

From: Chairman Kent Pension Board
Interim Corporate Director of Finance

To: Pension Fund Committee – 19 September 2024

Subject: Pension Board update

Classification: Unrestricted

Summary:

This report summarises the Board meeting that took place on 3 September 2024.

Recommendation:

The Pension Fund Committee is recommended to note this update from Pension Board.

FOR INFORMATION

1. Background

1.1 This briefing note has been prepared as a summary of the discussions at the meeting of the Pension Board on 3 September 2024.

2. Pension Board – 3 September 2024

2.1 At its meeting on 3 September 2024 the Kent Pension Board considered a varied agenda, and a number of the key items are considered below.

3. The Pensions Regulator’s General Code

3.1 Gavin Paul from Barnett Waddingham presented the findings from the work that he and his colleagues had undertaken to assess the Kent Fund’s compliance with the newly issued code. Mr Paul note that the analysis had been undertaken as a “reverse gap analysis” with Barnett Waddingham accessing the Fund’s publicly available information, strategies and policies. This had meant the work had not been a disruption to officers.

3.2 He continued to note that the General Code had been issued earlier in 2024, and that it was split across a number of modules, not all of which were applicable to LGPS funds. He added that it included different expectations across the modules, using words such as “must”, “should” and “good practice” with each having different levels of expectation.

3.3 He explained the analysis was split across 53 modules; 24% were not relevant for the LGPS, in 55% of modules the Fund met expectations, 17% the Fund met some, but not all expectations within a module. He added that there was only 4%

of the modules where the Fund was not meeting expectations. This was a very positive result for Kent.

- 3.4 He discussed some work that could be undertaken to ensure full compliance, however he suggested that the upcoming implementation of the LGPS Good Governance review, might move the goalposts a bit, and that it may be appropriate, given the Fund's high level of compliance, to wait until this is introduced before making too many changes.

4. Detailed update on Pensions administration including a review of the Key Performance Indicators.

- 4.1. The Pensions Administration manager updated the Board on the key issues that were impacting the Administration team, and the plans for the future development of the service.
- 4.2. The Pensions Administration manager highlighted the work that the team were doing across all aspects of administration, including communications, working with employers, embedding the "digital by default" approach. She commented on substantial progress that had been made, and the Board asked a number of questions on this. The Board was grateful for the detailed responses received and commended the team for the work that had been undertaken in the last year. Updates on a number of key projects were received including the work around the McCloud remedy.

5. Update on the work of the Pension Fund Committee

- 5.1. The Head of Pensions and Treasury (in the absence of the Chairman of the Committee) updated the Board on the work of the Committee in recent meetings. He specifically covered the ongoing review of the Fund's Investment asset classes, and that the current focus was equity. He noted developments within ACCESS and commented on the recent Joint Committee meeting, and the work on the independent review of ACCESS's governance.
- 5.2. He continued to discuss recent investment performance and the recent interest in the LGPS from the Government. He noted that ACCESS were looking to respond in a co-ordinated way, and that it was generally believed that any change of Government would not reduce the pressure on LGPS funds.

6. Investment and RI update

- 6.1. The Pension Fund Investment and Treasury Manager presented an update on the work on implementing the recently agreed Investment strategy and the subsequent Intra-asset class review. He noted that progress had been made and that the ongoing review of equity should be concluded by the end of 2024.

7. Actuarial Valuation preparation

- 7.1 Roisin McGuire and Graeme Muir gave the Board an update on the preparation work that had recently commenced ahead of the 2025 actuarial valuation. This

work included, in particular engagement with the key stakeholder groups, including the Kent Finance Officers Groups, key employer bodies, and Board and Committee. Barnett Waddingham will make a similar presentation elsewhere on today's agenda.

8. Risk Register

8.1 The Board reviewed the revised Risk Register and noted the improved presentation. This is being considered elsewhere on today's agenda, and the Board were pleased the Risk Register had been reviewed, updated and were keen to ensure that the full document is received at every meeting.

9. Employer Governance Matters

9.1 The Pension Fund Investment and Treasury Manager commented on the report which covered the work being undertaken to assess the employer covenant, and how this work would feed into the 2025 Valuation exercise. He also discussed the ongoing issues with back-dated employer admission agreements, and the work that was in progress to address this and manage the impact on the Fund.

10. Cyber Security

10.1 The Senior Pensions Programme Manager updated the Board on work in addressing Cyber Security. She noted plans for future work, and the plans that had been agreed by the previous meeting of the Committee. Members asked specific questions around security of confidential Board and Committee papers, specifically for those without KCC email addresses. Officers agreed to investigate and report back.

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