



AGENDA

PENSION BOARD

Tuesday, 13th September, 2022, at 2.00 pm
online

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

Membership

Scheme Employer Representatives (4)

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

Scheme Member Representatives (4)

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

UNRESTRICTED ITEMS

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

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

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

5. Future Meeting Dates

The board is asked to note that the following dates have been reserved for its meetings in 2022/23:

Thursday 24 November 2022, 2.00pm

Tuesday 14 March 2023, 2.00pm

Thursday 8 June 2023, 10.00am

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

7. Pensions Administration (Pages 23 - 62)

8. Fund Employer and Governance Matters (Pages 63 - 72)

9. Training update (Pages 73 - 76)

10. Governance review - update (Pages 77 - 110)

11. Fund Position (Pages 111 - 122)

12. ACCESS update (Pages 123 - 126)

Motion to exclude the press and public for exempt business

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

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

EXEMPT ITEMS

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

13. Pension Fund Risk Register (Pages 127 - 134)

14. 2022 Actuarial Valuation - Assumptions (Pages 135 - 160)

Benjamin Watts
General Counsel
03000 416814

Monday, 5 September 2022

KENT COUNTY COUNCIL

PENSION BOARD

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

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

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

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

UNRESTRICTED ITEMS

16. Membership

(Item 1)

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

The board continued to have a number of vacancies.

17. Apologies and Substitutes

(Item 2)

There were no apologies or substitutes.

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

(Item 3)

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

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

19. Minutes of the meeting held on 1 September 2021

(Item 4)

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

20. Pension Fund Business Plan

(Item 5)

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

21. Pensions Administration

(Item 6)

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

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

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

22. Fund Employer and Governance Matters

(Item 7)

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

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

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

23. Superannuation Fund Report and Accounts and External Audit

(Item 8)

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

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

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

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

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

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

(Item 9)

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

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

25. ACCESS update

(Item 10)

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

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

26. Date of next meeting

(Item 11)

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

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

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

EXEMPT BUSINESS
(open access to minutes)

28. Governance review

(Item 12)

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

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

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

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

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

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

29. Pension Fund Risk Register

(Item 13)

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

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

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From:	Chairman Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 13 September 2022
Subject:	Fund Business Plan – 2022/23 – 2024-25
Classification:	Unrestricted

Summary:

To provide a draft Fund Business Plan for the next three years

Recommendation:

The Board is asked to note and comment upon the draft Business Plan for the Kent Pension Fund and recommend for presentation to the Committee

FOR INFORMATION

1. Introduction

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

2. Fund Business Plan

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

Committee will develop this over time, with the intention of developing a “best in class” service to all of the Fund’s members and key stakeholders.

- 2.4 The Board are asked to review the Business Plan and comment on the contents ahead of its presentation to the Committee on 28 September.

Nick Buckland
Head of Pensions and Treasury
Kent Pension Fund

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nick.buckland@kent.gov.uk



Kent County Council

**Administering Authority for
Kent Pension Fund**

Business plan 2022/23 TO 2024/25

September 2022

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Introduction

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

The purpose of the business plan is to:

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

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

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

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

E-mail – nick.buckland@kent.gov.uk

Telephone – 03000 413984

Background to the Kent Pension Fund

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

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

Governance and Management of the Fund

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

A Local Pension Board is in place to assist in:

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

The Pension Fund Management Team

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

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

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

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

Vision and Long-term Plan

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

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

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

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

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

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

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

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

Key aims and objectives

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

Governance

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

Funding and Investments

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

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

Administration

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

Business as usual

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

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

Governance

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

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

Funding and Investment

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

Administration

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

Three year Business Plan

Key tasks for 2022/23 – 2024/25

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

Governance

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

Investment and Funding

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

Administration

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

Delivering the Business Plan

Monitoring and Reporting

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

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

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From:	Corporate Director of Finance
To:	Local Pension Board – 13 September 2022
Subject:	Pensions Administration
Classification:	Unrestricted

Summary:

This report brings members up to date with a range of matters concerning the administration of the Kent Local Government Pension Scheme (LGPS)

Recommendations:

The Board is recommended to note the report.

REPORT SUMMARY

1. Performance Update
2. Staffing
3. Process Reviews
4. Projects

For Information**1. Performance**

- 1.1 During the period 1 April to 31 July 2022 a total of 16,957 new cases were received into the admin team, with 11,038 cases completed during the same period. The number of cases outstanding at the end of the period increased from 9,091 to 13,035. The majority of these related to new scheme joiners and early leavers (refunds and deferred membership) which is the result of late notification of starters and leavers being received by scheme employers as part of the end of year data cleansing work.
- 1.2 The total number of cases completed within the service level agreement was 74% and performance against some targets was of a high standard. Initial Death Notifications (95%), Balance of Death Payments/Recovery of Death Overpayments (90%), Provision of Retirement Estimates (97%), Pension Sharing on Divorce Estimates (96%), New Scheme Joiners (99%), General Correspondence (99%) and Change of Details (99%). Some areas have struggled during this period whilst resource has been moved to support work on financial year-end and iConnect projects.
- 1.3 The particularly poor performance against Death Grants is the result of a project that is being undertaken to clear old cases, in particular focussing on those that are close to or have exceeded the 2-year limit which results in tax being payable. With Payment of Retirement Benefits, although not all cases are completed within the SLA, the team always strive to ensure pensions

are set up for the next available payroll run. The same is applicable to Survivor's Pensions. Some of the Transfer cases are impacted by the new Regulations which were enforced in November 2021. The additional checks which are now required have resulted in these cases taking much longer in order to ensure members benefits are protected.

- 1.4 Not all areas of the new style performance have been populated as this is a work in progress and enhanced reporting functionality that can be purchase from the system provider will help with extracting the data required.
- 1.5 There doesn't appear to be any evidence available which would suggest the agreed tolerance levels for the majority of areas, so it would be good to discuss and agree so that the team understand what they are aiming for in order to help set priorities.
- 1.6 Further detail on performance can be found at **Appendix 1**.

2. Staffing

- 2.1 A review of the current resource against current and future demand is being carried out, and an initial assessment provided to the Head of Pensions and Treasury. This initial assessment includes proposals for additional resource and new roles which will help the team to cope with demand and upcoming major projects, and ensure the provision of a first class customer experience.
- 2.2 The assessment is in its very early stages and regular updates will be provided on progress.

3 Process Reviews

- 3.1 In addition to considering additional resources to improve the effectiveness of the team, reviews have been undertaken relating to the way the team currently deal with certain processes. Particular focus has been given to the existing telephony and post processes, and an assessment of new solutions is being carried out.
- 3.2 More efficient solutions have been identified including a new telephony system linked to Microsoft Teams that allows the redirection of callers to call handlers that are knowledgeable and experienced in the subject query, plus an automated online chat facility which will result in callers having access to pensions information 24/7, thus improving the 'once and done' rate. This, combined with a push to increase customer self service will ensure constant, immediate access to information. Current management information on the calls handled by the team is unreliable and doesn't cover the whole of the team, therefore another benefit of an improved telephony system would be more accurate and reliable data.
- 3.3 Another area of focus has been reviewing the way the team currently deal with outgoing post. Currently, the team of Pension Assistants spend many hours per week printing, packing, and dispatching all of the correspondence produced by the administration team. The same third-party provider that dispatches the Fund's bulk correspondence could carry out this task which would release capacity within the team to focus on more pensions related work.

