

From:	Chairman Pension Fund Committee Corporate Director of Finance
To:	Pension Fund Committee – 12 December 2023
Subject:	Business Plan, Budget and Governance
Classification:	Unrestricted

Summary:

To provide an update on the Fund Business Plan for 2023/24 and 2024/25, including an update on the Fund’s budget. This report also considers any governance matters including policy updates.

Recommendation:

The Committee is asked to note and comment on the report.

FOR INFORMATION

1. Introduction

- 1.1 This report provides a Business Plan for the Kent Pension Fund (KPF) for 2023/24 and 2024/25.
- 1.2 A copy of the Business Plan is at Appendix 1, and this includes the Fund budget for 2023/24, an updated forecast, and the outturn for 2022/23.
- 1.3 The report also provides an update on the Fund’s Policies and strategies.

2. Fund Business Plan

- 2.1 The Business Plan has been designed to include a number of key aspects in the management of the KPF. The Plan includes the following elements:
 - Background to the Fund
 - Vision and Long-term plan
 - Key aims and objectives.
 - Business as Usual
 - Three Year plan
 - Delivering and monitoring the plan
- 2.2 The Business Plan has been developed for use as a tool for the Pension Board and Committee in managing and monitoring the key areas of work for the Fund, and the Fund’s management team and staff to deliver the business-as-usual work as well as the new projects.

- 2.3 The Business Plan is an updated version on that agreed by the Pension Fund Committee in on 28th September 2022, and the Board considered and supported the Plan at their meeting on 24th November 2022.
- 2.4 The Plan includes a broader vision and key aims and objectives for the Fund. Officers, the Board and the Committee will develop this over time, with the intention of developing a “best-in-class” service to all of the Fund’s members and key stakeholders.
- 2.5 As previously highlighted the Fund has developed a whole fund budget which was agreed by the Committee in March 2023.
- 2.6 An updated forecast for 2023/24 for the budget is contained in the Business Plan and is considered in detail in paragraph 4.

3. Business Plan updates

3.1 The plan has a number of Key tasks for the period and a number have been considered at previous meetings as complete and so are now crossed through and highlighted in grey. The items are still shown to demonstrate progress. Since the Board and Committee last considered the Plan, three additional items are now considered complete. These are shown below and crossed through and highlighted in orange:

- **Administration** – Complete Guaranteed Minimum Pension reconciliation and rectification.
- **Administration** – Assess current resource levels and capacity planning.
- **Administration** – Assess the impact of implementing the annual revaluation date change.

These areas are considered in the Pensions Administration report elsewhere on today’s agenda.

- 3.2 All other items with target completion dates in 2023/24 are well underway and are on target to be completed in the year. With the exception of those that are awaiting Regulation and/or guidance; highlighted in yellow.
- 3.3 Later in the year work will begin on the longer-term Business plan and respective budgets and this will be brought to the Board and Committee for review and approval in March 2024, ahead of the new financial year.

4. Budget

4.1 The Fund budget for 2023/24 is included in the Business Plan. The budget has been updated based on the end of September position, and this is shown in the forecast column. A number of other key points are highlighted below:

- The cost of Pensions Administration (mainly staff costs) is likely to be £38,000 lower than budget by virtue of the remaining vacancies to be filled. Good progress has been made on this front in 2023/24.
 - IT costs are forecasting an overspend of £162,000, which relates to the costs of implementing and maintaining software for the GMP reconciliation project, which were unknown at the time the Committee approved the budget, plus the cost of transitioning to the self-service platform which were approved by the Committee in September and were additional to the original budget.
 - There was an increase in the level of Actuarial Fees charged to the Fund, however there was also an increase in those fees being recovered from the Fund's Employers, so these two budget lines need to be viewed in total, and this reflects an overall increased cost of £13,000.
 - ACCESS pooling costs are likely to be around £38,000 lower than budgeted due to factors affecting the speed of delivery within ACCESS. These factors are considered elsewhere on the agenda.
 - Fund Manager Fees are highly variable and are based on the market value of investments. Estimating the future direction of these fees is very difficult and so the forecasts are showing the budgeted numbers.
- 4.2 Overall, the forecast for 2023/24 looks likely to be circa £62,000 higher than the budget, however with the majority of the cost coming from Investment management costs, this is not considered of undue concern.
- 4.3 In addition, the Committee will be updated on the costs associated with the implementation of the McCloud remedy elsewhere on today's agenda. The effect on the 2023/24 budget will be relatively small but will increase costs in the next couple of years.

5. Fund Policies

- 5.1 The table below summarises the Fund's Policies and Strategies. The table shows two changes from the previous update, relating to the Responsible Investment policy and the Personal Data Retention Policy. These policies will be brought to the Board and Committee meetings in 2024.
- 5.2 In addition the Fund's Investment Strategy Statement has been updated to reflect the updated Investment Strategy, agreed by the Committee in September 2023, and considered elsewhere on today's agenda.

Policy	Last reviewed by the Committee	Next update and review due	Responsibility
Funding Strategy Statement (FSS)	March 2023	March 2025	Nick Buckland
<i>Investment Strategy Statement (ISS)</i>	<i>September 2022</i>	<i>December 2023 after review of Investment Strategy</i>	<i>James Graham</i>
Governance policy and compliance statement	September 2022	September 2024	Nick Buckland
Responsible Investment policy (RI Policy)	September 2022	December 2023 March 2024 – linked to Investment Strategy review	James Graham
Communications policy	June 2023	June 2025	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	December 2023 – 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

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