



## AGENDA

### PENSION BOARD

**Thursday, 24th November, 2022, at 2.00 pm**  
**online**

Ask for: **Theresa Grayell**  
Telephone **03000 416172**

#### **Membership**

##### **Scheme Employer Representatives (4)**

Kent County Council (2)	Mr R Thomas (Chairman) and Mr D Jeffrey
District/Medway Council (1)	Cllr Rachel Carnac
Police/Fire & Rescue (1)	Ms A Kilpatrick

##### **Scheme Member Representatives (4)**

KCC (1)	Vacancy
Medway/Districts (1)	Mr J Parsons (Vice-Chairman)
Trade Unions (1)	Vacancy
Kent Active Retirement Fellowship (1)	Vacancy

#### **UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

1. Membership - to report that Cllr Rachel Carnac of Canterbury City Council has joined the board.
2. Apologies and Substitutes
3. Declarations of Interest by board members on items on the agenda for this meeting

4. Minutes of the meeting held on 18 November 2021 (Pages 1 - 6)

5. Future Meeting Dates

The board is asked to note that the following dates have been reserved for its meetings in 2023:

Tuesday 14 March 2023, 2.00pm

Thursday 8 June 2023, 10.00am

6. Fund Business Plan - 2022/23 - 2024-25 (Pages 7 - 22)

7. Pensions Administration (Pages 23 - 138)

8. Pension Fund Annual Report and Accounts and External Audit (Pages 139 - 196)

9. Fund Employer and Governance Matters (Pages 197 - 208)

10. Governance review - update (Pages 209 - 276)

11. Fund Position September 2022 (Pages 277 - 288)

12. ACCESS update (Pages 289 - 292)

**Motion to exclude the press and public for exempt business**

That, under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act.

*Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)*

**EXEMPT ITEMS**

*(During these items the meeting is likely NOT to be open to the press and public)*

13. Pension Fund Risk Register (Pages 293 - 300)

Benjamin Watts  
General Counsel  
03000 416814

**Wednesday, 16 November 2022**

## KENT COUNTY COUNCIL

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### PENSION BOARD

MINUTES of a meeting of the Pension Board held online on Thursday, 18 November 2021.

PRESENT: Mr R J Thomas (Chair), Mr D Jeffrey, Ms A Kilpatrick and Mr J Parsons

ALSO PRESENT: Mr C Simkins and Mrs A van Bochove Allen

IN ATTENDANCE: Mrs B Cheatle (Pensions Manager), Mrs A Mings (Treasury and Investments Manager, and Acting Business Partner for the Kent Pension Fund), Ms S Surana (Investments, Accounting and Pooling Manager), Mr S Tagg (Senior Accountant - Pension Fund), Ms K Gray (Senior Accountant - Investments), Miss T A Grayell (Democratic Services Officer) and Miss K Reynolds (Democratic Services Officer)

### UNRESTRICTED ITEMS

#### **16. Membership**

*(Item 1)*

It was noted that David Coupland had left the board. The Chair thanked Mr Coupland for his support of the board's work since he joined it in 2016.

The board continued to have a number of vacancies.

#### **17. Apologies and Substitutes**

*(Item 2)*

There were no apologies or substitutes.

#### **18. Declarations of Interest by board members on items on the agenda for this meeting**

*(Item 3)*

The Chair declared that he was an elected Member of Canterbury City Council.

Mr Parsons declared that he served on the Superannuation Fund Committee as a representative of Unison.

#### **19. Minutes of the meeting held on 1 September 2021**

*(Item 4)*

It was RESOLVED that the minutes of the meeting held on 1 September 2021 are correctly recorded and that they be signed by the Chair as a correct record.

#### **20. Pension Fund Business Plan**

*(Item 5)*

1. Mrs Mings introduced the report, about which there were no questions.
2. It was RESOLVED that the information set out in the report be noted, with thanks.

## **21. Pensions Administration**

*(Item 6)*

1. The Chair thanked Mrs Cheatle and her team for the excellent training session they had presented for Members that morning to help them understand the complexity of pensions.
2. Mrs Cheatle introduced the report and highlighted key points relating to the team's workload, achievements and system and connectivity issues. The number of staff requesting benefits illustrations recently had increased as home working and flexible work patterns during the pandemic had led many to reflect on their work patterns and consider making lifestyle changes. A new IT system was being trialled to offer better future stability.
3. Since the board's September meeting, at which it had debated the police breach of pension scheme regulations, the board's view had been communicated to the Chief Constable and a response received emphasising that the issue had been taken very seriously and setting out what measures had been put in place to prevent it from recurring. Annual benefits illustrations would be sent to all police pension scheme members by 23 December. Mrs Cheatle confirmed that, having now had this reassurance from the police, she would report the breach to the Pensions Regulator and advise of the actions taken to address it. She then responded to comments and questions from the board, including the following:-
  - a) the news of the remedial measures taken to address the breach of regulations was welcomed;
  - b) Mrs Cheatle advised that, in deciding how to address the breach, she had felt it more helpful to report the breach once it was possible to present a fuller overview of the remedial measures taken. She advised that she would continue to monitor the situation;
  - c) asked how more scheme members could be encouraged to use the online self-service option, Mrs Cheatle advised that benefits illustrations and the pensions website directed people to this option and its use was being promoted. The Chair added that it would be useful to be able to understand how people used and responded to the online facility, for example, how they visited it, how long they spent in it, how they followed up their visit, etc;
  - d) asked if the current increase in requests for benefits illustrations could lead to resource issues, if it were to continue for any length of time, Mrs Cheatle advised that the service would continue to encourage people to use the self-service option and that she did not currently foresee any resourcing issue; and

- e) asked if the cause of previous IT issues were known, Mrs Cheatle advised that this was being investigated and that the service had very high priority for any future IT issues to be addressed.

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

## **22. Fund Employer and Governance Matters**

*(Item 7)*

1. Mrs Mings introduced the report and advised that, since the board had seen the Funding Strategy Statement in September, the strategy had been approved by the Superannuation Fund Committee, and that security in other forms, including guarantees, would be accepted. Mrs Mings and Mr Tagg responded to comments and questions from the board, including the following:-

- a) disappointment was expressed that, having consulted authorities and employers on the cost control mechanism, the Government seemed then to have ignored their responses. Mrs Mings and Mr Tagg acknowledged this and advised that the issue had been in discussion for a number of years, during which the costs and nature of pension schemes had changed. It remained to be seen if the cost control mechanism would need to be triggered at any time in the future; and
- b) asked for more detail of the impact of this within Kent, Mr Tagg advised that, as per the 31 March 2019 triennial valuation, the Fund's primary contribution rate was 18.4%, with an average secondary contribution rate for 2021/22 of 3.1%. If the costs of payroll were to rise or fall by more than 2%, or the proposed 3%, the situation would need to be reviewed.

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

## **23. Superannuation Fund Report and Accounts and External Audit**

*(Item 8)*

1. Mrs Mings and Ms Surana introduced the report and advised that the accounts would be submitted for approval to the Superannuation Fund Committee on 23 November and the Governance and Audit Committee on 30 November and would then be published online on 1 December 2021.

2. The Chair thanked the officer team for the great amount of work put into preparing the accounts. Ms Surana advised that the process this year had been longer and more complex than usual and was likely to be similar again next year. In addition, audit firms had experienced staff shortages during the pandemic and had struggled to process and clear accounts by the usual deadlines.

3. Asked about the likely impact of the Actuary's assumption of 1.2% inflation, Ms Surana advised that the figures would be revised to show the likely impact of this when the fund was next valued in 2022. The benefit of having a diverse portfolio was that some classes of investment would be less volatile than others. The Kent fund

always looked for long-term growth and Ms Surana reassured Members that the fund was well protected in the long term.

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

#### **24. Report from the Superannuation Fund Committee meeting (verbal)**

*(Item 9)*

1. The Chairman of the Superannuation Fund Committee, Mr C Simkins, gave a verbal update of the issues discussed by the committee on 8 September and advised that an additional, special meeting had been arranged for 23 February to discuss the results of the environmental, social and governance (ESG) survey and the progress of the governance review. A new Head of Pensions and Treasury was being appointed and was expected to be in post in the new year; the committee and board would both be advised of the name of the new officer and their start date. He thanked Mrs Cheatle for the update earlier in this meeting on the handling of the police breach of pension scheme regulations, which had been reassuring, and asked that the board and committee be advised when the breach had been reported to the Pensions Regulator, and of the response received.

2. It was RESOLVED that the verbal update be noted, with thanks.

#### **25. ACCESS update**

*(Item 10)*

1. Mrs Mings introduce the report, about which there were no questions.

2. It was RESOLVED that the information set out in the report be noted, with thanks.

#### **26. Date of next meeting**

*(Item 11)*

It was noted that the next meeting of the board would be held on Tuesday 15 March 2022 at 10.00 am.

#### **27. Motion to exclude the press and public for exempt business**

It was RESOLVED that, under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act.

**EXEMPT BUSINESS**  
(open access to minutes)

#### **28. Governance review**

*(Item 12)*

1. Mrs A Van Bochove Allen introduced the report and presented a series of slides which set out the purpose of the governance review, the approach adopted and the

outcomes. Some recommendations had already been put into place, while work was currently underway on others, but there was much work still to be done. Recommendations in the report included more frequent reporting of the risk register, an annual review of the training plan, wider recruitment to the board and staggered terms of office, an update of the terms of reference and a work programme or forward plan for the board which included follow-up and monitoring of progress. It was recommended that the board meet four times a year, which were currently scheduled, although meetings were too frequently cancelled or were not quorate, due to the ongoing membership issues. The Kent fund would need to consider whether or not it agreed with the recommendations made and how and when it would make the changes identified.

2. Mrs Van Bochove Allen responded to comments and questions from the board, including the following:-

- a) asked which actions were most urgent, and how these could be shown on the spreadsheet and action plan included with the report, Mrs Van Bochove Allen advised that the top priority was recruitment to the board; and
- b) Mr Parsons advised that the Unison regional office should be contacted to identify a union representative for the board and this was subsequently done by the Democratic Services Officer.

3. The Chair thanked Mrs Van Bochove Allen for her work on the review and the presentation of its findings and recommendations.

4. It was RESOLVED that the recommendations for actions and improvements be noted, with thanks, and a report on progress be made to the board's March meeting.

## **29. Pension Fund Risk Register** *(Item 13)*

1. Ms Surana introduced the report and responded to comments and questions of detail from the board, including the availability of any insurance cover for cybersecurity risks, the risks associated with climate change and the level of risk still presented by uncertainty about what would arise from the McCloud judgement.

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

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From:	Chairman Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 24 November 2022
Subject:	Fund Business Plan – 2022/23 – 2024-25
Classification:	Unrestricted

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**Summary:**

To provide the Fund Business Plan for the next three years

**Recommendation:**

The Board is asked to note and comment upon the Business Plan for the Kent Pension Fund.

**FOR INFORMATION**

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**1. Introduction**

- 1.1 This report provides a Business Plan for the Kent Pension Fund for the remainder of 2022-23 and the following two financial years.
- 1.2 A copy of the Business Plan is at Appendix 1

**2. Fund Business Plan**

- 2.1 The Business Plan has been designed to include a number of key aspects in the management of the Kent Pension Fund. 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 Pension Fund management team and staff to deliver the business-as-usual work as well as the new projects.
- 2.3 The Business Plan is the first in a new format and 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.

- 2.4 The Business Plan was agreed by the Pension Fund Committee on 28<sup>th</sup> September 2022, and the Board is invited to review and comment on the contents. The document will be reviewed and revised at least annually in February/March ahead of the upcoming financial year.

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**Nick Buckland**  
**Head of Pensions and Treasury**  
**Kent Pension Fund**

03000 413984

[nick.buckland@kent.gov.uk](mailto:nick.buckland@kent.gov.uk)

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**Kent County Council**

**Administering Authority for  
Kent Pension Fund**

**Business plan 2022/23 TO 2024/25**

**September 2022**

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## Introduction

This is the business plan for the Kent Pension Fund, which is managed and administered by Kent County Council. The business plan details our priorities and areas of key focus in relation to the Kent Pension Fund for the remainder of 2022/23, 2023/24 and 2024/25. This business plan will be presented to the Kent Pension Fund Committee meeting on 28 September 2022. The business plan is formally reviewed and agreed every year, and this would normally take place ahead of the start of each financial year. However, throughout the year it is monitored, and the Pension Fund Committee may be asked to agree to changes to it.

The purpose of the business plan is to:

- explain the background to and objectives for the management of the Kent Pension Fund
- document the priorities and improvements to be implemented by the pension service during the next three years to help achieve those objectives
- enable progress and performance to be monitored in relation to those priorities
- provide al key stakeholders with a clear vision for the next three years.

In addition, this business plan includes a budget for expected payments to and from the Kent Pension Fund during 2022/23 including the resources required to manage the Fund.

If you require further information about anything in or related to this business plan, please contact:

Nick Buckland, Head of Pensions and Treasury, Kent County Council

E-mail – [nick.buckland@kent.gov.uk](mailto:nick.buckland@kent.gov.uk)

Telephone – 03000 413984

## Background to the Kent Pension Fund

The Kent Pension Fund ("KPF") is a £7.6bn (as at 30 June 2022) Local Government Pension Fund which provides death and retirement benefits for local government employees (other than teachers, police, and firefighters) in Kent and employees of other qualifying bodies which provide similar services.

Total Fund membership is 149,112 with 52,829 active contributors from 304 contributing employers, 46,706 retired and survivor members, and 49,577 deferred and other members.

### Governance and Management of the Fund

The key decision-making and management of the Fund has been delegated by Kent County Council ("the Council") to a formal Pension Fund Committee ("PFC").

A Local Pension Board is in place to assist in:

- securing compliance of Fund matters and
- ensuring the efficient and effective governance and administration of the Fund.

### The Pension Fund Management Team

The Corporate Director of Finance has overall responsibility for the operation of the Fund, and delegates day-to-day responsibility to the Head of Pensions and Treasury supported by the Pension Fund and Treasury Investments Manager and the Pensions Administration Manager. There are two sections within the team:

- The Pensions Administration Section which is responsible for delivering the Fund's Administration and Communications Strategies. It is headed by the Pension Administration Manager.

The Pensions Finance Section is responsible for delivering the Fund's Investment and Funding Strategies, as well as accounting matters. It also has overall responsibility for ensuring all governance matters are delivered. The team also has responsibility for Treasury Management for the Fund, and Kent County Council. It is headed by the Pension Fund and Treasury Investments Manager.

More information about their day-to-day responsibilities is documented later in this Plan in the "Business as Usual".

## Vision and Long-term Plan

The purpose of the KPF Business Plan is to set out the Fund's vision, goals, culture, improvement plan and actions for the current and future years, and a longer-term strategic direction.

The Fund undertook an independent review of its governance in previous 18 months, and a number of these proposed changes/improvements have already been implemented. In addition to this the Fund is looking forward to developing its service to provide an excellent service to all of its key stakeholders.

The Fund has developed this broader business plan to replace the existing plan which was agreed by the Pension Fund Committee in 2021.

The Fund's focus needs to be firmly set on achieving outcomes for our customers, i.e., the scheme employers and members. Everything that we do needs to keep this in mind, and decisions need to be made with an eye to the end goal of delivering an outstanding service, as set out in the Fund's vision:

**Our Vision is to deliver an outstanding and “best in class” service to our members and employers.**

Everyone's role in the team either directly contributes to the vision or creates the foundations and environment which make it possible. We will measure success against the vision by monitoring our progress against various service related KPIs, targets, and actions.

The Plan for the Fund is produced for review by the Local Pension Board and Committee in September 2022. This document will be reviewed regularly and revised annually. It is intended to develop this initial plan in February 2023 and expand on a number of the key areas of focus for the Fund. The Strategic vision and overall goals will also be developed over time and will be included in future versions of the document.

The key aims and objectives for the Fund are detailed below.

## Key aims and objectives

The key actions and areas of focus in our business plan (as shown in the appendix) are grouped into the areas of **Governance, Funding and Investments** and **Administration** to align with the key aims and objectives of these strategies and policies. These aims and objectives are summarised below.

### Governance

- Act in the best interests of the Fund's members and employers
- Have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies
- Ensure the Pension Fund is managed, and its services delivered, by people who have the appropriate knowledge and expertise
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based

### Funding and Investments

- Achieve and maintain assets equal to 100% of liabilities by 2033, whilst remaining within reasonable risk parameters
- Determine employer contribution requirements, whilst recognising the constraints on affordability and strength of employer covenant, with the aim being to maintain as predictable an employer contribution requirement as possible
- Recognising the constraints on affordability for employers, aim for sufficient excess investment returns relative to the growth of liabilities
- Strike the appropriate balance between long-term consistent investment performance and the funding objectives
- Manage employers' liabilities effectively through the adoption of employer specific funding objectives
- Ensure net cash outgoings can be met as/when required
- Ensure that the future strategy, investment management actions, governance and reporting procedures take full account of longer-term risks and sustainability



- Promote acceptance of sustainability principles and work together with others to enhance the Fund's effectiveness in implementing these
- Work with colleagues in the ACCESS pool to develop opportunities so that it is the first choice for investing the Fund's assets subject to it being able to meet the requirements of the Fund's investment strategy and objectives (including environmental, social and governance requirements), within acceptable long-term costs to deliver the expected benefits and subject to ongoing confidence in the governance of the partnership.

## Administration

- To pay the right benefits, to the right members, at the right time
- To collect income as necessary from external parties
- To develop a robust and effective Administration Strategy, and ensure that all those involved with delivering under the strategy feel supported to fulfil their roles and responsibilities
- To develop effective ways of measuring the performance of the pensions administration team and scheme employers in order to deliver the highest possible standard of service to scheme members
- To ensure appropriate, clear, and meaningful performance data is provided to the Local Pension Board and Pension Fund Committee to support them in their remit in scrutinising the management of the pension fund
- To build strong relationships with scheme employers and support them in fulfilling their statutory obligations under the LGPS
- To build strong relationships with other external parties that may be involved with or support the delivery of the LGPS to Kent Pension Fund members including but not limited to the Pension Fund Committee and Local Pension Board
- To ensure the Fund maintains the highest level of data integrity and that all data is handled with due consideration given to data processing legislation
- To communicate with and support scheme members so that they have easy access to their pension information and have a clear understanding of their pension in order for them to make informed decision
- To ensure that any breaches of Regulations/legislation are reported to the necessary parties in a timely manner
- To monitor all complaints, compliments and comments and use these as a learning tool to improve the service delivery

## Business as usual

Later in this business plan we highlight our key priorities for the next three years. This focuses on areas of change and project-like tasks which are in addition to our day to day “business as usual” duties.

Managing the Fund on a day-to-day basis involves a wide range of processes and procedures, some of which are outlined below and all of which have been designed around achieving our Fund’s objectives as outlined in our strategies and policies. The management of the Fund is significant, complex, and highly regulated. As such, these processes and procedures require expert knowledge and experience from both officers and external advisors in several diverse areas as illustrated below.

### Governance

Theme	Sub-theme	Timetable	Action
Governance	Financial Control	Annual	Prepare annual accounts and annual report in compliance with CIPFA requirements
Governance	Financial Control	Annual	Preparing and monitoring the Pension Fund's budget and cashflow
Governance	Financial Control	Ongoing	Assist internal and external auditors in their role
Governance	Financial Control	Ongoing	Set agenda, reporting and presentation to PFC, PB and working groups
Governance	Financial Control	Ongoing	Support Chairman in role on the ACCESS Joint Committee
Governance	Financial Control	Ongoing	Participate in ACCESS officer groups (s151, OWG, various sub-groups)
Governance	Financial Control	Ongoing	Report on ACCESS progress on a quarterly basis to the PFC and LPB
Governance	Financial Control	Ongoing	Develop and maintain training plan for PFC and LPB
Governance	Operational Control	Ongoing	Establish, maintain, and test business continuity arrangements/plans
Governance	Operational Control	Ongoing	Implementing and monitoring the achievement of other governance areas such as training policy, conflict of interest policy, risk register, and compliance against The Pension Regulator’s Code of Practice
Governance	Compliance	Ongoing	Compliance with KCC policy and law re procurement, data protection and health and safety
Governance	Compliance	Ongoing	Reply to FOI requests
Governance	Compliance	Ongoing	Respond to consultations and regulatory developments

Governance	Compliance	Ongoing	Preparation of statutory and non-statutory returns
Governance	Procurement	TBA	Fund actuary procurement
Governance	Procurement	TBA	Custodian and record keeper procurement

## Funding and Investment

Theme	Sub-theme	Timetable	Action
Funding	Valuation	2022/23	Assist Fund actuary with triennial valuation exercise and communicate results to employers
Funding	Valuation	2023/24	Submit data to the GAD for the s.13 review
Funding	Employer governance	Ongoing	Monitor employers' funding positions and covenants
Funding	Employer governance	Ongoing	Facilitating employer events (admissions, cessations etc.) effectively
Funding	Employer governance	Ongoing	Support the provision of IAS19/FRS102 reporting for employers via submission of data to the Fund actuary
Funding	AVCs	Ongoing	Review AVC provision on a regular basis
Investment	Asset pooling	Ongoing	Ongoing pooling of investment assets
Investment	Asset pooling	Ongoing	Support/Manage/Monitor/Contribute to ACCESS project
Investment	Strategy	2023/24	Review ISS
Investment	Monitoring	Ongoing	Review current asset allocation vs strategic asset allocation
Investment	Monitoring	Ongoing	Review performance and continuing suitability of equity protection programme
Investment	Monitoring	Ongoing	Quarterly monitoring of investment performance (AA and FMs)
Investment	Monitoring	Ongoing	Appoint/Monitor/Terminate fund managers including within a pooling environment
Investment	Monitoring	Ongoing	Ensure investment costs are fully disclosed in line with CTI
Investment	Responsible investment	Medium Term	Review membership of collaborative initiatives

## Administration

Theme	Sub-theme	Timetable	Action
Administration	Governance	Ongoing	Review all Pension Fund policies
Administration	Governance	Ongoing	Ensure that all complaints are dealt with in a timely manner
Administration	Reporting	Ongoing	Produce quarterly administration performance reports for the Local Pension Board
Administration	Reporting	Ongoing	Monitor and report against the Administration Strategy
Administration	Communication	Ongoing	Review the content of the Pension Fund website to ensure it is compliant and fit for purpose
Administration	Communication	Ongoing	Produce newsletters for members and employers
Administration	Communication	Ongoing	Timely production of Benefit Statements for Active and Deferred members
Administration	Communication	Ongoing	Timely production of Pension Saving Statements for members who exceed the Annual Allowance
Administration	Communication	Ongoing	Communicate any scheme changes to Pension Fund Committee, Local Pension Board, members, and employers as appropriate
Administration	Communication	Ongoing	Deliver Employer Forum and receive feedback from employers

## Three-year Business Plan

### Key tasks for 2022/23 – 2024/25

The Fund has many ongoing pieces of work, and also some key tasks for the forthcoming years, the tables below are grouped into the areas of **Governance, Funding and Investments** and **Administration** to align with the key aims and objectives of these strategies and policies.

#### Governance

Action	2022/23	2023/24	2024/25
Implement recommendations of Barnett Waddingham governance review	X	X	
Implement recommendations of SAB Good Governance review (as necessary)		X	
Investment consultant procurement	X		
Develop TCFD reporting		X	
Implement BW governance review recommendations	X		
Assess TPR single code of practice	X	X	X
Develop and maintain cybersecurity policy and arrangements	X	X	X
Assess new LGPS pooling guidance (expected)		X	

#### Investment and Funding

Action	2022/23	2023/24	2024/25
Further develop approach to climate risks and opportunities		X	
Determine funding strategy with actuary for three years, consulting with employers	X		
Investment strategy review and implementation		X	X
Explore suitability of hedging other risks (including currency)		X	
Further develop responsible investment approach	X	X	X
Develop annual stewardship reporting		X	
Explore levelling up agenda		X	
Interim funding review			X

## Administration

Action	2022/23	2023/24	2024/25
Complete Guaranteed Minimum Pension Reconciliation and Rectification project, taking guidance from Pension Fund Committee on any potential under and over payments of pension	X	X	X
Develop and deliver a Data Improvement Plan		X	
Plan for and deliver McCloud project	X	X	X
Plan for and deliver Pensions Dashboard project		X	X
Assess current resource levels and carry out appropriate capacity planning, including a review of team structure	X	X	
Clear backlog of individual cases in an efficient way	X	X	
Identify and implement any system enhancements in order to improve on efficiency and effectiveness of the service delivery	X	X	
Promote digital offering to members and employers including but not limited to Member Self Service and iConnect	X	X	X
Develop and deliver an Administration Strategy	X		
Manage the expiration of the current administration system contract	X	X	
Carry out the 2022 Triennial Valuation	X		
To deliver the day-to-day BAU including but not limited to new scheme joiners, transfers in/out, refunds, deferred benefits, retirement estimates, payment of retirement benefits, deaths, divorces, general correspondence	X	X	X
Compliance with future regulations/legislative changes, including appropriate communication, training and process notes for members and employers	X	X	X
Draft an Administering Authority Discretions Policy	X		
Develop a robust Breach Reporting Policy		X	
Develop and deliver Fund surveys to capture feedback from all stakeholders in order to inform the future improvement of the service		X	

## Delivering the Business Plan

### Monitoring and Reporting

In order to identify whether we are meeting our agreed business plan we will:

- continue to monitor progress of the key priorities and budgets on an ongoing basis within the Pension Fund Management Team
- provide updates on progress against these key priorities on a quarterly basis to the Pension Fund Committee, which will be shared with the Pension Board
- as part of these quarterly updates:
  - highlight any areas where we are exceeding or failing to achieve our targets and the reasons why, and identify any changes to the planned priorities as a result of this
  - highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent

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From:	Corporate Director of Finance
To:	Local Pension Board – 24 November 2022
Subject:	Pensions Administration
Classification:	Unrestricted

**Summary:**

This report brings members up to date with a range of matters concerning the administration of the Kent Local Government Pension Scheme (LGPS) for the period 1 August to 31 October 2022.

**Recommendations:**

The Board is recommended to note the report.

**REPORT SUMMARY**

1. Performance Update
2. Staffing
3. Compliments & Complaints
4. Internal Dispute Resolution Procedure (IRDP) Appeals
5. Communications & Support
6. Projects
7. Common & Scheme Specific Data
8. Administration Strategy

**For Information****1. Performance**

1.1 During the period 1 August to 31 October 2022 a total of 17,334 new cases were received by the Pensions team, with 16,385 cases completed during the same period. The number of cases outstanding at the end of the period increased from 13,226 to 13,448. The majority of these related to the processing of the new scheme joiners and leavers that were cleared from the backlog following the influx at year end. This resulted in a considerable number of Aggregation cases where members are transferring benefits from another LGPS fund or employer, Refunds and Early Leavers.

1.2 The total number of cases completed within the service level agreement was 84% and performance against some targets was of a high standard. Initial Death Notifications (97%), Balance of Death Payments/Recovery of Death Overpayments (92%), Provision of Retirement Estimates (92%), Pension Sharing

on Divorce (100%), General Correspondence (98%), Change of Details (99%) and Opt Outs (96%).

1.3 The team are continuing to work through the backlog of unclaimed Death Grants which is impacting on the service level attainment for these cases. With Payment of Retirement and Survivor Benefits, although not all cases are completed within the SLA, the team always strive to ensure pensions are set up for the next available payroll run.

1.4 The Board will note that a RAG system has been added to the report to easily identify areas of good and poor performance, as well as areas where backlog has increased or decreased. Therefore, making it clearer where attention needs to be focussed (either via increased resource or improved processes). It is important to note though that some of the outstanding cases could be on 'Reply Due' status, meaning that responses are awaited from a member, employer or third party before the team are able to proceed. The new style reporting (using a new system; Insights), which should be implemented in due course, will allow the breakdown of which of the outstanding cases are on Reply Due.

1.5 Further detail on performance can be found at **Appendix 1**.

## **2. Staffing**

2.1 At the meeting of the Pension Fund Committee on 28 September 2022, it was highlighted that due to the workloads of the team a number a review of the level of resource was ongoing. The Committee endorsed this approach. This review has concluded, and a number of additional roles have been highlighted and agreed by the Head of Pensions and Treasury and the Corporate Director of Finance. The recruitment of the agreed additional posts has commenced. This includes a Senior Pensions Programme Manager to support the team with the considerable number of ongoing and upcoming internal and externally driven projects. A Business Support Officer to relieve the team of all non-Pensions Admin related to tasks. Plus, an expansion to the Communications & Support Team including a Team Manager and 4 Pension Assistants to support the self-service drive for employers (iConnect) and members (Member Self Service), and to expand on the engagement with Active and Deferred members.

2.2 In addition, the team are currently recruiting 5 Pensions Administrators which are filling for current vacancies.

2.3 With effect from 1 November, the way work is allocated to the team was changed so that each administration team spends a minimum of 1 month on a given subject area. These are split between Benefits, Estimates and Transfers. Previously teams only spent 1 week on each area before moving on. It is hoped that this new arrangement will allow team members (especially those in training) to become more knowledgeable and experienced in each area as they spend a

longer period of time processing each case type. In addition, it will allow for more focus on backlog projects to work through outstanding, aged cases. The team will also be dedicating a minimum of 1 day per month working purely on backlog cases. The first of which took place on 31 October where the team worked on clearing down e-mails in the Pensions mailbox and leaver pack queries with employers. Significant progress was made on each area.

### 3. Compliments & Complaints

3.1 Compliments and complaints are received via two methods. One is the corporate system called i-Casework and the second is logging a case via the pensions administration database in the same manner as all other received casework. The corporate system allows for satisfactory management information and tracking of all ongoing cases, whereas more work is needed on the internal method so that cases can be properly recorded, tracked and responded to. Standard response templates are being created as well as a log to record root causes and outcomes so that the data can be used to ascertain where improvements to processes, documents etc may be required.

3.2 The corporate complaints system recorded a total of 16 complaints in the calendar year to date, with the majority of these relating to Delays.

#### Root Causes for cases received at Stage One

Case type	Total	%
Delay in contacting customer	5	31%
Delay in doing something	5	31%
Disagree with policy or procedure	1	6%
Quality of communications	5	31%
<b>Total</b>	<b>16</b>	

### 4. Internal Dispute Resolution Procedure (IDRP) Appeals

4.1 A total of 3 new IDRP Stage 1 applications were received during the period. These all related to the payment of Death Grants. All applications have been sent to the independent adjudicator and responses are awaited.

### 5. Communications & Support

**5.1 Member Self Service (MSS)** – As at 31 October there were a total of 6,352 members registered for member self-service. During the period 1,938 new members registered. The team answered 751 registration queries and sent out 1,464 activation code letters. In addition, there were 11,292 visitors to the MSS page on the Fund website.

**5.2 Telephone Calls** – During the period August to October, the team answered 3,421 telephone calls. However, 7,439 calls were attempted resulting in 4,018 having to be abandoned. This is due to the lack of sophistication with the phone system which results in a limited number of agents being available to take calls and ultimately a poor level of service being provided to customers. Please see below ‘Projects’ section for an update on the new telephony solution.

**5.3 E-mails and Website** – A total of 4,807 e-mails were received into the Pensions mailbox during August, September and October. During the same period, there were 40,646 visitors to the website with the most popular page being Member Self Service.

**5.4 Website Accessibility** – An accessibility audit was carried out on the Pension Fund website. In total, it received 44 Passes and 0 Not Met scores. The website was given the rating of ‘Low Risk’ overall. As there were 0 Not Met scores, the website is fully compliant. Further detail can be found at **Appendix 2**.

**5.5 Newsletters** – The Autumn edition of the Open Lines newsletter for Pensions was dispatched on 10 October. The Open Lines newsletter is sent bi-annually to circa 40,000 by post in Spring and Autumn. The Spring edition includes information on Pensions Increase, P60’s and April payslip information. An external consultant is used to provide information about government benefits and also provides a helpline. The Autumn edition can be found at **Appendix 3**.

**5.6 Employer Forum** – The Annual Employer Forum is being held at Ashford International Hotel on 9 December where the Fund Actuary will be presenting the results of the 2022 Triennial Valuation and the draft Administration Strategy will be presented to employers. Employers will also have the opportunity to book individual sessions with the Actuary which will take place after the forum.

## **6. Projects**

**6.1 Administration System Contract** – A proposal has now been received from the current system provider and details will be included in the paper being drafted for the attention of an appointed legal firm so that options can be considered ahead of May 2023 when the current contract expires.

**6.2 GMP Rectification** – The commercial case has been written and the tender is live. The procurement is intended to follow the timeline below:

1	Further Competition Issued	26/10/2022
2	Deadline for Clarification questions	10/11/2022
3	Issue responses to clarifications	18/11/2022

3	Deadline for Further Competition responses	05/12/2022
4	Evaluation	09/12/2022
7	Issue intention to award letters	09/01/2023
8	Standstill Period End	19/01/2023
9	Contract Award	23/01/2023
10	Service Commencement	01/02/2023

6.3 **Printing Solution** – Costs have been agreed and a proposal approved by KCC IT to implement a new printing solution with an external mailing house. This will release approximately 12 hours per week to be re-focussed on pensions administration work whilst the majority of printing is redirected to the mailing house for printing and dispatch.

6.4 **Telephony Solution** – Meetings have been taking place between representatives from the Pensions Team and IT to implement a much-improved telephony system via the existing contract with Microsoft Teams. Some quick wins have been identified with regard to updating recorded messages (greeting, out of hours, holding and line busy messages), as well as updating the telephone operating times, call timeout times and maximum call queue levels. However, the main solution being developed is the call routing via call queues so that customers have options to select relating to their enquiry and the calls are answered by agents who are experts in that subject area. This will increase customer satisfaction and also allow the number of agents assigned to call queues to be increased as they will be assigned based on each person's level of knowledge and experience.

6.5 **Annual Allowance** – All Pension Saving Statements were dispatched in time for the statutory deadline of 6 October. The total number of statements dispatched for 2021/22 was 275. This represents a 65% increase from 2020/21.

6.6 **Pensions Dashboard** – Following its earlier consultations, the DWP has now laid before Parliament its regulations for pensions dashboards. As well as setting out the details of how dashboards will operate and the obligations on schemes, the regulations confirm the staging deadlines where all Public Service Pension Schemes will be required to connect to the initial dashboard by 30 September 2024. As expected, there is still no confirmation of when members will be given access to dashboards, but the regulations confirm that at least 6 months' notice will be given. Please see **Appendix 4** for a summary the main points.

6.7 **iConnect** – The team are continuing to on-board two of the larger employers on to iConnect, and the majority of new employers who join the Fund are onboarded to iConnect as a matter of course from the outset. The intention will be to make this the mandatory process for employers submitting data, however this date is yet to be decided. At which point a robust plan will be required for the order of

on-boarding all employers, but it is likely these will be grouped by payroll provider as many schools and academies use the same providers. As they will have to develop reports to extract the data, it makes sense to do this for all the employers they provide a payroll service for.

## 7. Common & Scheme Specific Data

7.1 Further to an extract of data being taken by the system provider on 3 October, the Pensions Regulator measure of data quality for inclusion in the scheme return is as follows:

Common 95.0% (2021 score was 95.6%)

Scheme-specific 93.8% (2021 score was 92.4%)

7.2 The benchmarks applied to the results were agreed between Kent and Heywood. The thresholds are as follows:

Category	Pass Threshold
Blue	Pass rate $\geq$ 98%
Green	95% $\leq$ Pass rate $<$ 98%
Amber	90% $\leq$ Pass rate $<$ 95%
Red	Pass rate $<$ 90%

7.3 TPR have set targets of 100% accuracy for data created after June 2010 and 95% accuracy for data created beforehand. Heywood's state in the report that the general quality of the common data tested at Kent is of a high standard.

7.4 The Data Quality Reports can be found at **Appendix 5(i)** and **(ii)**, with the data errors from these reports plus those from the valuation data cleansing will be used alongside a data accuracy report being developed by the system provider to inform the Fund's Data Improvement Plan.

## 8. Administration Strategy

8.1 At the Pension Fund Committee meeting held on 28 September 2022, a first draft of the new Administration Strategy was presented to members. The documents have been created to bring together the employer and pensions team performance expectations in one document.

8.2 Following presentation of the document to employers at the December forum, there will be a formal period of consultation with all scheme employers before the definitive version is implemented from 1 April 2023.

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**November 2022**

**Appendix 1 – Admin Update August to October 2022**

**Appendix 2 – Kent Pension Fund Accessibility Audit Report**

**Appendix 3 – Open Lines Newsletter Autumn 2022**

**Appendix 4 – AON In Touch Dashboards Regulations**

**Appendix 5(i) – Kent LGPS Common Data Report 2022**

**Appendix 5(ii) – Kent LGPS Scheme Specific Data Report 22**

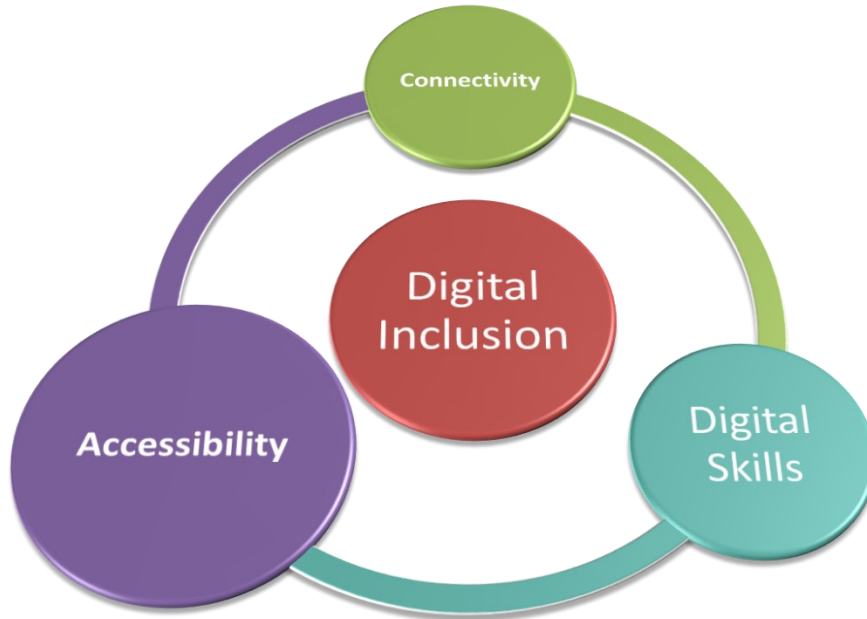
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	Case Type	SLA (days)	Tolerable Performance (%)	Number of cases open at start of the period	Number of cases received	Number of cases completed	Number of cases completed within SLA	% of cases completed within SLA	Number of cases completed outside of SLA	Average number of days to complete cases	Number of cases open at end of the period
Deaths	Initial Death Notification	15	TBA	69	387	366	356	97%	10	4	76
	Survivors Pensions	15	TBA	49	124	118	88	75%	30	13	51
	Death Grant Payment	20	TBA	144	100	87	31	36%	56	75	156
	Balance of Payments/Overpayment Recovery	15	TBA	66	229	229	211	92%	18	9	60
Retirements	Payment of Retirement Benefits	20	90	303	767	663	481	73%	182	19	376
	Provision of Retirement Estimates	20	TBA	384	1,303	1,140	1,044	92%	96	12	471
Early Leavers	Payment of Refunds	20	TBA	1,768	850	574	259	45%	315	52	1,904
	Provision of Deferred Benefit Statements	60	TBA	3,378	890	430	105	24%	325	143	3,618
Transfers	LGPS Transfer In Estimates	250	TBA	328	88	28	22	79%	6	163	368
	Aggregation In Estimates	260	TBA	1,260	112	68	54	79%	14	164	1,291
	LGPS Transfer Out Estimates	20	TBA	219	102	86	25	29%	61	130	223
	LGPS Transfer In Actuals	20	TBA	177	48	15	2	13%	13	140	209
	Aggregation In Actual	60	TBA	3,215	771	314	90	29%	224	137	3,537
	LGPS Transfer Out Actuals	20	TBA	100	96	42	5	12%	37	53	147
	Non LGPS Transfer In Estimates	20	TBA	42	41	33	2	6%	31	72	45
	Non LGPS Transfer Out Estimates	20	TBA	97	128	113	35	31%	78	43	97
	Non LGPS Transfer In Actuals	20	TBA	167	30	62	3	5%	59	79	131
Non LGPS Transfer Out Actuals	20	TBA	25	20	21	13	62%	8	31	31	
Divorces	Pension Sharing on Divorce Estimates	6 weeks	TBA	31	83	88	88	100%	0	17	21
	Pension Sharing on Divorce Implementations	4 months	TBA	7	2	3	3	100%	0	56	5
General	New Starters	30	TBA	1,197	6,386	7,106	6,071	85%	1,035	11	472
	General Correspondence	15	98	63	2,193	2,190	2,156	98%	34	2	51
	Change of Details (i.e. address, name, nomination)	10	TBA	38	2,481	2,508	2,490	99%	18	0.5	9
	Opt Outs	20	TBA	84	81	73	70	96%	3	4	90
	Lost Pension	20	TBA	15	22	28	19	68%	9	109	9
Total				13,226	17,334	16,385	13,723	84%	2,662	61	13,448

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# Kent Pension Fund Accessibility Audit Report

## Revision History

Version	Date	Authors	Comment
0.1	28-10-2022	N Cheung	Draft
1.0	28-10-2022	N Cheung D Willis J Church	Live

This document is for the intended recipient only and not to be shared with any individual or organisation outside of Kent County Council without the consent of the author.

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## Introduction

Digital Inclusion is a fundamental component of Kent County Council. KCC aims to ensure that the digital services via the web are available for all customers and are fully accessible to the meet diverse needs of citizens in Kent. The programme aims to support KCC's staff and customers with digital skills and to provide the necessary channels to connect to The Authority's services.

KCC has committed to following the Government Digital Service's 'Standard' as the baseline roadmap, with the three core Digital Inclusion principles of 'Connectivity', 'Digital Skills' & 'Accessibility' placed at the heart of the programme.

In order to satisfy the 'Accessibility' element of the Digital Inclusion principles, an accessibility audit of the **Kent Pension Fund** system has been carried out.

## What is 'Accessibility'?

A variety of impairments affect the user's ability to perceive, understand or physically manipulate things. They can occur for many different reasons, including medical conditions, injury, the environment, or age.

For example, customers may have difficulty:

- Perceiving visual things if they are blind or partially sighted
- Perceiving sounds if they are deaf or hard of hearing or if they are working in a noisy environment
- Understanding things if they have a learning impairment
- Manipulating things if they have a physical disability, an injury or as a consequence of age.

The goal of Accessibility is to ensure that application software/hardware/systems are available to and usable by the widest possible audience. This requires that wherever practical, users can perceive and understand what is on the screen and operate the controls.

## Accessibility Compliance

KCC is committed to complying with the following standards with regards to Digital Accessibility:

- [Equality Act 2010](#)
- [Public Sector Bodies \(Websites and Mobile Applications\) Accessibility Regulations 2018](#)
- [Web Content Accessibility Guidelines \(WCAG 2.1\)](#)
- [ISO/IEC 13066-1: 2011 Information Technology – Interoperability with assistive technology](#)
- [EN 301 549](#)

Accessibility non-compliance is monitored by Government Digital Service (GDS). GDS may audit any KCC web-based system without notice and pass the results back to the named contact on the website's accessibility statement. If an audit is received from GDS, the System Owner must:

- Pass all information to the Digital Accessibility Team, who will respond on behalf of KCC
- Work with the Digital Accessibility Team and suppliers to fix all identified issues by the specified date.

The Digital Accessibility Team will collate evidence for GDS and the Equality and Human Rights Commission which will require input from the service. Any remaining issues on or after the deadline could result in legal action against KCC under the Equality Act (2010) as well as significant reputational damage.

## Accessibility Evaluation Standards

The Audit uses Web Content Accessibility Guidelines (WCAG 2.1) Accessibility Checklist as its basis, with the [WebAIM WCAG 2.1 checklist](#) as the key interpreter. WCAG 2.1 AA is the accessibility standard set by the Government Digital Service under the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 and as an organisation KCC is required to comply with this standard for all its digital systems.

Within the evaluation each point of WCAG is awarded a 'Pass', 'Partially Met', 'Not Met' or N/A result. To be compliant against the regulations, a system must:

- Have received all Pass marks applicable to their platform and content (no Partial or Not Met results)
- Have received all Pass marks associated with the mobile design checklist.
- Published an accessibility statement in line with KCC's template ([available on KNet](#)).

This audit will also seek to determine the severity of a system's accessibility issues and a risk rating will be determined based on a multiplication of the system's likelihood of challenge that results in damage to The Authority, and the severity of accessibility issues found in this audit.

	1	2	3	4	5
<b>Challenge</b>	Very Unlikely	Unlikely	Possible	Likely	Very Likely
<b>Severity of Issues</b>	Accessibility statement & few minor/cosmetic issues present	Accessibility statement & numerous minor/cosmetic issues present	Accessibility statement & significant issues present  No accessibility statement & numerous minor/cosmetic issues present  Use of an <a href="#">accessibility overlay</a> is present	No accessibility statement & significant issues present  Use of an <a href="#">accessibility overlay</a> is present	No accessibility statement & issues that exclude user groups present  Use of an <a href="#">accessibility overlay</a> is present

## Web Content Accessibility Guidelines (WCAG 2.1)

Web Content Accessibility Guidelines (WCAG) are developed through the W3C process in cooperation with individuals and organisations from around the world and aim to provide a single shared standard for web accessibility.

WCAG 2.1 is divided into three conformance levels (A, AA, AAA) with the success criteria based on the impact they have on design or visual presentation of the pages. For the purposes of this audit only the first two levels (A & AA) will be utilised.

The WCAG Levels can be interpreted as follows:

- **Level A** - Success criteria are those which will have a high impact on a broad array of user populations. In other words, they (usually) do not focus on one type of disability alone. They will also have the lowest impact on the presentation logic and business logic of the site.
- **Level AA** - Success criteria will also have a high impact for users. Sometimes only specific user populations will be impacted, but the impact is important. Adherence to these success criteria may impose changes to a system’s presentation logic or business logic.

## Audit Scope

The Accessibility Audit described in this document represents a view of the target system at the time of audit. A representative selection of user journeys are assessed, this sample based on recommendations within [Government Digital Services guidance for performing an accessibility check](#). Issues found within this audit could be present in other areas of the system that were not included within scope.

The following pages were tested against WCAG 2.1:

Page	URL
Home Page	<a href="https://www.kentpensionfund.co.uk/">https://www.kentpensionfund.co.uk/</a>
Local Government Page	<a href="https://www.kentpensionfund.co.uk/local-government">https://www.kentpensionfund.co.uk/local-government</a>
Police Officers Page	<a href="https://www.kentpensionfund.co.uk/police-officers">https://www.kentpensionfund.co.uk/police-officers</a>
About Us Page	<a href="https://www.kentpensionfund.co.uk/local-government/about-us">https://www.kentpensionfund.co.uk/local-government/about-us</a>
Administration of the Fun Page	<a href="https://www.kentpensionfund.co.uk/local-government/about-us/administration-of-the-fund">https://www.kentpensionfund.co.uk/local-government/about-us/administration-of-the-fund</a>
Contact us Page	<a href="https://www.kentpensionfund.co.uk/local-government/about-us/contact-us">https://www.kentpensionfund.co.uk/local-government/about-us/contact-us</a>
Pensioner member contact us Page	<a href="https://www.kentpensionfund.co.uk/local-government/pensioner-member-receiving-a-pension/contact-us">https://www.kentpensionfund.co.uk/local-government/pensioner-member-receiving-a-pension/contact-us</a>



## Detailed Results

The results of the audit ordered by WCAG points with information on the specific failures and explanations of remedial action required are detailed in the following table. For greater technical detail results of the audit please see the associated audit fault log for this system.

For information on each WCAG criterion's requirements and recommendations, please see the [WebAIM WCAG 2.1 checklist](#).

WCAG No.	Level	Guideline	Status	Evaluation	Remedial Action
1.1.1	A	<a href="#">Non-text Content</a> <i>Provide text alternatives for non-text content</i>	Pass	There is alt text associated with all elements that require it.	
1.2.1	A	<a href="#">Audio-only and Video-only (Pre-recorded)</a> <i>Provide an alternative to video-only and audio-only content</i>	N/A	Content not available.	
1.2.2	A	<a href="#">Captions (Pre-recorded)</a> <i>Provide captions for videos with audio</i>	N/A	Content not available.	
1.2.3	A	<a href="#">Audio Description or Media Alternative (Pre-recorded)</a> <i>Video with audio has a second alternative</i>	N/A	Content not available.	
1.2.4	AA	<a href="#">Captions (Live)</a> <i>Live videos have captions</i>	N/A	Content not available.	
1.2.5	AA	<a href="#">Audio Description (Pre-recorded)</a> <i>Users have access to audio description for video content</i>	N/A	Content not available.	
1.3.1	A	<a href="#">Info and Relationships</a> <i>Logical structure</i>	Pass	There is a logical structure to how content has been ordered.	
1.3.2	A	<a href="#">Meaningful Sequence</a> <i>Present content in a meaningful order</i>	Pass	There is a meaningful sequence to all content on the website.	

1.3.3	A	<a href="#">Sensory Characteristics</a> <i>Use more than one sense for instructions</i>	Pass	There is more than one sense is used for instructions.	
1.3.4	AA	<a href="#">Orientation</a> <i>Content is not restricted to only one orientation</i>	Pass	Content is not restricted to only one orientation.	
1.3.5	AA	<a href="#">Identify Input Purpose</a> <i>Input fields have appropriate autocomplete attributes defined</i>	Pass	All input fields have appropriate autocomplete attributes.	
1.4.1	A	<a href="#">Use of Colour</a> <i>Don't use presentation that relies solely on colour</i>	Pass	Presentation does not solely rely on colour.	
1.4.2	A	<a href="#">Audio Control</a> <i>Don't play audio automatically</i>	Pass	Audio does not play automatically when loading up the web page.	
1.4.3	AA	<a href="#">Contrast (Minimum)</a> <i>Contrast ratio between text and background is at least 4.5:1</i>	Pass	Contrast ratio between text and background is at least 4.5:1 or higher.	
1.4.4	AA	<a href="#">Resize Text</a> <i>Text can be resized to 200% without loss of content or function</i>	Pass	Text can be resized to 200% without loss of content or function.	
1.4.5	AA	<a href="#">Images of Text</a> <i>Don't use images of text</i>	Pass	There are no images of text used on the website.	
1.4.10	AA	<a href="#">Reflow</a> <i>No loss of content or functionality occurs, and horizontal</i>	Pass	There is no loss of content or functionality occurs, and horizontal	

		<i>scrolling is avoided when content is presented at a width of 320 pixels.</i>		scrolling is avoided when content is presented at a width of 320 pixels.	
1.4.11	AA	<u>Non-text Contrast</u> <i>Contrast ratio of hover and graphical components and background is at least 3:1</i>	Pass	Contrast ratio of hover and graphical components and background is at least 3:1 or higher.	
1.4.12	AA	<u>Text Spacing</u> <i>No loss of content/functionality when text spacing/line height is 1.5x font size, paragraph spacing is 2x font size, word spacing is .16x font size and letter spacing is .12x font size</i>	Pass	There is no loss of content or functionality when applying text spacing.	
1.4.13	AA	<u>Content on Hover or Focus</u> <i>Content on hover or focus can be dismissed, focused on and remains visible until focus is taken away from the content</i>	Pass	Content on hover or focus can be dismissed, focused on and remains visible until focus is taken away from the content.	
2.1.1	A	<u>Keyboard</u> <i>Accessible by keyboard only</i>	Pass	All elements are accessible when only using the keyboard.	
2.1.2	A	<u>No Keyboard Trap</u> <i>Don't trap keyboard users</i>	Pass	There are no keyboard traps on any of the pages.	
2.1.4	A	<u>Character Key Shortcuts</u> <i>Ability to disable custom key shortcuts is provided</i>	Pass	There is the ability to disable custom key shortcuts on the Kent Pension Fund site.	

2.2.1	A	<a href="#">Time Adjustable Pass</a> <i>Time limits have user controls</i>	N/A	Content not available.	
2.2.2	A	<a href="#">Pause, Stop, Hide</a> <i>Provide user controls for moving content</i>	Pass	There are user controls for moving content that the user has full control over.	
2.3.1	A	<a href="#">Three Flashes or Below</a> <i>No content flashes more than three times per second</i>	Pass	No content flashes more than three times per second.	
2.4.1	A	<a href="#">Bypass Blocks</a> <i>Provide a 'Skip to Content' link</i>	Pass	There is a "Skip to main content" link at the top of every page that receives keyboard focus.	
2.4.2	A	<a href="#">Page Titled</a> <i>Helpful and clear page title</i>	Pass	Helpful and clear page title is provided.	
2.4.3	A	<a href="#">Focus Order</a> <i>Logical order</i>	Pass	There is a logical order to content on the website.	
2.4.4	A	<a href="#">Link Purpose (In Context)</a> <i>Every link's purpose is clear from its context</i>	Pass	Every link has accessible text associated with it, clearly explaining its purpose and destination.	
2.4.5	AA	<a href="#">Multiple Ways</a> <i>Offer several ways to find pages</i>	Pass	There are multiple ways of navigating the website.	
2.4.6	AA	<a href="#">Heading and Labels</a> <i>Use clear headings and labels</i>	Pass	Clear headings and labels are used.	
2.4.7	AA	<a href="#">Focus Visible</a> <i>It is clear which element has current keyboard focus</i>	Pass	There is a visible focus indicator on all sections of the website.	

2.5.1	A	<a href="#">Pointer Gestures</a> <i>All non-essential multipoint gestures can be performed with a single point</i>	Pass	All non-essential multipoint gestures can be performed with a single point.	
2.5.2	A	<a href="#">Pointer Cancellation</a> <i>Avoid non-essential down-events</i>	Pass	Non-essential down-events have been avoided.	
2.5.3	A	<a href="#">Label in Name</a> <i>If components present text, their accessible tags include the same text</i>	Pass	Text and labels have the same accessible text as one another.	
2.5.4	A	<a href="#">Motion Actuation</a> <i>Functionality triggered by motion can be disabled and an alternative provided</i>	N/A	Content not available.	
3.1.1	A	<a href="#">Language of Page</a> <i>Page has a language assigned</i>	Pass	The language of the page has been defined.	
3.1.2	AA	<a href="#">Language of Parts</a> <i>Tell users when the language on a page changes</i>	Pass	There is an ability to change languages on the page.	
3.2.1	A	<a href="#">On Focus</a> <i>Elements do not change when they receive focus</i>	Pass	All elements that receive focus do not change when they do and do not change any other elements on the page.	
3.2.2	A	<a href="#">On Input</a> <i>Elements do not change when they receive input</i>	Pass	Elements do not change when they receive input.	
3.2.3	AA	<a href="#">Consistent Navigation</a> <i>Use menus</i>	Pass	Menus are used consistently.	

		<i>consistently</i>			
3.2.4	AA	<a href="#">Consistent Identification</a> <i>Components that have the same functionality within a set of web pages are identified consistently.</i>	Pass	Components that have the same functionality within a set of web pages are identified consistently.	
3.3.1	A	<a href="#">Error Identification</a> <i>Clearly identify input errors</i>	Pass	Errors are clearly shown to the user.	
3.3.2	A	<a href="#">Labels or Instructions</a> <i>Labels or instructions are provided when content requires user input.</i>	Pass	There are labels and instructions provided when it is needed.	
3.3.3	AA	<a href="#">Error Suggestion</a> <i>Suggest fixes when users make errors</i>	Pass	All errors are described in good and thorough detail.	
3.3.4	AA	<a href="#">Error Prevention (Legal, Financial, Data)</a> <i>Reduce the risk of input errors for sensitive data</i>	N/A	Content not available.	
4.1.1	A	<a href="#">Parsing</a> <i>Significant HTML/XHTML validation/parsing errors are avoided</i>	Pass	Significant HTML/XHTML validation/parsing errors are avoided.	
4.1.2	A	<a href="#">Name, Role, Value</a> <i>Build all elements for accessibility</i>	Pass	All elements have been built for accessibility.	
4.1.3	AA	<a href="#">Status Messages</a> <i>Status messages announced by the screen reader if not focused on</i>	Pass	All status messages are announced to the user when they occur when using text and screen readers.	

