review exercise at least annually.
 - Where a review of the scheme's data identifies poor or missing data, a data improvement plan should be put in place to address these issues.

2. The Pension Regulator Annual Scheme Return

2.1 Annually tPR issues a scheme return which should be completed and returned. From 2018 each Pension Fund is required to include in the return a Data Quality Score which has two types of data:

- **Common data** – used to identify scheme members and includes name, address, National Insurance number and date of birth.
- **Scheme Specific data** – essential to calculate benefit entitlement such as pensionable pay and service history. It also encompasses data relating to events that occur during an individual's membership, for example transfers etc.

2.2 tPR has issued a quick guide on measuring scheme data which states that one piece of missing data, such as current address on a deferred member's record should be reported to them as a failed record (as per Appendix 2)

3. Legislative Framework

3.1 The Fund and its Employers have a legal obligation and statutory duty to comply with a number of regulations, standards and formal guidance; these include, but are not limited to:

- LGPS Regulations 2013, as amended.
- Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014
- The Pensions Act 1995, 2004 and 2008
- The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013
- Data Protection Act 1998, and replacement legislation in May 2018 (implementing General Data Protection Regulation)
- Freedom of Information Act 2000
- Pension Regulator's Code of Practice No.14

4. Key Objectives

4.1 The key objectives of this plan are to:

- Ensure active, deferred, pensioner and beneficiary records are maintained as accurately as possible to ensure benefits are paid correctly on time, members receive a high standard of service, and the Fund is able to meet its legal obligations.
- Ensure Investment and Administration costs are reliable/correct.

- Ensure data supplied to the Fund's actuary for the valuation is as accurate as possible so the correct liabilities can be calculated.
- Ensure the Fund complies with tPR's Code of Practice

5. Outcomes

5.1 Anticipated outcomes of an improvement in the data held by the Fund are:

- Improvement of tPR data scores for Common and Scheme Specific data.
- Increase in the number of Annual Benefit Illustrations (ABI's) issued by 31 August each year/members are aware of the value of their benefits.
- Reduction in the number of Internal Dispute Resolutions (IDRP's) received for incorrect calculation of benefits or delays in paying benefits.
- Reduction in the number of queries from the Fund's actuary at valuation time.
- Reduction in the number of queries received when ABI's are sent out.
- Reduction in administration costs due to increased efficiency.
- Reduction in the likelihood of the Government Actuary Department (GAD) rejecting data for the scheme valuation.
- Improvement in accuracy for IAS19 valuations.
- Reduction in delays for calculating and paying retirement benefits, death benefits, transfers out.
- Reduction in the queries between the Fund and scheme employers.
- Reduction in the breaches recorded on the Breaches Log (e.g., due to ABI's being issued late).
- Improved reporting, planning, programming management and operation of activities relating to Kent Pension Fund.
- Improved governance and reduced risk of GDPR data breaches.

6. Ongoing Data Cleansing via monthly returns (iConnect)

6.1 Employers are responsible for the upload of their iConnect monthly returns. The iConnect platform allows employers to securely upload the details of their scheme members. Data not provided through iConnect is provided by employers via spreadsheets and forms, which is then uploaded to the database of the Fund.

6.2 If there are any errors or suppressions on the monthly return, the employer must advise us of this and send a copy of the file upload within 2 working days.

- 6.3 All employers are aware that there may be changes to the data required on their monthly return at any time. It is the employer's responsibility to set up users, amend users and delete users.

7. LGPS National Insurance Database

- 7.1 Administered by South Yorkshire Pension Fund Authority on behalf of the Local Government Association (LGA), the secure National Insurance Database (NIDB) was developed for LGPS administering authorities to share data to prevent duplicate payment of death grants. This follows changes to Scheme Regulations in 2014 where payment of a death grant in respect of a member with entitlement across multiple membership categories is restricted to an aggregate payment value in relation to any active or pensioner/deferred membership.
- 7.2 When processing the death of a scheme member, officers will check the LGPS National Insurance Database for the existence of membership at other LGPS Funds. Officers will also use the NIDB to attempt to trace members for whom we have lost contact with and may hold benefits in another LGPS Fund.

