

The Kent Pension Fund Committee's terms of reference

Kent County Council Constitution

The Pension Fund Committee's terms of reference are set out in the [Council's Constitution](#). The Constitution records the committee as an *Ordinary Committee* of the Council.

1. Membership of the Committee as set out in Section 17.46 is:

11 Members; plus, as voting members - District/Borough members (appointed by Kent Leaders Group): 3; Medway Council: 1; and as non-voting members - others: 4.
2. The Chair is elected by Members of the County Council only (section 17.47).
3. This Committee discharges the functions of the Council in relation to the control and investment of the Pension Fund (section 17.48). More details of the Committee's Role and Function are at appendix 1.
4. The terms of office of Members is 4 years from the relevant election / date of appointment as set out in section 21.3.
5. Members will, at all times, observe the Code of Member Conduct set out in Section 21 and to have registered the interests required by that Code.
6. Members are expected to attend at least two meetings of the Committee per year.
7. The Committee's meeting and decision-making procedures follow the common procedures set out in section 15 of the constitution and are set out in more detail in appendices 2 and 3.
8. Members must disclose their interests as per the procedures set out in section 15.25 onwards.
9. The quorum for a meeting is one third of its total voting membership (5) as set out in section 15.31-33.
10. If a Member cannot attend a meeting of the Committee, a nominated spokesperson of their Political Group may nominate a substitute by written notice to the Clerk as per section 15.34-35
11. These terms of reference will be reviewed annually when the Governance Compliance Statement is reviewed for publication in the annual report and accounts, to ensure that they remain up to date and are consistent across the Constitution.

Non-voting members

12. 4 non-voting members

1 representative of non-local council employers to come from nominations from other employers in the Fund (e.g., Academies, Police, Fire and other scheduled or admitted body employers in the Kent Pension Fund).

3 members representing scheme members:

- 1 Trade Union representative nominated by Unison
- 1 active member representative
- 1 pensioner representative

13. Scheme members will be invited to apply for the active and pensioner seats and will be selected by a panel comprising the chair of the Pension Fund Committee, the Corporate Director of Finance (or their nominee), the Head of Pensions and Treasury and the General Counsel (or their nominee)

14. Dual membership with the Local Pensions Board of any type is not allowed

Pension Fund Committee Role and Function

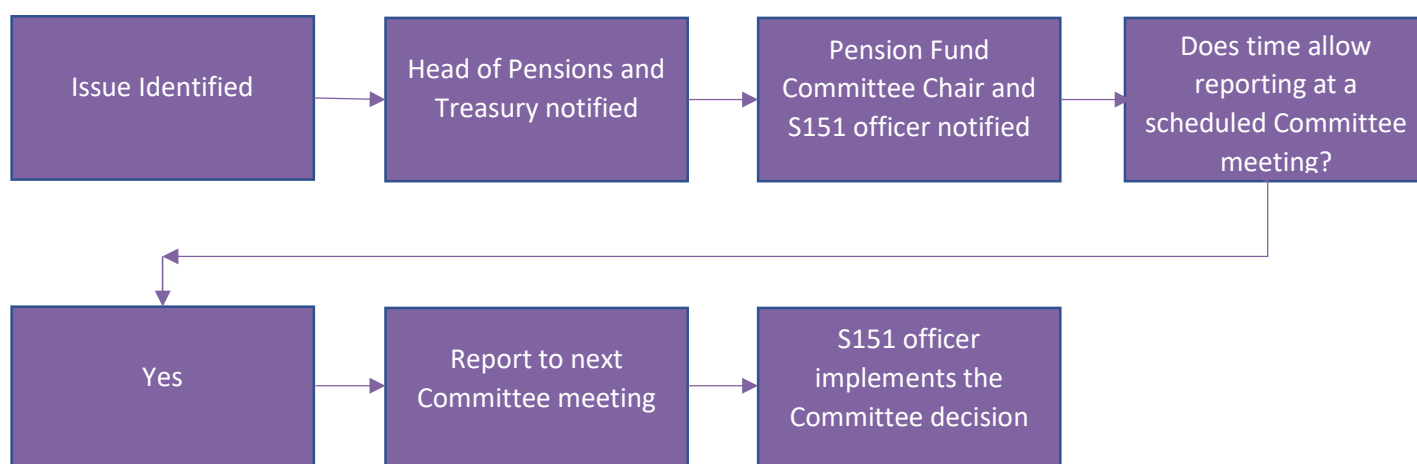
The Pension Fund Committee applies all the powers and duties of Kent County Council (KCC) as the administering authority for the Fund. The committee is responsible for:

