

From: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee - 8 September 2021

Subject: Pension Fund Business Plan

Classification: Unrestricted

Summary:

To provide an update for the Committee on progress made to date on the 2021-22 business plan and related outturn for 2021-22.

Recommendation:

The Committee is recommended to note the report.

FOR INFORMATION

1. Introduction

1.1 Since the Committee saw a copy of the business plan at their June meeting the status of the activity is unchanged from June however there has been particular progress on the following:

- i) The review of the Investment Strategy Statement has been completed and the revised statement now comes to the Committee for approval.
- ii) The custody services procurement has been completed and a new contract awarded from 1 August 2021
- iii) The timetable for the preparation and audit of the Fund's accounts has been extended and this work is due to be completed in September.
- iv) The Funding Strategy Statement consultation ended on 13 August and the statement now comes to the Committee for final approval
- v) KCC has progressed the implementation of the restructure of the finance support for the Fund in line with the recommendations of the Barnett Waddingham review. Further detail is at paragraph 3.
- vi) Barnett Waddingham are finalising their review of the governance of the Pension Fund and issued their draft report on 24 August. It is anticipated that a programme of work covering the implementation of the recommendations will be undertaken during 2021-22. Officers are to consult with the chairs of the committee and board regarding next steps. Consideration to be given to holding an extra meeting to brief members on the finding of the report and the proposed workplan.
- vii) Discussion and planning is ongoing with employers regarding the roll out of i-Connect employer self-service.

viii) Progress is being made on the follow up to the Guaranteed Minimum Pension reconciliation exercise.

2. 2021-22 forecast

- 2.1 The forecast costs to support the 2021-22 business plan are unchanged from those reported to the Committee in June at some £5.07m. An update on costs including those relating to the restructure of the finance support, will be reported to the meeting of the Committee in December 2021.
- 2.2 The resources required to support the changes to the Fund's governance arising from the Barnett Waddingham review will be reported to the Committee in due course.

3. Review of the Finance support for the Fund

- 3.1 As the administering authority for the Kent Pension Fund, Kent County Council provides the finance resources required to support the Fund. A review of these resources and specifically those of the Treasury and Investments team was recommended by the Internal Audit review undertaken in November 2019.
- 3.2 Barnett Waddingham were commissioned to undertake the review, also taking into account the LGPS Good Governance review commissioned by the Scheme Advisory Board, and they produced their report on 23 April 2021.
- 3.3 The Corporate Director of Finance agrees with the report's recommendations and proposes to implement them before the end of 2021.
- 3.4 Barnett Waddingham recommend the establishment of the new post of Head of Pensions and Treasury to report to the Corporate Director of Finance and to have responsibility for both Pensions Administration and Treasury and Investments teams. The report also recommends recruiting additional resources and sets out an implementation plan for the reorganisation and recruitment.
- 3.5 The planned changes will increase the finance staff serving the Pension Fund by 3.4FTE from 5.6FTE to 8.9FTE. It is anticipated that the additional cost to the Fund in 2021-22 will be £200k. This sum has already been included in the forecast investment, accounting and oversight costs for the year and will be update for the December committee meeting.
- 3.6 The Corporate Director of Finance also agrees the Barnett Waddingham recommendation to recruit 3 project officers to support the Pensions Administration team and the recruitment of these staff is underway.

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