

KENT COUNTY COUNCIL

PENSION FUND COMMITTEE

MINUTES of a meeting of the Pension Fund Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 19 March 2025.

PRESENT: Mr N J D Chard (Vice-Chairman), Mr P Bartlett, Cllr J Burden, Miss S J Carey, Ms M Dawkins, Mr P Doust, Mr P M Hill, OBE, Mr J P McInroy, Mr C Passmore, Mrs S Prendergast, Cllr M Prenter (Substitute for Cllr M Jones), Mr P Stepto and Mr J Wright.

IN ATTENDANCE: Mr N Buckland (Head of Pensions and Treasury), Ms S Surana (Pensions and Treasury Investments Manager), Mrs E Green (Senior Pensions Programme Manager), Mr S Tagg (Employers' Governance, Compliance and Funding Principal accountant), Mr J Betts (Interim Corporate Director Finance), Mr C Steensel (Investments Accountant Level 2), Mrs C Chambers (Pensions Administration Manager) and Mr J Clapson (Democratic Services Officer).

UNRESTRICTED ITEMS

Tributes to Mr Simkins

Tributes were paid to the late Mr Charlie Simkins, Chairman of the Pension Fund Committee, who recently passed away. Members and Officers shared their fond memories and paid tribute to his character and leadership in the conduct of his duties.

All stood for a minute silence in memory of Mr Simkins.

Mr Chard, the Committee Vice-Chairman, chaired the meeting.

1. Apologies and Substitutes *(Item 1)*

Apologies for absence were received from Mr Jones for whom Mr Prenter was present as substitute, Mr Yates and Mr Sims. Ms Carey was present to fill the County Councillor vacancy on the Committee at this meeting.

2. Declarations of interest by Members in items on the agenda for this meeting. *(Item 2)*

Mr Bartlett declared that he was employed by the Bank of New York Mellon.

3. Minutes of the meeting held on 3 December 2024 *(Item 3)*

RESOLVED that the minutes be signed as a correct recorded of the meeting held on 3 December 2024.

4. Date of next meeting (Item 4)

It was noted that the next meeting was scheduled for 18 June 2025, commencing at 10am in Sessions House, Maidstone.

5. Committee Work Plan/Action Log (Item 5)

1. Mr Buckland introduced the report and drew the Committee's attention to the pooling position that would be discussed later in the agenda.
2. RESOLVED to note the work programme and updated action log.

6. Pensions Administration (Item 6)

1. Ms Chambers introduced the report that provided an update on various administration matters relating to the Pension Scheme.
2. During consideration of the item the following points were noted:
 - There would be a review of the service level agreements (SLA) and targets, this would incorporate industry best practice.
 - The time taken to complete transfers was impacted by the timeliness of other funds. There was usually a spike in demand during August, following the publication of the annual statements.
 - It was expected that there would be an improvement in the percentage of transfers completed in accordance with the SLA over the next three to six months. This was because the impact of recent recruitment and staff development would take effect.
 - The summary table showed improvement in priority areas, and this improvement was expected to extend to lower priority areas over time.
 - Following the County elections in May 2025, new committee members would receive a comprehensive range of training. This would include valuation training from the Actuary.
 - Poor communication had been identified as a cause for complaints. This would be addressed as part of a wider review looking at communication practices with Fund members.
3. RESOLVED to note the contents of the report.

7. Responsible Investment Update (Item 7)

1. Ms Surana introduced the report that included the feedback on the 2024 Principles for Responsible Investment (PRI) submission.
2. During consideration of the item the following points were noted:
 - The feedback following the PRI submission was positive. A high standard needed to be met, and this was a significant achievement.

- It was requested that more than two engagement strategies were included in future reports.

3. RESOLVED to note the report.

8. Investment Performance and Asset Allocation Update (Item 8)

1. Ms Surana introduced the report and noted that the current asset allocation was aligned with the strategic asset allocation, therefore no rebalancing was required.
2. RESOLVED to note the report and agree that no rebalancing is undertaken.

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.

Open Access Minutes

9. Investment Strategy Implementation and Collateral Waterfall Framework (Item 9)

1. Mr Sinnott, Mercer, provided a presentation on risk management.
2. The following points were noted in response to comments and questions:
 - The Risk Management Working Group agreed the collateral monitoring framework. Currently the Fund was in the amber zone which was the trigger for discussions between Mercer and Officers about where to source additional collateral.
 - Options to access collateral funding at short notice was discussed with the Risk Management Group. This generated the waterfall with four actions that were to be taken in sequence.
 - It would speed up implementation if an agreed framework was in place.
3. RESOLVED to note the report and agree:
 - a) The proposals relating to the Collateral Waterfall Framework as outlined in the Collateral Waterfall Framework (Appendix 3 of the report) and to provide Officers with the delegated authority to implement the pre-defined collateral waterfall framework, as set out in the same paper, in consultation with Mercer and with oversight from the Risk Management Working Group.
 - b) To delegate decisions on the extension of Private Equity and Infrastructure portfolios, if required, to the Head of Pensions and Treasury, in consultation with Mercer and signing of associated paperwork.

