



AGENDA

PENSION BOARD

Tuesday, 12th March, 2024, at 10.00 am

Ask for: **Matt Dentten**

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

Telephone **03000 418381**

Membership

Scheme Employer Representatives (4)

Kent County Council (2)

Mr R Thomas (Chair) and Mr D Jeffrey

District/Medway Council (1)

Cllr R Carnac

Police/Fire & Rescue (1)

Ms A Hartley

Scheme Member Representatives (4)

Active Scheme Member Representative (1)

Ms K King, Kent County Council

Pensioner Representatives (2)

Mrs A Mings, Mr G Ward

Unison Representative (1)

Mr J Parsons (Vice-Chair)

UNRESTRICTED ITEMS

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

1. Apologies and Substitutes
2. Declarations of Interest by Board members on items on the agenda for this meeting
3. Minutes of the meeting held on 28 November 2023 (Pages 1 - 6)
4. Future meeting dates

To note that meetings of Pension Board will take place at 10.00 am on the following dates:

11 June 2024

3 September 2024

21 November 2024

25 February 2025

3 June 2025

5. Update from the Chairman of the Pension Fund Committee
6. Governance updates including Draft Business Plan for 2024/25 - 2026/27 (Pages 7 - 28)
7. Communication Policy (Pages 29 - 40)
8. Member Training (Pages 41 - 54)
9. Pensions Administration (Pages 55 - 66)
10. Employer Governance (Pages 67 - 72)
11. Investment Update (Pages 73 - 110)

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)

12. CEM Benchmarking (Pages 111 - 128)
13. ACCESS (Pages 129 - 134)
14. McCloud (Pages 135 - 138)
15. Cyber Security (Pages 139 - 142)

Benjamin Watts
General Counsel
03000 416814

Monday, 4 March 2024

KENT COUNTY COUNCIL

PENSION BOARD

MINUTES of a meeting of the Pension Board held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 28 November 2023.

PRESENT: Mr R J Thomas (Chair), Cllr R Carnac, Ms A Hartley, Ms K King, Mr J Parsons (Vice Chair) and Mr G Ward

IN ATTENDANCE: Mr N Buckland (Head of Pensions and Treasury), Mr J Graham (Pension Fund and Treasury Investments Manager), Mrs C Chambers (Pensions Manager), Mrs E Green (Senior Pensions Programme Manager), Mr S Tagg (Senior Accountant - Employer Governance and Compliance) and Mr M Dentten (Democratic Services Officer)

IN ATTENDANCE VIRTUALLY: Mrs A Mings and Mr C Simkins

UNRESTRICTED ITEMS**55. Apologies and Substitutes**

(Item 1)

Apologies for absence were received from Mr Jeffrey.

56. Declarations of Interest

(Item 2)

In relation to item 11 (Employer Risk Review), the Chair declared a non-pecuniary interest that he was a trustee of Active Life Ltd.

57. Minutes of the meeting held on 6 September 2023

(Item 3)

RESOLVED that the minutes of the meeting held on 6 September 2023 are correctly recorded and that they be signed by the Chair.

58. Update from the Chairman of the Pension Fund Committee

(Item 4)

1. Mr Simkins gave a verbal update on the work of the Pension Fund Committee and its most recent meeting on 26 September 2023, highlighting the following:
 - a. The Committee had agreed its new investment strategy which would be implemented over the coming months;
 - b. The Committee agreed the Fund's response to the Department for Levelling Up, Housing & Communities' LGPS: Next steps on investments consultation and continued to work closely with ACCESS to consider the implications of government proposals on pooling;
 - c. The Responsible Investment Working Group continued to meet regularly, with the Fund's Responsible Investment policy to be considered by the Committee in March 2024; and

- d. That the Fund's Net Zero policy would be considered at the Committee's next meeting on 12 December.

RESOLVED to note the update.

59. Business Plan, Budget and Governance

(Item 5)

1. Mr Buckland introduced the report which updated the Board on the Fund's 2023/24 and 2024/25 business plan, budget, governance and policy matters. He highlighted the items successfully completed in the business plan since the last meeting and noted that delays to regulation and government guidance were the main factors which had impacted completion of the outstanding actions. He advised that a good governance review was anticipated for Spring 2024. Budget variances were highlighted, with it noted that the greater than expected IT spending was in connection to the costs of implementing and maintaining software for the GMP reconciliation project.
2. Mr Buckland reassured the Board that whilst the Fund was not a separate legal entity to KCC, it was managed separately with balances ringfenced, which would not be directly affected by present local government financial pressures.
3. A Board Member asked whether it was possible for KCC to reduce its employer contribution. Mr Buckland explained that employer contribution rates were set for 3 years and that it was possible but unusual for the rate to be reevaluated within that timeframe. He noted that there had been few representations from major employers in the Fund to reduce the employer contribution rate.

RESOLVED to note and comment on the report.

60. Pensions Administration

(Item 6)

1. Mrs Chambers introduced the report which updated the Board on the administration of the Kent Pension Fund from 1 August to 31 October 2023, including: performance; recruitment; breaches of law; complaints, compliments and comments; project updates; overpayment recovery and write off limits; communications and support; technical developments; training; and development. She noted that work to update KPIs was ongoing and incorporated CIPFA guidance, regulations and best practice from across the sector. She confirmed that the Fund had created a LinkedIn page to raise awareness of its work. She advised the Board that despite good progress, SCAPE factor changes continued to impact the workload of the Pensions Administration team.
2. In response to a question from a Board Member, Mrs Chambers reassured the Board that there were few outstanding vacancies, with no more than two vacancies in any team. She advised that whilst some vacancies were in reviewing roles, this would not have a significant impact on the administration of the Fund.

3. Following a question from a Board Member, Mrs Chambers agreed to share further details of the two write offs totalling £18,695.60 which occurred in August 2023 following the meeting.
4. Mrs Chambers acknowledged, following a question from a Board Member, that any backlog at the point that members are connected to the pensions dashboard would impact the state pensions were presented, which would significantly increase member queries.
5. Mrs Chambers confirmed, following a question from the Vice Chair, that the member self-service sign up rate was consistent across active, deferred and retired member groups. She added that member self-service would be further promoted with the new platform.

RESOLVED to note and comment on the report.

61. Employer Governance

(Item 7)

1. Mr Graham introduced the report which updated Board Members on Fund employers for the 3 months ending 30 September 2023, employer admissions agreed by the Committee at its last meeting, deemed employer status and actuary procurement. He highlighted the Fund's strong contribution collection performance over the previous 6 months. Regarding deemed employers he noted that it would innovate admission by reducing costs and delays by potentially minimising the involvement of the actuary and need for a legal admission agreement and associated security. He confirmed that the Chairman of the Pension Fund Committee had written to the LGPS Scheme Advisory Board to encourage the Department for Levelling Up, Housing and Communities (DLUHC) to implement the innovation. On procurement of the Fund actuary, he confirmed that the evaluation stage had almost concluded, with the appointment expected no later than Q1 2024.
2. The Vice Chair asked whether parish and town councils were obliged to enrol staff in the LGPS. Mr Tagg confirmed that there was no obligation and that where those councils have no active employee that classifies them as existing employers. He added that exit payments or surpluses could be deferred for up to 3 years to allow for the recruitment of another employee.
3. Mr Tagg confirmed, following a question from a Board Member, that contribution delays varied in time and payroll provider issues were the most common factor. He explained that the Fund were able to charge penalties and interest to employers who's contributions were delayed, though the measures were not standard practice and significant liaison occurred before financial penalties were deployed.

RESOLVED to note the report.

62. Member Training

(Item 8)

1. Mrs Green introduced the report which updated the Board on the responses to the October/November 2023 training survey by 23 Members of Kent Pension Board and Pension Committee, as well as the training programme for 2023/24 and 2024/25. She noted that the results confirmed that members had continued to undertake a wide range of training and that the majority had now taken part in training. She reminded Board Members that the next workshop, which had been developed with Barnett Waddingham, was planned for 7 December and covered audit and accounting standards.
2. The Chair asked whether there had been any progress in making training for Pension Fund Committee members mandatory. Mr Buckland confirmed that whilst the Fund had made a commitment that all members would receive training, there was no legal obligation, though attendance by Committee members had been strong.
3. The Vice Chair suggested that members undertake the LGA's Pension Fundamentals training course.

RESOLVED to note the report.

63. Investment Update

(Item 9)

1. Mr Graham introduced the report which provided the Board with an update on the Fund's investment activity and performance, responsible investment developments since the Board's last meeting and review of the Fund's investment strategy carried out by the Pension Fund Committee which concluded at its 26 September meeting. He confirmed that as of 30 September 2023, the Fund's value was £7.83bn, an increase of £91m over the quarter, a return of 1.56% against a benchmark of 1.08%. He noted that fixed income markets continued to struggle, though the Fund's two multi asset credit managers exceeded the 1.37% benchmark with returns of 2.76% and 2.56%. It was also noted that property experienced negative capital returns during the quarter, but positive income yields meant overall returns were broadly flat over the quarter, with a -0.25% total return for the MSCI property index. Concerning responsible investment, he confirmed that the Responsible Investment Working Group had met twice with workshops on sustainable development goals and impact investing, with the objective of understanding the relevance of the concepts to the Fund. He explained that the Working Group was reviewing the Fund's responsible investment policy, ahead of consideration by Pension Fund Committee in February 2024. Regarding net zero, he confirmed that Mercer had completed a climate impact analysis, ahead of the Committee considering Net Zero targets at its December meeting.
2. Following a question from the Chair, Mr Graham confirmed that PIRC Ltd, who had recently be commissioned by ACCESS to provide advice and support in respect of the implementation of the responsible investment guidelines, would be utilised by member authorities including Kent to understand commonalities across the pool.

3. In response to a question from the Vice Chair, Mr Buckland agreed to confirm Responsible Investment Working Group membership arrangements with the Board following the meeting.

RESOLVED to note the report.

Motion to Exclude the Press and Public

RESOLVED that the Press and Public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

(Open access to minutes)

64. ACCESS

(Item 10)

1. Mr Graham introduced the report which summarised the activities of the ACCESS pool since the last meeting of the Board, as well as the Kent Pension Fund's approved response to the Government's 'LGPS: Next steps on investments' consultation.
2. The Chair noted that he and the Vice Chair would be observing the ACCESS Joint Committee's next meeting on 4 December.
3. Following a question from the Chair, Mr Buckland confirmed that no commitment had yet been made by ACCESS on how progress made to address the findings of its third-party review would be monitored.

RESOLVED to note the report.

65. Employer Risk Review

(Item 11)

1. Mr Graham gave an overview of the report which updated the Board on the Fund's employer risk management activities, addressing the implications of a specific Fund employer issue and the findings of an employer risk analysis report from the Fund's actuary, Barnett Waddingham.
2. Mr Ward declared that he was a coopted member of Canterbury Christ Church University's Audit Committee.
3. Board Members questioned measures to reduce risk, pass through employer status and the impact of employer insolvency on other employers in the Fund.
4. The Board supported the monitoring of "at risk" employers identified in the report.

RESOLVED to note the report.

66. McCloud Judgment

(Item 12)

1. Mrs Green introduced the report which updated the Board on the measures in place and progress made by the Kent Pension Fund in obtaining data from scheme employers, following the McCloud Remedy Regulations which came into effect on 1 October 2023.
2. Board Members asked questions on prioritisation, the cost of the McCloud Remedy work to the Fund and expected percentage of employers who would be reached by the end of November. It was explained that obtaining 100% of data would not be possible because of ceased employers and employers that had already contacted Kent Pension Fund explaining that they did not hold the data requested. It was noted that in these circumstances, guidance from the Scheme Advisory Board would be referred to.
3. Mr Buckland agreed to share the number of employers and approximate number of net scheme members reached following the meeting.

RESOLVED to note the report, in particular the resource implications and progress to-date.

67. Cyber Security

(Item 13)

1. Mrs Green introduced the report which provided an update on the cyber security work being undertaken by the Fund.
2. Board Members made comments on the impact of artificial intelligence (AI) on cyber security and Kent's AI policy.

RESOVLED to note the report.

68. Risk Register

(Item 14)

This agenda item was deferred to the next meeting of Pension Board.

AOB

Mr Buckland gave a presentation on the government response, issued on 22 November, to the LGPS: Next steps on investments consultation.

From:	Chairman – Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 12 March 2024
Subject:	Governance updates including Draft Business Plan for 2024/25 – 2026/27
Classification:	Unrestricted

Summary:

To provide an update all Governance matters. This includes any updated policies and strategies, and changes in legislation or regulation that will impact on the Fund. The paper considers the latest position in several areas and members are asked to consider and comment on these updates.

This paper also considers the Fund's Draft Business Plan for 2024/25 – 2026/27.

Recommendation:

The Board is asked to note and comment upon the report.

FOR INFORMATION

1. Business Plan

- 1.1 The Fund's three-year Business Plan including draft budgets is contained at **Appendix 1**. The Business Plan builds on the previous years plan and looks to develop a strategic approach to the work of the Fund for the coming three years.
- 1.2 The Plan follows the same format as previous and is split into three business areas; Governance, Investment and Funding and Administration. The Plan is designed to consider the Business-as-Usual activity in addition to specific projects or work planned for the three-year period.
- 1.3 Officers have been working to develop the three-year budget to support the Business Plan, and at this stage is still at the draft stage and will be finalised before presenting to the Pension Fund Committee at their meeting on 26 March 2024.
- 1.4 The Board will receive a brief presentation at the meeting which will pick out a few highlights for consideration. A draft budget will be included in this presentation once it has been finalised.

2. Fund Policies

Investment Strategy Statement

2.1 The Fund's Investment Strategy Statement was revised as part of the review of Investment Strategy that took place in 2023. The revised document was agreed by the Committee in December and is contained in the Investment update report elsewhere on today's agenda.

Communications Policy

2.2 The Fund's Communications Policy was not due to be formally reviewed until 2025. However, due to a number of changes being made in the ways in which the Fund communicates with its members, it was appropriate to update the policy to reflect this. The policy is considered in a separate item on this agenda.

Training Strategy

2.3 The Fund's Training Strategy is due to be reviewed every two years and is considered in a separate item on this agenda.

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)	December 2023	March 2024	James Graham
Governance policy and compliance statement	September 2022	September 2024	Nick Buckland
Responsible Investment policy (RI Policy)	September 2022	Committee to consider in March 2024 – Board will review in June 2024	James Graham
Communications policy	June 2023	March 2024	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	June 2024 linked to Cyber security work	Clare Chambers

Data Quality policy	June 2023	June 2025	Clare Chambers
Escalations policy	n/a	New policy, tbc	Clare Chambers
Privacy Notice	n/a	New policy, tbc	Clare Chambers

3. Action Log

3.1 In line with the Pension Fund Committee procedure, it has been decided to add an Action Log to Board papers to reflect any questions or actions from previous meetings. The table in **Appendix 2** shows any actions noted, and an update on progress made. An update log will be brought to every meeting to ensure any actions are not lost.

4. The Pensions Regulators General Code

4.1 In January 2024 the Pensions regulator issued its long awaited General Code, the full version can be found here – [General Code](#). The Code is expected to come into force on 27 March 2024.

4.2 The Fund’s Investment Consultant, Mercer prepares a regular LGPS updates paper, and this contains some initial thoughts on the Code, and can be found here – [LGPS Current Issues](#). The Fund will need to consider the implications of the new Code in line with the recent Governance review, and the ahead of any announcement from the Government on the LGPS Good Governance project, which is expected later in 2024. The Board will be updated on progress at future meetings.

5. Economic Activities of Public Bodies (Overseas Matters) Bill

5.1 The snappily abbreviated **EAPB (OM)** Bill has cleared the House of Commons, had its second reading in the House of Lords today, 20 February 2024, and is approaching the final stages of approval. The Bill seeks to prohibit certain procurement and investment actions of both by public authorities.

5.2 There is the potential this could result in the risk of legal challenge to LGPS funds, so, when it becomes law, LGPS funds will need to ensure both their investment decisions and the governance process leading to them take account of the provisions of the Bill.

5.3 The Bill will do a number of things:

- prohibit public authorities from deciding to invest or divest based on its moral or political opinion (or the opinion of any pressure groups which are seeking to influence it) of the actions of foreign states abroad.
- prohibit the authority going on record saying it would have made that investment or divestment decision if not for the existence of this legislation.
- include a number of exemptions although these are in the main restricted to actions which are illegal.
- provide for sufficiently interested parties to bring about legal proceedings against the authority and/or report the authority to the Pensions

Regulator (TPR) if they consider an investment decision to be, or likely to be, in contravention of the above prohibitions.

- mean LGPS authorities should carefully consider not only the potential for decisions actually being in contravention of the legislation, but also the potential for third parties to bring about costly and time-consuming legal proceedings in relation to decisions they do not agree with.
- in doing so authorities may want to revisit their governance arrangements particularly in relation to investment decisions in order to minimise the risk of challenge.

5.4 The Fund's Actuary and Governance advisers Barnett Waddingham have prepared a helpful briefing note which can be found here [Bill Briefing](#). It will be important to ensure that the Fund is fully aware of all of the implications should the Bill become law.

6. Risk Register

6.1 Members will recall that officers have been in discussion with KCC colleagues to transfer the Fund's Risk Register to the Corporate IT system, which will allow much greater reporting functionality. The system has recently been upgraded to the latest version of the software, and this has resulted in a small delay. As such the Fund has not been in a position to conclude the transfer ahead of this meeting. It is intended to conclude this, at least in part to enable appropriate reporting to the Pension Fund Committee.

6.2 It is unfortunate that the Risk Register is not able to be considered at this meeting as planned, however officers are regularly monitoring the existing risk and can give assurance that the current risk outlook is stable. The Risk Register in the updated format will be presented to both Committee and Board in June.

Nick Buckland
Head of Pensions and Treasury
Kent Pension Fund

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nick.buckland@kent.gov.uk

March 2024

Kent Pension Board Action Log

Date of Meeting	Agenda Item	Action/Question	Outcome	Complete (Y/N)
28/11/2023	General	Board access to all Committee papers	Nick Buckland confirmed that Democratic services had agreed that the Board would receive all papers as a matter of course in the future	Y
28/11/2023	Administration	More detail about the overpayments	Clare Chambers circulated analysis of overpayments to Board 13/12/2023	Y
28/11/2023	Administration	Can we work with employers to trace frozen refunds	Clare Chambers to investigate and take forward	N
28/11/2023	Administration	Board to support the introduction of new Member Self Service	Clare Chambers to take this forward when needed later in 2024	N
28/11/2023	Investment Update	Request for Board members to join RI Working group	Nick Buckland has discussed with Chair of RIWG, and will be discussed at a future meeting	N
28/11/2023	Investment Update	Will the Investment Strategy Statement (ISS) be available soon	ISS was agreed by Committee in December, and is on agenda for Board at March meetings	Y

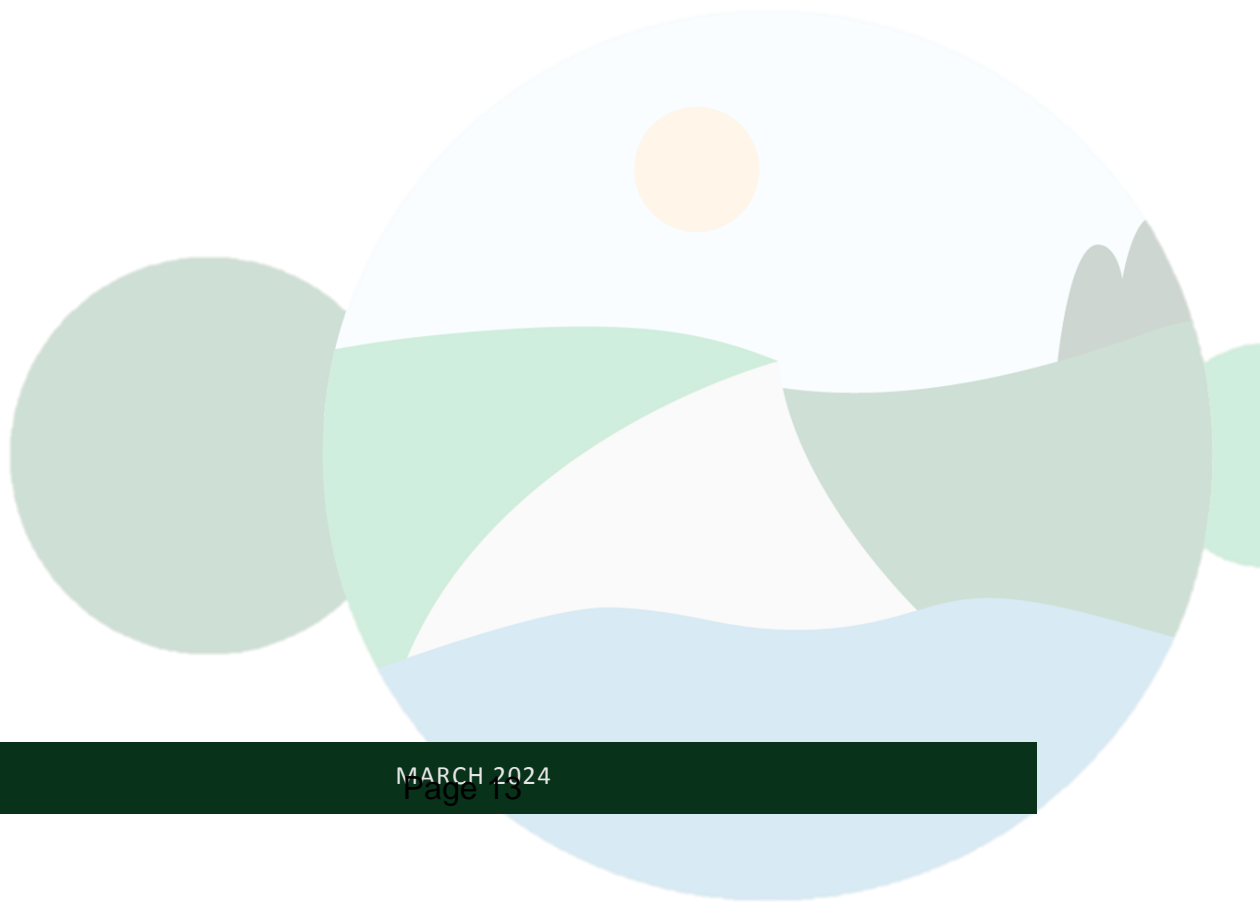
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KENT COUNTY COUNCIL

ADMINISTERING AUTHORITY FOR KENT PENSION FUND

THREE YEAR BUSINESS PLAN 2024/25 – 2026/27



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INTRODUCTION

This is the business plan for the Kent Pension Fund (KPF), which is managed and administered by Kent County Council. The business plan details our priorities and areas of key focus in relation to the KPF for 2024/25, 2025/26 and 2026/27. This business plan was presented to the Kent Pension Fund Committee (PFC) meeting on 26 March 2024. The business plan is formally reviewed and agreed every year, and this takes place ahead of the start of each financial year. However, throughout the year it is monitored, and the PFC may be asked to agree to changes to it.

