

From:	Chairman – Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 12 March 2024
Subject:	Governance updates including Draft Business Plan for 2024/25 – 2026/27
Classification:	Unrestricted

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**Summary:**

To provide an update all Governance matters. This includes any updated policies and strategies, and changes in legislation or regulation that will impact on the Fund. The paper considers the latest position in several areas and members are asked to consider and comment on these updates.

This paper also considers the Fund's Draft Business Plan for 2024/25 – 2026/27.

**Recommendation:**

The Board is asked to note and comment upon the report.

**FOR INFORMATION**

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**1. Business Plan**

- 1.1 The Fund's three-year Business Plan including draft budgets is contained at **Appendix 1**. The Business Plan builds on the previous years plan and looks to develop a strategic approach to the work of the Fund for the coming three years.
- 1.2 The Plan follows the same format as previous and is split into three business areas; Governance, Investment and Funding and Administration. The Plan is designed to consider the Business-as-Usual activity in addition to specific projects or work planned for the three-year period.
- 1.3 Officers have been working to develop the three-year budget to support the Business Plan, and at this stage is still at the draft stage and will be finalised before presenting to the Pension Fund Committee at their meeting on 26 March 2024.
- 1.4 The Board will receive a brief presentation at the meeting which will pick out a few highlights for consideration. A draft budget will be included in this presentation once it has been finalised.

## 2. Fund Policies

### Investment Strategy Statement

2.1 The Fund's Investment Strategy Statement was revised as part of the review of Investment Strategy that took place in 2023. The revised document was agreed by the Committee in December and is contained in the Investment update report elsewhere on today's agenda.

### Communications Policy

2.2 The Fund's Communications Policy was not due to be formally reviewed until 2025. However, due to a number of changes being made in the ways in which the Fund communicates with its members, it was appropriate to update the policy to reflect this. The policy is considered in a separate item on this agenda.

### Training Strategy

2.3 The Fund's Training Strategy is due to be reviewed every two years and is considered in a separate item on this agenda.

Policy	Last reviewed by the Committee	Next update and review due	Responsibility
Funding Strategy Statement (FSS)	March 2023	March 2025	Nick Buckland
Investment Strategy Statement (ISS)	December 2023	March 2024	James Graham
Governance policy and compliance statement	September 2022	September 2024	Nick Buckland
Responsible Investment policy (RI Policy)	September 2022	Committee to consider in March 2024 – Board will review in June 2024	James Graham
Communications policy	June 2023	March 2024	Clare Chambers
Administration Strategy	March 2023	March 2025	Clare Chambers
Conflicts of Interests Policy	December 2022	December 2024	Nick Buckland
Breaches of the Law policy	December 2022	December 2024	Nick Buckland
Discretions policy	December 2022	December 2024	Clare Chambers
Abatements policy	December 2022	December 2024	Clare Chambers
Training Strategy	March 2022	March 2024	Emma Green
Personal Data Retention policy	December 2019	June 2024 linked to Cyber security work	Clare Chambers

Data Quality policy	June 2023	June 2025	Clare Chambers
Escalations policy	n/a	New policy, tbc	Clare Chambers
Privacy Notice	n/a	New policy, tbc	Clare Chambers

### 3. Action Log

3.1 In line with the Pension Fund Committee procedure, it has been decided to add an Action Log to Board papers to reflect any questions or actions from previous meetings. The table in **Appendix 2** shows any actions noted, and an update on progress made. An update log will be brought to every meeting to ensure any actions are not lost.

### 4. The Pensions Regulators General Code

4.1 In January 2024 the Pensions regulator issued its long awaited General Code, the full version can be found here – [General Code](#). The Code is expected to come into force on 27 March 2024.

4.2 The Fund’s Investment Consultant, Mercer prepares a regular LGPS updates paper, and this contains some initial thoughts on the Code, and can be found here – [LGPS Current Issues](#). The Fund will need to consider the implications of the new Code in line with the recent Governance review, and the ahead of any announcement from the Government on the LGPS Good Governance project, which is expected later in 2024. The Board will be updated on progress at future meetings.

### 5. Economic Activities of Public Bodies (Overseas Matters) Bill

5.1 The snappily abbreviated **EAPB (OM)** Bill has cleared the House of Commons, had its second reading in the House of Lords today, 20 February 2024, and is approaching the final stages of approval. The Bill seeks to prohibit certain procurement and investment actions of both by public authorities.

5.2 There is the potential this could result in the risk of legal challenge to LGPS funds, so, when it becomes law, LGPS funds will need to ensure both their investment decisions and the governance process leading to them take account of the provisions of the Bill.

5.3 The Bill will do a number of things:

- prohibit public authorities from deciding to invest or divest based on its moral or political opinion (or the opinion of any pressure groups which are seeking to influence it) of the actions of foreign states abroad.
- prohibit the authority going on record saying it would have made that investment or divestment decision if not for the existence of this legislation.
- include a number of exemptions although these are in the main restricted to actions which are illegal.
- provide for sufficiently interested parties to bring about legal proceedings against the authority and/or report the authority to the Pensions

Regulator (TPR) if they consider an investment decision to be, or likely to be, in contravention of the above prohibitions.

- mean LGPS authorities should carefully consider not only the potential for decisions actually being in contravention of the legislation, but also the potential for third parties to bring about costly and time-consuming legal proceedings in relation to decisions they do not agree with.
- in doing so authorities may want to revisit their governance arrangements particularly in relation to investment decisions in order to minimise the risk of challenge.

5.4 The Fund's Actuary and Governance advisers Barnett Waddingham have prepared a helpful briefing note which can be found here [Bill Briefing](#). It will be important to ensure that the Fund is fully aware of all of the implications should the Bill become law.

## **6. Risk Register**

6.1 Members will recall that officers have been in discussion with KCC colleagues to transfer the Fund's Risk Register to the Corporate IT system, which will allow much greater reporting functionality. The system has recently been upgraded to the latest version of the software, and this has resulted in a small delay. As such the Fund has not been in a position to conclude the transfer ahead of this meeting. It is intended to conclude this, at least in part to enable appropriate reporting to the Pension Fund Committee.

6.2 It is unfortunate that the Risk Register is not able to be considered at this meeting as planned, however officers are regularly monitoring the existing risk and can give assurance that the current risk outlook is stable. The Risk Register in the updated format will be presented to both Committee and Board in June.

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March 2024

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## Appendix 2

### Kent Pension Board Action Log

<b>Date of Meeting</b>	<b>Agenda Item</b>	<b>Action/Question</b>	<b>Outcome</b>	<b>Complete (Y/N)</b>
28/11/2023	General	Board access to all Committee papers	Nick Buckland confirmed that Democratic services had agreed that the Board would receive all papers as a matter of course in the future	Y
28/11/2023	Administration	More detail about the overpayments	Clare Chambers circulated analysis of overpayments to Board 13/12/2023	Y
28/11/2023	Administration	Can we work with employers to trace frozen refunds	Clare Chambers to investigate and take forward	N
28/11/2023	Administration	Board to support the introduction of new Member Self Service	Clare Chambers to take this forward when needed later in 2024	N
28/11/2023	Investment Update	Request for Board members to join RI Working group	Nick Buckland has discussed with Chair of RIWG, and will be discussed at a future meeting	N
28/11/2023	Investment Update	Will the Investment Strategy Statement (ISS) be available soon	ISS was agreed by Committee in December, and is on agenda for Board at March meetings	Y