3.4 Both projects are currently in the discovery phase and progress updates will be provided to members at future meetings.

4. Projects

4.1 **End of Financial Year/Annual Benefit Illustrations (ABI's)** (deadline 31 August) – although there were difficulties in obtaining accurate data from some scheme employers which required escalation, the project stayed on track to issue ABI's on time. Data was sent to the third-party printers along with the 2022 template, and statements were dispatched on 26 August. A significant amount of data cleansing occurs in the lead up to the production of the statements, however there is always follow up cleansing to be carried out in conjunction with employers with regard to any missing data.

4.2 **Triennial Valuation** (deadline 29 July) – all member data for the period 1 April 2019 to 1 April 2022 was uploaded to the Actuary's secure portal before the end of July. This was following many months of data cleansing and reviewing/correcting errors where applicable. The first set of queries from the Actuary have been received and responded to.

4.3 **Annual Allowance** (deadline 6 October) – the number of members who appear to have exceeded the Annual Allowance for 2021/22 appears significantly higher than previous years which is a result of the work carried out in relation to clearing the backlog of Status 2 (Undecided Leaver) records. The genuine number of Pension Saving Statements that need to be issued will be much lower, however all identified records need to be assessed first to determine whether members have genuinely exceeded or not. Additional support is needed from the admin team to ensure this project is completed by the statutory deadline, and some overtime has been approved to ensure success.

4.4 **Backlog** – as mentioned above, July saw the closure of the backlog project with the third-party provider supporting on this project. There are still a significant number of outstanding queries which employers didn't respond to which will now have to fall to the admin team to pick up. However, the project has been successful with the target of 17,000 cases completed. The closure report can be found at **Appendix 2**.

4.5 **Administration System** – the contract with the current system provider is due to expire at the end of April 2023. Engagement is well underway with KCC Procurement and a business case has been submitted with a preference to direct award to Heywood's for another contract term. This is currently with KCC legal team for advice and support. The pressures of a potential full tender exercise in a short period of time, in conjunction with the numerous data heavy projects on the horizon has led for a desire to re-contract with the current provider if possible. Further updates will be provided to members as this project progresses.

4.6 **Guaranteed Minimum Pension (GMP) Rectification** – with Phase 1 (membership reconciliation) and Phase 2 (financial reconciliation) being completed and reconciled data being submitted by the third party provider supporting on the project, attention now moves to uploading the reconciled data for those members under State Pension Age and without pensions in payment (there is a cost from the system provider for the tools needed to upload this data) and correcting benefits for those over State Pension Age and with pensions in payment. Engagement is well underway with Procurement regarding the latter due to the significant amount of work involved and the lack of resource to cope with this within the admin team. The preference is to let the

contract for Phase 3 to the same provider that completed Phases 1 and 2, as there is already a relationship and they know the system and the data, therefore they would be in a position to mobilise much quicker than other providers. There is a desire to ensure this project is completed before McCloud and Pensions Dashboard commence as these are also data heavy projects therefore risking the integrity of the data if the projects overlap.

4.7 **Administration Strategy** – the first draft of the new Administration Strategy can be found at **Appendix 3**. This has pulled together the employer and pensions team performance expectations into one document. Once feedback has been received from members the strategy will be shared via a consultation with scheme employers, and then a final version will be shared with the Pension Fund Committee. Plans will also need to be considered as to how employer performance can be measured and reported against this strategy.

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September 2022

Appendix 1 – Admin Update April to July 2022

Appendix 2 – Backlog Closure Report

Appendix 3 – First Draft Administration Strategy

Performance	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	Outstanding cases on Reply Due (inc in column K total)	Cases aged 0-3 months	Cases aged 3-6 months	Cases aged 6-12 months	Cases aged 1-2 years	Cases aged 2+ years
Deaths	Initial Death Notification	15		88	434	421	402	95	19	6	69						
	Survivors Pensions	15		52	158	158	95	60	63	14	0						
	Death Grant Payment	20		164	97	115	33	29	82	77	144						
	Balance of Payments/Overpayment Recovery	15		63	270	258	233	90	25	9	65						
Retirements	Payment of Retirement Benefits	20	90	344	855	863	500	58	363	22	302						
	Provision of Retirement Estimates	20		338	1442	1335	1295	97	40	11	381						
Early Leavers	Payment of Refunds	20		810	1801	627	373	59	254	31	1747						
	Provision of Deferred Benefit Statements	60		2119	2356	357	96	27	261	88	3284						
Transfers	LGPS Transfer In Estimates	20		340	66	53	36	68	17	232	326						
	Aggregation In Estimates	260		995	498	178	139	78	39	236	1260						
	LGPS Transfer Out Estimates	20		308	140	172	54	31	118	138	219						
	LGPS Transfer In Actuals	20		154	73	43	12	28	31	69	175						
	Aggregation In Actual	60		2494	2531	1267	114	9	1153	260	3308						
	LGPS Transfer Out Actuals	20		116	128	131	6	5	125	69	100						
	Non LGPS Transfer In Estimates	20		84	88	109	33	30	76	44	41						
	Non LGPS Transfer Out Estimates	20		92	161	144	67	47	77	29	94						
	Non LGPS Transfer In Actuals	20		153	73	46	12	26	34	69	165						
Non LGPS Transfer Out Actuals	20		37	31	30	9	30	21	43	25							
Divorces	Pension Sharing on Divorce Estimates	6 weeks		24	137	122	117	96	5	17	31						
	Pension Sharing on Divorce Implementations	4 months		4	4	1	0	0	1	205	7						
General	New Starters	30		252	2554	1601	1587	99	14	4	1193						
	General Correspondence	15	98	53	2345	2323	2298	99	25	2	61						
	Change of Details (i.e. address, name, nomination)	10		7	715	684	680	99	4	1	38						
Total				9091	16957	11038	8191	74	2847	72	13035						

Breaches of Law

Communications

Communication Type	Apr - Jul 2022
Calls	3465
Emails	5934
Website Visits	45632
Website Page Views	72735

**Compliments &
Complaints**

Contact Type	Apr - Jul 2022
Compliments	28
Complaints	4
Comments	27

Employer Performance

Engagement

Type	Apr - Jul 2022
Active Member Newsletter	
Deferred Member Newsletter	
Pensioner Newsletter	Spring version issued
Pension Team Newsletter	
Employer Newsletter	June issue
Active Member Survey	
Deferred Member Survey	
Pensioner Survey	
Pension Team Survey	
Employer Survey	
Employer Forum	June session
Member Forum	