The purpose of the business plan is to:

- explain the background to and objectives for the management of the KPF document the priorities and improvements to be implemented by the pension service during the next three years to help achieve those objectives.
- Enable progress and performance to be monitored in relation to those priorities.
- provide all key stakeholders with a clear vision for the next three years.

In addition, this business plan includes a budget for expected payments to and from the KPF including the resources required to manage the Fund.

If you require further information about anything in or related to this business plan, please contact:

Nick Buckland, Head of Pensions and Treasury, Kent County Council

E-mail – nick.buckland@kent.gov.uk

Telephone – 03000 413984



BACKGROUND TO THE KENT PENSION FUND

The Kent Pension Fund ("KPF") is an £8 Billion (as at 31 December 2023) Local Government Pension Fund which provides retirement benefits for local government employees (other than teachers, police officers, and firefighters) in Kent and employees of other qualifying bodies which provide similar services, operating under the Local Government Pension Scheme ("LGPS") regulations.

Total Fund membership is 149,112 with 52,829 active contributors from 292 contributing employers, 46,706 pensioner and dependant pensioner members, and 49,577 deferred and other members.

GOVERNANCE AND MANAGEMENT OF THE FUND

All decision-making and management of the Fund has been delegated by Kent County Council ("the Council") to a formal Pension Fund Committee ("PFC"). The terms of reference and membership of the PFC can be viewed here: <https://democracy.kent.gov.uk/mgCommitteeDetails.aspx?ID=128>

A Local Pension Board (LPB) is in place to assist in:

- securing compliance of Fund matters and
- ensuring the efficient and effective governance and administration of the Fund.

THE PENSION FUND MANAGEMENT TEAM

The Corporate Director of Finance has overall responsibility for the operation of the Fund, and delegates responsibility for managing all aspects of the Fund to the Head of Pensions and Treasury supported by the Pension Fund and Treasury Investments Manager, the Pensions Administration Manager, and the Senior Pensions Programme Manager. There are two distinct sections within the team:

- The Pensions Administration Section which is responsible for delivering the Fund's Administration and Communications Strategies. It is headed by the Pension Administration Manager.
- The Treasury and Investments Section is responsible for delivering the Fund's Investment and Funding Strategies, as well as accounting matters. It also has responsibility for supporting the Head of Pensions and Treasury in ensuring all governance matters are delivered. The team also has responsibility for Treasury Management for the Fund, and Kent County Council. It is headed by the Pension Fund and Treasury Investments Manager.
- In addition to these areas of focus, the Senior Pensions Programme Manager works with a small team supporting all aspects of the Fund and ensuring that all key projects are managed effectively and delivered efficiently.

More information about their day-to-day responsibilities is documented later in this Plan in the "Business as Usual".



VISION AND LONG-TERM PLAN

The purpose of the KPF Business Plan is to set out the Fund’s vision, goals, culture, improvement plan and actions for the current and future years, and a longer-term strategic direction.

The KPF is looking forward to developing its service to provide an excellent service to all of its key stakeholders, and the plan sets out how we will do this.

This updated plan builds on the previous versions, the latest having been agreed by the PFC at the meeting on 29 March 2023.

The Fund’s focus needs to be firmly set on achieving outcomes for our customers, i.e., the scheme employers and members. Everything that we do needs to keep this in mind, and decisions need to be made with an eye to the end goal of delivering an outstanding service, as set out in the Fund’s vision:

Our Vision is to deliver an outstanding and “best in class” service to our members and employers.

Everyone’s role in the team either directly contributes to the vision or creates the foundations and environment which make it possible. We will measure success against the vision by monitoring our progress against various service related KPIs, targets, and actions.

This document will be reviewed regularly and revised annually. The Strategic vision and overall goals will also be developed over time and will be included in future versions of the document.

KEY AIMS AND OBJECTIVES

The key actions and areas of focus in our business plan (as shown in the appendix) are grouped into the areas of Governance, Funding and Investments and Administration to align with the key aims and objectives of these strategies and policies. These aims and objectives are summarised below.

GOVERNANCE

- Act in the best interests of the Fund’s members and employers, leading the way in the LGPS.
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies.
- Ensure the Kent Pension Fund is managed, and its services delivered, by people who have the appropriate knowledge and expertise.
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based.
- Identify and deliver suitable projects as per programme, which encompass Continual Improvement and support the delivery of activity in Funding & Investments and Pensions Administration.
- Promote the successes and achievements of the Fund internally and externally, including through use of digital media.



FUNDING AND INVESTMENTS

- Achieve and maintain KPF assets equal to 100% of liabilities, whilst remaining within reasonable risk parameters
- Determine employer contribution requirements, whilst recognising the constraints on affordability and strength of employer covenant, with the aim being to maintain as stable employer primary contributions as possible.
- Recognising the constraints on affordability for employers, aim for sufficient excess investment returns relative to the growth of liabilities.
- Strike the appropriate balance between long-term consistent investment performance and the funding objectives.
- Manage employers' liabilities effectively through the adoption of employer specific funding objectives.
- Ensure net cash outgoings can be met as/when required.
- Be a responsible investor and a good long-term steward of the assets in which the Fund invests in order to deliver long-term sustainable returns. Achieve a 15% target allocation to sustainable investment assets by 2030.
- Achieve net zero carbon emissions in the investment portfolio by 2050 alongside interim emission reduction goals consistent with the latest science to limit global warming to 1.5 degrees.
- Work with colleagues in the ACCESS pool <https://www.accesspool.org/> to develop opportunities so that it is the first choice for investing the Fund's assets subject to it being able to meet the requirements of the Fund's investment strategy and objectives (including environmental, social and governance requirements), within acceptable long-term costs to deliver the expected benefits and subject to ongoing confidence in the governance of the partnership.

ADMINISTRATION

- To pay the right benefits, to the right members, at the right time
- To collect income as necessary from external parties
- To develop a robust and effective Administration Strategy and ensure that all those involved with delivering under the strategy feel supported to fulfil their roles and responsibilities.
- To develop effective ways of measuring the performance of the pensions administration team and scheme employers in order to deliver the highest possible standard of service to scheme members.
- To ensure appropriate, clear, and meaningful performance data is provided to the LPB and PFC to support them in their remit in scrutinising the management of the KPF.



- To build strong relationships with scheme employers and support them in fulfilling their statutory obligations under the LGPS.
- To build strong relationships with other external parties that may be involved with or support the delivery of the LGPS to KPF members including but not limited to the PFC and LPB
- To ensure the KPF maintains the highest level of data integrity and that all data is handled with due consideration given to data processing legislation.
- To communicate with and support scheme members so that they have easy access to their pension information and have a clear understanding of their pension in order for them to make informed decision.
- To ensure that any breaches of Regulations/legislation are reported to the necessary parties in a timely manner.
- To monitor all complaints, compliments and comments and use these as a learning tool to improve the service delivery.



BUSINESS AS USUAL

Later in this business plan we highlight our key priorities are for the next three financial years. This focusses on areas of change and project-like tasks which are in addition to our day to day “business as usual” duties.

Managing the Fund on a day-to-day basis involves a wide range of processes and procedures, some of which are outlined below and all of which have been designed around achieving our Fund’s objectives as outlined in our strategies and policies. The management of the KPF is significant, complex, and highly regulated. As such, these processes and procedures require expert knowledge and experience from both officers and external advisors in several diverse areas as illustrated below.

GOVERNANCE

Theme	Sub-theme	Timetable	Action
Governance	Financial Control	Annual	Prepare annual accounts and annual report in compliance with CIPFA requirements
Governance	Financial Control	Annual	Preparing and monitoring the Pension Fund's budget and cashflow
Governance	Financial Control	Ongoing	Assist internal and external auditors in their role and responding to comments as appropriate.
Governance	Financial Control	Ongoing	Undertake regular benchmarking of the Fund to review progress, and to deliver continuous improvement
Governance	Committee and Board	Ongoing	Set agenda, reporting and presentation to PFC, LPB and working groups
Governance	Committee and Board	Ongoing	Support Chairman in role on the ACCESS Joint Committee
Governance	Committee and Board	Ongoing	Participate in ACCESS officer groups (Section151, Officer Working Group (OWG), various sub-groups)
Governance	Committee and Board	Ongoing	Report on ACCESS progress on a quarterly basis to the PFC and LPB
Governance	Compliance	Ongoing	Develop and maintain training plan for PFC and LPB Members
Governance	Operational Control	Ongoing	Support, enable and embed Continuous Improvement through the delivery of specific operational projects
Governance	Operational Control	Ongoing	Establish, maintain, and test business continuity arrangements/plans, putting in place suitable adjustments where business cases agreed.
Governance	Operational Control	Ongoing	Implementing and monitoring the achievement of other governance areas such as training policy, conflict of interest policy, risk register, and compliance against The Pension Regulator’s Code of Practice
Governance	Compliance	Ongoing	Compliance with KCC policy and law re procurement, data protection and health and safety



Governance	Compliance	Ongoing	Reply to Freedom of Information (FOI) requests
Governance	Compliance	Ongoing	Respond to consultations and regulatory developments.
Governance	Compliance	Ongoing	Preparation of statutory and non-statutory returns
Governance	Compliance	Ongoing	Cyber Security maintenance, review and reporting
Governance	Continuous Improvement	Ongoing	Establish, develop and maintain a Fund employer database.
Governance	Continuous Improvement	Ongoing	Pro-active communication of the Fund's activities and successes through the use of Social Media, and other digital communication methods.

FUNDING AND INVESTMENT

Theme	Sub-theme	Timetable	Action
Funding	Employer governance	Ongoing	Monitor employers' funding positions and covenants
Funding	Employer governance	Ongoing	Facilitating employer events (admissions, cessations etc.) effectively
Funding	Employer governance	Ongoing	Support the provision of International Accounting Standards (IAS)19/Financial Reporting Standards (FRS)102 reporting for employers via submission of data to the Fund actuary
Funding	Additional Voluntary Contributions (AVC's)	Ongoing	Review AVC provision on a regular basis
Investment	Asset pooling	Ongoing	Ongoing pooling of investment assets
Investment	Asset pooling	Ongoing	Support/Manage/Monitor/Contribute to ACCESS project
Investment	Monitoring	Ongoing	Monitor asset allocation and manage rebalancing in alignment with the Fund's investment strategy
Investment	Monitoring	Ongoing	Review performance and continuing suitability of risk management programme
Investment	Monitoring	Ongoing	Ongoing monitoring and management of investment performance
Investment	Monitoring	Ongoing	Appoint/Monitor/Terminate fund managers including within a pooling environment
Investment	Monitoring	Ongoing	Ensure investment costs are fully disclosed in line with Cost Transparency Initiative (CTI)
Investment	Responsible investment	Ongoing	Continue to develop and implement the Fund's responsible investment approach



Investment	Responsible investment	Ongoing	Implement the Fund's net zero commitment
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ADMINISTRATION

Theme	Sub-theme	Timetable	Action
Administration	Governance	Ongoing	Keep all KPF policies up to date
Administration	Governance	Ongoing	Ensure that all complaints are dealt with in a timely manner
Administration	Governance	Ongoing	Ensure processes are implemented to comply with ongoing McCloud Remedy requirements
Administration	Governance	Ongoing	Develop and adopt processes to ensure maintenance, accuracy, robustness and completeness of member data
Administration	Reporting	Ongoing	Produce quarterly administration performance reports for the LPB
Administration	Reporting	Ongoing	Monitor and report against the Administration Strategy
Administration	Communication	Ongoing	Review and refresh the content of the KPF website to ensure it is compliant and fit for purpose
Administration	Communication	Ongoing	Produce newsletters for members and employers
Administration	Communication	Ongoing	Ensure annual Pensions increase is applied in a timely manner
Administration	Communication	Ongoing	Annual existence checks on pensioners
Administration	Communication	Ongoing	Timely production of Annual Benefit Statements for Active and Deferred members
Administration	Communication	Ongoing	Timely production of Pension Saving Statements for members who exceed the Annual Allowance
Administration	Communication	Ongoing	Communicate any scheme changes to PFC LPB, Members, and employers as appropriate
Administration	Communication	Ongoing	Arrange Employer Forum and receive and respond to feedback from employers
Administration	Communication	Ongoing	Employer related training program developed and delivered
Administration	Communication	Ongoing	Develop and deliver Fund surveys to capture feedback from all stakeholders in order to inform the future improvement of the service



ACHIEVEMENTS 2022-2024

Before Considering the key tasks for the forthcoming three years it is important to reflect on the successes of the Fund over the previous two years. The schedule below is by no means an exhaustive list but is designed to demonstrate and celebrate the work of the wider Kent Pension Fund team in the two financial years 2022-23 and 2023-24.

In addition to the Business-as-Usual activity a few highlights include:

- Creation of KPF Logo and Branding to support all Fund communications.
- Developed approach to stakeholder communication and engagement
- Procurement of Data Rectification Supplier
- Procurement of Actuary
- Procurement of Investment Consultant
- Further developed approach to climate risks and opportunities with Net Zero Commitment for the Fund's investments established
- Conclusion of GMP rectification project
- Investment strategy reviewed, strategic asset allocation updated, and implementation commenced.



KEY TASKS FOR 2024/25 – 2026/27

The Fund has many ongoing pieces of work, and also some key tasks for the forthcoming years, the tables below are grouped into the areas of Governance, Funding and Investments and Administration to align with the key aims and objectives of these strategies and policies.

GOVERNANCE

Action	2024/25	2025/26	2026/27
Implement recommendations of Scheme Advisory Board (SAB) Good Governance review (as necessary)	X		
Assess the Pensions Regulator (tPR) General code and implement changes where needed	X		
Develop and maintain cybersecurity policy and action plans	X		
Assess new LGPS pooling guidance (expected)	X		
Develop and review Risk Register reporting using KCC's new risk reporting system.	X		

INVESTMENT AND FUNDING

Action	2024/25	2025/26	2026/27
Prepare for and deliver Actuarial Valuation – with Fund's Actuary – Date of Valuation 31-03-2025	X	X	
Determine Funding Strategy Statement with actuary for three years – consulting with employers		X	
Review, revise and implement the Investment Strategy Statement		X	X
Implement changes to investment strategy and review intra asset class portfolio construction	X		
Review investment strategy, including risk management framework		X	X
Continue to develop responsible investment approach and implement the Fund's net zero commitment	X	X	X
Develop annual stewardship reporting	X		
Become Signatory to UK Stewardship Code	X	X	
Develop approach to and deliver first Taskforce for Climate-related Financial Disclosures (TCFD) report	X		
Develop approach to Impact investing and reporting	X	X	
Interim funding review	X		



ADMINISTRATION

Action	2024/25	2025/26	2026/27
Develop and deliver a Data Improvement Plan.	X		
Procurement of postage and printing services provider	X		
Develop and deliver a Service Improvement Plan	X		
Deliver McCloud project – historic Underpin cases	X	X	X
Plan for and deliver Pensions Dashboard project – including data cleansing and clearance of historic casework		X	X
Regular review of work allocation, capacity planning and succession planning			
Clear historic casework in an efficient and effective way (target end date = 30 September 2025)	X	X	
Promote digital offering to members and employers including but not limited to Member Self Service, i - Connect and Overseas Proof of Life system	X	X	X
Ensure that the impact of KCC changing Finance system is considered and managed effectively	X	X	
Fully implement telephony solution to improve customer call experience	X		
Support the Actuary in completing the 31 March 2025 Triennial Valuation	X	X	
Continue to develop and deliver training programs for Kent Pension Fund team members, Scheme Members and Scheme Employers	X		
Procurement of Administration system		X	
Prepare for and deliver anticipated regulatory changes including but not limited to:	X	X	
▪ Abolition of Lifetime Allowance	X		
▪ Goodwin – equalisation of benefits – implement outcomes	X	X	
▪ Exit Payment Caps	X	X	
▪ Minimum Pensions Age change		X	X



Pension Fund Budget will be added once finalised

DRAFT



In order to identify whether we are meeting our agreed business plan we will:

- continue to monitor progress of the key priorities and budgets on an ongoing basis within the Pension Fund Management Team
- provide updates on progress against these key priorities on a quarterly basis to the P FC, which will be shared with the LPB.
- as part of these quarterly updates:
- highlight any areas where we are exceeding or failing to achieve our targets and the reasons why and identify any changes to the planned priorities as a result of this.
- highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

DRAFT



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From: Chairman – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 12 March 2024

Subject: Communication Policy update

Classification: Unrestricted

Summary:

The Communication policy sets out the plans concerning the methods of communication with stakeholders of the Kent Pension Fund.

The policy is reviewed and refreshed, where necessary, annually to ensure that it accurately reflects how we communicate with our stakeholders, and this is the first annual review since the policy was introduced in 2023.

Recommendation:

The Board is asked to note the report.

FOR INFORMATION

1. Communication Policy updates

- 1.1 The Fund's new Communication policy for 2024/25 is attached in the **Appendix**.
- 1.2 As part of the "Digital by Default" objective, the Fund has undertaken a mailing preference exercise to notify active and deferred members that future Annual Benefit Illustrations (ABI) will be published on member self-service as opposed to being sent out as hard copies in the post. The final active member digital notification letter will be issued at the end of March.
- 1.3 Active members will receive their 2024 ABI electronically via member self-service and will receive an email notification advising them how to logon or register. The members employer will also be advised when the illustrations are available.
- 1.4 Deferred members will receive their final digital notification with their 2024 ABI. The 2025 ABI will be issued electronically via member self-service and members will receive an email notification advising them how to logon or register.

- 1.5 Members have been given the option of opting out of digital communications, and to continue receiving all correspondence by post.
- 1.6 The Communications Policy has been amended to reflect the move to “Digital by Default,” with the Appendix 1 Table of Publications also changed where applicable.
- 1.7 The policy has been updated (Paragraph 3.3) to reflect where links are provided for stakeholders to the national websites provided by the Local Government Association (LGA).
- 1.8 Paragraph 3.4 has been updated to advise stakeholders that pensioner members now have the facility to download a copy of their payslips. The team are currently looking into the same facility for P60s.
- 1.9 Pension Saving Statements (Paragraph 6.3) has been updated to confirm that statements are sent automatically where members have exceeded the annual allowance limit. Statements are also sent to members on request. These will remain as paper statements for 2024.
- 1.10 Paragraph 6.6 has been amended to reflect the change from annual newsletters for active members, to twice a year. The permanent news page on the website has also been included in the policy.
- 1.11 Paragraph 8.3 has been amended to inform stakeholders that the Open Lines newsletter is sent via post in Spring and is online on the Fund website in Autumn.
- 1.12 Paragraph 9.7 has been amended to include the quarterly employer updates that are issued electronically to employers.
- 1.13 Paragraph 9.14 has been amended to reflect the facility for employers to request estimated benefits, including costs, via iConnect.

Amanda Jupp, Communication and Support Team Manager

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March 2024



KENT PENSION FUND

COMMUNICATION POLICY 2024/25



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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 to be presented to** the Pension Fund Committee for **approval on XXXXX**

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](#).

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. The [Fund](#) website also provides links for members and employers to the national websites provided by the Local Government Association (LGA).
- 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 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](#)



- 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 will be obtaining feedback periodically from different member groups and employers and will publish 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.
- 3.12. 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 use the online enquiry and document upload form 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](http://kentpensionfund.co.uk) website. The telephone number is 03000 41 34 88.
 - **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 1XX.
 - **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.
- 3.13. 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 a summary of 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 figures for P60s and pay slips (pensioner members). Members can also download a copy of their pay slips.
- 3.14. 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.
- 3.15. The Fund is committed to offering electronic methods of communication to members and will implement additional features of member self-service as identified.



- 3.16 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.

PROSPECTIVE MEMBERS

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

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.

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 available on member self-service to members of their pension benefits by 31 August each year. Members can request a paper copy of their illustration if preferred. 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 automatically sent to members if they have exceeded the annual allowance limit or is sent to members by request. This is in relation to the growth in their pension benefits in the year ending 5 April. The communication 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 twice a year and published on the Fund website. Each newsletter will include articles regarding the scheme and other useful information. There is also a permanent news page on the Fund website.
- 6.7. The Fund invites members to volunteer for the member feedback group, whose purpose is to gather feedback of services used and act as a testing group for future projects.

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. There is also a permanent news page on the Fund website.

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 is sent via post and includes details about the annual pension increase and tax information for the new financial year. The autumn edition is published on the Fund website.
- 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 the current minimum limit, as shown on the [Kent Pension Fund](#) website.
 - 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, 03301 249993 is available Monday to Friday 9am to 5pm. Pension payroll also have a dedicated mailbox, pensions.payroll@hrconnect.org.uk
- 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.

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. Quarterly employer updates are also sent in March, June, September and December and there is a permanent news page for employers on the Fund website.
- 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., as well as offering a secure portal where employers are able to send in documentation.
- 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 the facility to request estimated benefits, including costs.
- 9.15. The Fund will onboard employers to iConnect on an ongoing programme, with the aim to have all employers using this portal in the future. iConnect will become mandatory once all existing employers have been onboarded and any new employers admitted to the Fund will automatically onboard to iConnect.

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 \(WCAG 2.1\)](#)

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).

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 the published FOI guidance.

REVIEW

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

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

The current opening times are available on the [Kent Pension Fund](#) website.

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.

Employers can contact their [Communication and Support Officer](#)

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

APPENDIX 1: TABLE OF PUBLICATIONS

	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	Statements available via Member Self Service or sent to home address on 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 or sent to home address on request.
Newsletters - Members	Active members – twice a year Deferred members - annually Pensioner members - twice a year	Email Paper Based Online	Email, sent to home address and available online.



	Frequency	Format	Method of Distribution
Pension Saving Statements	Annual	Paper Based	Currently sent to home address. Future statements will be available via Member Self Service or sent to home address on 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 and available via Member Self Service.
Payslip	Monthly (see 8.5 for conditions of issue)	Paper Based Member Self Service	Sent to home address and available via Member Self Service.
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 Working 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 during advertised hours		
Online enquiry and document upload form	Always available		
Member Self Service	Always available		
Fund website	Always available		
National websites (promoted in Fund publications)	Always available		



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From: Chairman – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 12 March 2024

Subject: Member Training update

Classification: Unrestricted

Summary:

The Training Strategy has been updated. The updates include formalising current practice and incorporating them into the new Training Strategy; providing clarity on the training expectations of Members of Pension Board and Pension Fund Committee; outlining potential consequences of persistent non-compliance; and clarifying the approach for reporting individual training attendance.

This paper also provides an update on recently completed training events and the next structured training presentation, planned for 5 March 2024 (pensions administration).

Following endorsement by Pension Board, the Strategy will then be presented to the Pension Fund Committee for approval.

Recommendation:

The Board is asked to consider and endorse the updated Training Strategy, intended to supersede the current Training Strategy (2022).