## Mobile Testing

Checkpoint	Guideline	Status	Evaluation
MB1	Limit scrolling to one direction	Pass	Scrolling limited to one direction
MB2	All-important content reachable in sequence	Pass	Logical sequence
MB3	Website delivers a mobile dedicated design	Pass	Website does deliver a mobile dedicated design

## Accessibility Audit Result Overview

### WCAG Audit

Pass, Partially Met, Not Met	No.
Pass	44
Partially Met	0
Not Met	0

### Mobile Testing

Pass, Partially Met, Not Met	No.
Pass	3
Partially Met	0
Not Met	0

### Accessibility Statement

The Kent Pension Fund system does have a published Accessibility Statement in line with the [KCC Template](#).

### Final Result

The Kent Pension Fund system has been given a risk rating of **LOW**

- Compliant accessibility statement in place
- **Low risk** – Minor/cosmetic issues – something is wrong, but it won't affect users significantly.

Likelihood of challenge	4
Severity of accessibility issues	1
<b>Risk Rating</b>	<b>4 (Low)</b>

### Remedial Action

It is the system owner's responsibility to ensure that the system complies with WCAG 2.1 AA and active steps are taken towards resolving issues identified in this audit. This should be done in the following order:



1. Discuss the audit results with the Digital Accessibility Team and provide timescales for remedial actions
2. Ensure that the system has a published Accessibility Statement and that the known issues have been populated with the results of this audit
3. Contact your suppliers to make the necessary changes to Kent Pension Fund system for WCAG 2.1 compliance
4. Ensure that all relevant content created by your staff has been made accessible per the WCAG 2.1 requirements
5. Ensure that accessibility requirements are built into future contracts.

For greater technical detail results of the audit please see associated Audit Fault Log.

As a **low** risk site, Kent Pension Fund will not be re-audited in the next 12 months unless you inform us of a major change. The KCC Digital Accessibility team will contact you in 12 months to confirm that the issues are being worked on and that the risk to KCC is still low. Please keep your Directorate Accessibility Champion informed of progress remediating any issues identified.

You can find further advice and guidance about digital accessibility on the [Digital Accessibility KNet Page](#).

## Disclaimer

The Accessibility Audit described in this document represents a view of the target system at the time of audit.

Any content or structural changes made to the system after this point have the potential to impact on the level of compliance, and accessibility impact should be assessed before any changes are carried out.

At a later date if you are requested to provide evidence of progress on remedial action by the Digital Accessibility Compliance team, please ensure that you have this evidence available as this may be required for GDS monitoring purposes.

Whilst every effort has been made to ensure the accuracy of this audit and the recommendations within, this report is for general information only and is not legal advice or a guarantee of legal compliance. If you require legal advice on how this impacts your service or KCC overall, please consult with your appropriate legal advisor.

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# open lines

The newsletter of the Kent Pension Fund

Issue 44  
Autumn 2022

## Welcome to the autumn 2022 issue of Open Lines.

It is the newsletter for members receiving a local government pension from the Kent Pension Fund.

We want to keep in touch and update you with any changes to local government pensions. We also provide general information that you may find useful.

We hope you find the newsletter helpful, and we appreciate any feedback. Please email your comments to [pension.systems@kent.gov.uk](mailto:pension.systems@kent.gov.uk)

### Receiving Open Lines by email

Please consider opting to receive this newsletter as a link by email. We only use your email address for this purpose and will not pass it on to a third party. It helps the Kent Pension Fund save money in paper, printing, and postage.

If you wish to change to receiving this newsletter by email, please complete the online form at [www.kentpensionfund.co.uk/openlines](http://www.kentpensionfund.co.uk/openlines)

If you already receive it by email, please let us know any change of email address by completing the online form again.

### Website

Our website is [www.kentpensionfund.co.uk](http://www.kentpensionfund.co.uk)

It has a dedicated area for you. Click on Local Government on the home page and then Pensioner member (receiving a pension).

## In this Issue

### Welcome

#### Personal data

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## What we do with your personal data

**The General Data Protection Regulations (GDPR) give people greater rights. The regulations protect personal data.**

The Kent Pension Fund needs to hold and process personal data to pay pensions and manage the fund.

We have a short privacy notice and a full privacy notice. They detail the personal data we hold, what we do with it, and who we share it with. You can read them at [www.kentpensionfund.co.uk/privacynotice](http://www.kentpensionfund.co.uk/privacynotice)

If you do not have internet access, call us on **03000 41 34 88** and we will send you a copy.

## Pension Board and Committee vacancies

The Local Pension Board assists the Pension Fund Committee to ensure the Kent Pension Fund complies with the requirements of the LGPS regulations and The Pension Regulator. Both the Board and the Committee receive regular reports about governance and compliance issues. The agendas and minutes of meetings for the Board and the Committee are available at [www.kentpensionfund.co.uk](http://www.kentpensionfund.co.uk)

There are vacancies for scheme member representatives on the Committee and Board. If you are interested in becoming a member of the Board, please visit the website and search for Pension Fund Board. The deadline for applications is 31 October 2022. Search for Pension Fund Committee for information about the Committee.

## Local government pension payment contact details

We must apply the tax code that HM Revenue and Customs (HMRC) give us. If HMRC change your tax code, we send you a payslip. If you have a query about your tax code, please contact the tax office directly.

The Liverpool tax office deals with your tax code on your local government pension from the Kent Pension Fund. Their contact details are HMRC, Pay As You Earn, PO Box 1970, Liverpool L75 1WX, call **0300 200 3300** or textphone **0300 200 3319**. If you are calling from abroad, call **+44 135 535 9022**. Please quote the tax reference 663/KP for Kent Pension Fund, and your National Insurance number

If you have other queries about your pension payment, please contact the Pension Payroll Team. Email [pensions.payroll@hrconnect.org.uk](mailto:pensions.payroll@hrconnect.org.uk) or call **03301 249993**.

For any other pension queries contact the Kent County Council Pension Section. Complete the online enquiry form at [www.kentpensionfund.co.uk/contact](http://www.kentpensionfund.co.uk/contact) or call **03000 41 34 88**.



## Superannuation Fund Committee change of name

The Superannuation Fund Committee has changed its name to Pension Fund Committee. This ensures consistency of the terms used and keeps in line with best practice. It is a name change only; it does not affect their remit or terms of reference.



## Kent Pension Fund outturn 2021-22

2021-22 was a challenging year for the Kent Pension Fund due to the continuing impact of the COVID-19 pandemic, significant volatility in the financial markets, and rising inflation.

The Fund's overall value increased by £189m to £7.7bn at 31 March 2022. These monies are available to fund benefits. The Fund supports 149,112 scheme members, with pensioner membership increasing during 2021-22 by some 4,000.

## Responsible investment

Environmental, Social and Corporate Governance (ESG) issues are considered when making investment decisions. The Kent Pension Fund Responsible Investment (RI) Policy sets out how they are considered.

The RI policy explains the approach we expect our fund managers to take on our behalf. They must engage with companies that we invest in and encourage responsible investment behaviour. The approach includes shareholder voting and meetings with the companies about ESG issues. Our fund managers must report their voting decisions to us.

The RI working group is developing and implementing the policy. They have engaged the Fund's investment advisor Mercer to assess the Fund's carbon footprint.

Find out more about RI on our website at [www.kentpensionfund.co.uk](http://www.kentpensionfund.co.uk)

## Claiming pension credit

If you are over State Pension age (SPa) and on a low income, you may be entitled to extra money to help with your living costs. This is known as pension credit and is separate from your State Pension.

You can apply for pension credit up to 4 months before you reach your SPa. You can apply after you reach SPa but your application can only be backdated 3 months.

Find out about pension credit and how to apply on the GOV.UK website [www.gov.uk](http://www.gov.uk) or call the pension credit claim line on **0800 99 1234**.

If you need help completing benefit claim forms, make an appointment at your local Citizen's Advice Bureau. They have advisors that will help you.

## Member self service

Member self service (MSS) is available for members of the Kent Pension Fund.

You can:

- access a summary of your pension record
- access your payslip and P60 figures
- change your address
- change your nomination for the lump sum death grant if you are under age 75
- change your bank details.

You need to register to access member self service. You must have a personal email address to register.

Once you have registered, you can log in any time at your convenience. If you have already registered, log in at [www.kentpensionfund.co.uk/memberselfservice](http://www.kentpensionfund.co.uk/memberselfservice)

### How to register

Visit [www.kentpensionfund.co.uk/memberselfservice](http://www.kentpensionfund.co.uk/memberselfservice)

Scroll down to the register section and click on 'Register for member self service'. This takes you to the member self service site.

On the Welcome page, use the first button - 'Register for member self service'. Follow the instructions from there.

## New pensioner members

If you registered when you were a current or deferred member, you do not need to register again. You will now see your pensioner record instead.

You may have other ongoing current or deferred member records. If you have already registered, you do not need to register again. Use the 'Status' dropdown at the top right of your dashboard. It will show your pensioner record along with your other records.

## MaPS and MoneyHelper

The Money and Pensions Service (MaPS) is a body sponsored by the Department for Work and Pensions. It is committed to ensuring that people have access to the information they need to make financial decisions. It is funded by levies on the financial services industry and pension schemes.

MoneyHelper is a free and impartial service. It is provided by MaPS. It brings together the support and services of 3 financial guidance providers:

1. Money Advice Service (MAS)
2. The Pensions Advisory Service (TPAS)
3. Pension Wise.

Visit the MoneyHelper website at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

Call **0800 138 7777** for money guidance or **0800 011 3797** for pension guidance.

## Pension Administration Manager change

Barbara Cheatle retired from the role of Pension Administration Manager in April 2022 after many years working for the Kent Pension Fund. We wish Barbara well for the future. Clare Chambers is the new manager.

# Benefits update

Tina Gilchrist is the founding Director of CBG Solutions Limited, and has been responsible for the co-ordination and delivery of pre-retirement seminars for over 30 years. Her clients include many of the FTSE 100 Companies, whose employees receive support leading up to and following retirement. She is an expert in State Benefits and has experience in helping individuals through the maze of sometimes complex and constantly changing benefits. Tina can save valuable time searching for information that can be provided quickly and easily by a simple phone call on the helpline **01423 819452** or email **tina.gilchrist@cbgsolutions.co.uk**



**Tina Gilchrist**

This service is only available to those in receipt of a pension from the Kent Pension Fund

## 1. State Benefits

**1.1 Fast-tracked benefit access extended** Fast-tracked access to benefits have been extended to a year from 6 months for people nearing the end of life.

This means that people who are thought to be in their final year of life will be able to receive support through the 'Special Rules'. Those nearing end of life will be given fast-tracked access to Universal Credit (UC) and Employment and Support Allowance (ESA). This change will be extended to Personal Independence Payment (PIP), Disability Living Allowance (DLA) and Attendance Allowance (AA) as soon as parliamentary time allows.

Those who are eligible are not subject to a face-to-face assessment or waiting periods and in most cases they will receive the highest rate of benefits.

**1.2 Prescription charges frozen** The government confirmed that the NHS prescription charge in England is frozen at £9.35 per item. The cost of a prescription pre-payment certificate which lasts for 3 months is frozen at £30.25 and a 12-month prepayment certificate remains at £108.10. If you purchase a 12-month prepayment certificate, you have the option of paying by monthly direct debit stretched over a period of 10 months. You can apply for a pre-payment certificate by calling **0300 330 1341**.

Prescriptions in England are free for men and women over the age of 60, and are free for everyone in Scotland, Wales, and Northern Ireland.

**1.3 Care home fees – capital limits** The capital limits for residential care have remained at £23,250 upper limit in England and Northern Ireland, £50,000 for residential

in Wales, £24,000 for non-residential care in Wales, and has increased to £29,750 in Scotland. The lower limits have remained at £14,250 in England and Northern Ireland and £18,500 in Scotland. There is no lower limit in Wales. Where one member of a couple who are married or in a civil partnership enters a care home, 50% of that person's occupational pension, personal pension, or payment from a retirement annuity contract (or a total of these if all are in payment) can be passed back to the spouse or civil partner remaining in the family home, if agreed. This 50% of income is ignored in the means-test when calculating how much the resident can pay.

The disregard only applies where:

- the resident passes half of their occupational, private pension, or retirement annuity income back, and
- the husband, wife, or civil partner lives anywhere other than in the same care home as the resident.

The disregard does not apply to:

- partners who are neither married nor civil partners
- residents who pass an amount of less than 50% of the relevant income to their husband, wife, or civil partner.

The person eligible to receive the disregarded income does not have to accept it if it may leave them worse off as it can affect entitlement to means tested benefits.

Any income contributions should not take your income below the level of the weekly Personal Expenses Allowance (PEA), which is a minimum of £25.65 in England, £27.19 in Northern Ireland, £31.00 in Scotland, and £32 in Wales. It is now called the Minimum Income Amount. This money is for you to spend on personal items, such as toiletries, stationery, and haircuts.

## 2. Finance

**2.1 Withdrawal of paper £20 and £50 notes** Paper £20 and £50 notes lose their legal tender status after 30 September 2022. Paper notes are withdrawn from circulation after this date.

You can no longer spend them, but they can be deposited into customer bank accounts. Some Post Offices may also accept withdrawn notes as payment for goods and services or as a deposit to an account accessed via them. The Bank of England will continue to exchange all withdrawn notes.

## 3. Taxation

**3.1 Identities 'borrowed' by fraudsters in return for tax refund cut** People are being warned against handing over personal information to criminals who then 'borrow' identities to claim bogus self-assessment tax refunds.

HM Revenue & Customs (HMRC) is warning people not to share sensitive personal information online as it could be used to commit fraud. It said it is aware of cases where criminals are attempting to gain government gateway logins and other details, allowing them to register for income tax self-assessment to submit bogus tax refund claims. They pocket the repayment while the individual is inadvertently implicating themselves in tax fraud where they risk having to pay back the full value of the fraudulent claim.

HMRC said a range of people are being targeted on social media, from teenagers to pensioners, who are asked if their identity can be borrowed in return for a cut of the tax refund. They are urging anyone who may be aware of these dishonest attempts to recruit individuals into criminality, to report it by searching 'Report Fraud HMRC' on the GOV.UK website at [www.gov.uk](http://www.gov.uk) and completing the online form.

**3.2 Potential tax demand scam using the OTS logo**

The Office of Tax Simplification (OTS) are warning that they have been made aware of people receiving correspondence using the OTS logo and signatures to request payment of tax. The OTS is not a tax collection agency, and the correspondence is not legitimate. If you receive a demand for payment of any kind claiming to be from the OTS, you should report it to the National Cyber Security Centre by forwarding the email to [report@phishing.gov.uk](mailto:report@phishing.gov.uk)

There is more guidance on the GOV.UK website at [www.gov.uk](http://www.gov.uk) under Report internet scams and phishing.

## 4. General

**4.1 Low income pensioners to get easier access to free TV licences** Pensioners on low incomes will find it easier and quicker to apply for or renew their free TV licence under reforms laid down in parliament on 23 June 2022.

The legislative change will ease the administrative burden put on eligible over-75s when applying for a free licence.

At present those affected are required to obtain and share documentation with the BBC to prove they are in receipt of Pension Credit. Under the new plans the BBC will be able to verify automatically with the Department for Work and Pensions (DWP) whether a person applying for a free TV Licence is on Pension Credit. This will mean that in most cases people who apply to TV Licensing for a free licence will simply need to apply online or over the phone without any need to supply additional paperwork.

**4.2 Fake energy bill rebate scheme** It hasn't taken too long for scammers to jump on the back of soaring energy bills. Emails using the logo of energy regulator Ofgem claim to offer an 'energy bill rebate scheme' worth up to £450 per household. The links direct recipients to a fake online portal where victims are urged to share personal and payment details to claim their refund. The fake website has already prompted urgent warnings from the genuine Ofgem. If you receive such e-mails, please delete them immediately.

**4.3 Bogus caller ID to be blocked** Ofcom is proposing a rule change that will require UK phone networks to block some spoofed calls. These include calls from numbers which are not 10 to 11 digits long, on the DNO (do not originate) list, have not been allocated by Ofcom, come from overseas and display a UK number, and come from overseas and do not display a valid number.

Loopholes in the current technology and regulation mean victims can receive, for example, calls that appear to come from the genuine helpline of their bank or texts which display a bank's name. Phone companies will also be expected to perform more stringent 'know your customer' checks on business customers to prevent fraudsters from using their services.

The measures are planned to come into effect in early 2023. However, a more thorough process to authenticate calls will not be possible until the entire UK landline phone network has moved from copper wiring to a digital system in 2025.



# KARF

Kent Active Retirement Fellowship

KARF provide members with the opportunity to meet with other retired people with similar interests at local branches. There is a common annual membership subscription of £5. The contact details for all the branches are on the back page. If you are interested in joining, please contact the branch of your choice.

## Branch news

### From the KARF Chairperson, Dave Coupland

I am writing this just after the hottest day of the year. However by the time you read this it will be Autumn and I will have swapped my T-shirt and shorts for a comfy cardigan. Autumn and Winter, what can you say? We retreat indoors, and some of us - those with no family nearby, for instance - may feel they have no break in the daily routine to look forward to. Your local KARF branch can offer monthly meetings, and days out. So, if you are retired but haven't yet made contact with your nearest KARF branch, please consider doing so. You can be assured of a friendly welcome.

### KARF Wyvern

We continue to be an active branch with over 50 members. We have regular meetings with a variety of speakers and activities. We celebrated the Queen's Platinum Jubilee with an afternoon tea plus themed quizzes and games.

Fortunately, at the AGM held in April, we were able to elect a committee to see us through the next year and are optimistic about the future of the branch. We were able to re-introduce our charity table to raise funds for a charity chosen by members.

Our pub lunch, walking, cinema, and friendship groups are well supported and enjoyed. These are run by members who volunteer their time to do the organising. We are very grateful to them for the time and effort they put in.

We went to Arundel with a cream tea on the way home. It has proved difficult to fill the coach and perhaps a way forward may be to share information among branches about proposed trips.

We meet on the last Monday of the month at Tunstall Memorial Hall at 2 pm and, if you are in the area, we would be delighted to see you. **Teresa Clark**

### KARF Whitstable & Herne Bay

The branch continues to be busy. Recent highlights have included Bat and trap followed by lunch and the branch annual Crazy Golf competition at Quex Park with ice creams afterwards. During the Summer we have an afternoon tea on the beach. For the Autumn we have arranged a tour round Wildwood to see the bison, followed by another lunch. In between times, we still have a busy programme of speakers and demonstrations at our monthly meetings. **Dave Coupland**

### KARF North Kent

As many of you know this is the 25th Anniversary of the start of KARF and we have been able to return to most of our activities since Covid which gives us a double celebration. We marked this anniversary during our yearly July Tea as well as the Queen's Jubilee. Of course we had food plus a quiz, charity raffle and a game called Hoy.

We are back to meeting twice a month, a lecture on one meeting and games and art on the other, plus having a monthly lunch, and a monthly walking group where the walk ends at a pub for lunch. Our outings occur about 4 times a year. This year we are having a fish and chip River Trip on the Medway. We have had a day coach trip to Hythe and Tenterden which was enjoyed so there will be another one to Whitstable and Canterbury. We would welcome any new members as well as ideas for other activities. **Karen Kraus**

### KARF Maidstone East



The Branch continues to thrive with a varied and interesting programme of meetings and activities for members to enjoy. A highlight was a special cream tea to celebrate Her Majesty's Platinum Jubilee with members sharing memories of all those years.

The annual garden party took place in July and members enjoy a monthly luncheon club, outings to the theatre and coach trips. Coming up is a murder/mystery afternoon on a boat moored on the River Thames and our Branch holiday this year is to Blackpool. We continue to meet on the 1st Wednesday of the month in the spacious Roman Catholic Church Hall in Park Wood, Maidstone.

**Don Clayton**

### KARF Tonbridge

I am pleased to report that we now have 31 members. Our talk in March was cancelled so I took over and spoke about my journey through watercolour painting. It was the first time I had ever done this so I wasn't sure how it would go. I spoke about my sources of inspiration, techniques, and materials. I wanted to encourage people to take up a hobby even if they had never done anything like it before and hopefully, I did that.

A Ukulele band cheered everybody up in April and people joined in and really enjoyed it. In May we had a talk about Samuel Langhorne Clemens better known as Mark Twain. The speaker gave us a potted biography of the author which was very interesting. Our talk in June about Flying for Fun went down well and it was interesting to hear about something different.

At the time of writing this report we are looking forward to hearing about our local hospice and a trip to Teapot Island. We are a small group, and we are always looking for new members so do get in touch if you would like to join us. **Val Hanmore**

### KARF Channel

Our group is up and running again, with a varied programme of speakers and events. Several members enjoyed a spring holiday to Shropshire, including a visit to the Black Country Living Museum where we crammed into old fashioned school desks and participated in a lesson with a strict schoolmistress wielding a cane. It brought back memories of our own schooldays and much laughter ensued when one of us failed the nail inspection and was given lines to write on her slate. We included a ride on the Bridgnorth funicular railway and visits to Shrewsbury and Worcester. We look forward to planning another holiday next Spring.

Our luncheon club is active. We have our AGM afternoon tea and annual fish and chip lunch. We enjoyed a successful Platinum Jubilee tea party with a film show about the Queen's life and a royal quiz.

Future plans include a visit to the theatre, trip to Bletchley Park, beetle drive and Christmas lunch at a local hotel. If you're in our area, please come along to the community room at Wood Avenue Library in Folkestone, 2:15pm on the first Tuesday of the month. We're a friendly group and will be delighted to meet you.

**Carol Govan**



## KARF Folkestone, Dover, and Deal

I am pleased to say our membership is at present 112 and rising. Our meetings are seeing attendances of 60 to 70 members who have enjoyed some interesting and entertaining speakers.

The March AGM saw the resignation of two long serving Committee members, the Chairperson and Treasurer. They received sincere thanks from members and Committee alike. Fortunately, their roles have been filled and the Branch is able to continue.

Members and friends have enjoyed day trips to Sky Gardens and Borough Market in London, Strawberry Hill House and gardens, and a river trip from Windsor. More events are planned for the remainder of the year, with a Christmas Lunch to round it off.

Rambles are a popular monthly event where non walkers meet us at the pub afterwards for food and a chat.

Our meetings are held at Capel Village Hall, Capel-Ferne, on the second Tuesday of each month at 2.30 pm. If you are interested in joining our Branch, please get in touch.

Anne Russell

## National Coastwatch Institution (NCI)

In 1994 two fishermen drowned in the sea off Cornwall. What made the tragedy worse was that it happened in sight of an abandoned Coastguard Look-out station. A group of local volunteers decided to do something about this and set up a voluntary organisation called the National Coastwatch Institution (NCI).



The organisation has grown and there are now some 52 stations dotted around the coast, all crewed by volunteers, and all self-supported by local fund raising. NCI is a recognised part of the UK's search and rescue services with memoranda of understanding between ourselves, the Coastguard, and Border Force.

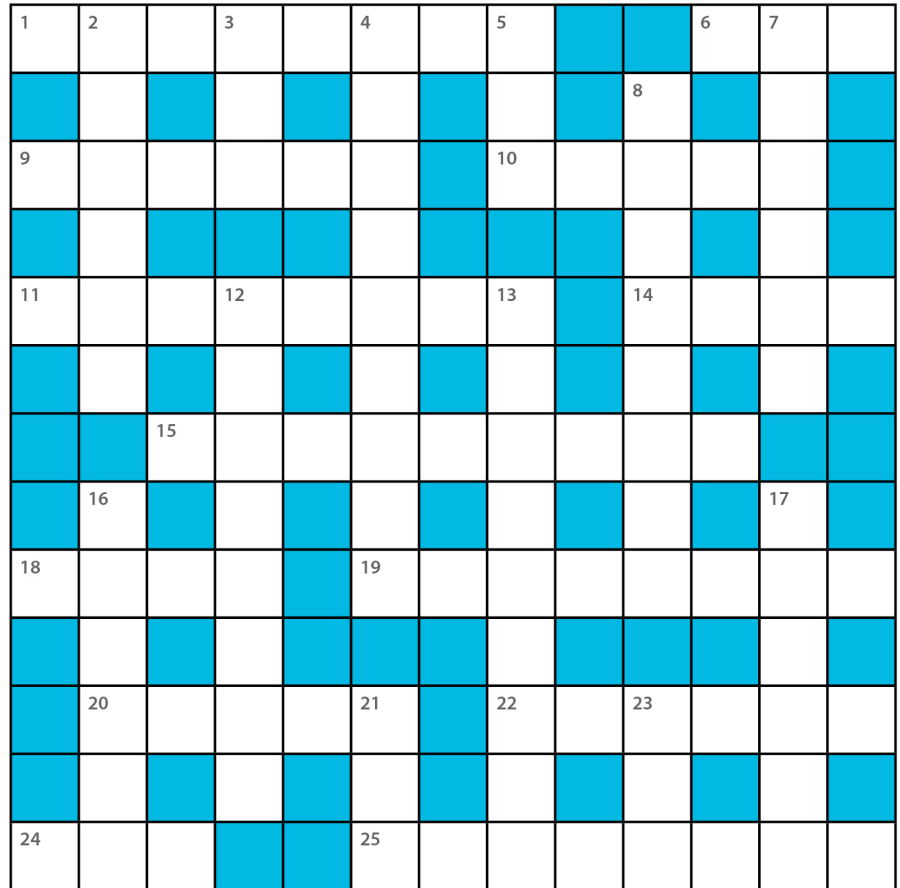
For our members, many of whom are retired, it's an opportunity to contribute towards keeping members of the public safe in inshore waters, but it also offers social activities and a strong sense of camaraderie. (Perhaps I shouldn't say this, but for us geeks it's an opportunity to play with big binoculars, marine radios, Admiralty charts, and radars!).

There are 3 stations in Kent at Whitstable, Herne Bay, and Folkestone. So, if you want to consider volunteering, or as a KARF branch arranging a speaker or a station visit, please contact your local station (details are on the internet). Or you can contact me.

**Dave Coupland, Deputy Station Manager,  
Herne Bay  
Email: dave.coupland@yahoo.co.uk**

# Cryptic Crossword

by Roger Stevens



The answers to the crossword are on the back page.

## Across

- How pleasant to find a taxi within distance! (8)
- Expert to be found in some unusual places (3)
- Taking a pot-shot as the bird goes to the river (6)
- Walk wearily because of the temperature at the bar (5)
- There's warmth of feeling in the storage building but we've got it covered (8)
- You might see a male in a hat at the holiday complex (4)
- My palate somehow hates rock but rather goes for this dessert (9)
- Blonde passenger, you might say (4)
- Number of the American city boy poet (8)
- Excavated around some fabric (5)
- In the auction Kevin got some valuable items (6)
- A US city, no matter which (3)
- Sounds like one of the King's staff is putting up a fence (8)

## Down

- Kind of birds for a shy man perhaps (6)
- The right trophy to keep in one's attic upstairs (3)
- Gamble about the Royal Navy and unfeeling French actress Sarah (9)
- Put a stop to – fast! (3)
- Long line of soldiers pass with hesitation to the north (6)
- Parents of this sort of child show they lack in some kind of way (8)
- A fan might well be there and going wild (8)
- Kind of line dance that is organized every ten years (9)
- Damage one's private room in a Kent village (6)
- Ran off quickly to ensure his doors were well-secured (6)
- Way for the dentist to clean up during a gum operation? (3)
- Could be given off from rotting asbestos (3)



Please note that KARF Branch Secretaries only deal with KARF membership. They cannot answer pension queries.

### Cryptic Crossword Solution

Across		Down	
1	Amicable	2	Mynahs
6	Ace	3	Cup
9	Sniper	4	Bernhardt
10	Trail	5	Eat
11	Sheathed	7	Column
14	Camp	8	Latchkey
15	Shortcake	12	Adherent
18	Fair	13	Decennial
19	Tennyson	16	Marden
20	Denim	17	Bolted
22	Ingots	21	Mop
24	Any	23	Gas
25	Palisade		



### KARF Literary Competition No. 34

**Guess the title and the author:**

This novel was published in 1938 by an English author. It is about the boyhood of a legendary story in British history.

If you want to send your answer, please email [pension.systems@kent.gov.uk](mailto:pension.systems@kent.gov.uk)

There are no prizes, but we do like to hear from you. The answer will be in the spring 2023 issue of Open Lines.

### KARF Literary Competition No. 33 - Answer

The solution to the competition in the spring 2022 issue was The Grapes of Wrath by John Steinbeck.

Thank you for your answers. There were so many of you that got the correct answer that we cannot list everyone. We really do enjoy hearing from you all.



# Public Service Pension Schemes: Pensions Dashboards

## Pension dashboards regulations published

The Pension Schemes Act 2021 provides a framework to support pensions dashboards, and in particular gives new powers compelling schemes to provide information. The regulations to put these provisions into place have now been published.

### At a glance...

- Public Service Pension Schemes will need to connect with dashboards by 30 September 2024.
- Schemes must be prepared to match data with member requests and provide specified pensions information, some of which goes beyond existing disclosure requirements.
- Public Service Pension Schemes will not be required to provide 'value' data until the earliest of either :
  - a Remedial Service Statement / Information Statement (with the later regarding those schemes where members work for the judiciary) being issued, or,
  - 1 April 2025.

### Background – how dashboards will work

Pensions dashboards will be online platforms providing one place for individuals to access pensions information from multiple sources, including on their State Pension. The government hopes that this will give individuals a better understanding of their pensions and support their retirement planning. As required under the Act, the Money and Pensions Service (MaPS) will develop and host its own pensions dashboard.

The aim is that an individual will submit a request to find their pensions information (confirming their identity and giving the relevant consent). A 'pension finder service' then sends this 'find request' to all pension schemes: if a pension scheme finds a match with this individual it will confirm this with the dashboard service and, if the individual then requests

### Why bring you this note?

The DWP has published regulations confirming the dashboards requirements, following consultation.

### Next steps

Public Service Pension Schemes will start to connect to the dashboards architecture by 30 September 2024.

Scheme managers are ultimately responsible for ensuring compliance and will need to provide input to the process and make necessary decisions. The Regulator has encouraged scheme managers to have pensions dashboards "firmly on their agendas".

There will be at least 6 months' notice of the date on which dashboards will be made available to the public – known as the 'Dashboards Available Point'.

Prepared for: Public Sector Pension Schemes

Prepared by: Aon Wealth Solutions

Date: 20 October 2022

to view their information, the dashboard will pull the individual's data directly from the pension scheme.

## Requirements for Public Service Pension Schemes

The regulations require pension schemes to connect to the digital architecture (which includes being able to respond to find and view requests) within prescribed timescales as set out below.

Schemes must identify whether information held in the 'find request' matches with an individual's pension and, if it does, return a pension identifier. Schemes should have discretion over which data elements they use to search their records for a match but will need to minimise the risks of either not returning pensions matches or returning incorrect matches. Schemes will need to have regard to guidance issued by the Pensions Regulator on matching. Initial guidance was published in June.

Schemes must then return 'view data' to individuals. Much of the proposed view data is already provided by schemes under the Disclosure Regulations. However, certain 'administrative data' must also be provided such as information about the scheme and the administrator, and where relevant, the individual's employment.

Certain 'signpost data' must also be provided where relevant, via website addresses – we know there is signpost data requirement relevant to the private sector including information on member borne charges, the scheme's statement of investment principles and the scheme's implementation statement. We are seeking clarification if this would cover the Investment Strategy Statement in the LGPS.

Schemes will also have to provide 'value data' quantifying the member's benefits. Defined benefit arrangements must show the accrued benefit at the illustration date (or revalued to that date for a deferred member). Active members will also need to see a projected benefit including service to retirement but based on current salary.

There will be some exemptions from providing this information – pensioners are out of scope. It is still not clear how members with a frozen refund or an unprocessed benefit are treated for dashboards purposes and we are continuing to work with stakeholders to address this.

The legislation proposes timescales for schemes to provide this information to the dashboard. Administrative data and signpost data should be provided immediately. Value data should also be provided immediately if it relates to information already prepared in a recent benefit statement and otherwise within 3 working days (or 10 working days if the information includes defined benefit information).

## Requirements for pensions dashboards services

Organisations other than MaPS will be able to develop and host dashboards if they meet requirements set out in the regulations. They will be known as Qualifying Pensions Dashboard Services if they meet all the requirements, including authorisation from the Financial Conduct Authority, compliance with relevant standards and connection to the specified digital architecture.

### Intermediaries

The DWP acknowledges that scheme managers may rely on intermediaries such as administrators or software providers. However, the scheme manager will remain responsible for complying with the legislation, and for ensuring that their administrators or software providers can work properly to achieve compliance.

There are several areas in which scheme manager input is likely to be required.

### Timescales

The timescales for providing information to the dashboard are considerably shorter than current disclosure rules.

Dashboards must also show information relating to an individual's State Pension.

## Reporting and enforcement action

Schemes may need to report information such as the number of find requests received, how many positive matches were notified to MaPS, and how many possible matches arose (and how soon these were resolved into full matches, or whether they resulted in a non-match or remained unresolved). They may also need to report on the number of view requests received, and the time taken to respond to each one.

For breaches of the requirements, the Regulator will have the option to issue a compliance notice to the scheme manager (or to third parties who have caused a compliance breach).

## Standards

There will be a range of standards covering the legislative requirements, including: data; design; technical matters; and reporting. MaPS has consulted on these standards.

## Timescales for joining dashboards

All schemes in scope will have to register with MaPS and must then connect to the dashboard within a staging sequence according to their scheme type and number of 'relevant members' (excluding pensioners) as at the scheme year end falling between 1 April 2020 and 31 March 2021.

The staging date for all Public Service Pension Schemes is 30 September 2024.

There are only very limited circumstances in which a scheme can request an extension to their staging date—for example, if the scheme has embarked on a programme to transition data to a new administrator before the Regulations come into force.

Schemes can volunteer to connect to the dashboard early.

## Penalties

These could be up to £5,000 for individuals (£50,000 otherwise). The Regulator might impose them on a 'per failure' basis.



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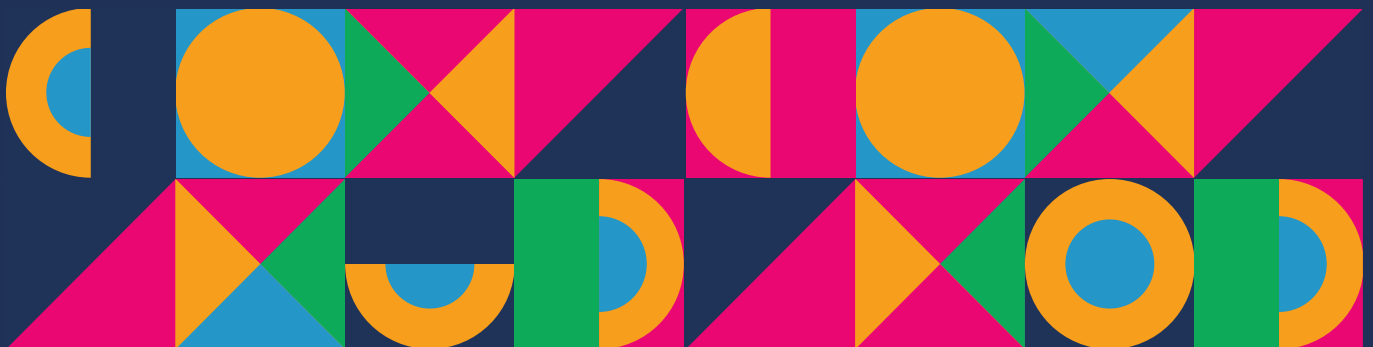
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# Local Government Pension Scheme Common Data Quality Report Kent County Council

October 2022



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# 1 Executive Summary

## 1.1.1. Introduction

In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data. Specific targets were set for data TPR deemed as ‘common’ and Heywood Consulting has assisted customers in the collection and qualification of this data.

To assist customers in undertaking a practical assessment of their common data, Heywood Consulting offers a Data Quality service.

## 1.1.2. Data Quality Service

Working with the Kent County Council (Kent), Heywood Consulting has completed a review of Kent common pension data in line with the guidance notes set down by TPR. Heywood Consulting’s understanding of the Local Government Pension Scheme data, benefit calculations, interfaces and processes, has assisted in the agreement of which items to test. The tests to satisfy each condition have been run and the results quantified to provide guidance on any corrective action required.

The service incorporates data items tested against the data conditions agreed with Kent. To provide focus on the key areas of common data to be addressed, each data category is measured against an agreed benchmark.

In 2019, a set of “core” tests were identified for reporting to TPR. The results to be quoted to TPR are quoted separately from the overall test scores. For details of where the TPR tests differ from the overall tests, please refer to appendix B.

## 1.1.3. Benchmark

The benchmarks applied to the results presented in this report were agreed between Kent and Heywood Consulting. The thresholds are as follows:

Pass Threshold
Pass rate $\geq$ 98%
95% $\leq$ Pass rate $<$ 98%
90% $\leq$ Pass rate $<$ 95%
Pass rate $<$ 90%

TPR have set targets of 100% accuracy for data created after June 2010 and 95% accuracy for data created beforehand. The Heywood Consulting data quality service

measures data as a whole as updates for many members are continuous and alter the last updated date on the system.

### 1.1.4. Summary of Common Data Results

The graph below indicates Kent's performance for each data category. The overall percentage of tests passed for Kent common data is 98.9% which is lower than the 2021 score of 99.2%. The 2022 tests were conducted on 215,342 member records.

The percentage of member records without a single common data failure is 92.4%. This represents a decrease on the 2021 score of 93.6%.



Six of the eight categories met the highest benchmark of greater than 98% with two categories not recording a single failure, one further category has been rounded to 100% with a score of over 99.95%. The lowest scoring category concerned member Address that achieved a score of 92.4% which is a decrease on the 2021 score of 95.5%.

The general quality of the common data tested at Kent is of a high standard.

### 1.1.5. TPR Common Data Core Test Results

The percentage of member records that did not fail any of the tests deemed to be in the core list of TPR tests is 95%. This is the figure to be quoted on the scheme return to TPR. This represents a decrease of 0.6% on the 2021 score of 95.6%. The core test scores for each category are shown below.



## 2 Analysis of Common Data Results

Specific tests are checked in each of the core categories. The image below provides a breakdown of the failure types. Refer to section 3 Areas for Review for more detail.

Category	Tested	Passed	Pass Rate %	Failures	Failures	Failures
NI Number	215,343	213,587	99.2%	1,756	Fail A: NI Number (NI-NUMBER) is blank	0
					Fail B: NI number is temporary	1,729
					Fail C: NI number does not adhere to standard	27
Name	215,343	215,343	100.0%	0	Fail A: Surname (SURNAME) is blank	0
					Fail B: Forenames (FORENAMES) is blank	0
					Fail C: Initials (INITIALS) is blank	0
Sex & DOB	215,343	215,343	100.0%	0	Fail A: Sex (SEX) is blank	0
					Fail B: Sex is not Male or Female	0
					Fail C: Date of Birth (DOB) is blank	0
					Fail D: Date of Birth <= 01/01/1900	0
Date commenced	215,343	215,337	100.0%	6	Fail A: Date Joined fund (DJF) is blank	6
					Fail B: Date Joined Fund is earlier than Date of Birth plus 15	0
Status	215,343	215,108	99.9%	235	Fail A: Status (STATUSKEYF) is blank	0
					Fail B: Invalid Status	235
					Fail C: Status on member summary does not match basic	0
Status and invalid data view	215,343	212,277	98.6%	3,066	Fail A: Exit Details	785
					Fail B: Deferred Details	1,121
					Fail C: Pension Details	953
					Fail D: Dependant Details	296
Address	149,014	137,663	92.4%	11,351	Fail A: Address record does not exist	1,263
					Fail B: Address record exists, but line 1 (ADD-LINE-1) is	1,379
					Fail C: Gone Away (ADD-GONAWY) indicator is set	1
					Fail D: Postcode is blank and address is not overseas	7,798
					Fail E: Postcode format invalid and address is not overseas	923
Status and valid data view	128,741	128,505	99.8%	236	Fail A: Deferred Details	1
					Fail B: Pension Details	0
					Fail C: Dependant Details	1
					Fail D: Exit Details	73
					Fail E: Date pension ceased	29
					Fail F: Date pension ceased	134

### 3 Areas For Review

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>NI Number</b></p> <p><u>Eligible for Testing:</u> <u>All Members</u></p>	215,343	213,587	<p><b>Overall:</b> 99.2%</p> <p><b>TPR:</b> 99.9%</p>	<p>Fail A: 0 Fail B: 1,729 Fail C: 27</p>	<p>The number of members failing a test has decreased by 42 to 1,729 since 2021 resulting in a decreased of 0.1% to the pass rate.</p> <p>There are 1729 members with a temporary NI number to be addressed:</p> <ul style="list-style-type: none"> <li>• 209 leavers and 1413 deceased, that may be dealt with as a lower priority. These are excluded from the TPR results;</li> <li>• 2 are active and 3 are undecided leavers;</li> <li>• 21 are deferred pensioners;</li> <li>• 8 are adult dependants;</li> <li>• 50 are frozen refund cases which may affect CEP payments;</li> <li>• 23 are optants out.</li> </ul> <p>A further 27 members have an NI number with an incorrect format, 12 of which are leavers, 11 are deceased members and 1 is optant out. There are also 1 active member, 1 deferred member and 1 dependant that should be dealt with as a high priority. This test does not count towards the TPR core tests.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<b>Name</b>  <u>Eligible for Testing:</u> <u>All Members</u>	215,343	215,343	<b>Overall:</b> 100%  <b>TPR:</b> 100%	Fail A: 0 Fail B: 0 Fail C: 0	All member records have a valid name recorded for the fifth consecutive year.
<b>Sex and Date of Birth</b>  <u>Eligible for Testing:</u> <u>All Members (Leavers and Deaths excluded from test D)</u>	215,343	215,343	<b>Overall:</b> 100%  <b>TPR:</b> 100%	Fail A: 0 Fail B: 0 Fail C: 0 Fail D: 0	All member records had a valid sex and date of birth recorded for the third consecutive year
<b>Date Commenced and NRD</b>  <u>Eligible for Testing:</u> <u>All Members</u>	215,343	215,337	<b>Overall:</b> 100%  <b>TPR:</b> 100%	Fail A: 6 Fail B: 0	The number of members failing a test has decreased by 1 since 2021.  6 leavers do not have a date joined fund.
<b>Status</b>  <u>Eligible for Testing:</u> <u>All Members</u>	215,343	215,108	<b>Overall:</b> 99.9%  <b>TPR:</b> 99.9%	Fail A: 0 Fail B: 235 Fail C: 0	267 members failed this test in 2021 this has now decreased by 32.  235 members have an invalid status D recorded and should be investigated immediately.

<p><b>Status and Invalid Data view</b></p> <p><u>Eligible for Testing:</u> <u>All Members</u></p> <p><i>This category is excluded from the TPR core results</i></p>	<p>215,343</p>	<p>212,277</p>	<p><b>Overall:</b> 98.6%</p> <p><b>TPR:</b> N/A</p>	<p>Fail A: 785 Fail B: 1,121 Fail C: 953 Fail D: 296</p>	<p>This condition is excluded from the TPR results. The number of members failing tests in this condition has increased by 9 to 3,066. The reasons should be investigated.</p> <p>785 members have an 'Exit' data view which is not in line with their status history. 1121 members have an unexpected 'deferred' data view having never been deferred on their status history. 953 members have an unexpected 'pensions' data view. 296 members have an unexpected 'dependants' data view. All tests except D have seen an increase in the number of fails since 2021.</p> <p>3,066 members have unexpected data views:</p> <ul style="list-style-type: none"> <li>• 388 leavers and 1551 deceased, that may be dealt with as a lower priority;</li> <li>• 115 are active members and 43 are undecided leavers;</li> <li>• 25 are deferred pensioners;</li> <li>• 691 are pensioners;</li> <li>• 1 is a dependant;</li> <li>• 1 is for a frozen refund case;</li> <li>• 30 are for aggregated records;</li> <li>• 8 are for optants out who would not be expected to have any data of this kind;</li> <li>• 213 are for incorrect status D members;</li> </ul> <p>80 members have more than 1 unexpected data view.</p>
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Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Address</b></p> <p><u>Eligible for Testing:</u> <u>All Members except leavers and deaths</u></p>	149,014	137,663	<p><b>Overall:</b> 92.4%</p> <p><b>TPR:</b> 93%</p>	<p>Fail A: 1,263 Fail B: 1,379 Fail C: 1 Fail D: 7,798 Fail E: 923</p>	<p>The number of members failing a test has decreased by 584 to 11351 since 2021.</p> <p>1,263 members have no address recorded. 1,379 members have an address recorded but the first address line is blank.</p> <p>1 member is recorded as "gone away". 7,798 members have no Postcode recorded.</p> <p>A further 923 postcodes are in an incorrect format. This test does not count towards the TPR core tests.</p> <p>Some of the remaining members may be overseas without having the overseas indicator set.</p>



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Status and Valid Data view</b></p> <p><u>Eligible for Testing: All Members</u></p> <p><i>This category is excluded from the TPR core results</i></p>	128,741	128,505	<p><b>Overall:</b> 99.8%</p> <p><b>TPR:</b> N/A</p>	<p>Fail A: 1 Fail B: 0 Fail C: 1 Fail D: 73 Fail E: 29 Fail F: 134</p>	<p>This condition is excluded from the TPR results. The number of members failing tests has decreased by 279 since 2021 to 238.</p> <p>1 deferred member is missing deferred details. This should be addressed immediately as this data view records the member's benefits.</p> <p>1 Dependant Pensioner is missing Dependant details.</p> <p>73 deceased cases from active or deferred status are missing exit details where death grant details are recorded.</p> <p>29 deceased members who were pensioners do not have a date recorded for when the pension ceased. Similarly, 134 deceased dependants are missing a cease date.</p>

## 4 Data Correction Plan

The table below provides Kent with suggestions for resolving the issues identified. This table is deliberately high-level as the detail and dates should be agreed once the results have been thoroughly reviewed. This table represents a summary of the recommended actions outlined in Section 3.

Data Category	Recommendation	Suggested Priority
<b>NI Number</b>	<ul style="list-style-type: none"> <li>Obtain correct NI numbers for the members with temporary numbers or those in the incorrect format</li> </ul>	<ul style="list-style-type: none"> <li>Low</li> </ul>
<b>Name</b>	<ul style="list-style-type: none"> <li>No issues found</li> </ul>	
<b>Sex and Date of Birth</b>	<ul style="list-style-type: none"> <li>No issues found</li> </ul>	
<b>Date Commenced and NRD</b>	<ul style="list-style-type: none"> <li>Obtain commencement dates for the 6 leavers</li> </ul>	<ul style="list-style-type: none"> <li>Low</li> </ul>
<b>Status</b>	<ul style="list-style-type: none"> <li>The 235 members recorded as the invalid status “D” should be corrected as soon as possible</li> </ul>	<ul style="list-style-type: none"> <li><b>High</b></li> </ul>
<b>Status and Invalid Data View</b>	<ul style="list-style-type: none"> <li>Invalid data should be removed where necessary or the member status history corrected where appropriate. These cases should be treated as a high priority where the member is not a leaver or deceased as the presence of the data may affect benefits</li> </ul>	<ul style="list-style-type: none"> <li><b>High</b></li> </ul>
<b>Address</b>	<ul style="list-style-type: none"> <li>Current addresses should be sought and uploaded for the members that failed this category</li> </ul>	<ul style="list-style-type: none"> <li>Medium</li> </ul>
<b>Status and Valid Data View</b>	<ul style="list-style-type: none"> <li>Correct the 1 deferred member missing benefit details &amp; 1 Dependant missing dependant details.</li> </ul>	<ul style="list-style-type: none"> <li><b>VERY HIGH</b></li> </ul>

	<ul style="list-style-type: none"> <li>• The 29 deaths from active and deferred status may be missing death grant data and should be investigated</li> <li>• The 163 pensioner and dependant deaths with missing cease dates should be investigated and corrected</li> </ul>	<ul style="list-style-type: none"> <li>• Low</li> <li>• Low</li> </ul>
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## 5 Appendices

### 5.1. Appendix A – TPR Guide

Data Field	TPR Comment
National Insurance Number	'TN' formats should be regarded as missing data. The final character of NI numbers is not essential.

Data Field	TPR Comment
Surname	Check that surname is present.
Forename(s) or initials	Forenames are preferable but initials are an acceptable alternative.
Sex	Check that sex is present.
Date of birth	Check that date of birth is present and consistent (earlier than date joined scheme, retirement, date of leaving). False dates should be classed as missing data.
Date pensionable service started/policy start date/first contribution date	For trust-based schemes this will be date pensionable service started. For contract-based schemes this will effective start date of the policy or the first contribution date, depending on the provider's requirements.
Expected retirement/maturity date (target retirement age)	This field may be derived or explicit; for most DB schemes it will probably be derived as the scheme's normal retirement date. Need to check that it is populated if that is a scheme/system requirement, that it is consistent with scheme rules and statutory requirements and is later than date of birth and pensionable service date/first contribution date.
Membership status	Check that a current valid status is recorded for each member. This may be a dual status, e.g., active or deferred member with partial retirement. For contract-based schemes this may be 'active' or 'inactive'.
Last status event	Check that benefits taken are consistent with status, and, if status history is recorded, that the latest status is the same as the explicitly recorded current status.
Address	An address should be present for all members of all schemes. Because of DPA requirements an exception is permissible for active members of those trust-based schemes in which communication with members is normally sent via the employer. 'Gone away', 'unknown' or similar should be treated as missing data.
Postcode	Check that a postcode is present if address is not identifiable as being overseas. Will assist with valuations for actives, for whom storing full address may breach DPA principles.

## 5.2. Appendix B – Common Data and Fail Criteria

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>NI Number</b></p> <p><u>Eligible for Testing:</u> All Members*</p>	NI Number (NINUMBER) is blank	<p>NI number is temporary (commences TN) and is not a child pension (DEPND-TYPE = 'C')</p> <p><i>*Current status 3 (leaver) and 7 (death) are excluded from the TPR results</i></p>	<p>NI number does not adhere to standard (Neither of the first two letters can be D, F, I, Q, U or V. The second letter cannot be O. Prefixes BG, GB, KN, NK, NT, TN (checked in fail B) and ZZ are not used. Suffix must be A, B, C or D. Characters 3-8 must be numbers)</p> <p><i>*This test is excluded from the TPR results</i></p>			
Tested: 215,343	Failed: 0	Failed: 1,729	Failed: 27			
<p><b>Name</b></p> <p><u>Eligible for Testing:</u> All Members*</p>	Surname (SURNAME) is blank	Forenames (FORENAMES) is blank	<p>Initials (INITS) is blank</p> <p><i>*This test is excluded from the TPR results</i></p>			
Tested: 215,343	Failed: 0	Failed: 0	Failed: 0			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<b>Sex and Date of Birth</b>  <u>Eligible for Testing:</u> All Members *	Sex (SEX) is blank	Sex is not Male or Female	Date of Birth (DOB) is blank	Date of Birth is earlier than or equal to 01/01/1900  <i>*Current status 3 (leaver) and 7 (death) are excluded from the TPR results</i>		
Tested: 215,343	Failed: 0	Failed: 0	Failed: 0	Failed: 0		
<b>Date Commenced and NRD</b>  <u>Eligible for Testing:</u> All Members*	Date Joined fund (DJF) is blank  <i>*Status 6 or Status 0 or previous status 6 are excluded from the test</i>	Date Joined Fund is earlier than Date of Birth plus 15 years  <i>*Status 6 or Status 0 or previous status 6 are excluded from the test</i>  <i>*This test is excluded from the TPR results</i>	NRD checks are not required as these are always calculated			
Tested: 215,343	Failed: 6	Failed: 0				
<b>Status</b>  <u>Eligible for Testing:</u> All Members	Status (STATUSKEYF) is blank	Status is not 1-9, T or O	Status on member summary (STATUSKEYF) does not match that on basic			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
			details (STATUS[1])  <i>*This test is excluded from the TPR results</i>			
Tested: 215,343	Failed: 0	Failed: 235	Failed: 0			
<b>Status and Invalid Data</b>  <u>Eligible for Testing:</u> All Members  <i>Category is excluded from TPR results</i>	Exit details should not be present unless status is 3, 7 or 9 or a previous status is 9 and the current status is 1, 2, 4, 5 or T	Deferred details should not be present unless status is 4 or a previous status is 4 and the current status is 1, 2, 3, 5, 7 or T	Pension details should not be present unless status is 5 or T or a previous status is 5 or T and the current status is 1, 2, 3, 4 or 7	Dependant details should not be present unless status is 6 or a previous status is 6 and the current status is 3 or 7		
Tested: 215,343	Failed: 785	Failed: 1,121	Failed: 953	Failed: 296		
<b>Address</b>  <u>Eligible for Testing:</u> All Members except leavers and deaths (status 3 and 7)	Address record does not exist	Address record exists, but line 1 (ADD-LINE-1) is blank	Gone Away (ADDGONAWY) indicator is set	If the address is not overseas, the Postcode (POSTCODE) is blank	If the address is not overseas, the Postcode is not the correct format (1st letter =Q, V or X, 2nd letter is I, J or Z, 3rd, 4th or 5th character is not a space)  <i>*This test is excluded from the TPR results</i>	



Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Tested: 149,014	Failed: 1,263	Failed: 1,379	Failed: 1	Failed: 7,798	Failed: 923	
<p><b>Status and Valid Data</b></p> <p><u>Eligible for Testing:</u> Members with deferred benefits or benefits in payment (Status 4, 5, 6, 7, 9 and T)</p> <p><i>Category is excluded from TPR results</i></p>	Status 4 does not have deferred details	Status 5 or T do not have pension details	Status 6 does not have dependant details	Status 7 or 9, with a previous status of 1 or 4 do not have exit details	Status 7 with a previous status of 5 should have a relevant date pension ceased	Status 7 with a previous status of 6 should have a relevant date pension ceased
Tested: 128,741	Failed: 1	Failed: 0	Failed: 1	Failed: 73	Failed: 29	Failed: 134

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# Local Government Pension Scheme Specific Data Quality Report Kent County Council

October 2022



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# 1 Executive Summary

## 1.1.1. Introduction

In 2015, the Pensions Regulator (TPR) assumed responsibility for Public Sector Pension Schemes. Prior to this, in June 2010, TPR issued guidance on the approach that they consider to be good practice for measuring the presence of member data. Specific targets were set for data TPR deemed as 'common' and Heywood Consulting has assisted customers in the collection and qualification of this data. TPR also outlined 'scheme-specific' data but did not set prescriptive targets as the data is deemed to be scheme-specific. The guidance did target Pension Scheme Trustees to ensure that 'reasonable endeavours' were undertaken to provide evidence of assessment and measurement, together with an action plan to meet the scheme specific targets.

To assist customers in undertaking a practical assessment of their scheme-specific data, Heywood consulting offers a Data Quality service.

## 1.1.2. Data Quality Service

Working with Kent County Council (Kent), Heywood Consulting has completed a review of Kent's scheme-specific pension data in line with the guidance notes set down by TPR detailed in appendix A. Heywood's understanding of the Local Government Pension Scheme data, benefit calculations, interfaces and processes, has assisted in the agreement of which items to test. The tests to satisfy each condition have been run and the results quantified to provide guidance on any corrective action required.