8. Tell Us Once Service

- 8.1 The secure LGPS National Insurance Database also facilitates the integration of the Fund's membership profile into the Department of Work and Pensions (DWP) 'Tell Us Once' service (TUO). The service allows a person registering a death to request that the DWP pass on the deceased's information to other government services and council services.
- 8.2 If the deceased is a member of the Fund, as determined by the LGPS National Insurance Database, an email notification is received informing the designated officers that a copy of the death certificate is accessible on the secure government gateway.

9. National Fraud Initiative

- 9.1 The National Fraud Initiative (NFI) matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. The Fund submits data to NFI every two years to identify deceased members and members who are no longer entitled to receive a pension.

10. Mortality screening and tracing service

10.1 The Fund engage with a Tracing Bureau for both monthly mortality screening and ad-hoc for members where no current address is held. For deferred members, where a current address for a lost contact cannot be found by the Tracing Bureau, a check is carried out 3 months before payment of pension is due. For pensioner members who are identified as deceased the Fund will suspend pensions.

11. Annual Benefit Illustration (ABI) checks

11.1 Before producing an ABI each year certain checks are applied to active records to ensure accurate data is used in the production of the ABI.

11.2 If these checks identify further information is required from an employer, the ABI production for this case will be blocked and a query will be referred back to the employer. Upon receipt of the appropriate information the record will be updated, and the ABI will be released for production.

12. Deferred pensions increase

12.1 As part of the annual deferred pensions increase process certain data errors are identified and pensions increase is blocked until they are resolved.

13. Data errors

13.1 When tackling data errors, the following considerations will be used when making the decision on the priority of errors to be resolved:

- Priority identified on the error report (see Appendix 2)
- Data improvement plans objectives (as set out above)

Presented to the Pension Fund Committee for Approval – 22 June 2023

Appendices:

Appendix 1 - Data Quality scores and errors.

Appendix 2 - Work plan to deal with the data errors identified.

Appendix 1 – Kent Pension Fund results

	Q3 2018	Q3 2019	Q3 2020	Q3 2021	Q3 2022
tPR Score – Common	94.4%	96.3%	95.9%	95.6%	95%
tPR Score – Scheme Specific	64.6%	90.1%	91%	92.4%	93.8%

Appendix 2 - Data Correction Plan (as at October 2022).

Category	Data Category	Failures	Priority (based on categories as determined by administration system provider)
Common	NI Number (missing, temporary, incorrect format)	1,756	Low
Common	Date Joined Fund	6	Low
Common	Status	235	High
Common	Status and invalid data view	3,066	High
Common	Address	11,351	Medium
Common	Status and valid data view	236	Very High
Scheme Specific	Member Benefits	7,947	High, Very High
Scheme Specific	Member Detail	47,792	Low, High, Very High
Scheme Specific	CARE Data	13,174	High
Scheme Specific	HMRC	1,653	Low, Medium, High
Scheme Specific	Contracting Out	31,846	Medium, High

From:	Chairman Pension Fund Committee Corporate Director of Finance
To:	Pension Fund Committee – 22 June 2023
Subject:	Training Plan
Classification:	Unrestricted

Summary:

To update the Pension Fund Committee on progress in developing the training plan for Board and Committee members & representatives.

Recommendation:

The Committee is asked to note the report.

FOR INFORMATION

1. Background

- 1.1 In November 2022, a report was prepared on the LGPS National Knowledge Assessment, for Kent Pension Fund (**Appendix 1 contains a link**). The report was prepared by Hymans Robertson and followed a previous assessment undertaken in 2020.
- 1.2 The report rated the knowledge and skills of members of the Pension Board and Pensions Fund Committee. The report also enabled benchmarking against other Funds. At the time when the assessment was completed, 16 other LGPS funds and over 200 members had participated in the National Knowledge Assessment.
- 1.3 Individuals from Kent Pension Fund were asked to undertake multiple-choice online assessment to test their LGPS knowledge. Questions were split into three categories to ascertain areas of strength and where development potentially required: (1) Technical questions (the majority of questions were in this area); (2) Roles & Responsibilities; and (3) Decision making.

2. Key Findings of the Hymans Robertson assessment (Nov 2022)

- 2.1 The Fund's overall knowledge ranking against other participating LGPS funds was found to be 10th out of 16 Funds, based upon the average score of assessed participants. Scores in the eight technical areas (as per CIPFA's

Knowledge & Skills Framework for Local Pension Boards) were as shown in Table 1. The average scores by category are shown in Table 2.