FOR APPROVAL

1. Introduction

- 1.1 The Fund's Training Strategy has been updated (**Appendix A**). It has been prepared to supersede the current 2022 Training Strategy. This paper outlines the key changes made to the Training Strategy.
- 1.2 Since the Training Strategy was last updated in 2022, there have been significant changes to Kent Pension Fund's approach, leadership and vision for the Fund. It should also be remembered that in 2022 the Fund did not have the fully quorate Pensions Board that it does now. The updated Training Strategy therefore aims to formalise current practices and the changes made since the Strategy's last update in 2022.
- 1.3 The terminology of 'Pension Fund Superannuation Committee' has been replaced by 'Pension Fund Committee'. Formatting edits have been made. Adjustments have been made to expand, clarify or remove what is no longer relevant. These are not detailed below as are considered minor in nature.

- 1.4 References have been made to legislative and policy changes since 2022 (such as the introduction of tPR's new General Code). It is proposed that the training plan will be regularly reviewed to incorporate new learning requirements.
- 2. Change - Formal recognition of practices already undertaken at Pension Board and Pension Fund Committee**
 - 2.1 Over the last year, a training update paper has regularly been presented to Members at both Pension Board and Pension Fund Committee. As such, the Training Strategy now references that regular updates shall be given at Pension Board and Committee meetings to assist with monitoring, give awareness to training opportunities and to alert on training progress made.
- 3. Change – Agreement to the Training Strategy and Compliance**
 - 3.1 The updated Training Strategy makes clear that by approving the Training Strategy, all Members are implicitly committing to participate in training and to abide by the training requirements.
 - 3.2 The Fund needs well-informed and suitably skilled Members in order to operate effectively. Therefore, the Training Strategy now states that persistent non-compliance with the Training Strategy may result in Members being removed from Pension Board or Pension Fund Committee. No individual Member is expected to have expert knowledge of LGPS investments or administrative operations, but Officers (and the Fund's advisers) provide technical expertise and recommendation as required.
- 4. Change – Training Support Offered to Members by Officers**
 - 4.1 The updated Training Strategy formalises Officer's commitment to support, assist and help Members with their training needs. The Strategy now includes what has been made available to Members, such as 1:1 basics for new Members after appointment, office visits to see work being delivered and the preparation of a training plan.
 - 4.2 The updated Training Strategy makes it clear that participation in relevant training is encouraged, with Officers able to assist with bookings for training events and travel upon request.
- 5. Change – Monitoring & Reporting**
 - 5.1 The Strategy confirms that the Fund will maintain a record of all training undertaken by Committee and Board members, who will be asked to confirm this record every 6 months via survey.
 - 5.2 Information on training completed by individual Members will be included in the Kent Pension Fund Annual Report and Accounts. Information will be recorded on training session attendance in line with best practice.
- 6. Review**

6.1 The Training Strategy is intended to be appropriate for the long-term, but it will continue to be regularly reviewed, at least formally every 2 years or as required, to ensure it remains accurate and relevant.

7. Training Undertaken Since November 2023

7.1 The updated Training Plan is attached at **Appendix B**. Since the previous Pensions Board, there are a few notable training events to report.

7.2 On 7 December 2023, all Members were invited to an interactive session on Pensions Accounting & Audit Standards. The presentation was delivered by Barnett Waddingham in collaboration with senior officers involved with Kent Pension Fund Investments. The event was well attended. There was a high level of engagement throughout from Members, where questions were asked about the Fund's performance in previous audits and about the annual statement of accounts.

7.3 On 5 March 2024, Members have been invited to receive structured training on Pensions Administration. A slide deck has been prepared and will be delivered by Pensions specialists from Barnett Waddingham. During the presentation, local context is to be provided by Kent Pension Fund Officers to give a flavour of pensions administration processes and hot topics. There will be opportunities for questions throughout the session and an opportunity at the end. In a knowledge assessment of Members in 2022, pensions administration scored very low compared to other subject areas. As a vital service of Kent Pension Fund, training has therefore been prepared on pensions administration. It is anticipated that the two-hour workshop will build awareness and knowledge amongst Members, to enable effective scrutiny of the Fund's pensions administration work at Pension Board and Pension Fund Committee.

7.4 Monitoring data suggests that not all Members have completed their tPR e-toolkit (public service pensions) online training yet. Members who advised in November that they had not yet completed their tPR's e-toolkit were reminded to do so in January 2024. A link was given to the free training portal, with instructions on how to complete.

7.5 members will be contacted again in April 2024 to complete the next training monitoring survey and to check availability for the next proposed training dates (training presentations). The survey will check training completed October 2023 – March 2024. The results will be presented in the Fund's 23/24 Annual Report in line with best practice.

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March 2024

Appendix A: Updated Training Strategy (2024)

Appendix B: Structured Training Programme with Training Plan

Subject to change if training need identified which requires prioritization due to governance purposes.

Indicative Timeframe	Core Topic
2023 – 2024 <i>addressed on a topic specific basis</i>	<i>Financial Markets & Product Knowledge</i> <i>To provide a general understanding of the financial context of the Fund, and the products relating to the Fund.</i>
<i>Completed 25th September 2023</i>	Cybercrime <i>Awareness training and proposed approach on new strategy.</i>
<i>Completed 7th December 2023</i>	Pensions Accounting & Audit Standards <i>To provide a general understanding of the Accounts and Audit Regulations, and the role of internal and external audit</i>
<i>To Be Completed 5th March 2024</i>	Pensions Administration <i>To provide a general understanding of best practice in pensions administration, together with Fund polices, resource and discretionary powers.</i>
<i>2nd July 2024</i>	Committee and Board Role & Pensions Legislation <i>To provide an overview of the Committee’s and Board’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> <i>This subject area has been brought forward due to ‘Investment Performance & Risk Management’ being moved to 2025 to benefit any potential new members at that time.</i> <i>This subject topic has been made broader to provide interest to both Pension Board and Pension Fund Committee members.</i>
<i>December 2024 (exact date tbc)</i>	Procurement & Relationship Management <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>March 2025 (exact date tbc)</p>	<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>
<p>June 2025 (exact date tbc)</p>	<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>
<p>2025</p>	<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> <p><i>Given recent attention to this subject via several training events in 2023 and 2024, it is proposed to reschedule this event to 2025, when there may be new members of Pension Board and Pension Fund Committee that would benefit from training in this area.</i></p>

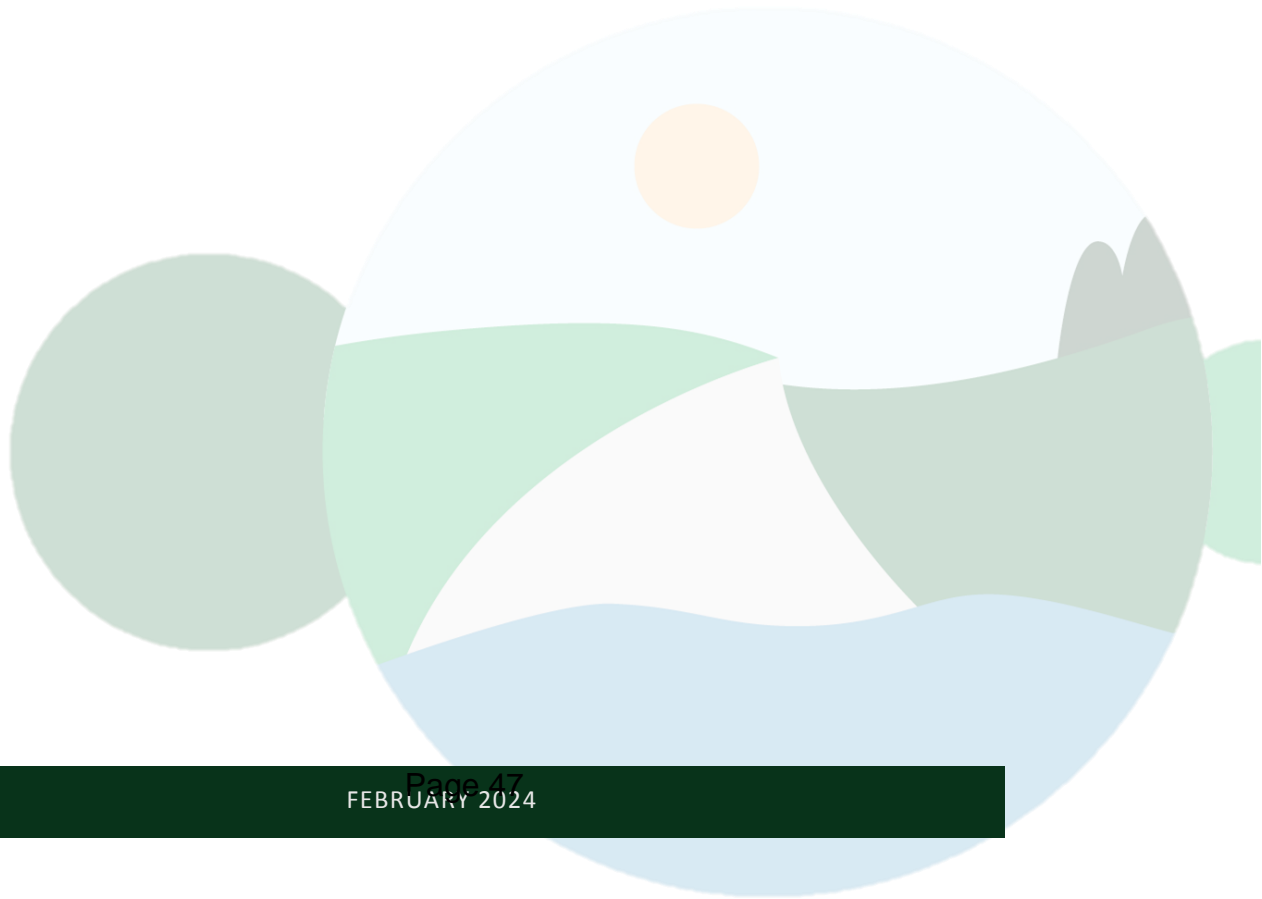
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KENT PENSION FUND

TRAINING STRATEGY 2024

SUPERSEDES THE 2022 TRAINING STRATEGY



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INTRODUCTION

- 1.1 This is Kent Pension Fund's Training Strategy, intended to assist officers and members of Kent Pension Fund Committee and Pensions Board ('Members'). It has been designed to encourage the development of skills and knowledge, enabling all to act effectively in line with their responsibilities.
- 1.2 By implementing this training strategy, Kent Pension Fund will seek to ensure there is sufficient skills and knowledge amongst senior officers, those on Pension Board and Pension Fund Committee. It is considered important to achieve and maintain skills within Kent Pension Fund to ensure effective decision making and scrutiny of the Fund.
- 1.3 The Head of Service for Kent Pension Fund, in association with KCC's S.151 and Chairpersons of Pension Board and Pension Fund Committee are tasked with ensuring implementation of the Training Strategy. By approving the Training Strategy, all Members are implicitly committing to participate in training and to abide by the training requirements. Repeated non-compliance with the Training Strategy may result in Members being removed from Pension Board or Pension Fund Committee, as Kent Pension Fund prides itself on having well-informed and suitably skilled Members.
- 1.4 Kent Pension Fund will continue to offer a programme of structured training events via a regularly reviewed training plan. Regular updates on Training will be provided to Pension Fund Committee and Pensions Board, as per the agendas set.
- 1.5 No individual Members are expected to have expert knowledge of Kent Pension Fund's LGPS investments or administrative operations. Instead, it is expected that senior officers within Kent Pension Fund (and the Fund's consultants) will continue to assist Members in undertaking their roles and will provide suitable recommendations, advice and guidance, as necessary.

TRAINING STRATEGY OBJECTIVES

- 2.1 Kent County Council is the Administering Authority for Kent Pension Fund on behalf of its stakeholders. Kent Pension Fund is one of the largest Funds in the LGPS in England.
- 2.2 The objectives of Kent Pension Fund reflect the significance of the Fund:
- Ensure Kent Pension Fund is managed, and its services delivered by people who have the appropriate knowledge and expertise;
 - Ensure Kent Pension Fund is effectively governed and administered; and
 - Ensure decisions are robust, are well founded and comply with regulatory requirements or guidance from the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC)
- 2.3 To assist in achieving these objectives, Kent Pension Fund will aim to comply with a broad range of external guidance. These documents will include but not be limited to: the CIPFA Knowledge and Skills Frameworks, the knowledge and skills elements of the Public Service Pensions Act 2013, The Pensions Regulator's (tPR) Code of Practice for Public Service Schemes, as well as any other LGPS specific guidance relating to the knowledge and skills of Members and senior officers, which may be issued from time to time.
- 2.4 This Training Strategy applies to all Members of Kent Pension Fund Committee, who must be conversant with: Their responsibilities as delegated to them by The Kent County Council as an administering authority of an LGPS fund;
- The fundamental requirements relating to pension fund investments;
 - The operation and administration of the Kent Pension Fund;
 - Controlling and monitoring the funding level; and

d) Effective decisions-making in the management of the Kent Fund.

2.5 This Training Strategy also applies to all Members of Kent Pension Board who must be conversant with:

- a) The relevant LGPS Regulations and any other regulations governing the LGPS;
- b) Any document recording policy about the administration of the Kent Pension Fund;
- c) And have knowledge and understanding of the law relating to pensions; and
- d) Such other matters as may be prescribed.

2.6 In addition, it applies to KCC's senior officers responsible for the management and administration of Kent Pension Fund; they will be expected to:

- a) receive appropriate training to fill any knowledge gaps identified; and
- b) seek to maintain their knowledge.

CIPFA'S CODE OF PRACTICE

3.1 CIPFA's Code of Practice (on Public Sector Pensions Finance, Knowledge and Skills 2013), embeds the requirements for the adequacy, acquisition, retention and maintenance of appropriate knowledge and skills required. It recommends (amongst other things) that LGPS administering authorities:

- formally adopt the CIPFA Knowledge and Skills Framework in its knowledge and skills statement;
- ensure the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
- publicly report how these arrangements have been put into practice each year.

3.2 TPR's 'General Code' was updated in 2024 and brought together previous governance and guidance. It is considered vital that suitable skills and knowledge is held by Kent Pension Fund for effective strategic decision making and that there is sufficient governance in place to ensure compliance with this Training Strategy. At the time of writing in February 2024, the new General Code has only just been announced. It is therefore proposed that further to the indication of specific applications for the LGPS, any required changes are brought to future Pensions Board and Pension Fund Committee for discussion and agreement.

CIPFA KNOWLEDGE AND SKILLS FRAMEWORK – PENSION FUND COMMITTEE

4.1 In January 2010 CIPFA launched technical guidance for Elected Representatives on s101 Pension Committees and non-executives in the public sector within a knowledge and skills framework. The framework covers six areas of knowledge identified as the core requirements:

- a) Pensions legislative and governance context;
- b) Pension accounting and auditing standards;
- c) Financial services procurement and relationship development;
- d) Investment performance and risk management;
- e) Financial markets and products knowledge; and
- f) Actuarial methods, standards and practice.

4.2 Although the CIPFA Knowledge and Skills Framework complements the Code of Practice that should be adopted by administering authorities, there is no legal requirement for knowledge and understanding for members of an s101 Pension

Committee. However, the view of Kent Pension Fund is that Members of its Pension Fund Committee shall have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board.

CIPFA KNOWLEDGE AND SKILLS FRAMEWORK – LOCAL PENSION BOARD

5.1 In August 2015 CIPFA extended the Knowledge and Skills Framework to specifically include members of Local Pension Boards, albeit there exists an overlap with the original Framework. The Framework identifies the following areas as being key to the understanding of local pension board members:

- a) Pensions Legislation
- b) Public Sector Pensions Governance
- c) Pensions Administration
- d) Pensions Accounting and Auditing Standards
- e) Pensions Services Procurement and Relationship Management
- f) Investment Performance and Risk Management
- g) Financial markets and product knowledge
- h) Actuarial methods, standards and practices.

5.2 The role of the Local Pension Board is to assist the Committee (i.e. the Scheme Manager). Therefore, Pension Board members shall have sufficient knowledge and understanding of the regulatory structure of the LGPS and administration policy to be able to challenge Kent Pension Fund to comply with regulations and policies.

5.3 Both Kent Pension Board and Committee members shall commit sufficient time to their learning and development. Kent Pension Fund will make appropriate training available to assist and support members in undertaking their roles. The above eight subjects therefore form the basis of the structured training programme prepared for Members and are included in the training plan.

GUIDANCE FROM THE SCHEME ADVISORY BOARD

6.1 The Scheme Advisory Board has taken note of the regulatory requirements and the principles of the Pension Regulator's Code of Practice and in January 2015 published Guidance for administering authorities to support them in establishing their Local Pension Board. The Guidance includes a section designed to help Local Pension Board members to understand their knowledge and understanding obligations.

THE PENSIONS REGULATOR'S E-LEARNING TOOLKIT

7.1 The Regulator has developed an online tool designed to help those running public service schemes to understand the governance and administration requirements in the CIPFA Code of Practice. The online, free toolkit is designed specifically with Local Pension Board members in mind however the material covered is of equal relevance to Pension Fund Committee members.

7.2 Both members of Kent Pension Fund Committee and Kent Pension Board are expected to complete tPR's public service toolkit within 6 months of joining Board or Committee.

7.3 The public service e-toolkit is an easy-to-use resource and covers 7 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

7.4 Member's completion of tPR's e-toolkit (public service pension schemes) will be monitored by regular surveys. Findings will be reported in the Kent Pension Fund Annual Report and Accounts.

THE PENSIONS REGULATOR'S 21ST CENTURY TRUSTEESHIP GUIDANCE

8.1 Members of both the Committee and the Board are encouraged to follow the guidance. This programme was launched to raise the standards of governance across all workplace pension schemes. The programme includes what arrangements need to be in place to support good decision making, as follows:

- a) Clear roles and responsibilities and clear strategic objectives
- b) A skilled, engaged and diverse Committee and Board led by an effective chair
- c) Close relationships with employers, advisors and others involved in running the scheme
- d) Sound structures and processes focused on outcomes
- e) A robust risk management framework focused on key risks

MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE II (MIFID II)

9.1 Kent Pension Fund needs to demonstrate a high level of skills and knowledge across the Committee and Board to enable Kent Pension Fund to opt-up. By doing so, Kent Pension Fund can be recognised as a professional investor rather than a retail investor and continue to receive advice and access to investment products at a level commensurate with the types of investment required for the Kent Pension Fund.

9.2 Failure to adequately demonstrate a high level of collective skills and knowledge across Pension Fund Committee and Local Pension Board could result in the loss of professional investor status and therefore access to the appropriate investment opportunities.

INITIAL INDUCTION & TRAINING

10.1 On joining Pension Fund Committee and Pension Board, all new members will receive an initial induction session and are encouraged to become familiar with the Kent Pension Fund website which provides access to :

- The latest Actuarial Valuation report
- The latest Annual Report and Accounts,
- Fund policies

10.2 Initial training needs will also be discussed and 1:1 sessions with officers offered as appropriate to enable support and settling into roles. To strengthen understanding and awareness of day-to-day operations, Members are also invited to see work in progress and being delivered by officers whilst at Invicta House offices. Where of interest, details to be agreed in advance via email so that sufficient hosting arrangements can be put in place.

10.3 As outlined above, all new Members are expected to complete tPR's e-toolkit (public service pension schemes) within 6 months of joining Pensions Board or Pension Fund Committee.

TRAINING DELIVERY

11.1 Members and senior officers will be encouraged to access a range of training resources. These may include but are not restricted to:

- a) Internally developed training days;
- b) Training delivered by investment managers / consultants during Pensions Board and Pension Fund Committee meetings;
- c) In-house and shared training events where it improves economy, efficiency and effectiveness;
- d) Self-improvement and familiarisation with regulations and documents;
- e) The Pension Regulator's e-learning programme;
- f) Attending courses, seminars and external events such as conferences;
- g) Regular updates from officers and/or advisers;
- h) Circulated reading material;

11.2 Training events will be advertised to members as and when they are notified to officers. Members are expected to make officers aware of any events that are of interest.

COSTS

12.1 All relevant costs relating to this training strategy will be met by Kent Pension Fund (i.e. for event attendance and train travel). Furthermore, assistance with making event bookings and train travel is available from officers; requests for help can be made via email.

MONITORING, REPORTING & COMPLIANCE

13.1 Kent Pension Fund will maintain a record of all training undertaken by Committee and Board members, who will be asked to confirm this record every 6 months via survey.

13.2 Training updates will be regularly taken to Pension Board and Pension Fund Committee to give an overview of the latest training opportunities and to report on training recently completed.

13.3 Information on training completed by individual Members will be included in the Kent Pension Fund Annual Report and Accounts. Information will be recorded on training session attendance. Where consistently poor training attendance is recorded, this will be discussed, and appropriate action taken. For example, repeated non-compliance with the Training Strategy may result in Members being removed from Pension Board or Pension Fund Committee to ensure that sufficient levels of skills and knowledge is collectively held for effective decision making and scrutiny.

13.4 The training plan will be agreed with Kent Pension Fund Committee and Board annually, or as required, to ensure relevancy and sufficient support for Members. In effect, by Members agreement to the plan they are implicitly committing to participate in training.

EFFECTIVE DATE

14.1 Kent Pension Fund first developed its Training Strategy in 2015, and this was approved by the Superannuation Fund Committee (as it was known then) at that time. The Training Strategy was subsequently updated and approved in November 2019 and March 2022. This version of the Training Strategy is to be taken to Pension Board and Pension Fund Committee in March 2024 for approval.

14.2 This updated Training Strategy formalises actions that have been undertaken in association with Pension Fund Committee and Pension Board over the last 12 months. These actions include regular training reporting and monitoring, the provision of training options and the encouragement and assistance offered to Members to participate in relevant external training events.

REVIEW

15.1 This strategy is expected to be appropriate for the long-term, but it will continue to be regularly reviewed, at least formally every 2 years or as required, to ensure it remains accurate and relevant.

15.2 This 2024 Training Strategy is intended to supersede the 2022 Training Strategy. Training is considered to be a live and ever moving target, due to the ongoing changes in the regulatory and policy framework within which Kent Pension Fund sits. The training plan will be designed to incorporate these changes and hot topics as they emerge. Officers will send regular communications to keep Members well informed and aware of the latest developments.

From: Chairman – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 12 March 2024

Subject: Pensions Administration

Classification: Unrestricted

Summary:

This report brings Members up to date with a range of matters concerning the administration of the Kent Pension Fund for the period 1 November 2023 to 31 January 2024. The report covers the following areas:

1. Performance
2. Recruitment
3. Breaches of Law
4. Complaints, Compliments and Comments
5. Project Updates
6. Overpayment Recovery and Write Off Limits
7. Communications and Support Update
8. Technical Updates
9. Training and Development

Recommendations:

The Board is asked to note the report.

