



AGENDA

PENSION BOARD

Thursday, 8th June, 2023, at 10.00 am

Ask for: **Matt Dentten**

**Council Chamber, Sessions House,
County Hall, Maidstone**

Telephone **03000 418381**

Membership

Scheme Employer Representatives (4)

Kent County Council (2)

Mr R Thomas (Chair) and Mr D Jeffrey

District/Medway Council (1)

Cllr R Carnac

Police/Fire & Rescue (1)

Ms A Kilpatrick

Scheme Member Representatives (4)

Active Scheme Member Representative

Ms K King, Kent County Council

Active Scheme Member Representative

Mr J Parsons, Medway Council (Vice-Chair)

Pensioner Representatives

Mrs A Mings, Mr G Ward

UNRESTRICTED ITEMS

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

1. Apologies and Substitutes
2. Declarations of Interest by Board members on items on the agenda for this meeting
3. Minutes of the meeting held on 14 March 2023 (Pages 1 - 6)
4. Date of next meeting
The next meeting of the Board will be held on Wednesday 6 September 2023, commencing at 10.00 am.
5. Update from the Chairman of the Pension Fund Committee
6. Business Plan and Risk Register update (Pages 7 - 10)

7. Pension Administration update (Pages 11 - 48)
8. McCloud update (Pages 49 - 52)
9. Funding matters (Pages 53 - 58)
10. Governance and Policies update (Pages 59 - 82)
11. Training Plan (Pages 83 - 92)
12. Fund Position Statement (Pages 93 - 104)
13. Pensions Administration Audit (Pages 105 - 110)

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.

EXEMPT ITEMS

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

14. ACCESS update (Pages 111 - 116)

Benjamin Watts
General Counsel
03000 416814

Wednesday, 31 May 2023

KENT COUNTY COUNCIL

PENSION BOARD

MINUTES of a meeting of the Pension Board held online on Tuesday, 14 March 2023.

PRESENT: Mr R J Thomas (Chair), Cllr R Carnac, Mr D Jeffrey, Mrs A Mings and Mr J Parsons (Vice Chair)

IN ATTENDANCE: Mr N Buckland (Head of Pensions and Treasury), Mr J Graham (Pension Fund Treasury and Investments Manager), Mrs C Chambers (Pensions Administration Manager), Mr S Tagg (Senior Accountant - Employer Governance and Compliance), Mrs E Green (Senior Pensions Programme Manager) and Mr M Dentten (Democratic Services Officer)

UNRESTRICTED ITEMS

15. Apologies and Substitutes

(Item 1)

Apologies for absence were received from Alison Kilpatrick and Kelly King.

16. Declarations of Interest by Board members on items on the agenda for this meeting

(Item 2)

No declarations were made.

17. Membership

(Item 3)

It was noted that Kelly King had joined the Board as an Active Scheme Member Representative, and that Alison Mings and Grahame Ward had joined the Board as Pensioner Representatives.

18. Minutes of the meeting held on 24 November 2022

(Item 4)

RESOLVED that the minutes of the meeting held on 24 November 2022 were an accurate record and that they be signed by the Chair.

19. Update from the Chairman of the Pension Fund Committee

(Item 6)

1. Mr Simkins gave a verbal update on the work of the Pension Fund Committee and its most recent meeting on 8 December 2022, highlighting the following:
 - that the Fund's triennial valuation had been presented to the Committee;
 - on investment performance, that exposure to the British market had provided defensive performance;

- a Fund investment strategy training day, hosted by DTZ, had taken place on 2 March, with the Pension Board's Chair in attendance; and
- consideration of the Fund's new investment strategy would be the Committee's main priority over the next year.

RESOLVED to note the update.

20. Pensions Administration Update

(Item 7)

1. Mrs Chambers introduced the report which provided the Board with an overview of matters concerning the administration of the Kent Pension Fund from 1 November 2022 to 31 January 2023. She provided additional information on staffing levels, recruitment and service focus, noting that there were 13 vacancies which were being actively recruited, that 2 dedicated training officers were in place to support new staff and that Death Grant cases had been prioritised. She added that bulk automation for refunds; transfers and deferred benefits; as well as member self-service had all been investigated. She updated the Board on the progress of the third-party printing and postage exercise which aimed to streamline the response process. Members were reminded that a new Pension Administration System contract would be considered by Pension Fund Committee for approval at its 29 March meeting, with view to the new system being in place from 1 May. Concerning the pensions administration communications policy, she confirmed that a draft was in development, with the aim of being digital by default and increasing scheme member engagement. She informed members that an internal audit was underway, with a draft of their report expected for late March 2023 and agreed to provide an update on the report's findings at the next Board meeting.
2. A member asked whether the new system would impact self-service arrangements for members and employers. Mrs Chambers confirmed that the role out of the iConnect system would be finalised until 2025 and allowed employers to submitted information on a monthly basis through payroll providers. She reassured the Board that the new administration system would not impact member and employer engagement.
3. Members noted that the increase in pension payments by 10.1%, as set out in statute by LPGS regulations, which aligned the uprate with the rate of inflation as of September 2022, could impact future Fund resilience. Mr Buckland reassured the Board that a cost management plan was in place and that investment and employee income were the only changeable factors as employer contributions were fixed.
4. Regarding the cost control mechanism, a member asked whether Fund employers would need to increase their contributions should the cost cap be altered. Mr Buckland advised that the cost cap rates had been agreed for the next three years and that action would be required if inflation remained high.

5. Mrs Chambers clarified, following a question from a member, that the future benefits to be paid to members of the scheme included deferments, and several tracing mechanisms were in use such as mortality screening and national fraud initiative screening. She noted that the pensions dashboard would help members to connect with lost pensions. It was explained that approximately 6,000 members of the scheme had no known address. She made the Board aware of a letter forwarding programme organised through the Department for Work and Pensions, which enabled the scheme to contact members without a known address to the scheme.

RESOLVED to note the report.

21. Employer Matters

(Item 8)

Graeme Muir (Barnett Waddingham) was in attendance for this item.

1. Mr Tagg gave a verbal overview of the report which provided an update on Fund employers to 31 December 2022, the Funding Strategy Statement and the 31 March 2022 actuarial valuation results. Concerning the Funding Strategy Statement he explained that Fund employers had been consulted and that the Statement would be considered by Pension Fund Committee, for approval, on 29 March.
2. A member asked whether the Board should be made aware of any significant changes in the proposed Funding Strategy Statement. Mr Tagg explained that employer self-insurance, which would not be applicable to all employers was a new inclusion in the Statement and would help to mitigate risk to employers who experience deaths in service and ill health. He added that the methodology for calculating exit liability payment had also been altered and no discount would be offered in exchange for early payment of either primary or secondary employer contributions.
3. Mr Tagg confirmed, following a question from the Chair, that parish and town councils were not required to enrol into the LGPS and that some, but not all, in Kent were.
4. Concerning late payments, Mr Tagg reassured the Board that contributions were monitored closely and there had not been a significant issue, with no increase in late payments witnessed over recent years.
5. Mr Muir gave presentation on the Kent Pension Fund's 2022 actuarial valuation. The content of the presentation included: whole fund results; regulatory uncertainties; key outcomes, including the funding position and contributions rate; valuation project timescales; key assumptions, including financial assumptions and future mortality improvements; and whole fund results, with 2022 witnessing a £181m surplus and improvement on £-129m deficit in 2019. He concluded by noting that the Kent Fund had experienced a favourable previous three years, with strong investment returns, though warned the Board that regulatory and climate uncertainties remained considerable ongoing risks.

6. A member asked whether there was a risk that employers would look to reduce their contributions due to public sector financial pressures. Mr Muir explained that current contribution rates would influence whether Funds would consider a reduction. He explained that the Kent Fund was in line with the national average on contribution rates and that Funds with higher rates were looking to make a reduction. He assured the Board that he did not advise reducing Kent's contribution rate and noted that the rate had increased from 98% in 2019 to 102% in 2022.

RESOLVED to note the report.

22. Governance and Policies Update

(Item 9)

1. Mr Buckland presented a report which updated the Board on the progress made with the implementation of the recommendations arising from the Barnett Waddingham review of the Kent Pension Fund's governance. He informed members that 46 of the 48 recommendations from the review had been implemented or were in progress. He introduced Mrs Emma Green who had been appointed as the senior programme manager responsible for leading on governance review implementation, including Board and Committee member training. He added that it was a positive governance development that the Board now had a full membership. He addressed the areas highlighted for improvement in the Hymans Robertson 2022 LGPS National Knowledge Assessment, which included a need to expand members' understanding of pensions administration and performance monitoring.
2. The importance of a comprehensive member training programme was emphasised by Board members.

RESOLVED to note the report.

23. Fund Position Statement

(Item 10)

1. Mr Graham introduced the report and advised that the Fund had increased by £94m over the previous quarter, which equated to an approximate 1% increase. He noted that performance had been in line with the annual benchmark of 4.6%, with a 5.3% annual return achieved over the previous three years. He reminded the Board that markets remained particularly sensitive to central bank policy.

RESOLVED to note the Fund's asset allocation and performance as of 31 December 2022.

Motion to exclude the press and public for exempt business

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 minute

24. ACCESS Update
(Item 11)

1. Mr Graham provided an overview of the report which gave an update on the work undertaken by the ACCESS pool and decisions taken at its Joint Committee on 5 December 2022. A further verbal summary of the Joint Committee's most recent 6 March 2023 meeting was given. He reminded members that the Board's Chair and Vice Chair had attended the March meeting as observers, as part of an agreement that representatives of member Pension Boards observe Joint Committee meetings on a rotational basis.
2. The Chair and Vice Chair commented that the opportunity to observe the Joint Committee meeting had been useful and provided a valuable insight into the pool's decision-making process. The Chair agreed to discuss Board representation at future ACCESS meetings with members following the meeting.

RESOLVED to note the report.

25. Business Plan and Budget
(Item 12)

1. Mr Buckland introduced the 2022/23-2024/25 Fund Business Plan and Budget, and updated the Board on the completed activity. He informed the Board that the Business Plan would be considered for approval at Pension Fund Committee on 29 March.
2. Board members made comments in relation to pension administration resourcing; cash management; and the training budget.

RESOLVED to note and comment on the Business Plan and budget for the Kent Pension Fund.

26. Pension Fund Risk Register
(Item 13)

1. Mr Buckland introduced the report. He agreed to include a comparison of current and future risks in forthcoming risk registers.

RESOLVED to review and comment on the updated Risk Register.

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To:	Kent Pension Board – 8 June 2023
From:	Chairman – Kent Pension Board Corporate Director of Finance
Subject:	Business Plan and Risk Register update
Classification:	Unrestricted

Summary:

To provide an update on the Fund Business Plan for 2022/23 and the following two years, including an update on the Fund's budget

Recommendation:

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

FOR INFORMATION

1. Introduction

- 1.1 This report provides an update on progress against the Fund's Business Plan which was agreed by the Pension Fund Committee at their meeting on 29 March 2023, having been reviewed previously by the Board. It also updates on any changes within the Fund's Risk Register.
- 1.2 As previously agreed, these interim updates will only report changes to the Business Plan and Risk Register and not consider the full plan. Copies of the full documents are available on request and were included in the papers for the previous meeting.

2. Fund Business Plan

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

the Fund, and the Fund's management team and staff to deliver the business-as-usual work as well as the new projects.

3. Business Plan

3.1 It is pleasing to report that all tasks due for completion in 2022/23 were completed in a timely manner:

- **Investment and Funding – Determine funding strategy with actuary and consult employers.**

The Funding Strategy Statement was finalised, and employers consulted. The final version was approved by the Committee 29 March 2023. This item has now been removed as complete.

- **Administration – Develop and deliver and Administration Strategy.**

The draft Administration Strategy was developed, and employers consulted. The final version was approved by the Committee 29 March 2023. This item has now been removed as complete.

- **Administration – Triennial Actuarial Valuation**

The Fund's Actuary, Barnett Waddingham concluded the analysis of the Fund's liabilities and assets results were presented to Board and Committee in March 2023. The Fund has issued individual employer reports, and the final valuation report and rates and adjustments certificate will be issued at the end of March 2023. This item has now been removed as complete.

3.2 In addition to those areas that are now complete a number of the items marked for 2023/24 are well underway and almost complete, although many will extend across the whole year and into future years.

4. Budget

4.1 The Fund budget for the next two years was agreed at the Pension Fund Committee meeting in March, after discussion at the previous Board meeting. An update will be presented to Board and Committee in September.

5. Risk Register

5.1 Investment and Funding Risk 4 (IF4) relates to the potential failure to maintain appropriate knowledge to establish and maintain the investment strategy. The outstanding action was for the Fund to establish the training plan for the Board and Committee. This plan will be considered elsewhere on today's agenda, and then by the Committee at their meeting on 22 June. As a result, this risk will be considered to be in line with the target level and will be **reduced from an overall score of 6 to 3**.

5.2 Investment and Funding Risk 14 (IF14) relates to the risk of an increased funding deficit. The required action needed for this risk to meet its target level was the conclusion of the Actuarial Valuation with acceptable results. The

Valuation was concluded as at the 31 March 2023, and so this risk can now be marked at target level of 8.

- 5.3 Administration Risks 6, 8 & 9 had target dates of 31 March 2023, and 30 June 2023 to be in line with target risk tolerances, however they all require some additional work for them to be assessed at this level. It is anticipated that they will all be in line in the coming months ahead of the next Board and Committee meetings.
- 5.4 No additional risks have been added to the Risk Register in the quarter, and no other risks have had their scores reassessed.

Nick Buckland
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Kent Pension Fund

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From: Chairman – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 8 June 2023

Subject: Pensions Administration

Classification: Unrestricted

Summary:

This report brings Members up to date with a range of matters concerning the administration of the Kent Pension Fund for the period 1 February to 30 April 2023. The report covers the following areas:

1. Performance
2. Recruitment
3. Breaches of Law
4. Complaints, Compliments and Comments
5. Administration Strategy
6. Overpayment Recovery and Write Off Limits
7. Administration System Contract
8. Guaranteed Minimum Pension Rectification
9. Inbound Post/Outbound Printing Solution
10. New Telephony Solution
11. Annual Benefit Illustrations/Member Newsletters
12. Annual Revaluation Date Change
13. Spring Budget 2023
14. Benchmarking
15. Training and Development
16. Government Actuary Department (GAD) Data Request
17. End of Year
18. Pensions Dashboard
19. Member Self Service

Recommendations:

The Board is recommended to note the report.

FOR INFORMATION

1. Performance Update

- 1.1 Details of the administration casework performance can be found at **Appendix 1.**
- 1.2 During the period 1 February to 30 April 2023 a total of 16,041 new cases were received by the Pensions team. This is an increase of 1,264 from the

previous period. 13,792 cases were completed during the period February to April. An increase of 1,914 compared to the previous period.

- 1.3 The main areas of increase relating to cases received can be seen across Deferred Benefits. With the main increase to cases completed being seen across New Starters and Deferred Benefits. This can be attributed to data cleansing by a large scheme employer in preparation for onboarding to iConnect, and preparation by the pensions team for year-end (ensuring records are up to date for Annual Benefit Illustrations).
- 1.4 Performance on casework in lower priority areas is expected to be impacted whilst the team is carrying a number of vacancies, onboarding and training new team members and resource being dedicated to supporting on the end of year process.
- 1.5 In addition, new Government Actuary Department (GAD) factors are expected sometime between April and July (referenced in the SCAPE discount rate update in the Spring Budget section at item 18). This means that certain casework relating to transfers and divorces has been paused until the new factors are received, at which point a project will be required to process all the delayed cases. In addition, recalculations of some casework such as retirement benefits and estimates may be required due to the factor changes. All increasing demand on the team.
- 1.6 Clearance of the Death Grant project has been continuing and an update on this can be found at **Appendix 2**.

2. Recruitment

- 2.1 As a result of some recent workforce planning, phase 2 of the recruitment campaign is in progress. This includes the backfilling of existing vacancies and some newly created roles to help support the Fund's vision and Business Plan.
- 2.2 Five Pensions Assistants joined the team from 15 May, and three of the existing Pensions Assistants are currently on a secondment to Pensions Administrator roles. If successful, these will be made permanent, and their substantive roles will be backfilled.
- 2.3 Interviews for two Team Managers took place in May. One of these is a backfill for a recent transfer to a different role within the team, and one is a newly created role in recognition of the demands currently on the existing Team Managers.
- 2.4 Recruitment to a number of Deputy Team Managers (backfills and new posts) will commence in May and work shadowing will be considered in order to

encourage current members of the team to apply.