The following terms should be understood to aid understanding of the conditions used and the results obtained:

- **Data condition** – identified TPR condition, for example check that an active member does not have a date of leaving
- **Data category** – grouping of relevant data conditions, for example Member Benefits
- **Data item** – item of data which forms part of a data condition for example 'date of leaving'

The service incorporates in the order of 100 individual tests against the data conditions agreed with Kent. To provide focus on the key areas of scheme-specific data to be addressed, each data category is measured against an agreed benchmark.

In 2019, a set of "core" tests were identified for reporting to TPR. The results to be quoted to TPR are quoted separately from the overall test scores. For details of where the TPR tests differ from the overall tests, please refer to appendix C.

### 1.1.3. Benchmark

The benchmarks applied to the results presented in this report were agreed between Kent and Heywood Consulting. The thresholds are as follows:

Category	Pass Threshold
Blue	Pass rate >= 98%
Green	95% <= Pass rate < 98%
Amber	90% <= Pass rate < 95%
Red	Pass rate < 90%

### 1.1.4. Summary of Scheme Specific Data Results

The graph below indicates Kent’s performance for each data category against the agreed scheme benchmarks together with the results from the 2021 tests. Also below is an explanation as to the data conditions relevant to each data category. The overall percentage of tests passed for Kent scheme-specific data is **95.7%** an increase over the 2021 score of 93.6% The 2022 tests were conducted on 281,505 member records.

The percentage of member records without a single data failure is 82.0% This represents an increase on the 2021 score of 70.6%.



### 1.1.5. TPR Scheme Specific Data Core Test Results

The percentage of member records that did not fail any of the tests deemed to be in the core list of TPR tests is **93.8%**. This represents an increase of 1.4% over the 2021 score of 92.4%. This is the figure to be quoted on the scheme return to TPR. The results for each qualifying category are shown below:



### 1.1.6. Other Information

The remainder of this report is split into the following sections:

- **Scheme-specific Data Results** – results of each in-scope condition per category along with the number of members tested, main failures and suggested risks and actions
- **Appendices** – details to qualify failures against each condition, along with a list of TPR’s guidance relating to the Local Government Pension Scheme

Where possible, Heywood has provided advice and suggested next actions to work with Kent in implementing a solution to any data anomalies. This document is the start point for Kent’s data management policy and Heywood will agree with Kent the appropriate frequency to repeat these conditions and demonstrate progress in scheme-specific data cleansing.

# 2 Analysis of Scheme Specific Data Results





## 2.1. Member Benefits

This category includes those data conditions for members that directly relate to the details of benefits in payment or to the calculation of benefits yet to be paid.

A total number of 100,775 members qualified for one or more checks as part of the in-scope conditions under this category, a decrease of 9,485. The category achieved a **97.4%** pass rate. This pass rate is a 0.2% decline on 2021. The percentage of members not to fail a single test is 94.6%. 8 of the 10 Data Conditions specified attained the highest benchmark (>98%). The lowest scoring condition was Divorce Details, where 27.5% of members tested passed. This represents a 72.4% decline on 2021, there has been a change to the testing criteria which will have an effect on the scoring. The other condition not to achieve the highest benchmark Transfer in Details 1, where 57.2% of members passed. This represents a decrease of 2.0% on 2021, for which the reason should be investigated.



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Divorce Details</b></p> <p><u>Eligible for Testing: Status 1, 2, 4, 5 &amp; T where Calculation Date (DVC-CALDTE) has a value</u></p>	167	46	<p><b>Overall:</b> 27.5%</p> <p><b>TPR:</b> 27.5%</p>	<p>Fail A: 0 Fail B: 10 Fail C: 77 Fail D: 9 Fail E: 79 Fail F: 10</p>	<p>There has been a change to the testing criteria which has resulted in an increased number of fails. Zero members failed tests in this condition in 2021.</p> <p>10 Members have a calculation date prior to 01/12/2000 of these 9 members also have a blank CETV value.</p> <p>77 Members have a Payment date prior to 01/12/2000. 79 Members have a blank Pension Debit value. 35 members failed both tests.</p> <p>10 Members have a Percentage split that is blank.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Transfer In Details 1</b></p> <p><u>Eligible for Testing: Status 1, 2, 4, 5 &amp; T where transfer In details exist</u></p>	12,108	6,921	<p><b>Overall:</b> 57.2%</p> <p><b>TPR:</b> 99.5%</p>	<p>Fail A: 37 Fail B: 75 Fail C: 3,765 Fail D: 1253 Fail E: 2,069 Fail F: 38</p>	<p>There has been an increase of 368 members failing tests leading to a decrease of 2.0% in the pass rate for this condition.</p> <p>37 transfers are missing the date of transfer, 17 of these are either active, undecided leavers or deferred and count towards the TPR core results. 75 members are missing a transfer value, 45 of these count toward the TPR core results as they are either active undecided leavers or deferred. The remaining members for both fail types are pensioners.</p> <p>There are also 3765 failures where there is no service credit or pension credit recorded from the transfer that will require investigation. Providing service was recorded correctly on the service history, member benefits will be correct.</p> <p>A common fail with 1253 instances are where there is a service credit, but no corresponding service dates on the service history that should be investigated urgently.</p> <p>2069 instances concerned invalid transfer types that do not match those calculations write-back. Most of these are incorrectly recorded interfund cases. These faults may lead to incorrect reporting but will not affect benefits for these members.</p> <p>Additionally, there were 38 cases where the transfer date was prior to the date of commencement.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Transfer In Details 2</b></p> <p><u>Eligible for Testing: Status 1, 2, 4, 5 &amp; T where transfer In details exist</u></p>	12,108	12,083	<p><b>Overall:</b> 99.8%</p> <p><b>TPR:</b> N/A</p>	Fail A: 25	25 members are missing both the name and the location number of the previous scheme. This is the same as in 2021. This test is excluded from the TPR core results.
<p><b>AVC Details</b></p> <p><u>Eligible for Testing: Status 1, 2, 4, 5 &amp; T where AVC details exist</u></p>	6,094	6,074	<p><b>Overall:</b> 99.7%</p> <p><b>TPR:</b> 99.95%</p>	Fail A: 0 Fail B: 0 Fail C: 18 Fail D: 2	<p>The number of members failing tests has increased by 16 to 20 since 2021.</p> <p>18 Members with an added years contract are missing the number of years being purchased.</p> <p>2 Members with an additional pension contract are missing an amount of pension being purchased.</p> <p>Only active, undecided leavers and deferred members count towards the TPR core results. Of the 20 members failing tests 3 count towards the TPR score.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Total Original Deferred Benefit</b></p> <p><u>Eligible for Testing: Status 4</u></p>	49,363	49,335	<p><b>Overall:</b> 99.9%</p> <p><b>TPR:</b> 100%</p>	<p>Fail A: 1</p> <p>Fail B: 17</p> <p>Fail C: 1</p> <p>Fail D: 16</p> <p>Fail E: 1</p> <p>Fail F: 11</p>	<p>37 members failed tests in 2021, this has now reduced to 28.</p> <p>1 member is missing both an Initial Pension value and a total current pension value.</p> <p>17 members have an initial Pension value that is less than £1 of which 16 also have a current pension value that is less than £1.</p> <p>1 member has a PI effective date that is either missing or earlier than date joined the fund.</p> <p>11 Members have a latest PI date earlier than the latest PI date processed. These cases should be investigated ahead of producing deferred ABS.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Tranches of Original Deferred Benefit</b></p> <p><u>Eligible for Testing: Status 4</u></p>	49,363	49,099	<p><b>Overall:</b> 99.5%</p> <p><b>TPR:</b> 99.5%</p>	<p>Fail A: 22 Fail B: 8 Fail C: 96 Fail D: 135 Fail E: 7 Fail F: 13</p>	<p>The number of members failing test in this condition has increased from 34 to 264, resulting in a 0.4% decrease to the pass rate.</p> <p>22 members either have no 'PEN' tranche component or have one that is less than £1.</p> <p>8 Members total initial pension did not equal the total of the protected, unprotected, and tapered pensions. 13 members with pre-200 service did not have a scheme lump sum recorded.</p> <p>Zero members failed test C &amp; D in 2021. 96 members with membership between 2008 and 2014 are missing a small 60ths pension component and 135 members with post 2014 membership are missing or have a small CARE component. These tests are included in the TPR core results.</p> <p>These cases should be investigated ahead of producing deferred ABS.</p>
<p><b>Total Gross Pension</b></p> <p><u>Eligible for Testing: Status 5 &amp; T</u></p>	41,808	41,798	<p><b>Overall:</b> 99.9%</p> <p><b>TPR:</b> 99.9%</p>	<p>Fail A: 2 Fail B: 2 Fail C: 1 Fail D: 2 Fail E: 6</p>	<p>The number of members failing tests has reduced from 11 to 10 since 2021.</p> <p>1 member has no initial pension or current pension value, a further 1 member is just missing the initial pension value.</p> <p>6 members have a missing PI effective date or have one that is earlier than date joined fund, an increase of 1 from 2021.</p> <p>2 members have an initial and current pension that is less than £1.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Tranches of Pension</b></p> <p><u>Eligible for Testing: Status 5 &amp; T</u></p>	41,808	41,710	<p><b>Overall:</b> 99.8%</p> <p><b>TPR:</b> 99.9%</p>	<p>Fail A: 3 Fail B: 9 Fail C: 30 Fail D: 2 Fail E: 8 Fail F: 51</p>	<p>39 less members have failed tests in this condition resulting in a 0.1% increase to the pass rate.</p> <p>9 members with service between 2008 and 2014 are missing or have a small 60ths pension component.</p> <p>30 members with post-2014 service have a missing or small CARE component, an increase of 25. 8 members have a latest PI date earlier than the latest processed, a decrease of 73. 2 members are missing a CP50 tranche or have one with a value less than £1. These tests are included in the TPR core results.</p> <p>3 members are either missing or have a small value in the PEN tranche which is mandatory. 51 members do not have PEN or GMP as the first component. These tests do not count towards the TPR score.</p> <p>These cases should be investigated as a high priority.</p>
<p><b>Total Gross Dependant Pension</b></p> <p><u>Eligible for Testing: Status 6</u></p>	5,760	5,754	<p><b>Overall:</b> 99.9%</p> <p><b>TPR:</b> 99.9%</p>	<p>Fail A: 1 Fail B: 5 Fail C: 1 Fail D: 1 Fail E: 1</p>	<p>6 members have failed tests in this condition, a decrease of 1 since 2021.</p> <p>5 members have an initial pension value below £1, of which 1 also have a small current pension.</p> <p>1 member is missing both an initial and current pension value, the same member is also missing a PI effective date.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Tranches of Dependant Pension</b></p> <p><u>Eligible for Testing: Status 6</u></p>	5,760	5,733	<p><b>Overall:</b> 99.5%</p> <p><b>TPR:</b> 99.9%</p>	<p>Fail A: 5</p> <p>Fail B: 22</p>	<p>The number of members failing test has increased from 18 to 27, leading to a 0.2% decrease in the pass rate.</p> <p>5 members are missing or have a small PEN tranche which is mandatory. This test is included in the TPR core results.</p> <p>22 members have a last PI date earlier than the latest date processed by Kent and should be investigated as a high priority to ensure correct benefits are in payment.</p>



## 2.2. Member Details

This category includes those data items that may be used in the calculation of member benefits.

A total number of 163,526 members qualified for one or more checks as part of the in-scope conditions under this category, an increase of 2,995. The member details category achieved a **95.1%** pass rate. This pass rate a 3.2% increase over 2021. The percentage of members not to fail a single test is 75.4%. 5 of the 7 Data Conditions specified attained the highest benchmark category (>98%). The lowest score was on the Contributions condition, where 59.4% of members passed. This represents a 2.9% increase on 2021. The other condition not to achieve the highest benchmark was Date of Leaving, where 94.1% of members passed. This represents an increase of 2.4% on 2021.



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<b>Date of Leaving</b>  <u>Eligible for Testing:</u> <u>Status 1, 2, 4, 5, 9 &amp; I</u>	163,526	153,853	<b>Overall:</b> 94.1%  <b>TPR:</b> 94.1%	Fail A: 9636 Fail B: 0 Fail C: 3 Fail D: 34	The number of members failing tests has decreased by 3605 resulting in a 2.4% increase in the pass rate.  9,636 members either have a blank or invalid Date Left. The number of members failing this test has decreased by 3575.  3 members have a Date Joined Fund that is later than or equal to Date Left.  34 members have a Date of leaving present who were not previously holding a status of Deferred or Frozen Refund, a reduction of 28.
<b>Date Joined Scheme</b>  <u>Eligible for Testing:</u> <u>Status 1, 2, 4, 5, 9 &amp; I</u>	163,526	163,525	<b>Overall:</b> 100%  <b>TPR:</b> 100%	Fail A: 0 Fail B: 1	1 Member has a Date Joined Fund that is on or before their 15 <sup>th</sup> Birthday, the same as in 2021.  This test is excluded from the TPR results.
<b>Employer Details</b>  <u>Eligible for Testing:</u> <u>Status 1, 2, 4, 5, 9 &amp; I</u>	163,526	163,525	<b>Overall:</b> 100%  <b>TPR:</b> 100%	Fail A: 0 Fail B: 0 Fail C: 1 Fail D: 0	1 Member has a Date Joined Employer on or before their 15 <sup>th</sup> Birthday, the same as in 2021.  This test is excluded from the TPR results.

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Salary (Final Salary members)</b></p> <p><u>Eligible for Testing: Status 1, 2, 4, 5, 9 &amp; I</u></p>	108,366	107,447	<p><b>Overall:</b> 99.2%</p> <p><b>TPR:</b> 99.9%</p>	<p>Fail A: 41 Fail B: 575 Fail C: 5 Fail D: 58 Fail E: 5 Fail F: 244</p>	<p>The number of members failing tests has reduced from 1580 to 661.</p> <p>41 members, with pre-2014 membership, are missing a pensionable salary entry. This is the only test in this condition which counts towards the TPR core results.</p> <p>575 non-Active members do not have a Remuneration entry that matches their Date Left. Zero members failed this test in 2021. The increased number of fails is due to a change in the testing criteria.</p> <p>5 members have a date without a pay amount recorded. This number is the same as in 2021.</p> <p>58 deferred members have a blank or small pensionable pay on their deferred details. Similarly, 5 pensioners have a blank or small entry in the pensionable pay field on the pension details.</p> <p>244 members had a latest salary recorded that was earlier than the latest bulk update by Kent and should be investigated to determine if they are still active members. This has decreased by 1252 since last year.</p> <p>Annual benefit statements cannot be processed for members with final salary service without a pay recorded and therefore investigation should be made to ensure no members are affected in this way.</p>

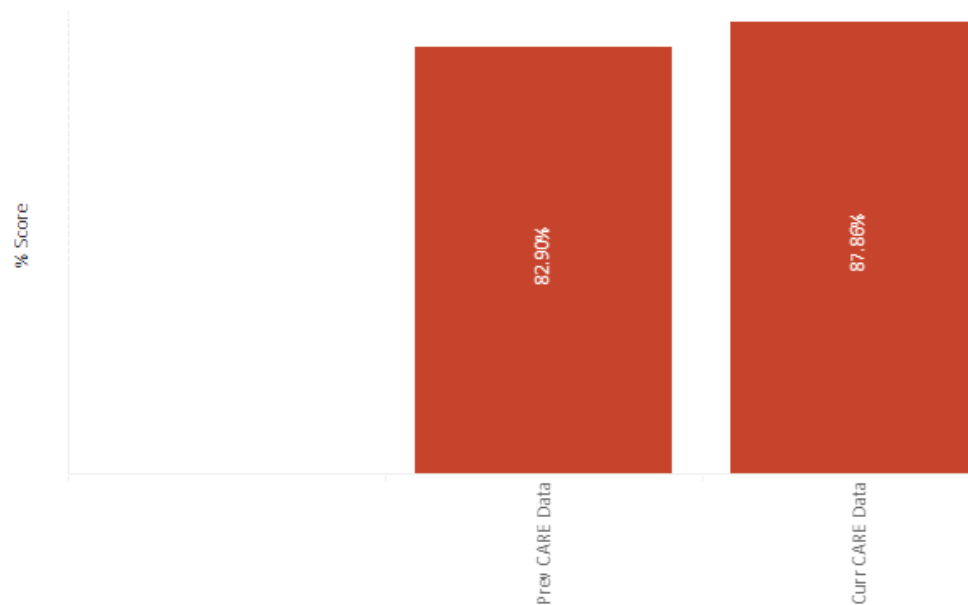
Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Contributions</b></p> <p>Eligible for Testing: Status 1, 2, 4, 5, 9 &amp; I</p>	88,988	52,877	<p><b>Overall:</b> 59.4%</p> <p><b>TPR:</b> N/A</p>	<p>Fail A: 36,071</p> <p>Fail B: 743</p>	<p>The number of members failing a test has decreased by 33,767 to 36,111 resulting in a pass rate that has increased by 2.9%.</p> <p>This condition is excluded from the TPR core results.</p> <p>36,071 members are missing the rolled-up contribution total. The bulk contribution totalling calculation will populate the rolled-up contribution total for active members where contributions exist.</p> <p>743 members did not have a contribution posting for the latest bulk update by Kent and these should be investigated to determine if they are still active members.</p>
<p><b>Leavers</b></p> <p>Eligible for Testing: Status 4, 5, 9 &amp; T</p>	100,034	100,027	<p><b>Overall:</b> 99.9%</p> <p><b>TPR:</b> 99.9%</p>	<p>Fail A: 7</p> <p>Fail B: 0</p> <p>Fail C: 0</p>	<p>7 members failed tests in this condition in 2021.</p> <p>7 members are missing a date of leaving. This test is included in the TPR core test results.</p>
<p><b>Service</b></p> <p>Eligible for Testing: Status 1, 2, 4, 5, 9 &amp; I</p>	163,526	163,158	<p><b>Overall:</b> 99.8%</p> <p><b>TPR:</b> N/A</p>	<p>Fail A: 368</p>	<p>The number of members failing tests in this condition has reduced by 81. This test is not included in the TPR core results.</p> <p>368 members have dates on the basic details that suggest a service change since commencement, but do not have a service history to detail the change. Prioritise the 6 active, 3 undecided leavers and 4 deferred members that have failed this test. The remaining members are frozen refunds or pensioners.</p>

## 2.3. CARE Benefits

This category includes those data items required to calculate Career Average Revalued Earning (CARE) benefits.

A total number of 98,098 members qualified for the checks as part of the in-scope conditions under this category, an increase of 4,228. This category achieved an **87.9%** pass rate. This pass rate represents a 5.0% improvement on 2021. Failures in this category require investigation as CARE data directly affects member benefits.

As CARE revaluation is calculated for each member from a single factor table, the table itself is checked for a complete list of factors and was given a 100% pass. Fails in this category directly affect the calculation of member benefits and so should be resolved as a priority.



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<b>CARE data</b>  <u>Eligible for Testing: Status 1, 2, 4, 5, 9 &amp; I</u>	98,098	86,184	<b>Overall:</b> 87.9%  <b>TPR:</b> 87.9%	Fail A: 1248 Fail B: 11855 Fail C: 71	<p>The number of failed tests in this condition has decreased by 4,094 to 11,914 translating to a 5.0% increase in the pass rate.</p> <p>11,855 members appear to be missing at least one year-end entry of CARE data, a decrease of 379. Some members failing this test joined the fund in March and may not have been received payment in the scheme year of entry so may be genuine exceptions. This test is included in the TPR core results.</p> <p>There are 1,248 members without CARE data where some is expected, while 71 members have a contribution entry recorded for a year in which there are no CARE benefits recorded, a decrease of 1,710.</p> <p>This data is crucial to the calculation of member benefits and the employers with missing data should be reminded of the importance of providing this data as soon as possible. Annual Benefits Statements cannot be processed without this information.</p>
<b>CARE Revaluation</b>  <u>Eligible for Testing: Revaluation Factor Table</u>	1	1	<b>Overall:</b> N/A	None	The revaluation table is present and correct.

## 2.4. HMRC

This category includes those values recorded as a result of the Finance Act 2004 as well as Pre A-Day limits.

A total number of 134,967 members qualified for one or more checks as part of the in-scope conditions under this category. The conditions within this category have been expanded for clarity and are detailed in Appendix B.

This category achieved a **99.2%** pass rate placing the category in the highest threshold. This pass rate 0.5% lower than in 2021. The percentage of members not to fail a single test is 98.9%. The highest benchmark was achieved in 5 of the 7 categories. The two categories not to score over 98% were BCE7 and AA charge, whilst BCE7 showed an improvement over 2021, AA charge has seen the number of failures increase.



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<b>BCE 2</b>  <u>Eligible for Testing: Status 5 &amp; T where Date Retired &gt; 6/4/2006</u>	32,051	31,948	<b>Overall:</b> 99.7%  <b>TPR:</b> 99.7%	Fail A: 96 Fail B: 24 Fail C: 0	The number of members failing these tests has increased by 42 to 103 since 2021.  96 members have a crystallisation date that is either invalid or earlier than the date of leaving. 24 members have a blank PLA value. These tests are included in the TPR core results.
<b>BCE 5</b>  <u>Eligible for Testing: Status 4 &amp; T</u>	49,372	49,354	<b>Overall:</b> 99.9%  <b>TPR:</b> N/A	Fail A: 18	The number of members failing these tests has increased by 13 to 18 since 2021.  18 members with deferred benefits are over the age of 75.
<b>BCE 6</b>  <u>Eligible for Testing: Status 5 &amp; T members where Date Retired &gt; 6/4/2006 and Age at Date Retired &lt; 75</u>	32,038	31,908	<b>Overall:</b> 99.6%  <b>TPR:</b> 99.9%	Fail A: 126 Fail B: 19 Fail C: 0	130 members failed tests in this condition 65 more than in 2021.  19 members do not have a PCLS recorded despite having a lump sum on the pension details. This test is included in the TPR core results.  126 members have a crystallisation date that is either invalid or earlier than the date of leaving.



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>BCE 7</b></p> <p><u>Eligible for Testing: Status 7 members where Date of Death (from Exit Details) is after 6/4/06 and within 5 years of Date Retired</u></p>	1,106	976	<p><b>Overall:</b> 88.3%</p> <p><b>TPR:</b> N/A</p>	<p>Fail A: 129</p> <p>Fail B: 1</p>	<p>130 members have failed tests in this condition, 32 more than 2021. This condition is not included in the TPR core tests.</p> <p>129 members do not have a death grant recorded in the crystallisation details where one was expected.</p> <p>1 member has a death grant recorded and is missing at least one of the crystallised value and percentage.</p>
<p><b>BCE 8</b></p> <p><u>Eligible for Testing: Status 3 members where Date Left is &gt; 6/4/2006 and there is a value in QROPS Transfer Date</u></p>	36	36	<p><b>Overall:</b> 100%</p> <p><b>TPR:</b> N/A</p>	<p>Fail A: 0</p> <p>Fail B: 0</p> <p>Fail C: 0</p> <p>Fail D: 0</p>	<p>All members tested passed all tests in this condition for the fifth consecutive year. This condition is not included in the TPR core tests.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Lifetime Allowance Charge Paid</b></p> <p><u>Eligible for Testing: Status 5 &amp; T where Date Retired is after 6/4/2006 (ignoring members where Date, Amount &amp; Indicator) are ticked in either Enhanced Protection or Payment of PCLS Reportable Events (Reportable Events 1 &amp; 2 on Crystallisation screen)</u></p>	32,029	32,015	<p><b>Overall:</b> 99.9%</p> <p><b>TPR:</b> 99.9%</p>	Fail A: 14	<p>The same number of members failed tests in 2021.</p> <p>14 members appear to have exceeded the Lifetime Allowance and do not have a tax charge recorded. This test is included in the TPR core results.</p>
<p><b>Annual Allowance</b></p> <p><u>Eligible for Testing: Status 1 members</u></p>	52,411	51,185	<p><b>Overall:</b> 97.7%</p> <p><b>TPR:</b> 97.7%</p>	Fail A: 1226 Fail B: 0	<p>1226 members have failed tests in this condition, 944 more than 2021, leading to a reduction of 1.7% in the pass rate. The tests were checking for the PIP ending on 5/4/2021.</p> <p>There are 1,226 active members without the latest AA data recorded that was processed by Kent. This test is included in the TPR core results.</p>

## 2.5. Contracting Out

This category includes those data items required to meet scheme contracting out conditions.

A total number of 152,500 members qualified for one or more checks as part of the in-scope conditions under this category, an increase of 2,875. This category achieved a **97.2%** pass rate. This pass rate 0.2% higher than in 2021. The percentage of members not to fail a single test is **97.9%**. The highest individual score was achieved in the condition Date Contracted Out, where 99.9% of members passed. The remaining three categories have all shown an improvement over the 2021 scores. Fails in this category are likely to have an impact on GMP Reconciliation and so should be resolved either in advance, or as part of the GMP Reconciliation process.



Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Date Contracted Out</b></p> <p><u>Eligible for Testing: Status 1, 2, 4, 5 &amp; T members</u></p>	152,500	152,389	<p><b>Overall:</b> 99.9%</p> <p><b>TPR:</b> 99.9%</p>	<p>Fail A: 111 Fail B: 0 Fail C: 0</p>	<p>101 members failed tests in this condition in 2021. This has increased to 111.</p> <p>111 members now have a blank Date Contracted Out and joined prior to 6/4/2016. 91 are active/undecided leaver members, 17 are deferred and 3 are pensioners. This test is included in the TPR core results.</p>
<p><b>NI Contributions / Earnings History</b></p> <p><u>Eligible for Testing: Status 1, 2, 4, 5 &amp; T members where NI-Table is not E and date contracted out is on or after 6/4/78 AND before 6/4/1997</u></p>	28,477	25,860	<p><b>Overall:</b> 90.8%</p> <p><b>TPR:</b> 91.7%</p>	<p>Fail A: 0 Fail B: 302 Fail C: 20,288 Fail D: 2,741 Fail E: 2,378</p>	<p>2,617 members have failed tests in this condition, 147 less than 2021. Fails C &amp; D are excluded from the total fails and pass rate as individually they are not counted as fails in their own right.</p> <p>302 members do not have values that correspond with Period End Dates. If there are GMP details for these members, the data will not be required. This test is excluded from the TPR core results.</p> <p>2,378 members have neither a full NI earnings history nor a GMP recorded (failed both C and D simultaneously). This test is included in the TPR core results.</p> <p>This data is key for correct assessment and payment of benefits.</p>

Condition	Members Tested	Members Passed	Pass Rate %	Areas For Review	Comments
<p><b>Pre 88 GMP</b></p> <p><u>Eligible for Testing: Status 4, 5 &amp; T members where Contract Out SSPA75 is before 6/4/88</u></p>	12,536	11,948	<p><b>Overall:</b> 95.3%</p> <p><b>TPR:</b> 95.3%</p>	<p>Fail A: 586 Fail B: 0 Fail C: 2</p>	<p>The number of members failing tests in this condition has reduced by 64 to 588 since 2021.</p> <p>586 members that have left with pre 1988 service are missing a GMP at exit. 2 members have a resultant Pre 88 GMP that is not divisible by 52. These tests are included in the TPR core results.</p>
<p><b>Post 88 GMP</b></p> <p><u>Eligible for Testing: Status 4, 5 &amp; T members where Contract Out SSPA75 is before 6/4/97 and Date Left is after 6/5/1988</u></p>	25,964	23,091	<p><b>Overall:</b> 88.9%</p> <p><b>TPR:</b> 88.9%</p>	<p>Fail A: 2,565 Fail B: 2,871 Fail C: 2</p>	<p>The number of members failing tests in this condition has reduced by 180 to 2,873 since 2021.</p> <p>2,565 members have a blank Total GMP value. 2,871 members have a Post 88 GMP value that is higher than their Total GMP value. 2558 members failed both tests.</p> <p>2 members have a Post 88 GMP at exit that is not divisible by 52.</p> <p>These tests are included in the TPR core results.</p>

### 3 Data Correction Plan

The table below provides Kent with suggestions for resolving the issues identified in Section **Error! Reference source not found.** and a suggested priority. This table is deliberately high-level as the detail and dates should be agreed once the results have been thoroughly reviewed.

Data Category	Recommendation	Suggested Priority
<b>Member Benefits</b>	<ul style="list-style-type: none"> <li>• Investigate and correct Divorce Details cases</li> <li>• Investigate incomplete Transfer In data with a high priority as benefits may be incorrect</li> <li>• Correct the 20 members with incorrect AVC details at the highest priority as benefits may be incorrect</li> <li>• Correct the 292 issues with deferred benefit cases prior to running deferred annual benefit statements</li> <li>• Investigate the 108 defects in pension benefits</li> <li>• Investigate the 33 Dependant Pensioner cases</li> <li>• Investigate all cases where the latest PI does not appear to have been applied</li> </ul>	<ul style="list-style-type: none"> <li>• High</li> <li>• High</li> <li>• <b>Very High</b></li> <li>• High</li> <li>• High</li> <li>• High</li> <li>• <b>Very High</b></li> </ul>
<b>Member Detail</b>	<ul style="list-style-type: none"> <li>• Investigate the cases with either an unexplained date of leaving present or a missing date of leaving</li> <li>• Investigate the 1 case with an incorrect date for when they joined the Scheme</li> <li>• Investigate the 1 case with an incorrect date for when they joined the employer</li> <li>• Investigate the final salary pay issues prior to running annual benefit statements</li> </ul>	<ul style="list-style-type: none"> <li>• Low</li> <li>• <b>Very High</b></li> <li>• High</li> </ul>

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	<ul style="list-style-type: none"> <li>Investigate cases with missing contributions prior to running annual benefit statements</li> <li>Investigate the 7 members missing a date left</li> <li>Investigate the 368 cases that appear to have a service change not reflected on their service history. Prioritise the 6 active, 3 undecided leavers and 4 deferred members</li> </ul>	<ul style="list-style-type: none"> <li>High</li> <li>High</li> <li>High</li> <li>Very High</li> </ul>
<b>CARE Data</b>	<ul style="list-style-type: none"> <li>Investigate all data issues in this category by status prior to issuing annual benefit statements for that status. Pensioners should be investigated as soon as possible to ensure correct benefits are in payment</li> </ul>	<ul style="list-style-type: none"> <li>High</li> </ul>
<b>HMRC</b>	<ul style="list-style-type: none"> <li>Review criteria for testing HMRC data and ensure that current processes populate this data correctly in Altair</li> <li>Investigate the incorrect Crystallisation Dates</li> <li>Investigate the 18 members over the age of 75 with deferred benefits</li> <li>Investigate the missing Crystallisation amounts or percentages</li> <li>Investigate the 19 missing PCLS amounts</li> <li>Investigate the 130 cases with missing death grant data</li> <li>Investigate the 14 members that have exceeded the LTA without a tax charge recorded</li> <li>Investigate the 1226 cases with missing Annual Allowance data</li> </ul>	<ul style="list-style-type: none"> <li>Medium</li> <li>Medium</li> <li>Medium</li> <li>Medium</li> <li>Medium</li> <li>Low</li> <li>High</li> <li>High</li> </ul>
<b>Contracting Out</b>	<ul style="list-style-type: none"> <li>Investigate the 111 cases with incorrect Date Contracted Out data and why the number has increased</li> <li>Investigate missing and incorrect data for NI contributions and earnings history</li> <li>Review and update GMP values in conjunction with the GMP Reconciliation process</li> <li>Obtain and upload GMP figures for the members with missing data as a high priority</li> </ul>	<ul style="list-style-type: none"> <li>Medium</li> <li>Medium</li> <li>Medium</li> <li>High</li> </ul>

## 4 Appendices

### 4.1. Appendix A – TPR Guide

#### 4.1.1. Member Benefits

Data Field	Status Tested	TPR Comment
Pension Sharing Details	Active, Deferred, Pensioner	If a member has had a pension sharing order, check that full details of the benefits transferred to the ex-spouse/ex-civil partner are present.
Transfer In Details	Active, Deferred, Pensioner	If benefits have been transferred in, check that all relevant details are recorded. This will include (as a minimum) the details of the previous scheme, the amount of the transfer value (split between protected rights and non protected rights and, if relevant, split between the amount received in respect of the member and employer contributions and AVCs), benefits secured, (if relevant) contracting out details.
AVC Details	Active, Deferred, Pensioner	Check that there is a history of any AVCs paid, type of investment, current provider, and (if relevant) benefits being secured
Total Original Deferred Benefit	Deferred	Check that total original deferred benefit is present (either derived or explicit).



Data Field	Status Tested	TPR Comment
Tranches of Original Deferred Benefit	Deferred	Check that there is a breakdown of the various tranches of the total deferred benefit. This must identify tranches with different rates of increases either in deferment or in payment, and tranches with different contingent spouse's/civil partner's benefits. Likely to include such items as pre/post 1997 splits, pre/post 2005 splits, Barber splits, VFM underpin etc. Details of the date at that any tranche is payable, if different from the scheme's normal retirement date, will also be required. The sum of the individual components must equal any total deferred pension that is recorded on the system.
Total Gross Pension	Pensioner	Check that a total pension is present (either derived or explicit).
Tranches of Pension	Pensioner	Check that there is a breakdown of the various tranches of the total pension, identifying tranches with different rates of increase and contingent spouse's/civil partner's benefits. The sum of the individual components must equal any total pension that is recorded on the system.

#### 4.1.2. Member Details

Data Field	Status Tested	TPR Comment
Date of Leaving	Deferred, Pensioner	For trust-based schemes, check that member has a date of leaving that is after date joined
Date Joined Scheme	Active, Deferred	Check that the date joined scheme is present, later than date of birth, and not earlier than date joined company. False dates should be classed as missing data.
Date joined employing company	Active, Deferred	For members of multi-employer schemes check that date joined employing company is present and is later than date of birth. False dates should be classed as missing data.
Salary	Active, Deferred	Check that there is at least one relevant salary within the last 12 months of membership.

Data Field	Status Tested	TPR Comment
Salary History	Active, Deferred	Check that a relevant salary exists for each of the last 5 renewal periods of membership and is greater than £0.50.
Contributions	Pensioner	For contributory schemes check that there is a contribution amount present for each year of active membership, or that a contribution total is present.
Date of leaving (date pensionable service ended)/ date last premium/contribution paid	Deferred, Pensioner	For trust-based schemes check that member has a date of leaving which is after date joined scheme, and that member status is not active if date of leaving is present.

#### 4.1.3. CARE Data

Data Field	Status Tested	TPR Comment
Date of Leaving	Deferred, Pensioner	For trust-based schemes, check that member has a date of leaving that is after date joined
Date Joined Scheme	Active, Deferred	Check that the date joined scheme is present, later than date of birth, and not earlier than date joined company. False dates should be classed as missing data.

#### 4.1.4. HMRC

Data Field	Status Tested	TPR Comment
Benefit Crystallisation Event Details	Active, Deferred, Pensioner	Check that full details of the dates and amounts paid at each benefit crystallisation event, including details of LTA percentage used, are present.

Data Field	Status Tested	TPR Comment
Lifetime Allowance Charge Paid	Pensioner	Check that the date and amount of any lifetime allowance charge paid is present.

#### 4.1.5. Contracting Out

Data Field	Status Tested	TPR Comment
Date Contracted Out	Active, Deferred, Pensioner	Check that this is present and not earlier than 06/04/1978.
N.I. History (Contracted Out earnings & contributions)	Active, Deferred, Pensioner	Check that members have a full contracted-out history during any period contracted out on a GMP basis. A verified GMP, agreed with NISPI, would be an acceptable alternative. Not required for reduced rate females.
Pre 88 GMP	Deferred, Pensioner	Check that a member with at least one month of pre 4/88 contracted out service has a pre 88 GMP. GMP must be divisible by 52. May be derived if total GMP and post 4/88 GMP are recorded.
Post 88 GMP	Deferred, Pensioner	Check that a member with at least one month of post 4/88 service contracted out on a GMP basis has a post 88 GMP. Can be derived or explicit.

## 4.2. Appendix B – Benefit Crystallisation Events

Event	Description
BCE2	Where a member becomes entitled to a scheme pension, whether from a defined benefits arrangement or a money purchase arrangement.

Event	Description
BCE5	Test the level of entitlements not taken by a member at age 75 under a defined benefits arrangement, by measure of the level of benefits that would come into payment at that time, if drawn.
BCE6	<p>A lifetime allowance test is triggered through BCE6 whenever a member becomes entitled under a registered pension scheme to:</p> <ul style="list-style-type: none"> <li>• A pension commencement lump sum paid before age 75, when uncrystallised benefits are drawn under an arrangement</li> <li>• A serious ill health lump sum paid before age 75, where the individual falls into serious ill health</li> <li>• A lifetime allowance excess lump sum where a chargeable amount has been identified because the individual's lifetime allowance has been fully used up.</li> </ul>
BCE7	Where a relevant lump sum death benefit is paid on the death of the member.
BCE8	Where a member's benefits or rights are transferred to a qualifying recognised overseas pension scheme.

### 4.3. Appendix C - Conditions and Fail Criteria

#### 4.3.1. Member Benefits

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<b>Divorce Details</b> <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T with a pension sharing record present	Initial pension value (DVC-TOTINI) is missing	Calculation date (DVC-CALDTE) is blank or before 01/12/2000	Payment Date (DVC-PAYDTE) is blank or before 01/12/2000	Pension credit amount (DVC-TVAMT) is blank or 0)	Pension debit amount (DVC-CONAMT) is blank or 0	Percentage split (DVC-PCSPLT) is blank, 0 or over 100
Tested: 167	Failed: 0	Failed: 10	Failed: 77	Failed: 9	Failed: 79	Failed: 10

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>Transfer In Details 1</b></p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5 &amp; T with a transfer details record present</p>	<p>Date received (ADD-TV-DT) is blank or 0 or before 01/01/1900</p> <p><i>*Only Actives (1), undecided leavers (2) and deferred (4) are counted for the TPR results</i></p>	<p>Transfer Value is blank or 0 (ADD-TV) Interfund (ADD-TYPE = 'INTERFND') transfers received pre accrual change date for England and Wales funds (pre end of final salary accrual for Scotland and NI) that credited (ADD-BS-CR) less than 183 days service</p> <p><i>*Only Actives (1), undecided leavers (2) and deferred (4) are counted for the TPR results</i></p>	<p>Bank Service Credit (ADD-BD-CR) and retained pension (ADD-RETP) are both blank or 0</p> <p><i>*Transfers with no back service credit (ADD-BS-CR) = 0 or blank are excluded</i></p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Bank service credit (ADD-BS-CR) is present but service history does not have entry starting (HIST-START) on the same date as previous scheme from (ADD-FROM)</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Type (ADD-TYPE) is not valid ie CLUB, INTERFND, NON CLUB, PERSONAL, RESTITUTIO or some have INTRAFND</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Date TV Received blank, invalid or &lt; date joined fund (DJF)</p> <p><i>*This test is excluded from the TPR results</i></p>
Tested: 12,108	Failed: 37	Failed: 75	Failed: 3,765	Failed: 1253	Failed: 2,069	Failed: 38

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<b>Transfer In Details 2</b>  <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T where transfer In details exist	Previous scheme name (ADD-PR-SCH) and previous employer (ADD-PR-EMP) are both blank  <i>*This test is excluded from the TPR results</i>					
Tested: 12,108	Failed: 25					
<b>AVC Details</b>  <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T where AVC details exist	Contract start date (AVC-START) is blank or invalid (incl. on or before 01/01/1900)  <i>*Only Actives (1), undecided leavers (2) and deferred (4) are counted for the TPR results</i>	Contract end date (AVC-TE-DUE) is blank, invalid (incl. on or before 01/01/1900) or prior to the start date (AVC-START)  <i>*This test is excluded from the TPR results</i>	If the contract type (AVC-TYPE) is an added years type (A, B, G, L, P, R, S) but the added years amount (AVC-ADDY) is blank or zero  <i>*Only Actives (1), undecided leavers (2) and deferred (4) are counted for the TPR results</i>	If the contract type (AVC-TYPE) is an added pension (H, M) but the bought pension amount (AVC-P75T) is blank or zero, or greater than or equal to the scheme maximum  <i>*Only Actives (1), undecided leavers (2) and deferred (4) are counted for the TPR results</i>		
Tested: 6,094	Failed: 0	Failed: 0	Failed: 18	Failed: 2		

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>Total Original Deferred Benefit</b></p> <p><u>Eligible for Testing:</u> Status 4</p>	No value in Initial Pension (DEF-TOT-IP)	<p>The value in Initial Pension is between £0.01 and a small figure (default of £1.00) agreed with customer</p> <p><i>*This test is excluded from the TPR results</i></p>	No value in total current pension (DEF-TOT-CP)	<p>The value in total current Pension is between £0.01 and a small figure (default of £1.00) agreed with customer</p> <p><i>*This test is excluded from the TPR results</i></p>	PI date (DEF-INC-DT) must be present and later than date joined fund (DJF)	<p>First entry of PI calculated date (DEF-PI-DT[1]) is missing is prior to the scheme's last PI date</p> <p><i>*This test is excluded from the TPR results</i></p>
Tested: 49,363	Failed: 1	Failed: 17	Failed: 1	Failed: 16	Failed: 1	Failed: 11



<p><b>Tranches of Original Deferred Benefit</b></p> <p><u>Eligible for Testing:</u> Status 4</p>	<p>Member has no 'PEN' tranche (DEF-TYPE) or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer. (including negative values)</p>	<p>'PEN' + 'UPEN' + 'TAPE' does not equal Total Initial Pension</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>An employment with service between accrual rate change and end of final salary with a value less than or equal to a small figure (default of £1.00) agreed with customer (DEF-I-PEN) PN60 (DEF-TYPE) pension component.</p> <p><i>*Excluded - Councillor members (CLASS = 'CM') (in England/Wales sites only) or Pension Credit (CLASS = 'PC'). Members whose service dates (either from DJF to DATE-LEFT) or on service history (with SERV-TYPE = 'L') do not span the period from accrual change to end of final salary (01/04/2008 to 31/03/2014 in</i></p>	<p>Member with post 31/03/2014 (15 S&amp;NI) service has no 'CARE' tranche or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*Excluded - Councillor members (CLASS = 'CM') (in England/Wales sites only) or Pension Credit (CLASS = 'PC'). Members whose date of leaving (DATE-LEFT) is pre final salary end date.</i></p>	<p>Member with 50/50 CARE tranche (CARE-BNCDE = 'LGPS5050' Or 'TVINLG50') has no corresponding pension component (DEF-TYPE = 'CP50') or one with a value (DEF-I-PEN) less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Member with pre FS accrual change service has no 'RA' tranche or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*Excluded - Pension Credit (CLASS = 'PC') or members whose date of joining (DJF) and any service history line that starts (HIST-START) after the FS accrual rate change date</i></p> <p><i>*This test is excluded from the TPR results</i></p>
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Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
			<i>England and Wales)</i>			
Tested: 49,363	Failed: 22	Failed: 8	Failed: 96	Failed: 135	Failed: 7	Failed: 13
<b>Total Gross Pension</b>  <u>Eligible for Testing:</u> Status 5 & T	No value in Initial Pension (PEN-TOT-IP)	The value in Initial Pension is between £0.01 and a small figure (default of £1.00) agreed with customer  <i>*This test is excluded from the TPR results</i>	No value in total current pension (PEN-TOT-C)	The value in total current Pension is between £0.01 and a small figure (default of £1.00) agreed with customer  <i>*This test is excluded from the TPR results</i>	PI date (PEN-INC-DT) must be present and later than DJF	
Tested: 41,808	Failed: 2	Failed: 2	Failed: 1	Failed: 2	Failed: 6	

<p><b>Tranches of Pension</b></p> <p><u>Eligible for Testing:</u> Status 5 &amp; T</p>	<p>'PEN' tranche (PEN-TYPE) has a value less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Member with service between 01/04/2008 (09 S&amp;NI) and 31/03/2014 (15 S&amp;NI) has no 'PN60' tranche or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*Excluded - Councillor members(CLASS = 'CM') (in England/Wales sites only) or Pension Credit (CLASS = 'PC'). Or Members whose service history periods (with SERV-TYPE = 'L') do not span the period from accrual change to end of final salary (01/04/2008 to 31/03/2014 in England and Wales)</i></p>	<p>Member with post 31/03/2014 (15 S&amp;NI) service has no 'CARE' tranche or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer</p> <p><i>*Excluded - Councillor members(CLASS = 'CM') (in England/Wales sites only) or Pension Credit (CLASS = 'PC'). Or members whose date of leaving (DATE-LEFT) is pre final salary end date.</i></p>	<p>Member with CARE5050 or TVINLG50 CARE data has no 'CP50' tranche or has one with a value less than or equal to a small figure (default of £1.00) agreed with customer</p>	<p>First entry of PI calculated date (PEN-PI-DT[1]) is missing or is prior to the scheme's last PI date (or if the first component is 'GMP' and the PI calculated date is missing or prior to the 6th April prior to the last PI date)</p> <p><i>*Excluded - employments with a date left following the scheme's last PI date or those with a an 'X' PI Marker (PEN-PI-MKR)</i></p>	<p>The first pension component on the list must be either 'PEN' or 'GMP'</p> <p><i>*This test is excluded from the TPR results</i></p>
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Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Tested: 41,808	Failed: 3	Failed: 9	Failed: 30	Failed: 2	Failed: 8	Failed: 51
<b>Total Gross Dependant Pension</b>  <u>Eligible for Testing:</u> Status 6	No value in Initial Pension (DEP-TOT-IP)	The value in Initial Pension is between £0.01 and a small figure (default of £1.00) agreed with customer  <i>*This test is excluded from the TPR results</i>	No value in total current pension (DEP-TOT-C)	The value in total current Pension is between £0.01 and a small figure (default of £1.00) agreed with customer  <i>*This test is excluded from the TPR results</i>	PI date (DEP-INC-DT) must be present	
Tested: 5,760	Failed: 1	Failed: 5	Failed: 1	Failed: 1	Failed: 1	
<b>Tranches of Dependant Pension</b>  <u>Eligible for Testing:</u> Status 6	'PEN' tranche (DEP-TYPE) has a value less than or equal to a small figure (default of £1.00) agreed with customer	Last PI date (DEP-PI-DT) is earlier than last PI date processed by customer  <i>*This test is excluded from the TPR results</i>				
Tested: 5,760	Failed: 5	Failed: 22				

### 4.3.2. Member Details

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>Date of Leaving</b></p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5 &amp; T and member is not pension credit member (CLASS &lt;&gt; PC)</p>	<p>A non-Status 1 member has a blank entry or an invalid date in Date Left (DATE-LEFT)</p> <p><i>*Status 1 members excluded from test</i></p>	<p>Date Joined Fund (DJF) is either blank or earlier than or equal to 01/01/1900</p>	<p>Date Joined Fund is later than or equal to Date Left if Date Left present</p> <p><i>*Status 1 members excluded from test</i></p>	<p>Date left is present for a status 1 member who does not have a previous status of 4 or 9</p> <p><i>*This test is excluded from the TPR results</i></p>		
Tested: 163,526	Failed: 9,636	Failed: 0	Failed: 3	Failed: 34		
<p><b>Date Joined Scheme</b></p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5 &amp; T and member is not pension credit member (CLASS &lt;&gt; PC)</p>	<p>Any of Date Joined Scheme (DJF), Date of Birth (DOB) and/or Date commenced current service (DCCPS) Joined Fund are either blank or earlier than or equal to 01/01/1900</p>	<p>Date Joined Fund (DJF) is earlier or equal to Date of Birth (DOB) plus 15 years</p> <p><i>*This test is excluded from the TPR results</i></p>				
Tested: 163,526	Failed: 0	Failed: 1				

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<b>Employer Details</b>  <u>Eligible for Testing:</u> Status 1, 2, 4, 5 & T and member is not pension credit member (CLASS <> PC)	Location (LOCATION) is blank	Date Joined employer (DT-JOIN-EM) is either blank or earlier than or equal to 01/01/1900	Date Joined employer must be earlier than date of birth (DOB) plus 15 years  <i>*This test is excluded from the TPR results</i>	Employment type (CLASS) is blank  <i>*This test is excluded from the TPR results</i>		
Tested: 163,526	Failed: 0	Failed: 0	Failed: 1	Failed: 0		
<b>Salary (Final Salary members)</b>  <u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T with service start date (HIST-START) (or date joined fund (DJF) if no service history present) prior to the final salary accrual end date. and member is not pension credit member (CLASS <> 'PC')	A member with pre-01/04/2014 (2015 in S&NI) service has an invalid or blank date in the latest instance of Pensionable remuneration (PEN-REM)  <i>*Excluded – Employment type (CLASS) is Councillor (CM)</i>	For non-status 1, 2 or 9 members, the latest instance of Pensionable remuneration does not equal the member's DATE-LEFT  <i>*This test is excluded from the TPR results</i>  <i>*Excluded – Employment type (CLASS) is Councillor (CM)</i>	The latest instance of Pensionable remuneration contains a valid date (PEN-REM-DT) but there is no corresponding amount  <i>*This test is excluded from the TPR results</i>	Status 4 member does not have a value in DEF-PENREM or a value less than a small figure (default of £1.00) agreed with customer  <i>*This test is excluded from the TPR results</i>	Status 5 or T member does not have a value in PEN-PS-REM or a value less than a small figure (default of £1.00) agreed with customer  <i>*This test is excluded from the TPR results</i>	For status 1 members the latest pensionable remuneration date must be equal to or later than the customer's last posting date  <i>*This test is excluded from the TPR results</i>
Tested: 108,366	Failed: 41	Failed: 575	Failed: 5	Failed: 58	Failed: 5	Failed: 244

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>Contributions</b></p> <p><u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 &amp; T and member is not pension credit member (CLASS &lt;&gt; PC)</p>	<p>Total Paid Including Interest (TCI-TOTAL) is blank or less than a small figure (default of £1.00) agreed with customer.</p> <p><i>*Excluded - Employment type (CLASS) is Councillor (CM) or Date Joined Fund (DJF) equal to or later than the last posting date</i></p> <p><i>*This test is excluded from the TPR results</i></p>	<p>For status 1 members the latest date must be equal to or later than the customer's last posting date and have a corresponding figure</p> <p><i>*Excluded - Current status not '1' or DJF Date Joined Fund (DJF) equal to or later than the last posting date</i></p> <p><i>*This test is excluded from the TPR results</i></p>				
Tested: 88,988	Failed: 36,071	Failed: 743				
<p><b>Leavers</b></p> <p><u>Eligible for Testing:</u> Status 4, 5, 9 &amp; T and member is not pension credit member (CLASS &lt;&gt; PC)</p>	<p>Date Left (DATE-LEFT) is either blank or is earlier than or equal to 01/01/1900</p>	<p>Date Joined Scheme (DJF) is either blank or is earlier than or equal to 01/01/1900</p>	<p>Date Left is earlier than Date Joined Scheme</p> <p><i>*This test is excluded from the TPR results</i></p>			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
Tested: 100,034	Failed: 7	Failed: 0	Failed: 0			
<b>Service</b> <u>Eligible for Testing:</u> Status 1, 2, 4, 5, 9 & T and member is not pension credit member (CLASS <> PC)	If DCCPS > DJF, and DJF < 01/04/2014(15 S&NI)), service history must be present  <i>*This test is excluded from the TPR results</i>					
Tested:	Failed:					



### 4.3.3. CARE Benefits

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>CARE Data</b></p> <p><u>Eligible for Testing:</u> Current status is 1 or status is 2/4/5/9/A with date left is after the end of Final Salary, with a date joined fund prior to current CARE year start. (Day after last posting date). Member is not a pension credit member (CLASS = 'PC') or a England /Wales site councillor member (CLASS = 'CM')</p>	<p>CARE service member has no main CARE tranche (CARE-BNCDE = 'LGPSMAIN' or 'LGPS5050')</p> <p>*Excluded - member employments with no service (DJF to DATE-LEFT/today or service history line spanning the period) between end of final salary and the last scheme posting date</p> <p>*This test is excluded from the TPR results</p>	<p>Member has a valid CARE list entry (for a valid tranche code) ending on each 31March between Date Joined (or Care revaluation start or last rehire date (where status 4/9 exists with subsequent status 1) if later) and the current posting date (or date left if sooner)</p> <p>*Excluded - members whose date left (DATE-LEFT) was prior to the first CARE revaluation date, or date joined (DJF) was after the last scheme posting date.</p>	<p>For each contribution entry during CARE accrual dated 31/03/yyyy (within the Fail B period above) with an amount over zero, there is a corresponding 31/03/yyyy period ending entry on the CARE benefit list for a valid tranche code with a salary amount over zero.</p> <p><i>*This test is excluded from the TPR results</i></p>			
Tested: 98,098	Failed: 1,248	Failed: 11,855	Failed: 71			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<b>CARE Revaluation</b>  <u>Eligible for Testing:</u> Revaluation Factor Table	Every 31/03 from 2015 (2016 in S&NI) to date must be present on factor table 000/B/00/684/2014/01012012	The rates on the table do not match the record of HM treasury rates  <i>*This test is excluded from the TPR results</i>				
Tested: 1	Failed: 0	Failed: 0				

4.3.4. HMRC

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<b>BCE2</b>  <u>Eligible for Testing:</u> Status 5 & T where Date Retired > 6/4/2006	Crystallisation Date (CRYS-CRYSYD) is not a valid date or is earlier than date left	PLA Value (CRYS-PLA) is blank	PLA% (CRYS-PLAPC) is blank  <i>*This test is excluded from the TPR results</i>			
Tested: 32,051	Failed: 96	Failed: 24	Failed: 0			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<b>BCE5</b>  <u>Eligible for Testing:</u> Status 4 & T	Any member of these deferred statuses where the member is over the age of 75  <i>*This test is excluded from the TPR results</i>					
Tested: 49,372	Failed: 18					
<b>BCE6</b>  <u>Eligible for Testing:</u> Status 5 & T where Date Retired > 6/4/2006 and Age at Date Retired < 75	Crystallisation Date is missing, not a valid date (CRYS-PPD) or is earlier than date left  <i>*This test is excluded from the TPR results as they are included in BCE2</i>	PCLS amount (CRYS-PPA) is blank if PEN-TOT-AL is > zero	There is a date in Serious Ill Health Lump Sum Payment (CRYS-ILLD) but no corresponding amount (CRYS-ILLA) OR There is an amount in Serious Ill Health Lump Payment but no corresponding date  <i>*This test is excluded from the TPR results</i>			
Tested: 32,038	Failed: 126	Failed: 19	Failed: 0			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>BCE7</b></p> <p><u>Eligible for Testing:</u> Status 7 where Date of Death (from Exit Details) is after 6/4/06 and within 5 years of Date Retired</p>	<p>Total death grant (CDTC-TOTLS) is blank or zero</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>There is a value &gt;0 in Total death grant but one or more of the following fields is blank or 0: Crystallised Value at Date of Death (CDTC-CVAL) Crystallised % Value at Date of Death (CDTV-CVALP)</p> <p><i>*This test is excluded from the TPR results</i></p>				
Tested: 1,106	Failed: 129	Failed: 1				
<p><b>BCE8</b></p> <p><u>Eligible for Testing:</u> Status 7 where Date of Death (from Exit Details) is after 6/4/06 and within 5 years of Date Retired</p>	<p>QROPS Transfer Date (CRYS-TFRD) is not a valid date or is earlier than date left</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>QROPS Transfer Amount (CRYS-TFRA) is blank</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Date of Birth (DOB) is not a valid date</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>Age at QROPS Transfer Date is over 75</p> <p><i>*This test is excluded from the TPR results</i></p>		
Tested: 36	Failed: 0	Failed: 0	Failed: 0	Failed: 0		

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>Lifetime Allowance Charge Paid</b></p> <p><u>Eligible for Testing:</u> Status 5 &amp; T where Date Retired is after 05/04/2006 (ignoring members where Date, Amount &amp; Indicator) are ticked in either Enhanced Protection or Payment of PCLS Reportable Events (Reportable Events 1 &amp; 2 on Crystallisation screen)</p>	<p>Value in Used PLA% (CRYS-TPPC) is greater than 100% and there is no value in any of LTA Charge (CRYS-LTACH), 25% LTA Charge (CRYS-LTA25) or 55% LTA Charge (CRYS-LTA55)</p> <p><i>* Total PLA used percentage (CRYS-TPPC) is less than or equal to 100</i></p>					
Tested: 32,029	Failed: 14					

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<b>Annual Allowance</b>  <u>Eligible for Testing:</u> Status 1	Latest annual allowance PIP end date is earlier than the latest run by the customer  <i>*Excluded - Employments that have a status 4 or 9 with date left prior to the last expected PIP end date, and a subsequent status 1 date after the expected PIP end date</i>	If a scheme pays indicator is ticked, the scheme pays amount is not present OR a scheme pays amount is present, but the scheme pays indicator is not ticked  <i>*This test is excluded from the TPR results</i>				
Tested: 52,411	Failed: 1,226	Failed: 0				

4.3.5. Contracting Out

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>Date Contracted Out</b></p> <p><u>Eligible for Testing:</u> Current Status is 1,2,4,5 or T, Member is not a pension credit member (employment type 'PC' excluded), and member does not have a reduced NI indicator (RED-NI) of X,Y or N</p>	<p>Contract-Out SSPA75 is blank and DJF is prior to 6/4/16</p> <p><i>*Excluded - DJF after 05/04/2016</i></p>	<p>Contract-Out SSPA75 is prior to 6/4/78</p>	<p>The date in Contract-Out SSPA75 is later than 5/4/16</p>			
Tested: 152,500	Failed: 111	Failed: 0	Failed: 0			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>NI Contributions/ Earnings History</b></p> <p><u>Eligible for Testing:</u> Current Status is 4 or 5, with date contracted out between 6/4/78 and 5/4/97. Member is not a pension credit member (employment type 'PC' excluded), and member does not have a reduced NI indicator (RED-NI) of X,Y or N, and NI Table (NI-TABLE) code is not 'E'</p>	<p>A Status 4 member is missing Date Left Active Service, or a Status 5 member is missing both Date Left Active Service and Date of Retirement</p>	<p>For one or more of the Period End Dates, there is not a corresponding value in Amount</p> <p><i>*This test is excluded from the TPR results</i></p>	<p>There is not a separate entry in Period End Date (NI) for each April 5th between Date Contracted Out and 5/4/97 (or Date Left/Date Ret if earlier for Status 4 &amp; 5 respectively) (non-reportable – see fail E)</p>	<p>GMP is not present on the NI details for status 1 and 2 and on GMP details for status 4, 5 &amp; T (non-reportable – see fail E)</p>	<p>Fail C and Fail D both occurred</p>	
Tested: 28,477	Failed: 0	Failed: 302	Failed: 20,288	Failed: 2,741	Failed: 2,378	



Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>Pre 88 GMP</b></p> <p><u>Eligible for Testing:</u> Current Status is 4,5 or T, Date of leaving (DATE-LEFT) post 05/04/1988 and date of contracting out is prior to 06/04/1997, Member is not a pension credit member (employment type 'PC' excluded), and member does not have a reduced NI indicator (RED-NI) of X,Y or N</p>	There is no value provided for total GMP at exit	Deducting Post 88 GMP at Exit from Total GMP at Exit results in a negative number	The result of deducting Post 88 GMP at Exit from Total GMP at Exit is not divisible by 52.			
Tested: 12,536	Failed: 586	Failed: 0	Failed: 2			

Condition	Fail A	Fail B	Fail C	Fail D	Fail E	Fail F
<p><b>Post 88 GMP</b></p> <p><u>Eligible for Testing:</u> Current Status is 4,5 or T, Date of leaving (DATE-LEFT) post 06/04/1978 and date of contracting out is prior to 06/04/1988, Member is not a pension credit member (employment type 'PC' excluded), and member does not have a reduced NI indicator (RED-NI) of X,Y or N</p>	There is no value provided for total GMP at exit	There is no value provided for Post 88 GMP at Exit	Post 88 GMP at Exit is not divisible by 52			
Tested: 25,964	Failed: 2,565	Failed: 2,871	Failed: 2			



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From:	Chairman Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 24 November 2022
Subject:	Pension Fund Annual Report & Accounts and External Audit
Classification:	Unrestricted

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**Summary:**

This report presents the Report and Accounts of the Kent Pension Fund for 2021-22, the External Audit Findings Report and updated Fund policies

**Recommendation:**

The Board is asked to note and comment upon the Annual Report and Accounts of the Kent Pension Fund and Audit Findings Report from the external auditor.