- monitoring the administration of the Fund, including compliance with Local Government Pension Scheme (LGPS) and other legislation, ensuring that it delivers best value and compliance with statutory and non-statutory best practise guidance where considered appropriate
- determining pension fund policy regarding employer admission and cessation arrangements
- determining, reviewing, and monitoring the Fund's aims, objectives, strategies, compliance statements and procedures relating to the funding strategy, including approving its Funding Strategy Statement
- determining, reviewing, and monitoring the Fund's other aims, objectives, policies, strategies, compliance statements and procedures for the overall management of the Fund, including but not limited to administration, communication, and governance
- setting investment strategy, carrying out regular reviews, and monitoring the Fund's investments
- appointing the Fund's advisers, including actuaries, governance advisers and specialist lawyers (where required) and to periodically review those arrangements
- appointing professional fund managers relating to the investments of the Fund
- considering the Fund's financial statements
- approving an Annual Report on the activities of the Fund in line with legislation and guidance

Committee Meeting Guidelines

All decisions of the Committee must be taken in accordance with the decision-making procedures set out in the [Council's Constitution](#).

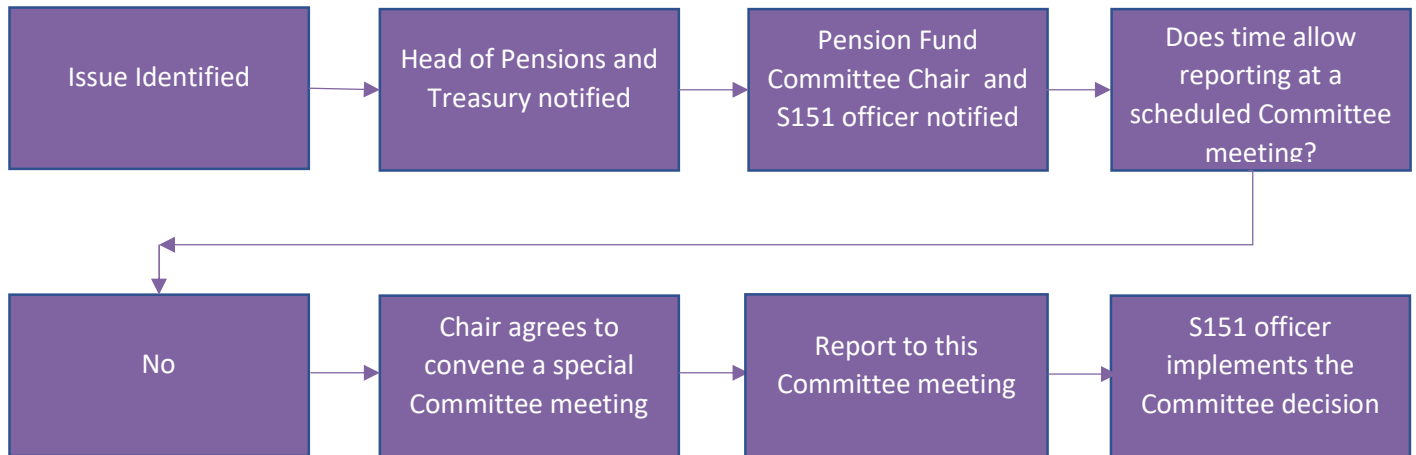
1. Scheduled Committee meeting cycle
 - 1.1 The Committee meets five / six times a year including four quarterly meetings to receive regular reports, with an additional meeting set for February which is available for other purposes or items. Additional meetings may be called as required.
 - 1.2 The majority of decisions required to be made by the Pension Fund Committee are tabled sufficiently in advance to allow members to receive appropriate briefings and make the decision within the normal meeting cycle.
 - 1.3 At least 5 clear working days are required for the notice of meetings, publication of the agenda and reports.
 - 1.4 The following process is used when there is time to allow a decision to be made at the next scheduled Committee:



2 Special / urgent meetings

- 2.1 The Fund recognises that good governance requires that on occasion the Committee can respond to urgent matters by taking decisions promptly outside of the scheduled meeting cycle. On such occasions the following processes may be adopted.
- 2.2 At least 5 clear working days are required for the notice of meetings, publication of the agenda and reports.

2.3 The process to be used when the Chair agrees to convene a special Committee meeting:



3 Shorter notice of meetings

3.1 A meeting may be convened at shorter notice than 5 working days and a copy of the agenda and associated reports must be available to members when the meeting is convened. Where an item is added to the agenda after it is published then an amended agenda and any report must be available when that item is added to the agenda.