2.5 Progress has been made with the new Continuous Improvement Officer role. A job description has been drafted and job evaluation will take place in order to determine the appropriate grade for this new role.

2.6 In due course, recruitment for two Senior Pensions Administrators, two Pensions Officers and a Communications & Support Officer will take place. There may also be the need to backfill posts, where there are successful internal transfers/promotions.

3. Breaches of Law

3.1 Under the new [Policy for Recording and Reporting Breaches of Law](#) (**Appendix 3**) details of identified breaches of scheme Regulations can be found in **Appendix 4**.

3.2 The register currently includes cases where the Fund holds unclaimed refunds for members who joined the scheme after 1 April 2014, left with an entitlement to a refund of contributions and have not claimed the refund within 5 years of leaving.

3.3 [Regulation 18\(5\)](#) states that an Administering Authority shall refund contributions to a person entitled when the person requests payment, **or on the expiry of a period of five years beginning with the date the person's active membership ceased** if no request made by then, or if the person attains age 75 before then, on the day before attaining age 75. These are considered as a breach as the five-year period will have expired if and when payment is made by the Fund.

3.4 Upon leaving the scheme, the Fund will write to members with details of the refund payable and a claim form. If member's do not return the completed claim form, it is difficult for the Fund to make payment within the prescribed five-year deadline. Tracing of the unclaimed refunds will be covered by the Fund's Data Improvement Plan going forward.

3.5 The first line on the Breaches register includes data on all unclaimed refunds up to 31 March 2023. The second line of the report shows the data for April 2023. Going forward, data will be provided at each meeting on a monthly basis.

4. Complaints, Compliments and Comments

- 4.1 For the period 1 February to 30 April 2023 a total of 0 complaints, 33 compliments and 13 comments were received into the corporate system called iCasework. These have been summarised below:

	Complaints	Compliments	Comments
February	0	7 (good communications)	1 (disagreement with decision/policy)
March	0	8 (x7 good communications x1 helpful staff)	8 (x5 poor communications x3 disagreement with decision/policy)
April	0	18 (x17 good communication) x1 helpful staff	4 (x2 good communication x1 disagreement with decisions or policies made x1 poor communication)

5. Administration Strategy

- 5.1 At its meeting on 29 March 2023 the Pension Fund Committee approved the new Kent Pension Fund Administration Strategy. The new strategy is effective from 1 April 2023 and has been published on the [Kent Pension Fund website](#).
- 5.2 Plans are now underway to develop an Escalations Policy across the Fund to support employers in understanding the steps that will be taking to enforce the policy and ultimately ensure the timely and accurate submissions of data.

6. Overpayment Recovery and Write Off Limits

- 6.1 As a review has not been carried out since 2011, the pension overpayment and write off limits relating to pension benefits have recently been reviewed by the Fund. It has been agreed by the Head of Pensions and Treasury that the following will now apply:

- Under £200 – automatic write-off
- £200 to £5,000 – refer to Pensions Administration Manager
- £5,000 to £50,000 – refer to Head of Pensions and Treasury

- £50,000+ - refer to Director of Corporate Finance

6.2 The number of pension overpayment write offs for the period 1 February to 30 April are set out below:

	February 2023		March 2023		April 2023	
	Number	Total	Number	Total	Number	Total
£200-£5,000	-	-	-	-	2	£412.86
£5,000-£50,000	-	-	-	-	-	-
£50,000+	-	-	-	-	-	-

6.3 The Fund is developing a service wide Overpayment and Write Off Policy, which will include the above limits of which the first draft will be presented to the Pension Board and Pension Fund Committee at the meetings in September.

7. Administration System Contract

7.1 At its meeting on 29 March the Pension Fund Committee endorsed the decision to direct award for a new five-year contract with the incumbent administration system provider.

7.2 The decision was approved by the Director of Corporate Finance and contracts have been signed by legal teams from both parties. The new contract is live from 1 May 2023.

7.3 The new contract includes some new add-ons including the Integrated Service Provider (ISP) for Pensions Dashboard and a tool called Insights which will allow for more robust and easier to use running of reports on data within the system.

8. Guaranteed Minimum Pension (GMP) Rectification

8.1 The current position of the GMP Rectification project can be found in the Highlight Report (**Appendix 5**) and High-Level Project Plan (**Appendix 6**). All work is currently on track and a report will be provided to the Pension Fund Committee at their meeting on 22 June. This will include recommendations on decisions to be made regarding adjustments to benefits in payment and any under/over payments.

8.2 The outsourced supplier has provided test cases to the Fund which have been checked and agreed. The dry run process will be completed by the end of May.

8.3 The supplier has also provided the Fund with letter templates for communicating pension changes with rectified members.

9. Inbound Post/Outbound Printing Solution

9.1 The administration team have been trialling a new printing solution with the same supplier that currently prints and dispatches the Fund's Annual Benefit

Illustrations. The aim is to release capacity within the team to focus more on pensions related tasks, as well as ensuring member communications are dispatched on the same day and robust reporting is available. If testing is successful, the plan will be to go live in June.

9.2 In addition, the Fund have been holding initial conversations with the same supplier regarding their solution for dealing with inbound post. Discussions are still ongoing as to what the solution would look like and what benefits, if any, it would bring to the team.

10. New Telephony Solution

10.1 The administration team have been working with colleagues in ICT to develop a new options-based telephony solution which allows customers to connect with a member of the team who specialises in the area relating to their enquiry. It also means the members of the administration team are only taking calls relating to subjects on which they are experienced and knowledgeable.

10.2 It is anticipated this will significantly improve customer satisfaction levels and first point fix contact.

10.3 The team have been testing the new telephony system, and some minor adjustments have been made to the solution.

10.4 The solution also provides robust management information to allow the management team to assign an appropriate number of team members to each call queue.

10.5 Since going live in April 2023, the following statistics have been recorded:

	No. of calls received	No. of calls missed	% of calls taken
April	1,318	444	66.31

10.6 It is anticipated that the number of calls missed will reduce as more robust data allows the management team to determine the correct number of team members required on the call queues.

11. Annual Benefit Illustrations/Member Newsletters

11.1 The Annual Benefit Illustrations (ABI) templates for active and deferred members, together with the member newsletters, have been drafted and reviewed internally. Feedback has been provided by Simon Sim and the documents have been issued for final review.

11.2 The documents include the changes to Annual Allowance and Lifetime Allowance as a result of the Budget, together with the change in the CARE revaluation date. The ABI documents also include the first written notification to members of our intention to provide future ABIs digitally.

12. Annual Revaluation Date Change

- 12.1 In the view of the Local Government Association (LGA) the change to the annual revaluation date is not a material change under regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. The change is about when the revaluation increase is applied. It does not change the method of the calculation; therefore, there is no material change to the information listed in Part 1 of Schedule 2 of the Disclosure regulations.
- 12.2 Legal advice has also been sought by LGA and it is agreed that the change is not a material change. However, it is good practice to let members and beneficiaries know about the change so this will be included in a member newsletter to be issued later this year.

13. Spring Budget 2023

- 13.1 The Chancellor of the Exchequer delivered his 2023 Budget to the House of Commons on 15 March. Changes to pensions taxation were announced as detailed below:
- The Lifetime Allowance (LTA) charge will be set to zero from 6 April 2023. A future Finance Bill will remove the LTA from pensions tax legislation altogether – most likely from April 2024.
 - The maximum lump sum will be limited to 25% of the current LTA (£268,275) and frozen going forward – except where protections apply.
 - The standard Annual Allowance (AA) will increase from £40,000 to £60,000 on 6 April 2023.
 - The Money Purchase Annual Allowance (MPAA) and Tapered Annual Allowance (TAA) will increase from £4,000 to £10,000.
 - The income level for the TAA to apply will increase from £240,000 to £260,000.
 - Lump sums like the LTA excess lump sum, and certain lump sums on serious ill-health or death, will be taxed at the recipient's marginal rate of income tax (rather than a 55% surcharge above the LTA being applied).
- 13.2 Information regarding these changes will be included in the 2023 Active and Deferred Annual Benefit Illustrations. Information has also been updated on the Kent Pension Fund website.
- 13.3 Information regarding the AA changes will be included in the 2023 Pension Saving Statements.
- 13.4 Scheme employers have also been informed that although there is no longer an LTA tax charge, members are still subject to restrictions on their lump sum so they will still need to complete the Lifetime Allowance Declaration Form when applying for their retirement benefits.

- 13.5 On 30 March 2023 the Government announced their decision on the SCAPE discount rate methodology and its impact.
- 13.6 Government started with three objectives for the SCAPE rate as below:
- Fair reflection of costs
 - Reflect future risks to government income
 - Stability
- 13.7 Following a consultation and suggestions for other objectives, Government stayed with the original three objectives, but downgraded the importance of stability compared to the other two.
- 13.8 Government considered two methodologies as below:
- Long term GDP growth (current methodology)
 - Social Time Preference Rate (STPR)
- 13.9 Following a consultation and suggestions for other methodologies, Government decided to stay with GDP growth as it felt this best met the fairness and risk objectives.
- 13.10 The new SCAPE rate was effective from 30 March 2023 and was confirmed in a ministerial statement as CPI plus 1.7%, a reduction from the previous rate of CPI plus 2.4%.
- 13.11 The new SCAPE rate will be used for calculating employer contribution rates in the 2020 valuations of the unfunded schemes.
- 13.12 In the LGPS the change in the SCAPE rate will result in changes to GAD factors so a pause is needed for some calculations until new factors are available. There will also be an impact on the 2020 Cost Control process in particular the economic check element which will be linked to the SCAPE rate, a reduction in which should reduce the chance of a breach.

14. Benchmarking

- 14.1 As part of the Fund's objective to be 'best in class' and to be able to track the service transformation journey, the Fund are partnering with CEM to undertake benchmarking against other LGPS and international pension funds.
- 14.2 CEM works with over 400 funds worldwide, and provide clients with objective, actionable benchmarking insight into how to maximise value for money in investments and pension administration.
- 14.3 The Fund anticipates using the service to demonstrate value for money, improve member and employer service, optimise costs and staffing levels, make better decisions and save time by learning from peers.
- 14.4 The report provided compares the Funds pension administration costs and member service with a peer group of other schemes.

15. Training and Development

- 15.1 Following the introduction of two dedicated Training Officers, there has been a focussed drive on improving training and development across the team.
- 15.2 A SharePoint site is being developed to be a central repository for all process notes and training documents, and recommendations from the recent Internal Audit report relating to reviewing all notes and the use of version control will be adopted.
- 15.3 An initial area of focus is to ensure clear 'Pathways to Success' are established for all grades within the team so that team members can easily see what they need to achieve for their career progression, with targets and training plans developed based on these 'pathways'.
- 15.4 All team members attended a 'Challenging Conversations' training course presented by an external trainer who specialises in training on difficult conversations for NHS staff. The team found this very beneficial and lots of positive feedback was received.
- 15.5 Members of the administration and investments teams attended a training course presented by the Fund's Actuary – Barnett Waddingham. The course covered McCloud, Fair Deal, Good Governance, Goodwin (Survivor Benefits), Climate Regulations, £95k cap on exit payments, Cyber Security, Pensions Dashboards and tPR's General Code of Practice.

16. Government Actuary Department (GAD) Data Request

- 16.1 GAD has been appointed by the Department of Levelling Up, Housing and Communities (DLUHC) to undertake the 2022 section 13 exercise.
- 16.2 GAD requires membership data as at 31 March 2022 to report under section 13 of the Public Service Pensions Act 2013, in connection with the actuarial valuation of the funds in LGPS (E&W).
- 16.3 The deadline for the submission of this data was 5 May 2023, and the Fund's Actuary (Barnett Waddingham) submitted this on behalf of the Fund.

17. End of Year

- 17.1 For the year ending 31 March 2023 the Fund is expecting 595 year-end returns from scheme employers. A deadline of 6 April 2023 was set, with many employers requesting an extension to 28 April 2023.
- 17.2 As at 30 May 2023, the Fund had received 563 of the 595 returns. Upon receipt of the data a number of formatting, accuracy and balancing validation checks are carried out to ensure the data is accurate to load to member records.
- 17.3 As at 30 May 2023, 239 of the received returns have been returned to employers due to queries on the data. Of these 43 are still with employers to correct.

17.4 Additional resource has been allocated to this project this year; this initially resulted in slightly slower progress whilst training took place. However, the team are now ahead of the position at the same time last year with 39.66% of the work completed (compared to 29.54% at the same time last year).

18. Pensions Dashboard

18.1 On 2 March 2023, the Pensions Minister issued a written statement announcing delays to the delivery of Pensions Dashboards. The Pensions Dashboard requires additional time to ensure that the infrastructure that is being built is safe, secure and works for both pensions schemes and the end users of the service.

18.2 It is not clear at this stage if all the connection deadlines will be pushed back or if just the earlier ones will change and the later ones will remain the same.

18.3 The team will continue to prepare for the Dashboard with the main focus being on the development of a Data Improvement Plan (scheduled in the Business Plan to be delivered in 2023/24).

19. Member Self Service

19.1 As at 30 April 2023 there were 9,956 members registered for Member Self Service (MSS). During April the number of new members registering, and the number of visitors were at the highest level since going live with MSS.

19.2 The breakdown of registered members by status is shown below:

Active	Deferred	Pensioner	Dependant	Other
3,790	2,217	2,345	65	1,539

19.3 During the period February to April 2023, 2,342 members registered for MSS and there were 13,103 visits to the MSS area of the Kent Pension Fund website.

Clare Chambers – Pensions Administration Manager – Kent Pension Fund

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May 2023

	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		117	434	448	421	94	27	11	81
	Survivors Pensions	15		49	169	149	128	85	31	19	69
	Death Grant Payment	20		115	51	117	41	35	76	77	38
	Balance of Payments/Overpayment Recovery	15		63	293	281	262	93	19	7	73
Retirements	Payment of Retirement Benefits	20	90	312	699	660	653	98	161	16	332
	Provision of Retirement Estimates	20		418	1168	921	770	83	210	17	602
Early Leavers	Payment of Refunds	20		67	314	323	291	90	32	13	48
	Provision of Deferred Benefit Statements	60		4422	2297	635	195	31	440	166	5648
Transfers	LGPS Transfer In Estimates	20		692	136	61	53	87	8	108	728
	Aggregation In Estimates	260		1476	208	84	49	58	35	469	1590
	LGPS Transfer Out Estimates	20		195	74	60	26	43	34	99	200
	LGPS Transfer In Actuals	20		312	66	28	4	14	24	106	341
	Aggregation In Actual	60		3948	1623	303	115	38	188	149	5086
	LGPS Transfer Out Actuals	20		147	65	77	3	4	74	79	129
	Non LGPS Transfer In Estimates	20		21	54	43	11	26	32	24	24
	Non LGPS Transfer Out Estimates	20		90	114	97	48	49	49	28	99
	Non LGPS Transfer Out Actuals	20		42	24	25	14	56	11	28	25
Divorces	Pension Sharing on Divorce Estimates	6 weeks		27	99	71	71	100	0	16	54
	Pension Sharing on Divorce Implementations	4 months		4	1	0	0	0	0	0	5
General	New Starters	30		1554	4736	6132	4589	75	1543	14	158
	General Correspondence	15	98	57	1806	1754	1730	99	24	2	96
	Change of Details (i.e. address, name, nomination)	10		8	1314	1314	1307	99	7	0	9
	Opt Outs			98	228	148	137	93	11	17	171
	Lost Pension			14	39	43	41	95	2	4	10
Total				14364	16041	13792	10959	79	3056	62	15741

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Death grants exceeding the two-year discretion period

Background

The Local Government Pension Scheme makes provision for a lump sum death benefit (death grant) payable upon the death of a member where set criteria are met.

A death grant that is payable is paid to a recipient selected at the discretion of the administering authority (Kent County Council). In using this discretion, the death grant does not form part of the deceased's estate and is not subject to Inheritance Tax.