**FOR INFORMATION**

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**1. Annual Report and Accounts**

- 1.1 Guidance issued by CIPFA in 2019 for Local Government Pension Scheme Funds on preparing the annual report requires the Fund Annual Report to be formally reviewed by the Committee and authorised by the Chair of the Pension Fund Committee and the Corporate Director of Finance. It also requires the Pensions Board to review the Financial Statements and Annual Report prior to their publication.
- 1.2 A copy of the draft 2021-22 Pension Fund Annual Report and Accounts is attached at appendix 1. Whilst the audit of the Pension Fund Accounts is substantially complete, the auditors are still to complete the review of the Annual Report.
- 1.3 The key findings and other matters arising from the statutory audit of the Fund are included in the external auditor's Draft Audit Findings Report at appendix 2

**2. Audit update**

- 2.1 The Governance and Audit Committee will approve the Pension Fund accounts after the KCC audit is complete.
- 2.2 This year, the audit of the County Council accounts has been delayed and this will affect the timing of issue of the audit certificate for the Pension Fund Accounts and Annual Report

2.3 At the meeting held on 28 September, the Pension Fund Committee has authorised the Chairman and Corporate Director of Finance to approve the Annual Report on receipt of the audit certificate.

### **3. Fund policies**

3.1 Regulations require the Fund to prepare, review and update the following statements on a regular basis:

- Governance Compliance Statement
- Investment Strategy Statement (ISS) [investment-strategy-statement](#)
- Funding Strategy Statement (FSS) [funding-strategy-statement](#)
- Communications Policy Statement [communications-policy](#)

3.2 On 26 May 2022, the Kent County Council agreed a change a name of the Kent Superannuation Fund to Kent Pension Fund. All the above policies have been changed to reflect the change.

3.3 No further changes have been identified to the Funding Strategy Statement, the Investment Strategy Statement, the Governance Compliance Statement or Communications Policy Statement.

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Sangeeta Surana, Investments, Accounting and Pooling Manager

**T: 03000 416738**

**E: [sangeeta.surana@kent.gov.uk](mailto:sangeeta.surana@kent.gov.uk)**

**November 2022**

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# Kent Pension Fund Report and Accounts

For the year ended 31 March 2022



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#### If you have any comments on the annual report,

- please call 03000 416 431
- email [investments.team@kent.gov.uk](mailto:investments.team@kent.gov.uk), or
- write to: Kent Pension Fund, Treasury and Investments,  
Kent County Council, Room 3.08, Sessions House, County  
Hall, Maidstone, Kent ME14 1XQ



## Highlights

**£7.7bn**  
Pension fund value  
(FY21: £7.5bn)

**304**  
Active employers in the scheme  
(FY21: 310)

**£280m**  
Received in contributions  
(FY21: £268m)

**£257m**  
Benefits paid  
(FY21: £247m)

**98%**  
Funded (2019)

**£18.41**  
Scheme cost per member  
(£31.95 LA Average)

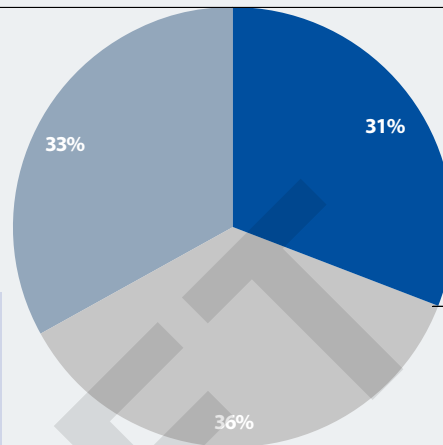
### Membership

**49,577**  
Deferred members  
(FY21: 47,397)

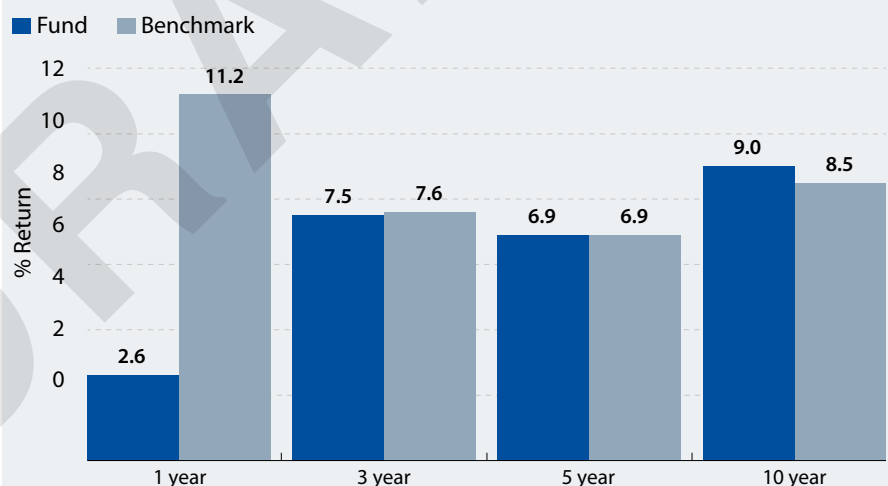
**46,706**  
Pensioners  
(FY21: 44,838)

Total membership  
**149,112**  
(FY21: 144,960)

**52,829**  
Active members  
(FY21: 52,725)

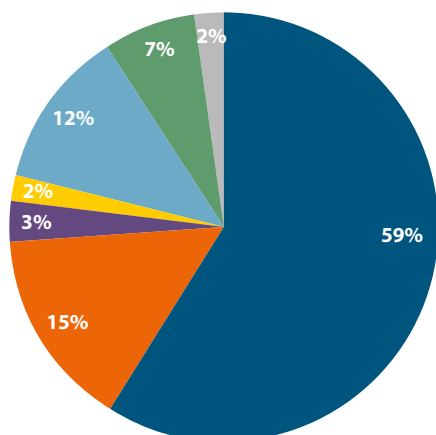


### Long term performance



### Asset allocation

- Equities
- Fixed Income
- Private equity
- Infrastructure
- Property
- Absolute Return
- Cash



Kent Pension Fund is a member of the ACCESS pool where we work with other local government pension funds to pool investments to significantly reduce costs, while maintaining investment performance.

**£3.6m**  
Current year savings

**£11.6m**  
Cumulative savings

**55%**

of assets outside  
ACCESS pool

**45%**

of assets inside  
ACCESS pool

## Chairman's foreword

I am pleased to present the Annual Report and Accounts for the Kent Pension Fund for the year ended 31 March 2022, a year of significant progress for the Fund, and one of profound change globally.

The successful deployment of vaccines has permitted the resumption of day-to-day life for many, and I have been heartened by the return of face-to-face interactions with members and officers here at Kent. Whilst the effects of the Covid-19 pandemic will no doubt continue to shape our lives for some time to come, thankfully the worst of the virus appears to be behind us. Yet any relief we draw from the end of lockdowns is overridden by knowledge of the appalling situation now unfolding in Ukraine. Our thoughts are with the innocent people impacted by the conflict.

The war is one key factor in inflation surging across much of the world right now, as constricted energy imports compound pre-existing supply chain problems resulting from the pandemic. The macroeconomic environment has evolved markedly, with central banks reversing monetary stimulus and raising interest rates to deal with price rises unseen in a generation. Such events serve as stark reminder of the ease with which the investment landscape can change. This is why, in pursuit of the Fund's funding objectives, we seek to diversify our investments across different asset classes, styles and ideas. Such pragmatism is at the bedrock of our risk management approach.

I am therefore encouraged by the continued resilience of the Fund's investment strategy, which generated an overall positive return of 2.6% in 2021-22, amidst heightened volatility. Although this was somewhat lower than the Fund's benchmark (11.2%), it should be noted that it followed an extraordinary return of 31.5% in 2020-21 (where the benchmark only returned 18.9%). The nature of the Fund's investment strategy means that returns can vary considerably from one year to the next, yet such an approach should deliver enhanced rewards in the longer term. Indeed, the Fund has now returned 6.9% per annum over five years, and 9.1% over the last ten.

As a result, the value of the Fund's assets have grown to £7.7bn at 31 March 2022, a gain of £0.2bn from the previous year. Assets valued at £3.4bn, amounting to 45% of the Fund, are now pooled via the ACCESS investment pool. The Fund remains committed to pooling investment assets and I am pleased by the pool's progress over the past twelve months, which you can read more about under the ACCESS Annual Report overleaf. The Kent Fund has continued to be an active participant in the ACCESS project and during the year I represented the Fund on the ACCESS Joint Committee. Kent officers also continue to play a key role in the pool's development and the establishment of new structures for both listed and non-listed assets.

Wherever the Fund's assets are invested, the Pension Fund Committee continues to apply a disciplined approach to asset allocation and rebalancing. During the year, and following a sustained period of outperformance, investment assets were moved from the equity allocation to multi asset credit and to fund the equity protection programme. The equity protection programme itself has added significant downside protection in 2022 as financial markets have endured losses. The Committee has also rebalanced funds between its existing absolute return mandates.

Responsible investment has been at the heart of our investment decision making process throughout the year. The Fund sees itself as an active steward of the investment assets it owns and believes this

approach will enhance real and sustainable returns over the long term. The Committee reviewed its responsible investment beliefs during the year, a critically important exercise given the evolving nature of this area. The Committee has also actively monitored the engagement and voting efforts of its appointed investment managers throughout the year and has increased its collaborative capacity by joining the Local Authority Pension Fund Forum. The responsible investment working group has continued to meet and to advance the Fund's work in this area, particularly around climate change risk.

The Fund's membership has increased, and it now supports some 149,112 scheme members. I commend officers for all their efforts over the last year in ensuring that these members, together with the Fund's 304 active employers, continue to receive an excellent level of service. I am also pleased to report that we have continued to clear the backlog of member queries with support from external parties and rolled out further access to the i-connect web portal enabling employers to upload their data directly to the pensions database. Currently some 70 employers are using the system with more being added each month, thereby achieving significant efficiencies.

Work on a landmark review of the Fund's governance has proceeded at pace during the year. The review has provided an opportunity to ensure our decision-making arrangements and resources remain fit for purpose. This exercise has added considerable value and it leaves the Fund well placed for the future. Indeed, these changes come at a pivotal time for the Fund. The next twelve months, in particular, will be busy as we undertake the Fund's 2022 triennial valuation exercise (which will be used to set future employer contribution rates for 2023-2026) and review the investment strategy. We will also look to strengthen our governance with a brand-new business plan and an administration strategy, in addition to concluding the remaining recommendations of the Fund's governance review.

The administration team have been very busy planning their short-term objectives of reviewing current resourcing levels, assessing whether processes are as efficient as possible, and determining whether they are making the best use of technology. In addition, they have been continuing with ongoing projects such as the GMP Rectification and the roll out of Member Self Service as well as a significant amount of horizon planning currently taking place to ensure that the team are prepared for the upcoming major projects such as McCloud (Regulations due October 2023) and Pensions Dashboard (onboarding date anticipated to be September 2024).

We will need to coordinate this work whilst continuing to provide a first-rate service to scheme members and employers. It is a challenge I relish, and one which I know the rest of the Committee, the Pension Board and officers are excited to meet.

Finally, I want to note my thanks to Members of the Pension Fund Committee and the Pensions Board for their support to me as Chairman of the Committee and for their hard work and commitment during the year. Particular thanks are due to retiring Members for their years of service and I extend a warm welcome to some new faces, including Cllr Robert Thomas as Chair of the Pension Board, as well as the Fund's new senior management team led by Nick Buckland (Head of Pensions and Treasury). With their support I am confident we can meet the challenges of the future successfully.

**Charlie Simkins**  
Chairman



# ACCESS Annual Report 2021-2022

## Foreword

### As Chairman of the ACCESS Joint Committee, I am pleased to introduce the latest Annual Report for our pool.

The COVID-19 pandemic not only shaped the way we all work but also led to significant market volatility. This volatility has continued following the Russian invasion of Ukraine and that cruel and unwarranted event has exacerbated energy and other supply chain issues that have contributed to rampant inflationary pressures.

All in all, a difficult time for investors everywhere.

The development of the ACCESS Pool continues at pace with an additional four sub-funds opened during the year to assist the authorities in achieving diversification within their investment strategies attracting an additional £3.2 billion investment into the Pool.

In January 2022 MJ Hudson were appointed as implementation adviser for the establishment of pool vehicles for illiquid assets, after a competitive call off utilising the National LGPS Frameworks.

As implementation advisor, MJ Hudson will provide support to the Pool in selecting individual investment opportunities and investment managers to build portfolios in a range of illiquid assets including private equity, private debt, infrastructure and initially, real estate.

Another key achievement during the year was the development of updated Responsible Investment guidelines for which the pool was partnered by Minerva Analytics. Once consultation has been completed the guidelines will be formally published.

In addition to its Annual Report, ACCESS also produced a Progress Update report in conjunction with its communication advisers MHP Mischief, to provide an insight to the Pool, key activities and future plans.

In the year ahead we welcome representatives of the Local Pension Boards to observe the future Joint Committee meetings. Two members from each Board will be able to attend a meeting at least once a year.

In closing I would like to thank my fellow ten Joint Committee members, each representing their respective Authorities, along with the officers who support them, and the ACCESS Support Unit.

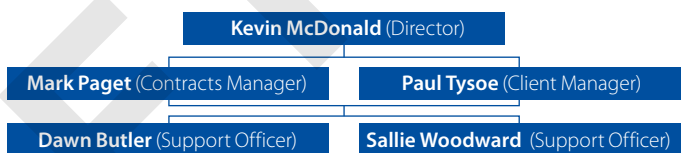
### **Cllr Mark Kemp-Gee,**

Chairman, ACCESS Joint Committee  
Chairman of the Hampshire Pension Fund Committee and Board

## Introduction

### It is my pleasure to introduce an overview of the work by the ACCESS Support Unit.

In 2018, the ACCESS Joint Committee agreed that a unit be established to provide day to day support for the work required to run the Pool, and that Essex County Council act as Host Authority. The ACCESS Support Unit (ASU) facilitates the Joint Committee (JC) and officer groups and has responsibility for programme management, client relationships, contract management/supplier relationships, administration and technical support services. The ASU's structure is set out below:



A business plan is developed and submitted for consideration by the JC ahead of the start of each year, prior to being recommended to each of the ACCESS Authorities. The business plan includes milestones across listed assets (both active and passive), non-listed assets and governance. The JC also determines an annual budget to support the activities within the business plan.

The ASU has responsibility to manage this development and implementation of the business plan, within budget, whilst assessing and managing the risks for the pool.

A central feature of ACCESS is the engagement of each of the eleven Authorities, and therefore the support and facilitation of stakeholder groups is key to the work of the ASU. The governance structure of the Pool ensures that dialogue with, and input from, Local Government Pension Scheme (LGPS) subject matter experts from each Authority, is gathered through the Officer Working Group (OWG) and various sub-groups. In turn, this enables the s151 Officer Group to form the recommendations that are ultimately considered by the JC.

It has long been recognised that considerable expertise exists within the LGPS officer community. The full time ASU staff are therefore supplemented by part-time Technical Leads whose work for ACCESS is part of the Pool's costs. In the last year this saw invaluable contributions from Sharon Tan, Suffolk (reporting); Samantha Andrews, Essex (budgeting) and Rachel Wood and Vickie Hampshire, West Sussex (Governance Manual).

The year ahead will see further sub-fund launches to meet the investment strategies of the Authorities, including emerging market equities, the start of the alternative asset investment platform with advice and guidance from MJ Hudson and the publication of the updated Responsible Investment guidelines.

I would like to thank my ASU colleagues, the technical leads and the officers of the Authorities for their enthusiasm, support and hard work towards the commendable progress of the Pool.

### **Kevin McDonald,**

Director of ACCESS Support Unit

### ACCESS Background

ACCESS has its origins in 2016 when 11 Local Government Pension Scheme (LGPS) Authorities agreed to begin working collectively to address the requirements of the Government's agenda for pooling LGPS investments.

The following strategic objectives are in place:

- 1 Enable the Councils to execute their fiduciary responsibilities to LGPS stakeholders, including scheme members and employers, as economically as possible.
- 2 Provide a range of asset types necessary to enable those participating Authorities to execute their locally-determined investment strategies as far as possible.
- 3 Enable the Councils to achieve the benefits of pooling investments, preserve the best aspects of what is currently done locally, and create the desired level of local decision making and control.

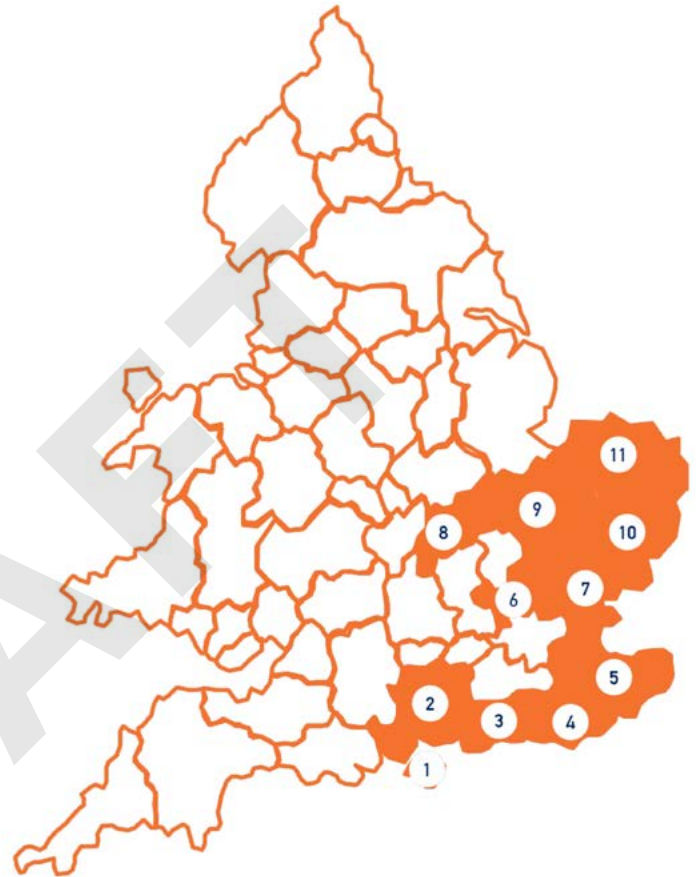
In order to achieve these objectives, the Councils have established a set of governing principles.

**The governing principles are summarised below.**

- Collaboration
- Objective evidence based decisions
- Professionalism
- No unnecessary complexity
- Value for money
- Risk management
- Equitable voice in governance
- Equitable cost sharing
- Evolution and innovation

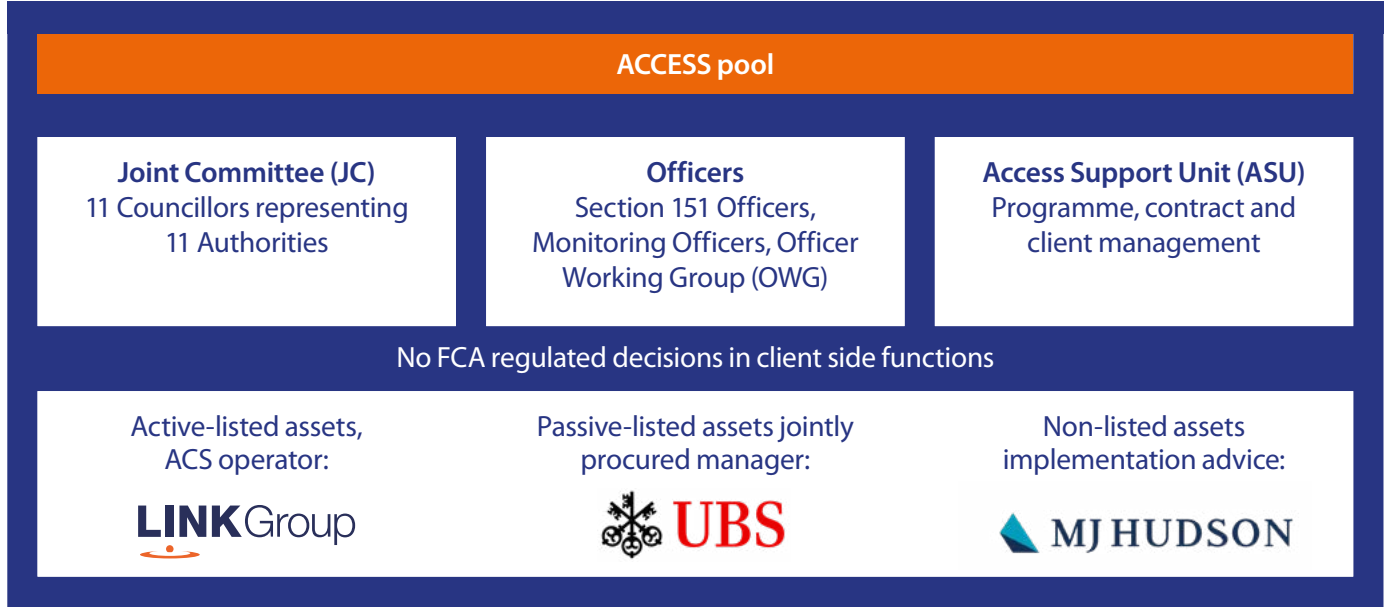
Implicit within the above principles is the democratic accountability and fiduciary duty of the Councils as Administering Authorities.

### ACCESS LGPS Authorities



<p>1</p> 	<p>7</p> 
<p>2</p> 	<p>8</p> 
<p>3</p> 	<p>9</p> 
<p>4</p> 	<p>10</p> 
<p>5</p> 	<p>11</p> 
<p>6</p> 	

An overview of the Pool's governance structure is outlined below.



### Key Performance

#### Pooled Assets

As at March 2022

ACS (26 sub-funds)

**£23.9bn**

UBS (1 jointly procured provider)

**£11.2bn**

Pooling Progress

**59%**

#### Costs & Savings

As at March 2022

Gross Savings

**£70.3m**

Costs

**£16.9m**

Net Savings

**£53.4m**

## Savings

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities.

2021/22 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

The table below summarises the financial position for 2021/22 along with the cumulative position since the commencement of ACCESS activity in early 2016.

	2021-22		2021-22	
	Actual In Year £'000	Budget In Year £'000	Actual Cumulative to date £'000	Budget Cumulative to date £'000
Set Up Costs	–	–	1,824	1,400
Transition Costs	2,664	4,408	3,338	6,907
Ongoing Operational Costs	1,046	1,247	4,117	4,795
Operator and Depository Costs	4,845	4,787	12,149	11,364
<b>Total Costs</b>	<b>8,555</b>	<b>10,442</b>	<b>21,428</b>	<b>24,466</b>
<b>Pool Fee Savings</b>	<b>28,038</b>	<b>15,700</b>	<b>70,300</b>	<b>47,750</b>
<b>Net Savings Realised</b>	<b>19,483</b>	<b>5,258</b>	<b>48,872</b>	<b>23,284</b>

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities. 2021/22 saw an underspend primarily due to lower than anticipated costs of external advice combined with an underspend in the technical lead recharge costs.

Operator and depository fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Link Fund Solutions as pool operator.

The 2021/22 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

In summary, since inception ACCESS has demonstrated excellent value for money, maintaining expenditure broadly in line with the MHCLG submission whilst delivering an enhanced level of savings ahead of the timeline contained in the original proposal.

## 2021-2022 Business Plan Milestones

The Business Plan for 2021-22 was proposed by the ACCESS Joint Committee in January 2020 to the 11 LGPS Authorities.

### Actively managed listed assets:

Further progress was made in pooling active listed assets within the Authorised Contractual Scheme (ACS) managed by the Pool's appointed Operator, Link Fund Solutions. Between July 2021 and February 2022, a further four sub-funds were launched.

Link's appointment of BlackRock expands the UK Equity capacity within the Pool, the appointment of Macquarie broadens the Global Equity coverage whilst the addition of ACS mandates for Fidelity and M&G extends the Fixed Income offering.

Six Authorities participated as original investors within these sub-funds which totalled £3.2bn.

### Alternative/non-listed assets:

In January 2022, following a procurement via National LGPS frameworks, ACCESS announced the appointment of MJ Hudson as implementation adviser for the pooling of illiquid assets including private equity, private debt, infrastructure and real estate.

As implementation advisor, MJ Hudson will provide support to the Pool in selecting individual investment opportunities and investment managers to build portfolios in a range of illiquid assets.

### Passive assets:

Ongoing monitoring and engagement continued with jointly procured passive manager, UBS.

### Responsible Investment Guidelines:

Last year, following a procurement via National LGPS frameworks, ACCESS appointed Minerva Analytics as Environmental, Social & Governance (ESG) adviser.

Having reviewed the ESG policies of and engaged extensively with officers from each of the 11 ACCESS Authorities, Minerva Analytics drafted revised and updated Responsible Investment (RI) guidelines for the Pool.

## 2021-2022 Business Plan

The Business Plan for 2022-23 was proposed by the ACCESS Joint Committee on 6th December 2021 to the 11 LGPS Authorities. This plan included:

### Actively managed listed assets:

Further pooling active listed assets within the Authorised Contractual Scheme (ACS) managed by the Pool's appointed Operator, Link Fund Solutions which will include emerging market equity and further fixed income sub-funds.

### Alternative/non-listed assets:

Launch of the Pool's first illiquid asset investment vehicles. MJ Hudson will be undertaking procurement exercises to appoint a UK Core Manager and a Global Real Estate allocator.

Initial work will commence on the planning for other illiquid asset investment platforms.

### Passive assets:

Ongoing monitoring and engagement with jointly procured passive manager, UBS.

### Responsible Investment Guidelines:

Following consultation with the ACCESS Authorities the updated Responsible Investment Guidelines will be published.

Work will commence on establishing criteria to develop a matrix to report on key performance indicators to demonstrate how the responsible investment guidelines have been implemented.

## Environmental, Social & Governance

The ACCESS Authorities believe in making long term sustainable investments whilst integrating environmental and social risk considerations, promoting good governance and stewardship.

Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long-term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment alongside financial factors in the investment decision making process.

### Responsible Investment:

ACCESS appointed Minerva Analytics as its Environmental, Social & Governance (ESG) adviser. Following a review of the ESG policies, and engagement with officers from each of the authorities Minerva Analytics drafted consolidated Responsible Investment (RI) guidelines for the Pool.

Following a period of consultation, it is expected that finalised Guidelines will be adopted by the Pool during 2022.

### Voting:

The ACCESS pool has a set of voting guidelines which seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of those companies.

The guidelines set out the principles of good corporate governance and the means by which ACCESS will seek its influence on companies. The voting activity is reported to the Joint Committee on a quarterly basis.

During the year ACCESS voted at 2,391 meeting on 32,834 resolutions.

### Engagement:

Link Fund Solutions arranges regular sessions with the Investment Managers to present to the authorities Pension Fund Officers to demonstrate how they implement environmental, social and governance into their investment strategy and decision-making process.

These also give the investment manager the opportunity to discuss the engagement activities they have undertaken, what constructive dialogue was had and how they have used their influence to encourage the adoption of best practice.

## Governance arrangements

### The Pension Fund Committee

The Pension Fund Committee exercises all of the powers and duties of the Kent County Council (KCC) in relation to its functions as Administering Authority for the Fund. The Committee is responsible for setting investment strategy, appointing professional fund managers and carrying out regular reviews and monitoring of investments. It also monitors the administration of the Pension Scheme and determines Pension Fund policy in regard to employer admission arrangements.

After the Council elections in May 2021, a new committee was constituted who elected a chair in their first meeting. There were 6 other full Committee meetings during the year, all were held in person with the option to join virtually.

The membership of the Committee during 2021-22 is detailed below.

### Committee members

#### Employer representatives

All elected members (employer representatives) have full voting rights at the committee.



**Charlie Simkins**  
Chairman  
Kent County Council



**Nick Chard**  
Vice Chairman  
Kent County Council



**Dan Daley**  
Kent County Council



**Penny Cole**  
Kent County Council



**Perry Cole**  
Kent County Council



**James McInroy**  
Kent County Council



**John Burden**  
Gravesham Borough Council



**Nick Eden-Green**  
Canterbury City Council



**Paul Clokie**  
Ashford Borough Council



**Paul Bartlett**  
Kent County Council



**Paul Cooper**  
Kent County Council



**John Wright**  
Kent County Council



**Richard Thorne**  
Medway Council



**Mel Dawkins**  
Kent County Council



**Paul Stepto**  
Kent County Council



## Member Representatives

Member representatives do not have a vote but otherwise are treated equally in terms of access to papers, training and opportunity to contribute to the decision making process.

### Kent Active Retirement Fellowship Representatives

Vacancy

Vacancy

### Union Representative

Joe Parsons

### Kent County Council Staff Representative

Vacancy

## Local Pensions Board

The Local Pensions Board for Kent was established in April 2015 in accordance with the relevant Government Legislation. After the Council elections in May 2021, a new board was formed who elected a chair in their first meeting. The membership of the Board during 2021-22 is detailed below; there were two full Board meetings during the year.

## Kent County Council Officers and Others

The day to day operations and management of the Fund and implementing the decisions of the Pension Fund Committee are delegated to the KCC Section 151 officer and their staff. This includes the power to seek professional advice and devolve day to day handling of the Fund's investments to professional fund managers and advisers within the scope of the regulations. KCC undertakes the monitoring and accounting for the investments of and income due to the Fund.

## Board members

Employer Representatives	Representing
<b>Robert Thomas,</b> Chairperson	Kent County Council
<b>Dylan Jeffrey,</b> Vice Chairperson	Kent County Council
<b>Alison Kilpatrick</b>	Kent and Medway Fire
<b>Vacancy</b>	District/Medway Council
Member Representatives	
<b>Joe Parsons,</b> Vice Chairperson	Districts/Medway staff
<b>Vacancy</b>	Kent County Council staff
<b>David Coupland</b> (left Nov. 2021)	Kent Active Retirement Fellowship
<b>Vacancy</b>	Trade Union

## Governance 2021-22

During the year the Pension Fund Committee met six times and the Pensions Board met twice. All 6 Committee meetings were held in person with the option to join virtually and all Board meetings were held virtually. Attendance at the Committee and Board meetings was as below:

### Pension Fund Committee

Member	Meetings attended
Charlie Simkins	6/6
Nick Chard	6/6
Paul Bartlett	5/6
John Burden	5/6
Paul Clokie	4/6
Penny Cole	5/6
Perry Cole	4/6
Paul Cooper	3/6
Dan Daley	1/6
Mel Dawkins	5/6
Nick Eden-Green	4/6
James McInroy	6/6
Joe Parsons	6/6
Paul Stepto	5/6
Richard Thorne/substitute	3/6
John Wright	5/6

### Pensions Board

Member	Quorate meetings attended
Robert Thomas	2/2
Dylan Jeffrey	2/2
Joe Parsons	2/2
Alison Kilpatrick	2/2
David Coupland	0/2
Unison Rep – VACANCY	
KCC Staff – VACANCY	

## Committee activity

Items considered by the Committee at its meetings in 2021/22 were as follows:

- Election of Chair and Vice Chair
- Updates on the implementation of the Fund's investment strategy
- Quarterly updates on the Fund's asset allocation and performance
- ACCESS pooling updates
- Updates on Employer matters and governance matters
- Pension administration updates
- The 2020/21 Report and Accounts and External Audit Report
- Updates on the Fund's Risk Register
- Update of the Fund's Training Plan
- The Pension Fund Committee's work programme
- Quarterly updates on the Pension Fund's business plan
- Updates on Responsible Investment
- Updates on Pension Fund cash flow
- Updates on implementation of Internal Audit Review recommendations

- Updates on the implementation of actions following the governance review
- Updates on Fund Managers
- Report from the Pension Board

### Board activity

Items considered by the Board at its meetings in 2021/22 were as follows:

- Pension Fund Business Plan
- Fund Employer and Governance Matters
- Pension Fund Report and Accounts and External Audit
- Internal Audit Review update
- Board Member Training
- ACCESS update
- Pension Fund Committee update
- Pension Fund Risk Register

### Training update

As an administering authority of the Local Government Pension Scheme, Kent County Council recognises the importance of ensuring that all officers and members charged with financial management and decision making for the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

The Kent Fund Training Strategy agreed in 2019 reflects the current requirements of frameworks, codes and guidance issued by a range of bodies including CIPFA, the Pensions Regulator and the Scheme Advisory Board and will be updated as these are revised. The Fund has delegated responsibility for the implementation of the Strategy to the Corporate Director of Finance.

Members agreed the Fund Training Plan in February 2021 and it provides an ongoing training programme for Board and Committee members taking account of the results of the 2020 Hymans Robertson (HR) National Knowledge Assessment, and future training needs. It also builds on training provided and suggested to date, including in the 2019 Internal Audit Report of their review of Fund governance. The training plan includes in-house training sessions, external training events, use of online learning tools and background reading as appropriate.

The main training events attended by committee and board members during 2021-22 were as follows:

Date	Topic	Provider
June 2021	LGPS Committee & Local Pension Board Members update	CIPFA/Barnett Waddingham
July 2021	Overview of the LGPS	Barnett Waddingham/KCC
September 2021	Investment Risk & overview of the Pension Fund	Mercer/KCC Officers
October 2021	Overview of the LGPS	Barnett Waddingham/KCC
November 2021	LGPS Administration	KCC Officers
February 2022	Responsible Investment	Mercer/KCC

Committee members have also had an opportunity to gain an understanding of new asset classes and existing investment mandates from investment managers at the following Committee meetings:

Date	Topic	Provider
June 2021	Global equities	M&G
September 2021	Global equities	Baillie Gifford
December 2021	UK equities	Schroder
February 2022	Global equities	Sarasin
March 2022	Global equities	Baillie Gifford

In addition 2 committee members & 1 board member completed the tPR toolkit during the year.

Individual members and officers have also attended training events organised by the Fund's investment managers and other external organisations.

## Fund managers

Schroders



DTZ INVESTORS



HARBOURVEST



Further details of the fund manager mandates can be found in the Investment Strategy Statement (ISS).

### Other organisations providing services to the Kent Fund

Service	Organisation
Custodian	Northern Trust Company
Bankers	National Westminster Bank
Fund Actuary	Barnett Waddingham
Additional Voluntary Contributions (AVC) Providers	Utmost Life, (earlier Equitable Life Assurance) Prudential Assurance Company Standard Life Assurance
Investment Consultants	Mercer
Auditors	Grant Thornton
Legal Advisors	Invicta Law
Performance Measurers	Northern Trust Company CEM Benchmarking PIRC Limited
Scheme Administrators	Kent County Council
Administration software provider	Aquila Heywood

The Kent Pension Fund maintains the following statutory statements and policies; these are reviewed and updated regularly:

- Funding Strategy Statement.
- Investment Strategy Statement.
- Governance Compliance Statement.
- Communications Policy Statement.
- Responsible Investment Policy.

These documents can be found on the Pension Fund's website <https://www.kentpensionfund.co.uk/local-government/about-us/investment-management-of-the-fund/policies>

## Risk Management

Kent County Council as the Administering Authority for the Kent Pension Fund has delegated responsibility for the management of risk to the Pension Fund Committee.

### Risk register

The Committee maintains active oversight of the Fund's key risks and maintains a risk register, which is reviewed at regular intervals throughout the year. The key risks currently identified include:

- Investments achieve returns below rate assumed by the actuary.
- Risk to service delivery due to remote working arrangements.
- Increased risk of cyber attacks.
- Implementation of changes necessitated by the McCloud judgement.

Arrangements have been agreed for the management of these risks in order to mitigate their impact on the Fund.

### Financial, demographic, regulatory, and employer risks

Details of the counter measures in place for financial, demographic, regulatory, and employer risks are included in the Fund's Funding Strategy Statement (FSS). The FSS is reviewed annually.

### Operational risks

Kent County Council's Internal Audit Section conducts risk based audits on the management of risk in the Pension Fund.

Third party risk such as that relating to employers in the Fund is managed through monitoring the timeliness of receipts of contributions as well as the annual review of guarantees/bonds provided by Admitted bodies.

### Investment risk management

Further details of the Fund's policy on investment risk management are disclosed in the Fund's Investment Strategy Statement (ISS). The Pension Fund Committee formally considers investment risk at four of its five planned meetings during the year.

Assurance over external service providers operations is provided by investment managers and custodian[s] who are required to provide annual AAF 01/06 reports and ISAE 3402 reports.

## Financial Performance

### Fund Trends

A summary of the Fund's key trends is shown below:

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
<b>Net Assets at 31 March (£'000)</b>	5,828,846	6,218,169	5,716,878	7,513,632	<b>7,702,425</b>
<b>No. of Contributors</b>	52,775	51,345	51,685	52,725	<b>52,829</b>
<b>Contributions (£'000)</b>	232,037	238,331	250,263	267,955	<b>280,431</b>
<b>Number of Pensioners</b>	39,813	41,739	43,441	44,838	<b>46,706</b>
<b>Benefits Paid (£'000)</b>	220,876	235,953	243,832	247,448	<b>257,277</b>

### Financial Summary

A brief summary over the last 5 years is shown below:

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
<b>Value of Fund at start of year</b>	5,565,175	5,828,846	6,218,169	5,716,878	<b>7,513,632</b>
Revenue account for year					
– Contributions and transfers in	243,299	247,758	259,591	272,972	<b>291,067</b>
– Investment and other income net of expenditure	93,503	84,971	109,358	83,969	<b>98,603</b>
– Benefits and transfers out	(232,373)	(248,538)	(256,540)	(257,505)	<b>(285,391)</b>
<b>Net Revenue</b>	104,429	84,191	112,409	99,436	<b>104,279</b>
Increase (Decrease) in market value of investments in year	159,242	305,132	(613,700)	1,697,318	<b>84,514</b>
<b>Increase (Decrease) in Fund during year</b>	263,671	389,323	(501,291)	1,796,754	<b>188,793</b>
<b>Value of Fund at end of year</b>	5,828,846	6,218,169	5,716,878	7,513,632	<b>7,702,425</b>

Despite an increase in valuation, it has been a difficult year for the Fund as asset values have been subject to significant volatility.

This volatility has been driven by a number of factors, including rising inflation, increasing interest rates and the question of whether a recession lies ahead.

Despite only a slight increase in the number of contributors to the Fund this year, the amount of contributions has increased by almost 7%, mainly due to a continued increase in salary levels of employees.

Number of pensioners has continued to grow and were 17% higher at 31 March 2022 compared to 31 March 2018. Pension payments have also increased by 23% during the same period.

### Pension Fund Administration and Governance Costs

The following table compares actual Administration, Governance and Oversight costs against the budget for 2021-22.

	2021-22 Actual £'000	2021-22 Budget £'000
Pensions Administration	3,316.77	3,610.00
Pensions Payroll Services	221.54	226.00
Payment Services	16.40	17.40
Financial Services	64.70	69.00
Legal Fees	36.67	50.00
Miscellaneous	( 11.17)	-
<b>Administration Expenses</b>	<b>3,644.92</b>	<b>3,972.40</b>
Actuarial Fee including cost of valuation	261.88	250.00
Direct recovery of actuary, legal fees and admin costs	(232.40)	(225.00)
Subscriptions	48.96	46.00
ACCESS pooling costs	91.41	115.00
Investment Accounting and Oversight costs	447.34	600.00
Performance Measurement and other advice fees	28.01	30.00
Investment Consultancy	282.78	210.00
Other professional advice	6.00	20.00
<b>Governance and Oversight Expenses</b>	<b>933.98</b>	<b>1,046.00</b>
Audit fee	41.00	50.00
<b>Total</b>	<b>4,619.90</b>	<b>5,068.40</b>

The costs of administration of the scheme were lower than budget due to vacancies in the section and lower than expected legal fees due to lower employer related activity.

Whilst there were savings in oversight costs due to vacancies, there were increased costs of investment consultancy for the implementation of the equity protection programme.

## Employers

At 31 March 2022 there were 460 Employers in the Fund. During the year 5 organisations joined the Fund as either scheduled or admitted bodies following the transfer of staff from existing fund employers and as schools converted to academy trusts. Academy trusts also consolidated and other employers exited the Fund as their last active members left or retired. During the year 12 employers either ceased to be members of the Fund or merged with other employers.

The following table shows a summary of the number of employers in the Fund analysed by employer type which are active (i.e. with contributing members) and ceased (i.e. with no active members but with some outstanding liabilities).

### Number of employers

	Active	Ceased	Total
Scheduled Body	235	75	310
Admitted Body	69	81	150
<b>Total</b>	<b>304</b>	<b>156</b>	<b>460</b>

### Amounts due from Employers

In 21-22 KCC monitored the receipt of contributions by two different measures: by value and by number of employers. During 21-22 we collected 99%, (99% in 2020-21) of the total contribution income by value from the employers by the due date of the 19th of the following month and 96%, (95% in 2020-21) of employers paid on time. The lower percentage reflects the difficulties some small employers had with new payment processes as a result of the pandemic and some back dated admissions to the Fund. The option to levy interest on overdue contributions was not exercised. At 31st March 2022, contributions in respect of the March salaries totalling £23.4m (31 March 2021: £21.4m) due by 19 April had not been received.

### Member Age Profile

The following table shows that at 31 March 2022 the age profile of the contributing membership was:

Age	Members
Under 20	477
20 – 25	3,843
26 – 30	3,968
31 – 35	4,805
36 – 40	5,747
41 – 45	6,521
46 – 50	7,276
51 – 55	8,142
56 – 60	6,994
61 – 65	4,168
66 – 70	808
Over 70	164

### Five-year analysis of pension overpayments, recoveries and write-offs

#### Overpayments

The overpayments identified over the last 5 years as a result of the Fund's participation in the National Fraud Initiative are:

Year	No.	Value (£)	Action
2017	1	4,946	No next of kin so written-off
	1	537	No response – written-off
2019	2	641	Written-off
	1	207	To be written off as no next of kin
	1	2,135	Being investigated
<b>2021</b>	<b>1</b>	<b>11,500</b>	(est) Assistance sought from KCC's counter fraud team regarding recovery
	<b>2</b>	<b>417</b>	Seeking recovery from next of kin
	<b>1</b>	<b>244</b>	To be written off as no next of kin
<b>Total</b>	<b>10</b>	<b>20,627</b>	

Note: the number of cases has decreased as a mortality screening service is now used on a monthly basis to identify registered deaths.

#### Pension overpayments write-offs

Details of the write-offs made in the last 5 years:

Year	No. of cases	Value (£)
2017-18	39	53,946 *
2018-19	18	27,717 *
2019-20	3	1,318
2020-21	12	3,133
<b>2021-22</b>	<b>13</b>	<b>3,286</b>

\*£71,502 of these amounts refer to historic overpayments that occurred and all possibilities of recovery have been exhausted.

## Investments

This report sets out details of the progress made against the Fund's investment strategy during the year.

At its regular meetings during 2021-22 the Committee reviewed the Fund's investment strategy and made recommendations regarding the Fund's asset allocation, agreeing that no changes be made as all actual allocations have fallen within the agreed benchmark.

The Fund's strategic asset allocation as at 1 April 2021 was as follows:

Asset Class	Allocation %	Index
UK Equities	23.5	FTSE All Share
Overseas Equities	32	MSCI World Index NDR
Fixed Income	15	BAML GBP Broad Market
Property	13	IPD All Properties Index
Private Equity & Infrastructure	7.5	GBP 7 Day LIBID
Absolute Return	8	RPI +5%
Cash	1	GBP 7 Day LIBID
<b>Total</b>	<b>100</b>	

### Asset Pooling

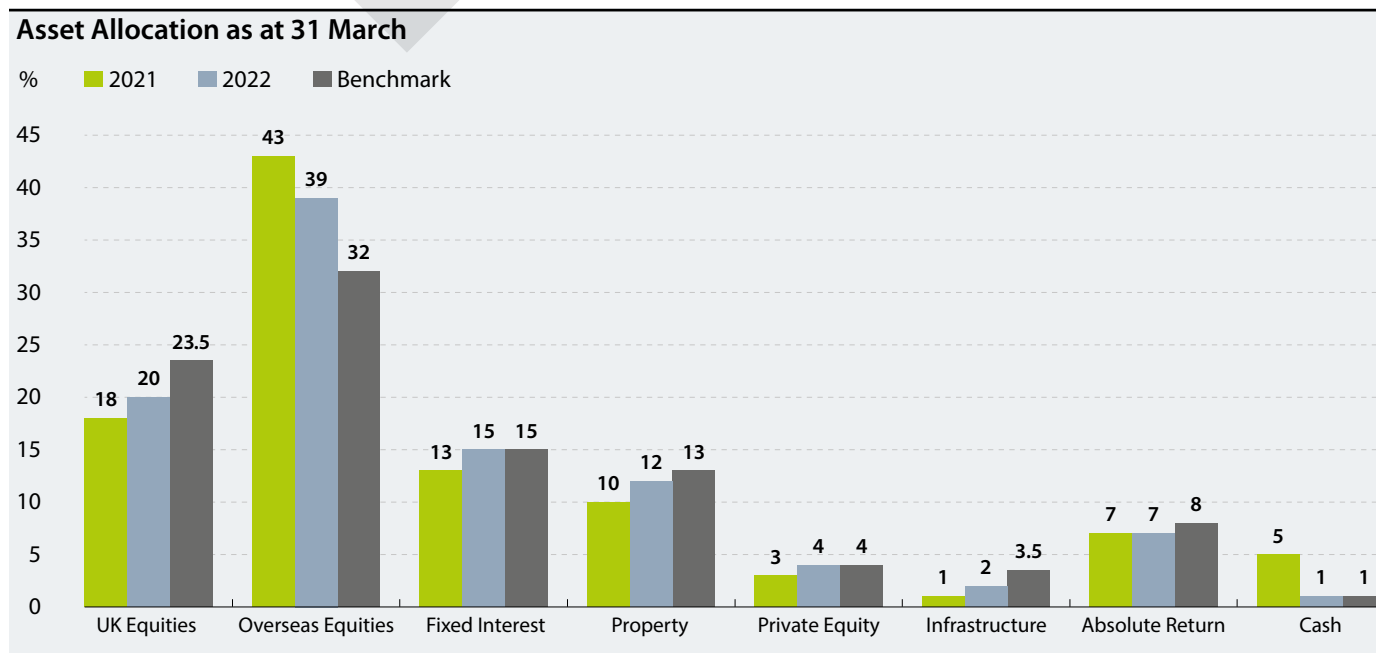
The Kent Pension Fund has made a commitment to pool its assets other than its direct property holdings into the ACCESS Pool. (Please see section on ACCESS for further information about the Pool).

As at 31 March 2022 it had investments of £3.4 billion in four ACCESS sub-funds.

The Kent Fund has achieved £11.6m of savings in pooling initiatives of which £4.4m are in relation to assets awaiting pooling

### Portfolio Distribution

The graph shows the Fund's actual portfolio distribution between the main asset-classes as at 31 March 2021 and 31 March 2022 vs the benchmark.



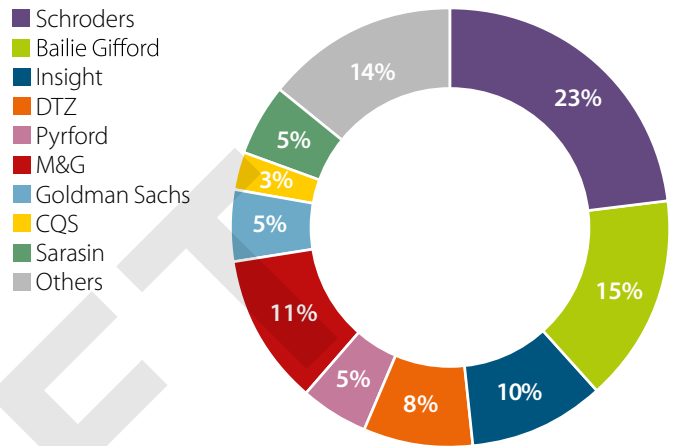


## Value of funds under management by Fund Manager

The following graph shows the Assets Under Management (AUM) and the proportion of the Fund under management by fund manager as at 31 March 2022:

Fund Managers	AUM (£m)
Schroders	1,787
Baillie Gifford	1,190
Insight	791
DTZ	633
Pyrford	376
M&G	826
Goldman Sachs	401
CQS	238
Sarasin	381
Others	1,073
<b>Total</b>	<b>7,697</b>

AUM by Fund Manager as a proportion of the Fund



### Investment performance 2021-22

The performance of the Fund's investment managers is reported on a quarterly basis to the Pension Fund Committee. The managers submit reports and valuations for this purpose and managers of the larger mandates meet at least annually with the Committee and/or its officers to make presentations and to answer questions.

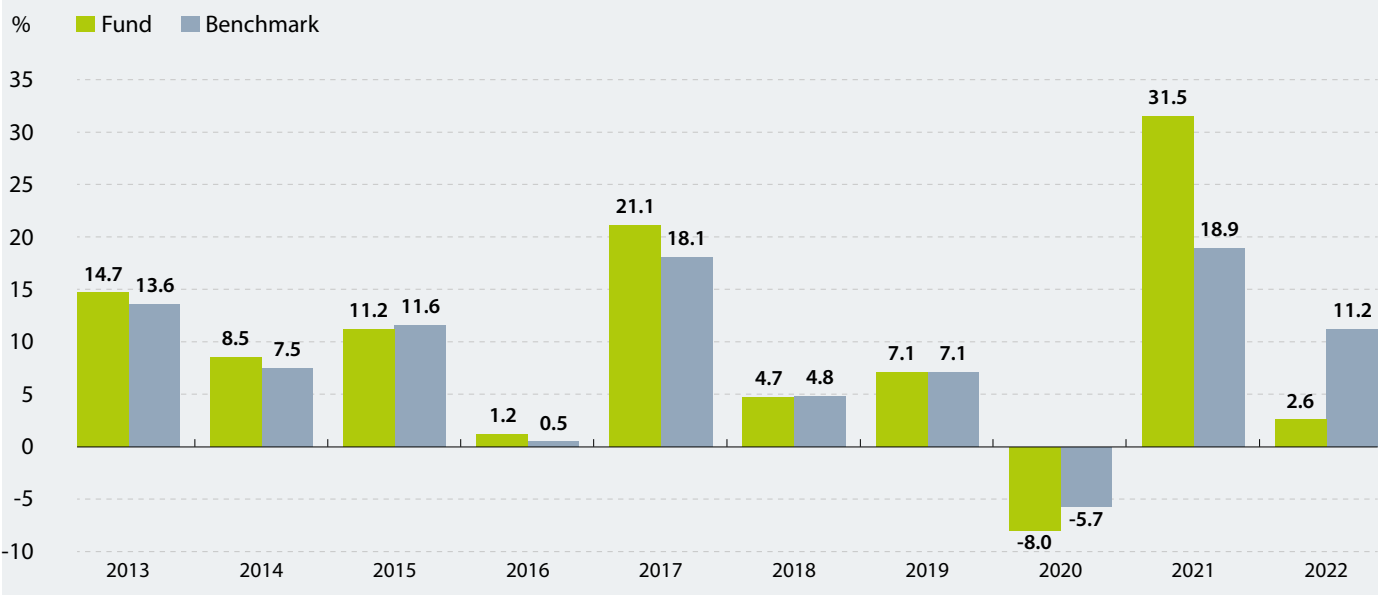
Managers are required to provide valuation information to Northern Trust which assesses the rate of return achieved and provides performance reports for consideration by the Committee.