Horizon Planning

IDRP's

LGA Bulleting

Review

Bulletin Number	Actions

Membership Numbers

Member Type	31/07/2022
Active	52,943
Deferred	49,545
Pensioner	47,189
Frozen Refund	8,992
Undecided Leaver	10,688

**Member Self
Service**

Member Type	Number of MSS Registrations (Apr - Jul 2022)
Active	764
Deferred	419
Pensioner	447

Ongoing Projects

Project	Update (Apr - Jul 2022)
End of Year	
Valuation	
Data Cleansing	
Backlog Clearance - ITM	
Backlog Clearance - Admin	
GMP Reconciliation	
McCloud	
Pensions Dashboard	
System Contract	
System Improvements	
Process Improvements	
Capacity Planning/Team Structure	
Policy Reviews (i.e. Admin Strategy, Communications Policy)	

Scheme Calendar

Last Months Tasks	Completed/In Progress/Not Started
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Current Months Tasks

Completed/In Progress/Not Started

**Training &
Development**

Name	Course	Completion Date	Result
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Project Closure Report

Kent Pension Fund / Admin Backlog Project

Project Manager (ITM & Client)	Stephanie Garcia & Suzanne Black / Louise Savage
Project Sponsor (ITM & Client)	Sarah Millson / Clare Chambers
Today's Date	17 August 2022
Project Start Date	5 August 2020
Planned Completion Date	22 January 2022
Actual Completion Date	22 July 2022
Variance	5 months due to the late engagement of some employers in relation to query resolution.

Project Deliverables Completed	Number of Cases	
	Original number in scope	Actual number completed
Completion of Leaver Backlog (Deferred, Refund, Aggregation and Concurrencyes)	17,000	17,000 (14,336 batch 1, 1,266 batch 2, 1,123 batch 3 and 275 batch 4)

Overview

ITM was appointed by Kent County Council (KCC) to provide administration support to deal with a backlog of leaver cases (status 2 records on Altair). The initial project meeting took place in early August 2020 in conjunction with team training.

The minimum number of cases in scope was 17,000, covering all employer codes. Cases were allocated by KCC via Altair Workflow.

Once processing began, schedules of completed cases were passed to KCC on a weekly basis for review, after which KCC were responsible for printing and sending letters where applicable.

During the early part of the project, the KCC pension team engaged with payroll providers to advise them of ITM's involvement. Once the green light was given, ITM were then responsible for liaising with payroll providers when a data query was identified as needing to be resolved, for example in respect of missing leaver forms, or inconsistent contribution, salary or CARE benefit data.

Following discussions between ITM and KCC, three additional batches of case were allocated and brought into scope, along with an extension to the project end date. The additional cases were provided to enable ITM to complete the 17,000 in scope cases. It was agreed that no employer queries were not to be raised on the new cases i.e., where a query was needed, the case was to be put aside and categorised as out of scope.

Throughout the project, a dashboard was produced each week to track progress, with weekly calls between ITM and KCC to discuss any issues.

System Access

Access to Altair was granted during July 2020. In the main, remoting into KCC systems worked well, with down times being minimal.

Data Analysis

In support of, and parallel to, the work of the ITM administration team, a number of SQL-based data analysis actions were completed. These included the following:

- ▶ Analysis of the Altair member and task data provided at the outset to identify member records directly and indirectly in scope
- ▶ Identification of baseline discrepancies for referral to KCC, as advised by the guidance provided: tasks allocated without a status 2; tasks allocated with a status 2, but only with a pre-14 event date; MULT references; unlinked records; postdating CARE accruals; postdating contributions; pre-18 DJS and missing CARE; missing contributions; confirmation of other points for referral that did not have any cases found
- ▶ Average hour referrals, as advised in KCC guidance
- ▶ Aggregation sequencing
- ▶ Analysis of refund cases missing a leaver form, identifying cases that could be processed nonetheless due to consistent pay/contribution data already held and either not requiring COEs, or with consistent COEs already on Altair or member has contracted out liability that ITM has calculated using the CARE pay held on Altair or for pre 14 membership using the contributions to establish pay
- ▶ Analysis of deferred benefit/aggregation cases in order to identify if they can be processed using the assumption document.
- ▶ Analysis of cases for employer 500 & any other cases specified by Kent, who left on or before 31/03/2019 in order to calculate the benefits using contract lines
- ▶ Modified version of the baseline analysis work replayed against the batch 2, 3 and 4 population

Assumptions

From the onset of the project, ITM and Kent established parameters for assumption-based processing. These low risk assumptions allowed ITM to calculate members' benefits without raising additional queries with employers/payroll providers. As the project advanced, additional assumptions were developed in key areas and the boundaries for some assumptions evolved to allow ITM to process a greater number of benefit calculations. This was beneficial for the employers/payroll providers as they did not have to spend time replying to lots of minor queries and were able to focus on the more complicated queries. In turn, ITM were able to resolve more difficult cases which had been pending for some time.

Employer/Payroll Provider Engagement

ITM engaged with a number of employer/payroll providers; Capita, Kent Police, Canterbury City Council, Medway Council, Valence School and Cantium Business Solutions. ITM reviewed all in scope batch 1 records at the beginning of the project and issued all queries to the relevant contacts via FTP. ITM had initial meetings with the relevant