10. Funding and Employer Governance

(Item 10)

1. Mr Tagg introduced the report that provided an update on Fund employers, advised of the Governments LGPS guarantee and extension of New Fair Deal to further education (FE) providers, and advised of two new admission applications agreed by the Head of Pensions and Treasury.
2. During consideration of the item the following points were noted:
 - Government consultation on the New Fair Deal was expected in Spring, and there was optimism that it could lead to improvements to the system.
 - Existing processes required the Committee to approve the discharge of any surplus in excess of £20k when an employer exits the Fund.
 - Pooling would provide a common employer contribution rate; this could help reduce the costs for parish councils with a small number of employees within the Local Government Pension Scheme.
 - Officers would be looking to learn lessons from other authorities currently undergoing the fast-track devolution process. The local government re-organisation agenda was likely to have an impact on the next triennial valuation and Officers were working with Barnett Waddingham to establish what the impact might be.
 - The operation of the Fund must be free from political influence. In some places this has been achieved through the creation of a single purpose pension authority.
3. RESOLVED to note the report and to agree:
 - a) to delegate authority to the Head of Pensions and Treasury to discharge any surplus when an employer exits the Fund.
 - b) to proceed with a pooling consultation with the parish and town councils in June 2025.

11. Project Updates

(Item 11)

1. Mrs Green presented the report that provided a summary of the activities taking place across the Fund.
2. During consideration of the item the following points were noted:
 - There were now around 25,000 registered online users of the My Pension Online service.
 - The automated payment of benefits successfully went live in January 2025.
 - The SharePoint site for sharing of information with Committee and Board members was expected to go live in the very near future.
 - Officers were currently working through the recommendations generated from the last cyber-attack crisis simulation workshop; once complete, consideration would be given to running another simulation.
3. RESOLVED to note the report.

12. Governance

(Item 12)

1. Mr Buckland introduced the report.

2. During consideration of the item the following points were noted:
 - A list of key contractual agreements would be included in future reports for the Committee's consideration. It was felt that this would support good governance.
 - Next year's budget was expected to increase by around £5million. This increase was partly due to an expectation that good investment performance would lead to an increase in investment manager fees.
 - One advantage of pooling was the reduction in investment management fees as larger investments could leverage more favourable rates. A recent study showed that the Kent Pension Fund had the second lowest fees within the ACCESS pool.
 - There was currently some uncertainty about the pooling costs for next year.
3. RESOLVED to:
 - a) Agree the budget for the Fund for 2025/2026, noting the potential for in year variances and updates
 - b) Note the content of the report.

13. ACCESS / Government Pensions Review (Item 13)

1. Mr Buckland introduced the report and used presentation slides from the February training day to provide background on the latest position of the Government Review.
2. During consideration of the item the following points were noted:
 - All pools submitted their proposals to Government about how they intended to meet the Government's proposed requirements.
 - The ACCESS pool intended to create an FCA regulated company. The time in which to achieve this was very short.
 - Subject to agreement from the Committee, Officers would proceed to gather data and come back to the Committee in June with a proposal for the way forwards. It was expected that the cost and risks would become clearer over the next few months, this would put the Committee in a position to make the most informed decision possible.
 - Kent appeared to be more proactive than other funds with the ACCESS pool, in considering its options for the future.
 - The Government's consultation specifically said that there would be no change to member contributions or benefits. This seemed to indicate that the changes were not intended to offer better outcomes for scheme members.
 - Some consultation responses raised questions about the future governance and oversight. There were models that used a separate organisation to hold the pool to account.
 - The Committee would be kept up to date with any developments as more information and details emerged.
3. RESOLVED to:
 - a) Support the ACCESS build proposal as submitted to Government at the end of February 2025;
 - b) Support the ACCESS Support Unit in developing the proposals to build an FCA regulated company in consultation with jointly with officers from all partner funds;

- c) Confirm that an assessment of the alternative pooling options should remain open for the Kent Pension Fund and make investigation into the suitability of the pool.

And subject to agreement of recommendation c;

- d) Request officers work with alternative pools that could form part of the Fund's options for the future.
- e) Agree on the criteria set out in Paragraph 5.2 for the ongoing assessment of the potential pooling options for the Kent Pension Fund.
- f) Agree that Mr Chard be appointed as the Kent County Council's representative to the ACCESS Joint Committee.