### Total Fund Performance

The graph below shows the relative performance of the investments over the last 10 years. The overall return on the investments for 2021-22 was 2.58% compared to the customised strategic benchmark of 11.19%.

For comparison the PIRC Local Authority Universe average fund return for 2021-22 was 8.6%.

### Annual Investment Returns



The graph below shows the long term performance of the Fund's investments compared against its Strategic benchmark.

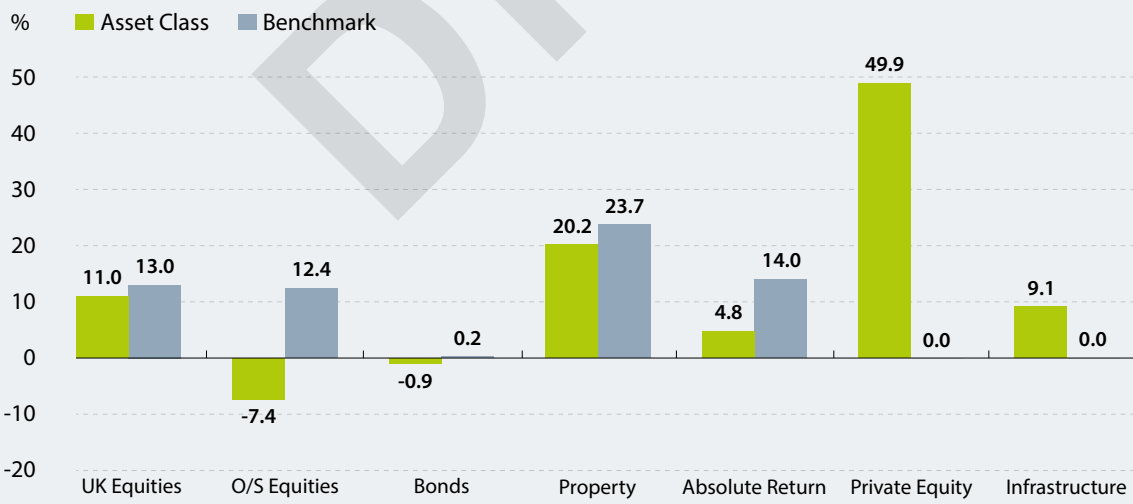
### Long Term Performance Summary



### Returns by Asset Class

The analysis set out below shows the returns by asset class for 2021-22:

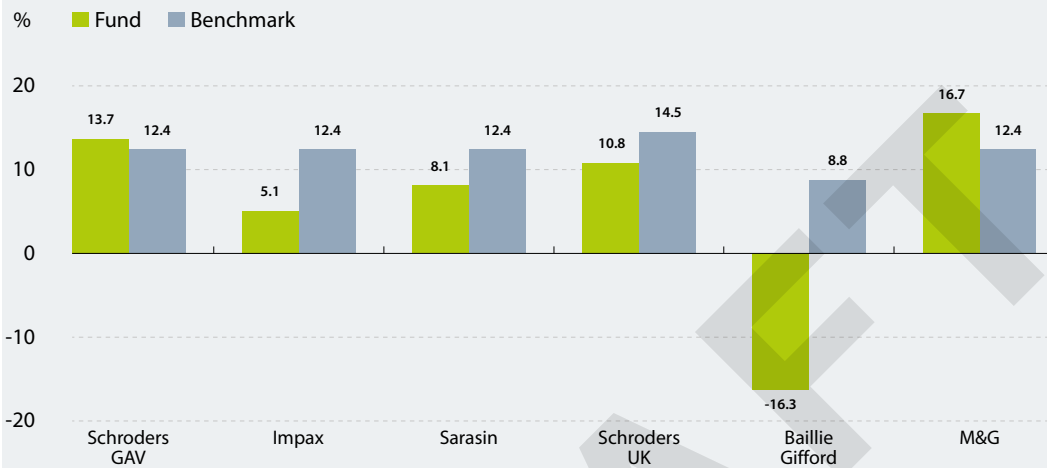
### 2021-22 Returns by Asset Class



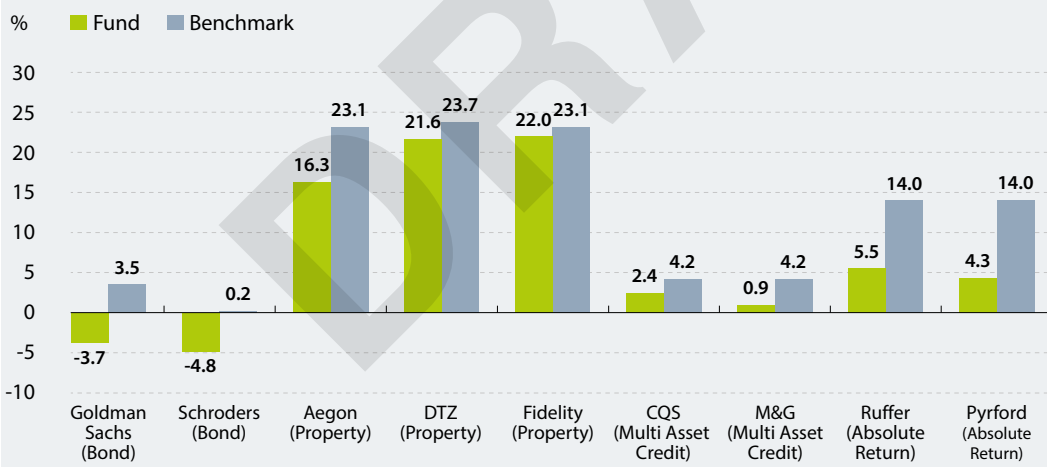
**Performance by Fund Manager**

The following graphs show the performance of the Equity and other Mandates compared to their benchmarks for the year ended 31 March 2022.

**Performance Returns by Fund Manager – Equities**



**Performance Returns by Fund Manager – Other Mandates**



## Responsible Investment (RI) Policy

### The Fund's RI policy can be viewed [here](#)

#### The Kent Pension Fund:

- Has a **Responsible investment policy, which is part of its investment strategy** which explains how Environmental, Social and Governance (ESG) factors will be considered when making investment decisions and how the Pension Fund expects its investment managers to engage with companies about ESG issues and take part in shareholder voting.
- Has set up an **RI working group to focus on Responsible Investment**. The group is made up of members of the Pension Fund Committee and makes recommendations to the Committee.
- Is a **signatory to the Principles of Responsible Investment (PRI)** which sets out six principles for responsible investors to follow and a member of the Local Authority Pension Fund Forum (LAPFF), a collaborative initiative that promotes the highest standards of corporate governance to protect the long-term value of local authority pension funds.
- Expects its investment managers to be signatories to the **UK Stewardship Code 2020** which is about how investors should act when making and owning investments.
- Provides training for the Pension Fund Committee.

### Addressing climate change concerns

#### The Kent Pension Fund:

- recognises it is consistent with its fiduciary duty to manage Environmental issues including climate change that may be financially material and expects those responsible for managing its investments to comply with the Fund's policy.
- does not believe it should divest from companies involved in fossil fuels as that action of itself will not reduce the impact on the climate. The Fund believes that its policy of engagement with companies to encourage responsible investment behaviour will be more effective in terms of achieving change.
- is actively monitoring and supporting the development of companies' management of environmental issues including those companies traditionally associated with fossil fuels. It is seeking out sustainable investment opportunities and for example holds units in a fund that invests in companies developing alternative sources of energy and cleaner uses of water and waste.
- is a member of the **The Institutional Investors Group on Climate Change (IIGCC)**. The Fund monitors developments on climate change and uses the research undertaken to monitor and challenge our investment managers.

### Developing the Fund's approach to ESG issues

#### The RI working group:

- Considers and progresses the further development of the Fund's RI policy and its implementation taking account of recent ESG initiatives; and
- Works with investment managers to enhance their reporting on ESG issues including regular updates on their engagement with companies on governance matters, and their voting activity.

#### The Kent Pension Fund:

- is committed to improving its approach to and the processes associated with the implementation of its responsible investment policy and to ensure that these changes are consistent with the Fund's fiduciary duty to its members and local taxpayers.
- will seek to align itself with the recommendations of the Task Force on Climate-Related Financial Disclosures.

#### Voting by Managers 2021/22

	Number of Resolutions		
	For	Against	Abstain
Baillie Gifford	2,298	56	90
Schroders UK Equity	940	25	1
Schroders GAV	6,532	722	104
M&G Global Dividend	374	33	4
Ruffer	577	104	6
Sarasin	451	184	26
Impax	837	42	1
Pryford	658	42	20

## Administration

Responsibility for the administration of the Kent Pension Fund is undertaken by the Pensions Section, Kent County Council. The Pensions Section uses Altair, an Aquila Heywood system, to provide all aspects of pensions administration, including pensioner payroll.

There are 56.7 full time equivalent members of staff involved in the administration of the scheme, split into two main teams, supported by technical, systems and management staff.

- member services teams responsible for administering all casework and handling all member queries;
- an Employer and Communications team responsible for all employer work, including training and employer support, maintaining the Pension Fund website and for all bulk communications sent to current and former members of the scheme.

The Pension Section administration performance is measured against key performance indicators each month, and is used to improve processes. The key service standards for 4 of the key processes are shown below:

### Key Service Standards for Scheme Members

The table below details the Fund's Key Service Standards and performance against these standards.

Type of Case	Target Time	Number Processed	Processed Within Target
Calculation and payment of retirement award	20 days from receipt of paperwork	2,805	70.8%
Calculation and payment of dependants' benefit	15 days from receipt of paperwork	514	38.1%
Provision of estimates	20 days from receipt of paperwork	4,751	85.6%
Correspondence	Full reply within 15 working days	7,325	98.5%

Other projects that were undertaken by the Pensions Section during the year included:

- further roll out of i-Connect, a process for receiving data from employers on a monthly basis
- preparation for roll out of member self service to scheme members
- work involved in dealing with the exit cap legislation which was then rescinded
- preparation for dealing with the impact of the McCloud judgement

The profile of the new retirees during the year was as below: (we don't easily have access to the split of normal/late retirements so have shown the total):

Type of retirement	From Active membership	From Deferred membership	Total Retirements
Redundancy	103	–	103
Ill Health	56	5	61
Early	475	1,079	1,554
Normal	327	412	739
Late			
Flexible	46		46
<b>Total</b>	<b>1,007</b>	<b>1,496</b>	<b>2,503</b>

## CIPFA Benchmark Survey

The Kent administration section seeks to demonstrate value for money through its participation annually in the CIPFA Benchmark survey which compares the cost of administration with 88 other local authority administering bodies across the UK. The table below is in respect of the year ending 31 March 2021 which is the most recent survey to be conducted.

	Kent £	All Scheme Average £
Total cost of administration per scheme member	18.41	31.95
LGPS members per FTE staff	3,233	3,198
Membership engagement	1.17	2.44

It is pleasing to note that survey results place Kent 17th of 89 authorities (1st being the lowest) in terms of the cost of administration per member of the scheme.

## Communications

The Pension Section communicates with members and employers in a variety of ways: newsletters are sent to pensioners, pension forums are used to communicate with employers, virtual meetings being held this year, and current and former Scheme members have access to the KCC Pensions Section to make written, e-mail or telephone enquiries. Scheme members receive an annual benefit illustration and each pensioner and deferred pensioner is advised annually of the indexation increase to their pension.

The Kent Active Retirement Fellowship (KARF) has been established as a facility of which pensioners can become members and participate in a wide variety of activities. KARF has established groups throughout the County and welcomes new members.

## Internal Dispute Procedure

The Kent Pension Fund has a formal Internal Dispute Procedure to consider a member dispute over a decision made either by a scheme employer or Kent County Council acting as the Administering Authority. An independent person is appointed by each employer to consider an appeal made by a scheme member.

**2021/22 Disputes considered: 7**

**2021/22 Appeals upheld: 1**

# Actuary's Statement as at 31 March 2022

## Introduction

The last full triennial valuation of the Kent Pension Fund (the Fund) was carried out as at 31 March 2019 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2020.

## Asset value and funding level

The results for the Fund at 31 March 2019 were as follows:

- The value of the Fund's assets as at 31 March 2019 for valuation purposes was £6,193m.
- The Fund had a funding level of 98% i.e. the assets were 98% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a deficit of £129m.

## Contribution rates

The employer contribution rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- The annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 18.4% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2020.

In addition, further "secondary" contributions were required in order to pay off the Fund's deficit by no more than 14 years with effect from the 2019 valuation. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer. The total secondary contributions payable by all employers, present in the Fund as at 31 March 2019, over the three years to 31 March 2023 was estimated to be as follows

Secondary Contributions	2020/21	2021/22	2022/23
Total as a % of payroll	2.8%	3.1%	3.5%
Equivalent to total monetary amounts of	£24.93m	£28.68m	£33.57m

In each employer was assessed individually in setting the minimum contributions due from them over the inter-valuation period. Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in the triennial valuation report.

## Assumptions

The assumptions used to value the liabilities at 31 March 2019 are summarised below:

### Financial assumptions

Market date	31 March 2019
CPI inflation	2.6% p.a.
Long-term salary increases	3.6% p.a.
Discount rate	4.7% p.a.

### Demographic assumptions

Post-retirement mortality	Male/Female
Member base tables	S3PA
Member mortality multiplier (Male/Female)	110%/115%
Dependant base tables (Male/Female)	S3DA
Dependant mortality multiplier (Male/Female)	95%
Projection model	CMI 2018
Long-term rate of improvement	1.25% p.a.
Smoothing parameter	7.5
Initial addition to improvements	0.5% p.a.

The mortality assumptions translate to life expectancies as follows:

**Assumed life expectancies at age 65:**

Average life expectancy for current pensioners – men currently age 65	21.7 years
Average life expectancy for current pensioners – women currently age 65	23.7 years
Average life expectancy for future pensioners – men currently age 45	23.1 years
Average life expectancy for future pensioners – women currently age 45	25.1 years

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2019 valuation report.

## Updated position since the 2019 valuation

### Assets

Returns over the year to 31 March 2022 have been lower than expected which has offset some of the strong returns achieved in the previous year. As at 31 March 2022, in market value terms, the Fund assets are still slightly more than where they were projected to be based on the previous valuation.

### Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As at 31 March 2022, the real discount rate is estimated to be lower than at the 2019 valuation due to lower future expected returns on assets in excess of CPI inflation.

Please note that we have updated the derivation of the CPI inflation assumption to be 0.8% p.a. below the 20 year point on the Bank of England (BoE) implied inflation curve. The assumption adopted at the 2019 valuation was that CPI would be 1.0% p.a. below the 20 year point on the BoE implied inflation curve. This update was made following the Government's response (on 25 November 2020) to the consultation on the reform of RPI, and the expectation that the UK Statistics Authority will implement the proposed changes to bring RPI in line with CPIH from 2030. This updated approach leads to a small increase in the value of liabilities.

The value of liabilities will also have increased due to the accrual of new benefits net of benefits paid.

It is currently unclear what the impact of the COVID-19 pandemic is on the Fund's funding position. It is expected that COVID-related deaths will not have a material impact on the Fund's current funding level, however, the impact on future mortality rates may be more significant and we will be reviewing the Fund's mortality assumption as part of the 2022 valuation.

There is also uncertainty around future benefits due to the McCloud/Sargeant cases.

### Overall position

On balance, we estimate that the funding position has remained broadly the same when compared on a consistent basis to 31 March 2019 (but allowing for the update to the CPI inflation assumption).

The change in the real discount rate since 31 March 2019 is likely to place a higher value on the cost of future accrual which results in a higher primary contribution rate. The impact on secondary contributions will vary by employer.

The next formal valuation will be carried out as at 31 March 2022 with new contribution rates set from 1 April 2023.

**Graeme D Muir, FFA**  
Partner, Barnett Waddingham



# Statement of Responsibilities for the Statement of Accounts

## Kent County Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Director of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- to approve the Statement of Accounts.

I confirm that these Accounts were approved by the Governance and Audit Committee at its meeting on **XX Month 2022** on behalf of Kent County Council.

**Councillor Rosalind Binks**  
**Chairman of the Governance and Audit Committee**  
**XX Month 2022**

## The Corporate Director of Finance's Responsibilities

The Corporate Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code), and is required to give a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended **31 March 2022**.

In preparing this Statement of Accounts the Corporate Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Corporate Director of Finance has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I confirm that these accounts give a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended **31 March 2022**.

## Certificate of the Corporate Director of Finance

**Zena Cooke**  
**Corporate Director of Finance**  
**XX Month 2022**

## Pension Fund Accounts

The following financial statements are included in the Kent County Council Pension Fund's Annual Report and Accounts 2022 available from the Fund's website at [www.kentpensionfund.co.uk](http://www.kentpensionfund.co.uk).

### Fund Account for the year ended 31 March

	Notes	2021-22 £'000	2020-21 £'000
<b>Dealings with members, employers and others directly involved in the Fund</b>			
Contributions	7	<b>280,431</b>	267,955
Transfers in from other pension funds	8	<b>10,636</b>	5,017
		<b>291,067</b>	272,972
Benefits	9	<b>(257,277)</b>	(247,448)
Payments to and on account of leavers	10	<b>(28,114)</b>	(10,057)
		<b>(285,391)</b>	(257,505)
<b>Net additions from dealings with Members</b>		<b>5,676</b>	15,467
Management expenses	11	<b>(34,840)</b>	(27,277)
<b>Net additions/withdrawals including fund management expenses</b>		<b>(-29,164)</b>	(11,810)
<b>Returns on Investments</b>			
Investment Income	13	<b>133,600</b>	111,339
Taxes on Income		<b>(157)</b>	(93)
Profits and losses on disposal of investments and changes in the market value of investments	15a	<b>84,514</b>	1,697,318
<b>Net Return on Investments</b>		<b>217,957</b>	1,808,564
<b>Net increase/(decrease) in the Net Assets available for benefits during the year</b>		<b>188,793</b>	1,796,754

### Net Assets Statement as at 31 March

	Notes	2021-22 £'000	2020-21 £'000
Investment Assets		<b>7,711,217</b>	7,512,982
Investment Liabilities		<b>(14,178)</b>	(8,806)
<b>Net Investment Assets</b>	15	<b>7,697,039</b>	7,504,176
Current Assets	21	<b>32,036</b>	34,422
Current Liabilities	22	<b>(26,650)</b>	(24,966)
<b>Net Assets available to fund benefits at the period end</b>		<b>7,702,425</b>	7,513,632

# Notes to the Pension Fund Accounts

## 1. Description of the Fund

### General

The Kent Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by Kent County Council (KCC) for the purpose of providing pensions and other benefits for the pensionable employees of KCC, Medway Council, the district and borough councils in Kent and a number of other employers within the county area. The Pension Fund is a reporting entity and KCC as the Administering Authority is required to include the Fund's accounts as a note in its Report and Accounts. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The LGPS is a contributory defined benefit pension scheme.

The Scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended);
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendments) Regulations 2014 (as amended);
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund is overseen by the Kent Pension Fund Committee (the Scheme Manager). The Local Pension Board assists the Scheme Manager to ensure the effective and efficient governance and administration of the Scheme.

### Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join or remain in the Scheme or to make personal arrangements outside the Scheme. Employers in the Fund include Scheduled Bodies which are local authorities and similar entities whose staff are automatically entitled to be members of the Scheme; and Admission Bodies which participate in the Fund by virtue of an admission agreement made between the Authority and the relevant body. Admission bodies include voluntary, charitable and similar entities or private contractors undertaking a local authority function following a specific business transfer to the private sector.

There are 304 employers actively participating in the Fund and the profile of members is as detailed below:

	Kent County Council	Kent County Council	Other Employers	Other Employers	Total	Total
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
Contributors	21,041	21,510	31,788	31,215	52,829	52,725
Pensioners	24,090	22,959	22,616	21,879	46,706	44,838
Deferred Pensioners	25,024	24,077	24,553	23,320	49,577	47,397
<b>Total</b>	<b>70,155</b>	<b>68,546</b>	<b>78,957</b>	<b>76,414</b>	<b>149,112</b>	<b>144,960</b>

### Funding

Benefits are funded by contributions and investment earnings. The 2019 triennial valuation certified a common contribution rate of 18.4% of pensionable pay to be paid by each employer participating in the Kent Pension Fund for 2021-22. In addition to this, each employer has to pay an individual adjustment to reflect its own particular circumstances and funding position within the Fund. Details of each employer's contribution rate are contained in the Statement to the Rates and Adjustment Certificate in the triennial valuation report.

### Benefits

Pension benefits under the LGPS are based on the following:

	Service pre April 2008	Membership from 1 April 2008 to 31 March 2014	Membership from 1 April 2014
<b>Pension</b>	1/80 x final pensionable salary	1/60 x final pensionable salary	1/49 (or 1/98 if opted for 50/50 section) x career average revalued salary
<b>Lump sum</b>	Automatic lump sum of 3/80 x final pensionable salary.	No automatic lump sum	No automatic lump sum.
	In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

There is a range of other benefits provided under the Scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Kent Pension Fund website: [www.kentpensionfund.co.uk](http://www.kentpensionfund.co.uk)

## 2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2021-22 financial year and its position at 31 March 2022.

The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 which is based upon International Financial Reporting Standards, as amended for the UK public sector. The accounts are prepared on a going concern basis.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS)19 basis is disclosed at note 20 of these accounts.

## 3. Summary of Significant Accounting Policies

### Fund Account – revenue recognition

#### a) Contribution income

Normal contributions, both from the members and from the employers, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employers Deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

#### b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in 'transfers in'. Bulk transfers are accounted for in accordance with the terms of the transfer agreement.

#### c) Investment income

Dividends, distributions, interest, and stock lending income on securities have been accounted for on an accruals basis and where appropriate from the date quoted as ex-dividend (XD). Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year. Where the Fund's investments are held in income accumulating funds that do not distribute income the accumulated income on such investments is reflected in the unit market price at the end of the year and is included in the realised and unrealised gains and losses during the year. Direct property related income mainly comprises of rental income which is recognised when it becomes due. Rental income is adjusted for provision for rent invoiced but collection of which is assessed as doubtful.

### Fund Account – expense items

#### d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the year end. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities providing the payment has been approved.

#### e) Taxation

The Fund has been accepted by the HM Revenue and Customs as a registered pension scheme in accordance with paragraph 1(1) of Schedule 36 to the Finance Act 2004 and, as such, qualifies for exemption from UK income tax on interest received and from capital gains tax on proceeds of investments sold. Tax is therefore only applicable to dividend income from equity investments. Income arising from overseas investments is subject to deduction of withholding tax unless exemption is permitted by and obtained from the country of origin. Investment income is shown net of tax, and any recoverable tax at the end of the year is included in accrued investment income.

By virtue of Kent County Council being the administering authority, VAT input tax is recoverable on all Fund activities including investment and property expenses.

## Notes to the Pension Fund Accounts continued

### f) Management expenses

All expenses are accounted for on an accruals basis. Costs relating to Kent County Council staff involved in the administration, governance and oversight of the Fund, and overheads incurred by the County Council and recharged to the Fund at the end of the year. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. Fees incurred include fees directly paid to fund managers as well as fees deducted from the funds by pooled fund managers which is grossed up to increase the income from these investments.

### Net Assets Statement

#### g) Financial assets

Financial assets other than cash and debtors are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. Any purchase or sale of securities is recognised upon trade and any unsettled transactions at the year-end are recorded as amounts receivable for sales and amounts payable for purchases. From the trade date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 and IFRS 9. For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

The values of investments as shown in the Net Assets Statement have been determined as follows:

- Quoted investments are stated at market value based on the closing bid price quoted on the relevant stock exchange on the final day of the accounting period.
- Fixed interest securities are recorded at net market value based on their current yields.
- Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.
- Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers. The valuation standards followed by the managers are in accordance with the industry guidelines and the constituent management agreements. Such investments may not always be valued based on year end valuation as information may not be available, and therefore will be valued based on the latest valuation provided by the managers adjusted for cash movements to the year end.
- Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, the change in market value also includes income which is reinvested in the fund.
- Debtors/receivables being short duration receivables with no stated interest rate are measured at original invoice amount. Debtors are adjusted for provision made for doubtful debts relating to rent income.

#### h) Freehold and Leasehold Properties

The Freehold and Leasehold properties were valued at open market prices in accordance with the valuation standards laid down by the Royal Institution of Chartered Surveyors. The last valuation was undertaken by Colliers International, as at 31 December 2021. The valuer's opinion of market value and existing use value was primarily derived using comparable recent market transactions on arm's length terms. The results of the valuation have then been indexed in line with the MSCI Monthly Index movement to 31 March 2022. The indexation is carried out by DTZ, who are managers of the Fund's direct property portfolio.

#### i) Derivatives

The Fund uses derivative instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. At the reporting date the Fund only held forward currency contracts. The future value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract. Under the European Market Infrastructure Regulations the Fund's forward currency contracts are required to be covered by margin cash. These amounts are included in cash or cash equivalents held by the Fund and reflected in a corresponding margin cash liability under investment liabilities.

**j) Foreign currency transactions**

Assets and liabilities in foreign currency are translated into sterling at spot market exchange rates ruling at the year-end. All foreign currency transactions including income are translated into sterling at spot market exchange rates ruling at the transaction date. All realised currency exchange gains or losses are included in change in market value of assets.

**k) Cash and cash equivalents**

Cash comprises cash at bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. Cash and cash equivalents managed by fund managers and cash equivalents managed by Kent County Council are included in investments. All other cash is included in Current Assets.

**l) Financial Liabilities**

The Fund recognises financial liabilities relating to investments at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund. Other financial liabilities classed as amortised cost are carried at amortised cost ie the amount carried in the net asset statement is the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

**m) Actuarial present value of promised retirement benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary and the methodology used is in line with accepted guidelines and in accordance with IAS 19. As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 20).

**n) Contingent Assets and Liabilities**

A contingent asset/liability arises where an event has taken place that gives the Fund a possible right/obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Fund. Contingent assets/liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an inflow/outflow of resources will be required or the amount of the right/obligation cannot be measured reliably. Contingent assets/liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

**o) Pooling Expenses**

The Fund is member of the ACCESS pool, a group of 11 LGPS Administering Authorities who, as part of a Government initiative, have agreed to pool their investments to achieve cost and scale benefits. Pooling costs included in the Fund's accounts reflect the Fund's proportion of the cost of the governance arrangements of the Pool.

**p) Additional Voluntary Contributions**

The Fund provides an additional voluntary contribution (AVC) scheme for its members, assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016 but are disclosed for information in note 23.

**4. Critical judgements in applying accounting policy**

The fund's investment portfolio includes a number of directly owned properties which are leased commercially to various tenants with rental periods. The fund has determined that these contracts all constitute operating lease arrangements under the classifications permitted by the Code, therefore the properties are retained on the net asset statement at fair value.

## Notes to the Pension Fund Accounts continued

### 5. Assumptions made about future and other major sources of estimation uncertainty

Item	Uncertainties	Effect if actual results differ from assumption
Actuarial present value of promised retirement benefits (Note 20)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £235m. A 0.1% increase in assumed earning inflation would increase the value of liabilities by approx. £21m, and a one year increase to the life expectancy assumptions would increase the liability by approx. £501m.
Private Equity and Infrastructure and other level 3 investments (Note 17)	Valuation of unquoted private equity including infrastructure investments is highly subjective and inherently based on forward looking estimates and judgements involving many factors. They are valued by the investment managers using guidelines set out in the British Venture Capital Association.	The total private equity including infrastructure and other level 3 investments on the financial statements are £473m. Potential change in valuation due to change in these factors is estimated in Note 17.
Freehold and Leasehold Property and Pooled Property Funds (Note 17)	Valuation techniques are used to determine the fair values of directly held property and pooled property funds. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property.	The affect of 10% variations in the factors supporting the valuation would be an increase or decrease in the value of directly held property and property pooled funds of £90m on a fair value of £902m. Details of potential factors affecting the valuation are in Note 17.

### 6. Events after the Balance Sheet date

There have been no events since 31 March 2022, up to the date when these accounts were authorised, that require or do not require any adjustment to these accounts.

### 7. Contributions Receivable

	2021-22 £'000	2020-21 £'000
<b>By Category</b>		
Employees' contributions	63,125	59,348
Employers' contributions		
– normal contributions	182,404	172,479
– deficit recovery contributions	30,445	32,533
– augmentation contributions	4,457	3,595
Total Employers' contributions	217,306	208,607
<b>Total contributions receivable</b>	<b>280,431</b>	<b>267,955</b>
<b>By type of employer</b>		
Kent County Council	104,902	98,024
Scheduled Bodies	161,935	151,255
Admitted Bodies	13,594	18,676
<b>Total</b>	<b>280,431</b>	<b>267,955</b>

## 8. Transfers in from other pension funds

	2021-22 £'000	2020-21 £'000
Individual	10,636	5,017
Group	0	0
<b>Total</b>	<b>10,636</b>	<b>5,017</b>

## 9. Benefits Payable

	2021-22 £'000	2020-21 £'000
<b>By Category</b>		
Pensions	216,199	210,886
Retirement Commutation and lump sum benefits	34,572	30,202
Death benefits	6,506	6,360
<b>Total</b>	<b>257,277</b>	<b>247,448</b>
<b>By type of employer</b>		
Kent County Council	115,210	112,653
Scheduled Bodies	126,398	119,813
Admitted Bodies	15,669	14,982
<b>Total</b>	<b>257,277</b>	<b>247,448</b>

## 10. Payments to and on account of leavers

	2021-22 £'000	2020-21 £'000
Group transfers	11,320	0
Individual transfers	15,364	8,736
Payments/refunds for members joining state scheme	0	0
Refunds of contributions	1,430	1,321
<b>Total</b>	<b>28,114</b>	<b>10,057</b>

## 11. Management Expenses

	Notes	2021-22 £'000	2020-21 £'000
Administration costs		3,645	3,361
Governance and oversight costs		843	820
Investment management expenses	12	30,220	22,973
Audit fees		41	41
Pooling expenses		91	82
<b>Total</b>		<b>34,840</b>	<b>27,277</b>



## Notes to the Pension Fund Accounts continued

## 12. Investment Management Expenses

	Notes	2021-22 £'000	2020-21 £'000
Investment Managers' fees	12a	29,525	22,207
Transaction costs		652	710
Custody fees		43	56
<b>Total</b>		<b>30,220</b>	<b>22,973</b>

The management fees disclosed above include all investment management fees directly incurred by the fund including those charged on pooled fund investments.

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These indirect costs are not separately provided to the Pension Fund.

## 12a. Investment Management Fees

	2021-22 £'000	2020-21 £'000
Fixed Income	4,004	3,457
Equities	14,755	12,577
Private Equity/Infrastructure	7,243	2,807
Property	3,523	3,366
<b>Total</b>	<b>29,525</b>	<b>22,207</b>

## 13. Summary of Income from Investments

	Notes	2021-22		2020-2021	
		£'000	%	£'000	%
Bonds		14,423	10.8	15,279	13.8
Equities		4,682	3.5	4,277	3.9
Pooled Investments		84,048	62.9	68,023	61.1
Private Equity / Infrastructure		9,190	6.9	9,879	8.9
Property	14	14,533	10.9	8,228	7.4
Pooled Property Investments		6,449	4.8	5,465	4.9
Cash and cash equivalents		217	0.2	155	0.0
Stock Lending		58	0.0	33	0.0
<b>Total</b>		<b>133,600</b>	<b>100.0</b>	<b>111,339</b>	<b>100.0</b>

Income levels have recovered this year after falling last year due to the effects of the pandemic on rent collection and dividend income.

## 14. Property Income and Expenditure

	2021-22 £'000	2020-21 £'000
Rental Income from Investment Properties	20,799	12,427
Direct Operating Expenses	(6,266)	(4,199)
<b>Net operating income from Property</b>	<b>14,533</b>	<b>8,228</b>

Rental income for 2021-22 is net of provision for doubtful debts of £4.5m, (2020-21 £6.3m).

## 15. Investments

	Market Value as at 31 March 2022 £'000	Market Value as at 31 March 2021 £'000
<b>Investment Assets</b>		
Bonds	379,028	401,001
Equities	371,946	348,033
Pooled Investments		
– Fixed Income	721,635	575,551
– Equities	4,125,358	4,227,065
– Absolute Return	567,162	541,108
Private Equity/Infrastructure	464,955	274,023
Property	577,934	493,314
Pooled Property Investments	324,285	281,718
Derivatives – Forward Currency contracts	472	2,920
Investment Cash and cash equivalents	155,306	201,228
Cash held with fund managers pending issue of units	0	150,000
Investment Income due	13,800	15,996
Amounts receivable for sales	788	0
Margin cash	8,548	1,025
<b>Total Investment Assets</b>	<b>7,711,217</b>	<b>7,512,982</b>
<b>Investment Liabilities</b>		
Amounts payable for purchases	(800)	(561)
Margin cash liability	0	0
Provision for Doubtful Debts	(4,544)	(6,287)
Derivatives – Forward Currency contracts	(8,834)	(1,958)
<b>Total Investment Liabilities</b>	<b>(14,178)</b>	<b>(8,806)</b>
<b>Net Investment Assets</b>	<b>7,697,039</b>	<b>7,504,176</b>

Investment income due (debtors) includes a sum of £7.3m for rents and service charges payable by tenants of properties owned by the Pension Fund. Due to continued effects of the pandemic on rent collection, there is a high likelihood that a significant portion will not be fully recovered. A provision of £4.5m has therefore been made for doubtful rent debts.

## Notes to the Pension Fund Accounts continued

## 15a. Reconciliation of movements in investments and derivatives

	Market Value as at 31 March 2021 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Market Value as at 31 March 2022 £'000
Bonds	401,001	98,117	(99,920)	(20,171)	<b>379,027</b>
Equities	348,033	100,464	(100,596)	24,045	<b>371,946</b>
Pooled Investments	5,343,724	565,122	(347,421)	(147,270)	<b>5,414,155</b>
Private Equity/Infrastructure	274,023	141,701	(57,219)	106,450	<b>464,955</b>
Property	493,314			84,620	<b>577,934</b>
Pooled Property Investments	281,718	2,031	(6,264)	46,802	<b>324,287</b>
	7,141,813	907,435	(611,420)	94,476	<b>7,532,304</b>
Derivative contracts					
– Forward Currency contracts	962	3,098,406	(3,097,674)	(10,056)	<b>(8,362)</b>
	<b>7,142,775</b>	<b>4,005,841</b>	<b>(3,709,094)</b>	<b>84,420</b>	<b>7,523,942</b>
Other Investment balances					
– Investment Cash and cash equivalents	201,228	0	0	96	<b>155,305</b>
– Cash pending issue of units	150,000	0	0	0	<b>0</b>
– Amounts receivable for sales	0	0	0	0	<b>788</b>
– Amounts payable for purchases	(561)	0	0	0	<b>(800)</b>
– Margin cash liability	1,025	0	0	0	<b>8,548</b>
– Investment Income due	15,996	0	0	0	<b>13,800</b>
– Provision for doubtful debt	(6,287)	0	0	0	<b>(4,544)</b>
<b>Net Investment Assets</b>	<b>7,504,176</b>	<b>0</b>	<b>0</b>	<b>84,516</b>	<b>7,697,039</b>

	Market Value as at 31 March 20 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Market Value as at 31 March 2021 £'000
Bonds	339,054	134,314	(73,777)	1,410	<b>401,001</b>
Equities	236,536	155,000	(146,114)	102,611	<b>348,033</b>
Pooled Investments	4,028,528	1,147,986	(1,344,347)	1,511,557	<b>5,343,724</b>
Private Equity/Infrastructure	189,864	72,544	(29,734)	41,349	<b>274,023</b>
Property	478,105	0	0	15,209	<b>493,314</b>
Pooled Property Investments	287,008	2,007	(1,503)	(5,794)	<b>281,718</b>
	5,559,095	1,511,851	(1,595,475)	1,666,342	<b>7,141,813</b>
Derivative contracts					
– Forward Currency contracts	(17,082)	3,512,898	(3,526,105)	31,251	<b>962</b>
	<b>5,542,013</b>	<b>5,024,749</b>	<b>(5,121,580)</b>	<b>1,697,593</b>	<b>7,142,775</b>
Other Investment balances					
– Investment Cash and cash equivalents	131,959	0	0	(275)	<b>201,228</b>
– Cash pending issue of units	0	0	0	0	<b>150,000</b>
– Amounts receivable for sales	724	0	0	0	<b>0</b>
– Amounts payable for purchases	(324)	0	0	0	<b>(561)</b>
– Margin cash liability	16,803	0	0	0	<b>1,025</b>
– Investment Income due	11,975	0	0	0	<b>15,996</b>
– Provision for doubtful debt	0	0	0	0	<b>(6,287)</b>
<b>Net Investment Assets</b>	<b>5,703,150</b>	<b>0</b>	<b>0</b>	<b>1,697,318</b>	<b>7,504,176</b>

## 15b. Analysis of Derivative Contracts

## Objectives and policy for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the investment manager.

### Open forward currency contracts

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a significant portion of the Fund's fixed income portfolio managed by Goldman Sachs Asset Management is invested in overseas securities. To reduce the volatility associated with fluctuating currency rates, the investment manager hedges the overseas exposure of the portfolio.

Settlement	Currency bought	Local value 000's	Currency sold	Local value 000's	Asset value £'000	Liability value £'000
Up to one month	GBP	88	USD	(116)	0	0
Up to one month	GBP	825	EUR	(975)	1	0
Up to one month	GBP	55	EUR	(65)	0	0
Up to one month	GBP	38	USD	(50)	0	0
Up to one month	GBP	932	USD	(1225)	2	0
Up to one month	USD	116	GBP	(88)	0	0
Up to one month	GBP	442	USD	(579)	3	0
Up to one month	USD	64	GBP	(49)	0	0
Up to one month	USD	1155	GBP	(875)	2	0
Up to one month	GBP	652	USD	(859)	0	(1)
Up to one month	USD	3856	GBP	(2918)	10	0
Up to one month	GBP	1802	USD	(2370)	2	0
Up to one month	USD	2163	GBP	(1645)	0	(2)
Up to one month	GBP	2,092	USD	(2,759)	0	(4)
Up to one month	GBP	658	USD	(859)	5	0
Up to one month	USD	1,761	GBP	(1,343)	0	(6)
Up to one month	USD	1,188	GBP	(912)	0	(9)
Up to one month	USD	2,448	GBP	(1,879)	0	(20)
Up to one month	USD	1,500	GBP	(1,146)	0	(7)
Up to one month	USD	3,949	GBP	(3,014)	0	(15)
Up to one month	USD	2,132	GBP	(1,626)	0	(7)
Up to one month	GBP	2,504	USD	(3,336)	0	(30)
Up to one month	USD	1,440	GBP	(1,074)	20	0
Up to one month	USD	3,067	GBP	(2,291)	39	0
Up to one month	USD	481	GBP	(359)	6	0
Up to one month	USD	5,549	GBP	(4,141)	73	0
Up to one month	USD	3,303	GBP	(2,428)	81	0
Up to one month	USD	1,733	GBP	(1,278)	38	0
Up to one month	GBP	2,882	USD	(3,907)	0	(85)
Up to one month	USD	2,232	GBP	(1,646)	50	0
Up to one month	USD	1,393	GBP	(1,040)	18	0
Up to one month	USD	371	GBP	(277)	5	0
Up to one month	USD	388	GBP	(290)	5	0
Up to one month	GBP	510	USD	(689)	0	(14)
Up to one month	USD	1,236	GBP	(918)	21	0
Up to one month	USD	3,116	GBP	(2,313)	53	0
Up to one month	GBP	122,231	USD	(166,629)	0	(4,325)
Up to one month	GBP	122,273	USD	(166,629)	0	(4,283)
Up to two months	EUR	975	GBP	(826)	0	(1)
Up to two months	EUR	29	GBP	(25)	0	0
Up to two months	EUR	38	GBP	(32)	0	0
Up to two months	EUR	2,568	GBP	(2,135)	38	0
Up to two months	GBP	1,605	EUR	(1,922)	0	(21)
Up to two months	GBP	81,363	EUR	(96,179)	0	(4)
					472	(8,834)
<b>Net forward currency contracts at 31 March 2022</b>						<b>(8,362)</b>
Prior year comparative						
Open forward currency contracts at 31 March 2021					2,921	(1,957)
<b>Net forward currency contracts at 31 March 2021</b>						<b>964</b>

## Notes to the Pension Fund Accounts continued

## 15c. Property Holdings

	Year ending 31 March 2022 £'000	Year ending 31 March 2021 £'000
<b>Opening Balance</b>	<b>493,314</b>	478,105
Additions	0	0
Disposals	0	0
Net increase/decrease in market value	<b>84,620</b>	15,209
<b>Closing Balance</b>	<b>577,934</b>	493,314

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligation to purchase, construct or develop these properties.

The future minimum lease payments receivable by the Fund are as follows:

	Year ending 31 March 2022 £'000	Year ending 31 March 2021 £'000
Within one year	<b>16,584</b>	16,161
Between one and five years	<b>42,579</b>	36,708
Later than five years	<b>33,268</b>	33,610
<b>Total</b>	<b>92,431</b>	<b>86,479</b>

The above disclosures have been reduced by a credit loss allowance of 0.35% per annum reflecting the Fund's expected loss from late or non-recovery of rents from tenants. This has been based on the Fund's own historic experience but also information on similar properties received from the Fund's property letting agents. The income has also been reduced to take into account the possibility of tenants taking advantage of break clauses in their non cancellable operating lease contracts to terminate tenancies.

## 15d. Investments analysed by Fund Manager

	Market Value as at 31 March 2022		Market Value as at 31 March 2021	
	£'000	%	£'000	%
<b>Investments managed by Link for the ACCESS Pool</b>				
Baillie Gifford	1,190,077	15.5	1,709,000	22.8
M&G	517,812	6.7	443,546	5.9
Ruffer	191,066	2.5	134,026	1.8
Schroders	1,543,993	20.1	1,384,541	18.5
	<b>3,442,948</b>	<b>44.7</b>	<b>3,671,113</b>	<b>49.0</b>
<b>Investments managed outside the ACCESS Pool</b>				
CQS	238,310	3.1	157,732	2.1
DTZ	633,444	8.2	538,729	7.2
Fidelity	163,219	2.1	133,795	1.8
Goldman Sachs	400,917	5.2	416,621	5.6
HarbourVest	233,070	3.0	149,608	2.0
Impax	74,516	1.0	70,886	0.9
Insight	791,269	10.3	610,989	8.1
Kames	43,723	0.6	43,566	0.6
Kent County Council Investment Team	126,483	1.6	336,574	4.5
M&G	308,336	4.0	227,169	3.0
Partners Group	174,936	2.3	77,133	1.0
Pyrford	376,095	4.9	407,083	5.4
Sarasin	381,253	5.0	352,812	4.7
Schroders	243,353	3.2	254,982	3.4
YFM	56,948	0.7	47,282	0.6
Link Fund Solutions (previously Woodford)	8,219	0.1	8,102	0.1
	<b>4,254,091</b>	<b>55.3</b>	<b>3,833,063</b>	<b>51.0</b>
<b>Total</b>	<b>7,697,039</b>	<b>100</b>	<b>7,504,176</b>	<b>100</b>

All the external fund managers above are registered in the United Kingdom. Movements during the year include: £75m each invested into CQS and M&G Alpha Opportunities Fund.

### 15e. Single investments exceeding 5% of net assets available for benefits

	31 March 2022	
Investments	£'000	% of net assets
LF ACCESS Global Equity Core Fund	1,189,548	15.5
LF ACCESS UK Equity Fund	1,142,840	14.9
LDI Solutions Plus ICAV Active (Insight)	791,269	10.3
LF ACCESS Global Dividend Fund	517,812	6.7

	31 March 2021	
Investments	£'000	% of net assets
LF ACCESS Global Equity Core Fund	1,709,000	22.8
LF ACCESS UK Equity Fund	1,031,581	13.8
LDI Solutions Plus ICAV Active (Insight)	610,989	8.2
LF ACCESS Global Dividend Fund	443,546	5.9
Pyrford Global Total Return Fund	407,083	5.4

### 15f. Stock Lending

The Custodians undertake a programme of stock lending to approved UK counterparties against non-cash collateral mainly comprising of Sovereigns and Treasury Bonds. The programme lends directly held global equities and bonds to approved borrowers against a collateral of Government and Supranational fixed interest securities of developed countries, which is marked to market on a daily basis. Securities on loan are included at market value in net assets on the basis that they will be returned to the Fund at the end of the loan term. Net income from securities lending received from the custodian is shown as income from investments in the Fund Account.

The amount of securities on loan at year end, analysed by asset class and a description of the collateral is set out in the table below.

Loan Type	31 March 2022		31 March 2021		Collateral Type
	Market Value £'000	Collateral Value £'000	Market Value £'000	Collateral Value £'000	
Equities	2,762	2,881	8,099	8,458	Treasury Notes and other Government debt
Bonds	33,144	34,560	11,004	11,492	Treasury Notes and other Government debt
<b>Total</b>	<b>35,906</b>	<b>37,441</b>	<b>19,103</b>	<b>19,950</b>	

## Notes to the Pension Fund Accounts continued

## 16. Financial Instruments

## 16a. Classification of Financial Instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and Net Assets Statement heading..

	31 March 2022			31 March 2021		
	at fair value through profit and loss £'000	Assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Fair value through profit and loss £'000	Assets at amortised cost £'000	Financial liabilities at amortised cost £'000
<b>Financial Assets</b>						
Bonds	379,027			401,001		
Equities	371,946			348,033		
Pooled Investments	5,414,154			5,343,724		
Property Pooled Investments	324,285			281,718		
Private Equity/Infrastructure	464,955			274,023		
Derivative contracts	472			2,921		
Cash & Cash equivalents	144,833	13,151		191,737	164,087	
Other Investment Balances		23,137			17,021	
Debtors/ Receivables		7,942			12,579	
	<b>7,099,672</b>	<b>44,230</b>	<b>0</b>	<b>6,843,157</b>	<b>193,687</b>	<b>0</b>
<b>Financial Liabilities</b>						
Derivative contracts	(8,834)			(1,957)		
Other Investment balances			(5,344)			(6,848)
Creditors			(26,650)			(24,966)
	<b>(8,834)</b>	<b>0</b>	<b>(31,994)</b>	<b>(1,957)</b>	<b>0</b>	<b>(31,814)</b>
<b>Total</b>	<b>7,090,838</b>	<b>44,230</b>	<b>(31,994)</b>	<b>6,841,200</b>	<b>193,687</b>	<b>(31,814)</b>

## 16b. Net Gains and Losses on Financial Instruments

	31 March 2022 £'000	31 March 2021 £'000
Fair value through profit and loss	(203)	1,682,384
Assets at amortised cost	96	(275)
<b>Total</b>	<b>(107)</b>	<b>1,682,109</b>

## 17. Valuation of assets and liabilities carried at Fair Value

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets are carried at and have been valued using fair value techniques.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuation provided
Quoted Equities	1	Bid Market price on last day of accounting period	Not required	Not required
Quoted Bonds	1	Market value on last day of accounting period	Not required	Not required
Quoted Pooled Investments	1	Net Asset Value/Bid prices on last day of accounting period	Net Asset Values	Not required
Cash and Cash Equivalents	1	Carrying value is deemed to be fair value due to short term nature of these instruments	Not required	Not required
Unquoted Pooled Investments including pooled property	2	Net Asset Value/Bid prices on last day of accounting period	Net Asset Values	Not required
Private Equity and Infrastructure Funds	3	Fair values as per International Private equity and venture capital guidelines (2012)	Valuation of underlying investment/assets/companies/EBITDA multiples	Estimation techniques used in valuations, changes in market conditions, industry specific conditions
Property	2	Independent valuation by Colliers using RICS valuation standards	Market values of similar properties, existing lease terms estimated rental growth, estimated vacancies	Not required
Quoted Funds in administration	3	Net Asset Value/Bid prices on last day of accounting period	Net Asset Values/or if the fund holds illiquid assets, valuation of underlying investment/assets/companies/EBITDA multiples	If the fund holds illiquid assets, estimation techniques used in valuations, changes in market conditions, industry specific conditions
Forward exchange contracts	2	Market forward exchange rates on the last day of accounting period	Wide range of deals executed in the currency markets, exchange rate risk	Not required
Bespoke fund for equity protection programme assets	2	Net Asset value of Fund based on valuation of underlying assets with quoted prices for bond holdings and market prices for derivatives	Wide range of deals executed in the bond holdings but limited comparable transactions for specialist equity derivatives	Valuation of derivatives is affected by the equity and foreign exchange market conditions

Note: Quoted Fund in administration refers to the UK equities Fund managed by Link (earlier Woodford). Bespoke Fund for Equity Protection programme assets is managed by Insight.



## Notes to the Pension Fund Accounts continued

### Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above, are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

	Assessed valuation range (+/-)	Value as at 31 March 2022 £'000	Value on increase £'000	Value on decrease £'000
Private Equity	23.3%	290,018	357,592	222,444
Infrastructure	11.9%	174,936	195,754	154,119
Other Level 3 investments	23.3%	8,219	10,135	6,304
<b>Total</b>		<b>473,173</b>	<b>563,481</b>	<b>382,867</b>

	Assessed valuation range (+/-)	Value as at 31 March 2021 £'000	Value on increase £'000	Value on decrease £'000
Private Equity	23.3%	196,890	242,765	151,015
Infrastructure	11.9%	77,133	86,312	67,954
Other Level 3 investments	23.3%	8,101	9,989	6,213
<b>Total</b>		<b>282,124</b>	<b>339,066</b>	<b>225,182</b>

### 17a. Fair Value Hierarchy

#### Level 1

Assets and Liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Investments include quoted equities, quoted fixed interest securities, quoted index linked securities and quoted unit trusts.

#### Level 2

Assets and Liabilities at Level 2 are those where quoted market prices are not available or where valuation techniques are used to determine fair value. These techniques use inputs that are based significantly on observable market data. Investments include Derivatives, Direct Property Investments, Property Unit Trusts and investments in Link pooled funds for ACCESS.

#### Level 3

Assets and Liabilities at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data and are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. They include private equity and infrastructure investments the values of which are based on valuations provided by the General Partners to the funds in which the Pension Fund has invested. Assurances over the valuation are gained from the independent audit of the accounts. These assets also include investments in quoted funds that were in administration as at 31 March 2022 and are invested in illiquid underlying assets.

These valuations are prepared by the fund managers in accordance with generally accepted accounting principles and the requirements of the law where these companies are incorporated. Valuations are usually undertaken periodically by the fund managers, who provide a detailed breakdown of the valuations of underlying assets as well as a reconciliation of movements in fair values. Cash flow adjustments are used to roll forward the valuations where the latest valuation information is not available at the time of reporting.

The following table provides an analysis of the assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
<b>Values at 31 March 2022</b>				
<b>Financial assets at fair value through profit and loss</b>				
Bonds	379,027			379,027
Equities	371,946			371,946
Pooled investments	693,947	4,711,989	8,219	5,414,155
Pooled property investments		324,285		324,285
Private equity and infrastructure			464,955	464,955
Derivatives		472		472
Cash Deposits	157,984			157,984
Other Investment balances	23,137			23,137
<b>Non-Financial assets at fair value through profit and loss</b>				
Property		577,934		577,934
<b>Financial liabilities at fair value through profit and loss</b>				
Derivatives	0	(8,834)		(8,834)
Other investment liabilities	(5,344)			(5,344)
<b>Net Investment Assets</b>	<b>1,620,697</b>	<b>5,605,846</b>	<b>473,174</b>	<b>7,699,717</b>
<b>Values at 31 March 2021</b>				
<b>Financial assets at fair value through profit and loss</b>				
Bonds	401,002			401,002
Equities	348,033			348,033
Pooled investments	732,934	4,602,688	8,101	5,343,723
Pooled property investments		281,717		281,717
Private equity and infrastructure			274,023	274,023
Derivatives		2,921		2,921
Cash Deposits	355,824			355,824
Other Investment balances	17,021			17,021
<b>Non-Financial assets at fair value through profit and loss</b>				
Property		493,314		493,314
<b>Financial liabilities at fair value through profit and loss</b>				
Derivatives		(1,957)		(1,957)
Other investment liabilities	(6,848)			(6,848)
<b>Net Investment Assets</b>	<b>1,847,966</b>	<b>5,378,683</b>	<b>282,124</b>	<b>7,508,773</b>

## Notes to the Pension Fund Accounts continued

### 17b. Reconciliation of Fair Value Measurements within Level 3

	Pvt Equity	Infrastructure	Other	Total £'000
Market Value 1 April 2021	196,890	77,133	8,102	282,125
Transfers into level 3				
Transfers out of level 3				
Purchases during the year	52,198	89,503		141,701
Sales during the year	(54,148)	(3,071)		(57,219)
Unrealised gains/ losses	59,592	10,974	118	70,684
Realised gains/losses	35,486	397		35,883
<b>Market Value 31 March 2022</b>	<b>290,018</b>	<b>174,936</b>	<b>8,220</b>	<b>473,174</b>

## 18. Nature and extent of Risks Arising From Financial Instruments

### Risk and risk management

The Fund's primary long-term risk is that the value of its assets will fall short that of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Council manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

### 18a. Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risks, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

### Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market. The Fund is exposed to security and derivative price risks. This arises from investments held by the Fund for which the future price is uncertain. All security investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The possible loss from shares sold short is unlimited. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments and their activity is monitored by the Council to ensure it is within limits specified in the Fund Investment Strategy.

**Other price risk – sensitivity analysis**

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisors, the Council has determined that the following movements in market price risk are reasonably possible for the 2021-22 reporting period.

Asset Type	Potential Market Movements (+/-)
UK Equities	16.7
Overseas Equities	16.2
Global Pooled Equities inc UK	16.0
Bonds	7.2
Property	9.2
Infrastructure	11.9
Private Equity	23.3

The potential price changes disclosed above are based on predicted volatilities calculated by our fund managers. The analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows (the prior year comparator is shown below):

Asset Type	Value as at 31 March 2022 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
<b>Cash and cash equivalents</b>	<b>157,984</b>	<b>0.00</b>	<b>157,984</b>	<b>157,984</b>
<b>Investment portfolio assets:</b>				
UK Equities	40,908	16.7	47,739	34,076
Overseas Equities	331,038	16.2	384,666	277,410
Global Pooled Equities inc UK	4,692,519	16.0	5,443,322	3,941,716
Bonds incl Bond Funds	1,100,662	7.2	1,179,910	1,021,415
Property Pooled Funds	324,285	9.2	354,120	294,451
Private Equity	290,018	11.9	324,531	255,506
Infrastructure Funds	174,936	23.3	215,697	134,176
<b>Total</b>	<b>7,112,350</b>		<b>8,107,969</b>	<b>6,116,734</b>

The Fund has an equities downside protection programme which will protect the fund from falls up to 20% in global equity markets and will cap the returns to the actuary's expected return objective of 6.5% for equities over the full valuation cycle. The current programme will run until March 2023. .