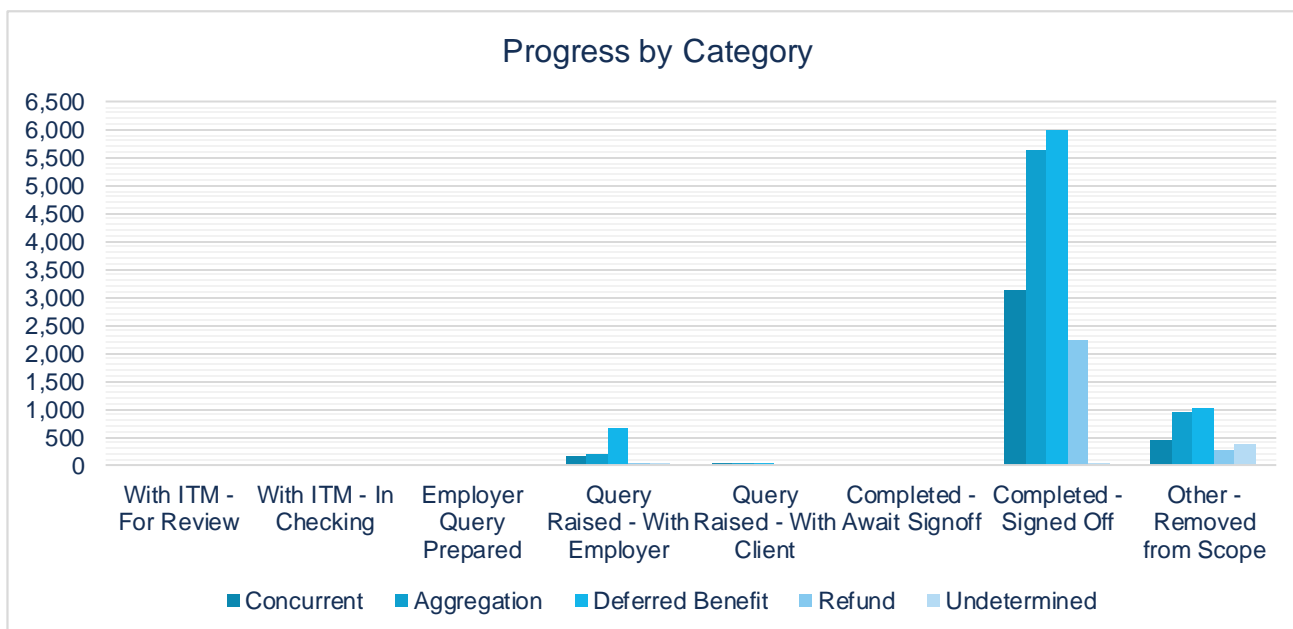
employer/payroll provider contacts to explain processes and review specific examples. ITM also designed a detailed leaver spreadsheet which was signed off by Kent. This gave the employers/payroll providers the opportunity to supply leaver information in bulk and enhance efficiency. Both ITM and Kent chased the employer/payroll providers on a regular basis for replies to queries, some were more forthcoming than others.

Lessons Learned

Overall, the project went well. Particularly helpful for ITM in understanding KCC-specific practices were the detailed guidance and notes that were provided at the outset; this assisted both individual case processing and a KCC-specific focus in the opening data analysis work.

Nevertheless, aspects of the process could have been better. In particular, engagement with payroll providers, given the volume of queries (in particular missing leaver forms) required, was longer coming than ideal.

Project Dashboard – Final



Case Summary by Category

Batch	Category	With ITM		Queries			Completed		Other	Total
		For Review	In Checking	Employer Prepared	With Employer	With Client	Await Signoff	Signed Off	Passed Back	
0001		0	0	0	1,078	15	0	14,336	2,640	18,069
	Concurrent	0	0	0	168	7	0	2,456	333	2,964
	Aggregation	0	0	0	202	2	0	4,383	833	5,420
	Deferred	0	0	0	666	6	0	5,369	832	6,873
	Refund	0	0	0	27	0	0	2,127	273	2,427
	TBD	0	0	0	15	0	0	1	369	385
0002		0	0	0	8	5	0	1,266	381	1,660
	Concurrent	0	0	0	3	3	0	457	116	579
	Aggregation	0	0	0	1	2	0	447	95	545
	Deferred	0	0	0	4	0	0	262	158	424
	Refund	0	0	0	0	0	0	100	10	110
	TBD	0	0	0	0	0	0	0	2	2
0003		0	0	0	4	2	0	1,123	34	1,163
	Concurrent	0	0	0	0	1	0	226	5	232
	Aggregation	0	0	0	0	1	0	788	19	808
	Deferred	0	0	0	4	0	0	90	9	103
	Refund	0	0	0	0	0	0	19	0	19
	TBD	0	0	0	0	0	0	0	1	1
0004		0	0	0	0	0	0	275	28	303
	Concurrent	0	0	0	0	0	0	2	1	3
	Aggregation	0	0	0	0	0	0	15	1	16
	Deferred	0	0	0	0	0	0	257	26	283
	Refund	0	0	0	0	0	0	1	0	1
	TBD	0	0	0	0	0	0	0	0	0
Total		0	0	0	1,090	22	0	17,000	3,083	21,195

Case Summary by Banding

Banding	With ITM		Queries			Completed		Other	Total
	For Review	In Checking	Employer Prepared	With Employer	With Client	Await Signoff	Signed Off	Passed Back	
Priority	0	0	0	9	0	0	1,222	117	1,348
Non-priority	0	0	0	1,081	22	0	15,778	2,966	19,847
Total	0	0	0	1,090	22	0	17,000	3,083	21,195

Queries and referrals to KCC

Raised	Comment	Cases	Latest	Outstanding
15/07/2022	Kent CC - Client Query Cases - 2022 07 15.xlsx	4		4
22/07/2022	sent 22/07/2022	14	29/07/2022	13
29/07/2022	Kent CC - Client Query Cases - 2022 07 29.xlsx	5		5

Employer Queries

Raised	Comment	Cases	Chased	Latest	Outstanding
10/05/2021	Sent to Capita 10/05/2021 (various)	196		05/07/2022	42
05/02/2021	Query prepared - see note sent 05/02/2021	28		04/03/2022	5
17/05/2021	Leaver form missing; data issue(s)	7		16/02/2022	1
04/02/2022	Sent 04/02/2022	3		10/02/2022	2
19/04/2022	Sent on 19/04/202	1			1
03/11/2021	Query prepared - see note	21		22/03/2022	4
07/09/2021	WH checked - query stands. Sent to Kent 07/09/2021 - Leaver form missing	1			1
07/09/2021	Sent to Kent 07/09/2021 - Query prepared - see note 20/08/20	1			1
27/09/2021	sent to Medway 27/09/2021	25		09/06/2022	22
05/01/2022	Chased on 30/05/2022	1			1
07/09/2021	Sent to Kent 07/09/2021 - ITMDOC case. Leaver form on record; data issue(s) only	10		24/05/2022	1
05/01/2022	Sent to Kent 05 01 2022	62		09/05/2022	23
17/05/2021	Leaver form missing	27		31/05/2022	2
07/09/2021	Sent to Kent 07/09/2021 - Er query required	1			1
07/09/2021	CANTIUM ADVISED NOT PAYROLL PROVIDER	31		01/03/2022	15
07/09/2021	Sent 20/09/2021 - Leaver form on record; data issue(s) only	2		20/01/2022	1
19/04/2022	Sent to Kent 19/04/2022	90		20/07/2022	69
31/08/2021	Query prepared - see note	1			1
07/09/2021	Sent to Kent 07/09/2021 - Leaver form missing	957		14/07/2022	171
05/01/2022	FF checked query stands - unsure if active post	1			1
02/03/2021	Query raised 02/03/2021	52		02/02/2022	2
27/09/2021	sent to Capita 27/09/2021	5		31/05/2022	1
30/05/2022	Sent 30/04/2022	2			2
08/07/2021	FF KCC - Medway Council - Employer Queries.xlsx	2			2
29/09/2021	Sent to Kent 29/09/2021 Leaver form missing	3		28/03/2022	1
03/11/2021	FF Query prepared - see note	4		21/02/2022	1
29/09/2021	Sent to Kent 29/09/2021 Query prepared - see note	37		24/05/2022	13