In order to exercise this discretion, HMRC requires that a death grant be paid within two years of the members death, or within two years of when the scheme could have reasonably known of the member's death,

If this two-year condition is not met, the death grant must be paid to the Personal Representative of the member, and it becomes subject to tax at a rate of 45%. This is known as a lump sum death benefit charge. This charge is deducted from the death grant payable and accounted for via the quarterly tax return.

Workload position

Kent has a process in place to exercise its discretion which involves assessing each case individually. This involves collating information from a number of sources and can be a time-consuming exercise, particularly when a scheme member does not have an easily identifiable next of kin, or where the member's death is notified through a tracing agency.

Following the excess deaths that occurred over the period 2020/2021, Kent also experienced a significant increase in workload in this area.

Project work

Due to this increase in workload, and the problems that can be experienced in contacting a next of kin, a backlog of death grant cases built up. A project commenced in April 2022 to investigate and clear these cases, and at that date the following casework was identified:

Category	Number of cases
Cases within the two-year period requiring chasing	81
Cases exceeding the two-year period	82
Total	163

To assist with the review of these cases, certain decisions were put in place over the course of the year to address issues connected with finding a contact to receive payment of the death grant:

- Where the death grant totals less than £250 and no contact has been made, the case is to be closed (but re-opened if any subsequent contact made)
- Where the death grant totals more than £250, searches must be made against the death registry and the address tracing agency used by Kent. If no contact has been made, the case is to be closed (but re-opened if any subsequent contact made)
- Where contact is made and the death grant is paid, the lump sum death benefit charge is to be deducted from the amount payable. In certain circumstances, compensation will be paid to the recipient to equal the value of the charge deducted.

This project has continued to date and, on 30 April 2023, the casework is in the following position:

Category	Number of cases
Cases within the two-year period requiring chasing	6
Cases exceeding the two-year period	77
Total	83

Of the cases within the two-year period, all 6 cases are at a final stage where payment information is awaited, or the case is awaiting a response from a final contact letter.

Of the cases exceeding the two-year period, 30 of the 77 cases have been reviewed and are awaiting return of information. The other 47 require further review.

Future plans

It is intended that this project continues to a conclusion over the coming months, to complete a review of the remaining 83 cases.

These 83 cases are currently ringfenced to be focused on as a set project. Over the period of this project, new cases have been dealt with under a 'business as usual' approach' and have been maintained within the two-year discretion period.

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

Kent County Council acting as an administering authority of the Local Government Pensions Scheme (referred to from this point forward as the Kent Pension Fund or KPF) seeks to conduct its affairs in a responsible manner, to ensure that all its activities are open and effectively managed, and that KPF'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, in either late 2022 or early 2023. This policy reflects the requirements of [The Pensions Regulator's new code of practice](#). 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 Pension Fund and Treasury Team, the Head of Pensions and Treasury, the General Counsel, 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 in relation to the reporting of legal breaches relating to the administration of the Pension Fund.

- 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 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.

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
- Employment Rights Act 1996: www.legislation.gov.uk/ukpga/1996/18/contents
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):
www.legislation.gov.uk/uksi/2013/2734/contents/made
- Public Service Pension Schemes Act 2013:
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'

The Head of Pensions and Treasury can provide further guidance and assistance, 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.

Further details of the approach to determining whether the breach is material are at [appendix B](#) and a copy of the Traffic light framework for deciding whether or not to report the breach to the Pensions Regulator is at [appendix C](#)

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

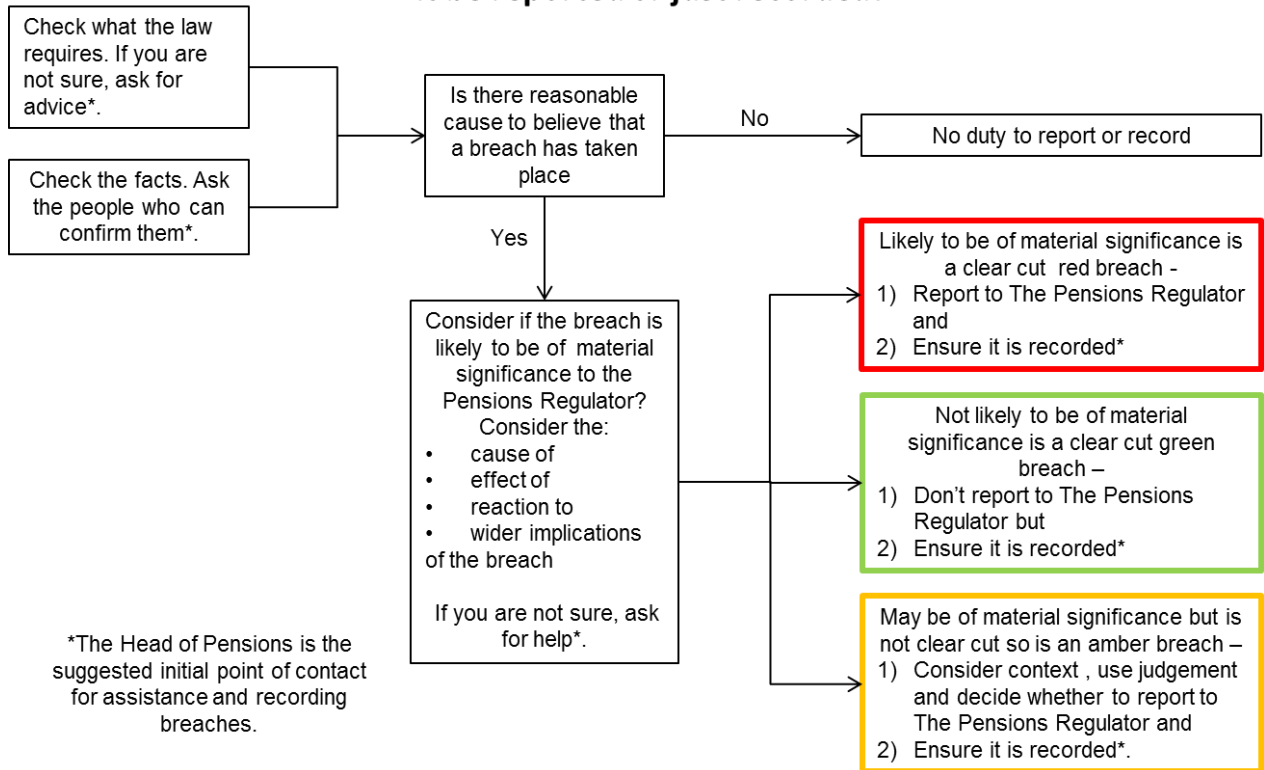
If the individual decides the breach is of material significance to TPR, reports must be submitted in writing via the Regulator's online system at <https://login.thepensionsregulator.gov.uk> or by post, or email and should be marked urgent if appropriate. If necessary, a written report can be preceded 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.

Decision-tree: Has a breach occurred and should it be reported or just 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 approved on *8 December* by the Kent Pension Fund Committee. 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 taken into account.

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
Telephone – 03000 418934

Zena Cooke
Corporate Director of Finance and s151 Officer, Kent County Council
E-mail – zena.cooke@kent.gov.uk
Telephone – 03000 419205

Ben Watts
General Counsel, Kent County Council
E-mail – Benjamin.watts@kent.gov.uk
Telephone – 03000 416814

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.

Process	Legal Requirement
To provide new starters with information about the scheme	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)
To inform members who leave the scheme of their leaver rights and options	As soon as is practicable, and no more than 2 months from date of initial notification (from employer or scheme member)
To notify the amount of retirement benefits	1 month from date of retirement if on or after Normal Pension Age 2 months from date of retirement if before Normal Pension Age
To notify dependant(s) the amount of death benefits	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
Provide annual benefit statements to active members	31st August in the same calendar year
Receipt of employee contributions from employers	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 probable 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:

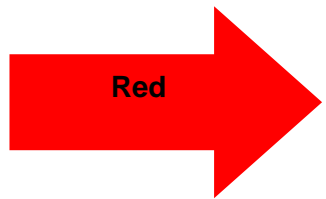
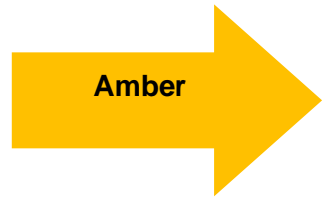
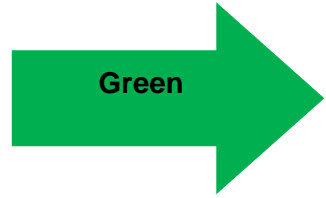
- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence
- are not pursuing corrective action to a proper conclusion, or
- fail to notify affected scheme members where it would have been appropriate to do so.

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:

 <p>Red</p>	<p>Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance.</p> <p>These must be reported to TPR.</p> <p>Example: Several members' benefits have been calculated incorrectly. The errors have not been recognised and no action has been taken to identify and tackle the cause or to correct the errors.</p>
 <p>Amber</p>	<p>Where the cause, effect, reaction, and wider implications of a breach, when considered together, may be of material significance. They might consist of several failures of administration that, although not significant in themselves, have a cumulative significance because steps have not been taken to put things right. You will need to exercise your own judgement to determine whether the breach is likely to be of material significance and should be reported.</p> <p>Example: Several members' benefits have been calculated incorrectly. The errors have been corrected, with no financial detriment to the members. However the breach was caused by a system error which may have wider implications for other public service schemes using the same system.</p>
 <p>Green</p>	<p>Where the cause, effect, reaction, and wider implications of a breach, when considered together, are not likely to be of material significance.</p> <p>These should be recorded but do not need to be reported.</p> <p>Example: A member's benefits have been calculated incorrectly. This was an isolated incident, which has been promptly identified and corrected, with no financial detriment to the member. Procedures have been put in place to mitigate against this happening again.</p>

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 are 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 reporter	Further actions taken to rectify Breach	Outstanding actions (if any) & date breach closed

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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 reporter	Further actions taken to rectify breach	Outstanding actions (if any) and date breach closed
B1	27/04/23	Over 5 year unclaimed refunds	Clare Chambers	Scheme Members (Frozen Refunds)	Scheme members who joined the scheme after 1 April 2014, left with an entitlement to a refund of contributions but have not claimed the refund within 5 years of leaving the scheme	Inaccurate valuation of the Fund's liabilities	Frozen Refund members who left between 01/04/2014 and 31/03/2018 x2,996 members	Claim forms sent to members upon leaving the scheme	Green Not materially significant - no financial detriment to member - procedures being put in place to avoid future breaches - Regulations due to be amended by government	No	N/A	5 year period has already expired so breach cannot be rectified	Fund need to chase members for completion of claim forms following an address tracing exercise. Fund also need to implement a more robust process for chasing members who are approaching the 5 year deadline. To note, it is anticipated that this Regulation will be removed in due course, in which case these may no longer be considered as a breach
B2	27/04/23	Over 5 year unclaimed refunds	Clare Chambers	Scheme Members (Frozen Refunds)	Scheme members who joined the scheme after 1 April 2014, left with an entitlement to a refund of contributions but have not claimed the refund within 5 years of leaving the scheme	Inaccurate valuation of the Fund's liabilities	Frozen Refund members who left between 01/04/2018 and 30/04/2018 x76 members	Claim forms sent to members upon leaving the scheme	Green Not materially significant - no financial detriment to member - procedures being put in place to avoid future breaches - Regulations due to be amended by government	No	N/A	5 year period has already expired so breach cannot be rectified	Fund need to chase members for completion of claim forms following an address tracing exercise. Fund also need to implement a more robust process for chasing members who are approaching the 5 year deadline. To note, it is anticipated that this Regulation will be removed in due course, in which case these may no longer be considered as a breach

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Highlight Report

Project Name Kent GMP Rectification
Project ID 3084

Date 02/05/2023

Overall RAG Status: Green
Project Status Ongoing

Project Summary

Following the call to discuss the test cases on Tuesday 18th April, Kent have confirmed they are happy for ITM to progress to the dry run. Some specific scenarios will then be considered once the dry run results are available.

When reconciling the post April 2023 PI data after the load, it was discovered that the data had been desensitised. Kent provided a new, non-desensitised on Friday 28th April and this will be loaded in the first week of May, ahead of dry run processing in week commencing 9th May.

Dry run results are required by the end of May in order for them to be discussed in advance of providing papers ahead of the June Pension Fund Committee.

Timeline & Budget

Project Start Date	01/02/2023
Planned Completion Date	01/09/2023
Revised Completion Date	
Variance (weeks)	0.00
% Completion	35%
Client Sponsor	Clare Chambers
ITM Sponsor	Sarah Millson
Client Project Manager	Emma Green
ITM Project Manager	Victoria Franklin
Total Contract Value*	£86,400

*Not including optional fees

Key Risk & Issues

Short timescales for project, however mitigated by having processes in place that have been tried and tested on other projects, and good communication between parties.

Change Control

A change control for the additional data load to be agreed.

Previous Reporting Period Actions Undertaken

List what has been achieved over the last reporting period

Owner	Activity	Status
ITM/Kent	Test case walkthrough	Complete
Kent	Review and sign off test cases	Complete

Next Reporting Period Activities

List what activities will be undertaken in the next reporting period.

Owner	Activity	Status
ITM	Load 2023 PI data extract	Due by 05/05/2023
ITM	Confirm dry run population	Due by 10/05/2023
ITM	Dry run calculations	Due by 31/05/2023

Next Steps

List what activities will be undertaken following the current tasks in progress.

Owner	Activity	Status
ITM/Kent	Discuss dry run results	Scheduled for 30/05/2023

Kent Pension Fund GMP Rectification - High Level Project Plan

Project Task	Task owner	Action to Commence	Actual Completion	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023
Planning phase										
Kick off meeting held between Kent and ITM	ITM / Kent	February 2023	07/02/2023	█						
Issue rectification approach document	ITM	February 2023	07/02/2023	█						
Establish rectification database	ITM	February 2023	13/02/2023	█						
Review of rectification approach document	ITM / Kent	February 2023	22/03/2023	█						
Issue detailed rectification specification using ITM and LGPS standard specification basis	ITM	February 2023	13/02/2023	█						
Agree rectification specification	ITM / Kent	February 2023	22/03/2023	█						
Issue draft decisions log	ITM	February 2023	16/02/2023	█						
Agreement of under / overpayments administration approach	Kent	February 2023	22/03/2023	█						
Tool configuration, test case production for all scenarios, for recalculation of benefits	ITM	March 2023	31/03/2023		█					
Produce and agree draft member communications materials	ITM / Kent	March 2023			█					
Send test cases to Kent for review	ITM	April 2023	03/04/2023			█				
Meeting to review test cases	ITM / Kent	April 2023	18/04/2023			█				
Kent review and sign off test cases	Kent	April 2023	18/04/2023			█				
Data extract inclusive of 2023 PI provided by Kent	Kent	April 2023	13/04/2023			█				
Load data extract	ITM	April 2023				█				
Data queries raised with Kent following receipt of extract	ITM	April 2023				█				
Response to data queries received	Kent	May 2023					█			
Confirm population requiring rectification	ITM	May 2023					█			
Recalculate pension benefits year by year since GMP date / date of death at provisional rectification date (dry run)	ITM	May 2023					█			
Provide summary report	ITM	June 2023						█		
Provide test data output files	ITM	June 2023						█		
Test data load to Altair	ITM / Kent	June 2023						█		
Review individual files for exceptional cases where required, to obtain additional data and validation	Kent	June 2023						█		
Live phase										
Present dry run results to pensions committee	ITM / Kent	June 2023						█		
Make decision on where the trivial threshold will be set	Kent	June 2023						█		
Decisions log updated following Kent review and approval	Kent	June 2023						█		
Perform live processing run following files reviews and final decisions at rectification date	ITM	July 2023							█	
Provision of final consolidated output and removal of recently processed cases	ITM / Kent	July 2023							█	
Produce the live run summary report and project closure report	ITM	August 2023								█
Produce and distribute communications in advance of benefit changes to all impacted members	ITM / Kent	August 2023								█
Loading of corrected excess pension elements data for pensioner and dependants	ITM / Kent	August 2023								█

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To: Kent Pension Board – 8 June 2023

From: Chairman – Kent Pension Board
Corporate Director of Finance

Subject: McCloud update

Classification: Unrestricted

Summary:

To provide an update on the McCloud Remedy Regulations and the actions taken by Officers of the Kent Pension Fund to prepare in advance of the regulations becoming law, which is expected to be 1 October 2023.