4 Delegation to officers

4.1 All decisions must be made at formal meetings and cannot be made for example by email.

4.2 Should a decision be required before the next formal meeting is scheduled or it is not possible to convene a special meeting then according to the constitution decisions relating to the County Council's Pension Fund may be delegated to Officers by the Pension Fund Committee.

4.3 The Committee may discuss an issue and resolve that a delegation be made to the Corporate Director of Finance, after consultation with the Chair of the Pension Fund Committee in respect of a future decision. This decision should then be reported to the next scheduled committee meeting.

4.4 The Council scheme of delegation is set out in Section 10 of the Constitution (section 10.9 onwards). This scheme also sets out the process for urgent decisions where it had not been possible to put a delegation in place by the Committee.

Kent Pension Fund Committee decision making procedures.

1. LGPS 2016 regulations
 - 1.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 includes expectations around decision making as follows:

When making investment decisions, administering authorities must take proper advice and act prudently. In the context of the local government pension scheme, a prudent approach to investment can be described as a duty to discharge statutory responsibilities with care, skill, prudence and diligence. This approach is the standard that those responsible for making investment decisions must operate.

Administering authorities are expected to be able to demonstrate that those responsible for making investment decisions have taken and acted on proper advice and that diversification decisions have been taken in the best long-term interest of scheme beneficiaries.

2. All decisions of the Committee must be taken in accordance with the decision-making procedures set out in the [Council's Constitution](#).
3. The Committee should follow the procedures as set out below when making decisions for the Fund:

Kent Pension Fund Committee investment decision making procedure

- Identify / clarify the issue.
- Conflicts of interest have been declared and recorded in the minutes. ⁽¹⁾

Committee members may have other roles and responsibilities which cause them to have other personal, business, or other interests which could affect their fiduciary duty to act in the best interest of the Fund. By declaring these conflicts and recording them in the minutes of the meeting, it provides an accurate record and clarity around who was involved in the decision.

- Viewed all available information and supporting papers from officers relevant to the decision which needs to be made. ⁽¹⁾

The Council's Constitution requires that decisions are made based on *all* relevant information/evidence. By reviewing supporting papers from the finance function, the committee is ensuring that it follows procedure and continues to represent good practice. This also allows for decisions to be made using

accurate, up-to-date, unbiased information, ensuring the Committee is acting in the best interests of the Fund.

Guidance given in weekly meetings with the Chair should be passed on to other Committee members.

- The Fund's independent investment advisors (Mercer) attend each meeting. Advice is commissioned prior to making any investment decisions.

Mercer are expert advisors who can provide advice on a range of issues, including how to manage risks, responsible investment, investment strategy and much more. By commissioning advice from Mercer, the Committee can ensure it is well informed prior to making any decisions. They provide an objective view of the Fund and any risks to it and may pick up on information which may have been missed elsewhere.

- Guidance received from Officers regarding exit strategies and segregated mandates.

Segregated mandates are run exclusively for clients and so they will be customised to the investment objectives of each Fund. This means that the Officers of the Fund may be better placed to provide guidance/advice surrounding issues of these mandates.

- Members have the opportunity to speak and ask questions. ⁽¹⁾

- Risk register has been reviewed and updated to show current risks and/or changes to the Fund.

The fundamental responsibility of the Fund is to ensure it has adequate monies available to pay pensions as they fall due. To fulfil this responsibility, it is important to ensure that all risks are managed effectively and kept up to date. The risk register helps to identify potential risks and to stay on top of any potential issues which could prevent the Fund from being able to meet its duties.

- Decisions have been recorded in the minutes of the meeting. ⁽¹⁾

- Minutes signed and non-exempt minutes published on the website. ⁽¹⁾

⁽¹⁾ Procedure set out in the Council's constitution.

Kent Pension Fund Committee Non - Investment decision making procedure

Identify / clarify the issue.

Conflicts of interest have been declared and recorded in the minutes. ⁽¹⁾

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Viewed all available information and supporting papers from officers relevant to the decision which needs to be made. ⁽¹⁾

The Council's Constitution requires that decisions are made based on *all* relevant information/evidence. By reviewing supporting papers from the finance function, the committee is ensuring that it follows procedure and continues to represent good practice. This also allows for decisions to be made using accurate, up-to-date, unbiased information, ensuring the Committee is acting in the best interests of the Fund.

Guidance given in weekly meetings with the Chair should be passed on to other Committee members.

Admission matters: advice received from the Fund's actuary (Barnett Waddingham)

To carry out their role effectively the committee must have access to expert professional advisers

Admission and other legal matters: advice received from the Fund's legal advisors (Invicta Law) or other appropriate advisor

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