15/12/2021	sent 15/12/2021	13	05/04/2022	2
17/05/2021	WH checked - query stands. Leaver form on record; data issue(s) only	5	23/02/2022	4
07/09/2021	Sent to Kent 07/09/2021 - Leaver form missing; data issue(s)	56	05/04/2022	9
27/09/2021	Sent to Kent on 27/09/2021	109	15/06/2022	28
07/09/2021	Sent to Kent 07/09/2021 - Leaver form on record; data issue(s) only	855	08/07/2022	128
21/01/2022	Sent 21/01/2022	14	08/02/2022	4
10/05/2021	FF Sent to Capita 10/05/2021 (various)	1		1
30/05/2022	Sent 30/05/2022	54	27/06/2022	27
07/09/2021	Sent to Kent 07/09/2021 - CARE Expected	111	23/11/2021	9
05/02/2021	Leaver form missing sent 05/02/2021	105	20/01/2022	8
24/03/2022	Chased on 30/05/2022	1		1
01/12/2020	Kent CC - ER with 10 or less cases review - list for Kent.xlsx	234	08/07/2022	22
07/09/2021	Sent to Capita 09/09/2021 - Leaver form on record; data issue(s) only	33	05/04/2022	10
07/09/2021	WH checked - query stands as diff >£25. Sent to Kent 07/09/2021 - Leaver form on record; data issue(s) only	1		1
07/09/2021	WH checked - query stands. Sent to Capita 09/09/2021 - Leaver form on record; data issue(s) only	1		1
07/09/2021	Sent to Kent 07/09/2021 - Query prepared - see note 18/08/20	1		1
19/04/2022	Sent 19/04/2022	20	20/04/2022	10
03/09/2021	Chased on 30/05/2022	1		1
17/05/2021	Leaver form on record; data issue(s) only	31	01/06/2022	6
19/04/2022	Sent to Meday 19/04/2022	15		15
07/09/2021	Sent to Kent 07/09/2021 - Query prepared - see note 21/08/20	1		1
07/09/2021	FF checked, query stands. CARE and conts differ outwith tolerance	1		1
07/09/2021	FF Sent to Capita 09/09/2021 - Leaver form on record; data issue(s) only	1		1
29/07/2022	Sent to KCC on 29/07/2022 (project end date)	46		46
05/01/2022	Sent 05 01 2022	58	08/02/2022	31
21/01/2022	Sent to Kent 21/01/2022	6	31/05/2022	2
05/02/2021	Leaver form on record; data issue(s) only sent 05/02/2021	16	28/03/2022	6
08/07/2021	WH checked - query stands as diff >£25. KCC - Medway Council - Employer Queries.xlsx	1		1
19/04/2022	Sent to Kent ERs less than 10 members on 19/04/2022	16		16
10/01/2022	Sent to Kent on 07/09/2021	1		1
17/05/2021	FF Leaver form on record; data issue(s) only	2		2
07/09/2021	Sent to Capita 09/09/2021 - Leaver form missing	31	31/05/2022	4

07/09/2021	FF Sent to Kent 07/09/2021 - Leaver form missing	1		1
03/09/2021	KCC - Medway Council - Employer Queries.xlsx	27	04/07/2022	19
08/07/2021	KCC - Medway Council - Employer Queries.xlsx	404	29/07/2022	159
22/03/2021	Actuarial work cases - employer queries sent to Kent 22/03/2021	42	11/01/2022	24
07/09/2021	FF Sent to Kent 07/09/2021 - Leaver form on record; data issue(s) only	6	05/04/2022	4
05/01/2022	WH checked - query stands. Sent 05 01 2022	1		1
23/05/2022	Query prepared - see note sent 5/2/2021	1		1
04/05/2021	Sent to Capita 04/05/2021 (leaver form or CARE issue)	617	31/05/2022	67
17/05/2021	FF checked, query stands. Difference in CARE is greater than £49p.a.	1		1
07/09/2021	Sent to Kent 07/09/2021 - Query prepared - see note	45	02/02/2022	22
07/09/2021	Kent have advised are payroll see note	8	02/03/2022	3
07/09/2021	Sent to Kent 07/09/2021 - ITMDOC case. Query prepared - see note	10	10/02/2022	1

Sign off

ITM Representative

Date

Client Representative

Date

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Kent Pension Fund

Administration Strategy

Effective from April 2023

1. Introduction
2. Purpose of the Pension Administration Strategy
3. Role of Scheme employers
4. Role of the Kent Pension Fund
5. Non-Compliance
6. Additional charges

1. Introduction

1.1 This is the Pension Administration Strategy of the Kent Pension Fund (The Fund) in relation to the Local Government Pension Scheme (LGPS) in Kent. The strategy is kept under review and revised to reflect changes to the LGPS Regulations and Fund policies. This document sets out a framework by way of outlining the policies and performance standards to be achieved to enable provision of a cost-effective and high-quality administrative service.

1.2 Regulation 59 of the LGPS Regulations enables Administering Authorities to prepare a written statement of the authority's policies in relation to matters such as communicating with scheme employers, establishing levels of performance which the administering authority and its scheme employers are expected to achieve, procedures which aim to secure compliance with statutory requirements, other matters as appear to the administering authority after consulting with scheme employers to be suitable for inclusion in the strategy.

1.3 The Pension Administration Strategy applies to all employers in the Kent Pension Fund. Employers must have regard to this strategy when carrying out their role.

1.4 Kent Pension Fund is responsible for the implementation of the Pension Administration Strategy including the collection of contributions and other fees as well as the management of admission matters.

2. Purpose

2.1 An effective Pension Administration Strategy supports the Kent Pension Fund (the Fund) and its employers to deliver on their responsibilities so that all members and stakeholders receive the highest possible level of service.

2.2 The aim of the Fund is to ensure we are paying the correct benefits to (and collecting the correct income from), the correct people at the correct time, and to continuously review current procedures so improvements can be made to ensure the Kent Pension Fund is as effective and efficient as possible. The Fund also wants to ensure that all stakeholders have easy access to relevant information to enable informed decision making.

2.3 The purpose of this strategy is to provide clarity on the roles and responsibilities of the Kent Pension Fund and its scheme employers, set and measure the targets that both the Fund and its scheme employers should be working to,

ensure all statutory requirements are being met, promote good working relationships between the Fund and its scheme employers, and ultimately ensure the Kent Pension Fund is delivering a high-quality service to its stakeholders whilst maintaining the accuracy, security and integrity of the data held.

2.4 The Kent Pension Fund continually strives to improve:

- The Kent Pension Fund website
- The procedure guidance for employers
- All publicity material, forms and letters
- Training for all employers
- Communications with employers and scheme members
- The collection of data in respect of starters, the amendment of a member's personal data and the posting of scheme member contributions by electronic means

3. Role of Scheme Employers

3.1 Scheme employers have distinct decision making and administrative duties under the LGPS Regulations and other relevant legislation. Employer performance has a significant impact on the overall level and quality of service provided to scheme members.