Recommendation:

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

FOR INFORMATION

1. Background

- 1.1 When the Government reformed public service pension schemes in 2014 and 2015 it introduced protections (underpins) for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' pension schemes had been discriminated against because the protections did not apply to them. Consequently, the Government has confirmed that there will be changes to all the main public service pension schemes, including the LGPS, to remove the discrimination. This ruling is often called the 'McCloud judgment' after a member of the Judges' Pension Scheme involved in the case (www.lgpsmember.org/faqs/what-is-the-mccloud-case-about/, Jan 2022).
- 1.2 On 6 April 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published their response to the consultation on amendments to the underpin. The consultation proposed changes to the underpin to address the discrimination found in the McCloud judgment and to ensure that it works effectively and consistently for qualifying members.

- 1.3 Alongside the consultation response, in collaboration with the Scheme Advisory Board (SAB), DLUHC published a factsheet summarising the remedy for members. This has been added to the Kent Pension Fund website and will be referenced in member newsletters.
- 1.4 DLUHC expects to launch a further consultation in May/June 2023 (date currently unknown). The consultation will seek views on:
- issues that, because of the consultation responses, they have not yet made a final decision on (such as aggregation and flexible retirement).
 - issues not included in the original consultation (such as compensation, interest and excess teacher service).
 - the update of draft regulations.
- 1.5 DLUHC will finalise the regulations after considering the responses to the further consultation. The McCloud Remedy Regulations are expected to come into force on 1 October 2023, with backdated effect to 1 April 2014.

2. Data Rectification for Kent Pension Fund – procurement of provider

- 2.1 A significant amount of work will be required by the Fund to comply with various projects that require accurate, complete and up-to-date data (i.e., the McCloud judgment, Pensions Dashboard and the Fund's Data Quality Policy). As such, the Fund is planning to issue a tender to procure external support from a pensions data management specialist.
- 2.2 Officers are working with colleagues in KCC's Procurement Team to prepare tender documents. The procurement process will be via the National LGPS Framework. It is anticipated that Invitations to Tender will be sent out by the end of June 2023, with bid documents to be returned in July.
- 2.3 A tender evaluation process will be undertaken to select the most suitable Supplier for the data rectification. The Pensions Board will be updated on the Supplier awarded the contract.
- 2.4 In addition to supporting the major data projects and data cleansing, the Fund may also consider third-party resource support on mortality screening and address tracing. Whilst assisting project needs (as outlined above), mortality screening and address tracing would also assist business as usual operations dependent upon accurate records being held.

3. Collection of scheme Member data from Employers

- 3.1 Officers have commenced a project to contact all Fund Employers by the end of June to request scheme member data (including hours and service breaks between 1 April 2014 and 31 March 2022) by the end of September.
- 3.2 SAB have provided advice on what actions to take if data is not forthcoming, incomplete or erroneous.

3.3 The information supplied by Employers will be used to prepare for the McCloud ruling, thereby ensuring payments can be made to relevant scheme members as appropriate.

4. Data Quality Policy

4.1 All data is to be collected as per KCC's data policy. The Fund's Data Quality Policy has been drafted and is included within the Governance and Policies paper for today's meeting. It is intended to present to the Pension Fund Committee for approval at their next meeting.

4.2 The objectives of the Data Quality Policy include:

- Ensuring that member records are maintained as accurately as possible to ensure benefits are paid correctly on time.
- Ensuring that members receive a high standard of service.
- Ensure the Fund is able to meet its legal obligation.
- Ensure that costs are reliable/correct; and
- To ensure data supplied to the Fund's actuary is as accurate as possible so the correct liabilities can be calculated and comply with the Pension Regulators Code of Practice.

4.3 Once agreed and finalised, the Policy will be used in conjunction with external support to develop a Data Improvement Plan.

4.4 The project work on McCloud will be undertaken in accordance with the Data Quality Policy.

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To: Kent Pension Board – 8 June 2023

From: Chairman – Kent Pension Board
Corporate Director of Finance

Subject: Funding Matters

Classification: Unrestricted

Summary:

This report provides an update on Fund employers for the 3 months ending 31 March 2023, information on Oasis Restore Trust and confirmation of employer matters agreed by the Pension Fund Committee on 29 March 2023.

Recommendation:

The Board is recommended to note the report.

FOR INFORMATION

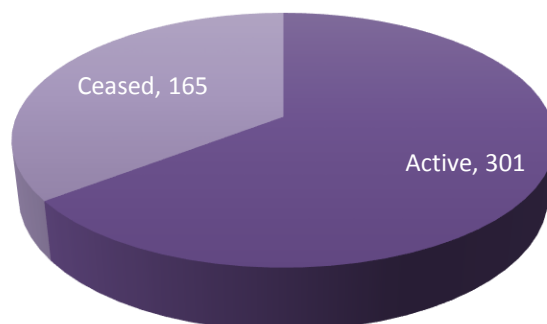
1. Introduction

This report provides an update on Fund employers for the 3 months ending 31 March 2023, information on Oasis Restore Trust and confirmation of employer matters agreed by the Pension Fund Committee on 29 March 2023.

2. Employer Update for the 3 months to 31 March 2023

- 2.1 At its last meeting the Board received an update on employer numbers as at 31 December 2022, when there were 459 employers in the Fund. This number increased by 7 over the first quarter of 2023 and therefore there were 466 employers in the Fund on 31 March 2023. During this 3-month period 7 new employers joined the Fund. In addition, 2 employers changed from being active to ceased and two single academy trusts merged to a multi-academy trust although this does not affect the overall number of 466.

Split of employers between active and ceased



2.2 The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 3 months to 31 March 2023.

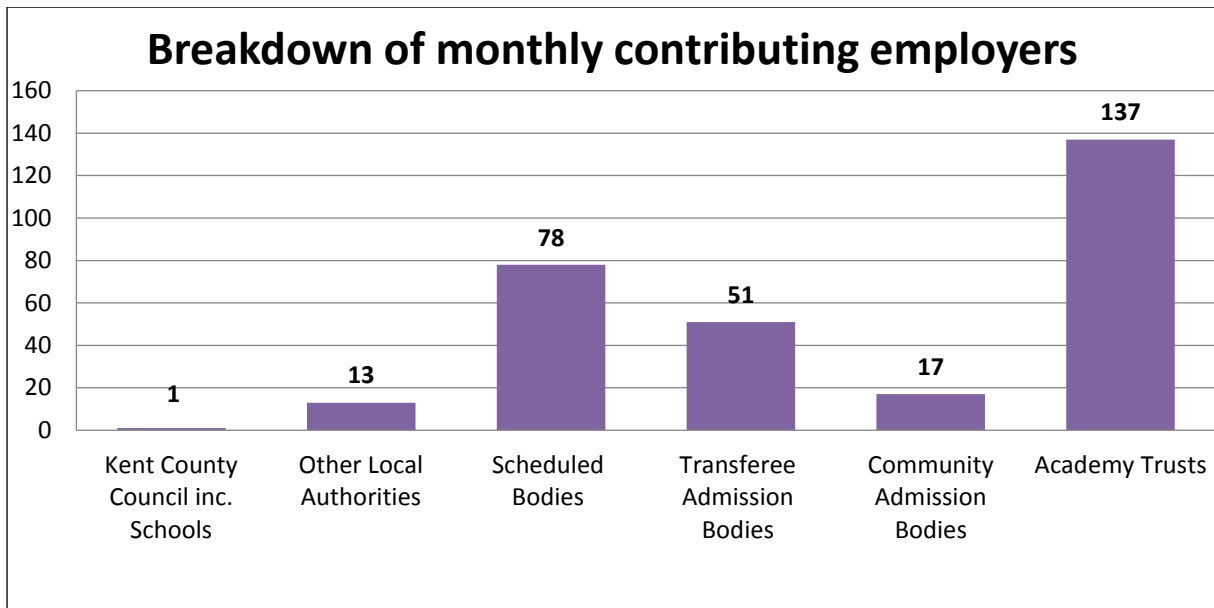
New Employers	Effective Date
Admission Bodies	
Purgo Supply Services Ltd	1 August 2019 (backdated admission)
Oliver Winter t/a Victory Cleaning	1 February 2020 (backdated admission)
Birkin Cleaning Services Ltd (re Maritime Academy Trust)	4 May 2020 (backdated admission)
Town and Country Cleaners Ltd (re Maritime Academy Trust)	1 August 2021 (backdated admission)
Cater Link Ltd (re Sir Roger Manwood Schools)	1 April 2022 (backdated admission)
Academy Trusts	
Oasis Restore Trust	1 February 2023
Nexus Education Schools Trust (NEST)	1 March 2023

Ceased Employers	Effective Date
Admission Bodies	
Churchill Contract Services Ltd (re Lordswood School)	31 August 2021 (late notification of leaving)
Compass Contract Services (UK) Ltd t/a Chartwells (KCSP Primary Schools)	30 November 2022 (late notification of leaving)
Academy Trusts	
Joydens Wood Junior School Academy	28 February 2023
Joydens Wood Infant School Academy	28 February 2023

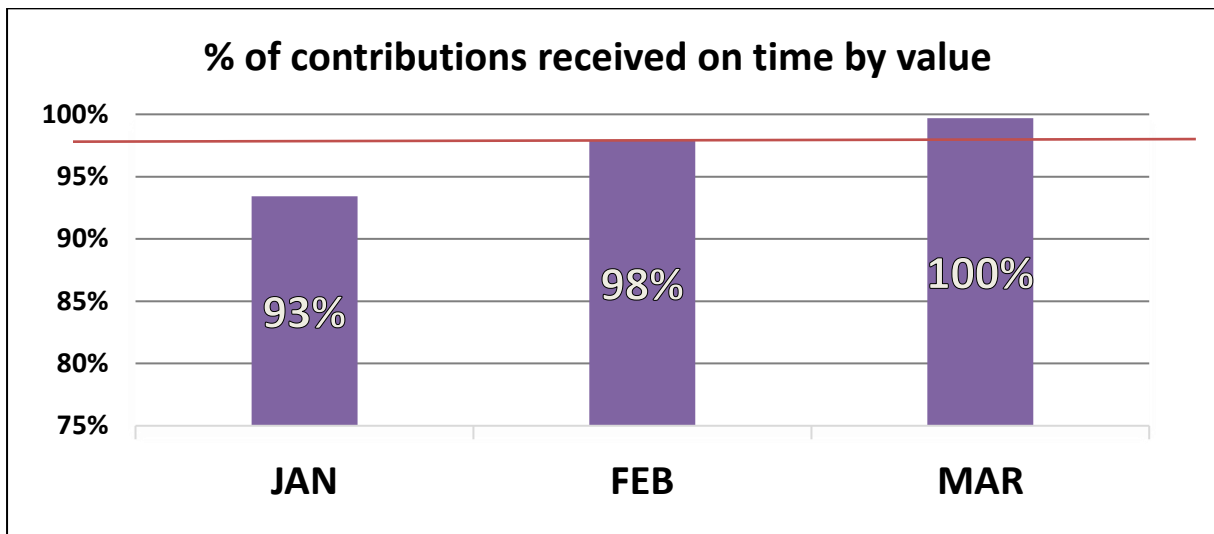
2.3 In the 12 months to 31 March 2023 the Fund received £291.2m from employers in respect of their monthly contributions (employer and employee) as follows:

	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	14,006,574	9,504,528	613,517	24,124,619
May	13,980,039	9,223,205	554,842	23,758,086
June	14,084,304	9,108,759	973,332	24,166,395
July	13,957,142	9,645,167	195,484	23,797,793
August	21,781,225	1,860,797	73,542	23,715,563
September	14,931,769	8,690,214	134,700	23,756,683
October	13,975,914	8,752,754	1,500,298	24,228,967
November	15,930,491	8,939,216	140,671	25,010,378
December	16,904,276	8,311,427	10,490	25,226,193
January	14,084,838	8,733,617	1,604,389	24,422,845
February	13,545,272	10,395,849	512,663	24,453,784
March	15,680,111	8,791,674	73,825	24,545,610
Total	182,861,955	101,957,207	6,387,753	291,206,916

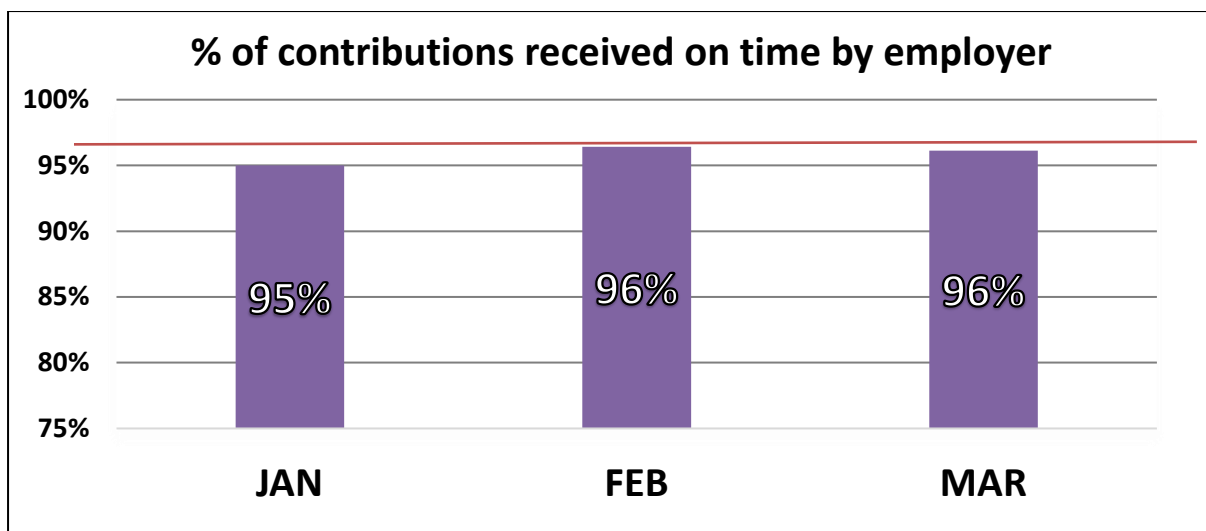
2.5 The following table shows employers from whom the Fund receives monthly contributions by Employer Group.



2.6 The Key Performance Indicator (KPI) of 95% for % of contributions was met every month January to March 2023 bar January 2023, when Medway Council paid late on 20 February 2023.



2.7 The Key Performance Indicator (KPI) of 95% for % employers was met every month January to March 2023.



3 Oasis Restore Trust

- 3.1 Oasis Restore Trust is a brand-new academy, based in Medway, that joined the Kent Pension Fund on 1 February 2023 when their first LGPS employee commenced employment.
- 3.2 Oasis Restore Trust applied to join the Kent Pension Fund as a secure 16 -19 Academy. It is defined as an Academy under the terms of the Academies Act 2010.
- 3.3 Secure 16 to 19 academies are a new type of youth custody provision, created as part of the Government's response to Charlie Taylor's Review of the Youth Justice System in England and Wales, published in December 2016, which recommended the creation of 'secure schools'. This is the first of these in Kent Pension Fund and one of only three geographically in the UK.
- 3.4 These types of academies differ from normal academies because they are funded by the Ministry of Justice (MoJ) and its partners and are accountable to them. The Department for Education (DfE) neither funds, nor is accountable for secure 16 to 19 academies however they have agreed to include these types of academies in their Academy guarantee whilst MoJ finalises their own guarantee with relation to the LGPS. This may take around 8 to 12 months. The agreement currently is that any costs incurred under DfE guarantee with respect to a secure 16 to 19 academy is reimbursed by the MoJ.
- 3.5 MoJ have approval from HM Treasury to fund pensions liabilities in this way, in accordance with Managing Public Money, and so are permitted to make a transaction with DfE.
- 3.6 Given that Oasis Restore Trust is a new type of entity, the Fund has taken professional legal and actuarial advice to satisfy itself that admission to the LGPS is appropriate. Whilst Oasis Restore Trust is the first such example of a secure academy institution in Kent, this initiative is something we could see elsewhere in Kent and Medway in the future.

- 3.7 Oasis Restore Trust has not been put into the existing academy pool on advice from Barnett Waddingham, as this academy is not the same as those currently in the academy pool from both a funding source perspective and a membership profile perspective.
- 3.8 The number of LGPS active members at Oasis Restore Trust is expected to increase to some 200 posts during 2023/24 and so a reassessment of their initial employer contribution rate of 13.2% will be undertaken by Barnett Waddingham.