Asset Type	Value as at 31 March 2021 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
<b>Cash and cash equivalents</b>	<b>351,228</b>	<b>0.00</b>	<b>351,228</b>	<b>351,228</b>
<b>Investment portfolio assets:</b>				
UK Equities	29,621	16.7	34,568	24,674
Overseas Equities	318,412	16.2	369,995	266,829
Global Pooled Equities inc UK	4,768,171	16.0	5,531,078	4,005,264
Bonds incl Bond Funds	976,553	7.2	1,046,865	906,241
Property Pooled Funds	281,718	9.2	307,636	255,800
Private Equity	196,890	11.9	230,320	173,460
Infrastructure Funds	77,133	23.3	95,105	59,161
<b>Total</b>	<b>6,999,726</b>		<b>7,966,795</b>	<b>6,042,657</b>

## Notes to the Pension Fund Accounts continued

## 18a. Market risk continued

## Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposures to interest rate movements as at 31 March 2022 and 31 March 2021 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Asset Type	31 March 2022 £'000	31 March 2021 £'000
Cash and cash equivalents	155,309	351,228
Cash Balances	2,679	4,596
Bonds		
– Directly held securities	379,027	401,001
– Pooled Funds	721,635	575,551
<b>Total</b>	<b>1,258,650</b>	<b>1,332,376</b>

## Interest rate risk – sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A one percent movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long-term average rates are expected to move less than one percent from one year to the next and experience suggests that such movements are likely. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- one percent change in interest rates:

Asset Type	Carrying amount as at 31 March 2022 £'000	Change in year in the net assets available to pay benefits	
		+1% £'000	(1%) £'000
Cash and cash equivalents	155,309	0	0
Cash Balances	2,679	0	0
Bonds			
– Directly held securities	379,027	(3,790)	3,790
– Pooled Funds	721,635	(7,216)	7,216
<b>Total change in assets available</b>	<b>1,258,650</b>	<b>(11,007)</b>	<b>11,007</b>

Asset Type	Carrying amount as at 31 March 2021 £'000	Change in year in the net assets available to pay benefits	
		+1% £'000	(1%) £'000
Cash and cash equivalents	351,228	0	0
Cash Balances	4,596	0	0
Bonds			
– Directly held securities	401,001	(4,010)	4,010
– Pooled Funds	575,551	(5,756)	5,756
<b>Total change in assets available</b>	<b>1,332,376</b>	<b>(9,766)</b>	<b>9,766</b>

Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits. The analysis demonstrates that a 100 bps increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value and vice versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect interest income received on those balances.

## Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Through their investment managers, the Fund holds both monetary and non-monetary assets denominated in currencies other than GBP, the functional currency of the Fund. Most of these assets are not hedged for currency risk and the Fund is exposed to currency risk on these financial instruments. However, a significant proportion of the investments managed by Goldman Sachs Asset Management and all investments in the CQS Fund are hedged for currency risk through forward currency contracts. The Fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to current fluctuations. The following table summarises the Fund's currency exposure excluding the hedged investments as at 31 March 2022 and 2021:

Currency exposure – asset type	Asset value 31 March 2022 £'000	Asset value 31 March 2021 £'000
Overseas Equities	331,038	318,412
Overseas Pooled Funds	3,781,449	3,891,344
Overseas Bonds	0	0
Overseas Private Equity, Infrastructure and Property funds	408,007	226,885
Non GBP Cash	2,640	9,981
<b>Total overseas assets</b>	<b>4,523,134</b>	<b>4,446,622</b>

## Currency risk – sensitivity analysis

Following analysis of historical data and expected currency movement during the financial year, in consultation with the fund's investment advisors, the Council has determined that the following movements in the values of financial assets denominated in foreign currency are reasonably possible for the 2021-22 reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. A relevant strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure – asset type	Asset value as at 31 March 2022	Change to net assets available to pay benefits	
	£'000	+6.6% £'000	(6.6%) £'000
Overseas Equities	331,038	352,887	309,190
Overseas Pooled Funds	3,781,449	4,031,025	3,531,874
Overseas Bonds	0	0	0
Overseas Private Equity, Infrastructure and Property funds	408,007	434,935	381,078
Non GBP Cash	2,640	2,814	2,466
<b>Total change in assets available</b>	<b>4,523,134</b>	<b>4,821,661</b>	<b>4,224,608</b>

Currency exposure – asset type	Asset value as at 31 March 2021	Change to net assets available to pay benefits	
	£'000	+6.6% £'000	(6.6%) £'000
Overseas Equities	318,412	339,427	297,397
Overseas Pooled Funds	3,891,344	4,148,173	3,634,515
Overseas Bonds	0	0	0
Overseas Private Equity, Infrastructure and Property funds	226,885	241,859	211,911
Non GBP Cash	9,981	10,640	9,322
<b>Total change in assets available</b>	<b>4,446,622</b>	<b>4,740,099</b>	<b>4,153,145</b>

## Notes to the Pension Fund Accounts continued

### 18b. Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment of a receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties. Derivative contracts are also covered by margins which provide collateral against risk of default by the counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council has also set limits as to the maximum amount that may be placed with any one financial institution. The Fund's cash was held with the following institutions:

	Rating	Balance as at 31 March 2022 £'000	Balance as at 31 March 2021 £'000
<b>Money Market Funds</b>			
Northern Trust Sterling Fund	AAAm	8,615	8,004
SSGA Liquidity Fund	AAAm		0
Blackrock ICS	AAAm	2,072	7
Blackrock USD Government Liquidity Fund	AAAm	0	3,417
Aberdeen Sterling Liquidity Fund	AAAm	33,097	74,998
Goldman Sachs Liquid Reserve Government Fund	AAAm	11,246	2,358
Aviva Investors Sterling Liquidity Fund	AAAm	56,926	49,994
Federated (PR) Short-term GBP Prime Fund	AAAm	0	9,998
Deutsche Managed Sterling Fund	AAAm	7	1,184
HSBC Global Liquidity Fund	AAAm	23	2
LGIM Liquidity Fund	AAAm	32,847	41,775
Insight Sterling Liquidity Fund	AAAm	0	0
		<b>144,833</b>	<b>191,737</b>
<b>Bank Deposit Accounts</b>			
NatWest SIBA	A-	1,513	4,627
		<b>1,513</b>	<b>4,627</b>
<b>Bank Current Accounts</b>			
NatWest Current Account	A-	50	50
NatWest Current Account – Euro	A-	192	814
NatWest Current Account – USD	A-	10	468
Northern Trust – Current Accounts	AA-	8,825	6,694
Barclays – DTZ client monies account	A*+	2,561	1,433
		<b>11,638</b>	<b>9,459</b>
			0
<b>Cash with fund managers</b>	n/a	<b>0</b>	<b>150,000</b>
<b>Total cash and cash equivalents</b>		<b>157,984</b>	<b>355,823</b>

Previous year cash held with fund managers comprised of application money transferred to M&G and CQS for subscription of units in their credit funds. The units were subsequently acquired on 1 April 2021.

### 18c. Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Fund has adequate cash resources to meet its commitments. The Council has immediate access to the Fund's money market fund and current account holdings.

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy. All financial liabilities at 31 March 2022 are due within one year.

### Refinancing risk

The key risk is that the Council will be bound to replenish a significant proportion of its Pension Fund financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

## 19. Funding Arrangements

In line with Local Government Pension Scheme (Administration) Regulations 2013 (as amended), the Fund is required to obtain an actuary's funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019.

The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund and ensure that sufficient funds are available to meet all the benefits as they fall due for payment.
- To ensure employer contribution rates are as stable as possible.
- To minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return.
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so.

At the 2019 valuation a maximum deficit recovery period of 14 years (2016-17 years) is used for all employers. Shorter recovery periods have been used where affordable. This will provide a buffer for future adverse experience and reduce the interest cost paid by employers. For Transferee Admission Bodies the deficit recovery period is set equal to the future working life of current employees or the remaining contract period, whichever is the shorter.

In the 2019 triennial valuation, the smoothed value of the Fund's assets at the valuation date was £6,193m and the liabilities were £6,322m. The assets therefore, represented 98% (2016 - 89%) of the Fund's accrued liabilities, allowing for future pay increases.

The contribution rate for the average employer, including payments to target full funding has increased from 20.9% to 21.1% of pensionable salaries in 2020-21 and to 21.2% in 2021-22 and 21.3% in 2022-23. The funding level as a percentage has increased (due to good investment returns and employer contributions) although this has been partly offset by the changes in the financial assumptions used to calculate the liabilities.

The actuarial valuation has been undertaken on the projected unit method. At individual employer level the projected unit funding method has been used where there is an expectation that new employees will be admitted to the Fund. The attained age method has been used for employers who do not allow new entrants. These methods assess the costs of benefits accruing to existing members during the remaining working lifetime, allowing for future salary increases. The resulting contribution rate is adjusted to allow for any differences in the value of accrued liabilities and the market value of assets.

### The 2019 actuarial assumptions were as follows:

Valuation of Assets:	assets have been valued at a 6 month smoothed market rate	
Rate of return on investments (discount rate)	4.7% p.a.	
Rate of general pay increases:	Long term	3.6% p.a.
	Short term	N/A
Assumed pension increases	2.6% p.a.	



## Notes to the Pension Fund Accounts continued

### 20. Actuarial Present Value of Promised Retirement Benefits

In addition to the triennial funding valuation, every year the fund's actuary undertakes a valuation of the Fund's liabilities on an IAS 19 basis, using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

	31 March 2022 £m	31 March 2021 £m
<b>Actuarial present value of promised retirement benefits</b>		
Present value of promised retirement benefits	<b>(11,778.8)</b>	(11,789.8)
Fair value of scheme assets at bid value	<b>7,702.4</b>	7,513.6
Net liability	<b>(4,076.4)</b>	(4,276.2)

The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. Based on the latest valuation, the fair value of net assets of the Fund represents 65% of the actuarial valuation of the promised retirement benefits. Future liabilities will be funded from future contributions from employers.

The liability above being calculated on an IAS 19 basis and differs from the results of the 2019 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects a market rate.

<b>Assumptions used:</b>	% p.a.
Salary increase rate	3.85%
Inflation/Pensions increase rate	2.85%
Discount rate	2.00%

In December 2018 the Court of Appeal passed the McCloud judgement, which relates to age discrimination in relation to judges and firefighters pensions. Although the case only relates directly to these two schemes it is anticipated that the principles of the outcome could be accepted as applying to all public service schemes. Whilst there is uncertainty of how this judgement may affect LGPS members' past or future service benefits CIPFA has suggested that local authorities should consider the materiality of the impact. Our actuaries have used GAD's analysis to calculate the likely additional costs and have based it on all members who were active at 31 March 2012 until their retirement. This exercise has estimated the additional costs to be 0.7% of the Fund's liabilities and these have been included in the total liabilities of the Fund.

### 21. Current Assets

	31 March 2022 £'000	31 March 2021 £'000
<b>Debtors</b>		
– Contributions due – Employees	5,039	4,067
– Contributions due – Employers	16,376	13,180
	21,415	17,247
Sundry Debtors	7,942	12,579
<b>Total Debtors</b>	<b>29,357</b>	29,826
<b>Cash</b>	<b>2,679</b>	4,596
<b>Total Current Assets</b>	<b>32,036</b>	34,422

### 22. Current Liabilities

	31 March 2022 £'000	31 March 2021 £'000
<b>Creditors</b>		
– Benefits Payable	15,631	14,178
– Sundry Creditors	11,019	10,788
<b>Total Current Liabilities</b>	<b>26,650</b>	24,966

### 23. Additional Voluntary Contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. In accordance with regulation 4(2)(b) of the LGPS (Management and Investment of Funds) Regulations 2009, these AVC contributions are not included within the Pension Fund Accounts. These contributions are paid to the AVC provider directly by the employer and are invested separately from the Pension Fund, with either Utmost Life, Prudential Assurance Company or Standard Life Assurance Company. These amounts are included within the disclosure note figures below.

	<b>Prudential</b>	Prudential	<b>Standard Life</b>	Standard Life	<b>Utmost Life</b>	Utmost Life
	<b>2021-2022</b>	2020-2021	<b>2021-2022</b>	2020-2021	<b>2021-2022</b>	2020-2021
	<b>£'000</b>	£'000	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Value at 1 April	<b>8,416</b>	8,416	<b>2,032</b>	1,736	<b>404</b>	423
Value at 31 March	<b>9,711</b>	9,711	<b>2,043</b>	2,032	<b>330</b>	404
Contributions paid	<b>1,345</b>	1,345	<b>120</b>	108	<b>1</b>	1

Prudential were unable to provide us with updated figures for 2021-22 because figures are not yet available, therefore 2020-21 figures have been used.

### 24. Related Party Transactions

The Kent Pension Fund is required to disclose material transactions with related parties, not disclosed elsewhere, in a note to the financial statements. During the year each member of the Kent Pension Fund Committee is required to declare their interests at each meeting. None of the members of the Committee or senior officers undertook any material transactions with the Kent Pension Fund.

	<b>2021-2022</b>	2020-2021
	<b>£'000</b>	£'000
Kent County Council is the largest single employer of members of the Pension Fund and during the year contributed:	<b>79,585</b>	75,522
A list of all contributing employers and amount of contributions received is included in the Fund's annual report available on the pension fund website		
Charges from Kent County Council to the Kent Pension Fund in respect of pension administration, governance arrangements, investment monitoring, legal and other services.	<b>3,910</b>	3,797
Year end balance due to Kent County Council arising out of transactions between Kent County Council and the Pension Fund	<b>(6,181)</b>	(6,089)

The year end credit balance due to KCC mainly comprises of recharges and of VAT payable to KCC.

#### Key management personnel

The employees of Kent County Council who held key positions in the financial management of the Kent Pension Fund during 2021-22 were the Director of Finance and the newly appointed Head of Pensions and Treasury (from 1st February 2022). Total remuneration payable to key management personnel is set out below:

	<b>31 March 2022</b>	31 March 2021
	<b>£'000</b>	£'000
Salary	<b>164</b>	147
Allowances	<b>9</b>	7
Other	<b>0</b>	1
Employer's pension contributions	<b>37</b>	33
<b>Total</b>	<b>210</b>	188

### 25. Contingent Liabilities and Contractual Commitments

Outstanding capital commitments (investments) as at 31 March 2022 totalled £495.41m (31 March 2021: £514.92m)

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over the life of each fund.

### 26. Contingent Assets

46 admitted body employers in the Kent Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Fund and payment will only be triggered in the event of employer default.

## Post Pool Reporting

The Pension Fund transitioned one mandate into the ACCESS pool during the year. The Fund's assets pooled and non-pooled are as under:

<b>Pooled (ACCESS)</b>		
<b>Fund Manager</b>	<b>Asset Class</b>	<b>£'000</b>
Baillie Gifford	Global Equities	1,190,076
Schroders	UK Equities	1,142,841
Schroders	Global Equity	401,152
M&G	Global Equities	517,812
Ruffer	Absolute Return	191,066
<b>Total Pooled</b>		<b>3,442,947</b>
<b>Non-Pooled</b>		
<b>Fund Manager</b>	<b>Asset Class</b>	<b>£'000</b>
Schroders	Fixed Income	243,353
DTZ	Property	633,444
Goldman Sachs	Fixed Interest	400,917
Woodford	UK Equities	8,219
BMO (Pyrford)	Absolute Return	376,095
CQS	Fixed Income	238,310
Sarasin	Global Equities	381,253
Fidelity	Pooled Property	163,219
Kames	Pooled Property	43,723
Impax	Global Equities	74,516
Insight	Equity Protection	791,269
Partners Group	Infrastructure	174,936
Harbourvest	Private Equity	233,070
M&G	Pooled Property	68,025
M&G Alpha Opportunities	Fixed Income	240,310
YFM	Private Equity	56,948
Kent County Council Investment Team	Cash	126,483
<b>Total Non-Pooled</b>		<b>4,254,092</b>
<b>Grand Total</b>		<b>7,697,039</b>

For 2021-22 the ongoing costs of the investments broken down between pooled and non-pooled assets are detailed below:

<b>Pool Set up Costs</b>	<b>2021-2022 £'000</b>	<b>Cumulative £'000</b>	<b>ACCESS</b>
Strategic & Technical Advice	0	56	614
Legal	0	37	409
Project Management	0	53	588
ACCESS Support Unit	0	0	3
Other	0	19	210
<b>Total</b>	<b>0</b>	<b>166</b>	<b>1,824</b>
<b>Transition costs</b>		<b>363</b>	

The Pooled ACS was operational in 2017-18 and all set up costs were incurred prior to that, so no costs attributable to set up for 2021-22.

The fund's costs and net fee savings since inception of the pooling project are as follows:

	2015–2016 £'000	2016–2017 £'000	2017–2018 £'000	2018–2019 £'000	2019–2020 £'000	2020–2021 £'000	2021–2022 £'000	Cumulative £'000
Set up costs	6	80	80	–	–	–	–	166
Pooling ongoing costs				137	87	82	91	397
Transition costs	–	–	–	363	–	245	–	608
Fee savings	26	242	776	1,436	1,596	3,968	4,774	12,766
Net savings	32	162	696	936	1,509	3,641	4,683	11,596*

\*Of the above total savings of £11.60m, £4.39m relates to investments awaiting pooling.

The investment managers are paid ad valorem fees on the assets under their management. As a result, the fees in absolute terms goes up as the investments appreciate in value.

For 2021-22, the ongoing costs of the investments broken down between pooled and non-pooled assets are detailed below. These costs have been compiled from information provided by the fund managers who have signed up to the LGA cost transparency code.

	Asset Pool			Non Asset Pool		
	Direct £'000	Indirect £'000	Total £'000	Direct £'000	Indirect £'000	Total £'000
FM Fees	–	10,453.74	10,453.74	4,707.06	14,867.68	30,028.48
Pool shared (ASU)	91.41	–	91.41	–	–	91.41
Transaction costs	–	2,847.56	2,847.56	651.99	50.72	3,550.27
Custody	–	–	–	43.47	–	43.47
Other – pooled fund costs	–	517.87	517.87	–	4,822.37	5,340.24
<b>Total</b>	<b>91.41</b>	<b>13,819.17</b>	<b>13,910.58</b>	<b>5,402.52</b>	<b>19,740.77</b>	<b>39,053.87</b>

The fund's performance broken down into pooled and non-pooled assets is as below:

Asset Category	Opening Value		Closing Value		1 Yr Performance %	Benchmark %
	£'000	% of total fund	£'000	% of total fund		
<b>ACCESS Pooled Investments</b>						
UK Equity	1,032	13.8	1,143	14.8	10.79	14.51
Global Equity	2,506	33.4	2,109	27.4	(5.35)	12.42
Absolute Return	134	1.8	191	2.5	5.45	14.01
<b>Total Pooled Assets</b>	<b>3,672</b>	<b>48.9</b>	<b>3,442</b>	<b>44.7</b>	<b>N/A</b>	<b>N/A</b>
<b>Under Pooled Governance</b>						
UK Passive Equity	–	0.0	–	0.0	0.0	0.0
Global Passive Equity	–	0.0	–	0.0	0.0	0.0
<b>Total Under Pooled Governance</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		
<b>Assets Outside of the ACCESS Pool</b>						
UK Equity	8	0.1	8	0.1	1.45	13.03
Global Equity	424	5.7	456	5.9	7.56	12.42
Equity Protection	611	8.1	791	10.3	(23.53)	12.42
Property	780	10.4	908	11.8	20.21	23.72
Infrastructure	77	1.0	175	2.3	9.06	0.04
Private Equity	197	2.6	290	3.8	49.65	0.04
Cash	336	4.5	127	1.6	0.07	0.04
Absolute Return	407	5.4	376	4.9	4.31	14.01
Fixed Income	992	13.2	1,123	14.6	(1.74)	3.05
<b>Total Non-Pooled Assets</b>	<b>3,833</b>	<b>51.1</b>	<b>4,255</b>	<b>55.3</b>	<b>N/A</b>	<b>N/A</b>
<b>Grand Total</b>	<b>7,504</b>	<b>100.0</b>	<b>7,697</b>	<b>100.0</b>	<b>2.58</b>	<b>11.19</b>

# Independent Auditor's report

## **Independent auditor's report to the members of Kent County Council on the consistency of the pension fund financial statements of the Kent Superannuation Fund included in the Pension Fund Annual Report**

### **Opinion**

The pension fund financial statements of the Kent Superannuation Fund (the 'pension fund') administered by Kent County Council (the 'Authority') for the year ended 31 March 2021 which comprise the Fund Account, the Net Assets Statement and the notes to the pension fund financial statements, including a summary of significant accounting policies are derived from the audited pension fund financial statements for the year ended 31 March 2021 included in the Authority's Statement of Accounts (the 'Statement of Accounts').

In our opinion, the accompanying pension fund financial statements are consistent, in all material respects, with the audited financial statements, in accordance with proper practices as defined in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 and applicable law.

### **Pension Fund Annual Report – Pension fund financial statements**

The Pension Fund Annual Report and the pension fund financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the Statement of Accounts. Reading the pension fund financial statements and the auditor's report thereon is not a substitute for reading the audited Statement of Accounts and the auditor's report thereon.

### **The audited financial statements and our Report thereon**

We expressed an unmodified audit opinion on the pension fund financial statements in the Statement of Accounts in our report dated 13 December 2021.

### **Corporate Director of Finance's responsibilities for the pension fund financial statements in the Pension Fund Annual Report**

Under the Local Government Pension Scheme Regulations 2013 the Corporate Director of Finance of the Authority is responsible for the preparation of the pension fund financial statements, which must include the Fund Account, the Net Asset Statement and supporting notes and disclosures prepared in accordance with proper practices. Proper practices for the pension fund financial statements in both the Statement of Accounts and the Pension Fund Annual Report are set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

### **Auditor's responsibility**

Our responsibility is to express an opinion on whether the pension fund financial statements in the Pension Fund Annual Report are consistent, in all material respects, with the audited pension fund financial statements in the Statement of Accounts based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Paul Dossett**

Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor  
13 December 2021

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# Kent Pension Fund Report and Accounts

For the year ended 31 March 2022

To: Kent Pension Board – 24 November 2022

From: Chairman – Kent Pension Board  
Corporate Director of Finance

Subject: Fund Employer and Governance Matters

Classification: Unrestricted

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**Summary:**

This report provides an update on Fund employers, Kent Institute of Art and Design, Sevenoaks Leisure Ltd, Deep Beat Entertainment Ltd, the Funding Strategy Statement and information on employers with five or less active LGPS members. It also provides an update on the government's academy guarantee and admission matters.

**Recommendation:**

The Board is recommended to note the report.

**FOR INFORMATION**

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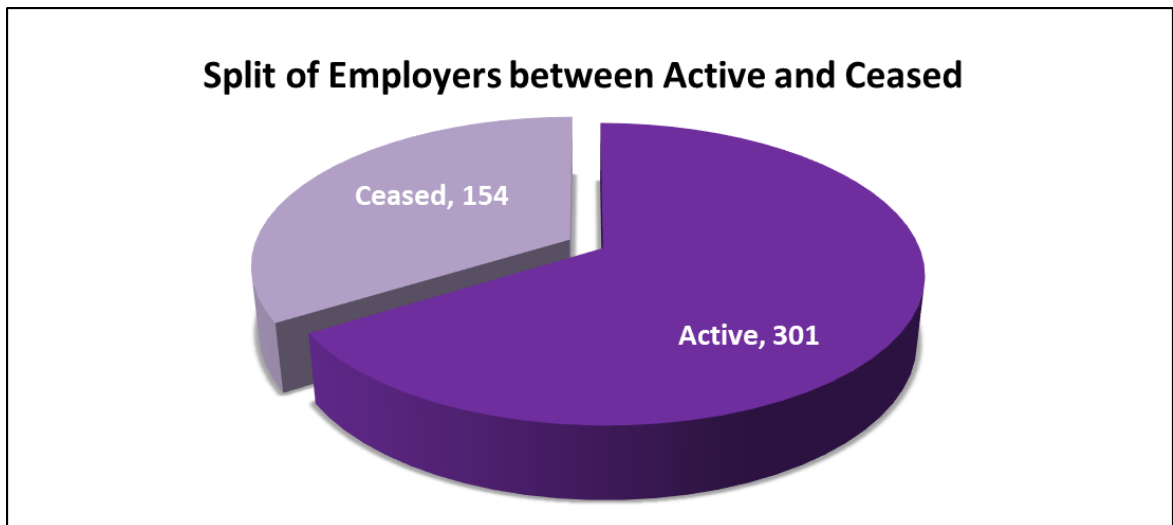
**1. Introduction**

- 1.1 This report provides information on Fund employers for the year ending 31 March 2022 and for the first 6 months of the current financial year (the quarter ending 30 September 2022).
- 1.2 It also provides information on Kent Institute of Art and Design, Sevenoaks Leisure Ltd, Deep Beat Entertainment Ltd, the Funding Strategy Statement and information on employers with five or less active LGPS members as well as an update on the government's academy guarantee and admission matters.

**2. Employer Update for the 12 months to 31 March 2022**

- 2.1 The following employer information was considered by the Committee at their meeting on 28 September 2022.
- 2.2 At 31 March 2022 there were 455 employers in the Kent Pension Fund. We have previously separately reported KCC schools where they have individually contracted with payroll providers. The numbers now being reported for KCC align with those included in the Fund's annual report and reflect their status as part of KCC. The ceased employers include both those that have ceased to have active members but for whom the termination process is incomplete, and those that no longer have active contributing

members in the LGPS and for whom the Fund has an existing or future liability to pay any pensions.



2.3 The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 12 months to 31 March 2022.

New Employers	Effective Date
<b><i>Admission Bodies</i></b>	
Churchill Contract Services Ltd (re Thinking Schools Academy Trust)	1 September 2019 (backdated admission)
Cleantec Services Ltd (re Dartford Grammar School for Girls Academy)	1 October 2019 (backdated admission)
<b><i>Scheduled Bodies</i></b>	
Canterbury Environment Company Ltd	1 February 2021 (backdated)
Kite College	1 May 2021 (backdated)
<b><i>Academy Trusts</i></b>	
Inspire Trust	1 April 2021



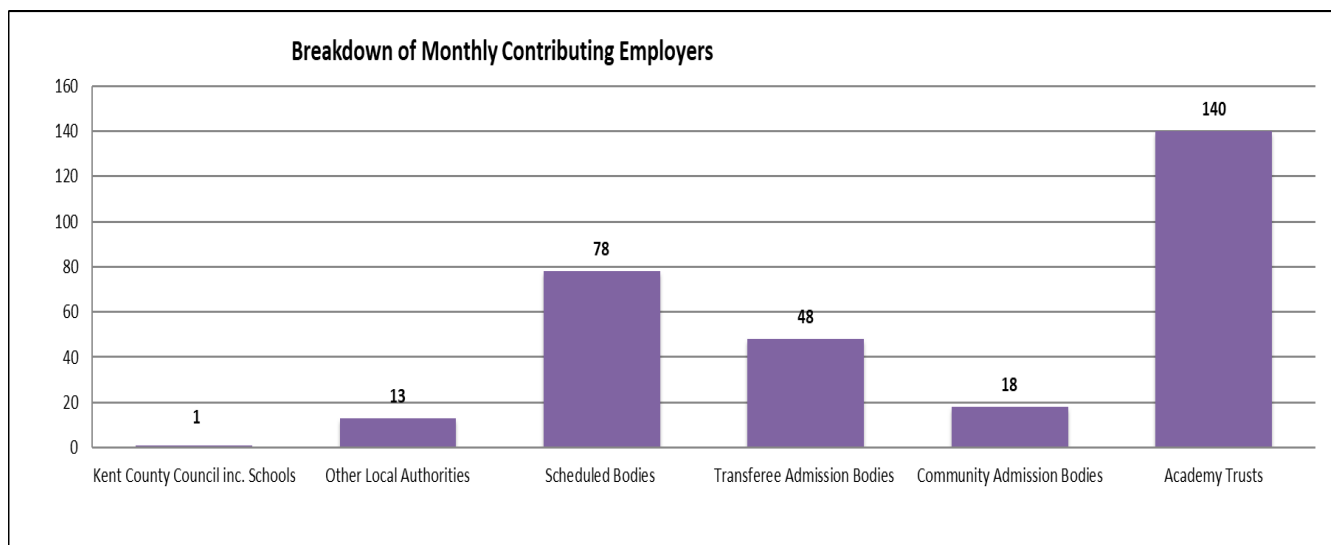
<b>Ceased / Merged to Trust Employers</b>	<b>Effective Date</b>
<b><i>Admission Bodies</i></b>	
Kent College Canterbury	31 January 2021 (late notification of last active member leaving)
Rochester Care Homes Ltd	31 March 2021
Deep Beat Entertainment Ltd (Medway Park)	18 May 2021
Deep Beat Entertainment Ltd (Strood)	18 May 2021
Busy Bee Cleaning Services Ltd	31 July 2021
Tascor Services Ltd	28 January 2022
<b><i>Academy Trusts</i></b>	
Village Academy Trust	31 May 2021
Brook Learning Trust	31 August 2021
Castle Academy Trust	31 December 2021
Cliffe Woods Primary School Trust	31 December 2021
<b><i>Scheduled Bodies</i></b>	
Kent Magistrates Courts Committee	31 March 2021
Farningham Parish Council	30 November 2020 (late reporting to Committee)

2.4 In the 12 months to March 2022 the Fund received £271.8m from employers in respect of their monthly contributions (employer and employee) as follows:

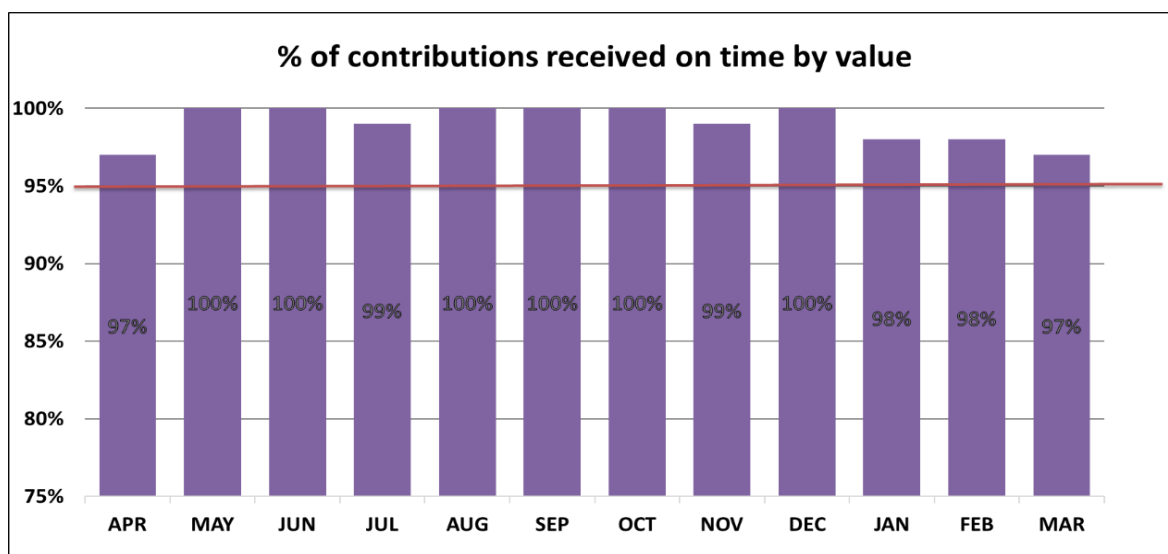
	<b>Received Early</b>	<b>Cash on 19th</b>	<b>Received Late</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
April	12,837,382	8,765,672	588,584	22,191,638
May	12,281,627	9,762,070	60,340	22,104,037
June	12,722,129	9,642,137	76,147	22,440,413
July	13,285,609	8,791,062	224,541	22,301,212
August	12,747,650	9,592,330	38,343	22,378,323
September	13,048,730	9,111,031	27,175	22,186,936
October	13,845,594	8,590,553	21,743	22,457,890
November	13,195,251	9,662,220	119,552	22,977,023
December	13,861,455	9,767,618	56,483	23,685,556

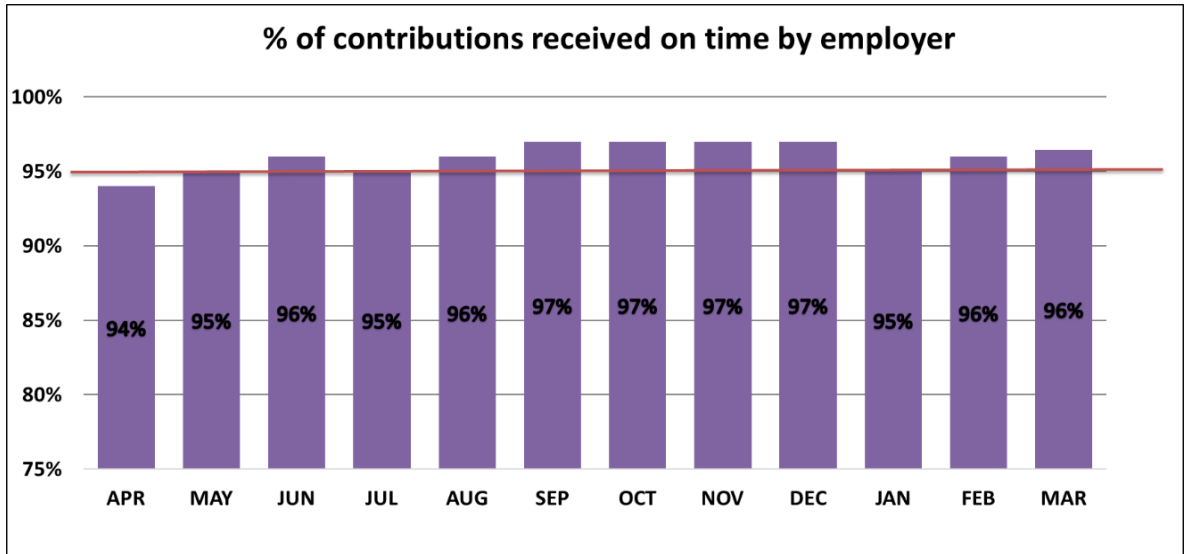
January	12,126,632	10,116,735	480,348	22,723,715
February	12,573,925	9,830,030	511,856	22,915,811
March	13,171,337	9,501,051	748,856	23,421,244
<b>Total</b>	<b>155,697,321</b>	<b>113,132,509</b>	<b>2,953,968</b>	<b>271,783,798</b>

2.5 The following table shows employers from whom the Fund receives monthly contributions by Employer Group.



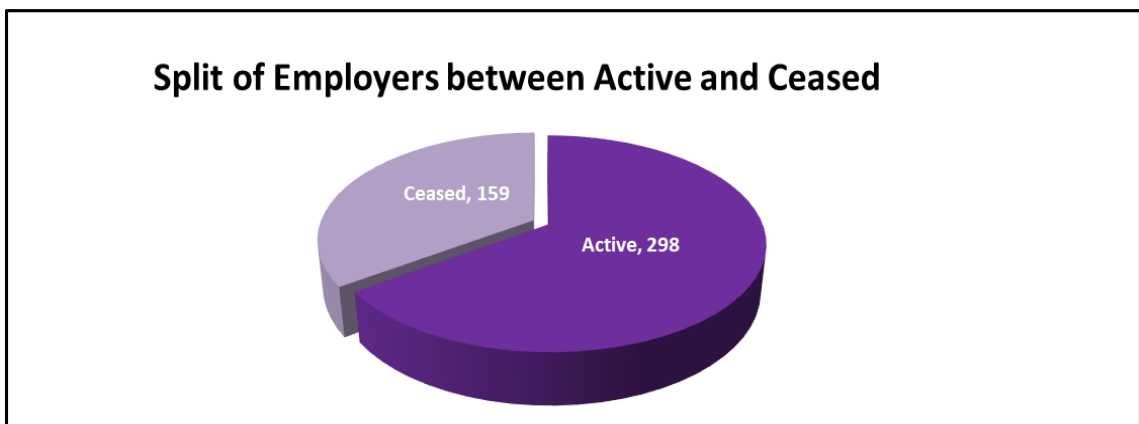
2.6 Officers continue to monitor the receipt of these contributions and the following two charts show the % of employer contributions received on time by two different measures; by value and by number of employers. Both Key Performance Indicators (KPIs) have been achieved in all months presented with one exception: the KPI of 95% for % of contributions received on time by employer was not achieved in April 2021. However this is explained by backdated admissions and some parish councils having issues with their banking arrangements.





### 3. Employer Update for the 6 months to 30 September 2022

3.1 There were 457 employers in the Kent Pension Fund on 30 September 2022, an increase of 2 from 31 March 2022. During the 6 months, 8 new employers joined, and 6 Academies merged into multi academy trusts. In addition, 5 employers changed from being active to ceased although this does not affect the overall number of 457.



3.2 The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 6 months to 30 September 2022.

<b>New Employers</b>	<b>Effective Date</b>
<b>Admission Bodies</b>	
Olive Dining	1 May 2019 (backdated admission)
Independent Catering Management Ltd (re Robert Napier Fort Pitt Thomas Aveling Academies)	1 August 2020 (backdated admission)
Pabulum Limited -Tenterden Schools Trust	1 December 2020 (backdated admission)
Town and County Cleaners Ltd (re The Stour Academy Trust)	1 August 2021 (backdated admission)
<b>Scheduled Bodies</b>	
Leybourne Parish Council	1 September 2021 (backdated resolution)
<b>Academy Trusts</b>	
Hornchurch Academy Trust	1 July 2022
Bourne Alliance Trust	1 September 2022
Character Education Trust	1 September 2022

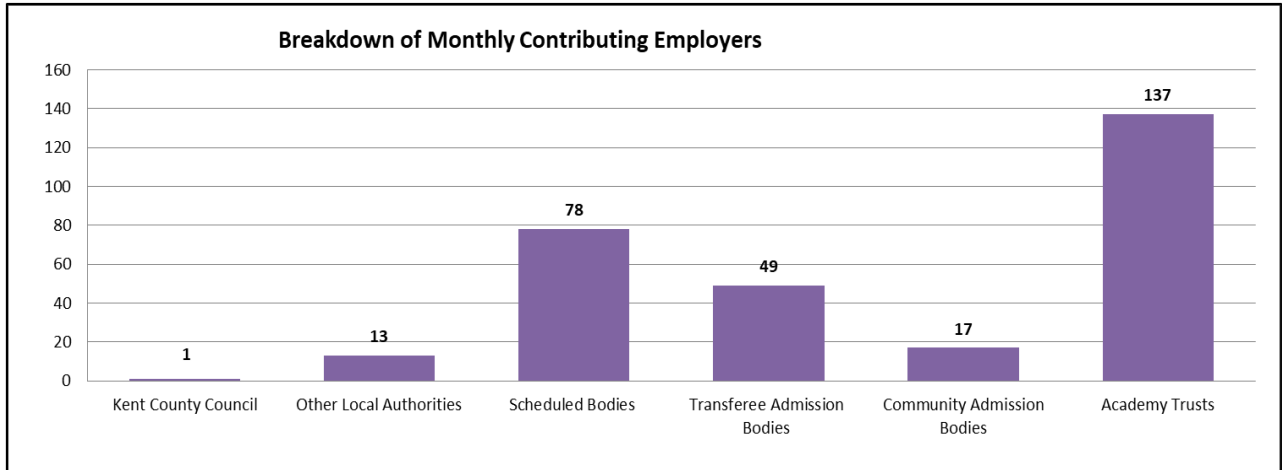
<b>Ceased Employers</b>	<b>Effective Date</b>
<b>Admission Bodies</b>	
Olive Dining	31 October 2020 (backdated admission)
Capita Managed IT Solutions (St Georges School)	31 March 2022
Orbit Housing Association Limited	30 June 2022
Nourish Contract Catering Limited (re Stour)	31 July 2022
<b>Scheduled Bodies</b>	
Higham Parish Council	5 October 2021

3.3 In the 6 months to 30 September 2022 the Fund received £141.9m from employers in respect of their monthly contributions (employer and employee) as follows:

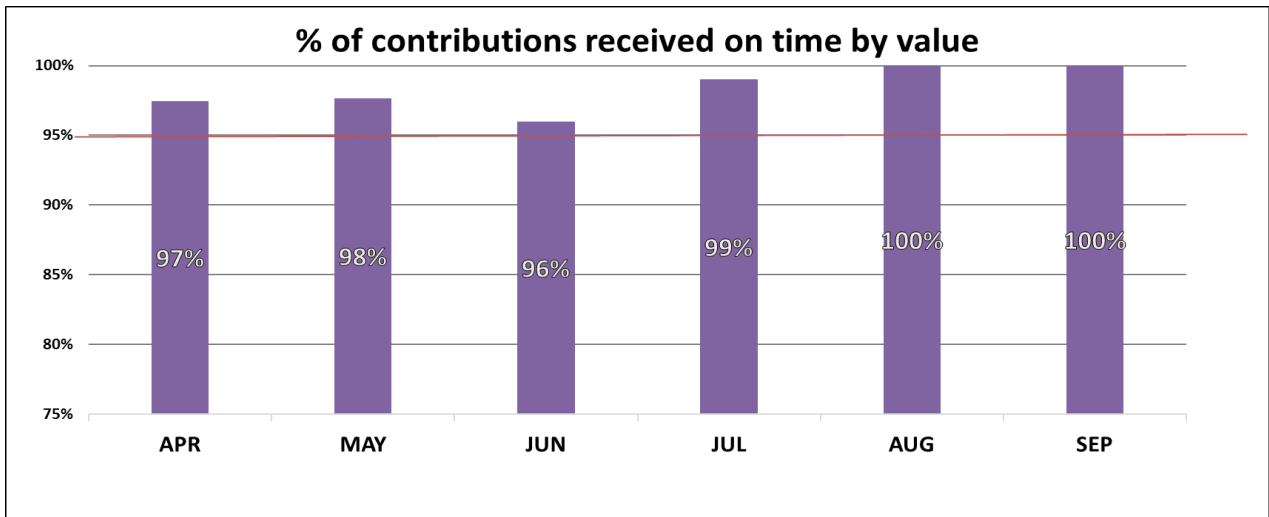
	<b>Received Early</b>	<b>Cash on 19th</b>	<b>Received Late</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
April	14,004,162	9,506,182	611,160	24,121,504
May	13,993,237	9,213,109	553,545	23,759,891
June	14,127,647	9,108,759	973,870	24,210,276

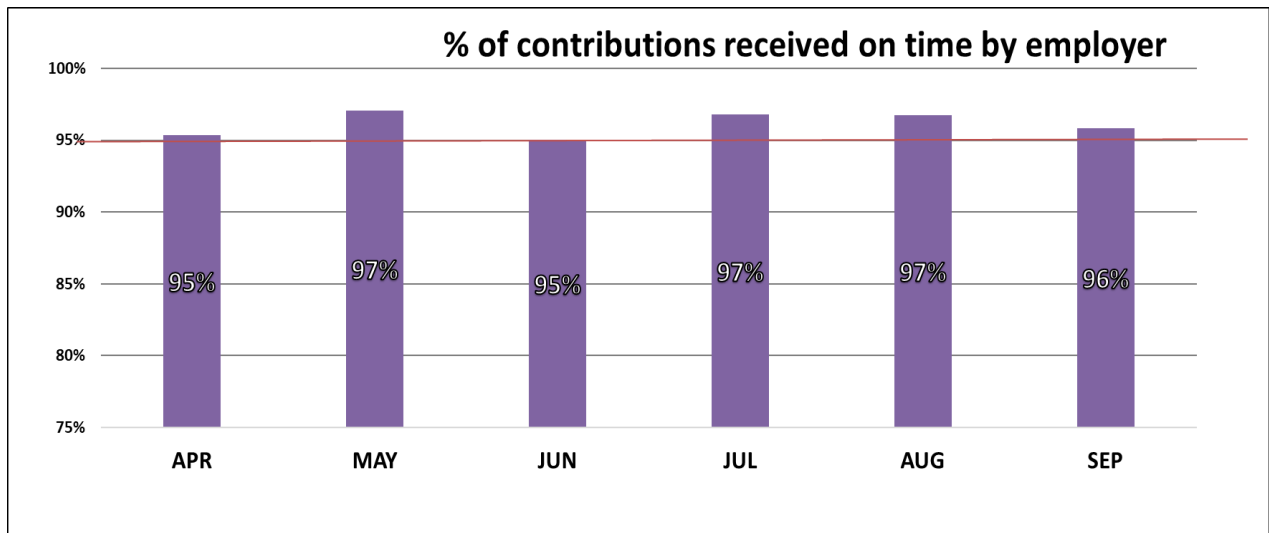
July	13,893,535	9,661,203	200,076	23,754,814
August	21,594,033	1,868,263	50,122	23,512,418
September	13,797,417	8,615,670	87,925	22,501,012
<b>Total</b>	<b>91,410,031</b>	<b>47,973,186</b>	<b>2,476,698</b>	<b>141,859,915</b>

3.4 The following table shows employers from whom the Fund receives monthly contributions by Employer Group.



3.5 The Key Performance Indicator (KPI) of 95% for % of contributions and employers was met every month April to September 2022.





#### 4. **Kent Institute of Art and Design (KIAD)**

- 4.1 KIAD, a scheduled employer in the Kent Fund, amalgamated with Surrey Institute of Art and Design (SIAD) following the KIAD Higher Education Corporation (Dissolution) Order 2005. Some 216 active members transferred on 1 April 2006.
- 4.2 In 2007 the Committee agreed that all KIAD's active members in the Kent Fund should be transferred to the Surrey Pension Fund and that all pensioners including survivor pensioners, and deferred members should remain in the Kent Fund.
- 4.3 There are 216 active members involved in this matter.
- 4.4 The amalgamation of 2 colleges who are members of different LGPS funds is unusual and the conclusion of this matter has been delayed however legal advice received by officers has been to proceed with the bulk transfer as originally agreed, updated to a current value.
- 4.5 It is not unusual for bulk transfers to take some time to complete but this is one of the longer running ones. There have been a number of factors over the years contributing to the passage of time, such as agreement of member data, dialogue with the actuary for Surrey and Barnett Waddingham. Also, there are historical administrative backlogs in the Kent Fund which have previously been discussed by Committee, which included the KIAD project.
- 4.6 The terms of the bulk transfer for the active members were agreed between the Kent Fund's actuary Barnett Waddingham and Hymans Robertson, the actuary for the Surrey Fund.
- 4.7 A bulk transfer payment of £11.3m was made from the Kent Fund to the Surrey Fund on 15 March 2022. Whilst there has been a change of administering authority for the active members, there is no financial impact on them or the deferred, pensioner and survivor pensioner members as their benefits are set out in the LGPS.

## 5. **Sevenoaks Leisure Ltd (SLL)**

- 5.1 SLL, a community admission body which joined the Kent Fund on 1 February 2004 had seen their business seriously impacted by the effects of COVID-19 and as a result had not paid employer and employee contributions to the Fund since April 2020. This matter was reported to the Pensions Regulator in July 2020.
- 5.2 At their meeting on 1 December 2021 the Committee agreed to the Fund entering into a 6-year monthly instalment plan for the payment of outstanding contributions amounting to some £350,000 relating to 2020 – 2022. The agreement was legally completed on 25 April 2022.
- 5.3 SLL has subsequently paid all employee contributions outstanding from 2020 to 2022 and monthly amounts in line with the agreed instalment plan. SLL has also paid monthly employee and employer contributions to the Fund on time.
- 5.4 There is no impact on the company's active, deferred, pensioner and survivor pensioner members whose benefits are set out in the LGPS regulations.
- 5.5 Officers continue to monitor payments by SLL and will provide an update at future meetings of the Committee and the Pension Board as necessary.

## 6. **Deep Beat Entertainment Ltd (re Strood Sports Centre and Medway Park Regional Centre)**

- 6.1 Deep Beat Entertainment Ltd is an admission body who joined the Fund on 14 January 2019 re Strood Sports Centre and on 1 February 2019 re Medway Park Regional Centre, following a transfer of 6 employees from Medway Council who is scheme employer party to both admission agreements.
- 6.2 Deep Beat Entertainment Ltd operated coffee and snack bar facilities which were affected by COVID as both leisure centres were shut for many months. Deep Beat Entertainment Ltd has repeatedly failed to provide sufficient member information and some employee and employer contributions remain outstanding.
- 6.3 The Fund reported this matter to the Pensions Regulator on 10 March 2020 and highlighted the issue to Medway Council. Despite extensive attempts by officers, the outstanding issues remained unresolved, and this matter was reported again to tPR on 19 April 2021.
- 6.4 Both commercial contracts ended on 18 May 2021, although some of the employees left Deep Beat Entertainment Ltd prior to this date. Although the commercial contract has ended, a cessation cannot be progressed until the Fund has received all of the outstanding data referenced in paragraph 6.2. above.
- 6.5 Deep Beat Entertainment Ltd appointed a solicitor to act on their behalf and direct contact with the employer has now been re-established so training can

be given, and all queries completed. Officers view this as a positive development and are focused on completing the cessation. Once all issues are resolved cessations reports will be commissioned from Barnett Waddingham and a further update will be given to the Committee and Board.

## **7. Funding Strategy Statement (FSS) and Associated Fund Policies**

7.1 At their meeting on 8 September 2021 the Committee agreed the revised FSS and associated policies in light of the results of the consultation with employers, run over a 6-week period through July and August 2021 and advice from Barnett Waddingham.

7.2 Members also agreed to accept alternative forms of security provided by admission bodies irrespective of the tax raising powers of the letting authority subject to the following:

- i) a satisfactory assessment of the financial strength of the letting authority;
- ii) that the detail of any pass-through agreement and / or guarantee is captured in the associated admission agreement to accept alternative forms of security provided by admission bodies irrespective of the tax raising powers of the letting authority subject to a satisfactory assessment of the financial strength of the letting authority and that the detail of any pass-through agreement and / or guarantee is captured in the associated admission agreement.

7.3 A copy of the FSS has been published to the Fund's website at: [Funding strategy statement - Kent Pension Fund](#).

7.4 The FSS will be updated as part of the 31 March 2022 valuation cycle and is scheduled for review by the Committee at its upcoming meeting on 8 December 2022.

## **8. Employers With 5 or Less Active LGPS Members**

8.1 At their meeting on 22 June 2022 the Committee received an update on the small employers in the Fund following on from concerns raised at their meeting in March 2022.

8.2 Officers reported that there are approximately 65 employers in the Fund with less than 5 active LGPS members, including some parish and town councils and admission bodies.

8.3 Members were advised that since the 2016 triennial valuation report the actuary has provided them with indicative cessation figures (i.e., likely exit surpluses/deficits) with the valuation results to employers with 5 or less active LGPS members. The purpose of this information has been to highlight potential issues to employers and demonstrate that assumptions used by the actuary to calculate cessation figures differ from the ongoing assumptions



used to set employer contribution rates. Employers are also expected to take their own advice.

- 8.4 Officers confirmed that cessation figures will again be provided to the small employers with their March 2022 valuation results and that they will liaise with the actuary and follow up with employers to identify any issues to mitigate any potential impact when they leave the fund.
- 8.5 It is intended that a further update will be provided to the Committee and Board as part of the 31 March 2022 triennial valuation results.

## 9. **Academy Guarantee**

- 9.1 In 2013, the Department for Education introduced the academy guarantee. The guarantee provides that, in the event of an academy closing, any outstanding liabilities will not revert to the LGPS fund.
- 9.2 After a reassessment, The Secretary of State for Education confirmed on 21 July 2022 in a [written ministerial statement](#) that it will continue to provide the academy guarantee. The annual ceiling will also increase from its current level of £14million to £20 million. There were 139 active academy trusts in the Kent Pension Fund at the end of June 2022.
- 9.3 Although there is no end date to the guarantee, the Government is committed to regularly reassessing it to determine whether it remains affordable and is fully recognised by administering authorities.
- 9.4 LGPC bulletin 227 at: <https://www.lgpsregs.org/bulletinsetc/bulletins.php> and previously circulated to members, includes information on the guarantee as well as updates on other LGPS matters.

## 10. **Employer Admission Matters**

- 10.1 At their meetings on 1 December 2021, 30 March 2022, 22 June 2022 and 28 September 2022 the Committee agreed to:
- a) the admission to the Kent County Council Pension Fund of Birkin Cleaning Services Ltd (re Maritime Academy);
  - b) the admission to the Kent County Council Pension Fund of Dolce Ltd (re The Academy of Woodlands);
  - c) the admission to the Kent County Council Pension Fund of Town & Country Cleaners Ltd (re Maritime Academy);
  - d) the admission to the Kent County Council Pension Fund of Purgo Supply Services Ltd (re Leigh Academy Trust);
  - e) the admission to the Kent County Council Pension Fund of Seeclear Facilities UK Ltd (re Future Schools Trust);

- f) the admission to the Kent County Council Pension Fund of Sports and Leisure Management Ltd (re Sevenoaks Leisure Ltd);
- g) the admission to the Kent County Council Pension Fund of Town and Country Cleaners Ltd (re Stour Academy Trust);
- h) to the admission to the Kent County Council Pension Fund of The PCS Group Ltd (re Primary First Trust);
- i) to the admission to the Kent County Council Pension Fund of Apleona UK Ltd (re Education for the 21<sup>st</sup> Century Academy Trust);
- j) to the admission to the Kent County Council Pension Fund of Cater Link Ltd (Sir Roger Manwood's School).

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**08 November 2022**

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From: Chairman – Kent Pension Board  
Corporate Director of Finance

To: Kent Pension Board – 24 November 2022

Subject: Governance review - update

Classification: Unrestricted

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**Summary:**

To report to the Board on the progress made with the implementation of the recommendations arising from the Barnett Waddingham review. This report also includes the proposed adoption of the Code of Conduct and Conflict of Interest Policy and advises the Board of progress made on the drafting of several Fund policies in line with LGPS regulations and tPR code of practice.

**Recommendation:**

The Board is recommended to note the report, to provide feedback on the Fund's policies and to resolve to agree to adopt the Code of Conduct and Conflicts of Interest Policy.

**FOR DECISION**

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**Introduction**

1. As previously agreed, the Board will be updated at each meeting on the progress made on the implementation of the Barnett Waddingham recommendations.
2. Members are reminded that Barnett Waddingham made 139 Recommendations and some 116 have been implemented or are in progress.
3. 48 recommendations were made following the review of the Pension Board's role, membership, responsibilities and duties, its relationship with the Pension Fund Committee, and its effectiveness and compliance with LGPS regulations and the Pension Regulator's Code of Practice. 46 of the 48 recommendations have been implemented or are in progress.

**Pension Board code of conduct and conflicts of interest policy**

4. For their September meeting members were provided with a copy of the updated terms of reference including a code of conduct and conflicts of interest policy compliant with the LGPS regulations and the Pension Regulator's code

of practice. This has been published on the Fund website at [Pension Board terms of reference.pdf](#)

5. As the Board didn't meet in September members are now asked to agree to adopt the Code of Conduct and Conflicts of Interest Policy, at appendix 1. Members are required to provide any information Kent County Council as the Scheme Manager, reasonably requires from time to time to ensure that they do not have a conflict of interest.

### **Membership of the Board**

6. The revised terms of reference include 4 scheme members representing Unison, active and pensioner members. Joe Parsons has advised that he will continue on the Board as the Unison representative and advertisements inviting scheme members to apply to fill the other 3 vacancies on the board were published in the Open-lines newsletter to pensioners, in the employers' newsletter and on the KCC staff intranet site.
7. Applications have been received from 2 members and at the time of preparing this paper plans were in hand to interview the applicants to confirm their suitability for the role of member representatives. A verbal update will be provided to the Board on the 24<sup>th</sup>. There remains one vacancy for a scheme member on the board and this should be filled in January 2023.

### **Fund policies**

8. Since the last board meeting the Fund's **Governance Policy and Compliance Statement** has been approved by the Committee and published on the website.
9. For its meeting in September the Board was provided with a copy of the first draft of the Fund's proposed **Administration Strategy**. Officers have updated the draft and a copy is at appendix 2. Members are asked for their comments on this draft. The intention is to consult with Fund employers on the strategy following the employer forum on 9 December and then to share a final version with the Board in March 2023 which the Committee will then be asked to approve.
10. Several other Fund policies have been drafted and they are at appendices 3, 4 and 5. Members are asked for their comments.
  - **A policy for reporting breaches of the law** which sets out the Kent Pension Fund's policy and procedures for identifying, monitoring and where necessary reporting breaches as required in the Pensions Act 2004 and

detailed in the Pensions Regulator's (tPR) Code of Practice no 14 - Governance and administration of public service pension schemes.

