

From: Chairman – Pension Fund Committee  
Corporate Director of Finance

To: Pension Fund Committee – 8 December 2022

Subject: Governance review - update

Classification: Unrestricted

**Summary:**

To report to the Committee on the progress made with the implementation of the recommendations arising from the Barnett Waddingham review. This report also advises the Committee of progress made on the drafting of Fund policies in line with LGPS regulations and TPR code of practice.

**Recommendation:**

The Committee is recommended to note the report and to resolve to approve the Fund policies:

- (a) A Fund Conflicts of Interest Policy
- (b) A policy for reporting breaches of the law
- (c) An administering authority discretions policy
- (d) An abatements policy

**FOR DECISION**

**Introduction**

1. As previously agreed, the Committee will be updated at each meeting on the progress made on the implementation of the Barnett Waddingham recommendations.

**Progress to date**

2. Of the 139 recommendations made by Barnett Waddingham 127 have been implemented or in are in progress per the following table.

<b>Recommendation</b>	<b>Number</b>	<b>Completed</b>	<b>o/s</b>	<b>comments</b>
Review of the representation on the Superannuation Fund Committee & engagement with the employer & Scheme membership	16	16	0	
Review of the Committee's annual work programme & the structure of its meetings	7	7	0	
Review of the Committee's terms of reference	7	7	0	
Review of the Fund's key decision-making process to ensure appropriate governance arrangements apply to these processes	13	13	0	
Review of the Pension Board's role, membership, responsibilities and duties, & its relationship with the Superannuation Fund Committee, & make recommendations to ensure its effectiveness & compliance with LGPS regulations & the Pension Regulator's Code of Practice	48	46	2	Final review pending publication of the TPR single code
Audit of the Fund's Governance Compliance statement & review of compliance with statutory guidance & good practice	17	15	2	Final review pending publication of finalised Good Governance project recommendations
Review of the Fund's approach to risk management & mitigation of risks including the maintenance of the Fund's risk register	18	14	4	Risk policy outstanding, final review pending publication of finalised Good Governance project recommendations
Review & update of the Fund's training policy taking account of the requirement for committee & board members as well as for the s151 officer & other officers to have appropriate levels of knowledge & understanding. Preparation of a training plan	13	9	4	Training plan to be prepared based on the results of the 2022 National Knowledge assessment Survey
<b>Total</b>	<b>139</b>	<b>127</b>	<b>12</b>	

3. The outstanding items should be completed when the delayed Good Governance review report is published and new regulations come into force in 2023, and the Pension Regulator's single Code of Practice is published next year.
4. The Fund is recommended to commission a follow up review considering the regulations and code requirements in 2023.

## Follow up to the 2019 Internal Audit review

5. The Committee are reminded that the Barnett Waddingham reviews of the financial support for the Fund and the Governance of the Fund were commissioned in response to the report of the Internal Audit review of Pension Fund Governance and Lessons Learnt issued in December 2019.
6. Audit's 16 recommendations have been completed as a result of the completion of the work on the reviews, and the proposed changes included in the Fund's business as usual procedures.

## Fund policies

7. The status of the Fund's policies is as per the following table.

Policy	Last reviewed by the Committee	Next update and review due	Responsibility
Funding Strategy Statement	September 2022	March 2023 as part of the 2022 actuarial valuation exercise	Nick Buckland
Investment Strategy Statement	September 2022	March 2023 after review of Investment Strategy	Nick Buckland
Governance policy and compliance statement	September 2022	September 2023	James Graham
Responsible Investment policy	September 2022	March 2023	James Graham
Communications policy	March 2018	Tbc	Clare Chambers
Administration Strategy	n/a	New strategy, March 2023	Clare Chambers
Fund Conflicts of Interests Policy	n/a	New policy, December 2022	Nick Buckland
Breaches of the Law policy	n/a	New policy, December 2022	Nick Buckland
Discretions policy	n/a	New policy, December 2022	Clare Chambers
Abatements policy	December 2007	Updated November 2022, December 2022	Clare Chambers
Training Strategy	March 2022	March 2024	James Graham
Data Quality policy	n/a	New policy, tbc	Clare Chambers
Escalations policy	n/a	New policy, tbc	Clare Chambers
Privacy Notice	n/a	New policy, tbc	Clare Chambers

8. The Pension Board reviewed and endorsed these policies at their meeting on 24 November

9. The Committee is recommended to approve the following policies at appendices a - d.

**10. Fund conflicts of interest policy** (appendix a)

10.1 The Conflicts of Interest policy is a guide for Pension Fund Committee members and officers to ensure they do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

10.2 Barnett Waddingham have confirmed that this policy is compliant with the recommendations of the Scheme Advisory Board Good Governance Review published in draft in February 2021.