4 Employer Admission Matters

- 4.1 At their meeting on 29 March 2023 the Committee agreed:
- a) to the admission to the Kent Pension Fund of Cater Link Ltd re Future Schools Trust;
 - b) that the Kier surplus is allocated to KCC's notional share of the Fund;
 - c) that the Sopra Steria surplus is allocated to Folkestone and Hythe District Councils' notional share of the Fund;
 - d) that the Chairman writes to DLUHC asking for an update on the matter of deemed employer status;

James Graham, Pension Fund and Treasury Investments Manager
Kent Pension Fund

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8 June 2023

From: Chairman – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 8 June 2023

Subject: Governance and Policies update

Classification: Unrestricted

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 advises the Board on the current position of the Fund policies.

Recommendation:

The Board is recommended to note the report.

FOR INFORMATION

1. Introduction

- 1.1 As previously agreed, the Board will be updated at each meeting on the progress made on the implementation of the Barnett Waddingham recommendations.
- 1.2 Members are reminded that Barnett Waddingham made 139 Recommendations and some 116 have been implemented or are in progress.
- 1.3 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.
- 1.4 The majority of the outstanding actions require updated legislation, codes of conduct or consultation from Government and therefore there are no updates to report to this meeting. At the next meeting officers will prepare a more detailed assessment showing those areas where more work is required.
- 1.5 It will also be appropriate to consider whether an independent assessment of the Fund's progress against these recommendations, and other governance related areas would be appropriate, and officers will also update the Board when this work has started.

Fund policies

2. Communications Policy

- 2.1 The first draft of the Fund's new Communications Policy for 2023/24 (**Appendix 1**) has been developed by the Communications and Support Team. The purpose of the policy is to publish a statement setting out the plans concerning the methods of communication with stakeholders of the Kent Pension Fund.
- 2.2 As part of the "Digital by Default" objective, the Fund will be encouraging members and employers to use electronic methods to send and receive documents. The Fund are also encouraging members to engage with their pension by integrating member self-service with standard work processes to increase take up across all membership groups.
- 2.3 The Fund will be undertaking a mailing preference exercise over the next 12 months to notify members that all future Annual Benefit Illustrations will be published on Member Self Service as opposed to being sent out as hard copies in the post.
- 2.4 The Communications and Support Team will be undertaking a programme of work to onboard all scheme employers to iConnect (an online tool for submitting data and forms). The aim is to have all employers onboarded by the end of 2025 and to make this tool mandatory once all employers are onboarded.
- 2.5 The Communications and Support Team are also increasing the number of newsletters produced for members. Currently, only pensioner members are provided with a newsletter. Going forward, newsletters will also be produced for active and deferred members.

3. Data Quality Policy

- 3.1 The Fund's Data Quality Policy has been drafted (**Appendix 2**). The objectives of the policy are to ensure that member records are maintained as accurately as possible to ensure benefits are paid correctly on time, members receive a high standard of service, the Fund is able to meet its legal obligations, ensure investment and administration costs are reliable/correct, ensure data supplied to the Fund's actuary is as accurate as possible so the correct liabilities can be calculated and ensure compliance with the Pension Regulators Code of Practice.
- 3.2 Once agreed and finalised, the Policy will be used in conjunction with external support to develop a Data Improvement Plan.
- 3.3 Subject to comments from the Board both policies will be presented to the Pension Fund Committee at their meeting on 22 June 2023 for approval.

4. Policy Summary

4.1 The table below summarises the Fund's Policies and Strategies and highlights the two noted above. It also shows that in September the Board and Committee will be due to review updated ISS, Governance policy and compliance statement, Responsible Investment policy and Personal Data Retention policy.

Policy	Last reviewed by the Committee	Next update and review due	Responsibility
Funding Strategy Statement (FSS)	March 2023	March 2025	Nick Buckland
Investment Strategy Statement (ISS)	September 2022	September 2023 after review of Investment Strategy	James Graham
Governance policy and compliance statement	September 2022	September 2023	Nick Buckland
Responsible Investment policy	September 2022	September 2023 – linked to Investment Strategy review	James Graham
Communications policy	June 2023 (presented)	June 2025	Clare Chambers
Administration Strategy	March 2023	March 2025	Clare Chambers
Conflicts of Interests Policy	December 2022	December 2024	Nick Buckland
Breaches of the Law policy	December 2022	December 2024	Nick Buckland
Discretions policy	December 2022	December 2024	Clare Chambers
Abatements policy	December 2022	December 2024	Clare Chambers
Training Strategy	March 2022	March 2024	Emma Green
Personal Data Retention policy	December 2019	September 2023	Clare Chambers
Data Quality policy	June 2023 (presented)	June 2025	Clare Chambers
Escalations policy	n/a	New policy, tbc	Clare Chambers
Privacy Notice	n/a	New policy, tbc	Clare Chambers

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March 2023

Communication Policy 2023/24



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1. Purpose

- 1.1. The purpose of this policy is to publish a statement setting out the plans concerning the methods of communication with stakeholders of the Kent Pension Fund ('the Fund').
- 1.2. This document is presented to the Pension Fund Committee for approval on 22 June 2023.

2. Regulatory Framework

- 2.1. The policy has been produced in accordance with Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013.
- 2.2. The Regulation requires that an administering authority must prepare, maintain, and publish a written statement setting out its policy concerning communications with:
 - members
 - representatives of members
 - prospective members
 - scheme employers
- 2.3. In particular, the statement must set out its policy on:
 - the provision of information and publicity about the scheme
 - the format, frequency, and method of distributing information or publicity
 - the promotion of the scheme to prospective scheme members and their employers
- 2.4. The communication policy must be revised and republished following any change in policy on any of the matters referred to in 2.3.
- 2.5. For the purposes of this policy, published means being accessible on the publicly available website [Kent Pension Fund](#).

3. General Communication

- 3.1. The Fund encourages members and employers to use electronic methods to send documents.
- 3.2. The Fund provides scheme members and potential scheme members with information on the benefits of the Local Government Pension Scheme (LGPS) using various mediums.
- 3.3. LGPS support is available nationally through websites and guidance for both employers and scheme members. The Fund communications will continue to reference these national resources, together with material provided by pension industry experts.
- 3.4. The Fund will continue to support collaboration and development of communication media with other administering authorities through membership of the Communications Working Group. The group is run by the Local Government Pensions Committee Secretariat (LGPC), as part of the Local Government Association (LGA).

- 3.5. News items and blogs are produced on the website regularly as the need arises, to highlight current issues, upcoming changes or to provide articles of interest.
- 3.6. The Fund communicates with the Pension Fund Committee and Local Pension Board in various ways as set out by the [Terms of reference for the Kent Local Pension Board \(kentpensionfund.co.uk\)](#) and the [Terms of reference for the Kent Pension Fund Committee \(kentpensionfund.co.uk\)](#).
- 3.7. The Fund communicates information about the investment decisions made by the Pension Fund Committee and Local Pension Board via the newsletters and on the Fund website.
- 3.8. The Fund recognises that its staff are its greatest resource and that they are kept informed about the Fund's aims to deliver an outstanding and 'best in class' service to members and employers.
- 3.9. This is achieved via the use of email, internal and on-line meetings, quarterly performance reviews, internal and external training events on specific topics, together with the opportunity to study for professional qualifications. There is a dedicated training team who provide expert tuition on the LGPS and the wider pensions industry.
- 3.10. The Fund obtains feedback periodically from different member groups and employers and publishes all relevant results on the websites.
- 3.11. The Table of Communications in Appendix 1 of this document details the Fund's method of communication, intended audience, publication media, frequency, and method of distribution.
- 3.13 All prospective, active, deferred and pensioner members have access to the following:
 - **Major changes to scheme regulations** are communicated to member groups and are published on the website in an effective, straightforward, and timely manner.
 - **Kent Pension Fund website** has dedicated areas for all members. It includes information about the scheme, guides, factsheets, and forms. Customers can request a paper copy of information or documents by contacting their employer (if applicable) or the Fund. Members and Employers can upload documents on a secure area of the website.
 - **The Pensions Customer Helpline** is available Monday to Friday. The current opening times are available on the [Kent Pension Fund](#) website. The telephone number is 03000 41 34 88.
 - **The Pensions Mailbox** is a central mailbox for any customer emails. The email address is Pensions@kent.gov.uk.
 - **Written Correspondence** can be sent to the Fund, together with forms and certificates. The address is Pension Section, Sessions House, County Hall, Maidstone, Kent, ME14 1XQ.

- **One to one appointments** with a member of the Kent Pension team are available Monday to Friday via Teams on request, during the opening times of the pensions customer helpline.
- 3.14 All active, deferred and pensioner members have access to [member self-service](#) which is an online secure facility for members of the Fund, hosted by Heywood Pension Technologies Ltd. Registered members can:
- view the details the Fund holds for them and keep their personal details up to date
 - create, view and update their expression of wish for any death grant that may be payable
 - perform quotations for deferred benefits and future benefits (depending on member status)
 - view P60s and pay slips (pensioner members)
- 3.15 To encourage members to engage with their pension, the Fund are integrating member self-service with standard work processes, to increase take up across all membership groups.
- 3.16 The Fund is committed to offering electronic methods of communication to members and will implement additional features of member self-service as identified.
- 3.17 Monthly website and member self-service data is recorded to monitor the usage and member registration numbers, to measure the success of campaigns run by the Fund.

4 Prospective Members

- 4.1 A dedicated area of the website is provided for those thinking of joining the scheme containing information, guides, and factsheets.

5 Representatives of Scheme Members

- 5.1 Scheme information, guides and factsheets are available on the website. Individual pension information is provided to representatives on the written authorisation of the scheme member, with the exception of transfer of pension benefits.

6 Active Members

- 6.1 Active members are members who are in employment and contributing to the Fund.
- 6.2 Employers will enrol relevant employees into the scheme and provide scheme information and forms on joining. When the employer notifies the Fund, a welcome letter is sent to the member with further information regarding the pension scheme.

- 6.3 An illustration is sent to members of their pension benefits by 31 August each year. The illustration shows the basic information that is held about the member, such as the pay used for pension purposes. It gives an illustration of the pension benefits built up to the previous 31 March and also includes the death grant lump sum, should the member die in service.
- 6.4 A pension saving statement is sent to members if they have exceeded, or are approaching, the annual allowance limit. This is in relation to the growth in their pension benefits in the year ending 31 March. The letter is sent to members by the following 6 October.
- 6.5 The Fund arranges a programme of online and face to face events each year to meet with groups of members. These events are arranged either in conjunction with employers or are advertised to members of the scheme via the newsletters or on the website.
- 6.6 Newsletters will be provided to members at least annually and published on the Fund website. Each newsletter will include articles regarding the scheme and other useful information.
- 6.7 The Fund will be inviting members to volunteer for the member user group in the future, whose purpose is to gather feedback of services used and act as a testing group for future projects.

7 Deferred benefit members

- 7.1 Deferred benefit members are members who have stopped contributing to the LGPS with the Fund and have a benefit held in the Fund which is payable at retirement age.
- 7.2 Deferred benefit illustrations are sent to members before 31 August each year, giving an illustration of their current deferred pension benefits held in the Fund.
- 7.3 The Fund arranges a programme of online events each year to meet with groups of members. These events are advertised to members of the scheme via the newsletters or on the website.
- 7.4 Newsletters will be provided to members annually and published on the Fund website. Each newsletter will include articles regarding the scheme and other useful information.

8 Pensioner members

- 8.1 Pensioner members are members who are in receipt of a pension from the Fund.
- 8.2 The Open Lines newsletter is provided to pensioner members twice a year, in spring and autumn. It is produced in conjunction with Kent Active Retirement Fellowship (KARF). The newsletter includes:

- articles about topical issues
- KARF news and activities and
- provides a state benefit update with a dedicated helpline to contact.

8.3 The spring issue includes details about the annual pension increase and tax information for the new financial year.

8.4 Members can opt out of receiving Open Lines. Those members will receive a letter in the spring instead, detailing information about the annual pension increase. Members have the option to choose to receive Open Lines as a link by email or by post.

8.5 Payslips are issued in paper format to the members' home address once a year in April and at any other time during the year if:

- the pay differs by more than £5
- there is a change of bank details

Payslips are available to view on [Member Self Service](#), together with the P60.

8.6 A dedicated pension payroll helpline, 03000 41 11 07 is available Monday to Friday 9am to 5pm. Pension payroll also have a dedicated mailbox, pensions.payroll@cantium.solutions

8.7 Kent Active Retirement Fellowship (KARF) was set up in 1997 by people in receipt of a pension from the Fund. KARF provide their members with the opportunity to meet with other retired people with similar interests. The local branches offer a variety of activities and events, including social, cultural, educational, leisure and fellowship.

8.8 The Fund is independent of KARF but help promote their activities by including information in the Open Lines newsletter, having a dedicated KARF area on the website and including information in the benefit letter to newly retired members.

9 Employing authorities

9.1 Employing authorities are employers that offer membership of the pension scheme to their employees.

9.2 The Fund supports employers to enable them to fulfil their statutory role in the Fund by providing regular relevant information and access to various types of resources. The [Administration Strategy](#) sets out the Employer and Fund responsibilities to administer the scheme.

9.3 The Communication and Support team are a dedicated team of officers who provide support to employers. Each officer has responsibility for a group of employers, and they provide guidance, training and support by phone, email, and visits in person.

- 9.4 The Fund provides a forum for employers twice a year, in June and December. The forums include presentations on topical issues, an administrative update, employer discussion session, etc.
- 9.5 As the need arises, specialist forums are arranged for employers, for example, when there are major changes in the scheme or overriding legislation. These are held at different venues around Kent.
- 9.6 Any major changes in the scheme regulations or policies are notified to employers. In the event of significant changes, additional specialist forums are provided, as detailed previously.
- 9.7 Updates are sent to employers by email when news and changes have occurred that require a summary notification.
- 9.8 The Fund's website has a dedicated secure area for employers, which is accessed via an individual password. The website includes information and guidance about the scheme, template letters, forms, etc.
- 9.9 The Communication and Support officers visit employers upon request or when the officer believes they may need help and guidance.
- 9.10 Officers train employers on pension issues upon request or when the officer believes they may need training.
- 9.11 The Fund offer a programme of on-line webinars to all employers on specific topics and will advertise these using the employer newsletter and on the website.
- 9.12 Officers attend meetings with employers on request, including those with their HR and Payroll departments or providers.
- 9.13 The Communication and Support officers will provide additional support to new employers, to assist in their understanding of the roles and responsibilities as an employer, and to provide guidance on Fund processes.
- 9.14 The Fund provides access to iConnect for employers, which enables monthly payroll updates and, in the future, will provide additional features such as the facility to request estimated benefits, including costs, and other information.
- 9.15 The Fund will onboard employers to iConnect on an ongoing programme, with the aim to have all employers using this portal by the end of 2025. iConnect will become mandatory once all existing employers have been onboarded and any new employers admitted to the Fund will automatically onboard to iConnect.

10 Accessibility

- 10.1 The Fund is committed to ensuring communications are accessible to all stakeholders and recognises the requirement for different methods of communication for different members.
- 10.2 To achieve this, the Fund will ensure that all communications use plain English and where possible, are available in alternative formats as requested.
- 10.3 The Fund is committed to developing further use of electronic means of communicating through email, websites, and member self-service. Communications will be issued to all stakeholders to encourage interaction by electronic means, whilst also offering other mediums.
- 10.4 The Fund is committed to ensuring that the [Fund](#) website, together with the documents available on the website, meet the [Web Content Accessibility Guidelines \(WCAG 2.1\)](#)

11 Privacy Policy

- 11.1 As the Administering Authority, the Fund holds certain information about scheme members ("personal data") which is needed to administer the Fund.
- 11.2 Further information about the data held and how it is used can be found in the [full privacy notice](#) (PDF, 331.9 KB).

12 Freedom of Information

- 12.1 Anyone has a right under the Freedom of Information (FOI) Act to request any information held by the Fund which is not already made available.
- 12.2 FOI requests will be dealt with openly and swiftly.
- 12.3 Requests should be made in writing, by email or online to the Information Resilience and Transparency Team at the address at the end of this document.
- 12.4 A fee may be charged in line with our published FOI guidance.