- **An administering authority discretions policy** determined in accordance with the Local Government Pension Scheme Regulations 2013 (as amended), and related legislation which addresses, among other matters, the resolution of disputes, admission agreements, payments relating to the death of a member and transfer of benefits.
- **An abatements policy** which sets out the Kent Pension Fund policy as agreed in 2008 that if a member has a pension with us, the pension will not be subject to reduction or suspension should they start a new period of employment with an LGPS eligible employer.

11. The plan is to seek Committee approval for these policies at its meeting on 8 December.

12. The following table sets out the status of the Fund's policies

<b>Policy</b>	<b>Last reviewed by the Committee</b>	<b>Next update and review due</b>	<b>Responsibility</b>
Funding Strategy Statement	September 2022	March 2023 as part of the 2022 actuarial valuation exercise	Nick Buckland
Investment Strategy Statement	September 2022	March 2023 after review of Investment Strategy	Nick Buckland
Governance policy and compliance statement	September 2022	September 2023	James Graham
Responsible Investment policy	September 2022	February 2023	James Graham
Communications policy	March 2018	tbc	Clare Chambers
Administration Strategy	n/a	New strategy, March 2023	Clare Chambers
Fund Conflicts of Interests Policy	n/a	New policy, December 2022	Nick Buckland
Breaches of the Law policy	n/a	New policy, December 2022	Nick Buckland
Discretions policy	n/a	New policy, December 2022	Clare Chambers
Abatements policy	December 2007	Updated November 2022, December 2022	Clare Chambers
Training Strategy	March 2022	March 2024	James Graham
Data Quality policy	n/a	New policy, tbc	Clare Chambers

Escalations policy	n/a	New policy, tbc	Clare Chambers
Privacy Notice	n/a	New policy, tbc	Clare Chambers

**Kent Pension Fund compliance with the Pensions Regulator’s (tPR’s) code of practice and Scheme Advisory Board Good Governance recommendations**

13. When Barnett Waddingham published their report in October 2021 it was anticipated that a final version of the tPR single code of practice published in draft in March 2021, would shortly be published, and the good governance recommendations published in February 2021 would also be finalised in early 2022.
14. It is now anticipated that the tPR single code will be published in 2023.
15. It is also understood that DLUHC ministers have given their approval to take the recommendations of the Scheme Advisory Board Good Governance Project forward though they are expected to be the subject of further consultation in 2023 making April 2023 the most likely date for any changes to come into force. One draft recommendation relating to fiduciary duties of the Committee has been withdrawn and an additional proposal made for LGPS funds to produce a workforce plan.
16. The Fund has been assessed as mostly compliant with the draft single code of practice and an action plan has been prepared to address the remaining issues which will be followed up by the Head of Treasury and Pensions. This will need to be updated on publication of the single code.
17. The recommendations of the Barnett Waddingham reviews of the Pension Fund governance and KCC finance support for the Fund were aligned with those of the Good Governance project and the Kent Fund as intended is now mostly compliant with the project’s draft recommendations. An action plan has been prepared for follow up by the Head of Pensions and Treasury. This will need to be updated when the regulations come into force in 2023.

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**November 2022**

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## KENT COUNTY COUNCIL

### THE KENT LOCAL PENSION BOARD

#### TERMS OF REFERENCE

##### Kent Local Pension Board

##### Code of conduct & conflict of interest policy

#### 1. Code of conduct

1.1 As members of a publicly funded body with a responsibility to discharge public business members the Local Pension Board should have the highest standards of conduct.

1.2 Local Pension Board members should have regard to the Seven Principles of Public life:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

1.3 Accordingly Local Pension Board members should:

- Act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.
- You must not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
- When carrying out your public duties you must make all choices on merit and must be impartial and seen to be impartial.
- You must co-operate fully with whatever scrutiny is appropriate to your role.
- You will on occasions be privy to confidential and sensitive information, such as personal information about someone, or commercially sensitive information which, if disclosed, might harm the commercial interests of the Council or another person or organisation. This information must not be revealed without proper authority.

- You must, when using or authorising the use by others of the resources of your authority, ensure that such resources are not used improperly for political purposes (including party political purposes), and you must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.
- You must promote and support high standards of conduct when serving in your public post, in particular as characterised by the above requirements, by leadership and example.
- In addition to compliance with the Kent Local Pension Board Code of Conduct & Conflict of Interests Policy, you will sign adherence to the Conflict-of-Interest Declaration and declare any further potential conflicts of interest that may arise once appointed as a member;
- You should comply with the Kent Local Pension Board Code of Conduct & Conflict of Interests Policy in addition to existing compliance with any Councillor or Officer Codes of Conduct that may apply to you.

## **2. Conflict of interest**

- 2.1 The Public Service Pensions Act 2013, Section 5(4) requires that any member of a Pension Board must not have a “conflict of interest”, which is defined in Section 5(5) as a “financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme.”
- 2.2 A conflict of interest exists where there is a divergence between the individual interests of a person and their responsibility towards the Local Pension Board, such that it might be reasonably questioned whether the actions or decisions of that person are influenced by their own interests. A conflict of interest would prejudice an individual’s ability to perform their duties and responsibilities towards the Local Pension Board in an objective way.
- 2.3 An example of a potential conflict of interest could be:
- A Local Pension Board member may be required to review a decision which may be, or appear to be, in opposition to another interest or responsibility; e.g.(s):
    - a review of a decision which involves the use of departmental resource in the function of the Local Pension Board, whilst at the same time being tasked with reducing this departmental resource by virtue of their employment.
    - a Local Pension Board member could also be employed or have an interest in either privately or as part of the Council in a service area of the Council for which the Local Pension Board has cause to review.
    - an independent member of the Local Pension Board may have a conflict of interest if they are also advising the Scheme Manager.



- 2.4 All prospective Local Pension Board members are required to complete the **Kent Local Pension Board Conflict of interest declaration** before they are appointed to the Local Pension Board.
- 2.5 All appointments to the Local Pension Board should be kept under review by the Local Pension Board.
- 2.5 It is the duty of any appointed Local Pension Board member to declare any potential conflict of interest. This declaration should be made to the Chair of the Local Pension Board in the first instance or to the Scheme Manager and recorded in a register of interests.
- 2.7 The Local Pension Board shall identify and monitor any potential conflict of interests in a register of interests. The register of interests should be circulated to the Local Pension Board and Scheme Manager for review and publication.
- 2.8 If the Local Pension Board suspects any conflict of interest, it should report its concerns to the Scheme Manager.
- 2.9 When seeking to prevent a potential conflict of interest becoming detrimental to the conduct of decisions of the Local Pension Board, the Local Pension Board should consider obtaining legal advice when assessing its course of action and response. The Local Pension Board may wish to consult the Director of Legal and Democratic Services in the first instance.
- 2.10 Education on identifying and dealing with conflict of interest will be included as part of the training requirement.
- 3. Alleged breaches of the Code of Conduct and conflict of interest policy**
- 3.1 A process for dealing with the consideration of any alleged breaches, to include any sanctions to be applied, will be agreed by the Scheme Manager and the Local Pension Board.

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# Kent Pension Fund

## Administration Strategy

### Effective from April 2023

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# 1. Introduction

- 1.1 Kent County Council is the Administering Authority for the Local Government Pension Scheme (LGPS) on behalf of the scheme employers participating in the LGPS through the Kent Pension Fund (the Fund).
- 1.2 This is the Administration Strategy of the Kent Pension Fund in relation to the LGPS. The strategy is kept under review and revised to reflect changes to the LGPS Regulations and Fund policies. This document sets out a framework by way of outlining the policies and performance standards to be achieved to enable provision of a cost-effective and high-quality administration service.
- 1.3 Regulation 59 of the LGPS Regulations 2013 allows Administering Authorities to prepare an Administration Strategy (the Strategy) for the purpose of improving the administrative processes within their LGPS Fund. In discharging their roles and responsibilities under these regulations, the Fund and Scheme Employers (“Employers” or “Employer”) are also required to comply with any relevant overriding legislation and take appropriate recognition of any regulatory guidance or Code of Practice issued by The Pensions Regulator (“TPR”).
- 1.4 TPR plays a key role in overseeing Public Service Pension Schemes, including setting standards of administration and governance on all administrative aspects of the Scheme. Local Pensions Boards also provide an independent role to ‘assist’ the Fund to achieve regulatory compliance, and effective and efficient administration and governance.
- 1.5 The Strategy is a statement of the authority’s policies in relation to matters such as communicating with scheme employers, establishing levels of performance which the administering authority and its scheme employers are expected to achieve, procedures which aim to secure compliance with statutory requirements, and other matters as appear to the administering authority after consulting with scheme employers to be suitable for inclusion in the strategy.
- 1.6 The Administration Strategy applies to all employers in the Kent Pension Fund (KPF). Employers must have regard to this strategy when undertaking their role.
- 1.6 The Strategy will be formally reviewed annually and updated at least every three years, if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be considered.

# 2. Purpose

- 2.1 The administration objective of the Fund is to:

- deliver a high-quality service to all beneficiaries and employers at the point of need
- ensure we are paying the correct benefits to the correct people at the correct time
- ensure contribution income is collected from the right people at the right time and in the right amount
- ensure the Fund Employers are aware of and understand their roles and responsibilities, and carry out their functions in line with legislation, guidance and the Fund's agreed policies and procedures
- ensure all stakeholders have easy access to relevant information to enable informed decision making.

## 2.2 The purpose of this strategy is to

- provide clarity on the roles and responsibilities of the Kent Pension Fund and its scheme employers under the LGPS regulations
- set and measure the targets that both the Fund and its scheme employers should be working to
- ensure the Fund operates in accordance with LGPS Regulations and is aligned with TPR in demonstrating compliance and Scheme governance
- promote good working relationships between the Fund and its scheme employers
- ensure that the Fund and its scheme employers have appropriate skills, and that guidance/training is in place, to deliver a high-quality service
- ensure the Kent Pension Fund is delivering a high-quality service to its stakeholders whilst maintaining the accuracy, security and integrity of the data held

## 2.3 The Kent Pension Fund continually strives to improve:

- The Kent Pension Fund website
- The procedure guidance for employers
- All publicity material, forms and letters
- Training for all employers
- Communications with employers and scheme members
- The collection of data in respect of starters, the amendment of a member's personal data and the posting of scheme member contributions by electronic means

### 3. Role of Scheme Employers

- 3.1 Scheme employers have distinct decision making and administrative duties under the LGPS Regulations and other relevant legislation. Employer performance has a significant impact on the overall level and quality of service provided to scheme members.
- 3.2 It is the employer's responsibility to ensure that contact details held by the Kent Pension Fund are correct, and to notify the Fund of changes immediately.
- 3.3 The employer must ensure it is aware of its scheme employer duties and keeps up to date with guidance issued by the Fund.
- 3.4 The employer must ensure it retains a good level of LGPS knowledge and has a succession plan in place.
- 3.5 During the year the employer should provide the required correct data and notifications to the Fund as per the targets set out below. Persistent failure by an employer to meet the required performance standards could result in any additional costs to the Fund being recovered from the employer.
- 3.6 The employer must comply with its obligations under Data Protection Law including the secure transfer of members' personal data.

### 4. Responsibilities for employers that have outsourced their HR and / or payroll function

- 4.1 Where an employer has outsourced the HR and / or payroll function or allowed schools to do so, the responsibilities detailed in this strategy continue to fall on the employer, together with any subsequent fines or penalties.
- 4.2 It is the employer's responsibility therefore to ensure that they have a robust contract in place with their service provider and that they monitor the contract accordingly to ensure they meet all the requirements regarding pension arrangements for staff.
- 4.3 In the event that an employer changes their service provider they continue to be responsible for responding to any queries regarding their staff pension arrangements. It is therefore essential that the employer retains copies of payments made to members, what they represent, whether they were pensionable, the post to which they relate and what section of the scheme the member paid into.

## 5. General Responsibilities

Appendix 1 sets out the key legislative and regulatory responsibilities of an employer. The Kent Pension Fund recommends that employers also refer to the LGPS Regulations directly when undertaking their role and assessing their LGPS responsibilities. Providing accurate data in a timely way is vital to ensure compliance with the law and statutory guidance. All employer forms can be found on the [Kent Pension Fund website](#).

## 6. Supply of information via i-Connect

i-Connect is a secure platform which automates the submission of pension data on a monthly basis, by generating an extract directly from payroll systems. All employers in the Kent Fund will transition to i-Connect in due course.

If you are an employer using i-Connect, you should submit all the information and data as set out in appendix 1 using i-Connect.

## 7. Access to the Kent Pension Fund Employers Portal

To access the links contained within this document, you will be required to log into the [Kent Pension Fund Employer Portal](#) using your employer's Username and Password. The nominated Pension Contact within your employer should be able to provide you with these details.



# Appendix 1 Scheme Employer Responsibilities

## Governance

General responsibilities	Action to take
<p>Notify the Fund of a nominated representative to receive information from the Pension Fund and to take responsibility for circulating it within the organisation via the submission of the 'Employer changes form'.</p>	<p>Within 30 days of change or becoming a Scheme Employer.</p> <p>Completion and submission of the <a href="#">'Employer changes form'</a> 7 days prior to change</p>
<p>Inform the Pension Fund of the personnel and payroll providers for the organisation via the submission of the 'Employer changes form'.</p>	<p>Within 30 days of change or becoming a Scheme Employer.</p> <p>Completion and submission of the <a href="#">'Employer changes form'</a> 7 days prior to change</p>
<p>Create, publish and update (as necessary) policies in relation to all areas where the employer may exercise a discretion within the LGPS regulations.</p>	<p>A copy of the policy document to be provided to the Pension Fund within 30 working days of it being agreed by the employer.</p>
<p>Appoint a person (the adjudicator) to consider disputes under Stage 1 of the pension Internal Dispute Resolution Procedure (IDRP) and provide contact details to the Fund.</p>	<p>Within 30 days of becoming a Scheme Employer or following the resignation of the current adjudicator</p>
<p>Distribute any information provided by the Fund to Scheme Members/potential Scheme Members</p>	<p>In a timely manner as required</p>
<p>Notify the Fund of any Notifiable Events including, but not restricted to, the following:</p> <ul style="list-style-type: none"> <li>• Material change in LGPS membership</li> <li>• Material change in Employer payroll and/or pensionable pay</li> <li>• Change in Employer's legal status or constitution</li> <li>• A decision which will restrict the Employer's active membership in the Fund in future</li> <li>• Any restructuring or other event which could materially affect the membership in the Fund in future</li> <li>• Confirmation of wrongful trading</li> </ul>	<p>Within 30 days of becoming aware of such an event</p>

General responsibilities	Action to take
<ul style="list-style-type: none"> <li>• Conviction of senior personnel</li> <li>• Decision to cease business</li> <li>• Breach of banking covenant</li> </ul>	

## New starters

New starter responsibilities	Action to take
Provide each new employee with a 'joiner pack' and a 'Brief guide to LGPS' either in the form of a hard copy or links to the documents on the website.	Provide each new employee with a <a href="#">joiner pack</a> and a ' <a href="#">Brief guide to LGPS</a> '  Within 2 weeks of commencing employment.
Decide who is eligible for LGPS membership (and the date from which membership of the LGPS starts).	On joining (or at point becomes eligible if later)
Provide the Pension Fund with details of all new entrants to the LGPS by completing the 'New starters spreadsheet'.	Complete the 'New starters spreadsheet' ( <a href="#">single</a> or <a href="#">multiple</a> ) and supply to the Fund by the 10th of the month following entry via the online upload form on the website.
Determine each Scheme member's pensionable pay and arrange for the correct deduction of employee contributions in accordance with the LGPS contribution bandings.	For the first pay period in which the employee joins the LGPS
Assist the Pension Fund in ensuring that all new starters complete a 'Personal details declaration form' (contained in the <a href="#">Joiner pack</a> ) to ensure timely administration of transfer values.	
Where there is more than one contract of employment with the same employer each membership shall be maintained separately and allocated a unique pension reference.	

## Changes during membership

General responsibilities	Action to take
<p>You must inform the Pension Fund about changes during membership. They include:</p> <ul style="list-style-type: none"> <li>• name</li> <li>• address</li> <li>• National Insurance number</li> <li>• hours (where applicable)</li> <li>• pension reference</li> <li>• change of academy within a multi academy trust.</li> </ul>	<p>You must provide the Pension Fund with details of changes of:</p> <ul style="list-style-type: none"> <li>• name, address, National Insurance number, hours (where applicable) using the '<a href="#">Changes spreadsheet</a>'</li> <li>• pension reference using '<a href="#">Change of pension reference spreadsheet</a>'</li> <li>• academy within multi academy trust using '<a href="#">Change of pension reference (Academy trust)</a>' form.</li> </ul> <p>By the last day of the month submit all information using the online upload form.</p>
<p>Move employees into the 50:50 section or Main section</p>	<p>From the next pay period after receiving the employee's election</p>
<p>Move employees back into the Main section</p>	<p>If the employee is in the 50:50 section and either goes onto no pay due to sickness or injury or passes the Member's automatic re-enrolment date, the employee must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time.</p>
Early Leavers responsibilities	Action to take
<p>Notify the Pension Fund of any member's decision to leave including opting out of the Scheme.</p>	<p>Complete a '<a href="#">Pension leavers details</a> (PLD). They must be submitted via the online upload form by the end of the calendar month following the last contribution deducted.</p>

## Retirement

Retirement responsibilities	Action to take
<p><b>Leaving employment after age 55</b> obtain an estimate of pension benefits and find out from the member whether they wish to receive immediately payable reduced pension benefits or deferred benefits.</p>	<p>Inform the Pension Fund either by completing the:</p> <ul style="list-style-type: none"> <li>• relevant '<a href="#">Pension leavers details</a>' if the member is not taking immediate payment of benefits, or</li> <li>• '<a href="#">Retirement notification form</a>' along with the rest of the retirement package if the member is taking immediate payment of benefits.</li> </ul> <p>Submit via the online upload form no later than 1 calendar month after the date of leaving</p>
<p><b>Retirement estimates</b> Obtain an estimate of pension benefits for those members considering retiring in the next 6 months.</p>	<p>Between 3-6 months before proposed date of retirement upload an '<a href="#">Estimate request form</a>' via the online upload form.</p>
<p>Notify the Pension Fund when a member is due to retire including an accurate assessment of final pay details and notification of the reason for retirement.</p>	<p>Notify the Pension Fund when a member is due to retire as soon as final earnings are known, typically 20 days prior to date of retirement and no later than 2 weeks after the final payment is made to the member by the submission of a retirement package via the online upload form.</p>
<p>To determine based on medical opinion and advice of an approved Independent Registered Medical Practitioner (IRMP), whether an ill health award is to be made and determine the tier to be awarded.</p>	<p>In addition to the retirement package supply a copy of IRMP's certificate together with the '<a href="#">Retirement notification form</a>' stating tier of ill health pension to be awarded. To be submitted via the online upload form either 20 days prior to date of retirement or no later than 2 weeks after the final payment is made to the member.</p>

## Ill Health Retirement

General responsibilities	Action to take
<p>Keep a record of all tier 3 ill health retirements, particularly in relation to the 18-month review regarding gainful employment and any subsequent review by an IRMP.</p>	<p>To inform the Pension Fund immediately if the pension should cease.</p>
<p>To review all tier 3 ill health retirement</p>	<p>Notify the Pension Fund where pensions should</p>

General responsibilities	Action to take
cases prior to stopping at 3 years and notify the Scheme member if applicable.	cease.
Where the reason for leaving is ill-health retirement, arrange for the member to be assessed by an IRMP that has been certified by the Administering authority, provide confirmation that the employee meets all the conditions for ill-health retirement, as defined by the relevant LGPS regulations, provide confirmation of which tier of benefits is to be awarded, and enclose a copy of the notice letter and a complete and correct ill-health certificate completed by the IRMP.	Confirmation should accompany the Retirement Notification if not previously submitted
Where the member is in receipt of an ill health pension made under Tier 3, arrange for the member to be reassessed by an IRMP after 18 months and determine whether the pension should continue, or be subject to an uplift.	Scheme employers should notify the Fund of the outcome of a Tier 3 Ill Health Review within 5 working days of the determination
On application from the former employee to have their deferred benefits paid early on ill health grounds, seek a medical opinion from an approved Independent Registered Medical Practitioner (IRMP) and make a determination regarding payment. Determine whether benefits should be released early on compassionate grounds and whether any early retirement reductions should be waived.	Notify the Pension Fund of the decision regarding the early payment of deferred benefits and where necessary request an estimate of the pension benefits payable. Notify the Scheme member of the outcome of their application and if this is rejected, explain the outcome and provide details of the right of appeal process.

## Death in service

General responsibilities	Action to take
Notify the Pension Fund immediately of the death of a scheme member.	Submit ' <a href="#">Pension Leaver Details (PLD) Death in service</a> ' via the online upload form no later than 1 calendar month after the date of death.
Liaise with your <a href="#">Communication and</a>	

General responsibilities	Action to take
<p><a href="#">Support Officer (CSO)</a> about what actions are needed to be taken by the employer.</p> <p>Provide regular updates regarding progress of liaising with next of kin and possible beneficiaries to the fund.</p>	

## Contributions

Contributions responsibilities	Action to take
Implement changes to Employer contribution rates as instructed by the Pension Fund at the date specified by the Fund's Actuary.	In line with the Rates & Adjustment Certificate as per the Valuation or on commencement as a Scheme Employer.
Arrange for the correct deduction of employee contributions from a Scheme member's actual pensionable pay (including overtime) and apply the correct employee contribution rate according to the Fund of the Scheme the member is in – either Main or 50:50. Reassess employee contribution rate in line with employer's policy on adjusting employee contribution rates and notify the member of the change in rate.	Immediately on joining the Scheme, opting in or change in circumstances.
Remit Employer and employee contributions to the Fund and complete monthly remittance form containing detail of the contribution's payment.	<p>Payment by 19th of the following month.</p> <p>Complete and submit the employer monthly return via the website by the last day of the calendar month.</p>
Refund via your own payroll provider any employee contributions that have been deducted in error.	Contributions to be refunded in the month following the incorrect deduction.

Other Contributions responsibilities	Action to take
Arrange for the deduction of Additional	Start deduction of AVCs in the month following

Voluntary Contributions (AVCs) via your payroll and the payment over of contributions to the approved AVC provider(s). Start deduction of AVCs in the month following the month of election. Pay over contributions to the AVC provider(s) by the 19th of the month following the month of election.	the month of election. Pay over contributions to the AVC provider(s) by the 19th of the month following the month of election.
After receipt of instructions start deduction of Additional Pension Contributions (APC) or amend such deductions, as appropriate	The month following election to pay contributions to the Pension Fund
After receipt of instructions, stop deductions of Additional Regular Contributions (ARCs) or Additional Pension Contributions (APCs) or AVCs.	Immediately following receipt of instructions.
Refund via your own payroll provider any employee contributions that have been deducted in error.	Contributions to be refunded in the month following the incorrect deduction.

## Supply of information

Supply of information responsibilities	Action to take
Provide year end information required by the Pension Fund.	Information to be supplied in the format as detailed in the instructions published on the website in February/March each year. Information to be submitted via the Year end upload form by the date included in the instructions.
To provide any additional information that may be requested by the Pension Fund.	To be provided in the format required by the Pension Fund, e.g., completion of form, email etc. within 1 calendar month of receipt unless a statutory requirement requires the information to be supplied before this date which will be detailed in the request.

## New employers and TUPE transfers

New employers and TUPE responsibilities	Action to take
<p>Notify the Fund of any contracting out of services that will involve a TUPE transfer of staff to another organisation at least 6 months before the TUPE is due to take place.</p>	<p>Employers should inform the Fund as soon as possible within the tender process, enabling pension information to form part of the tender documentation.</p>
<p>Work with the Pension Fund to arrange for an admission agreement to be put in place when contracting out a service and assist in ensuring it is complied with.</p>	<p>Agreement to be in place by the time the service is contracted out.</p>
<p>Provide the Pension Fund with information regarding members transferring to an admitted body or schools converting to academies.</p>	<p>Liaise with the Pension Fund regarding the format in which this information needs to be supplied. Information to be supplied 1 calendar month from date of change. Any queries relating to this information to be responded to within 10 working days.</p>
<p>Notify the Fund where the employer ceases to admit new members or is considering ceasing participation in the Fund.</p>	<p>This should be done at the earliest opportunity, allowing the Fund to liaise with the Fund actuary in order to achieve a well-managed employer exit from the Fund.</p>



## Appendix 2 Kent Pension Fund Responsibilities

### Commitment to new scheme members

The table details what we commit to new scheme members and when.

New scheme members responsibilities	Actions to take
Statement of pensionable service	We will issue a statement of pensionable service to members within 20 working days of receiving the required data from an employer.
Transfers in	<p>We will calculate the estimated benefits that a <u>transfer value</u> will buy in the Local Government Pension Scheme. We will issue a quotation within 20 working days of receiving details from the previous pension provider and any additional information required from the Department for Work and Pensions.</p> <p>We will request payment of the transfer value within 10 working days of receiving confirmation from members that the transfer is to be made.</p> <p>We will confirm the actual benefits purchased by the transfer value to members within 20 working days of receiving payment from the previous pension provider.</p>

### Commitment to existing scheme members

The table details what we commit to existing scheme members and when.

Existing scheme member responsibilities	Actions to take
Annual Benefit illustrations	Each year members will be sent an <u>Annual Benefit Illustration (ABI)</u> to their home address which will provide a personalised illustration of their benefits in the Local Government Pension Scheme (LGPS) by 31 August each year.

Benefit estimates (Member request i.e., voluntary retirement)	Provided there are no outstanding queries to be resolved, we will provide members with their estimate within 20 working days of receiving the estimate request from their employer. Where there are outstanding queries, we will provide the estimate within 20 working days of the date the queries are resolved.
Benefit estimates (Employer request i.e., flexible, redundancy, efficiency retirements)	For individual requests the above timescales apply, however if the request is for bulk estimates, then a longer time period may need to be negotiated with the employer. Estimates will be released to members within 5 working days of an employer's instruction to send to the member.
Paying Additional Pension Contributions (APCs)	We will provide information within 20 working days of receiving a request from members if they wish to pay <u>APCs</u> to buy additional LGPS pension.
Retirements	<p>Provided that there are no outstanding queries to be resolved, we will send details of the benefits payable and pay members tax free cash lump sum within 20 working days of receiving all the information required from their employer and/or them (or 20 working days from receipt of an AVC fund if applicable), or the date the benefits become due if later.</p> <p>Where there are outstanding queries, we will send details of the benefits payable and pay members tax free cash lump sum within 20 working days of the date the queries are resolved.</p>
Deaths	We will send details of the benefits payable within 15 working days of receiving all information required from the late scheme members employer. We will pay the lump sum death grant as soon as possible after determining all relevant beneficiaries.
Deferred benefits	We will send details of the deferred benefits within 40 working days of receiving all information required from a member's employer.

Refunds	We will pay a refund within 20 working days of receiving a member's formal request for payment.
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## Commitment to deferred scheme members

The table details what we commit to deferred scheme members and when.

Deferred scheme members responsibilities	Actions to take
Deferred benefit statements	We will provide a <u>deferred benefit statement</u> providing details of the current value of members deferred benefits (as adjusted in line with the Consumer Prices Index (CPI)) by 31 August each year
Deferred benefits into payment	We will send details of the benefits payable and pay the tax-free cash lump sum within 20 working days of receiving all information required from a member, or the date the benefits become due if later.
Death of a deferred scheme member	<p>We will acknowledge a notification of the death of a deferred scheme member and start action to put into payment any dependants' benefits within 5 working days of receiving the notification.</p> <p>We will send details of any benefits payable within 15 working days of receiving all required information from the dependants and will pay any lump sum death grant due as soon as possible after determining all relevant beneficiaries.</p>
Transfers out	<p>We will issue a quotation, within 20 working days of receiving all information required.</p> <p>We will pay a <u>transfer value</u> within 20 working days of receiving confirmation from members that the transfer is to be made, and if we have received all of the information required to make payment.</p>

## Commitment to pensioner scheme members

The table details what we commit to pensioner scheme members and when.

Pensioner scheme members responsibilities	Actions to take
Newsletter	We will send the <a href="#">Open Lines newsletter</a> to pensioners at least twice a year.
Death of a pensioner	<p>We will acknowledge a notification of the death of a pensioner and start action to put into payment any dependants' benefits within 5 working days of receiving the notification.</p> <p>We will send details of any benefits payable within 15 working days of receiving all required information from the dependants and will pay any lump sum death grant due as soon as possible after determining all relevant beneficiaries.</p>

## Commitment to employers

The table details what we commit to employers that participate in the LGPS and when.

Employer responsibilities	Actions to take
Procedures, letters and forms	<a href="#">Guidance (including letters and forms)</a> will be made available to employers to help you carry out their responsibilities.
Changes in regulations	We will make employers aware of any changes to the LGPS regulations, and any other relevant legislation, within 15 working days of receiving details of the changes.

Other pension information	We will make employers aware of any relevant pension information within 15 working days of receiving details.
Benefit estimates (single)	Provided there are no outstanding queries to be resolved, we will provide the estimate within 20 working days of receiving the estimate request from an employer. Where there are outstanding queries, we will provide the estimate within twenty working days of the date the queries are resolved.
Benefit Estimates (Bulk)	Discussions will need to be held as early as possible to agree suitable timeframes for producing bulk estimates.
Confidentiality	We will respect the confidentiality of information exchanged under this agreement and use it only in accordance with the current Data Protection legislation.
Training	We will provide <a href="#">training</a> free of charge for employers' personnel and payroll staff either when there are relevant changes to the LGPS or at their request.

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## Appendix 3 Additional Charges

The following table details work which the Fund may do for Scheme Employers, but which is not covered by the administration charge which is included in the Employer contribution rate. This may be because there is no statutory requirement for the Fund to do the work or because not all Employers require the work to be done. As such work is not included in the administration (Admin) charge, the following additional charges will apply.

The Pension Fund will inform employers of any recharge items as they become due. Invoices must be paid within 30 working days of the invoice date, or in accordance with the payment terms on the invoice.

Description of activity	Work done not covered by the admin charge	Additional charge
New employer joining the Fund	All work relating to the actuarial report	10% of actuary's fee
	All work relating to the legal work related to new admissions	10% of legal fee
IAS19 / FRS102 report production for accounts	All work relating to IAS19 / FRS102 reports	5% of actuary fee
Actuarial work relating to auditor queries re annual accounts	All work relating to the answering of auditors' queries	5% of actuary fee
Employer leaving the Fund	All work relating to a cessation valuation report	10% of actuary fee
	All work relating to the legal work related to the termination of admission agreements	10% of legal fee

## Appendix 4 Non-Compliance

7.1 Kent Pension Fund (KPF) will apply the following charges in circumstances where scheme employers do not adhere to their responsibilities under the LGPS. Where KPF has incurred additional costs due to an employer's poor performance, it will recover these costs by charging employers.

Description of activity	Requirements	Charge
Late payment of contributions (EEs, ERs, deficit) and late submission of return	Receipt of income late – regulations require within 19 days of end of the month	<p>A fixed penalty of £500 if received after the nineteenth of the following month, plus interest on the total payment due charged at one per cent above base rate calculated from the due date.</p> <p>A fixed penalty of £500 if the Employment monthly return is received after the first working day of the following month, plus a further fixed penalty of £50 for every further day late after that deadline.</p>
Failure to submit the monthly data return via i-Connect by the due date.	Return due by the end of the calendar month	A fixed penalty of £500 if received after the first working day of the following month, plus a further fixed penalty of £50 for every further day late after that deadline. Note that both the file and the remittance advice must be received for no penalty to apply
Year End Data - Failure to provide year end data by the due date following the year end or the non-provision of year end information or the accuracy/quality of the year end data is poor requiring additional data cleansing	Required by date per year end instructions	Late receipt - initial fee of £500 then a fee of £150 for every month the information remains outstanding Quality/format of data – fee of £150 should data provided not be in the correct format and/or the quality is poor
New Starter(s)	1st instance	Warning

Failure to notify the Fund of new starter(s) and the late or non- provision of starter form(s) – by the 10th of the month following entry	2nd instance	£50 fine per member
Leavers  Failure to notify the Fund of any leaver(s) and the late or non-provision of leaver form(s) including an accurate assessment of final pay no later than 1 calendar month after the final payment is made to the member	1 <sup>st</sup> instance  2 <sup>nd</sup> instance	Warning  £50 fine per member
Payment of invoices	Payment due within 30 days of invoice date	A fixed penalty of £500 if received after seven days of the payment due date, plus interest on the total payment due charged at one per cent above base rate calculated from the due date.
Resubmission of incorrect data		A fixed penalty of £500 plus charges to account for the officer resource used to rectify any issues charged at a minimum hourly rate of £100.
Failure to respond within a published timeframe		A charge of £25 per case for each case chased after the original deadline has passed
Failure to provide a copy of discretions policy or latest version	A copy of the policy document to be provided to the Pension Fund within 30 working days of it being agreed by the employer.	A fixed penalty of £500 for failing to supply a copy plus a further £100 charged on each occasion that a policy is requested or is chased by an officer and is not supplied
Failure to notify the Fund of key changes or events, including a change of payroll provider		A fixed penalty of £1,000 where the change has a significant impact on administration or £500 plus a further £100 charged on each



		occasion that further information is requested or chased and not supplied
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7.2 If an employer's poor performance leads to a third-party agency issuing KPF with financial penalties, then KPF will recover these costs from the employer concerned. This includes:

- Those imposed by TPR for a breach of statutory duties, where the breach occurred due to the poor performance of an employer. An example would be where KPF has not issued annual benefit illustrations because the employer has failed to provide member data.
- Those imposed by HMRC, such as scheme sanction charges that arise as a result of the decision of an employer. An example would be if the employer allowed a member to claim benefits that would cause KPF to make an unauthorised payment.
- Those imposed by the Office of the Information Commissioner following a data breach where the breach was caused by the actions of an employer.

7.3 KPF will pay the penalty but will recover it from the employer concerned. The list is not exhaustive and KPF reserves the right to use the same principles and policy for other penalties imposed on it by outside agencies not detailed here.

7.4 In general, KPF will apply a financial penalty where an employer fails to:

- meet the requirements of this Administration Strategy
- meet the requirements of the LGPS Regulations
- meet the requirements of other legislation.

Where this results in:

- additional work or costs for KPF or its agents
- failure of KPF to meet its obligations under the LGPS regulations, other legislation or guidance
- complaints by organisations or members
- appeals by members or their representatives.

7.5 In all cases, KPF would look to consider any mitigating circumstances, such as system failure, business continuity events and so on, and take a pragmatic approach when making decisions.

7.6 As an alternative, in some circumstances, the Fund may offer employers/payroll providers the opportunity to attend specific training courses to avoid the issues arising in the future, and thus improving the overall provision of service to all scheme members.

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# **Kent Pension Fund**

## **Policy for Recording and Reporting Breaches of the Law**

**December 2022**

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# Policy for Reporting Breaches of the Law

## Background and Introduction

The Kent Pension Fund (KPF) seeks to conduct its affairs in a responsible manner, to ensure that all its activities are open and effectively managed, and that the Fund's integrity and principles of public interest disclosure are sustained.

This document sets out KPF's policy and procedures for identifying, monitoring and where necessary reporting breaches of the law as required in the Pensions Act 2004 (the Act) and detailed in the Pensions Regulator's (tPR) Code of Practice no 14 - Governance and administration of public service pension schemes (the Code).

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

The procedure set out in this Policy has been developed to:

- assist those individuals who have a legal responsibility to report certain breaches of the law to the tPR in determining whether a breach they have identified should be reported.
- assist KPF in ensuring it is aware of all breaches of the law in relation to the KPF and that these are appropriately recorded and then dealt with.

## The Pensions Regulator's proposed single code of practice

The Pensions Regulator is due to publish a single code of practice replacing the 15 existing codes of practice including code of practice 14, late 2022. This policy reflects the requirements of the draft single code at

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/full-draft-new-code-of-practice.ashx>.

References to the code will be updated once the final version of the new code is published.

## Requirements and to whom this Policy applies

The following have responsibility for reporting breaches (known as "**reporters**"):

- all members of the Pension Fund Committee and the Local Pension Board
- all officers involved in the management or administration of the scheme including officers in the Kent County Council Pensions and Treasury Team, the Head of Pensions and Treasury, the Monitoring Officer and the Corporate Director of Finance (Section 151 Officer).

- professional advisers including investment advisers, auditors, actuaries, legal advisers, fund custodians, fund managers and administration software providers.<sup>1</sup>
- all participating employers in the scheme.
- any other person otherwise involved in advising the managers of the scheme.

**Reporters** are required to report breaches of the law to the tPR where there is reasonable cause to believe that:

- (a) a legal duty which is relevant to the administration of the scheme has not been or is not being complied with; and
- (b) the failure to comply is likely to be of material significance to tPR.

The Head of Pensions and Treasury has responsibility for the implementation, review and monitoring of these procedures, and can seek such advice as they consider necessary including from the Council's legal team or external advisors.

However, under this Policy, the **reporter** would be expected to report the matter to the Head of Pensions and Treasury for their assistance in the first instance, provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence).

A person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse.

The duty to report breaches under the Pensions Act 2004 overrides any other duties **reporters** may have. However, the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

Practical guidance in relation to this legal requirement is provided in [the pensions regulator code 1-reporting-breaches-of-the-law](#) including in the following areas:

- implementing adequate procedures to consider and record breaches
- judging whether a breach must be reported
- submitting a report to tPR
- whistleblowing protection and confidentiality.

Even where a breach of the law is not required to be reported, it is important that it is notified to the Head of Pensions and Treasury so that it can be assessed and recorded.

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<sup>1</sup> However, these advisors should note that the application of this Procedure relates to the reporting of legal breaches relating to the administration of the Pension Fund, rather than any breaches relating to their role and responsibilities that do not affect the administration of the Fund. For example, if a fund manager has breached the investment association guidelines, then this would not be reportable under this KPF Procedure for Reporting Breaches (albeit the Administering Authority would still expect this information to be recorded separately and notified to Kent County Council).

## Other Administering Authority or Organisational Requirements

This Procedure should be followed in addition to the following procedures and policies that Kent County Council has in place.

- [Anti-fraud and corruption strategy](#) – setting out the Council's strategy for preventing, deterring and investigating fraud, corruption and other wrongdoing.
- Anti-Money Laundering Policy - procedures that must be followed to enable the County Council to comply with its legal obligation to prevent criminal activity through the use of Money Laundering, as well as providing contact details for the Money Laundering Reporting Officer
- Whistleblowing Policy – setting out how someone working for Kent County Council or on our behalf, including members can raise an issue in confidence, as well as what sort of concerns should be reported.

The Head of Pensions and Treasury can assist if an individual is uncertain how to deal with the interaction between this Procedure and any other KCC policy or procedure.

## Kent Pension Fund Breaches Procedure

This Procedure aims to ensure **reporters** are able to meet their legal obligations and avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk. There are four key steps to this procedure:

1. Understanding the law and what is a breach
2. Determining whether there is reasonable cause to believe a breach has occurred
3. Determining whether the breach is likely to be of material significance and so should be reported to tPR
4. Recording the breach, even if it is not reported, so that remedial steps can also be monitored

These steps are explained below:

### *1. Understanding the law and what is a breach*

**Reporters** may need to refer to regulations and guidance when considering whether or not there has been a breach of the law. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004: [www.legislation.gov.uk/ukpga/2004/35/contents](http://www.legislation.gov.uk/ukpga/2004/35/contents)
- Employment Rights Act 1996: [www.legislation.gov.uk/ukpga/1996/18/contents](http://www.legislation.gov.uk/ukpga/1996/18/contents)

- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):  
[www.legislation.gov.uk/ukxi/2013/2734/contents/made](http://www.legislation.gov.uk/ukxi/2013/2734/contents/made)
- Public Service Pension Schemes Act 2013:  
[www.legislation.gov.uk/ukpga/2013/25/contents](http://www.legislation.gov.uk/ukpga/2013/25/contents)
- Local Government Pension Scheme Regulations (various):  
<http://www.lgpsregs.org/timelineregs/Default.html> (pre 2014 schemes)  
<http://www.lgpsregs.org/index.php/regs-legislation> (2014 scheme)
- tPR Code of Practice:  
<http://www.thepensionsregulator.gov.uk/codes/code-governance-administration-public-service-pension-schemes.aspx>  
In particular, reference should be made to the section on 'Reporting breaches of the law', and for information about reporting late payments of employee or employer contributions, to the section of the Code on 'Maintaining contributions'.

Further guidance and assistance can be provided by the Head of Pensions and Treasury, provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence). Some examples of potential breaches are included in Appendix A.

## 2. *Determining whether there is reasonable cause to believe a breach has occurred*

**Reporters** need to have reasonable cause to believe that a breach of the relevant legal provision has occurred, not just a suspicion.

Where a breach is suspected the Head of Pensions and Treasury should be informed as soon as practicable, and no later than 5 days from when they suspect there has been a breach. The Head of Pensions and Treasury will then carry out further checks, to establish whether or not a breach has in fact occurred and keep the individual informed. This does not preclude the individual who first raised the issue undertaking further checks themselves should they consider it appropriate to do so.

However, there are some instances where it would not be appropriate to make further checks, for example, if the **reporter** has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases, tPR should be contacted without delay.

## 3. *Determining whether the breach is likely to be of material significance and so should be reported to the Regulator*

Should a **reporter** have reasonable cause to believe that a breach of the law has occurred, they must decide whether that breach is likely to be of material significance to tPR, and therefore should be reported to the Regulator. To do this, an individual should consider the following, both separately and collectively:

- cause of the breach (what made it happen)
- effect of the breach (the consequence(s) of the breach)



- reaction to the breach
- wider implications of the breach.

The Head of Pensions and Treasury can assist with determining whether the breach should be reported and can assist with completing the document to report the breach. However, the **reporter** is ultimately responsible for determining what should be included in the report and for submitting the report to tPR.

*4. Recording the breach, even if it is not reported, so that remedial steps can also be monitored*

The Head of Pensions and Treasury will maintain a log of all breaches identified and the breaches log may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). Therefore, **reporters** should provide the following information to the Head of Pensions and Treasury so that all identified breaches can be recorded:

- copies of reports submitted to tPR
- copies of information relating to any other breach the individual has identified.

The information should be provided to the Head of Pensions and Treasury as soon as reasonably practicable and certainly no later than within 10 working days of the decision made to report or not.

The key purpose of the breaches log is to ensure there is a clear record of what action has been taken to resolve that breach but also to ensure that the necessary controls have been put in place to ensure that the breach does not reoccur.

The breaches log will be included at each Pension Committee meeting and shared with the Pension Board. An example of the report is at appendix D.

### **Supplier and advisor responsibilities**

Where a breach has been identified relating to the Fund including a breach notified by supplier or advisor, the supplier or advisor must alert the Head of Pensions and Treasury immediately. They must produce a preliminary report setting out an assessment of the breach. The preliminary assessment must contain;

- the circumstances leading to the breach;
- the impact and scale of the breach, both financial and with regard to the impact of service on members or other affected persons/organisations;
- the steps that have been taken to rectify the breach; and
- a preliminary assessment, based on the Regulator's traffic light flowchart, of the materiality of the breach.

The Head of Pensions and Treasury can assist with the production of this report.

For the avoidance of doubt all breaches of the law (regardless of whether they are deemed material) must be reported to the Head of Pensions and Treasury in this way.

## Referral to a level of seniority for assistance

Kent County Council has designated the Head of Pensions and Treasury to assist any individual with following this procedure. The Head of Pensions and Treasury is considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to the Pensions Regulator, where appropriate.

**Reporters** must bear in mind, however, that the involvement of the Head of Pensions and Treasury is to help clarify their thought process and to ensure this procedure is followed. They remain responsible for the final decision as to whether a matter should be reported to tPR and for completing the reporting procedure.

The matter should not be referred to the Head of Pensions and Treasury if doing so would alert any person responsible for a possible serious offence to the investigation (as highlighted in step 2 above). If that is the case, the **reporter** may instead refer the matter to the Council's Monitoring Officer. Otherwise, they should report the matter to tPR setting out the reasons for reporting, including any uncertainty – a telephone call to tPR before the submission may be appropriate, particularly in the case of a more serious breach.

## Dealing with complex cases

The Head of Pensions and Treasury may be able to provide guidance on particularly complex cases. Guidance may also be obtained by reference to previous cases, information on which will be retained by Kent County Council, or via discussions with those responsible for maintaining the records. Information may also be available from national resources such as the Scheme Advisory Board or the Local Government Association - <http://www.lgpsregs.org> . If timescales allow, legal advice or other professional advice can be sought and the case can be discussed at the next Pension Fund Committee or Local Pension Board meeting.

## Reporting a breach to the KPF and Pensions Regulator

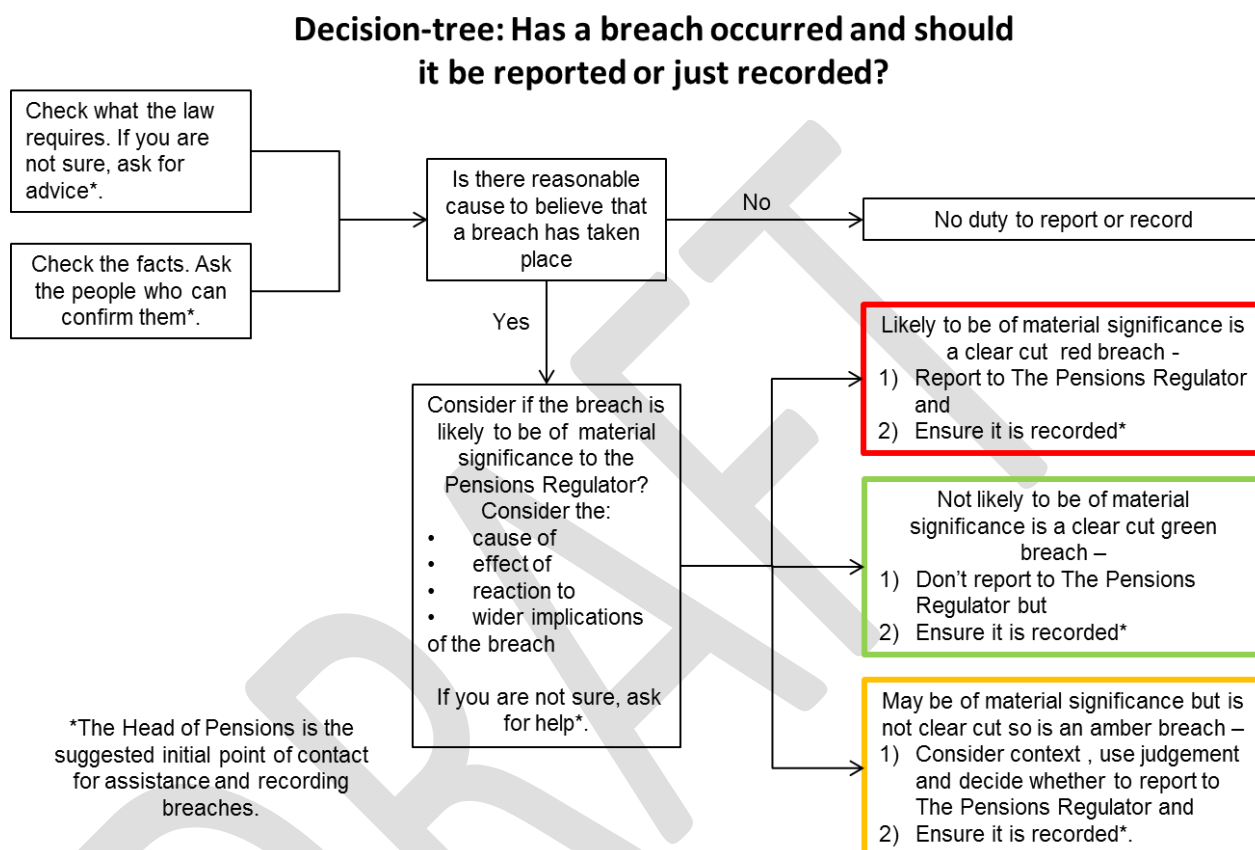
Reports must be submitted to the Head of Pensions and Treasury, [Nick.buckland@kent.gov.uk](mailto:Nick.buckland@kent.gov.uk)

If the individual decides the breach is of material significance to tPR, reports must be submitted in writing via the Regulator's online system at <https://login.thepensionsregulator.gov.uk> or by post, or email and should be marked urgent if appropriate. If necessary, a written report can be preceded by a telephone call. Further details on how to report can be found on tPR website <https://thepensionsregulator.gov.uk>.

The Pensions Act and the Pension Regulator's Code require that, if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable and if possible, within 10 working days from having reasonable cause to believe that there is a material significance.

## Decision tree

A decision tree is provided below which summarises the process for deciding whether or not a breach has taken place, whether it is materially significant to tPR and therefore needs to be reported, and then ensuring it is recorded.



## Confidentiality

If requested, tPR will do its best to protect the identity of an individual who has reported a breach and will not disclose information except where it is lawfully required to do so.

An employee may also have protection under the Employment Rights Act 1996 if they make a report in good faith in relation to their employer.

## Reporting to the Pension Fund Committee and Local Pension Board

Material breaches which have been reported to the Regulator will be reported to the Pension Fund Committee on a quarterly basis. This information will also be shared with the Pension Board.

## **Training**

The Head of Pensions and Treasury will ensure that all relevant officers and members of the Pension Fund Committee, as well as members of the local pension board receive appropriate training on this policy at the commencement of their employment or appointment to the Pension Fund Committee or Pension Board as appropriate and on an ongoing basis.

Suppliers and advisers must ensure that all staff with responsibilities in relation to the Fund receive appropriate training with regard to this policy and their obligations under it. They must advise the Head of Pensions and Treasury immediately if they do not feel they have the appropriate training to discharge their responsibility and training will be arranged for them by the Head of Pensions and Treasury.

## **Approval and Review**

This Reporting Breaches Policy was presented for approval to the KPF Committee on 8 December 2022. It will be formally reviewed and updated by the Committee at least every three years or sooner if breaches arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be considered.

## **Further Information**

If you require further information about reporting breaches or this policy or wish to discuss reporting a breach, please contact:

Nick Buckland  
Head of Pensions and Treasury, Kent County Council  
E-mail – [nick.buckland@kent.gov.uk](mailto:nick.buckland@kent.gov.uk)

Zena Cooke  
Chief Finance officer and s151 Officer, Kent County Council  
E-mail – [zena.cooke@kent.gov.uk](mailto:zena.cooke@kent.gov.uk)

Ben Watts  
Monitoring Officer, Kent County Council  
E-mail – [ben.watts@kent.gov.uk](mailto:ben.watts@kent.gov.uk)

## **Appendix A – Example breaches of the law**

In this appendix we provide some examples of breaches of the law. This is not an exhaustive list given there are many sets of legislation that must be followed and some of these are extremely lengthy and complex. It should, however, provide a useful indication of the range of potential breaches that may arise.

### *Funding strategy not having regard to CIPFA guidance*

Regulation 58 of the Local Government Pension Scheme Regulations 2013, as amended, requires the administering authority to prepare, maintain and publish a statement setting out its funding strategy and, in doing so, to consult with such persons as it considers appropriate. In doing this, the Administering Authority must also have regard to CIPFA guidance on preparing and maintaining a Funding Strategy Statement which clearly states employers should be consulted. The Funding Strategy impacts on the employers of the Fund and therefore a breach of the law by the Administering Authority is likely to have arisen if a statement was prepared which impacts on employers without first consulting with those employers.

### *Late notification of benefits*

Various regulations dictate timescales for notifying scheme benefits, some of which are summarised below. Most of these requirements are included in more general pensions legislation i.e., not the Local Government Pension Scheme Regulations. A breach would arise every time one of these timescales was not met. All of the breaches would relate to the Administering Authority apart from the last one which would be a breach by an employer in the Fund. However, the first five listed could have been a result of delayed or incorrect information from an employer, which could be a separate and additional breach of the law by that employer.

<b>Process</b>	<b>Legal Requirement</b>
<b>To provide new starters with information about the scheme</b>	2 months from date of joining (provide information about the scheme in this timeframe, or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled)
<b>To inform members who leave the scheme of their leaver rights and options</b>	As soon as is practicable, and no more than 2 months from date of initial notification (from employer or scheme member)
<b>To notify the amount of retirement benefits</b>	1 month from date of retirement if on or after Normal Pension Age 2 months from date of retirement if before Normal Pension Age
<b>To notify dependant(s) the amount of death benefits</b>	As soon as possible but in any event no more than 2 months from date of becoming aware of the death, or from date of request
<b>Provide annual benefit statements to active members</b>	31st August in the same calendar year
<b>Receipt of employee contributions from employers</b>	19th of the month following their deduction

#### *Errors in benefit calculations*

The Local Government Pension Scheme Regulations 2013, as amended, and previous LGPS legislation relating to historical service or leaves, dictate how benefits should be calculated. This includes elements such as what fraction of pay is used to calculate a pension and what counts as pay for LGPS purposes. A breach of the law by the Administering Authority would arise in the situation that any calculation was carried out that was not in accordance with those provisions.

#### *Errors in deducting contributions*

Regulation 20 of the Local Government Pension Scheme Regulations 2013, as amended, states which elements of pay should be treated as pensionable and therefore should have pension contributions deducted from them and should be used for calculating benefits from 1 April 2014. Regulation 4 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, as amended, is the equivalent provision for pre-1 April 2014 scheme membership and therefore it details how pensionable pay should be calculated by an employer for benefits accruing prior to 1 April 2014. Under these provisions, non-contractual overtime is pensionable from 1 April 2014 but not classed as pensionable for benefits accruing before 1 April 2014. A breach of the law by an employer would arise if any of the following happened:

- an employer **did not** deduct pension contributions from non-contractual overtime since 1 April 2014
- an employer **did not** include non-contractual overtime in the amount of any pensionable pay notified to the Administering Authority for membership from 1 April 2014
- an employer **did** include non-contractual overtime in the amount of final pay notified to the Administering Authority to be used to calculate benefits accrued prior to 1 April 2014.

*Late notifications from year-end information by an employer*

Regulation 80 of the Local Government Pension Scheme Regulations 2013 require each employer to provide to the Administering Authority a list of specific information for each scheme member, such as pensionable pay, by 30 June each year. A breach of the law by an employer would arise if they failed to provide this year end list to the administering authority by 30 June or if the information was incomplete or inaccurate.

*Inadequate knowledge of a Pension Board member*

Section 248A of the Pensions Act 2004 requires every Pension Board member to be conversant with the LGPS rules and Pension Fund policies as well having knowledge and understanding of pension matters at a degree appropriate for the purpose of them exercising their Pension Board functions. Where a Pension Board member has failed to attend training or demonstrate that they already have the required level of knowledge, it is possible that a breach of the law will have occurred by that Pension Board member.

## **Appendix B – Determining whether a breach is likely to be of material significance**

To decide whether a breach is likely to be of material significance **reporters** should consider the following elements, both separately and collectively:

- cause of the breach (what made it happen)
- effect of the breach (the consequence(s) of the breach)
- reaction to the breach
- wider implications of the breach

### ***The cause of the breach***

Examples of causes which are likely to be of concern to tPR are provided below:

- Acting, or failing to act, in deliberate contravention of the law.
- Dishonesty.
- Incomplete or inaccurate advice.
- Poor administration, i.e., failure to implement adequate administration procedures.
- Poor governance.
- Slow or inappropriate decision-making practices.

**Reporters** may also request the most recent breaches report from the Head of Pensions and Treasury, as there may be details on other breaches which may provide a useful precedent on the appropriate action to take.