3.2 It is the employer's responsibility to ensure that contact details held by the Kent Pension Fund are correct, and to notify the Fund of changes immediately.

3.3 The employer must ensure it is aware of its scheme employer duties and keeps up to date with guidance issued by the Fund.

3.4 The employer must ensure it retains a good level of LGPS knowledge and has a succession plan in place.

3.5 During the year the employer should provide the required correct data and notifications to the Fund as per the targets set out below. Persistent failure by an employer to meet the required performance standards could result in any additional costs to the Fund being recovered from the employer.

3.6 The employer must comply with its obligations under Data Protection Law including the secure transfer of members' personal data.

General Responsibilities

This section sets out the key legislative and regulatory responsibilities of an employer. The Kent Pension Fund recommends that employers also refer to the LGPS Regulations directly when undertaking their role and assessing their LGPS responsibilities. Providing accurate data in a timely way is vital to ensure compliance with the law and statutory guidance. All employer forms can be found on the [Kent Pension Fund website](#).

General responsibility	Action to take
Confirm a nominated representative to receive information from the Pension Fund and to take responsibility for circulating it within the organisation.	Completion and submission of the ' Employer changes form ' 7 days prior to change

Ensure the Pension Fund is kept up to date with any change to the nominated representative	
Inform the Pension Fund of the personnel and payroll providers for the organisation and ensure that this information is kept up to date	Completion and submission of the ‘Employer changes form’ 7 days prior to change
Create, publish and update (as necessary) an employer discretions policy in relation to all areas where the employer may exercise a discretion within the LGPS regulations. A copy of the employer discretion policy must be provided to the Pension Fund	Within 30 working days of the policy being agreed by the employer. Failure to provide the Pension Fund with a copy of your policies could impact on the release/payment of a Scheme member’s benefits
Appoint a person (the adjudicator) to consider disputes under Stage 1 of the pension Internal Dispute Resolution Procedure (IDRP)	
Provide each new employee with a ‘joiner pack’ and a ‘Brief guide to LGPS’	A hard copy or links to the documents on the website, should be provided with their contract or within 2 weeks of starting work
To ensure that all employees, subject to automatic enrolment to the Local Government Pension Scheme (LGPS), are brought into the Scheme from the date of appointment. Each contract to be allocated a unique pension reference	Provide the Pension Fund with details of all new entrants to the LGPS by completing the ‘New starters spreadsheet’ (single or multiple). Information to be supplied by the 10th of the month following entry via the online upload form on the website
To ensure that all employees not subject to automatic admission to the LGPS, but who are eligible to opt into the LGPS, are made aware and provided with information regarding how to opt into the Scheme	On appointment
Determine each Scheme member’s pensionable pay and arrange for the correct deduction of employee contributions in accordance with the LGPS contribution bandings	Immediately upon commencing Scheme membership, in line with employer’s policy and as a minimum in each April thereafter
Assist the Pension Fund in ensuring that all new starters complete a ‘Personal details declaration form’ (contained in the Joiner pack) to ensure timely administration of transfer values	
Where there is more than one contract of employment with the same employer each membership shall be maintained separately and allocated a unique pension reference	
Notify the Pension Fund when a member is due to retire including an accurate assessment of final pay details and notification of the reason for retirement	Notify the Pension Fund when a member is due to retire as soon as final earnings are known, typically 20 days prior to date of retirement and no later than 2 weeks after the date of leaving by the

	submission of a retirement package via the online upload form
To determine based on medical opinion and advice of an approved Independent Registered Medical Practitioner (IRMP), whether an ill health award is to be made and determine the tier to be awarded	In addition to the retirement package supply a copy of IRMP's certificate together with the ' Retirement notification form ' stating tier of ill health pension to be awarded. To be submitted via the online upload form either 20 days prior to date of retirement and no later than 2 weeks after the date of leaving
To keep a record of all tier 3 ill health retirements, particularly in relation to the 18-month review regarding gainful employment and any subsequent review by an IRMP	To inform the Pension Fund immediately if the pension should cease
To review all tier 3 ill health retirement cases prior to stopping at 3 years and notify the Scheme member if applicable	Notify the Pension Fund where pensions should cease
Refund employee contributions through your payroll for members who elect to leave the LGPS within 3 months of joining	You must tell the Pension Fund about opt outs. You must complete a ' Pension Leaver Details (PLD) leavers (including opt out) ' and send a copy of the member's completed ' Opt out form '. They must be submitted via the online upload form by the end of the calendar month following the last contribution deducted
Inform Pension Fund about changes during membership. They include: <ul style="list-style-type: none"> • name • address • National Insurance number • hours (where applicable) • pension reference • change of academy within a multi academy trust 	Provide the Pension Fund with details of changes of: <ul style="list-style-type: none"> • name, address, National Insurance number, hours (where applicable) using the 'Changes spreadsheet' • pension reference using 'Change of pension reference spreadsheet' • academy within multi academy trust using 'Change of pension reference (Academy trust)' form. <p>All information must be submitted using the online upload form by the 10th of the month following the change</p>
Notify the Pension Fund when a member leaves employment including an accurate assessment of final pay details	' Pension leavers details ' (PLDs) to be completed and submitted via the online upload form no later than 1 calendar month after the date of leaving
Obtain an estimate of pension benefits and find out from the member whether they wish to receive immediately payable reduced pension benefits or deferred benefits	Inform the Pension Fund either by completing the: <ul style="list-style-type: none"> • relevant 'Leaver PLD' if the member is not taking immediate payment of benefits, or • 'Retirement notification form' along with the rest of the

	<p>retirement package if the member is taking immediate payment of benefits.</p> <p>Submit via the online upload form no later than 1 calendar month after the date of leaving</p>
Obtain an estimate of pension benefits for those members considering retiring in the next 6 months	Between 3-6 months before proposed date of retirement upload an ' Estimate request form ' via the online upload form
Notify the Pension Fund immediately of the death of a scheme member. Liaise with your Communication and Support Officer (CSO) about what actions are needed to be taken by the employer	<p>Provide regular updates regarding progress of liaising with next of kin and possible beneficiaries to the fund. Submit 'Pension Leaver Details (PLD) Death in service' via the online upload form.</p> <p>All documents should be submitted via the online upload form no later than 1 calendar month after the date of death</p>
On application from the former employee to have their deferred benefits paid early on ill health grounds, seek a medical opinion from an approved Independent Registered Medical Practitioner (IRMP) and make a determination regarding payment. Determine whether benefits should be released early on compassionate grounds and whether any early retirement reductions should be waived	Notify the Pension Fund of the decision regarding the early payment of deferred benefits and where necessary request an estimate of the pension benefits payable. Notify the Scheme member of the outcome of their application and if this is rejected, explain the outcome and provide details of the right of appeal process
Change employer contribution rates as instructed by the Pension Fund	At the date specified on the actuarial advice received by the Pension Fund
Arrange for the correct deduction of employee contributions from a Scheme member's actual pensionable pay (including overtime) and apply the correct employee contribution rate according to the section of the Scheme the member is in – either Main or 50/50. Reassess employee contribution rate in line with employer's policy on adjusting employee contribution rates and notify the member of the change in rate	Immediately on joining the Scheme, opting in or change in circumstances
After receipt of instructions start deduction of Additional Pension Contributions (APC) or amend such deductions, as appropriate	The month following election to pay contributions or notification received from the Pension Fund
To pay the Fund all contributions deducted from payroll (not including AVCs) of its employees, and employers' contributions	Pay over contributions to the Fund by the 19th of the month following the deduction. Complete and submit the Employer Monthly Return (EMR) and upload it to the EMR upload form
Arrange for the deduction of Additional Voluntary Contributions (AVCs) via your	Start deduction of AVCs in the month following the month of election. Pay over