Table 1: Average scores for technical knowledge, 2022

Area of technical knowledge	Pensions Board	Pension Fund Committee
Financial Markets & Product Knowledge	80%	75%
Pensions Governance	80%	63%
Actuarial Methods, Standards & Practices	73%	58%
Procurement and Relationship Management	67%	53%
Committee Role & Pensions legislation	60%	45%
Investment performance & Risk Management	57%	47%
Pensions Administration*	47%	42%
Pensions Accounting & Audit Standards *	43%	28%

**Areas of least knowledge for both Pensions Committee Members and Pensions Board Members, November 2022. Whilst it is recognised that membership of the Committee and Board has changed since November 2022, these were identified as the lowest scoring areas for both Committee and Board.*

Table 2: Average scores by category, 2022

	Pensions Board & Pension Fund Committee combined average score
Technical (<i>the majority of questions covered this area</i>)	58%
Decision-making	51 %
Role responsibility	49 %

3. Hymans Robertson's Knowledge Assessment Report Conclusions

- 3.1 Hymans Robertson's assessment recommended training in all three categories (technical, role responsibility and decision making). The purpose of the training to allow members to effectively undertake their role for Kent Pension Fund.
- 3.2 For role responsibility and decision making, specific requirements will be provided at Pension Boards and Committee, as items arise.

- 3.3 Papers prepared by Officers will outline the specific role responsibility and decision-making required for specific subject matters, as per Agenda items. For example, role responsibility and decision making will be explained for each of the following:
- Triennial valuation of the Fund
 - End of Year accounts
 - Business Plan (including budgets)
 - Commissioning and procurement
 - New strategies and policies, as appropriate
- 3.4 For more technical topics, 'Pensions Accounting & Audit Standards' and 'Pensions Administration' will be prioritised as subjects for training. These two subject areas scored the lowest in knowledge held by members & representatives. Full details of the training plan proposals for these and the other topics is outlined in **Appendix 2**.

4 Training Requirements

- 4.1 Training is to be undertaken, recorded and monitored as per the Kent Pension Fund Training Strategy (approved at Pension Fund Committee March 2022); a link is contained in **Appendix 3**. The Strategy sets out strategic training objectives and the training vision, whilst incorporating CIPFA's 'Code of Practice on Public Sector Pensions Finance, Knowledge & Skills' and CIPFA's Knowledge & Skills Framework. Furthermore, the Kent Pension Fund Training Strategy explains the requirement for those on the Pensions Board and Pensions Fund Committee to have sufficient skills and knowledge to undertake their role.
- 4.2 The aim of the training proposals outlined in this Paper is to build on the training previously arranged for Members and to close the skills gaps identified in Hyman Robertson's assessment.

5. The Pensions Regulator's (tPR) E-learning Toolkit

- 5.1 tPR has developed an online tool designed to help those running public service schemes to understand the governance and the administrative requirements in CIPFA's Code of Practice. The toolkit is designed specifically with Local Pension Board members in mind however the material covered is of equal relevance to members of the Pension Fund Committee.
- 5.2 The Pension Fund Committee is expected to complete the toolkit and for the Local Pension Board members this is a mandatory requirement. The toolkit is an easy-to-use resource and covers short modules. These are:
- a) Conflicts of Interests;
 - b) Managing Risk and Internal Controls;

- c) Maintaining Accurate Member Data;
- d) Maintaining Member Contributions;
- e) Providing Information to Members and Others;
- f) Resolving Internal Disputes;
- g) Reporting Breaches of the Law.
- h) Pension Scams

5.3 All members are expected to complete their induction material and the TPR toolkit within 6 months of joining the Pensions Board or Pension Fund Committee. Where existing members and representatives have not completed the TPR's E-Learning Toolkit, they are expected to complete.

6. Training Delivery

6.1 All Members with a role in scrutiny or advisory in Kent Pension Fund are expected to complete the learning specified in the Training Plan of **Appendix 2**. Should members join at a date where subjects have already been covered in the Training Plan, knowledge gaps should be filled on an individual basis.

6.1 To support the Training Plan, other training methods/resources will be incorporated to pick-up hot topics and to support learning requirements as they emerge. Information and details will be circulated to Members. It is also expected that members will take personal responsibility to maintain their Pensions knowledge and to ask Officers for assistance where extra support may be required to effectively undertake their role.