13 Review

- 13.1 The policy will be reviewed annually and updated sooner if the information included within it requires reconsideration.

14 Further Information

Please use the [online enquiry form](#) to contact the Fund or send documents electronically.

Alternatively, you can call: Telephone: 03000 41 34 88

Monday to Friday 9am to 3pm

To call from abroad dial +44 3000 41 34 88

Calls cost the same as 01 and 02 numbers and are included in free call packages.

If you have a Freedom of Information request, please refer to the [Making a Freedom of Information Request](#) information available online.

Alternatively, you can email the request at:

freedomofinformation@kent.gov.uk

Or write to at:

Information Resilience and Transparency Team

Kent County Council

Room 2.64 Sessions House

County Hall

Maidstone

ME14 1XQ

	Frequency	Format	Method of Distribution
Changes in Legislation	As necessary	Email	Email to employers
Material Alterations to Basic Scheme Information	As soon as possible and within 3 months after the change takes effect.	Website Email Paper Based	Letter or email to all stakeholders and online
Guides and factsheets for members and employers	Always available	Website Paper Based on request	Online or sent to home address
Pension Fund Report and Accounts	Annual	Website Paper Based on request	Online or sent to home address
Pension Fund Policies	Always available	Website Paper Based on request	Online or sent to home address
Valuation Report	Always available. New report every 3 years.	Website Paper Based on request	Online or sent to home address
Welcome letter to new members	As necessary	Email Paper Based Member Self Service	Email or sent to home address
Annual Benefit Illustration to members	Annual	Email Paper Based Member Self Service	Currently sent to home address. Future statements will be available via Member Self Service and paper based by request.

Deferred Benefit Illustration to members	Annual	Email Paper Based Member Self Service	Currently sent to home address. Future statements will be available via Member Self Service and paper based by request.
Newsletters - Members	Active members – at least once a year Deferred members - annually Pensioner members - twice a year	Email Paper Based Online	Email, sent to home address and available online.
Pension Saving Statements	Annual	Paper Based	Currently sent to home address. Future statements will be available via Member Self Service and paper based by request.
Customer Satisfaction Feedback	Annual and ad hoc	Electronic, Face to Face or paper based	E-mail, in person or via post
P60	Annual	Paper Based Member Self Service	Sent to home address

Payslip	Monthly (see 8.5 for conditions of issue)	Paper Based Member Self Service	Currently sent to home address. Future statements will be available via Member Self Service and paper based by request.
Member webinars / presentations	On request via employer and on a regular programme	Online and face to face	Via employer or online
One to one meeting with members	On request	Online	Online
Training for new employers	As necessary	Online and face to face	In person or online
Newsletter - Employers	Quarterly	Email	Email to employers
Employer Forum	Twice a year	Online and face to face	In person or online
Employer User Group	As necessary	Online and face to face	In person or online
Ad hoc Employer Training and meetings	On request	Online and face to face	In person or online
Telephone helpline to the Fund	Always available		
Dedicated email addresses to the Fund	Always available		
Member Self Service	Always available		
Fund website	Always available		
National websites (promoted in Fund publications)	Always available		

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Kent Pension Fund

Data Quality Policy

1. Introduction

- 1.1 This document defines the data improvement plan for the Kent Pension Fund ('the Fund') which is administered by Kent County Council ('the Administering Authority').
- 1.2 The Fund collects and holds large amounts of digital and paper-based data and is heavily reliant on the timely receipt of quality (accurate, complete and up to date) data from scheme employers, in order to effectively administer the Local Government Pension Scheme (LGPS).
- 1.3 Details of the information scheme employers are required to provide, and the consequences of them failing to do so are detailed in the Fund's Administration Strategy.
- 1.4 Fundamentally, the purpose of the LGPS is to pay the right benefits to the right member at the right time. It is therefore imperative that the highest possible data quality standards are maintained, to comply with this core function and to ensure the cost-effective use of resources.
- 1.5 The LGPS continues to face ongoing legislative change with oversight of administration and governance falling under the remit of the Pension Regulator (tPR), with a heightened responsibility on scheme managers and local pension boards to ensure data is readily available and fit for purpose at all times.
- 1.6 The legal requirements relating to scheme record keeping are set out in the Public Service Pensions (Record Keeping and Miscellaneous Amendments) 2014.
- 1.7 TPR's guidance requires that schemes should:
 - Continually review their data and carry out a data review exercise at least annually.
 - Where a review of the scheme's data identifies poor or missing data, a data improvement plan should be put in place to address these issues.

2. The Pension Regulator Annual Scheme Return

2.1 Annually tPR issues a scheme return which should be completed and returned. From 2018 each Pension Fund is required to include in the return a Data Quality Score which has two types of data:

- **Common data** – used to identify scheme members and includes name, address, National Insurance number and date of birth.
- **Scheme Specific data** – essential to calculate benefit entitlement such as pensionable pay and service history. It also encompasses data relating to events that occur during an individual's membership, for example transfers etc.

2.2 tPR has issued a quick guide on measuring scheme data which states that one piece of missing data, such as current address on a deferred member's record should be reported to them as a failed record (as per Appendix 2)

3. Legislative Framework

3.1 The Fund and its Employers have a legal obligation and statutory duty to comply with a number of regulations, standards and formal guidance; these include, but are not limited to:

- LGPS Regulations 2013, as amended.
- Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014
- The Pensions Act 1995, 2004 and 2008
- The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013
- Data Protection Act 1998, and replacement legislation in May 2018 (implementing General Data Protection Regulation)
- Freedom of Information Act 2000
- Pension Regulator's Code of Practice No.14

4. Key Objectives

4.1 The key objectives of this plan are to:

- Ensure active, deferred, pensioner and beneficiary records are maintained as accurately as possible to ensure benefits are paid correctly on time, members receive a high standard of service, and the Fund is able to meet its legal obligations.
- Ensure Investment and Administration costs are reliable/correct.

- Ensure data supplied to the Fund's actuary for the valuation is as accurate as possible so the correct liabilities can be calculated.
- Ensure the Fund complies with tPR's Code of Practice

5. Outcomes

5.1 Anticipated outcomes of an improvement in the data held by the Fund are:

- Improvement of tPR data scores for Common and Scheme Specific data.
- Increase in the number of Annual Benefit Illustrations (ABI's) issued by 31 August each year/members are aware of the value of their benefits.
- Reduction in the number of Internal Dispute Resolutions (IDRP's) received for incorrect calculation of benefits or delays in paying benefits.
- Reduction in the number of queries from the Fund's actuary at valuation time.
- Reduction in the number of queries received when ABI's are sent out.
- Reduction in administration costs due to increased efficiency.
- Reduction in the likelihood of the Government Actuary Department (GAD) rejecting data for the scheme valuation.
- Improvement in accuracy for IAS19 valuations.
- Reduction in delays for calculating and paying retirement benefits, death benefits, transfers out.
- Reduction in the queries between the Fund and scheme employers.
- Reduction in the breaches recorded on the Breaches Log (e.g., due to ABI's being issued late).
- Improved reporting, planning, programming management and operation of activities relating to Kent Pension Fund.
- Improved governance and reduced risk of GDPR data breaches.

6. Ongoing Data Cleansing via monthly returns (iConnect)

6.1 Employers are responsible for the upload of their iConnect monthly returns. The iConnect platform allows employers to securely upload the details of their scheme members. Data not provided through iConnect is provided by employers via spreadsheets and forms, which is then uploaded to the database of the Fund.

6.2 If there are any errors or suppressions on the monthly return, the employer must advise us of this and send a copy of the file upload within 2 working days.

- 6.3 All employers are aware that there may be changes to the data required on their monthly return at any time. It is the employer's responsibility to set up users, amend users and delete users.

7. LGPS National Insurance Database

- 7.1 Administered by South Yorkshire Pension Fund Authority on behalf of the Local Government Association (LGA), the secure National Insurance Database (NIDB) was developed for LGPS administering authorities to share data to prevent duplicate payment of death grants. This follows changes to Scheme Regulations in 2014 where payment of a death grant in respect of a member with entitlement across multiple membership categories is restricted to an aggregate payment value in relation to any active or pensioner/deferred membership.
- 7.2 When processing the death of a scheme member, officers will check the LGPS National Insurance Database for the existence of membership at other LGPS Funds. Officers will also use the NIDB to attempt to trace members for whom we have lost contact with and may hold benefits in another LGPS Fund.

8. Tell Us Once Service

- 8.1 The secure LGPS National Insurance Database also facilitates the integration of the Fund's membership profile into the Department of Work and Pensions (DWP) 'Tell Us Once' service (TUO). The service allows a person registering a death to request that the DWP pass on the deceased's information to other government services and council services.
- 8.2 If the deceased is a member of the Fund, as determined by the LGPS National Insurance Database, an email notification is received informing the designated officers that a copy of the death certificate is accessible on the secure government gateway.

9. National Fraud Initiative

- 9.1 The National Fraud Initiative (NFI) matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. The Fund submits data to NFI every two years to identify deceased members and members who are no longer entitled to receive a pension.

10. Mortality screening and tracing service

10.1 The Fund engage with a Tracing Bureau for both monthly mortality screening and ad-hoc for members where no current address is held. For deferred members, where a current address for a lost contact cannot be found by the Tracing Bureau, a check is carried out 3 months before payment of pension is due. For pensioner members who are identified as deceased the Fund will suspend pensions.

11. Annual Benefit Illustration (ABI) checks

11.1 Before producing an ABI each year certain checks are applied to active records to ensure accurate data is used in the production of the ABI.

11.2 If these checks identify further information is required from an employer, the ABI production for this case will be blocked and a query will be referred back to the employer. Upon receipt of the appropriate information the record will be updated, and the ABI will be released for production.

12. Deferred pensions increase

12.1 As part of the annual deferred pensions increase process certain data errors are identified and pensions increase is blocked until they are resolved.

13. Data errors

13.1 When tackling data errors, the following considerations will be used when making the decision on the priority of errors to be resolved:

- Priority identified on the error report (see Appendix 2)
- Data improvement plans objectives (as set out above)

Presented to the Pension Fund Committee for Approval – 22 June 2023

Appendices:

Appendix 1 - Data Quality scores and errors.

Appendix 2 - Work plan to deal with the data errors identified.

Appendix 1 – Kent Pension Fund results

	Q3 2018	Q3 2019	Q3 2020	Q3 2021	Q3 2022
tPR Score – Common	94.4%	96.3%	95.9%	95.6%	95%
tPR Score – Scheme Specific	64.6%	90.1%	91%	92.4%	93.8%

Appendix 2 - Data Correction Plan (as at October 2022).

Category	Data Category	Failures	Priority (based on categories as determined by administration system provider)
Common	NI Number (missing, temporary, incorrect format)	1,756	Low
Common	Date Joined Fund	6	Low
Common	Status	235	High
Common	Status and invalid data view	3,066	High
Common	Address	11,351	Medium
Common	Status and valid data view	236	Very High
Scheme Specific	Member Benefits	7,947	High, Very High
Scheme Specific	Member Detail	47,792	Low, High, Very High
Scheme Specific	CARE Data	13,174	High
Scheme Specific	HMRC	1,653	Low, Medium, High
Scheme Specific	Contracting Out	31,846	Medium, High

To:	Kent Pension Board – 8 June 2023
From:	Chairman – Kent Pension Board Corporate Director of Finance
Subject:	Training Plan
Classification:	Unrestricted

Summary:

To update the Board on progress in developing the training plan for Board and Committee members

Recommendation:

The Board is asked to note the report.

FOR INFORMATION

1. Background

- 1.1 In November 2022, a report was prepared on the LGPS National Knowledge Assessment, for Kent Pension Fund (**Appendix 1 contains a link**). The report was prepared by Hymans Robertson and followed a previous assessment undertaken in 2020.
- 1.2 The report rated the knowledge and skills of members of the Pension Board and Pensions Fund Committee. The report also enabled benchmarking against other Funds. At the time when the assessment was completed, 16 other LGPS funds and over 200 members had participated in the National Knowledge Assessment.
- 1.3 Individuals from Kent Pension Fund were asked to undertake multiple-choice online assessment to test their LGPS knowledge. Questions were split into three categories to ascertain areas of strength and where development potentially required: (1) Technical questions (the majority of questions were in this area); (2) Roles & Responsibilities; and (3) Decision making.

2. Key Findings of the Hymans Robertson assessment (Nov 2022)

- 2.1 The Fund's overall knowledge ranking against other participating LGPS funds was found to be 10th out of 16 Funds, based upon the average score of assessed participants. Scores in the eight technical areas (as per CIPFA's

Knowledge & Skills Framework for Local Pension Boards) were as shown in Table 1. The average scores by category are shown in Table 2.

Table 1: Average scores for technical knowledge, 2022

Area of technical knowledge	Pensions Board	Pension Fund Committee
Financial Markets & Product Knowledge	80%	75%
Pensions Governance	80%	63%
Actuarial Methods, Standards & Practices	73%	58%
Procurement and Relationship Management	67%	53%
Committee Role & Pensions legislation	60%	45%
Investment performance & Risk Management	57%	47%
Pensions Administration*	47%	42%
Pensions Accounting & Audit Standards *	43%	28%

**Areas of least knowledge for both Pensions Committee Members and Pensions Board Members, November 2022. Whilst it is recognised that membership of the Committee and Board has changed since November 2022, these were identified as the lowest scoring areas for both Committee and Board.*

Table 2: Average scores by category, 2022

	Pensions Board & Pension Fund Committee combined average score
Technical (<i>the majority of questions covered this area</i>)	58%
Decision-making	51 %
Role responsibility	49 %

3. Hymans Robertson's Knowledge Assessment Report Conclusions

- 3.1 Hymans Robertson's assessment recommended training in all three categories (technical, role responsibility and decision making). The purpose of the training to allow members to effectively undertake their role for Kent Pension Fund.
- 3.2 For role responsibility and decision making, specific requirements will be provided at Pension Boards and Committee, as items arise.

- 3.3 Papers prepared by Officers will outline the specific role responsibility and decision-making required for specific subject matters, as per Agenda items. For example, role responsibility and decision making will be explained for each of the following:
- Triennial valuation of the Fund
 - End of Year accounts
 - Business Plan (including budgets)
 - Commissioning and procurement
 - New strategies and policies, as appropriate
- 3.4 For more technical topics, 'Pensions Accounting & Audit Standards' and 'Pensions Administration' will be prioritised as subjects for training. These two subject areas scored the lowest in knowledge held by members and pension board representatives. Full details of the training plan proposals for these and the other topics is outlined in **Appendix 2**.

4 Training Requirements

- 4.1 Training is to be undertaken, recorded and monitored as per the Kent Pension Fund Training Strategy (approved at Pension Fund Committee March 2022); a link is contained in **Appendix 3**. The Strategy sets out strategic training objectives and the training vision, whilst incorporating CIPFA's 'Code of Practice on Public Sector Pensions Finance, Knowledge & Skills' and CIPFA's Knowledge & Skills Framework. Furthermore, the Kent Pension Fund Training Strategy explains the requirement for those on the Pensions Board and Pensions Fund Committee to have sufficient skills and knowledge to undertake their role.
- 4.2 The aim of the training proposals outlined in this Paper is to build on the training previously arranged for Members and to close the skills gaps identified in Hyman Robertson's assessment.

5. The Pensions Regulator's (tPR) E-learning Toolkit

- 5.1 tPR has developed an online tool designed to help those running public service schemes to understand the governance and the administrative requirements in CIPFA's Code of Practice. The toolkit is designed specifically with Local Pension Board members in mind however the material covered is of equal relevance to members of the Pension Fund Committee.
- 5.2 The Pension Fund Committee is expected to complete the toolkit and for the Local Pension Board members this is a mandatory requirement. The toolkit is an easy-to-use resource and covers short modules. These are:
- a) Conflicts of Interests;
 - b) Managing Risk and Internal Controls;

- c) Maintaining Accurate Member Data;
- d) Maintaining Member Contributions;
- e) Providing Information to Members and Others;
- f) Resolving Internal Disputes;
- g) Reporting Breaches of the Law.
- h) Pension Scams

5.3 All members are expected to complete their induction material and the TPR toolkit within 6 months of joining the Pensions Board or Pension Fund Committee. Where existing members and representatives have not completed the TPR's E-Learning Toolkit, they are expected to complete.