payroll and the payment over of contributions to the approved AVC provider(s). Start deduction of AVCs in the month following the month of election. Pay over contributions to the AVC provider(s) by the 19th of the month following the month of election	contributions to the AVC provider(s) by the 19th of the month following the month of election
After receipt of instructions, stop deductions of Additional Regular Contributions (ARCs) or Additional Pension Contributions (APCs) or AVCs	Immediately following receipt of instructions
Refund via your own payroll provider any employee contributions that have been deducted in error	Contributions to be refunded in the month following the incorrect deduction
To pay all fees including rechargeable costs to the Pension Fund	The Pension Fund will inform employers of any fees as they become due. Invoices must be paid within 30 working days of the invoice date, or in accordance with the payment terms on the invoice
Provide year end information required by the Pension Fund	Information to be supplied in the format as detailed in the instructions published on the website in February/March each year. Information to be submitted via the Year end upload form by the date included in the instructions
To provide any additional information that may be requested by the Pension Fund	To be provided in the format required by the Pension Fund e.g. completion of form, email etc. within 1 calendar month of receipt unless a statutory requirement requires the information to be supplied before this date which will be detailed in the request
If you are considering a TUPE transfer of staff, you should contact the Pension Fund at least 6 months before the transfer is due to take place	At the very beginning of the tender process so that important pension information can be provided for inclusion in the tender documentation
Work with the Pension Fund to arrange for an admission agreement to be put in place when contracting out a service and assist in ensuring it is complied with	Agreement to be in place by the time the service is contracted out
Provide the Pension Fund with information regarding members transferring to an admitted body or schools converting to academies	Liaise with the Pension Fund regarding the format in which this information needs to be supplied. Information to be supplied 1 calendar month from date of change. Any queries relating to this information to be responded to within 10 working days

iConnect

If you are an employer using i-Connect, your responsibilities may differ.

i-Connect is an internet application. It facilitates the transfer of data from your payroll to the pensions system.

You action this by:

- uploading files extracted from the payroll, or
- completing an online form.

You submit data on a monthly basis and include:

1. Pensionable pay and pension contribution information. This will end the need for a year end return.
2. New starts, opt outs, and leavers. This will either reduce or end the need for separate paperwork.
3. Personal information, for example name and address.

Eventually all employers will use i-connect. This is a large project that will take some time to complete. We will contact you when we are in a position to onboard. In the meantime, if you would like to know more, contact iconnect@kent.gov.uk

4. Role of the Kent Pension Fund

4.1 This section outlines the key responsibilities of the Fund, what the Fund will do and by when. It is focussed on the key activities which scheme employers and scheme members are involved in and should not be viewed as an exhaustive list.

Commitment to new scheme members

The table details what we commit to new scheme members and when.

What	When
Statement of pensionable service	We will issue a statement of pensionable service to members within 20 working days of receiving the required data from an employer.
Transfers in	<p>We will calculate the estimated benefits that a <u>transfer value</u> will buy in the Local Government Pension Scheme. We will issue a quotation within 20 working days of receiving details from the previous pension provider and any additional information required from the Department for Work and Pensions.</p> <p>We will request payment of the transfer value within 10 working days of receiving confirmation from members that the transfer is to be made.</p> <p>We will confirm the actual benefits purchased by the transfer value to members within 20 working days of receiving payment from the previous pension provider.</p>

Commitment to existing scheme members

The table details what we commit to existing scheme members and when.

What	When
Annual Benefit illustrations	Each year members will be sent an <u>Annual Benefit Illustration (ABI)</u> to their home address which will provide a personalised illustration of their benefits in the Local Government Pension Scheme (LGPS).
Benefit estimates	Provided there are no outstanding queries to be resolved, we will provide members with their estimate within 20 working days of receiving the estimate request from their employer. Where there are outstanding queries, we will provide the estimate within 20 working days of the date the queries are resolved.
Paying Additional Pension Contributions (APCs)	We will provide information within 20 working days of receiving a request from members if they wish to pay <u>APCs</u> to buy additional LGPS pension.
Retirements	<p>Provided that there are no outstanding queries to be resolved, we will send details of the benefits payable and pay members tax free cash lump sum within 20 working days of receiving all the information required from their employer and/or them, or the date the benefits become due if later.</p> <p>Where there are outstanding queries, we will send details of the benefits payable and pay members tax free cash lump sum within 20 working days of the date the queries are resolved.</p>
Deaths	We will send details of the benefits payable within 15 working days of receiving all information required from the late scheme members employer. We will pay the lump sum death grant as soon as possible after determining all relevant beneficiaries.
Deferred benefits	We will send details of the deferred benefits within 40

	working days of receiving all information required from a member's employer.
Refunds	We will pay a refund within 20 working days of receiving a member's formal request for payment.
Transfers out	<p>We will issue a quotation, guaranteed for 3 months, within 20 working days of receiving all information required.</p> <p>We will pay a <u>transfer value</u> within 20 working days of receiving confirmation from members that the transfer is to be made, and if we have received all of the information required to make payment.</p>

Commitment to deferred scheme members

The table details what we commit to deferred scheme members and when.

What	When
Deferred benefit statements	We will provide a <u>deferred benefit statement</u> providing details of the current value of members deferred benefits (as increased in line with the Consumer Prices Index (CPI)).
Deferred benefits into payment	We will send details of the benefits payable and pay the tax free cash lump sum within 20 working days of receiving all information required from a member, or the date the benefits become due if later.
Death of a deferred scheme member	<p>We will acknowledge a notification of the death of a deferred scheme member and start action to put into payment any dependants' benefits within 5 working days of receiving the notification.</p> <p>We will send details of any benefits payable within 15 working days of receiving all required information from the dependants and will pay any lump sum death grant due as soon as possible after determining all relevant beneficiaries.</p>

Commitment to pensioner scheme members

The table details what we commit to pensioner scheme members and when.