10.3 Members and officers are now required to take the following action as set out on page 10 of the policy:

- (i) Once the Committee has agreed the policy all Members and officers are required to complete a declaration of interest and this information will be recorded in the register of conflicts of interest.
- (ii) All new Members on appointment will be required to complete a declaration.
- (iii) At the commencement of all meetings of the Committee and of any working groups the Chair will ask all those present to declare any interests.
- (iv) Individuals should also advise the Head of Pensions and Treasury and the Chair of the meeting if they consider they have a potential conflict of interest relating to an item of business at a meeting prior to that meeting.

**11. A policy for reporting breaches of the law** (appendix b)

11.1 The document sets out the Kent Pension Fund's policy and procedures for identifying, monitoring and where necessary reporting breaches as required in the Pensions Act 2004 and detailed in the Pensions Regulator's code of Practice no 14 - Governance and administration of public service pension schemes (the Code). Barnett Waddingham have confirmed that the Kent Fund's policy is compliant with the Code.

11.2 All members of the Committee and Board as well as officers, advisors and employers are responsible for reporting breaches and the Head of Pensions and Treasury has responsibility for the implementation, review and monitoring of the Fund's procedures including reporting breaches to the Pensions Regulator.

**12. An administering authority discretions policy** (appendix c)

12.1 The discretions policy has been drafted in accordance with the Local Government Pension Scheme Regulations (LGPS) 2013 (as amended), and related legislation which addresses, among other matters, the resolution of disputes, admission agreements, payments relating to the death of a member and transfer of benefits.

13. **An abatements policy** (appendix d)

13.1 The abatements policy sets out the Kent Pension Fund policy as agreed in 2008 that if a member has a pension with us, the pension will not be subject to reduction or suspension should they start a new period of employment with an LGPS eligible employer.

14. **Administration Strategy**

14.1 The strategy outlines the policies and performance standards to be achieved by the Fund and its stakeholders to enable the provision of a cost-effective and high-quality administration service.

14.2 At its meeting in September the Committee was provided with a copy of the first draft of the Administration Strategy. Officers have since updated this and the intention is to consult with Fund employers on the strategy following the employer forum on 9 December and then to seek the Committee's approval for the strategy taking account of the employers' feedback at their meeting in March 2023.

**Training Update**

15. Since the last meeting Hymns Robertson have completed the National Knowledge Assessment Survey with the closing date being 18 November and it is pleasing to report that 74% of members of the Committee and Board submitted responses. We expect to receive the Hymans report within 2-3 weeks of the assessment closing and will circulate it to members. The recommendations for further training will form the basis for the Fund's training plan for the next year or so.

**Membership of the Committee and Board**

16. At their meeting in September the Committee was advised that we were recruiting scheme members to the Committee and Board. Advertisements inviting scheme members to apply to fill the vacancies on the Committee and Board were published in the Open-lines newsletter to pensioners, in the employers' newsletter and on the KCC staff intranet site.

17. Applications were received from 3 pensioner members and 1 active member for the Committee positions and interviews held with the applicants to confirm their suitability for the member representative role. 1 pensioner member and 1 active

member were appointed, and they have been invited to attend the Committee meeting on 8 December.

18. Applications were received from 2 pensioner members and 1 active member for the positions on the Board. Following interviews all 3 were appointed to the Board, and 1 pensioner member and 1 active member were invited to join the Board meeting on 24 November. The other pensioner member will join the Board in January 2023.
19. The non-local authority representative vacancy on the Committee will be advertised to employers including at the Employer forum on 9 December and Unison is progressing the nomination of their representative. In addition, the Kent Leaders have been asked to nominate a successor to Councillor Paul Clokie who recently left the Committee. It is hoped the replacement will be in place before the March meeting.

### **Kent Pension Fund compliance with the Pensions Regulator's (TPR's) code of practice and Scheme Advisory Board Good Governance recommendations**

20. When Barnett Waddingham published their report in October 2021 it was anticipated that a final version of the TPR single code of practice published in draft in March 2021, would shortly be published, and the good governance recommendations published in February 2021 would also be finalised in early 2022.
21. It is now anticipated that the TPR single code will be published in 2023.
22. It is also understood that DLUHC ministers have given their approval to take the recommendations of the Scheme Advisory Board Good Governance Project forward though they are expected to be the subject of further consultation in 2023 making April 2023 the most likely date for any changes to come into force. One draft recommendation relating to fiduciary duties of the Committee has been withdrawn and an additional proposal made for LGPS funds to produce a workforce plan.
23. The Fund has been assessed as mostly compliant with the draft single code of practice and an action plan has been prepared to address the remaining issues which will be followed up by the Head of Treasury and Pensions. This will be updated on publication of the single code.
24. The recommendations of the Barnett Waddingham reviews of the Pension Fund governance and KCC finance support for the Fund were aligned with those of the Good Governance project and the Kent Fund as intended is now mostly compliant with the project's draft recommendations. An action plan has been prepared for follow up by the Head of Pensions and Treasury. This will be updated when the regulations come into force in 2023

---

Alison Mings, Pensions and Treasury Strategic Advisor

**T: 03000 416488**

**E: [Alison.mings@kent.gov.uk](mailto:Alison.mings@kent.gov.uk)**

**December 2022**

---