6. Training Delivery

6.1 All Members with a role in scrutiny or advisory in Kent Pension Fund are expected to complete the learning specified in the Training Plan of **Appendix 2**. Should members join at a date where subjects have already been covered in the Training Plan, knowledge gaps should be filled on an individual basis.

6.1 To support the Training Plan, other training methods/resources will be incorporated to pick-up hot topics and to support learning requirements as they emerge. Information and details will be circulated to Members. It is also expected that members will take personal responsibility to maintain their Pensions knowledge and to ask Officers for assistance where extra support may be required to effectively undertake their role.

6.2 To enable a sufficient level of knowledge and skill to properly exercise their function, other training methods/resources may include, but not be restricted to:

- a) Internally developed training days (i.e., presented by specialist Officers at KCC);
- b) Training delivered by Investment Managers and the Kent Fund's Consultants at Committee and Board meetings (i.e., external presenters);
- c) In-house and shared training events where it improves economy, efficiency and effectiveness;
- d) Self-improvement and familiarisation with regulations and documents;
- e) Attending courses, seminars and external events;
- f) Regular updates from officers and/or advisers;

g) Circulated reading material (i.e., LGPC bulletins and monthly updates distributed by Officers).

- 6.3 The Local Government Association have a 'Fundamentals' training course held over three-day sessions (or six sessions if undertaken online as each session is half-a-day). The course ties in with the aims and objectives of KCC's Training Strategy and introduces the subject areas in the CIPFA knowledge and skills framework. The course can be undertaken in person at London (Westminster), Manchester or online. Trainers are leaders in the field of pensions and are carefully selected by the LGA. For 2023, booking is open and training sessions are planned for October, November and December 2023. This training option is available to all Members, Officers and representatives who attend Pension Board and/or Pension Fund Committee.
- 6.4 Should there be sufficient interest, access to Hymans' Learning Academy will also be made available to support learning and development. Hyman's LGPS Online Learning Academy (LOLA), allows access to Hymans' Learning portal, whereby learning modules (videos) can be viewed on-demand. The learning portal offers jargon busters, knowledge checks and the ability for funds to track and monitor training progress. A subscription fee would be payable annually by Kent Pension Fund.

7. Reassessment by Hymans Robertson

- 7.1 It is proposed that further to the Training Plan being completed in 2025, Hymans Robertson are re-commissioned to undertake a revaluation of the knowledge held by members and representatives. Action to then be taken, dependent on the report findings.

Appendix 1: Hymans & Robertson Report – Knowledge Assessment

Page 171 – 188:

<https://democracy.kent.gov.uk/documents/g9078/Public%20reports%20pack%2029th-Mar-2023%2010.00%20Pension%20Fund%20Committee.pdf?T=10>

Appendix 2: Training Plan

It expected that these sessions will be completed by Members and representatives that attend Pensions Board and Pension Fund Committee. Training is to be delivered by Officers and external partners via workshops and presentations. After each session, participants will be asked to complete a short survey to check learning objectives have been met.

Indicative Timeframe	Core Topic
September 2023	<p>Pensions Accounting & Audit Standards</p> <p><i>To provide a general understanding of the Accounts and Audit Regulations, and the role of internal and external audit</i></p>
December 2023	<p>Pensions Administration</p> <p><i>To provide a general understanding of best practice in pensions administration, together with Fund polices, resource and discretionary powers.</i></p>
March 2024	<p>Investment Performance & Risk Management</p> <p><i>To provide a general understanding of the relationship between assets and liabilities and the structure, operation and purpose of investment pooling arrangements.</i></p>
June 2023	<p>Committee Role & Pensions Legislation</p> <p><i>To provide an overview of the Committee's role and a general understanding of the legislative framework as it applies to the LGPS, in line with the CIPFA Knowledge & Skills Framework</i></p>
September 2024	<p>Procurement & Relationship Management</p> <p><i>To provide a general understanding of the public procurement requirements as they apply to the LGPS, and how performance of suppliers can be monitored.</i></p>
December 2024	<p>Actuarial Methods, Standards & Practices</p> <p><i>To provide a general understanding of the role of the Fund actuary and the formal valuation process (including the FSS and inter-valuation monitoring) and the treatment of new and ceasing employers (including employer covenant)</i></p>

March 2025	<p>Pensions Governance</p> <p><i>To provide a general understanding of the controls and measures in place to manage risks and conflicts and interest of the Fund, whilst ensuring the right skills and experience are available.</i></p>
June 2025	<p>Financial Markets & Product Knowledge</p> <p><i>To provide a general understanding of the financial context of the Fund, and the products relating to the Fund.</i></p>

Appendix 3: Kent Pension Fund Training Strategy (March 2022)

https://www.kentpensionfund.co.uk/_data/assets/pdf_file/0003/135435/Kent-Pension-Fund-Training-Strategy.pdf

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From:	Chairman Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 8 June 2023
Subject:	Fund Position 31 March 2023
Classification:	Unrestricted

Summary:

To provide a summary of the Fund's asset allocation and performance.

Recommendation:

The Board is asked to note the Fund's asset allocation and performance as of 31 March 2023.

FOR INFORMATION

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 31 March 2023, the Fund's value was £7.83bn, an increase of £92m over the quarter.
- 2.2 Within the equity portfolio, the current asset allocation is biased towards global equity and underweight UK equity versus the strategic asset allocation. Notwithstanding this, the overall (combined) equity allocation is within the formal tolerance ranges established under the Fund's Investment Strategy Statement. Moreover, the Pension Fund Committee is due to revisit the strategic asset allocation at its meeting on 22 June. Therefore, no rebalancing is recommended at this stage. All other asset classes remain within their target allocation ranges.

3. Investment performance quarter to 31 March 2023

- 3.1 UK equities lagged slightly behind global equity returns over the quarter with the FTSE All-Share index returning +3.0% in the three months to 31 March compared to +4.4% rise in global equities.
- 3.2 Global equities and bonds experienced renewed volatility in March following the failure of Silicon Valley Bank (SVB) and Signature Bank in March. However, softer US inflation data, China's reopening, and falling wholesale gas prices in Europe all helped the MSCI global equity index to rise by 4.4% over the quarter.

- 3.3 Against this backdrop, the Fund's active equity managers lagged the benchmark returns this quarter, with the exception of Impax, which marginally outperformed the benchmark, and the Baillie Gifford Global Equity Core Fund, which outperformed its benchmark by a considerable margin due to a relatively strong return for growth style stocks.
- 3.4 The property market stayed relatively flat this quarter following the significant drop in valuations last quarter. Our property managers mainly outperformed with the exception of M&G Residential Property Fund, which saw negative returns of -0.7% (although this mandate has performed relatively well over the year to 31 March), and Aegon (Kames) which returned 0.0% against a benchmark of 0.2%.
- 3.5 The rise in the global equities meant that the equity protection program lost £118m during the quarter, but the fall was offset by the rise in physical equities held by the Fund.
- 3.6 Both the absolute return managers underperformed again against the RPI linked benchmark whilst the private equity and Infrastructure mandates had mixed returns.
- 3.7 Overall, during the quarter, the Fund returned 1.1%, underperforming against its benchmark return of 2.6%.

4. Longer term performance

- 4.1 For the year ended March 2023, the Fund achieved a return of 1.4% against a benchmark return of 0.3%, an outperformance of 1.11%.
- 4.2 The past year has continued to be one of significant economic challenges, from the cost-of-living crisis, recovery from the pandemic, the invasion of Ukraine, and the banking liquidity crisis, the impact of the now lengthy period of uncertainty continues to be felt throughout financial markets.
- 4.3 Against this backdrop of economic uncertainty, value style investors have outperformed growth stocks, which have struggled. Baillie Gifford, the Fund's global equities manager with a growth style has returned -10.0% over the year, although this followed on from a period of exceptional outperformance coming into 2022, and in the last few months has regained some of the lost ground earlier in the year. In contrast, both the Fund's value managers, Schroders GAV and M&G global dividend fund being the best performing over the year, despite a difficult quarter.
- 4.4 The bond markets similarly experienced reversing fortunes between the first and second half of the year. Despite the recovery in the last 2 quarters, 3 of the 4 bond managers recorded negative returns for the year compared to a benchmark of 2.1%, with CQS delivering the worst performance of -5.1% for the year and M&G MAC fund the best performing with annual returns of +2.4%.
- 4.5 After recording strong growth recovering from post covid lockdown in the first half of the year, property assets have continued to come under pressure from rising interest rates, and the IPD Property Fund benchmark has recorded a net decline of almost 14.9% for the year. However, the Fund's property managers have outperformed the property index, in particular portfolios with less exposure to industrial property assets such as the M&G Residential Property Fund.

- 4.6 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.
- 4.7 Over three years, the Fund has outperformed with a return of 11.0% per annum compared to the benchmark return of 9.9% p.a.

5. Outlook

- 5.1 The investment outlook remains uncertain. Inflation remains high although now trending downwards. Market sentiment remains highly sensitive to economic news and there is limited consensus on how long it will take to normalise. The IMF has lowered global growth projections to 2.8% for 2023 and challenges in the US banking sector persist. Against this backdrop our managers continue to focus on stock-picking and look for companies with strong balance sheets and good long-term prospects. The Fund aims to limit volatility by diversifying sources of return within the portfolio. The Fund will be reviewing its investment strategy over the next few months to take advantage of the revised valuation results.

