

KENT COUNTY COUNCIL

PENSION BOARD

MINUTES of a meeting of the Pension Board held in the Wantsum Room - Sessions House on Friday, 19 October 2018.

PRESENT: Mr J Parsons (Vice-Chairman in the Chair), Mrs R Binks, Mr D Coupland, Ms A Kilpatrick, Cllr D Monk and Mr J Peden

IN ATTENDANCE: Mr N Vickers (Business Partner (Pension Fund)), Mrs B Cheatle (Pensions Manager) and Miss T A Grayell (Democratic Services Officer)

UNRESTRICTED ITEMS

25. Apologies and Substitutes

(Item 1)

Apologies for absence had been received from the Chairman, Mrs M Crabtree, so the Vice-Chairman took the Chair for the meeting.

Mrs A Mings (Treasury and Investments Manager) was not able to be present as she was attending an ACCESS meeting in London.

26. Declarations of Interest by Board Members on items on the agenda for this meeting

(Item 2)

There were no declarations of interest.

27. Minutes of the meeting held on 15 June 2018

(Item 3)

It was RESOLVED that the minutes of the meeting held on 15 June 2018 are correctly recorded and they be signed by the Vice-Chairman. There were no matters arising.

28. ACCESS Pooling Update

(Item 4)

1. Nick Vickers (Business Partner, Pension Fund) introduced the report and advised the Board that the pooling arrangement was working well. Alison Mings (Treasury and Investments Manager) and Sangeeta Surana (Principal Accountant, Investments) were working on the pooling arrangements but a dedicated long-term resource was being sought in the form of a Programme Director and Contract Manager, although these roles were proving difficult to fill. Essex County Council would provide an ACCESS support unit. Mr Vickers responded to comments and questions from the board, including the following:-

- a) asked if the Programme Director role should best be filled by someone with an investment background, Mr Vickers explained that the role involved

much project management and would need someone who understood local authority governance as well as investment;

- b) asked about the status and role of the four seconded part-time technical officers, Mr Vickers explained that these would retain their substantive posts in their respective authorities and would spend some time working at pool level. They would not be based at local authority offices but would work remotely. Mr Vickers added that the aim was to keep the pool team to a scale at which it would be most cost-effective. Some other pools around the country had built larger teams but he was confident that the arrangements made by the South East pool would more than meet the necessary governance requirements; and
- c) asked what reply had been sent to the letter from the Minister for Local Government, Rishi Sunak, Mr Vickers undertook to send a copy of the response to board members.

- 2. It was RESOLVED that the information set out in the report and given in response to comments and questions be noted, with thanks.

29. Superannuation Fund Report and Accounts and External Audit

(Item 5)

- 1. Mr Vickers introduced the report and explained the role of the Board in maintaining an overview of the County Council's managed funds. The fund report and accounts had been prepared by Mrs Mings, Ms Surana and Katharine Gray (Senior Accountant, Investments) for submission to Grant Thornton for auditing.
- 2. In response to a question about references in the report to derivatives which seemed to contradict each other, Mr Vickers undertook to look into this and clarify the information outside the meeting.
- 3. It was RESOLVED that the information set out in the report be noted, with thanks.

30. Internal Audit Report

(Item 6)

The Vice-Chairman secured the Board's agreement that the appendix to the report be considered as urgent business as it had not been made available to the public for the statutory minimum of five clear working days.

- 1. Mr Vickers introduced the report and emphasised that the County Council had received a 'High' rating for its pensions contributions, with the prospects for improvement being 'Good'.
- 2. It was RESOLVED that the information set out in the report be noted, with thanks.

31. Date of next meeting

(Item 7)

The Democratic Services Officer advised the Panel that the date for the Board's next meeting had yet to be set.

This was subsequently set for Friday 14 June 2019, commencing at 10.00 am in the Wantsum Room at Sessions House, County Hall.

32. Pensions Administration

(Item 8)

The Vice-Chairman secured the Board's agreement that the report be considered as urgent business as it had not been made available to the public for the statutory minimum of five clear working days.