6.2 To enable a sufficient level of knowledge and skill to properly exercise their function, other training methods/resources may include, but not be restricted to:

- a) Internally developed training days (i.e., presented by specialist Officers at KCC);
- b) Training delivered by Investment Managers and the Kent Fund's Consultants at Committee and Board meetings (i.e., external presenters);
- c) In-house and shared training events where it improves economy, efficiency and effectiveness;
- d) Self-improvement and familiarisation with regulations and documents;
- e) Attending courses, seminars and external events;
- f) Regular updates from officers and/or advisers;

g) Circulated reading material (i.e., LGPC bulletins and monthly updates distributed by Officers).

- 6.3 The Local Government Association have a 'Fundamentals' training course held over three-day sessions (or six sessions if undertaken online as each session is half-a-day). The course ties in with the aims and objectives of KCC's Training Strategy and introduces the subject areas in the CIPFA knowledge and skills framework. The course can be undertaken in person at London (Westminster), Manchester or online. Trainers are leaders in the field of pensions and are carefully selected by the LGA. For 2023, booking is open and training sessions are planned for October, November and December 2023. This training option is available to all Members, Officers and representatives who attend Pension Board and/or Pension Fund Committee.
- 6.4 Should there be sufficient interest, access to Hymans' Learning Academy will also be made available to support learning and development. Hyman's LGPS Online Learning Academy (LOLA), allows access to Hymans' Learning portal, whereby learning modules (videos) can be viewed on-demand. The learning portal offers jargon busters, knowledge checks and the ability for funds to track and monitor training progress. A subscription fee would be payable annually by Kent Pension Fund.

7. Reassessment by Hymans Robertson

- 7.1 It is proposed that further to the Training Plan being completed in 2025, Hymans Robertson are re-commissioned to undertake a revaluation of the knowledge held by members and representatives. Action to then be taken, dependent on the report findings.

Emma Green, Senior Pensions Programme Manager

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June 2023

Appendix 1: Hymans & Robertson Report – Knowledge Assessment

Page 171 – 188:

<https://democracy.kent.gov.uk/documents/g9078/Public%20reports%20pack%2029th-Mar-2023%2010.00%20Pension%20Fund%20Committee.pdf?T=10>

Appendix 2: Training Plan

It expected that these sessions will be completed by Members and representatives that attend Pensions Board and Pension Fund Committee. Training is to be delivered by Officers and external partners via workshops and presentations; outlook invitations are to be sent. After each session, participants will be asked to complete a short survey to check learning objectives have been met.

Indicative Timeframe	Core Topic
September 2023	<p>Pensions Accounting & Audit Standards</p> <p><i>To provide a general understanding of the Accounts and Audit Regulations, and the role of internal and external audit</i></p>
December 2023	<p>Pensions Administration</p> <p><i>To provide a general understanding of best practice in pensions administration, together with Fund polices, resource and discretionary powers.</i></p>
March 2024	<p>Investment Performance & Risk Management</p> <p><i>To provide a general understanding of the relationship between assets and liabilities and the structure, operation and purpose of investment pooling arrangements.</i></p>
June 2023	<p>Committee Role & Pensions Legislation</p> <p><i>To provide an overview of the Committee's role and a general understanding of the legislative framework as it applies to the LGPS, in line with the CIPFA Knowledge & Skills Framework</i></p>
September 2024	<p>Procurement & Relationship Management</p> <p><i>To provide a general understanding of the public procurement requirements as they apply to the LGPS, and how performance of suppliers can be monitored.</i></p>
December 2024	<p>Actuarial Methods, Standards & Practices</p> <p><i>To provide a general understanding of the role of the Fund actuary and the formal valuation process (including the FSS and inter-valuation monitoring) and the treatment of new and ceasing employers (including employer covenant)</i></p>

March 2025	<p>Pensions Governance</p> <p><i>To provide a general understanding of the controls and measures in place to manage risks and conflicts and interest of the Fund, whilst ensuring the right skills and experience are available.</i></p>
June 2025	<p>Financial Markets & Product Knowledge</p> <p><i>To provide a general understanding of the financial context of the Fund, and the products relating to the Fund.</i></p>

Appendix 3: Kent Pension Fund Training Strategy (March 2022)

https://www.kentpensionfund.co.uk/_data/assets/pdf_file/0003/135435/Kent-Pension-Fund-Training-Strategy.pdf

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Agenda Item 16

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Agenda Item 17

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