Sangeeta Surana, Investments, Accounting and Pooling Manager

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May 2023

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FUND POSITION STATEMENT

Summary of Fund Asset Allocation and Performance

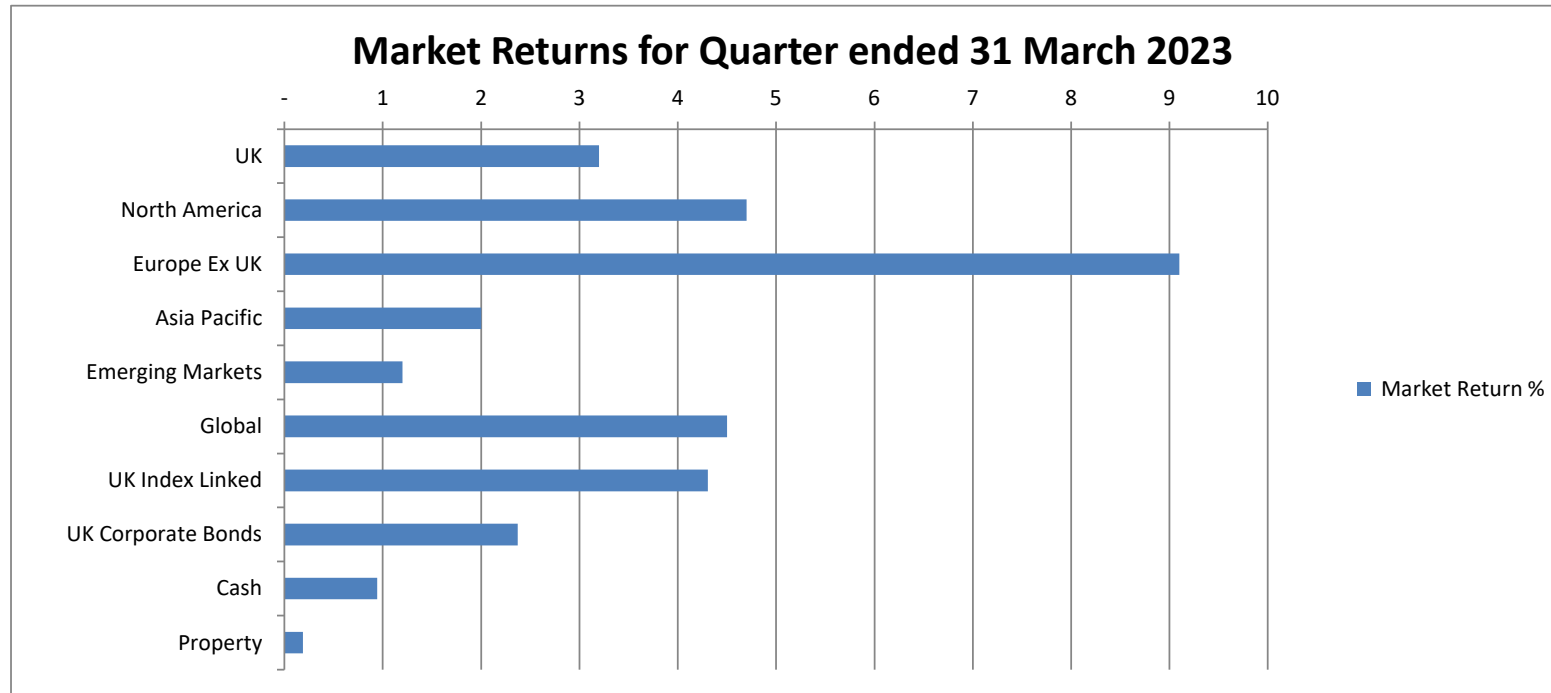
Pension Fund Committee

By: Chairman Pension Fund Committee
Corporate Director of Finance

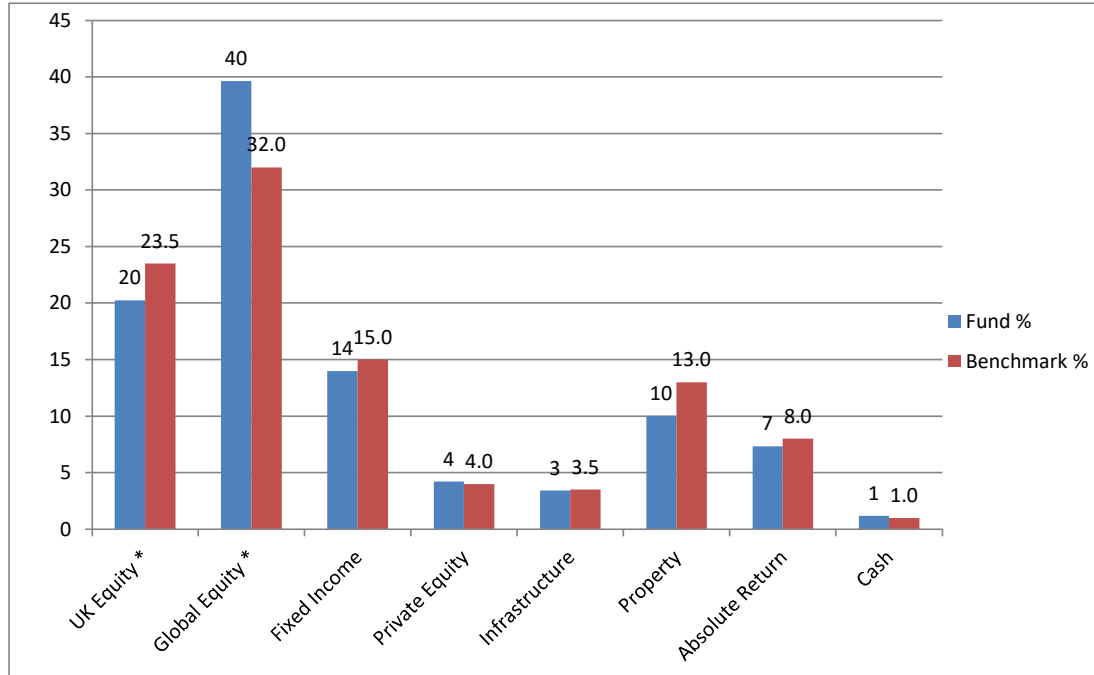


Kent Pension Fund
Q4 2022-23
Katherine Gray- Principal Accountant

Market Returns for Quarter ended 31 March 2023



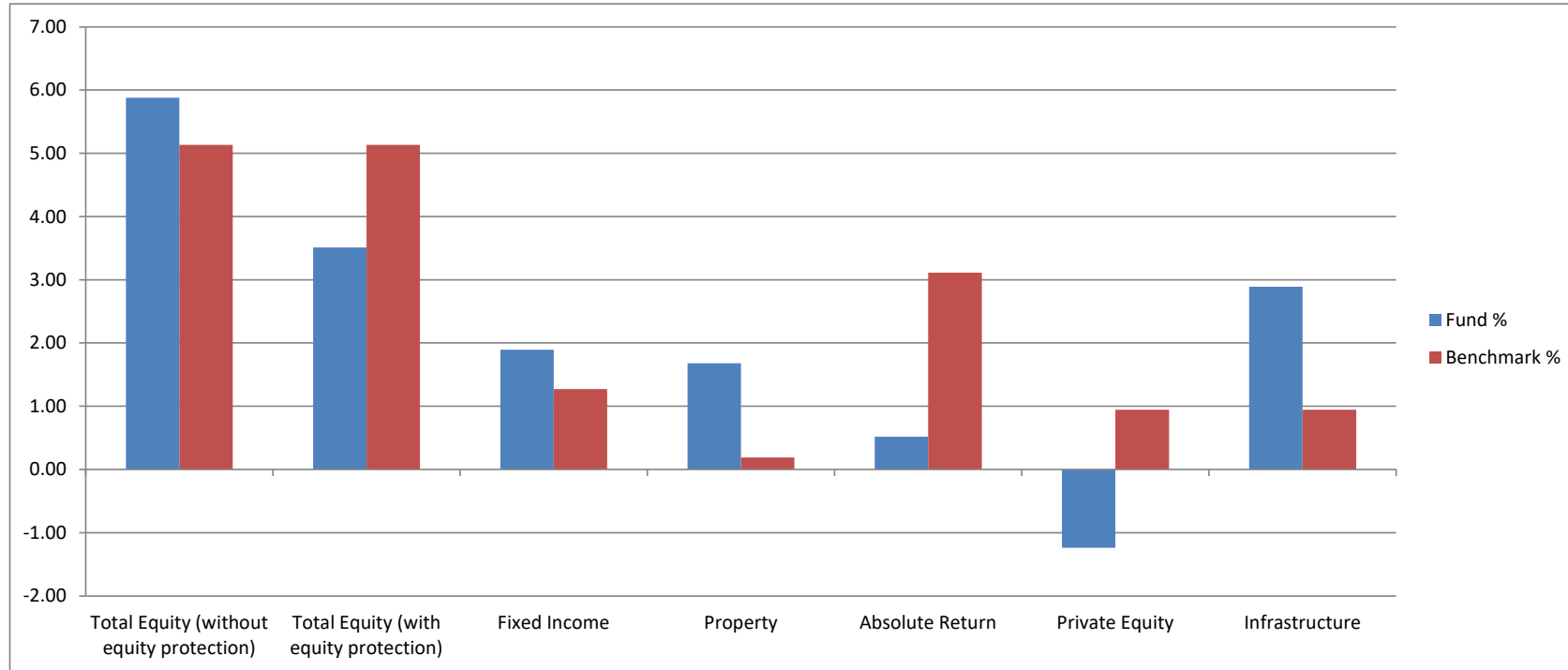
Fund Asset Allocation vs Benchmark as at 31 March 2023



Asset Class	Fund		Benchmark	Over / (under) weight
	£m	%	%	%
UK Equity *	1,584	20.2	23.5	-3.3
Global Equity *	3,103	39.6	32	7.6
Fixed Income	1,094	14.0	15	-1.0
Private Equity	330	4.2	4	0.2
Infrastructure	267	3.4	3.5	-0.1
Property	784	10.0	13	-3.0
Absolute Return	574	7.3	8	-0.7
Cash	93	1.2	1	0.2
Total	7,828	100	100	

* Synthetic equity exposure with Insight is included in UK and Global Equities

Fund Asset Class Performance for Quarter ending 31 March 2023



Asset Class	Fund %	Benchmark %	Outperformance %
Total Equity (without equity protection)	5.88	5.13	0.74
Total Equity (with equity protection)	3.51	5.13	-1.62
Fixed Income	1.89	1.27	0.62
Property	1.68	0.19	1.49
Absolute Return	0.52	3.11	-2.60
Private Equity	-1.24	0.94	-2.18
Infrastructure	2.89	0.94	1.94

Market Value Summary by Fund Manager as at 31 March 2023

Fund Manager	Asset Class	Market Value as at 31 December 2022 (£m)	Market Value as at 31 March 2023 (£m)	Change in Market Value (£m)	% of Total Fund 31 March 2023
Schroders - LF ACCESS UK Equity Fund	UK Equity	1,146	1,184	39	15.1%
Baillie Gifford - LF ACCESS Global Equity Core Fund	Global Equity	987	1,071	84	13.7%
Insight	Equity Protection Program	1,158	1,040	-118	13.3%
M&G - LF ACCESS Global Dividend Fund	Global Equity	517	536	19	6.8%
DTZ	Direct Property	493	502	8	6.4%
Schroders GAV - LF ACCESS Global Active Value Fund	Global Equity	400	405	5	5.2%
Goldman Sachs	Fixed Interest	376	386	10	4.9%
Pyrford	Absolute Return	377	382	6	4.9%
Sarasin	Global Equity	360	375	15	4.8%
Partners	Infrastructure	249	267	18	3.4%
Harbourvest	Private Equity	259	255	-4	3.3%
M&G Alpha Opportunities	Fixed Interest	241	246	4	3.1%
Schroders	Fixed Interest	238	239	1	3.1%
CQS	Fixed Interest	221	226	5	2.9%
Ruffer - LF ACCESS Absolute Return Fund	Absolute Return	194	192	-3	2.4%
Fidelity	Pooled Property	143	143	0	1.8%
YFM	Private Equity	68	75	7	1.0%
Impax Environmental Markets	Global Equity	70	73	3	0.9%
M&G Residential Property	Pooled Property	69	69	0	0.9%
DTZ Pooled Funds	Pooled Property	39	39	0	0.5%
Aegon (Kames)	Pooled Property	32	32	0	0.4%
Woodford	UK Equity	4	3	-1	0.0%
Internally managed cash	Cash	96	90	-6	1.2%
Total Kent Fund		7,737	7,829	92	100.0%

Total investments in ACCESS pooled funds

3,244

3,388

Percentage of the total Fund

42%

43%

Performance Returns as at 31 March 2023

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund *	1.12	2.64	1.44	0.33	11.03	9.88
UK Equity						
Schroders - LF ACCESS UK Equity Fund	3.37	3.02	3.63	2.95	15.42	13.59
Woodford	-21.71	3.08	-53.63	2.92	-35.78	13.81
Global Equity						
Baillie Gifford - LF ACCESS Global Equity Core Fund	8.53	4.73	-9.95	1.56	10.05	14.27
Sarasin	4.27	4.39	-1.60	-1.43	15.04	15.47
Schroders - LF ACCESS Global Active Value Fund	1.15	4.39	0.97	-1.43	17.63	15.47
Impax	4.42	4.39	-2.29	-1.43	19.16	15.47
M&G - LF ACCESS Global Dividend Fund	3.77	4.39	3.52	-1.43	21.49	15.47
Fixed Interest						
Goldman Sachs	2.65	0.86	-3.86	3.50	1.53	3.50
Schroders Fixed Interest	0.60	0.84	-1.67	2.06	3.26	0.87
CQS	2.17	1.82	-5.13	6.08	6.68	4.88
M&G Alpha Opportunities	1.73	1.82	2.35	6.08	6.66	4.88
Property						
DTZ	2.47	0.19	-11.37	-14.87	4.21	2.69
Fidelity	0.25	0.19	-13.42	-14.87	2.64	2.69
Aegon (Kames)	0.02	0.19	-7.63	-14.87	1.84	2.69
M&G Property	-0.70	0.19	0.78	-14.87	1.66	2.69
Private Equity						
Harbourvest	-3.45	0.94	0.98	2.27	26.75	0.74
YFM	7.17	0.94	18.62	2.27	34.22	0.74
Infrastructure						
Partners	2.84	0.94	13.69	2.27	5.86	0.74
Absolute Return						
Pyrford	1.47	3.11	1.61	18.51	4.89	12.89
Ruffer - LF ACCESS Absolute Return Fund	-1.33	3.11	0.24	18.51	9.61	12.89

* The total fund return includes the impact of the equity protection program

Fund Manager Benchmarks and Performance Targets

Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders - LF ACCESS UK Equity Fund	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
Global Equities:		
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
Fixed Income:		
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%	
Property:		
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	
Alternatives: (Cash / Other Assets)		
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	

To: Kent Pension Board – 8 June 2023

From: Chairman – Kent Pension Board
Corporate Director of Finance

Subject: Pension Administration Audit

Classification: Unrestricted

Summary:

To outline the findings of an Internal Audit of the administration of the Kent Pension Fund (CS04-2023 – Pension Scheme Admin, May 2023).

Recommendation:

The Board is asked to review and comment on the updated Risk Register.

FOR INFORMATION

1. Background

1.1 Internal Audit undertook a review of the administration of Kent Pension Fund between February and March 2023. The Audit findings were presented in April 2023. A summary of the findings is attached in the Appendix. The audit involved a review of relevant documentation, interviews with key officers and sample testing of controls. Key focus areas of the audit were:

- Governance & oversight arrangements
- Policies, procedures and staff training
- System access, data security and data quality
- Pension scheme administration
- Compliance with scheme rules and regulations
- Capacity and resourcing of the pension scheme administration team

1.2 The Internal Audit summary report of the Fund was taken to KCC's Governance and Audit Committee on 18 May 2023.

2. Report Conclusions

2.1 The Audit Opinion given was 'Adequate' meaning that "internal control, governance and management of risk is adequate overall, however there were areas identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk "*(Pension Scheme Administration, CS04-2023, Internal Audit Report, 25 April 2023 - Definitions)*.

- 2.2 The Prospect for Improvement assessment was 'Good' meaning that "there are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place "(*as above reference*).
- 2.3 A total of seven issues were raised in the report (two high risk, three medium risk and two low risk). All seven issues identified have a management action plan identified to facilitate improvement.
- 2.4 Officers are comfortable with the findings of the Audit and content that both the Audit Opinion of 'Adequate' and 'Good' Prospects for Improvement are a fair reflection of the current situation and future plans. In most cases the items identified already had plans in place for improvement as part of the already developed plans in place.

3. High Risks Identified in the Report

- 3.1 There were two areas considered high risk in the report, these were:
- Annual Benefit and Annual Allowance Statements
 - Member Data
- 3.2 For Annual Benefit and Annual Allowance Statements, concerns related to missing governance and historical practices not being reviewed. An Action Plan is in place to improve controls and outcomes. Specifically, three actions have been proposed, to be completed by 31 December 2023, that relate to digital solutions, improving monitoring systems and a review of current practices.
- 3.3 For Member Data, concerns relating to the McCloud data remedy project and data quality. An Action Plan with two actions has been proposed to improve data management and data quality. Specifically, a full tender exercise is currently underway, and data is to be collected from Employers; and a Data Quality Policy has been drafted. The Data Quality Policy is to be reviewed at June's Pension Fund Committee. The actions proposed are timetabled for completion by 30 September 2023, ahead of the McCloud Remedy Regulations expected to come into force on 1 October 2023. An update on progress of the McCloud project is elsewhere on today's agenda.

4. Medium Risk items identified in the Report

- 4.1 There were three areas considered medium risk in the report, these were:
- Pension Scheme Governance
 - Key Performance Indicators (KPIs)
 - Late Provision of Leaver Information by Scheme Employers
- 4.2 For Pension Scheme Governance, one area was identified which related to the number of meetings of the Pension Board that were held in the previous twelve months. Members will be aware that this was due to issues previously

with getting full quorate meetings, but this has been addressed in the recent recruitment exercises.

- 4.3 For Key Performance Indicators, concerns related to the reporting of KPIs, and the time taken to process leavers and transfers out. An Action Plan has been proposed to improve processes and outcomes. Specifically, three actions have been proposed, with medium term targets for 31 December 2023 and a longer-term target of 31 March 2025 for scheme member self-service and iConnect. These proposed improvement actions relate to the introduction of digital reporting; benchmarking and sharing best practice with other Funds; recruitment; and the introduction of digital automation for bulk processes.
- 4.4 For Late Provision of Leaver Information by Scheme Employers, concerns related to delays in making payments to members. An Action Plan has been proposed to improve processes and outcomes. Specifically, three actions have been proposed, which include the introduction of the Administration Strategy (now adopted); increased utilisation of iConnect for Employer data submissions; and recruitment. A medium-term target for 30 September 2023 has been set for recruitment into the Employer Support Team, with a longer-term target of 31 December 2025 for iConnect due to the number of Employers that will need to be onboarded to the system.

5. Low Risk items identified in the Report

- 5.1 There were two areas considered low risk in the report, these were:
- Housekeeping
 - Members owed Deferred Refunds
- 5.2 For Housekeeping, concerns related to the need to update administrative procedures and materials, the need to review temporary workarounds, website information and policies. An Action Plan has been proposed to correct and complete these matters by 31 March 2024, with quick wins proposed by 30 April 2023 (since completed) for the some of the housekeeping required. Specifically, six actions have been proposed that include business administration corrections, recruitment; investigations into digital solutions; and the preparation of a new Security Access policy.
- 5.3 For Members owed Deferred Refunds, a concern was raised that officers were reactive, rather than proactive in their approach. In response to this concern, a new process is to be developed for Frozen Refund Members by 31 December 2023. The process will form part of the annual data cleanse and will be included in the Breaches Log going forward.

6. Good Prospects for Improvement Identified in IA Report

- 6.1 The management action plans in place include a broad range of proposals that strengthen the Fund's strategies in recruitment (increasing capacity), procurement (outsourcing data rectification), governance (new policies and

procedures) and offer digital solutions to manage demand. A number of these initiatives are to be delivered imminently or are in progress and were already integral elements in the Fund's Business Plan, to achieve the objective of delivering a best-in-class service to all our members and employers.

- 6.2 The Board will be updated at future meetings, as management actions are completed, and solutions developed.

D2. CS04-2023 – Pension Scheme Admin

Audit Opinion	Adequate
Prospects for Improvement	Good

Key Strengths

- The Fund's policies are being reviewed and where gaps are identified, new policies are drafted and presented to the Pension Fund Committee.
- Work has been undertaken to implement the recommendations made following a review by a consulting firm of the fund's governance. 139 recommendations were made and as at March 2023, 116 recommendations have been implemented or are in progress.
- The workload of the team and level of resource has been reviewed with additional roles being created to increase the capacity of the team.
- Ways of working are continuously reviewed in order to improve efficiency. Since 1 November 2022, the way work is allocated to the team was changed so that all administration teams spend a minimum of one month on a given subject area. Previously, teams only spent one week on a given subject area before moving on. This new arrangement allows team members to become more experienced in each area as they spend more time processing each case type. Furthermore, postage tasks are to be outsourced to increase capacity for casework, and bulk processing of certain tasks is to be introduced to reduce processing times.
- Pension administration information provided to Committees has been improved with Key Performance Indicators (KPIs) being reported to the Pension Board and Pension Fund Committee since November 2022 and December 2022 respectively. KPIs were previously not reported to either forum

Areas for Development

- There are processes in place for the production and despatch of Annual Benefit statements and Annual Allowances. However, work needs to be undertaken to ensure regulations are not breached and where breaches occur, the Pension Fund Committee and Pension Board should be informed. **Issue 1 (High)**.
- Data for the McCloud data remedy project is yet to be collected and gaps in member data identified through a data quality review carried out by a consulting firm in October 2022 have not yet been addressed. **Issue 2 (High)**.

- The Pension Board only met once in the 12 months to 31 January 2023. The LGPS requires pension funds to operate a Local Pension Board. **Issue 3 (Medium)**.
- The KPIs reported do not have any comparators and are not benchmarked against other local authorities to assess how well the KCC pension administration team is doing. In addition, there is a backlog of cases, with the time taken to process leavers and transfers out running into years in some instances. **Issue 4 (Medium)**.
- There is no set timeframe for scheme employers to provide leaver information and in some cases, scheme employers take over a year to notify the pension administration team of members leaving. **Issue 5 (Medium)**.
- Improvements to housekeeping are required to ensure staff have access to up to date information and supporting documentation can be located easily. **Issue 6 (Low)**.
- The pension administration team does not proactively contact members who are owed deferred refunds. They wait to hear from the member and interest is added to the amount due when it is paid later. **Issue 7 (Low)**.

Prospects for Improvement

Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:

- As described above, in addition to established practices and processes there a number of initiatives that are underway and imminent.
- Management have engaged positively with the audit and developed appropriate actions to address the issues identified.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	2	2	NA
Medium Risk	3	3	NA
Low Risk	2	2	NA

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 14

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