When deciding whether a cause is likely to be of material significance **reporters** should also consider:

- whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake
- whether there have been any other breaches (reported to tPR or not) which when taken together may become materially significant

### ***The effect of the breach***

Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to tPR in the context of the LGPS are given below:

- Committee/Board members not having enough knowledge and understanding, resulting in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements
- Conflicts of interest of Committee or Board members, resulting in them being prejudiced in the way in which they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements
- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time



- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement
- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time
- Misappropriation of assets, resulting in scheme assets not being safeguarded
- Other breaches which result in the scheme being poorly governed, managed or administered

### ***The reaction to the breach***

A breach is likely to be of concern and material significance to tPR where a breach has been identified and those involved:

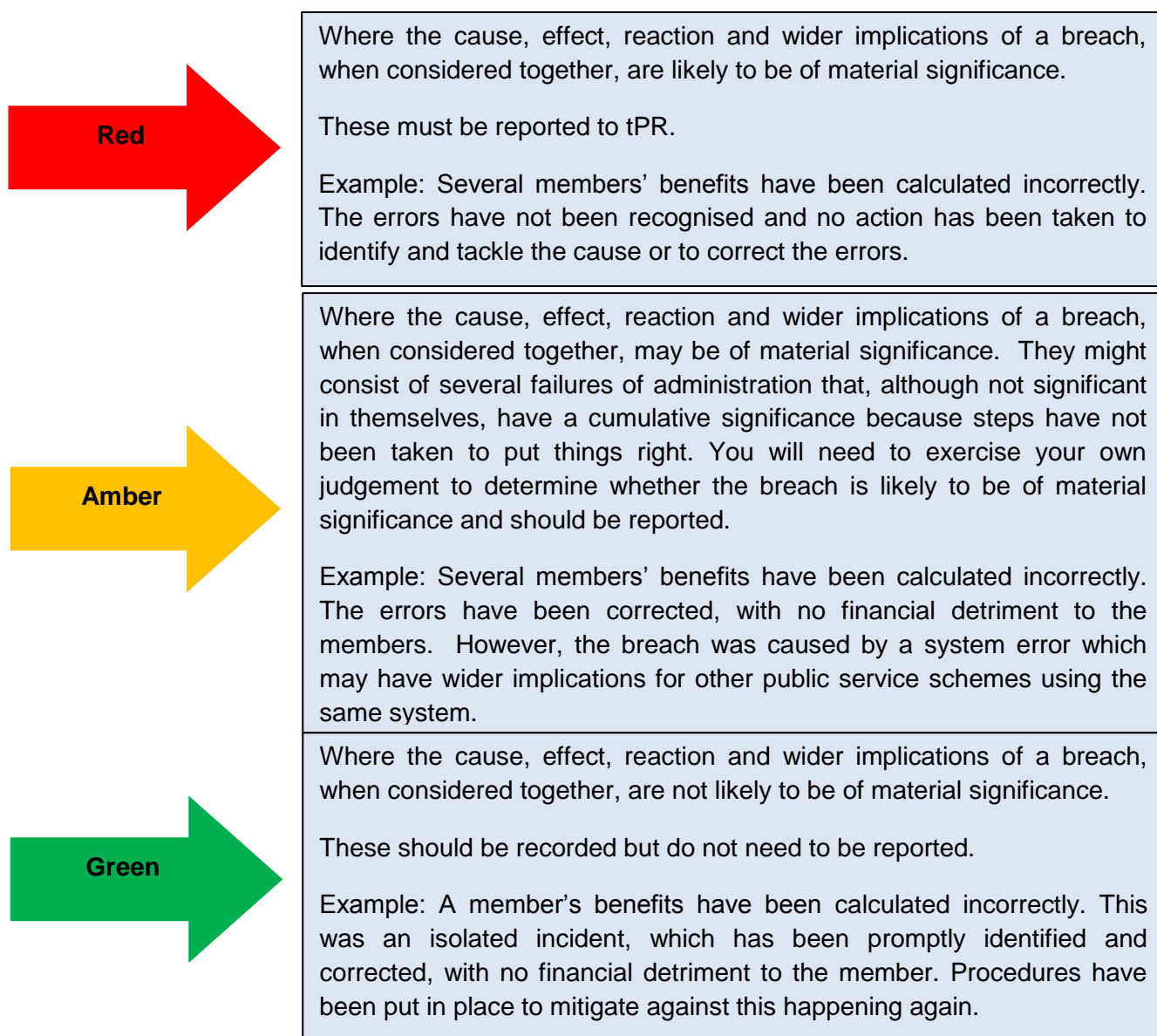
- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence
- are not pursuing corrective action to a proper conclusion, or
- fail to notify affected scheme members where it would have been appropriate to do so.

### ***The wider implications of the breach***

**Reporters** should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to tPR where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

## Appendix C - Traffic light framework for deciding whether or not to report

Kent County Council recommends those responsible for reporting to use the traffic light framework when deciding whether to report to tPR. This is illustrated below:



All breaches should be recorded even if the decision is not to report. When using the traffic light framework **reporters** should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before you consider the four together. Some useful examples of this framework is provided by tPR at the following link [http:// www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx](http://www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx)

Appendix D – Breaches Log

Reference	Date entered in Register	Title of Breach	Owner of Breach	Third Party which caused the breach (if any)	Description and cause	Possible effect and wider implications	Category of Members and Number of Members Affected	Initial (re)action	Assessment of breach (red/amber/green) Brief summary of rationale	Reported to TPR Yes / No And outcome of report	If reported Name of reportee	Further actions taken to rectify Breach	Outstanding actions (if any) & date breach closed



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**Kent Pension Fund**

**Statement of Administering Authority**  
**Discretions Policy**

Approved: December 2022

# Administering Authority statement of discretions policies

## Introduction

Kent County Council, as Administering Authority to the Kent Pension Fund, has determined its discretionary policies in accordance with the Local Government Pension Scheme Regulations 2013 (as amended), and related legislation, and these are outlined in this statement. We will apply these policies to all members of the Pension Fund, regardless of who their employer is. Where relevant, these policies equally apply to members who left pensionable service prior to 1 April 2014 (albeit only in relation to discretions exercised since the effective date of these policies), to councillor members and to pension credit members.

We updated the content of these policies in December 2022 in line with current legislation. These amended policies were approved at the Kent Pension Fund Committee meeting on 8 December 2022 and are effective from that date unless stated otherwise within this document.

We retain the right to change these policies at any time as long as we republish the amended policy at least within one month of when the change(s) we are introducing come(s) into effect.

These policies do not give, nor shall they be deemed to give, any contractual rights to any member of the Pension Fund, or to any other person whatsoever. Nothing in this document will cause the Administering Authority's capacity to exercise its discretionary powers to be unlawfully fettered or restricted in any way.

We will exercise these discretions in line with the provisions of the various LGPS Regulations and other legislation. Nothing within this statement can overwrite the legal requirements within those provisions.

We will review the policies within this statement as required in the light of future changes to the LGPS legislation or other relevant legislation. It will also be reviewed at least every three years. The next review of this statement will be done no later than December 2025.

## Administering Authority Discretions under the Local Government Pension Scheme

Ref	Regulation Reference (see key at end)	Description of Discretion	Kent Pension Fund Policy
<b>Key Strategies and Policies</b>			
1	R13 - 55	Publish a Governance Policy stating how functions are delegated and whether the Administering Authority complies with guidance given by the Secretary of State	A copy of the current Governance Policy Statement can be found on the Pension Fund's website.
2	R13 - 58	Decide on the Funding Strategy for inclusion in funding strategy statement	Agreed in co-operation with actuary and in consultation with employers. A copy of the current Funding Strategy Statement can be found on the Pension Fund's website.
3	R13 - 61	Develop a Communication Policy setting out how the Administering Authority communicates with members, representatives of members, prospective members and employing authorities and the format, frequency and method of communications	A copy of the current Communications Policy Statement can be found on the Pension Fund's website.
4	R13 – 59(1) and (2)	Decide whether to have a written Pensions Administration Strategy and, if so, the matters it should include	A copy of the current Pensions Administration Strategy can be found on the Pension Fund's website.
5	R13 – 105(2)	Whether to delegate any Administering Authority functions under the Regulations	The Administering Authority does delegate certain functions to senior officers and to the Pension Fund Committee as appropriate. Details of these are set out in the Council's Constitution and in the Governance Policy Statement.
6	R13 – 106(3)	Whether to establish a joint local pensions board (if approval has been granted by the Secretary of State)	The Administering Authority did not establish a joint pension board.
7	R13 – 106(6)	Decide procedures applicable to the local pensions board	Procedures have been decided and are detailed in the Governance Policy Statement and the Board's Terms of Reference.

Ref	Regulation Reference (see key at end)	Description of Discretion	Kent Pension Fund Policy
8	R13 – 107(1)	Decide appointment procedures, terms of appointment, and membership of the local pensions board	The appointment procedures and terms have been decided and are detailed in the Governance Policy Statement and the Board's Terms of Reference. The membership of the local pension board is set out on the County Council's website.
<b>Disputes</b>			
9	R13 – 74(1) A58 R97 - 100	Appoint a person for dealing with applications under Stage One of the dispute resolution procedures (IDRP) in relation to any disputes relating to the role as Administering Authority (includes in relation to councillor members)	The Assistant Director (Finance, Administration and Governance) West Yorkshire Pension Fund will act as the Stage One IDRP adjudicator for Administering Authority disputes.
10	R13 – 76(4) A60(8) R97 - 99	Decide the procedure to be followed by the Administering Authority when exercising its Stage Two IDRP functions (includes in relation to councillor members)	Stage 2 determinations are dealt with by the Head of Pensions and Treasury, after obtaining relevant advice and guidance.
11	R13 – 79(2) A63(2) R97 – 105(1)	Whether Administering Authority should appeal to the Secretary of State against an employer decision (or lack of a decision) (includes in relation to councillor members).	The Fund will appeal to the Secretary of State when there is sufficient evidence that an employer has made a decision or committed an act (or failed to act) that is both wrong in law and material, where we have been unable to persuade the employer to alter its actions (or inactions). Such matters will be decided by the Head of Pensions and Treasury.
<b>Admission Agreements and Employer Management</b>			
12	R13 – 3(5) and Sch 2, Part 3, Para 1	Whether to agree to an admission agreement with an external employer.	Agreement to admission as a scheme employer for an admission body will be decided by the Pension Fund Committee, after obtaining any relevant advice and guidance.
13	R13 – Sch2, Part 3, Para 14	Whether to backdate the effective date of an admission agreement with an external employer.	This will be decided by the Head of Pensions and Treasury, after obtaining any relevant advice and guidance.
14	R13 – 4(2)(b)	Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission	This will be decided by the Pension Fund Committee, after obtaining any relevant advice and guidance.



Ref	Regulation Reference (see key at end)	Description of Discretion	Kent Pension Fund Policy
15	<b>R13 – Sch 2, Part 3, para 9(d)</b>	<p>Whether to terminate a transferee admission agreement in the event of</p> <ul style="list-style-type: none"> <li>• insolvency, winding up or liquidation of the body</li> <li>• breach by that body of its obligations under the admission agreement</li> <li>• failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so</li> </ul>	<p>This will be decided by the Head of Pensions and Treasury, after obtaining any relevant advice and guidance.</p>
16	<b>R13 – Sch 2, Part 3, para 12(a)</b>	<p>Employees of a contractor are only entitled to remain in the LGPS whilst they continue to be "employed in connection with" the original services that were transferred. This expression should be defined by the Administering Authority.</p>	<p>This is defined as meaning an employee will be expected to work at least 75% of their time on the services covered by the contract to remain in the LGPS.</p>
17	<b>R13 - 54(1)</b>	<p>Whether to set up a separate admission agreement fund</p>	<p>The Administering Authority does not operate a separate admission agreement fund.</p>
18	<b>R13 – 64(2A)</b>	<p>Whether to suspend, for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.</p>	<p>This will be decided by the Head of Pensions and Treasury, taking into consideration the advice of the Fund Actuary.</p>
19	<b>R13 – 64 (2ZAB)</b>	<p>To determine the amount of any exit credit that may be payable to an exiting employer, taking into account the factors set out in the regulations</p>	<p>This will be decided by the Head of Pensions and Treasury, taking into consideration the advice of the Fund Actuary – please see the Funding Strategy Statement and the Separate Exit Credit policy for more detail.</p>
20	<b>R13 – 64(2ZA)</b>	<p>Whether to agree to pay an exit credit which is payable to an exiting employer, beyond six months of the date on which that employer ceases to be a Scheme employer. This would be an extension of the usual timescale and would only be permitted if agreement is also received from the exiting employer.</p>	<p>This will be decided by the Head of Pensions and Treasury and the exiting employer.</p>

Ref	Regulation Reference (see key at end)	Description of Discretion	Kent Pension Fund Policy
21	R13 – 64(4)	Whether to obtain a revision of the rates and adjustments certificate if there are circumstances that make it likely that a Scheme Employer will become an exiting employer.	This will be decided by the Head of Pensions and Treasury – please see the Funding Strategy Statement for more detail.
22	R13 – 68(2) TP14 – Sch 2, Para 2(3) R97 – 80(5)	Whether to require any strain on Fund costs to be paid “up front” by an employer following redundancy / business efficiency retirement, flexible retirement, or the waiver (in whole or in part) of any actuarial reduction on voluntary or flexible retirement.	Employers are invoiced upfront for all strain costs, upon crystallisation of the benefits, except in certain circumstances as set out in the Funding Strategy Statement where payment over 3 years is permitted.
23	R13 – 80(1)(b) TP14 – 22(1) A64(1)(b)	What information should be supplied by employers to enable Administering Authority to discharge its functions	Details are available in the Pension Administration Strategy, which can be found on the Pension Fund's website.
24	R13 – 69(1)	Decide frequency of payment of contributions to the Fund by employers and whether to make an administration charge for late receipt.	Details are available in the Pension Administration Strategy, which can be found on the Pension Fund's website.
25	R13 – 69(4)	Decide the format and frequency of information from employers to accompany payments of contributions to the Fund	Details are available in the Pension Administration Strategy, which can be found on the Pension Fund's website.
26	R13 – 70 TP14 – 22(2)	Whether to issue an employer with a notice to recover additional costs incurred as a result of the employer’s level of performance	Details are available in the Pension Administration Strategy, which can be found on the Pension Fund's website.
27	R13 – 71(1)	Whether to charge interest on overdue payments by employers	Interest may be charged on any amount overdue by more than one month at one percentage point above base rate on a day-to-day basis from the due date to the date of payment and compounded with three-monthly rests.
28	R13 – 36(3) A56(2) R97 – 97(10)	The Administering Authority is required to approve medical advisors used by employers (for the determination of ill health benefits) (including in relation to councillor members).	Independent Registered Medical Practitioners used by employers will be accepted as long as the appropriate declaration is signed on the ill-health retirement certificate.

Ref	Regulation Reference (see key at end)	Description of Discretion	Kent Pension Fund Policy
<b>Payments relating to Death</b>			
29	R13 – 82(2) A52(2) R97 - 95	A death grant due to a scheme member's estate can be paid to the personal representative(s), or anyone appearing to be, without the need for grant of probate / letters of administration if the death grant is less than the amount specified in any order under Section 6 of the Administration of the Estates (Small Payments) Act 1965 (£5,000 at the time of the making of this policy). This also relates to councillor members.	Having obtained details of relevant documentation, potential beneficiaries and circumstances, the Pensions Administration Manager will determine on behalf of the fund and at the Fund's absolute discretion, to whom payment of the death grant is to be made.  The Fund will not normally insist on production of grant of probate / letters of administration where the sum due is less than £5,000 and will usually make payment on completion of an indemnity form, subject to circumstances.
30	R13 – 17(12), 40(2), 43(2) & 46(2) TP14 – 17(5) to (8) B23(2), 32(2) & 35(2) T08Sch1 R97 - 38(1) & 155(4) R95 - E8	The Administering Authority may, at its absolute discretion, pay any death grant due (including AVCs, SCAVCs and life assurance relating to AVCs) to or for the benefit of the member's nominee, personal representatives or any person appearing to the authority to have been a relative or dependent of the member. This also relates to councillor members.	Having obtained details of relevant documentation, potential beneficiaries and circumstances, the Pensions Administration Manager will determine on behalf of the fund and at the Fund's absolute discretion, to whom payment of the death grant is to be made.
31	R13 – Sch 1 TP14 – 17(9)(b) B25	The Administering Authority must decide the evidence required to determine financial dependence of a cohabiting partner on a scheme member or financial interdependence between the cohabiting partner and the scheme member.	The appropriate parties will be provided with the details of the evidence required to determine financial dependence or interdependence. Where required, the final decision will be made by the Pensions Administration Manager.
32	TP14 – 3(6), 4(6)(c), 8(4), 10(2)(a), 17(2)(b) B10(2)	Where a member to whom regulation B10 applies (use of average of three years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member.	The Administering Authority, where it has been made aware that regulation B10 applies, would make the election on behalf of the member to ensure that the highest benefits are paid.

Ref	Regulation Reference (see key at end)	Description of Discretion	Kent Pension Fund Policy
33	TP14 – 3(6), 4(6)(c), 8(4), 10(2)(a) & 17(2)(b) T08 - Sch 1 R97 - 23(9)	Whether to make an election on behalf of a deceased member who had a certificate of protection of pension benefits so their benefits may be calculated using the best pay figure.	The Administering Authority, where it has been made aware that a certificate of protection applies, would make the election on behalf of the member to ensure that the highest benefits are paid.
34	R13 – Sch 1 "Eligible Child" TP17(9)	Whether to treat a child as being in continuous education or vocational training, despite a break (including a child of a councillor member) so that the child's pension resumes after the break.	The Fund will cease the pension upon the child initially ceasing education. Upon the child returning to education following a break and after the Fund having obtained details of the relevant circumstances, the Pensions Administration Manager will subsequently determine on behalf of the Fund, whether to re-instate the child's pension.
35	R97 - 47(1) R95 – G11(1)	How to apportion children's pension amongst eligible children (applies to children of leavers between 1 <sup>st</sup> April 1998 and 31 <sup>st</sup> March 2008 and children of councillor members)	Where there is more than one eligible child, the Fund will normally divide the child's pension equally between the eligible children, with delegated authority given to the Pensions Administration Manager to determine what is appropriate.
36	B27(5) R97 – 47(2) R95 – G11(2)	Whether to pay the whole or part of a child's pension to another person for the benefit of the child (includes children of councillor members). This applies to pre-1st April 2014 leavers only.	Where a child is below the age of 18, we will normally pay his/her pension to the person who has the care of the child, to be applied for the benefit of that child. This will be decided on a case-by-case basis by the Pensions Administration Manager.
37	R95 - F7	Whether to suspend spouses' pensions during remarriage or cohabitation.	The Fund will not suspend survivor's pensions during any period of remarriage or cohabitation.
<b><i>Transferring or Linking Benefits</i></b>			
38	R13 – 98(1)(b)	Whether to agree to the payment of a bulk transfer	Bulk transfer terms will be negotiated and agreed on a case-by-case basis in consultation with the Fund Actuary and the Scheme employer.

Ref	Regulation Reference (see key at end)	Description of Discretion	Kent Pension Fund Policy
39	R13 – 100(6)	The Administering Authority (with the agreement of the employer) may extend the 12-month time limit for a scheme member to elect to transfer in benefits from a non-local government pension scheme or personal pension plan.	The employer can extend with the agreement of the Administering Authority providing this is not of financial detriment to the Fund or employer. The Administering Authority decision will be made by the Head of Pensions and Treasury.
40	R13 – 100(7)	Whether to allow transfers of pension rights into the Fund	The Fund will allow transfers in within 12 months from the date of joining the fund unless maladministration has occurred when consideration will be given to extending that time period (see above).
41	TP14 – 15(1)(d) & A28(2)	Whether to charge a scheme member for the provision of an estimate of the additional pension that would be provided in the Fund in return for a transfer in of in house AVC/SCAVC funds (only applies where the arrangement was entered into before 1 <sup>st</sup> April 2014)	Scheme members may request one quote per financial year that is provided free of charge. In the exceptional case that a further quote is requested by the same member, we reserve the right to impose an administration charge on the scheme member. The decision as to whether to impose a charge will be made on a case-by-case basis by the Pensions Administration Manager.
42	TP14 – 10(9)	Where a deferred member also has ongoing multiple concurrent employments, the member may be able to choose which employment the deferred benefits are aggregated with. We can decide this where the member does not make their own election within 12 months.	Where the member does not make a decision, the Fund will aggregate benefits in the way that appears most beneficial to the member, which is usually aggregating to the highest paid post or main employment.
43	R97 - 118	Whether the Fund will retain the Contributions Equivalent Premium (CEP) where a scheme member transfers out to a contracted in pension scheme (for councillor members and pre-1.4.08. leavers)	The Fund will retain the CEP in these circumstances.
<b>Other Miscellaneous Discretions</b>			
44	R97 – 106A (5)	The date to which benefits shown on deferred Annual Benefit Statements are calculated	All annual benefit statements will be calculated as at 31st March preceding their distribution.

Ref	Regulation Reference (see key at end)	Description of Discretion	Kent Pension Fund Policy
45	TP14 – 3(13) A70(1) & A71(4(c)) T08 – 12 R97 – 109 & 110(4)(b)	Abatement of pensions on re-employment (applies to pre-1 April 2014 retirees only including councillor members)	The Fund will not abate pensions on re-employment.
46	R13 – 22(3)(c)	The pension account may be kept in such form as is considered appropriate	Pension accounts will be kept in the format specified by the Fund’s pensions administration software provider.
47	R13 – 83 A52A	An Administering Authority may determine how and to whom benefits may be paid if the recipient is incapable of managing their affairs by reason of mental disorder or otherwise	In these circumstances we may decide to pay some or all of the benefit to someone else to be applied for the benefit of the scheme member. The Pensions Administration Manager will decide these matters on a case-by-case basis.
48	R13 – 16(1)	Whether to turn down a request to pay an APC/SCAPC by regular contributions over a period of time where it would be impractical to allow such a request, for example, due to the pension being bought resulting in very small payments	We will not normally decline a request unless an employer asks us to and, if an employer does so, the Pensions Administration Manager will decide whether to decline the request.
49	R13 – 16(10)	Whether to require a satisfactory medical before agreeing to an application to pay an APC or SCAPC, and whether to turn down the application if not satisfied that the member is in reasonably good health.	Any scheme member wishing to purchase additional pension via an APC/SCAPC by paying regular contributions will be required to undergo a medical examination.
50	R13 – 32(7)	A scheme member wishing to receive benefits other than at normal pension age, or on flexible retirement, must elect to do so within certain time limits. The Administering Authority may extend these time limits.	The Administering Authority will extend these time limits.
51	TP14 – 15(1)(c) T08 - Sch1 & R97 - 83(5)	Whether to extend the time period for a scheme member electing to capitalise remaining contributions to an added years contract in cases of redundancy	We expect any elections to be made within the time limits in the regulations. However, the time limit may be extended by the Pensions Administration Manager depending on the circumstances of the case.

Ref	Regulation Reference (see key at end)	Description of Discretion	Kent Pension Fund Policy
52	R13 – 34(1) B39 T08 - 14(3) R97 – 49 & 156	The Administering Authority may commute small pensions into a lump sum where they are below nationally prescribed limits.	The Administering Authority will not commute small pensions into a lump sum.
53	R13 – 49(1)(c) B42(1)(c)	Decide, in the absence of an election from the scheme member, which benefit is to be paid where the member would be entitled to a benefit under two or more regulations in respect of the same period of Scheme membership	These will be decided on a case-by-case basis by the Pensions Administration Manager and the decision will usually be to award the highest benefit.
54	R97 - 147	Whether to permit a Pension Credit to remain in the Fund or require a transfer out	Pension Credit benefits will remain in the Fund unless an election to transfer-out is received from the Pension Credit member.
55	R97 - 50 and 157	Whether to commute benefits due to exceptional ill-health (applies to councillor members and pre-1st April 2008 leavers only)	The Fund will provide a member with the option to commute to a lump sum payment in lieu of a pension where evidence of exceptional ill-health is received, and the Fund has been informed by the employer that the member has been made aware of the exceptional ill- health criteria.
56	R97 - 91(6)	The Administering Authority may determine the timing of pension increase payments by employers to Fund (applies to pre-1st April 2008 leavers only)	Pension increase payments made on behalf of the employers will be recharged on a quarterly basis.
<b><i>Discretions relating to employers which no longer exist</i></b>			
57	R13 – 38(3) & 38(6) B31(4) and 31(7)	A former employer must decide whether a deferred member meets the criteria for permanent ill health. This also applies to a scheme member who was formerly in receipt of Tier 3 ill-health benefits. The Administering Authority may decide this if that employer no longer exists.	The Administering Authority will make a decision based on the medical evidence. The decision will be made by the Head of Pensions and Treasury.

Ref	Regulation Reference (see key at end)	Description of Discretion	Kent Pension Fund Policy
58	<b>TP14 – Sch 2, Paras 1(2) and 2(2)</b>	An employer can choose to allow rule of 85 protections to apply to a scheme member’s benefits on voluntary retirement. In doing this some or all of the early retirement reduction would not apply. This provision can only apply to scheme members who have reached age 55. The Administering Authority may decide this if that employer no longer exists.	The Fund will not normally allow the rule of 85 protections to apply on voluntary retirement. The Head of Pensions and Treasury will decide these matters on a case-by-case basis.
59	<b>TP14 – 3(1), Sch 2, Paras 2(1) and 2(2) B30(5) and 30A (5)</b>	An employer can choose whether to waive on compassionate grounds any reduction to benefits that might otherwise apply. This can also apply to former Tier 3 Ill-Health members. The Administering Authority may decide this if that employer no longer exists.	Where the employer no longer exists, the decision whether to waive actuarial reductions on compassionate grounds will be made by the Head of Pensions and Treasury and each case will be considered on its merits.
60	<b>R13 – 30(8)</b>	An employer can choose to waive, in whole or in part, any reduction that might otherwise apply to that scheme member’s benefits on flexible retirement. The Administering Authority may decide this if that employer no longer exists.	The Fund will not normally waive any actuarial reductions in flexible retirement cases. The Head of Pensions and Treasury will decide these matters on a case-by-case basis.
61	<b>R13 – 30(8)</b>	An employer can choose to waive, in whole or in part, any early retirement reduction that might otherwise apply to a scheme member’s benefits on voluntary retirement. These provisions only apply to scheme members who have reached age 55. The Administering Authority may decide this if that employer no longer exists.	The Fund will not normally waive any actuarial reductions in retirement cases. The Head of Pensions and Treasury will decide these matters on a case-by-case basis.



## Discretions under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended)

Ref	Regulation Reference	Description of Discretion	Kent Pension Fund Policy
62	31(2)	Where an employer terminates employment early, the Administering Authority may agree to pay compensation on behalf of employer from the Fund and recharge payments to employer	The Administering Authority will pay compensation on behalf of the employer from the Fund and recharge payments to the employer.

### \*Key to Regulation References:

- R13 – The Local Government Pension Scheme Regulations 2013
- TP14 – The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
- A – The Local Government Pension Scheme (Administration) Regulations 2008
- B – The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- T08 – The Local Government Pension Scheme (Transitional Provisions) Regulations 2008
- R97 – The Local Government Pension Scheme Regulations 1997
- R95 - The Local Government Pension Scheme Regulations 1995

\*Note that references to old provisions (e.g., R97) generally apply in relation to scheme members who left under those provisions.

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# **Policy for Abatement of Retirement Pension in New Employment for the Kent Pension Fund**

**December 2022**

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## Introduction

This document outlines the position on the abatement of pensions adopted by the Kent Pension Fund (the Fund).

If you built up any pension in the Local Government Pension Scheme (LGPS) before 1 April 2014, take payment of your pension and then return to work in local government, or with an employer who offers membership of the LGPS, you must tell the LGPS fund that pays your pension about your new job. This is regardless of whether or not you join the LGPS in your new job. The LGPS fund that pays your pension will then let you know whether your pension in payment is affected in any way.

The Kent Pension Fund has resolved, that if a member has a pension with us, **the pension will not be subject to reduction or suspension** should they start a new period of employment with an LGPS eligible employer.

The only exception will be if you are in receipt of a tier 3 ill health pension benefit, which will be stopped if you take up "gainful" employment<sup>1</sup>; so, your pension may be affected if you return to work in this situation.

## Regulatory Basis

Where a Scheme Member is in receipt of a pension in respect of previous membership of the LGPS, that pension may be subject to reduction or suspension where the Member enters a new employment with any Scheme Employer and is eligible to join the LGPS in that employment. A full definition of effected employments is described in Schedule 2 The Local Government Pension Scheme (Administration) Regulations 2008.

The Administering Authority is required to have, and regularly review, a policy on abatements. The relevant requirements can be found in Reg. 70 The Local Government Pension Scheme (Administration) Regulations 2008.

It is for the Administering Authority to decide its policy on abatements.

## Policy Decision

In formulating this policy, the Administering Authority has had regard to:

- The level of potential financial gain<sup>2</sup> at which it wishes abatement to apply;

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<sup>1</sup> Gainful employment is defined in the scheme rules as any type of paid work, for at least 30 hours a week over a period of at least 12 months

<sup>2</sup> This is a reference to the financial gain which it appears to the Administering Authority may be obtained by a member as a result of their entitlement both to a pension and to pay under any new Local Government employment

- The administrative costs which are likely to be incurred as a result of abatement in the different circumstances in which it may occur;
- The extent to which a policy not to apply abatement could lead to a serious loss of confidence in the public service;
- The changing pensions landscape and approach taken by other scheme's and funds to ensure fairness and consistency for members
- The impact of our employers recruitment policies and needs.

## What this policy means for members

Previously when a member of the Fund had already started to claim their pension but started a new period of employment, where they were eligible to join the LGPS, the amount of pension paid was subject to a possible reduction or suspension if they breached their re-employed earnings limit.

This review will no longer happen, and the pension amount paid will not be reduced or suspended. Members with an abated pension will be put back in the position they would have been in as if their pension had not been reduced from April 2021. If this applies to you, please contact the Pensions team.

Ill Health tier 3 members should continue to inform us of changes to their employment status to ensure our records are correct going forward. The Fund will let you know whether your pension payments should stop in this case.

From:	Chairman Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 24 November 2022
Subject:	Fund Position September 2022
Classification:	Unrestricted

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**Summary:**

To provide a summary of the Fund's asset allocation and performance.

**Recommendation:**

The Board to note the Fund's asset allocation and performance as of 30 September 2022

**FOR INFORMATION**

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**1. Introduction**

- 1.1 This report provides an update on the Fund's asset allocation and performance.
- 1.2 A copy of the Fund Position Statement is at Appendix 1

**2. Fund value and asset allocation**

- 2.1 As of 30 September 2022, the Fund's value was £7.64bn, an increase of £68m over the quarter.
- 2.2 All asset classes remain within their target allocation ranges and therefore no rebalancing is required.

**3. Investment performance quarter to 30 September 2022**

- 3.1 As central banks continued to raise interest rates and tighten monetary policy to fight rising inflation, the fear of recession put pressure on all asset classes and increased volatility. Towards the end of the quarter, news of significant changes to the UK's fiscal plans under the Truss government caused volatility to increase further, with sterling depreciating and gilt yields rising sharply. Certain, largely corporate, pension schemes operating Liability Driven Investment (LDI) programmes, began to liquidate their gilt holdings to meet collateral calls which exacerbated the sell-off in gilts. The Bank of England decided to intervene in the gilt market to prevent a feedback loop from becoming embedded, and ultimately managed to stabilise gilt prices.

- 3.2 Whilst local currency returns in most asset classes were negative, for UK investors, the fall in the GBP against the USD partially – and in some cases entirely - offset some of the negative returns. Whereas the MSCI All Companies World Index (ACWI) index returned -6.8% in USD, its returns were +1.5% when translated into GBP. UK equities saw a fall of -3.9%. The prominence of energy and financials stocks as well as global nature of revenue of multinationals in the UK index cushioned the fall in the UK index.
- 3.3 Rising interest rates also had a negative impact on property which recorded a -4.1% return for the quarter.
- 3.4 Among the Fund's liquid asset class mandates (UK equity, global equity, fixed income and absolute return), most appointed managers (with the exception of Baillie Gifford and Ruffer) underperformed against their benchmarks over the quarter. However, the Fund continued to benefit from the equity protection programme in place against its global equities' exposure, which added £137m to the Fund. As a result, the overall Fund generated a small positive return of 0.85% over the quarter, which compares favourably to the benchmark (-0.52%).
- 3.5 Among the illiquid asset classes, private equity and Infrastructure returns continued to be strong due to the lagged timing of valuations. However, the impact of the economic slowdown is expected to flow through eventually to be reflected in coming quarters.
- 3.6 Rising interest rates and the slowing down of the economy also had a negative impact on UK property, with the benchmark IPD UK Property Fund Index recording a -4.1% return for the quarter. The Pension Fund's investments performed relatively well against the index: DTZ, Fidelity and Aegon (Kames) each outperformed the index (albeit still returning negatively) whilst the M&G UK Residential Fund gained 1.7%.

#### **4. Longer term performance**

- 4.1 For the year ended September 2022, the Fund achieved a return of -2.60% against a benchmark return of 0.95%, an underperformance of 3.55%. The Fund is heavily weighted towards equities and bonds, both of which came under a lot of pressure in the 12 months as central banks raised interest rates to combat inflation aggravated by continued pandemic supply chain disruption as well as geopolitical events, most notably the Ukraine conflict.
- 4.2 Equity and fixed income managers have had mixed performance against their individual benchmarks over the period. The largest negative contribution came from growth manager Baillie Gifford, who returned -36.6% over the 12 months to 30 September. Conversely, the M&G Global Dividend Fund and the Schroders Global Active Value Fund added value over the year, a period in which cyclical/value strategies have benefitted from the emergence from pandemic induced lockdowns. Property assets have also recorded strong growth recovering from post covid lockdown.
- 4.3 The Fund operates a diversified asset allocation, across a range of asset classes and styles, together with an equity protection programme, in order to manage risk and meet its investment objectives.



4.4 Over three years, the Fund has outperformed with a return of 5.90% per annum compared to the benchmark return of 4.75% p.a.

## **5. Outlook**

5.1 The investment outlook remains challenging. Although there has been a significant repricing of financial assets during the year to date, a slowing global economy will limit corporate earnings growth, and further rises in interest rates to battle inflation will continue to weigh on returns, generally. The Fund aims to limit volatility by diversifying sources of return within the portfolio. The Fund will be reviewing its investment strategy over the winter to take advantage of the revised valuation results.

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**November 2022**

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**FUND POSITION STATEMENT**

**Summary of Fund Asset Allocation and Performance**

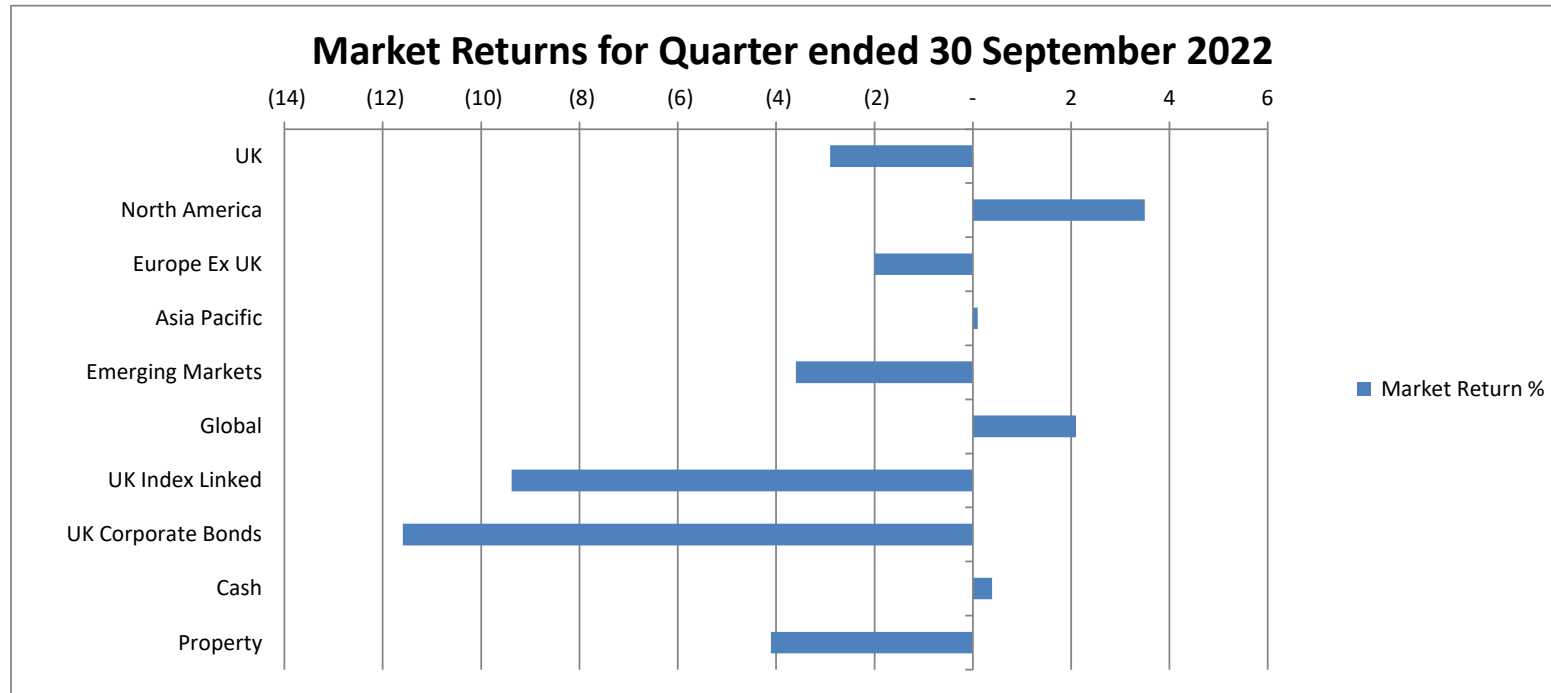
**Pension Fund Committee**

**By: Chairman Pension Fund Committee**  
Corporate Director of Finance

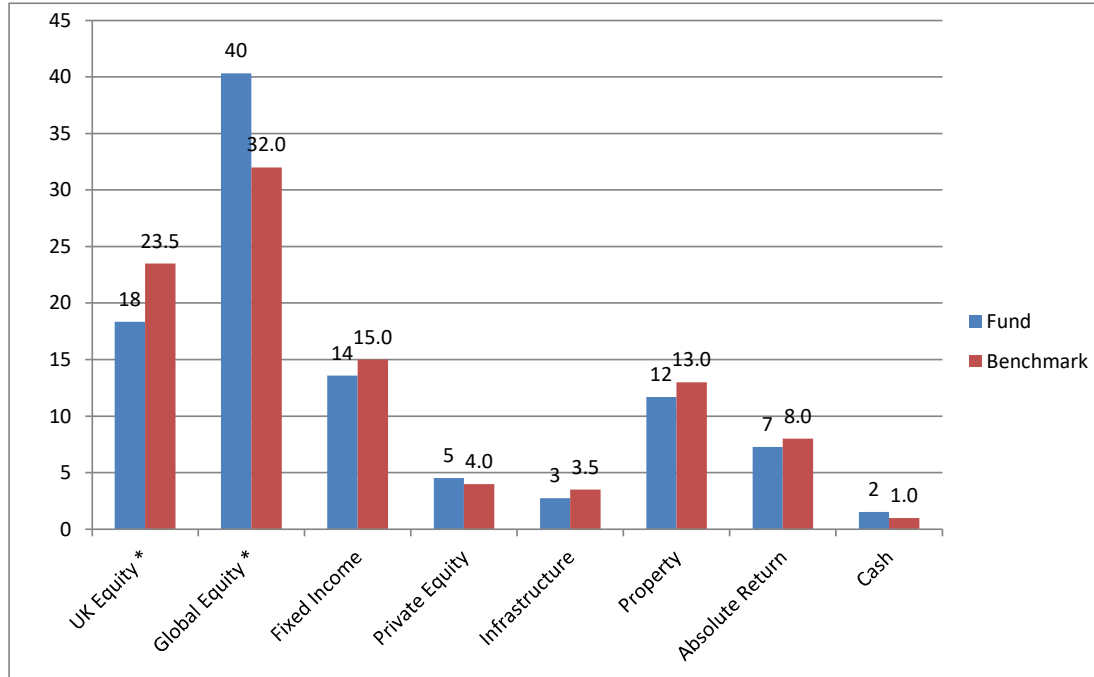


Kent Pension Fund  
Q2 2022-23  
Katherine Gray- Principal Accountant

## Market Returns for Quarter ended 30 September 2022



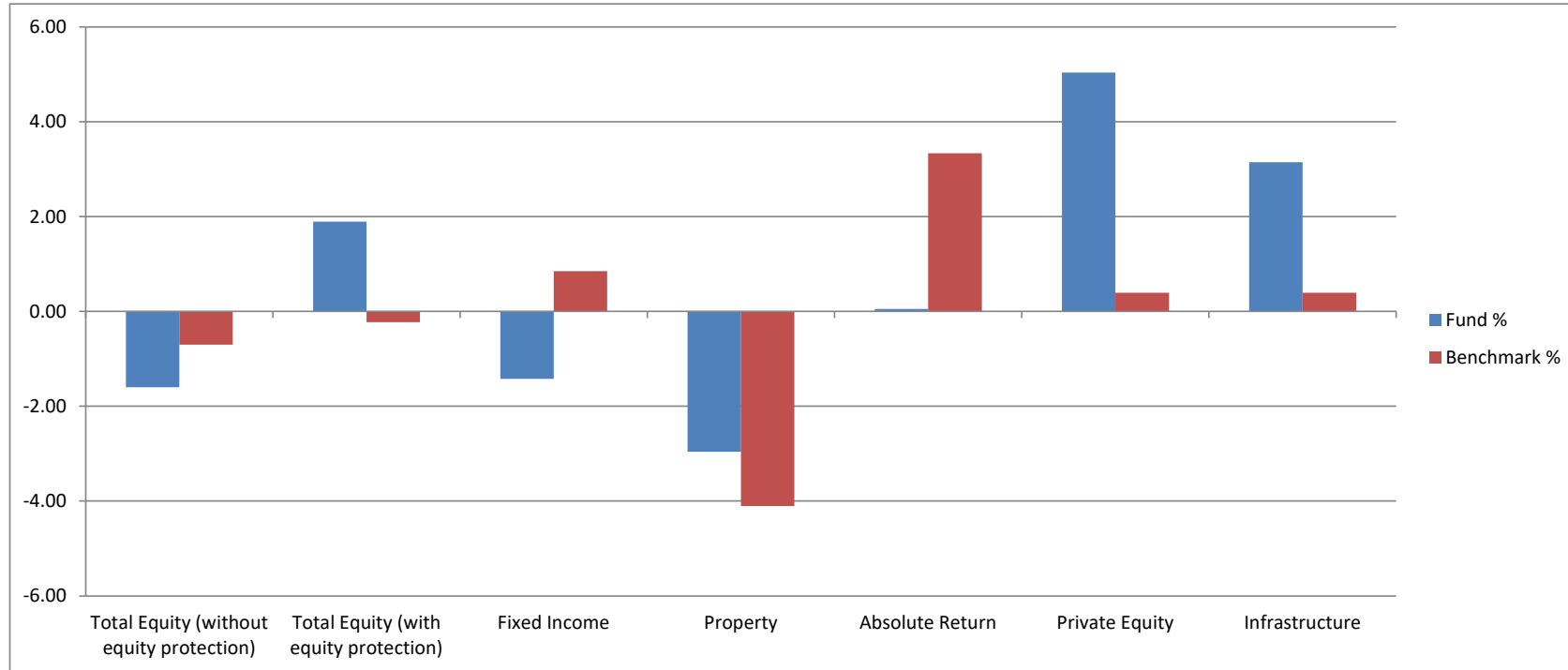
## Fund Asset Allocation vs Benchmark as at 30 September 2022



Asset Class	Fund		Benchmark	Over / (under) weight
	£m	%	%	%
UK Equity *	1,402	18.3	23.5	-5.2
Global Equity *	3,082	40.3	32	8.3
Fixed Income	1,037	13.6	15	-1.4
Private Equity	346	4.5	4	0.5
Infrastructure	209	2.7	3.5	-0.8
Property	893	11.7	13	-1.3
Absolute Return	557	7.3	8	-0.7
Cash	117	1.5	1	0.5
<b>Total</b>	<b>7,643</b>	<b>100</b>	<b>100</b>	

\* Synthetic equity exposure with Insight is included in UK and Global Equities

## Fund Asset Class Performance for Quarter ending 30 September 2022



Asset Class	Fund %	Benchmark %	Outperformance %
Total Equity (without equity protection)	-1.60	-0.70	-0.90
Total Equity (with equity protection)	1.89	-0.23	2.12
Fixed Income	-1.43	0.85	-2.27
Property	-2.96	-4.10	1.14
Absolute Return	0.05	3.33	-3.28
Private Equity	5.03	0.39	4.64
Infrastructure	3.15	0.39	2.75

## Market Value Summary by Fund Manager as at 30 September 2022

Fund Manager	Asset Class	Market Value as at 30 June 2022 (£m)	Market Value as at 30 September 2022 (£m)	Change in Market Value (£m)	% of Total Fund 30 September 2022
Insight	Equity Protection Program	1,057	1,194	137	15.6%
Schroders - LF ACCESS UK Equity Fund	UK Equity	1,095	1,042	-53	13.6%
Baillie Gifford - LF ACCESS Global Equity Core Fund	Global Equity	951	971	20	12.7%
DTZ	Direct Property	590	566	-24	7.4%
M&G - LF ACCESS Global Dividend Fund	Global Equity	489	475	-15	6.2%
Schroders GAV - LF ACCESS Global Active Value Fund	Global Equity	385	383	-2	5.0%
Pyrford	Absolute Return	373	365	-8	4.8%
Goldman Sachs	Fixed Interest	375	362	-13	4.7%
Sarasin	Global Equity	349	347	-2	4.5%
Harbourvest	Private Equity	262	282	20	3.7%
Schroders	Fixed Interest	238	237	0	3.1%
M&G Alpha Opportunities	Fixed Interest	230	231	1	3.0%
CQS	Fixed Interest	219	216	-3	2.8%
Partners	Infrastructure	192	209	17	2.7%
Ruffer - LF ACCESS Absolute Return Fund	Absolute Return	183	192	9	2.5%
Fidelity	Pooled Property	174	168	-5	2.2%
M&G Residential Property	Pooled Property	69	70	1	0.9%
Impax Environmental Markets	Global Equity	68	68	0	0.9%
YFM	Private Equity	57	64	6	0.8%
DTZ Pooled Funds	Pooled Property	52	48	-4	0.6%
Aegon (Kames)	Pooled Property	42	40	-3	0.5%
Woodford	UK Equity	7	5	-2	0.1%
Internally managed cash	Cash	117	107	-10	1.4%
<b>Total Kent Fund</b>		<b>7,575</b>	<b>7,643</b>	<b>68</b>	<b>100.0%</b>

**Total investments in ACCESS pooled funds**

**3,103**

**3,062**

**Percentage of the total Fund**

**41%**

**40%**

## Performance Returns as at 30 September 2022

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
<b>Total Fund *</b>	0.85	-0.52	-2.60	0.95	5.90	4.76
<b>UK Equity</b>						
Schroders - LF ACCESS UK Equity Fund	-4.87	-3.86	-4.64	-2.54	1.17	0.43
Woodford	-26.73	-3.45	-35.84	-4.00	-31.89	0.80
<b>Global Equity</b>						
Baillie Gifford - LF ACCESS Global Equity Core Fund	2.13	-0.36	-36.60	-7.30	4.35	4.49
Sarasin	-0.51	1.37	-8.46	-4.17	7.06	7.22
Schroders - LF ACCESS Global Active Value Fund	-0.60	1.37	1.87	-4.17	7.48	7.22
Impax	0.18	1.37	-14.33	-4.17	9.47	7.22
M&G - LF ACCESS Global Dividend Fund	-2.98	1.37	-1.19	-4.17	8.31	7.22
<b>Fixed Interest</b>						
Goldman Sachs	-3.50	0.86	-14.42	3.50	-3.28	3.50
Schroders Fixed Interest	-0.20	0.20	-6.04	0.49	-1.58	0.46
CQS	-1.28	1.18	-10.18	4.49	--	--
M&G Alpha Opportunities	0.55	1.18	-4.16	4.49	--	--
<b>Property</b>						
DTZ	-3.60	-4.10	11.42	13.05	8.57	7.76
Fidelity	-3.10	-4.10	12.69	13.05	8.37	7.76
Aegon (Kames)	-0.39	-4.10	14.66	13.05	5.05	7.76
M&G Property	1.74	-4.10	6.55	13.05	2.57	7.76
<b>Private Equity</b>						
Harbourvest	4.14	0.39	32.97	0.69	30.95	0.28
YFM	9.13	0.39	26.25	0.69	25.66	0.28
<b>Infrastructure</b>						
Partners	3.15	0.39	12.17	0.69	-0.51	0.28
<b>Absolute Return</b>						
Pyrford	-2.22	3.33	-0.13	17.69	1.84	11.14
Ruffer - LF ACCESS Absolute Return Fund	4.69	3.33	5.36	17.69	9.80	11.14

\* The total fund return includes the impact of the equity protection program, a separate report detailing the performance of the program is provided as a separate report



## Fund Manager Benchmarks and Performance Targets

Asset Class / Manager	Performance Benchmark	Performance Target
<b>UK Equities:</b>		
Schroders - LF ACCESS UK Equity Fund	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
<b>Global Equities:</b>		
Baillie Gifford - LF ACCESS Global Equity Core Fund	Customised	+1.5% pa over rolling 3 years
Sarasin	MSCI AC World Index NDR	+2.5% over rolling 3 - 5 years
M&G - LF ACCESS Global Dividend Fund	MSCI AC World Index GDR	+3% pa
Schroders - LF ACCESS Global Active Value Fund	MSCI AC World Index NDR	+3% - 4% pa over rolling 3 years
Impax	MSCI AC World Index NDR	+2% pa over rolling 3 years
<b>Fixed Income:</b>		
Schroders Fixed Interest	ICE BofA Sterling 3 month Gov Bill Index	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
CQS	ICE BofA Sterling 3 month Gov Bill Index + 4%	
M&G Alpha Opportunities	ICE BofA Sterling 3 month Gov Bill Index + 4%	
<b>Property:</b>		
DTZ	IPD Pension Fund Index	≥ 3 year rolling average of benchmark returns
Fidelity	IPD UK PF Property Fund Index	
Aegon (Kames)	IPD UK PF Property Fund Index	
M&G Property	IPD UK PF Property Fund Index	
<b>Alternatives: (Cash / Other Assets)</b>		
Private Equity – YFM	SONIA	
Private Equity – HarbourVest	SONIA	
Infrastructure – Partners Group	SONIA	
Absolute Return – Pyrford	Retail Price Index (RPI)	RPI + 5%
Ruffer - LF ACCESS Absolute Return Fund	Retail Price Index (RPI)	
Internally managed cash – KCC Treasury and Investments team	SONIA	

## Fund Structure as at 30 September 2022

UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
Schroders +1.5% £1,042 m	Baillie Gifford +1.5% £971 m	Goldman Sachs +6.0% Abs. £362 m	DTZ Property £615 m	Internally managed Cash £107 m
Woodford £5 m	M&G +3.0% £475 m	Schroders +4.0% £237 m	Fidelity Property £168 m	Partners Infrastructure £209 m
	Schroders +3.0% - +4% £383 m	CQS £216 m	Aegon(Kames) Property £40 m	YFM Private Equity £64 m
	Impax +2.0% £68 m	M&G Alpha Opps £231 m	M&G Property £70 m	HarbourVest Private Equity £282 m
	Sarasin +2.5% £347 m			Pyrford Abs. Return RPI + 5% £365 m
	Insight Equity Protection £1,194 m			Ruffer Abs. Return RPI £192 m
				ACCESS fund
			Total Fund	£7.6 bn

From: Chairman Kent Pension Board  
Corporate Director of Finance

To: Kent Pension Board – 24 November 2022

Subject: ACCESS update

Classification: Unrestricted

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**Summary:**

This update provides a summary of the activities of the ACCESS pool

**Recommendation:**

The Pension Board is recommended to note this report and to nominate two members to observe the ACCESS Joint Committee meeting on 6 March 2023 (see para. 4.3).

**FOR DECISION**

---

**1. Introduction**

1.1 This report is to update the Board on the work being undertaken by the ACCESS pool.

**2. Joint Committee**

2.1. The Joint Committee (JC) last met on 6 June 2022. A meeting scheduled for 12 September 2022 was postponed until 6 October 2022 owing to the death of HM Queen Elizabeth II. The postponed meeting was ultimately cancelled as the ACCESS Support Unit could not guarantee that it would be quorate. Instead, an informal discussion of the [agenda items](#) took place via Microsoft Teams, with proposed decisions deferred until the next meeting of the JC, scheduled to take place on 5 December 2022.

2.2. At the meeting on 6 June 2022 the JC noted the following items:

- Internal Audit review of the ACCESS Support Unit
- Business Plan, which included:
  - Draft revisions of the Inter Authority Agreement
  - Governance Manual
  - The timing of the DLUHC pooling guidance consultation
  - Budget update
  - Plan to include risk assessment in reports
- Draft RI guidelines
- Alternative investments – procurement plans
- Performance report

- Sub-fund performance and implementation
- Contract Management
- BAU evaluation update

2.4 The key issues for discussion were the revised Responsible Investment (RI) guidelines and the proposed amendments to the Inter Authority Agreement (IAA). The RI guidelines have not changed substantively since the Kent Pension Fund Committee approved them in February 2022.

2.5 The changes to the Inter Authority Agreement have been reviewed by the Monitoring Officers of each of the ACCESS authorities. The most significant of the changes is designed to allow the attendance of Local Pension Board observers at future JC meetings, as agreed by the JC in March 2022 (see section 4).

2.6 The next meeting of the JC is due to take place on 5 December 2022. At the time of writing the agenda has not been published but officers expect it to include (at a minimum) deferred decisions from the postponed/cancelled meeting of 6 October 2022. The most important of these concern the proposed order for building out investible products amongst non-listed (alternative) asset classes; commissioning a third-party governance review; and sub-fund implementation.

### **3. Recent Activity**

3.1 As at 30 September 2022 the Kent Fund had invested in 5 sub-funds in the ACCESS authorised contractual scheme (ACS) operated by Link Financial Solutions, with a combined value of £3.06bn (or 40% of the overall Fund).

3.2 Since the last report to the Board the Officer Working Group (OWG) as well as other working groups with Kent being represented on each group, have continued to meet on a periodic basis. Progress continues to be made on the set up of new sub-funds as well as on the establishment of suitable platforms for pooling non listed assets. The Pool also non-investment procurement activity underway surrounding communications, an independent third-party review, and preparation for that of the pool operator.

### **4. Local Pension Board Observers**

4.1 The JC agreed at its meeting on 7 March 2022 the following:

- Two observers from each Local Pension Board to be invited, on a rotational basis, to attend Joint Committee meetings as observers at least once each a year.
- These arrangements will be reviewed by the Joint Committee after a full year following their implementation.

4.2 It will be for each Local Pension Board to agree the observers from their Local Pension Board who will attend a JC meeting. Whilst the observers can be drawn from the scheme member representatives, the employer representatives,

and independent members of a Local Pension Board, it is desirable that at least one of the observers from a Local Pension Board is a scheme member representative.

- 4.3 Two members of the Kent Pension Board are invited to join representatives from Norfolk and Suffolk at the JC meeting scheduled for 6 March 2023. The Board will need to identify two of its members to attend as observers of the upcoming JC meeting and it is recommended that the Board nominates these two members today.
- 4.4 Observers can attend JC meetings remotely provided appropriate controls are in place to maintain the confidential status of non-public business.

---

James Graham – Pension Fund and Treasury Investments  
Manager, Kent County Council

**T: 03000 416290**

**E: [james.graham@kent.gov.uk](mailto:james.graham@kent.gov.uk)**

**November 2022**

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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