

By: Chairman – Pension Board

To: Superannuation Fund Committee – 26 June 2020

Subject: **REPORT ON THE PENSION BOARD MEETING ON 12 JUNE 2020**

Classification: Unrestricted

Summary: To report on the matters discussed at the board meeting

FOR INFORMATION

INTRODUCTION

1. The Pension Board met on Friday 12 June 2020 for a briefing meeting which was held to provide Members with an update on recent activity and providing them with the opportunity to ask questions of officers. The Chairman welcomed Mr Simkins to the meeting and he provided an update to the Board on the work of the committee at the end of the meeting. The Board received reports on the following matters.
 - Business Plan
 - Pensions Administration
 - Fund Employer Matters
 - ACCESS Pool Update
 - Pension Fund Investment Governance Lessons Learnt Review - Action Plan
 - Risk Register
2. Members discussed the reports as follows and noted the updates. The Chairman recorded thanks to all staff for work achieved during very difficult circumstances.

BUSINESS PLAN

3. It was noted that COVID-19 had caused some delay in receiving information from employers however Mrs Cheatle advised that if the 31 August deadline for the issue of the annual benefit statements (ABIs) is missed this must be reported to Pensions Regulator but it is expected that the Pensions Regulator will be sympathetic if this is due to Covid-19. In answer to questions Mrs Mings reported that consultant costs show an overspend in 2019-20 as Mercers are used more now as recommended by the internal audit review.

PENSIONS ADMINISTRATION

4. The Chairman expressed thanks to all staff for coping with challenges arising from lockdown.

5. Members raised concerns and Mrs Cheatle responded.
- All LAs have had the letter from the Government Actuary (GAD) asking for more data by end September – Kent has not been singled out. Local authorities (Las) are challenging questions being asked as GAD may not understand the full picture.
 - Members' concern noted that 6 new recruits may not be enough to cover workload. More may be recruited in September. Apprentices are not pensions specialists so are on basic office tasks, and training is difficult to do during lockdown.
 - Kent has the highest number of full-time equivalent employees among LAs due to the number of academies in the scheme.

FUND EMPLOYER MATTERS

6. Members raised concerns and Mrs Mings responded.
- Members' concern noted re theatres and leisure centres and if 3 months' deferral of employer payments will help. Arrangements will be monitored and employers have the deadline of the end of the financial year to make payments due. Barnett Waddingham, the Fund's actuary, will be involved in the discussion of risk and problems and how to manage these problems.
 - LGPS Regs state that KCC should return any surplus to any employer who leaves the scheme but that the Fund ensure that risk relating to the employer's participation is shared and exit credits will be capped. At their 26 June meeting the committee will be asked to agree a policy for managing exit credits.
 - Concern expressed re West Kent college. Still open but staff have a change of employer.

PENSION FUND INVESTMENT GOVERNANCE LESSONS LEARNT REVIEW - ACTION PLAN

7. Members raised concerns and Mrs Mings responded.
- Important for the Board to see updates on line 5 of Plan. Review of strategy extended to ensure compliance with best practice and LGPS Regs. Updates will be reported to the Board (PB) and the committee (SFC) for review.
 - Weekly meetings of officers need to include Vice-Chairman of SFC. SFC Chairman explained that weekly updates go beyond the recommendations of the review but were started to keep updated during Covid-19 crisis. SFC VC Nick Chard not included as yet but has frequent updates with SFC Chairman and would sub if Chairman not able to attend weekly meeting.
 - Reassurance sought that SFC fully understand risk when considering issues. SFC receive training during meetings and at separate briefings to

keep up to date, to comply with MIFID 2 and ensure that SFC members have appropriate knowledge.

- Reassurance sought that SFC see original reports from fund managers at first hand, not just second-hand reporting and interpretation by managers attending meetings. Chairman of SFC explained that reports are seen first-hand by SFC.

RISK REGISTER

8. Members raised concerns and Mrs Mings responded.

- Concern expressed about staffing issues. Staff resources reduced but appropriate resources for addressing each area of work - governance issues, investment and accounting - will be reviewed and recruitment addressed if considered necessary.
- Concern expressed that so much activity is led by three people and that the Fund relies too much on these few. As well as recruiting to Pensions Assistant level, for example, also need to have enough people at senior level. Recruitment at higher level will be addressed, if felt appropriate, as part of wider staffing review.
- Fund Managers are in close touch with companies and would identify and report any business continuity problems cause by Covid-19. There has been no apparent reduction in the service being provided.

Margaret Crabtree

Chairman, Pension Board