1. Barbara Cheatle (Pensions Manager) introduced the six-monthly report and highlighted key areas of activity and challenges in the current workload, as follows:-

- a) pensions staff were dealing with a large volume of correspondence as pensions issues currently had a high profile. Scheme members would email the team with concerns and questions and expect a quick response. Although scheme members were encouraged to seek information via the website, many people still found it easier to email a query, as pensions were complicated and people sought reassurance. Many people had questions on transfers out of the scheme so needed detailed information;
- b) the statutory deadline of 31 August for issuing annual benefit illustrations meant that the work undertaken to produce these had to be undertaken from April to July. This made up 50% of the workload at that time and took staff away from normal pensions work, which in turn had an impact on that work. It would help ease the workload if people requiring a pension statement could avoid if possible requesting this between April and July;
- c) the fund was preparing for valuation in 2019 by the Pensions Regulator, who would look at and compare public sector pension schemes. This valuation relied on the quality of two types of data: (i) data specific to each individual scheme and (ii) data held in common by all schemes. There were some areas in which it was difficult to maintain full and current data, for example, addresses for customers who had deferred their pensions could be out-of-date if people had moved away and forgotten to notify the County Council of their new address. The Pensions Regulator expected local authorities to have full and up-to-date address details for their scheme members; and
- d) checks on the data held on any scheme member would be made at the time when they approached retirement age. The County Council would test its data thoroughly, using the same categories as the Pensions Regulator, to ensure that the data submitted for valuation in August 2019 was as robust as possible.

2. Mrs Cheatle responded to comments and questions from Members, including the following:-

- a) out of the 460 active employers who were members of the scheme, a mix of 80 large and small companies had attended the most recent Pensions Forum. Training for employers had also been offered but uptake had been low. Asked how the level of involvement could be boosted, Mr Vickers suggested that all employers be contacted to ask who from their company would be taking part in the forum and training sessions, emphasising the importance of keeping their pensions knowledge up-to-date and highlighting the problems which could arise from not doing so. This approach was generally supported;
- b) Mrs Cheatle explained that the training given to employers was comprehensive, however, no equivalent training sessions were offered to employees. There was some online training but what employees most wanted now was one-to-one sessions. It was difficult to deliver detailed training to a large audience as everyone present would have different individual circumstances and specific questions. One subject often raised was the annual allowance and related tax relief, which was liable to change periodically. The pensions team would advise recipients of pensions statements that they may have to pay tax at a higher level, and working out this extra information added to the workload of producing such statements;
- c) in response to a question about the frequency with which the fund would be valued, Mrs Cheatle explained that frequency was currently set at three years. Mr Vickers added that the Government may change this in the future to four years;
- d) asked about staffing levels in the pensions team, Mr Vickers explained that the Superannuation Fund Committee had agreed in November 2018 that new technology could be commissioned and four new KR4 Pensions Support Officers appointed to help handle the backlog in workload. He added that it had proved difficult for the last ten years to recruit pensions staff. Mrs Cheatle added that temporary staff or an external company could be engaged in the short-term. A team of students recruited for the summer vacation in a previous year had worked well. Mrs Cheatle explained that it was planned to recruit ten Pensions Support Assistants, review the career structure and benchmark Kent's offer against that of other local authorities; and
- e) asked if there were any potential data protection issues relating to deferred pensions, Mrs Cheatle reassured the Board that the County Council took data protection very seriously and the pensions team handled all data with extreme care. Sometimes it could be difficult to obtain accurate and timely information if people with deferred pensions rights had moved away or changed their name. The Government had suggested introducing a pensions dashboard, in which a person's data would be accessible all in one place. To prepare this would require all local authority pensions teams in the UK to supply data to a central collation point. The UK was lagging behind many European countries in this sort of innovation.

3. Mr Vickers thanked the Board for a full and very useful debate on pensions administration issues. The Vice-Chairman requested that more information on data quality be supplied to the Board's next meeting.

4. It was RESOLVED that:-

- a) the information set out in the report and given in response to comments and questions be noted, with thanks;
- b) all employers be contacted to ask who from their company would be taking part in the Pensions Forum and training sessions, emphasising the importance of keeping their pensions knowledge up-to-date and highlighting the problems which could arise from not doing so; and
- c) a report on data quality be submitted to the Board's next meeting.