FOR INFORMATION

1. Performance Update

- 1.1 Details of the administration casework performance can be found at **Appendix 1.**
- 1.2 During the period 1 November 2023 to 31 January 2024 a total of 14,731 new cases were received by the Pensions team. This is a slight increase of 88 from the previous period. 14,026 cases were completed during the period November to January. An increase of 527 compared to the previous period. This can be attributed in the main to the creation of the 5th administration team – the Focus Team – who have been able to dedicate their time to focussing on clearing historic cases or carrying out housekeeping of cases that were open unnecessarily.
- 1.3 The average performance across all casework has increased from 62% to 79% and the number of outstanding cases at the end of the period reduced

from 19,079 to 18,991. This can be attributed in part to newer members of the team increasing and improving their knowledge which increases their confidence and results in them being more productive and effective in their roles.

	Feb to Apr 2023	May to July 2023	Aug to Oct 2023	Nov 2023 to Jan 2024
Cases Open	14,364	16,029	19,308	19,321
Cases Received	16,041	15,526	14,643	14,731
Cases Completed	13,792	11,423	13,499	14,026
Cases Outstanding	15,741	19,085	19,079	18,991
Overall SLA Performance	79%	82%	62%	79%

- 1.4 Officers would like to update Members on three projects regarding the recording and reporting of service levels/performance.
- i) A complete review of all Workflow task creation, service level targets and completion in order to ensure all work is being measured from the correct start and end point.
 - ii) The transition of the current style performance report from the current manual method to an automated method within the Heywood's reporting tool – Insights.
 - iii) The development of a standard performance dashboard which presents information to Members relating to a variety of member outcomes such as inbound calls, service levels, customer satisfaction levels, self-serve levels, first point fix, complaints and Internal Dispute Resolutions.

2. Recruitment

- 2.1 As planned, the five new Pension Assistants mentioned in the previous Pensions Board paper have now joined the Pensions Section. They are being supported by more experienced members of the section and are settling in well.
- 2.2 The secondments reported in November's paper are progressing well. Two colleagues that were on secondment have now accepted permanent roles (one to the role of Communication & Support Officer, the other to the role of Deputy Team Manager). It is intended that should the four other secondments also be successful, permanent appointments will also be offered to these candidates; this would permanently fill vacancies at the level of Pensions Administrator (x3) and Admin Deputy Team Manager (x1).

- 2.3 A permanent Admin Team Manager appointment has been made via the promotion of an internal candidate. This candidate backfills a vacancy that arose because of the movement of a colleague to the newly formed Projects Team.
- 2.4 A handful of vacancies remain in the Communications & Support Team and the Administration Teams that are not currently being covered by secondments. Recruitment campaigns for these roles are proposed for 2024, starting with campaigns to fill the most senior of the roles first, as the number of backfills is likely to increase for the less senior roles, due to internal promotions.
- 2.5 Recruitment activity is also proposed in 2024 to fill new posts created in the Communications & Support Team and Technical & Training Team. These new posts are intended to future-proof the section and are partly in response to regulatory changes where action is required both now and in the future.
- 2.6 A summer recruitment campaign is planned for 2024 to bring in the next cohort of Pension Assistants that demonstrate potential and a willingness to learn. The timing of this campaign is intended to coincide with the release of exam results, where the strongest candidates may not choose to go to university but join Kent Pension Fund instead. As illustrated above, the importance of routinely bringing-in new candidates at this entry level has been hugely beneficial to the Fund. Many of the internal promotions and secondments made over the last 18 months, relate to candidates that joined the Fund in the last 4 years initially as Pension Assistants.
- 2.7 A summary of the recruitment activity over the period (including those due to start in new roles after 31 January) is shown below:

Position	Team	Start Date	Number	External/ Internal
Communications & Support Officer	Communications & Support Team	01/11/2023	1	External
Deputy Team Manager	Administration Team	01/12/2023	1	Internal Promotion
Pensions Assistant	Communications & Support Team	04/12/2023	1	External
Pensions Assistant	Administration Team	04/12/2023	3	External
Pensions Administrator	Administration Team	01/01/2024	3	Internal Secondment
Pensions Assistant	Administration Team	08/01/2024	1	External
Communications & Support	Communications & Support Team	01/02/2024	1	Internal Promotion

Officer				
Deputy Team Manager	Administration Team	01/02/2024	1	Internal Secondment
Pensions Project Manager – Continuous Service Improvement	Projects Team	01/03/2024	1	Internal Promotion
Team Manager	Administration Team	01/03/2024	1	Internal Promotion

3. Breaches of Law

- 3.1 Details of identified breaches of scheme Regulations can be found in **Appendix 2**.
- 3.2 B2 has been updated to include the number of members who left the scheme between 1 April 2018 and 31 January 2019, and are yet to claim payment of their refund.
- 3.3 There have been no new breaches reported.

4. Complaints, Compliments and Comments

- 4.1 For the period 1 November 2023 to 31 January 2024 a total of 2 complaints, 14 compliments and 25 comments were received into the corporate system called iCasework. These have been summarised below:

	Complaints	Compliments	Comments
November	0	6 (x5 good communication x1 helpful staff)	11 (x11 poor communication)
December	2 (x1 disagreement with decision or policy) x1 service delivery – third party/contracted service provider)	2 (x2 good communication)	4 (x4 poor communication)
January	0	6 (x10 good communication)	10 (x1 good communication x1 disagreement with decisions or policies)

			x7 poor communication x1 service delivery – third party/contracted service provider)
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5. Project Updates

- 5.1 Projects now successfully concluded include: CEM Benchmarking, Guaranteed Minimum Pension (GMP) Rectification, and the Police Pension Scheme administration exit. CEM will be presenting the results of the benchmarking at a separate item on this agenda.
- 5.2 **Overseas Existence Checks** - Crown Agents Bank (CAB) have been assisting the Fund with this process since November 2023, as part of a pilot exercise. Kent Pension Fund is trialling the use of CAB's digital technology solution to verify proof of life existence amongst overseas pensioners. Since the project began, 400+ overseas scheme members have used the biometric service to verify their proof of life. A further 100+ scheme members have registered to use the new online portal but have not completed the process yet. The option of completion by paper form (and counter signature) is still being offered to scheme members. However, the uptake for paper form completion has been low, with a clear preference for the digital option so far. Chaser emails and letters have been sent to scheme members that have not responded yet. The deadline set is 22 March 2024, after which pension payments will be suspended from April 2024, if no response received. It is expected that a sizable cohort of scheme members will take action to use the online portal and provide proof of life existence after pensions are suspended in April 2024. A helpline number and email has been setup to assist overseas members.
- 5.5 **Enhanced Admin to Pay and Immediate Payments** - this project automates benefit payments and the calculation of pension arrears, streamlining processes. Work on this project has continued as planned. Implementation is scheduled for Spring 2024.
- 5.6 **Telephony** - the Fund's work to be KCC's early adopters has continued. The set-up of technological infrastructure to enable User Acceptance Testing (UAT) is planned for March, whereby a digital test environment will be created. A small project testing team has been established to carry out the UAT. If all goes well with the UAT phase work, implementation of the new telephony system is expected later this year. The telephony solution will enable easier data monitoring and a better call experience for scheme members (i.e. the provision of updates on call queue position, the option for call backs and the provision of signposting for online self-service).

6. Overpayment Recovery and Write Off Limits

- 6.1 The number of pension overpayment write offs for the period 1 November 2023 to 31 January 2024 are set out below:

	November 2023		December 2023		January 2024	
	Number	Total	Number	Total	Number	Total
£200-£5,000	36	£17,809.79	15	£6,175.22	26	£10,480.12
£5,000-£50,000	-	-	-	-	-	-
£50,000+	-	-	-	-	-	-

7. Communications and Support (C&S) Update

- 7.1 All of the **McCloud** data collected from employers has been transferred to ITM, together with the details of the employers who have not provided a return. ITM will now validate the information and continue to work with the employers who have yet to provide the data.
- 7.3 The team have commenced the testing phase of a project to transition from the current **member self-service** platform to a new and improved platform which will streamline member registrations and account access, provide more robust security, and allow the team to automate more processes.
- 7.4 Member registrations to the current platform are still steadily increasing and the team will progress at speed with the promotional plans once onboarded to the new platform.

	30 Nov 2023	31 Dec 2023	31 Jan 2024
Active	4,813	4,886	5,055
Deferred	2,936	2,993	3,149
Pensioner	3,378	3,479	3,647

- 7.5 A member mailing was sent to all members, advising them of the changes to the regulations due to the **McCloud** ruling. The letter reminded active and deferred members that the Fund will be changing to **digital methods** as default for communication in the future. The final notification to active members will be issued in March, with the 2024 Annual Benefit Illustrations (ABIs) being issued electronically. The final notification to deferred members will be issued with the 2024 ABI. All members have been reminded that they can request to remain receiving paper communications, if they wish to do so.
- 7.6 The team attended the **Beyond Schools Trust Wellbeing Inset Day** on 24 November.
- 7.7 The team hosted a webinar on '**Member Self Service**' to members on the 28 November. Future webinars will be arranged for the upcoming period.

- 7.8 The team started preparation for the **Year End** exercise, the updated training videos were recorded, and all website information was updated in preparation.
- 7.9 The team provided a series of **training sessions** to employers.
- 7.10 **i-Connect** onboarding of Kent Schools is going well, and the team are assisting other employers with their ongoing queries.
- 7.11 Discussions are continuing with employers with the aim to onboard them onto i-Connect in April 2024.

8. Technical Updates

- 8.1 **McCloud Ruling and the remedy in the LGPS** - The main focus of the Technical Team over the period has been the implementation of the McCloud remedy.
- 8.2 Since November 2023 there has been further guidance issued by the Local Government Association (LGA) in the form of administrator guides and online workshops. The Technical Team have also engaged with Heywood to learn about the progress with software updates.
- 8.3 On the 8 February the full administration team attended a training day in Maidstone to learn more about how the remedy will impact scheme members and to look at how the administration software will deal with calculating member benefits.
- 8.4 The day was led by the Technical Team and comprised two parts; the morning was spent listening to a presentation on the McCloud remedy by Aon. The team then spent the afternoon working through practice scenarios on the pensions database to understand the calculations and output that the software will use to deliver the remedy.
- 8.5 In preparation for this day a significant amount of work had to be done by the Technical Team to configure and understand the software updates.
- 8.6 **Lifetime Allowance** - In the Spring Budget 2023 the government announced its intention to abolish the Lifetime Allowance from 6 April 2024.

Following consultations during 2023, the legislation to fully abolish the Lifetime Allowance is now passing through Parliament as part of the Finance Bill 2023-24.

The Technical Team are currently reviewing the draft legislation and preparing for the expected changes from April 2024, which includes updating letters and forms as well as staff training. It is anticipated that the final legislation will not be in place until close to April which will present a challenging timescale.
- 8.7 **Review of Additional Pension Contributions (APC)** - Following the updated actuarial guidance that was issued in 2023, the Technical Team have had to undertake a review of all APC contracts being paid by scheme members. This review must be completed ready for 1 April 2024.

8.8 Due to the guidance in place, adjustments have had to be made to any active APC contract and this has seen the rate of contributions increase in all cases. This exercise requires a manual calculation to be undertaken in each case.

9. Training and Development

9.1 Four members of the team have commenced the **CIPP- Certificate in Pensions Administration**. This is a 9-month course consisting of 7 modules with 6 assignments and 1 exam using an online learning platform. The course covers an overview of UK pension schemes, providing pension scheme information, creating and maintaining pension scheme member records, transferring into and out of pension schemes, handling changes in members' circumstances, payment of scheme benefits to pensioners, working as a member of a pension team.

9.2 Training figures for the period 1 November 2023 to 31 January 2024:

In house training sessions	41
Sessions led by Training Officers	28
External LGA training	6 members of staff

9.3 The numbers appear lower than for last period due to the seasonal break, and priority had to be given for the following areas:

- Pension Assistants appointed on secondment to Pension Administrator roles commenced from 1 January 2024.
- external appointments to Pension Assistant roles; 4 commenced in December and 1 in January 2024.

9.4 **National LGPS qualification led by the LGA** - Following the working groups attended by the Technical Team last year, a first cohort are due to start the Level 2 'Award in Pensions Essentials' qualification in April 2024. The qualification is being delivered by Barnet Waddingham, and the Fund has two staff members who are joining the first cohort. As this is a pilot group, the Technical Team will be monitoring and feeding back to the LGA during the course of the year on the progress our staff make with this.

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March 2024

Appendix 1 – November 2023 to January 2024 Performance Report

Appendix 2 – Breach of Law Register

	Case Type	SLA (days)	Tolerable Performance (%)	Number of cases open at start of the period	Number of cases received	Number of cases completed	Number of cases completed within SLA	% of cases completed within SLA	Number of cases completed outside of SLA	Average number of days to complete cases	Number of cases open at end of the period
Deaths	Initial Death Notification	15		57	418	399	382	96	17	7	64
	Survivors Pensions	15		70	160	155	121	78	34	14	74
	Death Grant Payment	20		36	81	85	69	81	16	31	27
	Balance of Payments/Overpayment Recovery	15		40	239	203	194	96	9	4	75
Retirements	Payment of Retirement Benefits	20	90	424	702	713	705	98	8	20	378
	Provision of Retirement Estimates	20		557	1253	1120	767	68	353	17	602
Early Leavers	Payment of Refunds	20		57	299	309	293	95	16	9	42
	Provision of Deferred Benefit Statements	60		6303	1193	1401	298	21	1103	174	5694
Transfers	LGPS Transfer In Estimates	20		1184	699	58	53	91	5	144	1741
	Aggregation In Estimates	260		1711	153	478	273	57	205	417	1362
	LGPS Transfer Out Estimates	20		357	123	238	60	25	178	112	197
	LGPS Transfer In Actuals	20		373	74	58	7	12	51	205	380
	Aggregation In Actual	60		6923	1161	822	320	39	502	172	6993
	LGPS Transfer Out Actuals	20		267	114	117	13	11	104	136	252
	Non LGPS Transfer In Estimates	20		11	66	59	37	63	22	21	16
	Non LGPS Transfer Out Estimates	20		157	107	143	49	34	94	42	108
	Non LGPS Transfer In Actuals	20		124	51	23	7	30	16	47	149
Non LGPS Transfer Out Actuals	20		21	24	12	6	50	6	33	30	
Divorces	Pension Sharing on Divorce Estimates	6 weeks		36	92	108	97	90	11	15	16
	Pension Sharing on Divorce Implementations	4 months		3	2	0	0	0	0	0	4
General	New Starters	30		235	3775	3534	3490	99	44	10	476
	General Correspondence	15	98	147	1999	2060	1980	96	80	2	74
	Change of Details (i.e. address, name, nomination)	10		14	1748	1752	1744	100	8	0	8
	Opt Outs			202	113	96	83	86	13	35	216
	Lost Pension			12	85	83	82	99	1	3	13
Total				19321	14731	14026	11130	79	2896	67	18991

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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	27/04/2023	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	28/02/2024	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 31/01/2019 x869 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
B3	16/06/2023	Payment of retirement benefits after member's 75th birthday	Clare Chambers	Scheme Member	Member did not keep the Pension Section updated with their address therefore we had no way of contacting the member to complete the required forms for payment. Address tracing was attempted.	No wider implications	Currently one	The Pensions Section attempted on numerous occasions to trace the member to be able to pay the retirement benefits before age 75	Green With the section moving towards member self service the need to write out to members home addresses will decrease as they will access their benefits via their online accounts. Therefore, the risk of this particular category of breach will decrease.	No	N/A	N/A	Closed 16/06/2023

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From: Chairman – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 12 March 2024

Subject: Employer Governance Update

Classification: Unrestricted

Summary:

This report provides an update on Fund employers and confirmation of employer matters agreed by Committee at their meeting on 12 December 2023. It also provides an update on the actuarial procurement project.

Recommendation:

The Board is asked to note the report.

FOR INFORMATION

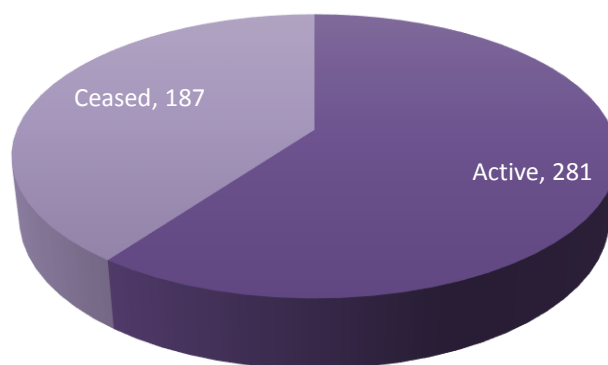
1. Introduction

This report provides an update on Fund employers for the 3 months ending 31 December 2023 and confirmation of employer matter agreed by Committee at their meeting on 12 December 2023. It also provides an update on the actuarial procurement project.

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

- 2.1 At its last meeting the Board received an update on employer numbers as at 30 September 2023, when there were 465 employers in the Fund. This number increased by 3 over the final quarter of 2023 and therefore there were 468 employers in the Fund on 31 December 2023.
- 2.2 During this quarter, 1 new academy and 2 new admitted body employers joined the Fund.
- 2.1 Also during this quarter, 2 scheduled body employers, 1 community admission body and 2 transferee admitted bodies became ceased employers who still have liabilities in the Fund, although this does not affect the overall number of employers in the Fund.

Split of Employers between Active and Ceased



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

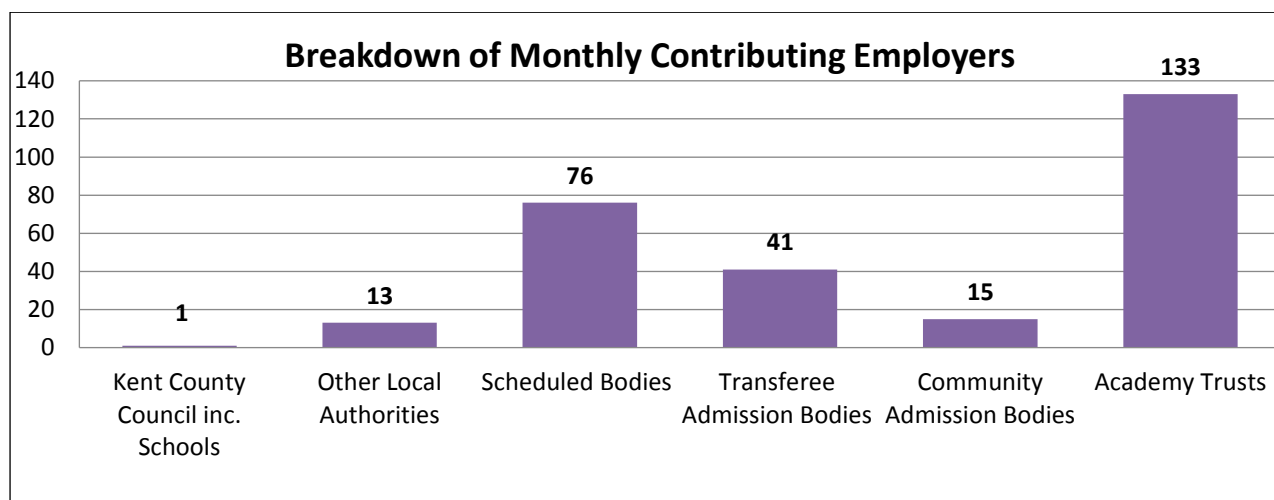
Type	New Employers	Effective Date
Admission Body	The PCS Group Ltd (re The Primary First Trust)	1 June 2021 (backdated admission)
Admission Body	Purgo Supply Services Ltd (re Leigh Academies Trust)	1 August 2023 (backdated admission)
Academy Trust	Royal Harbour Academy	1 April 2023 (backdated)

Type	Ceased Employers	Cessation Date
Admission Body	Town & Country Cleaners Ltd	9 October 2023
Admission Body	Mytime Active	30 September 2023
Schedule Body	Leybourne Parish Council	30 September 2023
Schedule Body	The Mayor and Charter Trustees of Margate	31 March 2023 (Board advised follow dialogue with employer)
Community Admission Body	Clarion Housing Association Ltd	30 November 2023

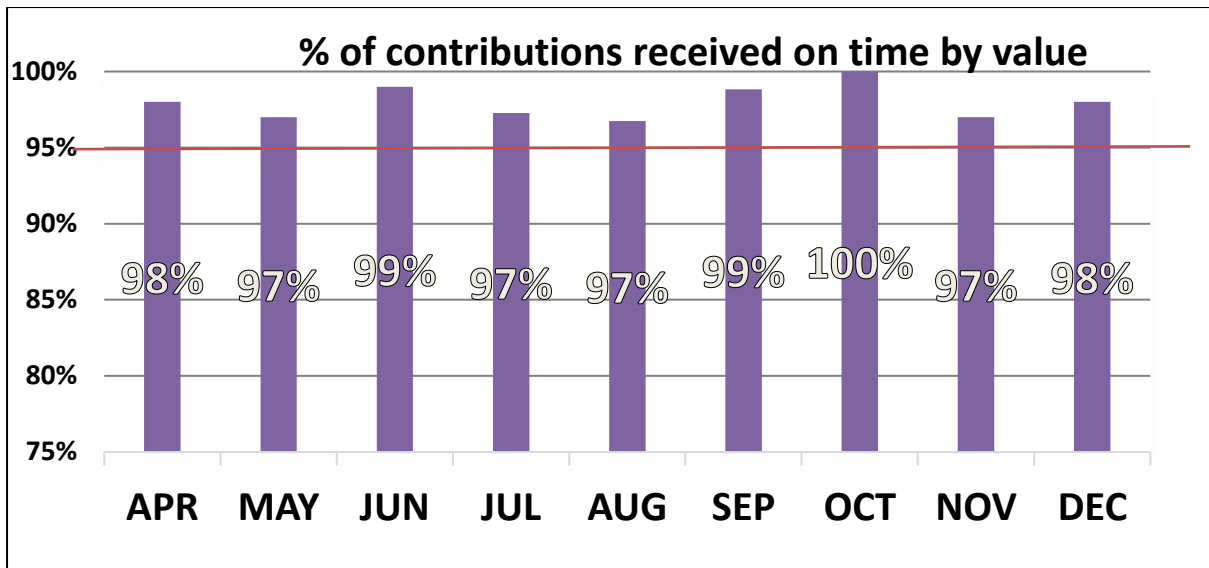
2.4 In the 9 months to 31 December 2023 the Fund received £231.9m from employers in respect of their monthly contributions (employer and employee) as follows:

	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	15,168,449.07	9,528,643.02	549,123.33	25,246,215
May	14,999,534.67	9,562,699.78	783,050.06	25,345,285
June	15,435,765.43	10,006,609.06	201,590.82	25,643,965
July	13,949,474.52	10,874,794.53	703,727.70	25,527,997
August	15,683,358.94	8,906,384.41	842,779.31	25,432,523
September	15,555,923.91	9,629,553.00	308,294.16	25,493,771
October	15,211,575.15	10,574,083.14	41,322.55	25,826,981
November	15,953,106.31	9,707,319.94	849,984.40	26,510,411
December	15,487,752.66	10,969,050.57	478,381.35	26,935,185
Total	137,444,940.66	89,759,137.45	4,758,253.68	231,962,332

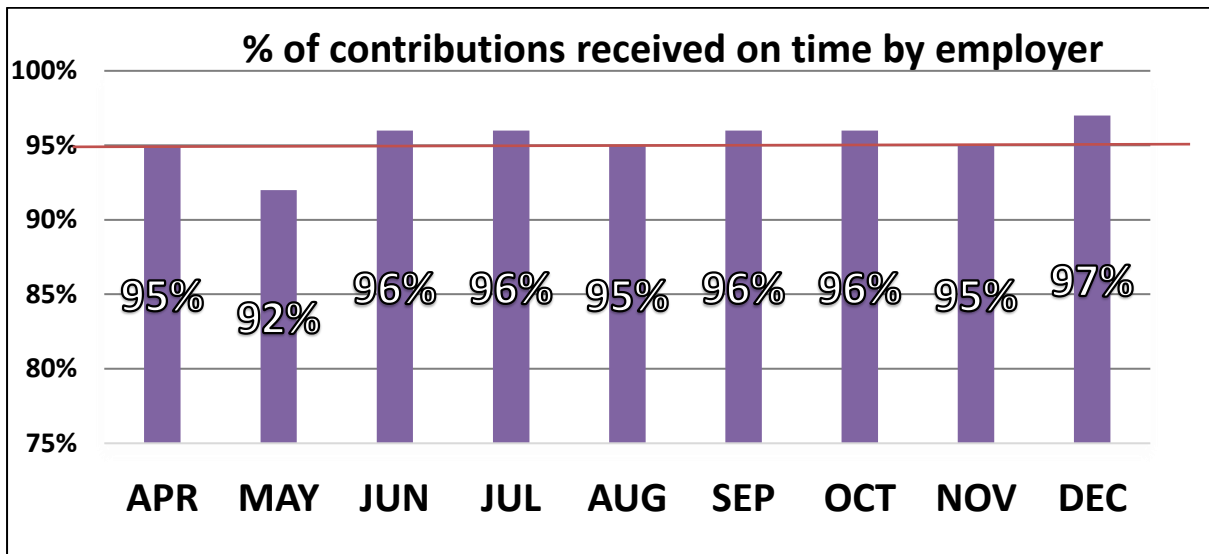
2.5 The following table shows employers from whom the Fund receives monthly contributions by Employer Group.



