

From:	Chairman Superannuation Fund Committee Corporate Director of Finance
To:	Superannuation Fund Committee – 1 December 2021
Subject:	Pension Fund Business Plan
Classification:	Unrestricted

Summary:

To advise the Committee of the progress made to date on the 2021-22 business plan and related outturn for 2021-22.

Recommendation:

The Committee is recommended to note the report.

FOR INFORMATION

1. Introduction

1.1 The Committee is asked to note the updated business plan and costs incurred to deliver the plan forecast for 2021-22.

2. 2021-22 Business plan

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

2.2 Members are asked to particularly note the following developments:

- i) As part of the development of the Fund's RI policy committee members have completed an ESG beliefs survey with results being considered at a special meeting on 23 November.
- ii) The Committee approved the updated Funding Strategy Statement following consultation with employers and other interested parties, at its September meeting and this has been published to the website.
- iii) The Committee approved the updated Investment Strategy Statement at its meeting in September and this has been published to the website.
- iv) The Fund accounts and audit timetable has been extended to the end of November. The Committee is to be asked to approve the Fund report before the 1 December deadline.
- v) KCC is progressing the implementation of the restructure of the finance support for the Fund in line with the recommendations of the Barnett Waddingham review.

- vi) Barnett Waddingham have completed their review of the governance of the Pension Fund and have issued their report. There will be a presentation on their findings and recommendations to members at the Committee meeting on the 1st. It is anticipated that during 2021-22 efforts will be focused on the implementation of the recommendations.

3. Changes to the Committee’s work programme

- 3.1 At its meeting on 8 September the Committee was advised of the need to hold extra meetings. As referred to in paragraph 2.2 i) an extra meeting took place on 23 November to cover RI matters as well as consideration of the report and accounts. The Governance review will be covered at the meeting on 1 December.
- 3.2 Dates of future meetings have changed and the extra meeting planned for February will take place on 3 February. The plan is for the agenda to include training on RI issues as well as consideration of the ACCESS ESG guidelines. The next quarterly meeting will be on 30 March 2022.

4. 2021-22 forecast

- 4.1 The forecast costs to support the 2021-22 business plan are expected to amount to some £4.84m compared to the budget of £5.07m, a reduction of £230,000. Both Pension administration costs and Investment accounting and governance staffing costs are forecast to be lower than originally anticipated due to the later than planned recruitment of additional staff agreed as part of the implementation of the recommendations of the review of the finance function. These savings are offset by higher fees relating to the equity protection programme and actuarial costs.
- 4.2 It is anticipated that the resources required to support the changes to the Fund’s governance arising from the Barnett Waddingham review will be provided from within the restructured Treasury and Investments team with support from Democratic Services colleagues.

5. Pension Fund Management Costs

- 5.1 The table below details forecast costs for 2021-22 compared to budget for the delivery of the Fund’s business plan.

	Budget 2021-22	Forecast 2021-22
	£ '000	£ '000
Pensions Administration	3,610	3,356
Pension Payroll Services	226	226
Payment services	17	17
Financial Services	69	69
Administration Expenses	3,922	3,668
Actuarial Fee including cost of valuation	250	310
Legal Fees	50	25

Direct recovery of actuary, legal fee, and admin costs	-225	-230
Subscriptions	46	46
ACCESS pooling costs	115	115
Investment Accounting and Oversight costs	600	529
Performance Measurement Fees	30	30
Investment and governance consultancy	180	176
Equity Protection consultancy*	30	*105
Other professional advice	20	20
Governance and Oversight Expenses	1,096	1,126
Audit fee	50	50
Total	5,068	4,844

*Includes Equity Protection restructuring advice cost that was not factored in the budget

6. Review of the Finance support for the Fund

- 6.1 As previously reported progress has been made with implementing the recommendations of the Barnett Waddingham review.
- 6.2 Recruitment of the proposed Head of Pensions and Treasury is in hand and the Treasury and Investments team is being restructured with existing staff moving to new roles within the team and the recruitment of a graduate accounting trainee and a Treasury Accountant. Most staff have commenced their new roles and training is in hand to cover their new responsibilities.
- 6.3 The review recommended the recruitment of 3 project officers to support the Pensions Administration team and the recruitment of these staff is underway.
- 6.4 Pension administration and Fund investment, accounting and oversight costs are expected to be higher in 2021-22 than in 2020-21 as a result of the restructure however this increase is less than budgeted due to the restructure and recruitment being completed later than originally planned.

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