

From:	Chairman Superannuation Fund Committee Corporate Director of Finance
To:	Superannuation Fund Committee – 30 March 2022
Subject:	Pension Fund Business Plan
Classification:	Unrestricted

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**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**

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**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) Restrike of the Equity Downside Protection programme for global equities.
- ii) As part of the development of the Fund's RI policy committee members completed an ESG beliefs survey with results considered at a special meeting on 23 November. Members also received training on ESG issues on 3 February 2022.
- iii) 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.
- iv) The Committee approved the updated Investment Strategy Statement at its meeting in September and this has been published to the website.
- v) The Fund accounts and audit timetable was extended to the end of November and the Committee approved the Fund report on 1 December deadline.

- vi) KCC has completed the implementation of the restructure of the finance support for the Fund in line with the recommendations of the Barnett Waddingham review.
- vii) Barnett Waddingham completed their review of the governance of the Pension Fund and issued their report. During calendar year 2022 efforts will be focused on the implementation of the recommendations.

### 3. 2021-22 forecast

- 3.1 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.
- 3.2 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.

### 4. Pension Fund Management Costs

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

	<b>Budget 2021-22</b>	<b>Forecast 2021-22</b>
	<b>£ '000</b>	<b>£ '000</b>
<b>Pensions Administration</b>	3,610	3,356
<b>Pension Payroll Services</b>	226	226
<b>Payment services</b>	17	17
<b>Financial Services</b>	69	69
<b>Administration Expenses</b>	<b>3,922</b>	<b>3,668</b>
<b>Actuarial Fee including cost of valuation</b>	250	310
<b>Legal Fees</b>	50	42
<b>Direct recovery of actuary, legal fee, and admin costs</b>	-225	-230
<b>Subscriptions</b>	46	42
<b>ACCESS pooling costs</b>	115	115
<b>Investment Accounting and Oversight costs</b>	600	585
<b>Performance Measurement Fees</b>	30	30
<b>Investment and governance consultancy</b>	180	150
<b>Equity Protection consultancy*</b>	30	*125

<b>Other professional advice</b>	20	20
<b>Governance and Oversight Expenses</b>	<b>1,096</b>	<b>1,126</b>
<b>Audit fee</b>	50	50
<b>Total</b>	<b>5,068</b>	<b>4,885</b>

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

## **5. Review of the Finance support for the Fund**

- 5.1 The recommendations of the Barnett Waddingham review have been implemented. The recruitment of the Head of Pensions and Treasury has been completed with Nick Buckland joining KCC on 1 February. The restructure of the Treasury and Investments team has also been completed
- 5.2 The review recommended the recruitment of 3 project officers to support the Pensions Administration team and the recruitment of these staff is underway.
- 5.3 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.

## **6. 2022-2023 Business Plan**

- 6.1 Due to the relatively recent appointment of the Head of Pensions and Treasury, and the effective creation of the wider service the Business Plan and budget for 2022-23 and future years needs some more development, and as such will be presented to the next meeting on the Committee for approval. It was felt better to present the final version rather than a draft.

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**March 2022**

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