2.6 The Key Performance Indicator (KPI) of 95% for % of contributions received on time by value was met every month April to December.



2.7 The Key Performance Indicator (KPI) of 95% for % of contributions received on time by employers was met every month April to December 2023 bar May 2023. The full explanation for this was given in the December paper. It related to a single payroll provider (Cintra) who did not make the May payment in time.



3. Employer Admission Matters

3.1 At their meeting on 12 December 2023 the Committee agreed:

- a) to the admission to the Kent Pension Fund of Suez Recycling and Recovery UK Ltd;
- b) to the admission to the Kent Pension Fund of Caterlink Ltd (re Briary School/EKC Schools Trust);

- c) to the admission to the Kent Pension Fund of Independent Catering Management Ltd (re Gravesend Grammar School/Decus Trust); and
- d) the Compass Contract Services UK Ltd net cessation surplus of £3,000 is allocated to Kent Catholic Schools Partnership share of the Fund being the funding pool for Kent and Medway academies.

4. Actuary Procurement

- 4.1 As reported to the Board at its meetings on 6 September and 28 November 2023, the Fund has carried out a routine re-procurement exercise for the ongoing provision of actuarial advice, using a competitive process under the Actuarial, Benefits and Governance Consultancy Services Framework established by the National LGPS Frameworks.
- 4.2 After a competitive tender process the outcome is the reappointment of the current incumbent Barnett Waddingham who has been the Fund actuary since 2009.
- 4.3 The new contract started on 1 February 2024 and is operative for 6 years with a possible 3-year extension.

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12 March 2024

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From:	Chairman Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 12 March 2024
Subject:	Investment Update
Classification:	Unrestricted

Summary:

To provide a summary of the Fund's investment strategy, asset allocation, performance, and responsible investment activity.

Recommendation:

The Board is asked to note the report.

FOR INFORMATION

1. Introduction

1.1 This report provides the Board with an update on the Fund's investment activity and performance, as well as on responsible investment developments that have taken place since the Board's last meeting.

2. Investment Strategy

2.1 As reported to the Board at its last meeting, the Pension Fund Committee concluded its review of the Fund's investment strategy at its September meeting and is now in the process of implementing agreed changes. At its December meeting, the Committee reviewed an implementation plan and approved a series of recommendations, which in concert enable the orderly instantiation of the new strategic asset allocation. The key components of the implementation plan are summarised as follows:

- a) Reduce UK Equity exposure from the current overweight position to the new target weight of 10% through the termination of synthetic UK equity exposure and via redemptions from the Fund's physical UK equity investments.
- b) Implement a new 5% emerging market equities allocation via the ACCESS pool. Officers will develop a proposal for the optimum allocation structure using products available on the pool for consideration by the Committee at its meeting in March 2024.
- c) Implement the new 7% index linked gilts allocation via the Fund's existing risk management mandate with Insight (which enables the use of gilts as collateral)
- d) Reduce the overweight position in Absolute Return funds to the new strategic weighting of 5%, including rationalisation of the underlying

composition of the Absolute Return portfolio by moving from two mandates within this asset class to one.

- 2.2 These actions are proceeding broadly in line with expected timescales with the Committee being given a verbal update at a recent informal strategy meeting.
- 2.3 In addition to the above the Fund will also need to bring its actual allocations to private equity and infrastructure towards the (marginally increased) strategic targets of 5% (for each of the two asset classes). Transfers into and out of these asset classes cannot be enacted instantaneously given their illiquid nature and the Fund's default approach to accessing private equity and infrastructure exposure is via regular commitments to closed-end funds. Officers plan to bring a commitment analysis to the March meeting of the Committee to guide the Fund's future commitment sizing to these asset classes.
- 2.4 From an investment governance perspective, the current priority is to bring the actual investment portfolio into line with the new strategic asset allocation (as set out above). However, as an important second order consideration, officers plan for the Committee to review the underlying portfolio composition within each asset class. This will help ensure that individual mandates continue to remain consistent with the Fund's investment strategy and also help identify further opportunities to progress the pooling of assets. Officers intend to provide the Committee with an indicative timetable for undertaking this review at its March meeting.

3. Investment Strategy Statement

- 3.1 The Fund is required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the "Regulations") to prepare and publish an Investment Strategy Statement (ISS), which must be in accordance with guidance issued from time to time by the Secretary of State for Levelling Up, Housing and Communities.
- 3.2 The ISS is a central part of the Fund's investment governance architecture, documenting the principles, beliefs and policies by which the administering authority manages the investment assets of the Fund.
- 3.3 As a result of the investment strategy review, and to take account of the new strategic asset allocation, the Committee approved a revised version of the Fund's ISS at its meeting in December (the previous version was agreed in September 2021).
- 3.4 The new strategic asset allocation also necessitated a review of the Fund's rebalancing policy, which is one of the Committee's key risk management tools as it establishes ranges around the portfolio target weights, beyond which the Committee would ordinarily consider rebalancing activity to bring the actual portfolio into alignment with the approved strategic asset allocation.
- 3.5 The Committee also took the opportunity to update other areas of the ISS to aid readability and to better capture the Committee's current investment governance practices.

3.6 The updated and approved version of the ISS is found at appendix 1 and additional or revised wording has been highlighted to enable the Board to easily identify changes. Following its approval, the revised ISS was published on the Fund's website.

4. Fund value and asset allocation

4.1 As of 31 January 2024, the Fund's value was £7.84bn (compared to £7.83bn as at 30 September 2023, the position previously reported to the Board. The table below sets out the current asset allocation versus the Fund's new strategic asset allocation and its revised rebalancing policy.

Asset Class	Strategic Asset Allocation (%)	Tolerance Band (%)	Current Asset Allocation (%)	Variance	Status
Equities	53	+/- 10	53	0	In range
UK Equities	10	+/- 2.5	15	5	Overweight
Global Equities	38	+/- 5	38	0	In range
Emerging Market Equities	5	+/- 2.5	0	-5	Underweight
Fixed Income	22	+/- 5	23	1	In range
Credit	15	+/- 5	15	0	In range
RMF	7	-	8	1	In range
Alternatives	25	+/- 10	24	-1	In range
Absolute Return	5	-	5	0	N/A
Infrastructure	5	-	4	-1	N/A
Private Equity	5	-	5	0	N/A
Property	10	-	9	-1	N/A
Cash	0	5	1	1	In range
Total	100		100		

4.2 The current asset allocation is broadly aligned with the new strategic asset allocation, allowing for approved tolerance bands, with the exception of UK Equities and Emerging Market Equities, which are overweight and underweight, respectively. As noted above (para. 2.1) the Committee has approved decisions to bring these positions into line with the new target weights and therefore officers will not be recommending to the Committee that any (additional) rebalancing is undertaken at its meeting in March.

5. Investment performance: quarter to 31 December 2023

5.1 The Fund's investments returned 1.42% in the three months to 31 December 2023, compared to the benchmark return of 3.05%. The relative negative return vs the benchmark is largely attributed to the Fund's equity protection program, which detracted (as expected) during a strong quarter for equities. The program reduces the overall volatility associated with equities by limiting losses and gains vs the benchmark.

- 5.2 **UK equities** exhibited a relatively poor performance compared to global peers, despite strong showings from the Financials and Consumer Goods sectors. Small caps produced significantly higher returns than large caps, with returns of 6.3% and 2.3% respectively. The Fund's UK equity manager, Schroders, trailed the benchmark marginally during the quarter with a return of 2.12% (versus the benchmark return of 3.14%).
- 5.3 **Global equities** performance was positive over the quarter, returning 6.3% in sterling terms. This was lower than the local currency returns of 9.3%, due to the appreciation of sterling versus the dollar. The "Magnificent-Seven" continued their rally and played a big role in the strong performance, supported by expectations of interest rate cuts and a soft landing in the US. Emerging markets did not perform as well as developed markets during the quarter, due to the ongoing struggles with China's property sector.
- 5.4 Following the above, and despite an underweight holding to the "Magnificent-Seven", most of the Fund's active global equity managers outperformed the benchmark returns this quarter. The exceptions to this were the Fund's global active value manager, Schroders, and the global thematic equity manager, Sarasin.
- 5.5 The increase in the global equity valuations meant that the equity protection program decreased by £195m during the quarter.
- 5.6 The **Fixed income** managers all outperformed during the quarter to 31 December 2023, amidst shifting market dynamics. All four managers outperformed their benchmarks, with GSAM having the highest outperformance with a return of 6.05% vs the benchmark return of 0.86%. This notable performance occurred against a backdrop of sharp declines in 10-year global government bond yields, which are attributed to the lower-than-expected inflation figures, as well as dovish stances seen from the central banks. UK real yields also experienced declines across the yield curve, again influenced by inflation data as well as the expectation of interest rate cuts. Additionally, spreads on UK investment grade credit tightened over the quarter, which is a factor in the strong performance seen from the Fund's fixed income managers.
- 5.7 **Property** returns continued to decline during the quarter and the Fund's property managers lagged the benchmark return of -1.35% except for the DTZ- (previously Kames/Aegon) managed Active Value fund which is in wind down stage and managed to release higher than book value on some disposals. The DTZ Fund achieved a slightly better return than the benchmark of -0.9% vs -1.16%.
- 5.8 Both **absolute return** managers benefitted from the rally in bond and equities and outperformed the RPI linked benchmark of 1.3% during the quarter, with the **private equity** mandate also benefitting from improved valuations this quarter.

6. Longer term performance

- 6.1 For the year ended December 2023, the Fund achieved a return of 2.98% against a benchmark return of 8.65%, an underperformance of 5.67%.
- 6.2 Against a backdrop of gradual disinflation and renewed expectations of interest rate cuts, bonds have performed well over 2023. All the Fund's bond managers

have significantly outperformed the cash benchmark in the 1-year period. CQS were the best performing manager with a return of 12.45% against a benchmark of 4.66%.

- 6.3 Despite strong returns from fixed income managers over the year, performance has lagged on a total Fund level. This has been mainly caused by relative underperformance from each of the Fund's equity managers, with the exception of Baillie Gifford who produced a 1-year return of 14.56% vs the benchmark of 13.26%. Much of this underperformance by the Fund's active managers can be attributed to an underweight holding of the "Magnificent-7" tech stocks, which have mainly driven the rally in the global equities. The equity protection also had a negative impact on the Fund returns.
- 6.4 Moreover, the absolute return mandates largely underperformed versus the benchmark with Ruffer detracting significantly after trailing the benchmark by 16.72%. Property as an asset class has had a challenging year with a benchmark return of -0.51% and Fund's property managers lagged the benchmark, except for DTZ which returned 1.08% over the year.
- 6.5 For the three-year period, the Fund achieved a return of 2.47% compared to its strategic benchmark of 6.12%, an underperformance of 3.65%.
- 6.6 Benchmark equity returns have been strong during the three-year period with UK and Global equity indices returning 9.18% and 8.24% respectively, and value style investments leading the rally. Unsurprisingly during the three-year period, the Fund's value managers Schroders and M&G have outperformed the benchmark with 11.09% and 9.37% returns, respectively whilst the Fund's growth manager Baillie Gifford significantly underperformed with -7.48% against a regional benchmark return of 7.19%.
- 6.7 The equity protection programme has detracted from performance over this period too, as equities have rallied. As noted above, the program reduces the overall volatility associated with equities by limiting losses and gains vs the benchmark.
- 6.8 The alternative investment managers have been the best performers in the three-year period and the absolute return managers produced the worst performance against their RPI linked benchmark return of 13.66% in this prolonged period of high inflation.

7. Responsible Investment Update

- 7.1 The Responsible Investment Working Group (RIWG) met on 24 November 2023. A further meeting is scheduled for 6 March 2024.
- 7.2 As previously reported to the Board, a key workstream for the Committee during 2023 has been investigating the feasibility of setting a net zero commitment. At its meeting on 24 November, the RIWG were presented with the results of the *Analytics for Climate Transition* assessment, carried out by the Investment Consultant, Mercer on behalf of the Fund. The analysis explored the feasibility of setting a net zero commitment and contained proposals around a suitable net zero commitment for the Fund. Members considered the proposals ahead of the Pension Fund Committee on 12 December 2023.

- 7.3 At its December meeting, the Committee subsequently approved a net zero commitment for the Fund which is summarised as follows:
- a) Adopt a Net Zero target of 2050;
 - b) Adopt the IPCC decarbonisation curve;
 - a. Adopt equity portfolio decarbonisation targets of a 43% reduction by 2030 and a 69% reduction by 2040 in line with the 2022 IPCC Curve
 - b. Engage with fixed income managers to understand feasibility of climate targets, working towards target setting for this allocation;
 - c) Adopt a 15% target in sustainable assets by 2030 (including climate solutions).
- 7.4 It is important to note that these recommendations have been developed to take account of the Fund's specific circumstances and the transition potential of the current investment portfolio, and in such a way that they are **realisable**. A net zero target of 2050 provides the opportunity to effect real world change whilst also ensuring the policy is investable today and without sacrificing the Fund's capacity to achieve sufficient diversification within its portfolio.
- 7.5 The use of interim targets and the adoption of the Intergovernmental Panel on Climate Change's (IPCC) decarbonisation curve is critical as it increases the **credibility** of the Fund's strategy. By committing to shorter term goals alongside a long term, headline net zero target, the Committee signals to its stakeholders that it is serious about its ambition.
- 7.6 The adoption of the IPCC decarbonisation curve also provides an effective tool to be used in the Fund's future stewardship activities. In order to achieve its ambitions, the Fund will require the support of its appointed asset managers. The decarbonisation curve provides a basis for engaging and evaluating existing and potential asset managers' performance. Moreover, the adoption of a 15% target in sustainable assets enables the Fund to direct capital to investment opportunities that both will benefit from the transition and enable it (i.e., climate solutions). Taken together these observations show that the proposals have the potential to be **impactful**.
- 7.7 Finally, the commitment is **ambitious**. In targeting a net zero date consistent with IPCC targets, the Fund is aligning itself with global efforts to enact the transition to a low carbon economy that aims to keep temperature rises within sustainable levels.
- 7.8 Following their adoption, the net commitment was published on the Fund's website. The Fund will undertake a formal review of its target on at least a five yearly basis.
- 7.9 The Committee held an informal meeting on 22 March 2024, which focused on strategy development with respect to investment activity, and in particular responsible investment. The core agenda item for the day was a review of the Fund's current responsible investment beliefs, facilitated by specialists Pensions for Purpose. The session used the UN Sustainable Development Goals as a framework for identifying responsible investment priorities. The initial results identified that climate and nature and clean energy were particularly relevant to the Fund's investment strategy going forwards but also that the themes of affordable housing, education and responsible consumption

warranted further investigation. Officers will consider how to use the results to inform the Committee's workplan, ensuring consistency with the Committee's fiduciary duties.

7.10 At its meeting on 6 March 2024, the RIWG will consider updates to the Fund's RI policy and the draft RI workplan for 2024/25. The current RI policy was established in 2020 since when the Committee's activity in this area has progressed significantly (not least due to the recent net zero commitment).

Appendices

Appendix 1 – Investment Strategy Statement

Appendix 2 – Quarterly Performance Report (31 December 2023)

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28 February 2024

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Kent Pension Fund



Investment Strategy Statement

December 2023



Introduction and purpose

Kent County Council (the “Council”) is the administering authority for the Kent Pension Fund (the “Fund”). The Council is required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the “Regulations”) to formulate and publish an investment strategy which must be in accordance with guidance issued from time to time by the Secretary of State for Levelling Up, Housing and Communities.

The Fund must invest any fund money that is not needed immediately for the payment of benefits and the purpose of the Investment Strategy Statement (the “ISS”) is to document the principles, beliefs and policies by which the administering authority manages the investment assets of the Fund.

Governance

The Council has delegated to the [Pension Fund Committee](#) (the “Committee”) all the powers and duties of the Council in relation to its functions as an [administering authority](#). The Committee is responsible for setting investment strategy, carrying out regular reviews, and monitoring the Fund’s investments.

The role of the Kent Local Pension Board (the “Board”) is to assist the Committee to comply with legislative and regulatory requirements, and to ensure the effective and efficient governance and administration of the Local Government Pension Scheme.

The Committee can create non-decision-making working groups, constituted from its own membership, to enable the Committee to explore and examine specific themes and subjects in greater technical detail. Two such groups are currently in operation: the Responsible Investment Working Group and the Risk Management Group. These bodies enhance the Fund’s investment governance capacity; they report their findings to the Committee, which remains the sole decision-making authority.

The latest version of the ISS was approved by the Committee on **12 December 2023**. The Fund has taken proper advice from the Fund’s investment consultant, Mercer (the “Investment Consultant”) in formulating its investment strategy.

As set out in the Regulations the ISS is subject to review at least every three years and from time to time depending on any material change in investment policy or other matters as required by law.

Scope

Regulation 7(2) requires that the ISS must address the follow matters:

- a requirement to invest money in a wide range of investments
- the authority’s assessment of the suitability of particular investments and types of investments



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- the authority's approach to risk, including the ways in which risks are to be measured and managed
- the authority's approach to pooling investments, including the use of collective investment vehicles and shared services
- the authority's policy on how social, environmental, or corporate governance considerations are considered in the selection, non-selection, retention, and realisation of investments, and
- the authority's policy on the exercise of rights (including voting rights) attaching to investments.

Links to the Funding Strategy Statement

The [Funding Strategy Statement](#) (FSS) aims to establish a clear and transparent strategy that will identify how participating employers' pension liabilities are best met going forward. To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount the Fund's future cash flows to present day values. The discount rate used in the actuarial valuation is derived by considering the expected return from the Fund's long-term investment strategy. This ensures consistency between the funding strategy and investment strategy.

Accordingly, there is a fundamental link between the FSS and the ISS relating to the discount rate that underlies the funding strategy as set out in the FSS, and the expected rate of investment return which is expected to be achieved by the long-term investment strategy as set out in the in this document.

Investment Objectives

The Fund's primary purpose is to pay pensions, and lump sums and other benefits to Scheme Members as provided for under the Local Government Pension Scheme Regulations 2013. This primary objective is set out in more detail in the FSS.

The investment objective for the Fund is to ensure that over the long term it will have sufficient assets, when taken in conjunction with future contributions, to meet pension liabilities as they fall due. At the present time, the Fund's aim is to achieve at least an investment return in line with that set by the Fund Actuary for the 3-year valuation period, presently 4.5% p.a. based on the 2022 valuation results.

In order to achieve the investment objective, the investment strategy seeks to:

- maximise returns for a given level of risk
- ensure liquidity requirements are met at all times
- achieve and maintain 100% funding level
- maintain stable employer contribution rates.

Asset Allocation

The Fund recognises that diversification is key to managing portfolio risks. Assets are invested across different asset classes and distinct investment management styles are combined with the aim of securing sufficient and stable returns and using risk efficiently.



The Fund recognises that the likelihood of achieving the investment objective is heavily influenced by the choice of strategic asset allocation. The Fund reviews its strategic asset allocation via periodic investment strategy reviews and in order to ensure that its asset allocation policy remains appropriate, reviews will normally take place every three years. However, a review may be undertaken sooner if there is a material change in the investment or regulatory environment, or in the circumstances of the Fund itself.

The Investment Consultant supports the Fund in determining its strategic asset allocation through the provision of professional advice.

The Committee reviewed the Fund's investment strategy following the 2022 triennial valuation and approved the Fund's current strategic asset allocation policy (shown in the following table) in September 2023.

Asset Class	Strategic Asset Allocation (%)
Equities	53
UK Equities	10
Global Equities	38
Emerging Market Equities	5
Fixed Income	22
Credit	15
Risk Management (Index Linked Gilts)	7
Alternatives	25
Absolute Return	5
Infrastructure	5
Private Equity	5
Property	10
Total	100

Compared to the Fund's previous Strategic Asset Allocation, the current policy has a reduced allocation to UK equities and increased exposure to global equities and emerging market equities to better align the Strategic Asset Allocation with the Fund's neutral opportunity set. Fixed income also has an enhanced role within the current Strategic Asset Allocation through the introduction of a new allocation to index linked gilts, which also supports the risk management framework of the Fund.¹

Rebalancing Policy

The actual distribution of the Fund's assets will be affected by a range of factors including market movements, manager performance and cashflows into and out of the Fund. Over time there is therefore the potential for the asset allocation to drift away from the target allocation, potentially changing the agreed risk return characteristics of the Fund's portfolio.

¹ The Risk Management Framework is discussed in further detail under Suitability.



The Fund's current rebalancing policy is based on rebalancing ranges, as established in the following table.

Asset Class	Strategic Asset Allocation (%)	Tolerance Range (%)	Tolerance Band (%)
Equities	53	43 – 63	+/- 10
UK Equities	10	7.5 – 12.5	+/- 2.5
Global Equities	38	33 – 43	+/- 5
Emerging Market Equities	5	2.5 – 7.5	+/- 2.5
Fixed Income	22	17 – 27	+/- 5
Credit	15	10 – 20	+/- 5
RMF	7	-	-
Alternatives	25	15 – 35	+/- 10
Absolute Return	5	-	-
Infrastructure	5	-	-
Private Equity	5	-	-
Property	10	-	-
Cash	0	0 - 5	+ 5
Total	100		

Rebalancing is considered quarterly with the decision taken as a standing item at the Committee meeting. Rebalancing is based on the position shown in the latest available month-end valuation data.

The tolerance ranges are set sufficiently wide so that a degree of flexibility remains. For the purpose of the rebalancing policy, the Fund defines High Level Asset Classes as: Equities, Fixed Income, Alternatives and Cash. The Fund defines Sub-asset Classes as UK Equity, Global Equity, Emerging Markets Equity, Multi Asset Credit, the Risk Management Framework, Property, Private Equity, Infrastructure and Diversified Growth.

Rebalancing is based on both High-Level Asset Classes and Sub-asset Classes for Equities (including UK Equity, Global Equity and Emerging Markets Equity) and Fixed Income (including Multi Asset Credit and the Risk Management Framework) and as a High-Level Asset Class for Alternatives. Alternatives includes Property, Private Equity, Infrastructure and Absolute Return.

The Risk Management Framework is excluded from the rebalancing framework. Collateral adequacy is more important than the actual allocation to the Risk Management Framework. The Committee reviews collateral adequacy quarterly in order to determine if there was a shortage or surplus of collateral.

For the purposes of reviewing the Fund's position versus the rebalancing ranges, the total synthetic equity exposure from the Total Return Swaps within the Risk Management Framework should be added to the Fund's relevant physical sub-asset class equity exposures. The equivalent amount should be deducted from the Risk Management Framework valuation. For clarity, the mark-to-market value (whether



positive or negative) of the Fund's equity protection overlay structure should be included as part of the Risk Management Framework's value.

Decisions of where to either invest or disinvest cash within the asset and sub-asset class categories specified will be at the discretion of the Committee and should take into consideration the following: relative weights versus strategy, liquidity and transaction costs, medium term market views, short term sector/geographical outlook, tactical asset allocation considerations and confidence of the Committee in the manager's ability to meet performance targets (taking into account manager ratings).

Regular rebalancing is only made between the Fund's liquid assets. Within alternatives, this means rebalancing could involve adjusting the allocation to Diversified Growth to offset over or underweights to property, private equity and infrastructure. However, the Committee should have a strategy to manage the illiquid assets relative to their strategic allocation. This could involve pacing analysis to determine how much capital to deploy to the illiquid strategies and/or the use of listed alternatives.

Unless there is good reason otherwise, rebalancing is undertaken to bring the over or underweight asset class back to approximately the mid-point between its target allocation and the current position to reduce transaction costs and regret risk (should markets reverse shortly after rebalancing takes place).

The Fund also uses cash flows where possible to maintain the target allocations.

Suitability

The suitability of the Fund's investment assets has been determined in the context of its investment and funding objectives.

In assessing suitability, the Fund evaluates the expected returns and expected volatility of particular asset classes together with the correlations between asset classes and the diversification benefits available from combining different asset classes.

The current Strategic Asset Allocation has been established using the Investment Consultant's long term capital market expectations at the time of the most recent triennia valuation (31 March 2022).

The Fund has a central unbiased expectation for the current Strategic Asset Allocation to generate an expected annual return of 5.7% over the long term. This is consistent with the Fund's actuarially required return of 4.5%, after taking account of a margin for prudence.

The Fund makes use of illiquid investments (such as infrastructure, private equity and property), recognising that investors are rewarded over the long term for bearing liquidity risk. In setting and reviewing its strategic asset allocation, the Fund further considers the legality of all investments for compliance with the LGPS.

The investment strategy is implemented via external fund managers (including ACCESS, as set out under Pooling below) and there is no internal investment management other than of cash flow. The Fund has a policy of appointing specialist



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managers with the necessary skills in managing specific investment strategies which should help the Fund to meet its long-term investment objectives.

The Investment Consultant supports the Fund in the implementation of its Investment Strategy, which includes advice on the suitability and appointment of investment managers. An investment management agreement and/or prospectus is in place for each investment mandate which sets out the relevant investment objectives, asset allocation ranges and restrictions, performance targets and relevant benchmark as determined by the Committee. The list of current investment manager arrangements is set out at Appendix 1.

The Committee monitors the Fund's investment management arrangements on an ongoing basis to ensure their continuing suitability. Monitoring is supported via the provision of in-house performance reporting, together with ongoing reporting from the Investment Consultant on appointed investment managers and the investment strategy (including the Risk Management Framework).

Risk Management Framework

The Fund uses a derivatives overlay (the "Equity Protection Programme") as an effective means of implementing its investment strategy. The equity protection programme enables the Fund to efficiently manage the volatility emanating from its equities allocation without requiring the Fund to physically reduce its equities holdings. As such equity protection provides the Fund with greater flexibility in establishing its targeted risk exposure.

In order to ensure it has an adequate and sustainable collateral pool available to support the equity protection programme, and that it has sufficient exposure to equity risk premia, the Fund obtains some of its equity exposure via Total Return Swaps (synthetic equity).

The Fund's allocation to Index Linked Gilts serves a dual purpose of providing exposure to inflation linked UK sovereign bonds and acting as a source of collateral for the Equity Protection Programme and the Total Return Swaps. In aggregate, this arrangement is referred to as the Risk Management Framework for investment governance purposes.

The Committee is experienced in overseeing a derivatives overlay programme but recognises that this arrangement necessitates a higher governance outlay. The Committee ensures it has the requisite governance capabilities in place to monitor and manage the Risk Management Framework. Proper advice on the implementation and ongoing monitoring of the Framework is provided by the Investment Consultant while specialist investment management expertise has been obtained via the appointment of investment manager, Insight. The Committee has also founded the Risk Management Group to support the Committee in maintaining sufficient oversight of the Risk Management Framework.

Approach to Risk

The Fund recognises that risk is an intrinsic feature of investment activity. The Fund has identified several key risks that may impact on its investment strategy and funding



position, which are set out below together with appropriate mitigations. The Committee takes proper advice from its Investments Consultants on investment risks.

Risk	Mitigation
Equity risk	The largest risk the Fund is exposed to relates to its equity holding. Equity risk arises from the inherent volatility within equity market returns. Should equity markets deteriorate significantly, this will have a negative impact on the Fund's funding level. The Fund holds equities in order to generate sufficient investment returns so that employer contributions remain affordable. In order to manage equity risk, the Fund invests in managers with a variety of investment styles and has implemented an equity protection programme to limit the impact of falls in global equity markets. It also maintains a disciplined approach to rebalancing to ensure current risk exposures remain within tolerance.
Asset class concentration risk	Asset class concentration risk is a risk that any impact of adverse economic conditions affecting a particular asset class poses an outsized risk to the Fund's funding level and that the risk is not mitigated by investments in other asset classes. The Fund mitigates this risk through the establishment of a diversified investment strategy that pays attention to correlations between asset classes. Frequent and periodic rebalancing protects the Fund from maintain concentrated exposures that are not aligned with its target strategic asset allocation policy.
Active manager risk	Active manager risk is the risk that a fund manager underperforms a pre-established benchmark. The Committee believes that good active managers will add value to the Fund over the long term. The risk is small relative to asset class risk; nevertheless, the Fund addresses the risk through diversification of its exposure to active managers and careful monitoring of their investment performance and process. The Fund evaluates manager performance through regular reporting and through regular meetings with appointed fund managers.
Inflation risk	Inflation risk is the risk that a rise in inflation erodes the value of the investment returns required by the Fund to meet its pension liabilities. The Fund partially mitigates this risk by investing in asset classes that seek to provide returns in excess of inflation, or whose return is a direct function of inflation. Additionally, equities, property and infrastructure investments aim to achieve an indirect linkage to inflation.
Foreign exchange rate risk	The Fund invests in overseas assets. Foreign exchange rate risk is the risk that the value of the Fund's reporting currency, GBP, falls in comparison to other currencies (and affects the Fund's ability to realise the stated value of its global investments). The Fund is a long-term investor and can withstand short term currency fluctuations. The Fund monitors its overseas investment currency exposure but has not made



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	arrangements to hedge this risk.
Alternative asset classes risk	The Fund invests in a range of alternative assets, which often have higher levels of volatility and higher illiquidity when compared to some traditional asset classes. However, the Committee judges that these assets are suitable where they produce sufficiently high expected returns and diversification benefits that reduce the Fund's overall reliance on equities for capital growth.
Liquidity risk	Liquidity risk is the risk that the Fund will not have sufficient cash to meet its pension and investment liabilities in time and becomes a forced seller of assets at an inopportune time. The Fund actively manages its cash flows over the short and longer term to ensure liquidity. It restricts its investments in illiquid assets to minority portion of the Fund's strategic asset allocation and undertakes paced commitments to private markets investments to reduce cash flow challenges.
Custody risk	Custody risk is the risk that the investments might not be held and transacted securely and efficiently for the benefit for the Fund. The Fund must maintain its beneficial ownership of Fund assets when held in custody or trading and it does this through its global custodian. Counterparty risk is mitigated through a robust selection and legal contracting process. Direct custody risk is reducing as the Fund moves its investments into pooled funds. Indirect custody risk is mitigated by careful selection of funds.
Transition risk	Transition risk is the risk that trading and opportunity costs are higher than anticipated when moving assets between investment managers. The risk of incurring additional costs in relation to the transitioning of assets between external managers is managed through the use of professional advisers and experienced in house staff undertaking establishing transition risk management techniques.
Stock lending risk	Stock lending risk is the risk that assets lent are not recovered in full or partially. The Fund has agreed a stock lending policy for its segregated mandates as well as for its investments in the ACCESS pool. This is a limited programme of stock lending and risk is mitigated by lending to approved counterparties against non-cash collateral comprising of Sovereigns, Treasury Bonds and Treasury Notes.
Regulatory risk	Regulatory risk is the risk that the Fund will be in breach of a regulatory requirement. A significant portion of regulatory risk is transferred to the externally appointed (regulated) investment managers. The Fund ensures internal staff have the requisite knowledge and skills, as well as access to appropriate external advice, to ensure compliance with LGPS Regulations. The ISS is reviewed on a periodic basis (at least every three years and sooner in the event of a significant change in the Fund's circumstances or the regulatory environment).
Investment advice risk	Investment advice risk is the risk that the Fund receives



	inappropriate or poor-quality investment advice. The Fund has engaged Mercer as its Investment Consultant a proper procurement process. In-line with the CMA Order 2019, the Committee has set strategic objectives for the Investment Consultant and regularly considers the effectiveness of the advice given against these objectives.
Unmatched liability risk	Unmatched liability risk is the risk that the growth of the Fund's assets is less than the growth of the Fund's pension liabilities (and therefore the Fund does not have sufficient assets to meet its long-term liabilities). The Fund manages this risk by ensuring its funding and investment strategies are mutually consistent and through periodic reviews of the growth of its liabilities (triennial valuations) and its investment strategy.
ESG Risk	The Fund recognises that environmental, social and governance (ESG) factors pose material financial and non-financial risks to the Fund. The Fund is particularly cognisant of the risks that climate change, and the transition to a low carbon economy, pose to the value of the Fund's assets over the long term.

The Fund assesses risk both qualitatively and quantitatively, with the starting point being the triennial strategy review. Risks are considered, understood, and then prioritised accordingly. Investment risks are not the only risks that impact the Fund's funding level. The Fund maintains a full risk register which is reported to every meeting of the Committee. This covers the full range of risks faced and not just investment risks.

Approach to Pooling

The Fund is part of the ACCESS (A Collaboration of Central, Eastern and Southern Shires) pool which was established in 2015 and now oversees assets totalling £35.4bn (as at 30 June 2023). The ACCESS member authorities retain authority to determine their strategic asset allocation policies in the exercise of their fiduciary responsibility and seek to implement the local strategy through the pool.

Waystone is currently the ACCESS pool's contracted pool operator and is responsible for operating an Authorised Contractual Scheme (ACS) along with the creation of investment sub-funds to meet the collective needs of the ACCESS member authorities.

The Fund has made a commitment to pool its investments other than its direct property holdings but will rigorously apply the value for money test before moving assets into the pool. There are various challenges and complications in pooling directly held properties, including transition (re-registration) costs, lack of liquidity, and determining fair transfer values that make it unviable to pool direct property.

As at 30 June 2023 the total value of the Kent Fund's investments in the ACCESS pool was £3.4bn, being 44% of the total assets of the Fund. ACCESS now has a range of sub funds for equity and fixed income asset classes and the Fund will continue to look



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for opportunities to pool their remaining liquid assets within the existing sub funds where suitable as well as collaborate for the development of further pooled solutions.

The Fund will also participate in the pooling of alternative assets (other than direct property) through the structures being developed in the ACCESS pool.

On 22 November 2023, the Government published the outcome of the *Local Government Pension Scheme (England and Wales): Next Steps on Investments* consultation, which details the Government's proposals for the future of asset pooling within the scheme. The Fund expects to update its ISS once associated regulation and statutory guidance is made available to ensure its investment arrangements remain compliant, and make optimal use of the regulatory context in which the Fund invests on behalf of its beneficiaries.

Environmental, Governance and Social Considerations

The Fund has an overriding fiduciary duty to maximise investment returns for the benefit of the Fund's beneficiaries. The Fund recognises that it is consistent with its fiduciary duty to manage Environmental, Social and Governance (ESG) issues including climate risk, which may be financially material. It also understands that in seeking to deliver long-term returns, taking a sustainable investment view is more likely to create and preserve and enhance capital over the long term.

The Fund is committed to being a responsible investor and a good long-term steward of the assets in which it invests. The Fund's [Responsible Investment Policy](#) sets out the Fund's approach to responsible investment and details the actions the Fund and its external providers take on its behalf, to protect the Fund and its assets from ESG and reputational risk. The Committee expects those responsible for managing the Fund's investments to comply with the Fund's policy.

The Fund is a signatory to the PRI and is a member of collaborative investor networks including the IIGCC, LAPFF and Pensions for Purpose to benefit from a collective approach to engagement as well as ensuring it can access expertise and best practice in the field of responsible investment.

The Committee has established the Responsible Investment Working Group to support the implementation of the Fund's Responsible Investment Policy and to further develop the Fund's approach in this area.

Exercise of Voting Rights

The ACCESS pool has agreed voting guidelines that it expects each of the underlying investment managers managing sub funds on its behalf to comply with or, when this is not the case, to provide an explanation.

The Fund has instructed its other investment managers to vote in accordance with their in-house policies and practices and expects them to apply these policies responsibly and in the best interest of the Fund. It also seeks to inform the managers' voting activity



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with alerts from the LAPFF and require them to provide rationale for any divergence with the alerts.

The Fund supports the UK Stewardship Code and expects the investment managers who hold shares on its behalf to fully comply with the UK Stewardship Code 2020 and to fully participate in voting at company annual general meetings. It expects its investment managers to carry out all voting decisions on behalf of the Fund and to provide feedback information on voting decisions on a quarterly basis. The majority of the Fund's investment managers are signatories to the UK Stewardship Code.

Stock lending

The Fund has agreed a programme of stock lending with the custodians of its segregated investments. With regard to the Fund's pooled investments stock lending is undertaken at the discretion of the pooled fund manager. The Fund also participates in the ACCESS stock lending programme for investments under ACCESS Pool governance.

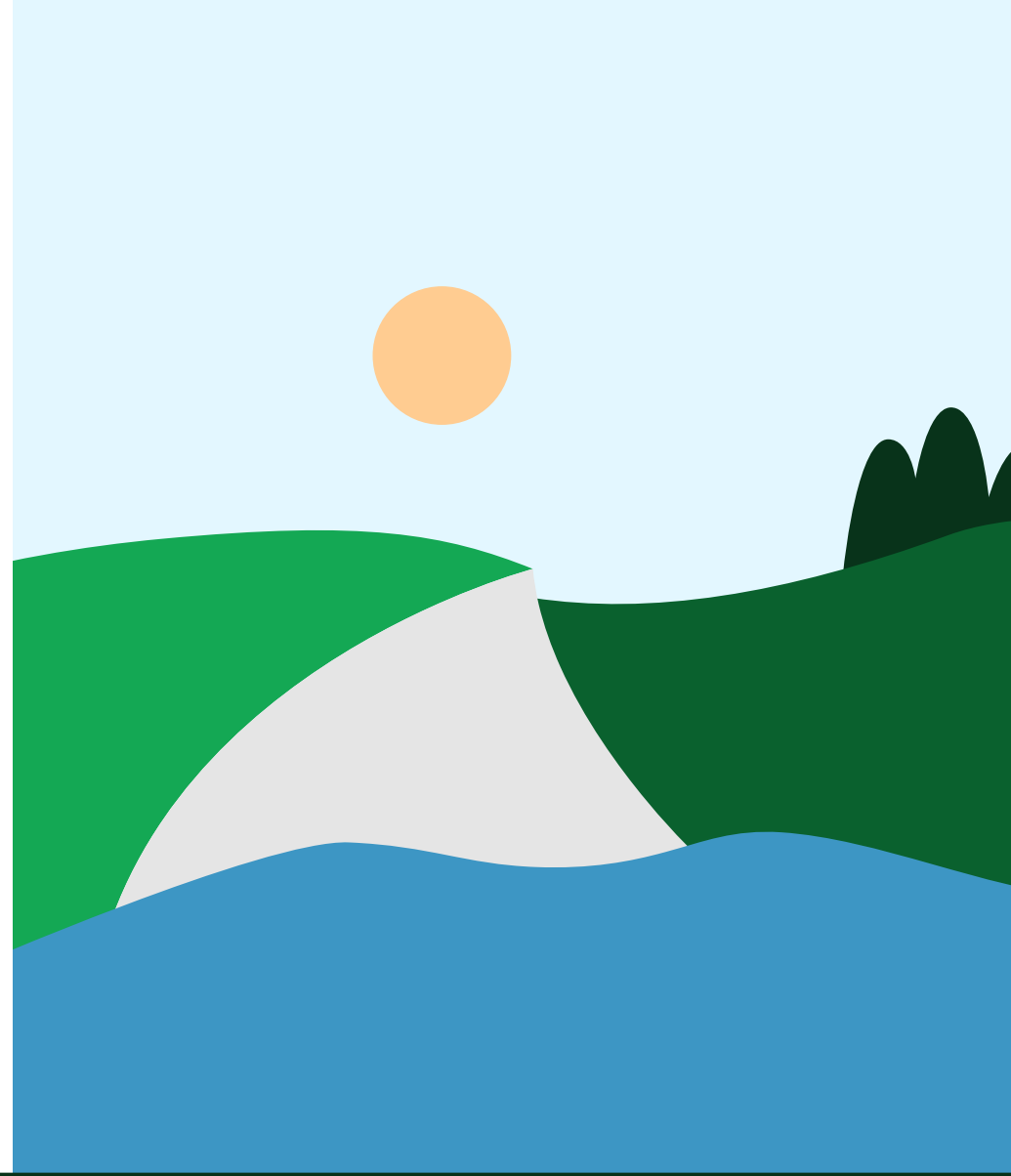


APPENDIX 1 – CURRENT INVESTMENT MANAGEMENT ARRANGEMENTS

Asset Class / Mandate	Performance Target	Description
UK Equities		
Waystone/ACCESS (Schroders)	Customised UK equity + 1.5%	Active equity
Insight	FTSE All Share	Synthetic passive equity
Global Equities		
Waystone/ACCESS (Baillie Gifford)	Customised regional equity + 1.5%	Fixed regional weight growth equity
Sarasin	MSCI AC World + 2.5%	Thematic
Waystone/ACCESS (M&G)	MSCI AC World + 3%	Dividend growth
Waystone/ACCESS (Schroders)	MSCI AC World + 3-4%	Quantitative value
Impax	MSCI AC World + 2%	Environmental themed
Insight	MSCI World	Synthetic passive equity
Insight	Blended index returns	Equity options structure
Fixed Income		
Schroders	ICE BOFA STG 3 Month Govt Bill	Active strategic bond fund
Goldman Sachs	+3.5-6%	Target return, buy and hold
CQS	SONIA+4%	Multi asset credit
M&G	SONIA+4%	Multi asset credit
Insight	SONIA + 2%	Asset backed securities and cash (collateral manager)
Absolute Return		
Pyrford	RPI + 5%	Diversified growth fund
Waystone/ACCESS (Ruffer)	RPI	Diversified growth fund
Infrastructure		
Partners Group	SONIA	Global infrastructure fund of funds
Private Equity		
HarbourVest	SONIA	Global private equity fund of funds
YFM	SONIA	UK growth and buyout
Property		
DTZ	MSCI Customised Pension Fund Index	Direct UK property
DTZ	MSCI UK PF All Balanced Property Fund Index	Pooled UK property fund close ended
Fidelity	MSCI UK PF All Balanced Property Fund Index	Pooled UK property fund open ended
M&G	MSCI UK PF All Balanced Property Fund Index	Pooled UK residential property fund open ended

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Kent Pension Fund **Q4 2023 Fund Performance**



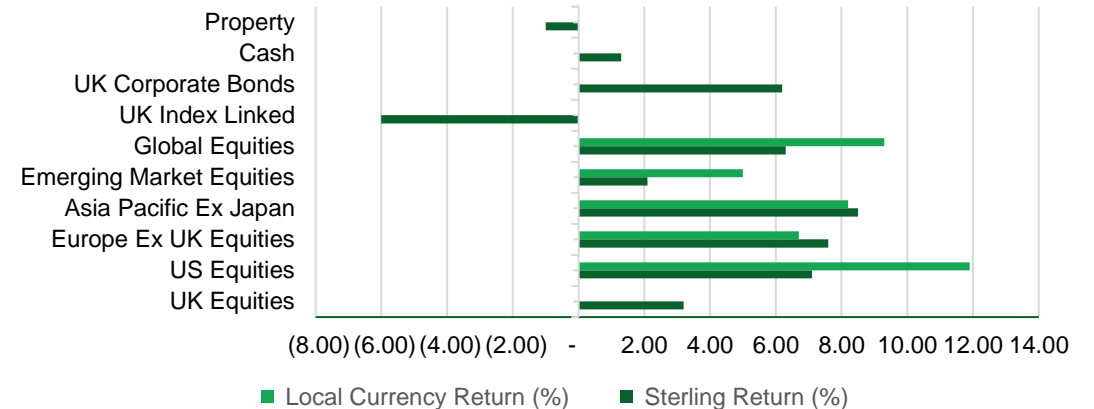
Market Commentary

- The fourth quarter of 2023 started off with low expectations owing to high long-term interest rates and renewed geopolitical tensions in the Middle East. Markets reached their lows near the end of October due to risk-off sentiment. However, in November, slowing inflation in the US and other regions raised hopes that interest rates may have peaked, thereby boosting investor confidence. Over the quarter, the US Federal Reserve kept rates unchanged, shifting towards a dovish tone. Inflation expectations also continued to decline over the quarter. During the quarter, global equities were positive as the Fed signalled interest rate cuts in 2024. Developed markets outperformed emerging markets amid concerns over China's property sector.
- US GDP growth estimates appear to have accelerated in the third quarter of 2023, with the economy growing at an annualised rate of 4.9%, primarily driven by strong consumer spending. Headline US CPI fell over the fourth quarter decreasing to 3.1% in November from 3.7% at the end of September. Core US inflation has been declining in recent months. The Federal Reserve at its December meeting decided to maintain policy rates at 5.25% to 5.50%. As at quarter end, the Fed economic forecasts show rates to be at 4.6% in 2024, anticipating that the policy rate will be 50 basis points lower by the end of 2024 than it was previously expecting (4.6% vs 5.1%).
- China's economy grew 4.9% (year-on-year) in Q3. Chinese policy makers remain committed to supporting the Chinese economy. Over the quarter they announced numerous stimulus measures aimed at supporting ailing sectors of the economy, in particular the housing sector. Most significantly over the quarter they announced the issuance of a 1-trillion-yuan special government bond. Exports growth ticked up in November, but external demand continues to be relatively weak. China's central bank kept their key interest rate unchanged at 3.45% in its December meeting. Japan's economy contracted at its fastest annualized quarterly pace in two years in Q3 (-2.9%), as rising domestic inflation weighed on consumer demand, adding to export woes.

- Quarter on quarter GDP growth contracted in the eurozone in Q3 2023 by 0.1%. A global manufacturing slowdown is proving to be quite the headwind for Germany, where much of the economy is driven by manufacturing demand. Domestic demand in the eurozone remains positive and is continuing to boost Spanish and French GDP. Headline inflation in the eurozone has declined to 2.9% in December from 4.3% in September. The European Central Bank maintained interest rates at 4% in its recent meeting.
- UK GDP growth is estimated to have declined 0.1% in the third quarter of 2023. Headline inflation in the UK fell to 3.9% in November from 6.7% in September. The positive inflation momentum was driven by declining energy prices. The Bank of England maintained interest rates at 5.25%.

Source: Mercer LLC

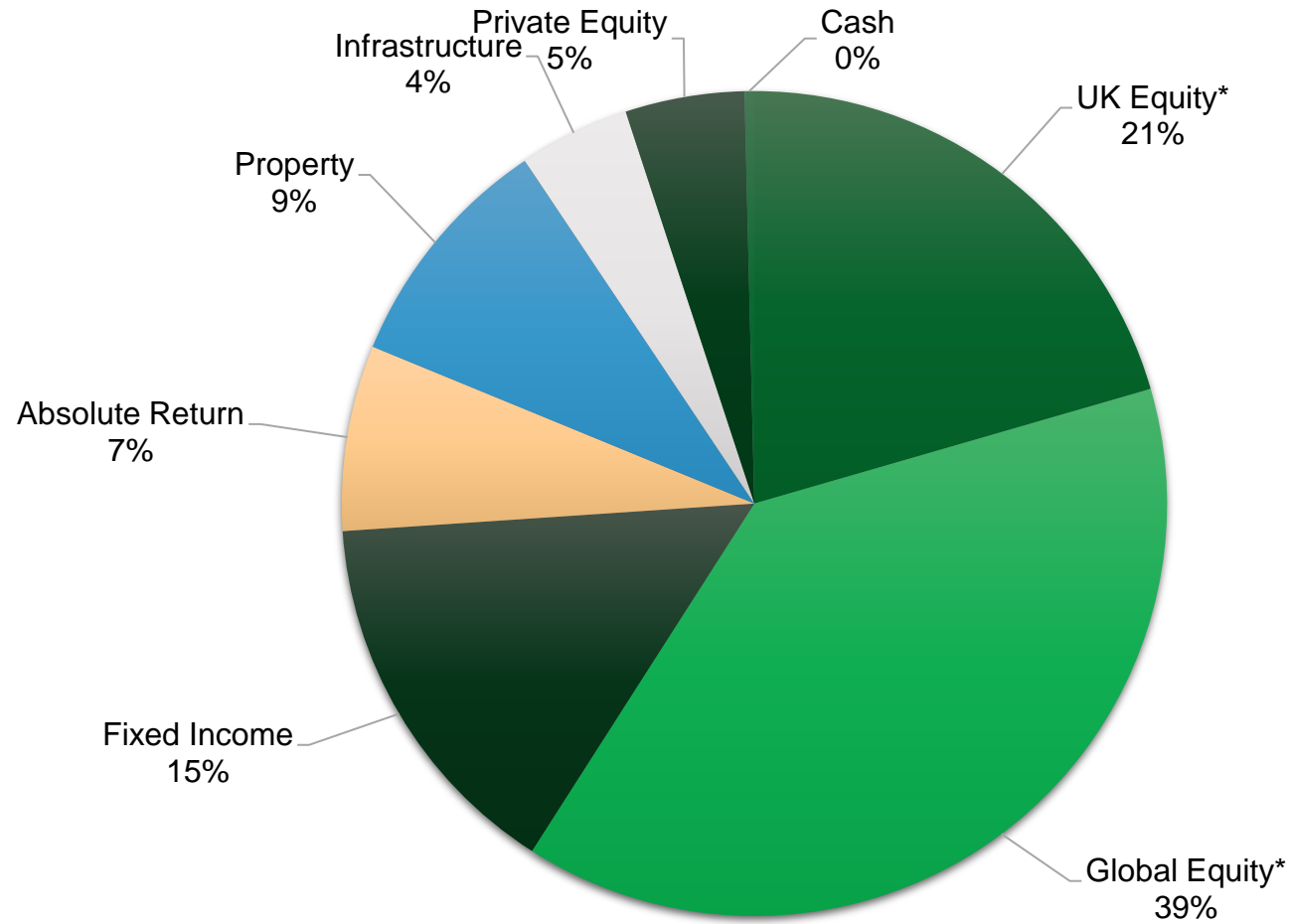
Market Returns (%)



Source: Mercer LLC and Refinitiv



Asset Allocation – 31 December 2023



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*Synthetic Equity exposure with Insight is included within UK and Global Equity.

Source: Northern Trust, RADAR Reporting



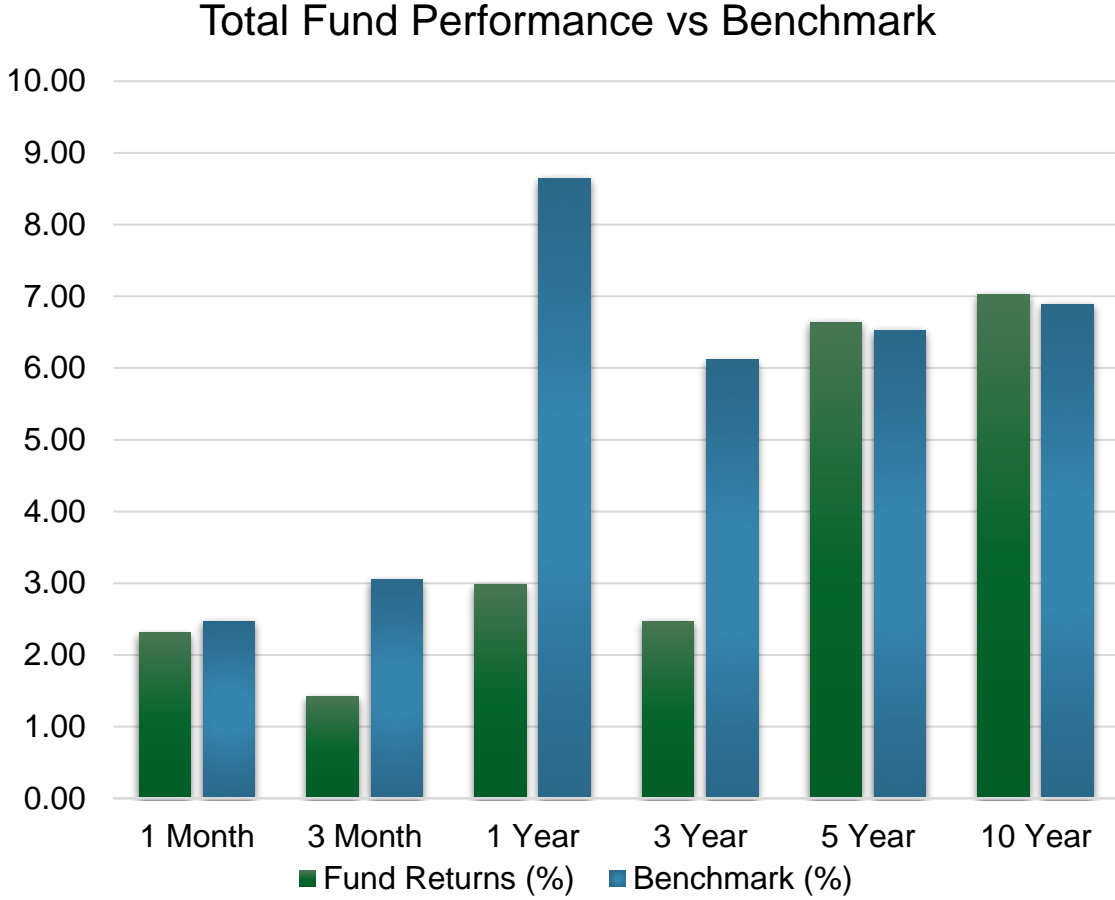
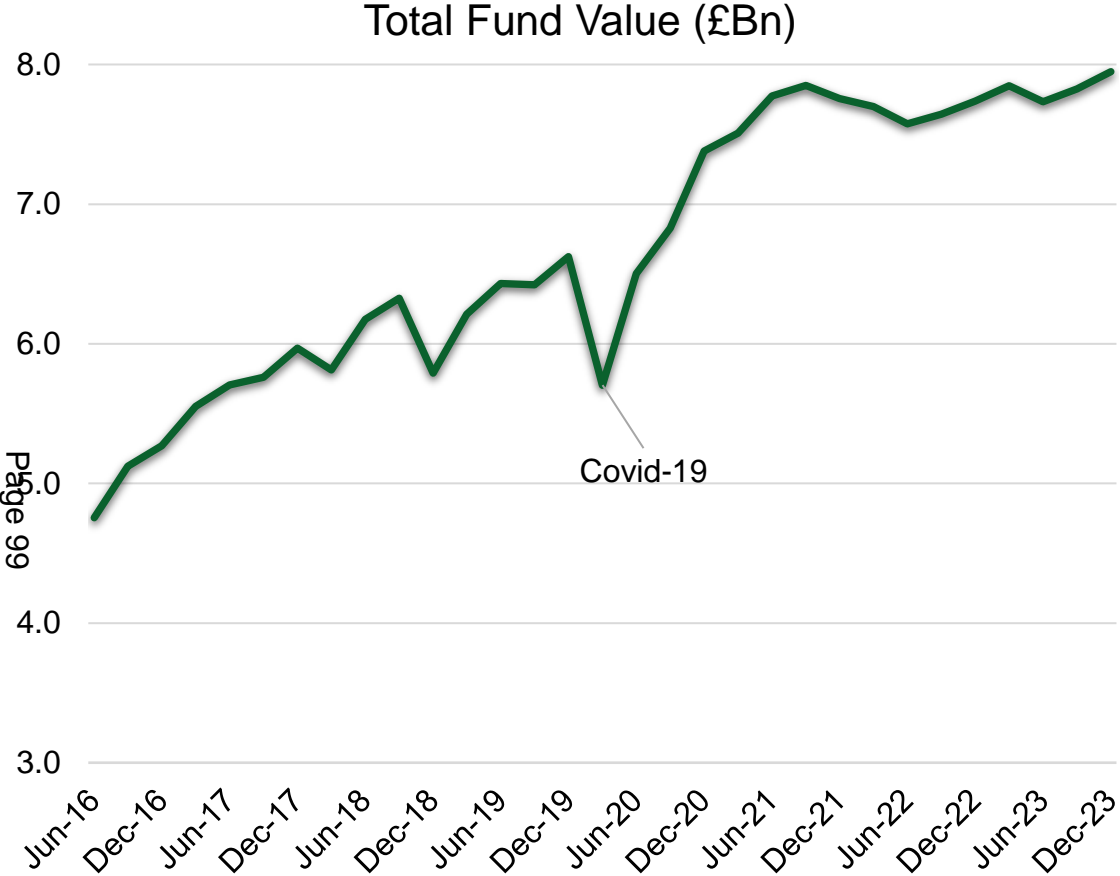
Kent Pension Fund

Fund Manager Summary

Asset Class	Fund Manager	Market Value - 31 December 2023 (£m)	Market Value - 30 September 2023 (£m)	Change in MV (£m)	% of Total
UK Equity	Schroders UK Equity	1,214	1,189	25	15.23
	Woodford Equity	2	2	-	0.03
Global Equity	Impax	72	67	5	0.91
	Sarasin	391	372	19	4.91
	Baillie Gifford	1,131	1,042	89	14.19
	Schroders Global Active Value	435	422	12	5.45
	M&G Global Dividend Fund	562	523	39	7.05
Equity Protection	Insight	900	1,039	-139	11.29
Fixed Income	CQS	249	239	10	3.12
	Goldman Sachs	415	391	23	5.20
	Schroders Strategic Bond Fund	256	241	15	3.21
	M&G Alpha Opportunities	267	259	8	3.35
Absolute Return	Ruffer	181	177	4	2.28
	Pyrford	398	381	17	5.00
Property	DTZ	463	474	-11	5.80
	DTZ Pooled Property	60	69	-9	0.75
	DTZ (previously Aegon)	28	29	-1	0.36
	M&G Residential Property	61	69	-8	0.77
	Fidelity	137	142	-5	1.72
Infrastructure	Partners Group	346	315	31	4.34
Private Equity	HarbourVest	287	286	1	3.60
	YFM	85	92	-7	1.06
Cash	Internal Cash	30	34	-4	0.38
Total		7,970	7,855	115	100.00



Historical Performance

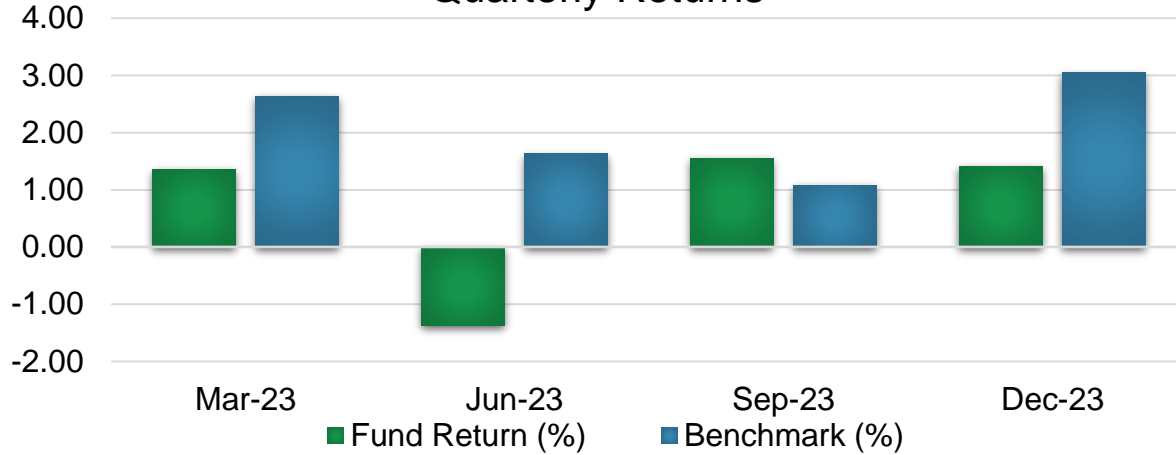


Source: Northern Trust, RADAR Reporting



Discrete Performance

Quarterly Returns

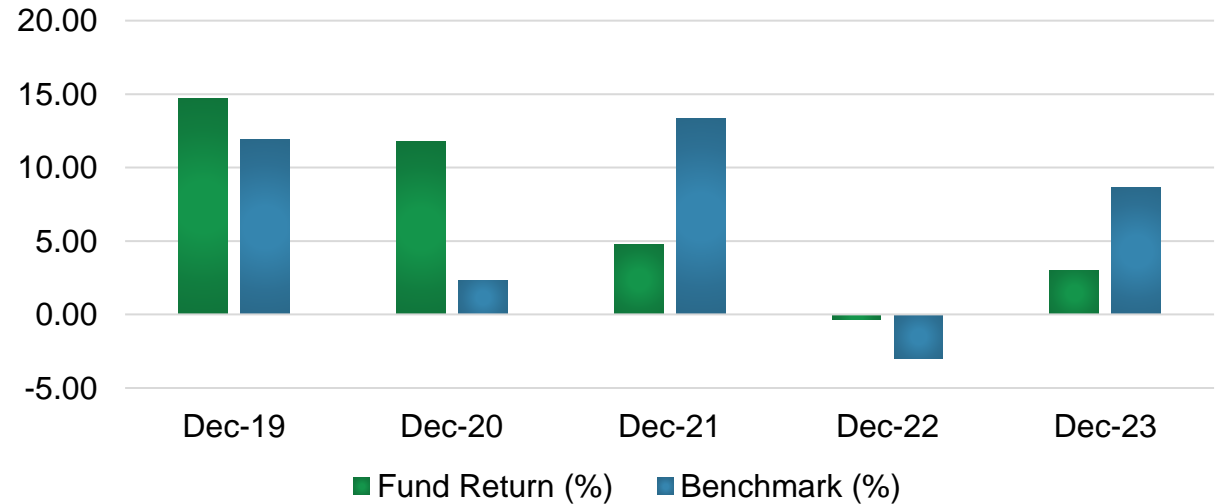


- Performance over the past year has generally been below the benchmark, with the exception of the quarter ending 30 September.
- The poor performance is mainly attributed to underperformance of the Fund’s active equity managers, as well as the impact of the Equity Protection program.

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- The Fund has outperformed in three of the past five years. Performance was strong at the start of the 5 year period, with equities having a strong bounce-back from the effects of Covid-19 in mid-to-late 2020.
- Underperformance in 2021 is largely attributed to a negative contribution from Baillie Gifford. The Fund outperformed in 2022.
- Underperformance in 2023 is due to the effects of the Equity Protection program, as well as an underweight holding to the ‘Magnificent-7’.

Annual Returns (last 5 years)

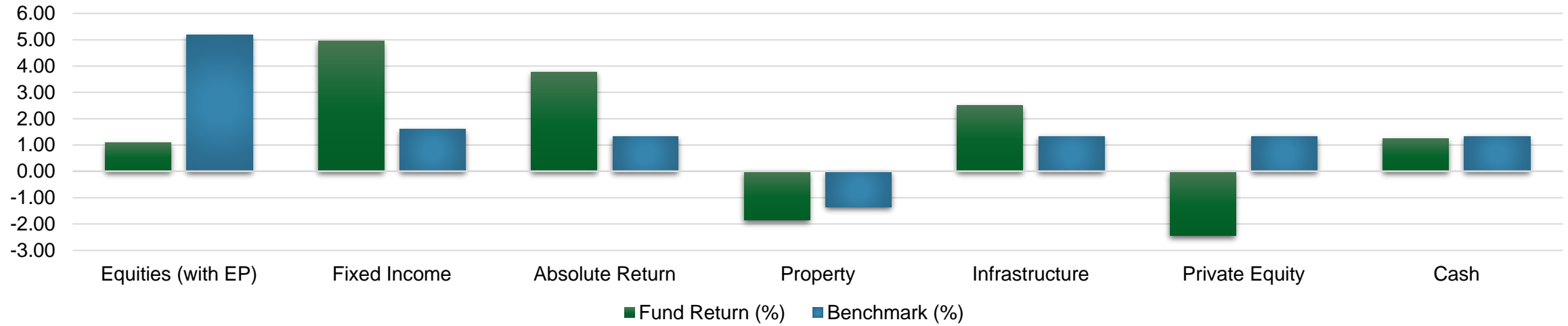


Source: Northern Trust, RADAR Reporting



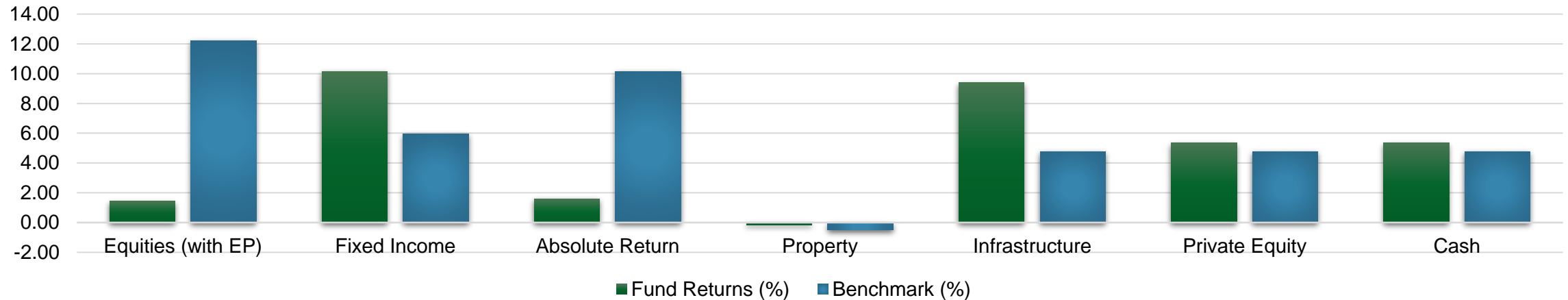
Asset Class Performance

Quarterly Performance



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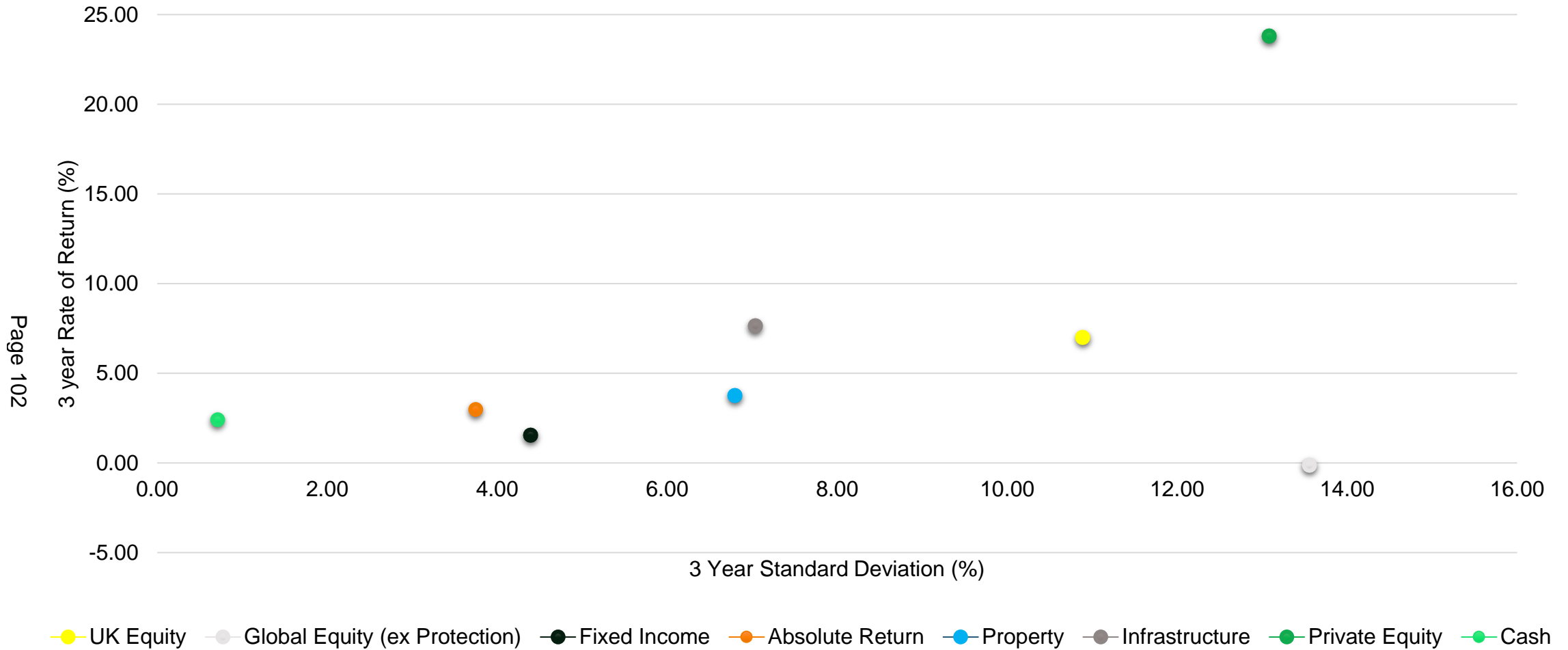
Annual Performance



Source: Northern Trust, RADAR Reporting



Risk vs Return – Asset Class Level



Source: Northern Trust, RADAR Reporting



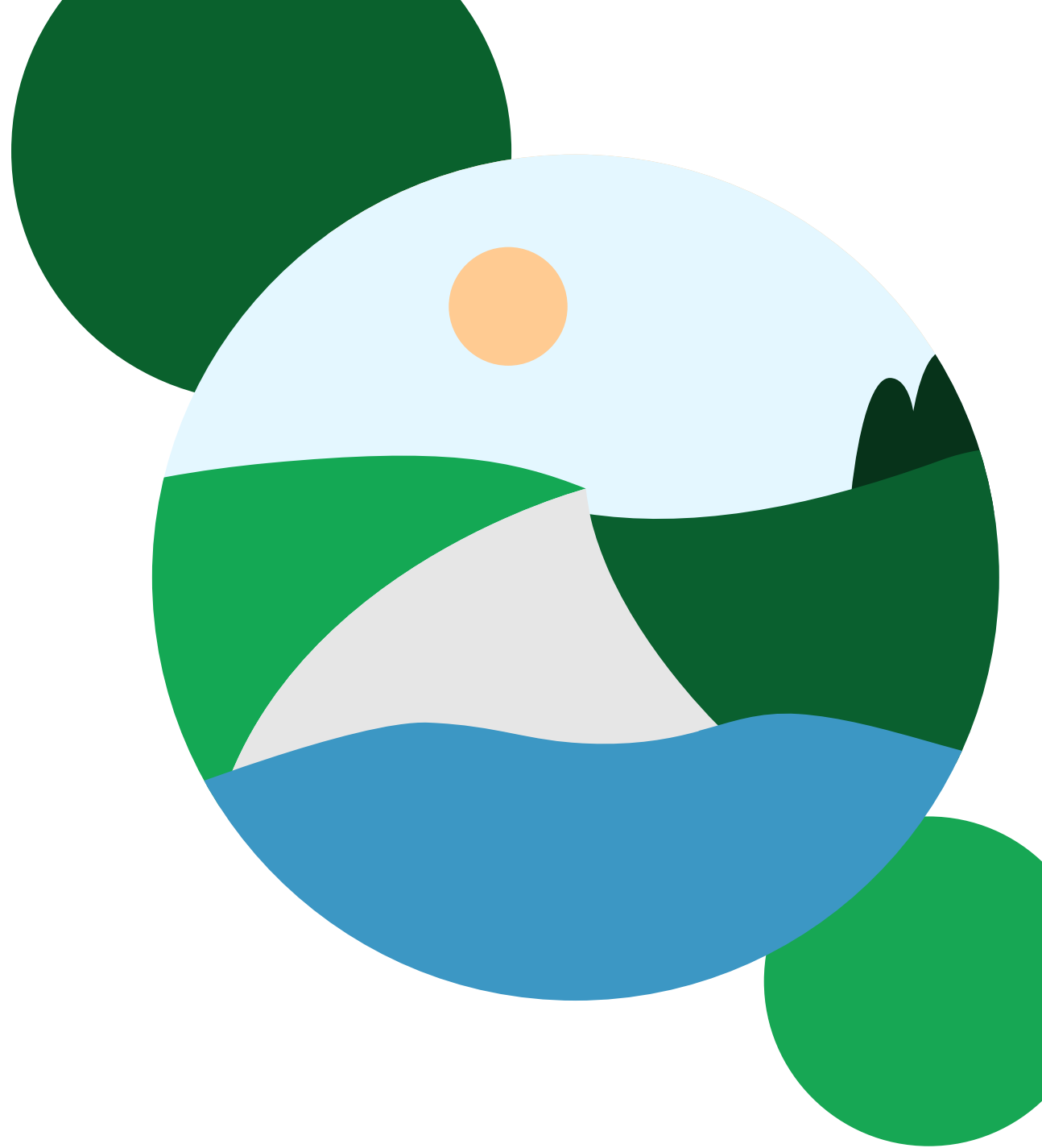
Detailed Performance by Manager

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund	1.42	3.05	2.98	8.65	2.47	6.12
UK Equity						
Schroders - LF ACCESS UK Equity Fund	2.12	3.14	5.95	7.96	7.35	9.18
Woodford	0	3.23	-33.55	7.92	-35.8	8.61
Global Equity						
Baillie Gifford - LF ACCESS Global Equity Core Fund	8.58	5.95	14.56	13.26	-7.48	7.19
Sarasin	5.22	6.31	8.74	15.31	4.58	8.24
Schroders - LF ACCESS Global Active Value Fund	2.87	6.31	8.54	15.31	11.09	8.24
Impax	7.53	6.31	3.52	15.31	1.86	8.24
M&G - LF ACCESS Global Dividend Fund	7.38	6.31	8.71	15.31	9.37	8.24
Fixed Income						
Goldman Sachs	6.00	0.86	10.28	3.50	-0.47	3.51
Schroders Fixed Income	6.05	1.36	7.58	4.66	0.89	2.01
CQS	4.18	2.27	12.45	8.66	2.95	6.01
M&G Alpha Opportunities	3.03	2.27	10.42	8.66	4.50	6.01
Property						
DTZ	-1.42	-1.35	1.08	-0.51	4.69	2.27
Fidelity	-3.35	-1.16	-4.06	-1.40	1.86	2.06
DTZ (Kames)	-0.90	-1.16	0.22	-1.40	2.91	2.06
M&G Property	-2.63	-1.16	-1.98	-1.40	1.31	2.06
Private Equity						
HarbourVest	-4.52	1.33	-1.70	4.77	20.55	2.02
YFM	4.86	1.33	33.03	4.77	35.79	2.02
Infrastructure						
Partners Group	2.50	1.33	9.39	4.77	7.64	2.02
Absolute Return						
Pyrford	4.47	1.32	5.80	10.16	3.70	13.66
Ruffer - LF ACCESS Absolute Return Fund	2.29	1.32	-6.56	10.16	2.73	13.66

Source: Northern Trust, RADAR Reporting



Appendix



Benchmarks and Targets

Appendix A

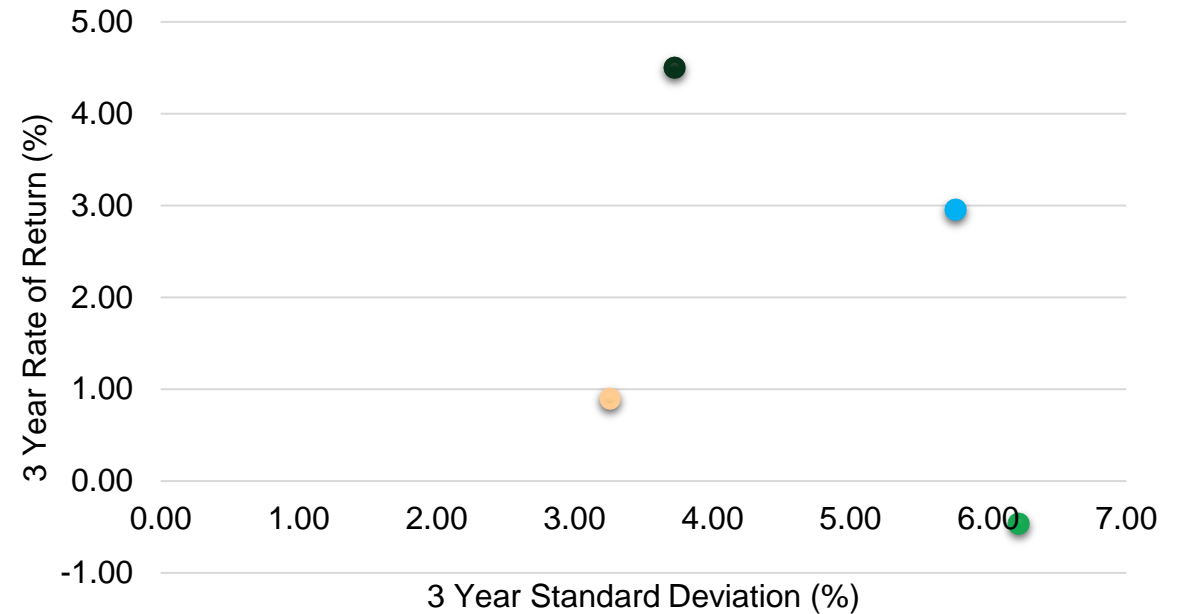
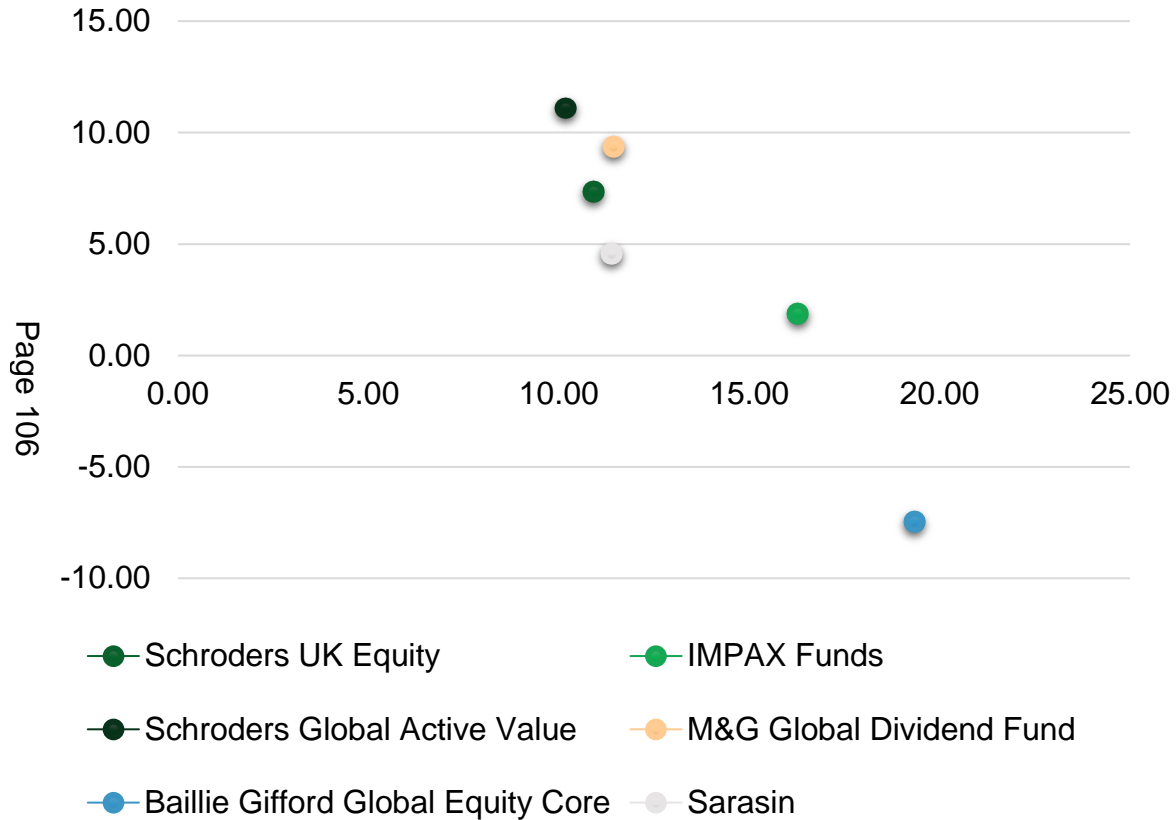
Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders - LF ACCESS UK Equity Fund	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
Global Equities:		
Baillie Gifford - LF ACCESS Global Equity Core Fund	Customised	+1.5% pa over rolling 3 years
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 Income	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	ICE BofA Sterling 3-month Gov Bill Index + 4%
M&G Alpha Opportunities	ICE BofA Sterling 3-month Gov Bill Index	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	
DTZ (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	

Source: Northern Trust, RADAR Reporting; Manager reports



Risk vs Return – Equities and Fixed Income

Appendix B



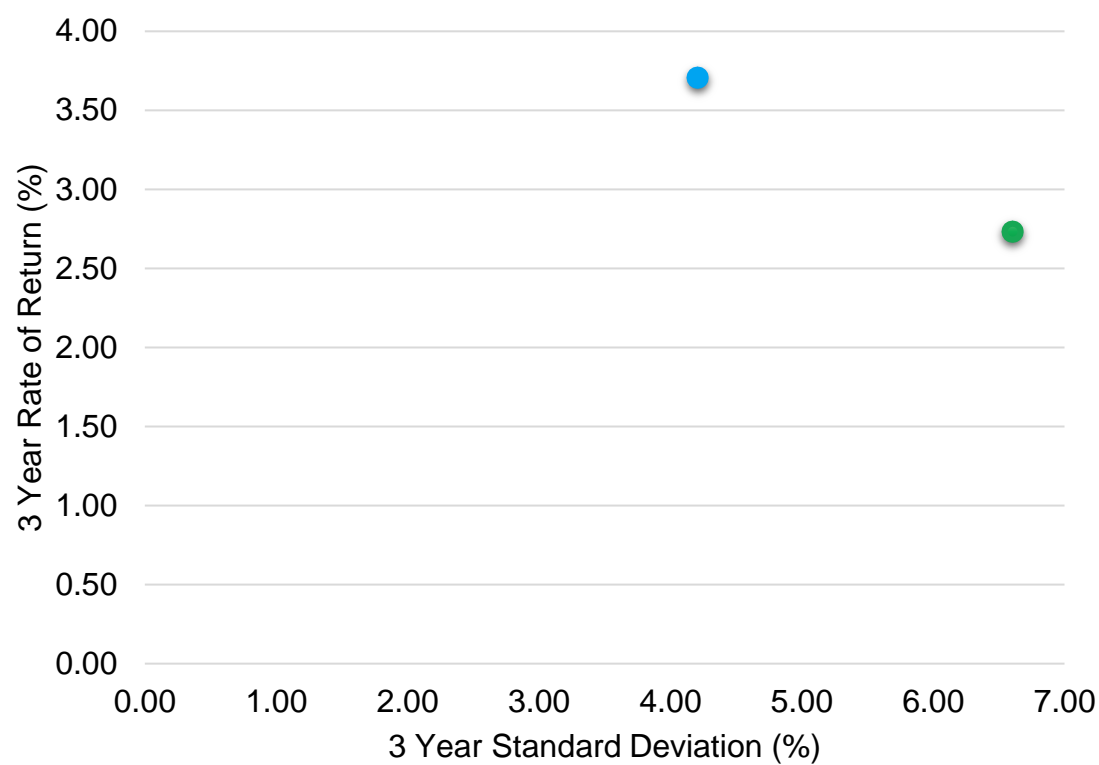
Source: Northern Trust, RADAR Reporting



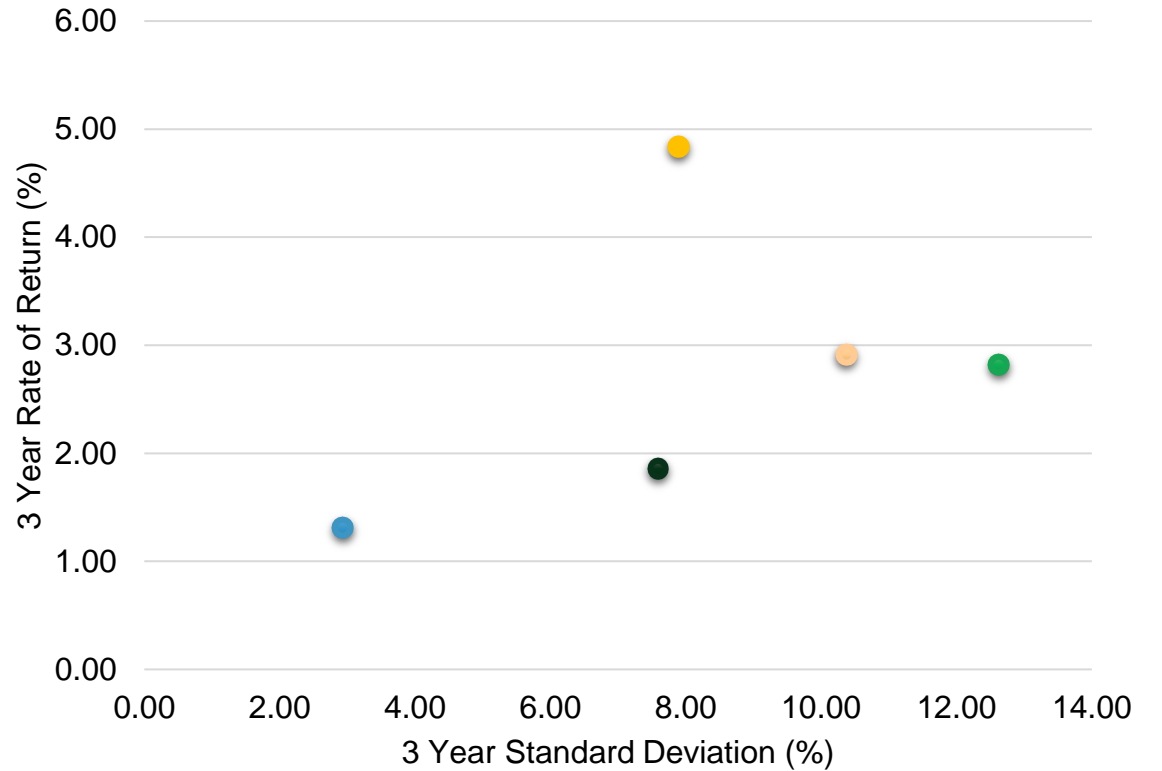
Risk vs Return – Absolute Return and Property

Appendix C

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● Pyrford International ● Link Absolute Return



● DTZ ● DTZ Pooled Property ● Fidelity International
 ● Kames Capital ● M&G Property

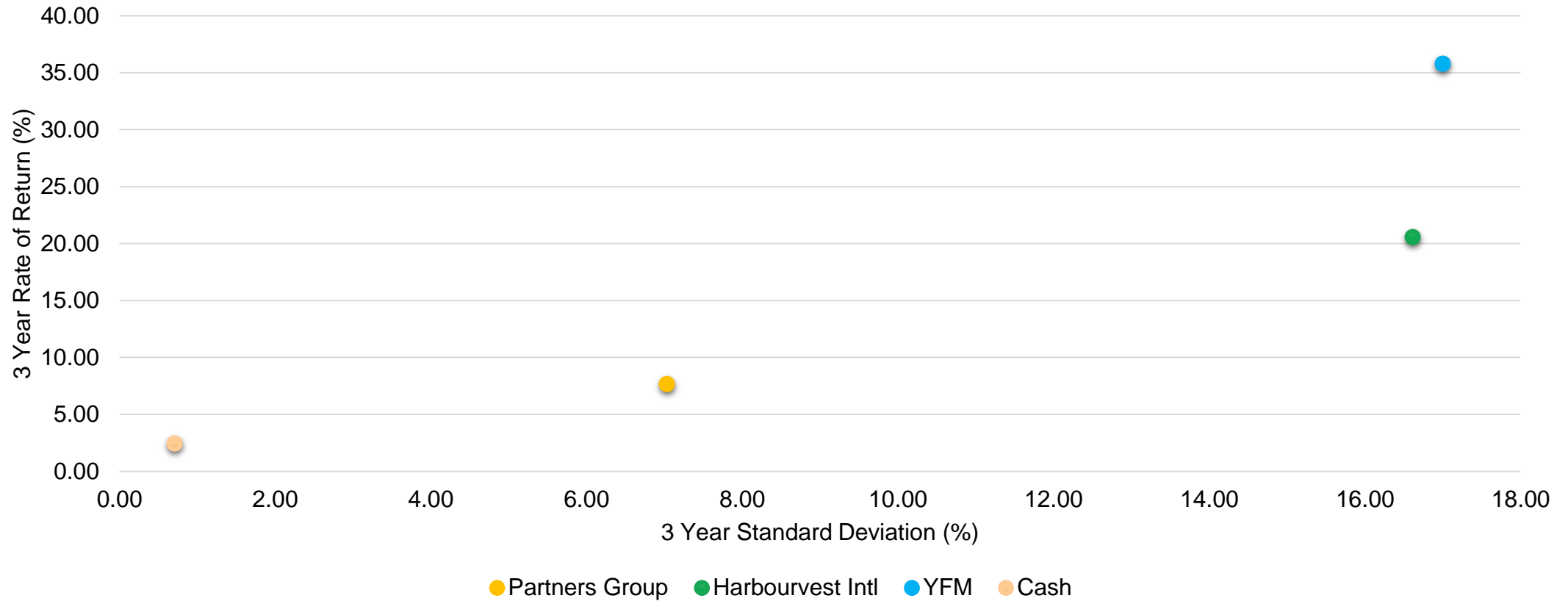
Source: Northern Trust, RADAR Reporting



Risk vs Return - *Alternatives*

Appendix D

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Source: Northern Trust, RADAR Reporting





Kent Pension Fund

For more information, please visit

www.kentpensionfund.co.uk

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

Agenda Item 12

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