What	When
Newsletter	We will send the <u>Open Lines newsletter</u> to pensioners at least twice a year.
Death of a pensioner	<p>We will acknowledge a notification of the death of a pensioner and start action to put into payment any dependants' benefits within 5 working days of receiving the notification.</p> <p>We will send details of any benefits payable within 15 working days of receiving all required information from the dependants and will pay any lump sum death grant due as soon as possible after determining all relevant beneficiaries.</p>

Commitment to employers who participate in the Local Government Pension Scheme (LGPS)

The table details what we commit to employers that participate in the LGPS and when.

What	When
Procedures, letters and forms	<u>Guidance (including letters and forms)</u> will be made available to employers to help you carry out their responsibilities.
Changes in regulations	We will make employers aware of any changes to the LGPS regulations, and any other relevant legislation, within 15 working days of receiving details of the changes.
Other pension information	We will make employers aware of any relevant pension information within 15 working days of receiving details.
Benefit estimates	Provided there are no outstanding queries to be resolved, we will provide the estimate within 20 working days of receiving the estimate request from an employer. Where there are outstanding queries we will provide the estimate within 20 working days of the date the queries are resolved.

Confidentiality	We will respect the confidentiality of information exchanged under this agreement and use it only in accordance with the current Data Protection legislation.
Training	We will provide <u>training</u> free of charge for employers' personnel and payroll staff either when there are relevant changes to the LGPS or at their request.

5. Non-Compliance

5.1 KPF will apply the following charges in circumstances where scheme employers do not adhere to their responsibilities under the LGPS. Where KPF has incurred additional costs due to an employer's poor performance, it will recover these costs by charging employers.

Activity	Charges
Monthly data return submitted late	A fixed penalty of £500.00 if received after the first working day of the following month, plus a further fixed penalty of £50.00 for every further day late after that deadline. Note that both the file and the remittance advice must be received for no penalty to apply
Late payment of contributions and other payments due	A fixed penalty of £500.00 if received after the nineteenth of the following month or after seven days of the payment due date in the case of an invoice, plus interest on the total payment due charged at one per cent above base rate calculated from the due date
Resubmission of incorrect data	A fixed penalty of £500.00 plus charges to account for the officer resource used to rectify any issues charged at a minimum hourly rate of £100.00
Failure to respond within the timeframe	A charge of £25.00 per case for each case chased after the original deadline has passed
Failure to provide a copy of discretions policy or latest version	A fixed penalty of £500.00 for failing to supply a copy plus a further £100.00 charged on each occasion that a policy is requested or is chased by an officer and is not supplied
Failure to notify KPF of key changes or events, including a change of payroll provider	A fixed penalty of £1,000.00 where the change has a significant impact on administration or £500.00 plus a further £100.00 charged on each occasion that further information is requested or chased and not supplied

5.2 If an employer's poor performance leads to a third-party agency issuing KPF with financial penalties, then KPF will recover these costs from the employer concerned. This includes:

- Those imposed by agencies such as the Pensions Regulator for a breach of statutory duties, where the breach occurred due to the poor performance of an employer. An example would be where KPF has not issued annual benefit illustrations because the employer has failed to provide member data.
- Those imposed by HMRC, such as scheme sanction charges that arise as a result of the decision of an employer. An example would be if the employer allowed a member to claim benefits that would cause KPF to make an unauthorised payment.
- Those imposed by the Office of the Information Commissioner following a data breach where the breach was caused by the actions of an employer.

5.3 KPF will pay the penalty but will recover it from the employer concerned. The list is not exhaustive and KPF reserves the right to use the same principles and policy for other penalties imposed on it by outside agencies not detailed here.

5.4 In general, KPF will apply a financial penalty where an employer fails to:

- meet the requirements of this Pensions Administration Strategy
- meet the requirements of the LGPS Regulations
- meet the requirements of other legislation.

Where this results in:

- additional work or costs for KPF or its agents
- failure of KPF to meet its obligations under the LGPS regulations, other legislation or guidance
- complaints by organisations or members
- appeals by members or their representatives.

5.5 In all cases, KPF would look to consider any mitigating circumstances, such as system failure, business continuity events and so on, and take a pragmatic approach when making decisions.

From: Chairman – Kent Pension Board
Interim Corporate Director of Finance

To: Kent Pension Board – 13 September 2022

Subject: Fund Employer and Governance Matters

Classification: Unrestricted

Summary:

This report provides an update on Fund employers, Kent Institute of Art and Design, Sevenoaks Leisure Ltd and information on employers with five or less active LGPS members. It also provides an update on the government's academy guarantee and admission matters.

Recommendation:

The Board is recommended to note the report.

FOR INFORMATION

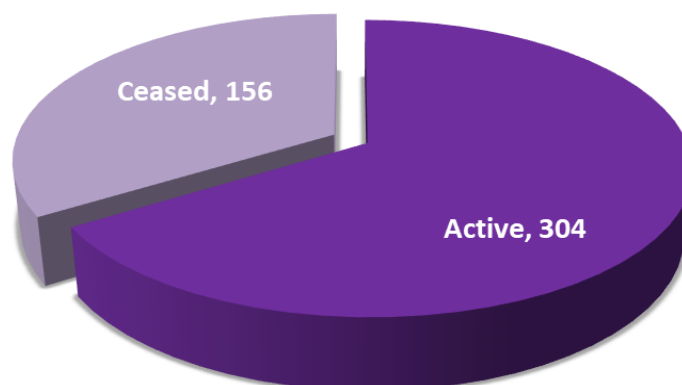
1. Introduction

- 1.1. This report provides information on Fund employers for the year ending 31 March 2022 and for the first 3 months of the current financial year (the quarter ending 30 June 2022).
- 1.2. It also provides information on Kent Institute of Art and Design, Sevenoaks Leisure Ltd and information on employers with five or less active LGPS members as well as an update on the government's academy guarantee and admission matters.

2. Employer update for the 12 months to 31 March 2022

- 2.1. The following employer information was considered by the Committee at their meeting on 22 June 2022.
- 2.2. At 31 March 2022 there were 460 employers in the Kent Pension Fund, an increase of 6 from 31 March 2021. We have previously separately reported KCC schools where they have individually contracted with payroll providers. The numbers now being reported for KCC align with those included in the Fund's annual report and reflect their status as part of KCC. The ceased employers include both those that have ceased to have active members but for whom the termination process is incomplete, and those that no longer have active contributing members in the LGPS and for whom the Fund has an existing or future liability to pay any pensions.

Split of Employers between Active and Ceased



2.3. The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 12 months to 31 March 2022.

New Employers	Effective date
Admission Bodies	
Churchill Contract Services Ltd (re Thinking Schools Academy Trust)	1 September 2019 (backdated admission)
Cleantec Services Ltd (re Dartford Grammar School for Girls Academy)	1 October 2019 (backdated admission)
Scheduled Bodies	
Canterbury Environment Company Ltd	1 February 2021 (backdated)
Kite College	1 May 2021 (backdated)
Academy Trusts	
Inspire Trust	1 April 2021

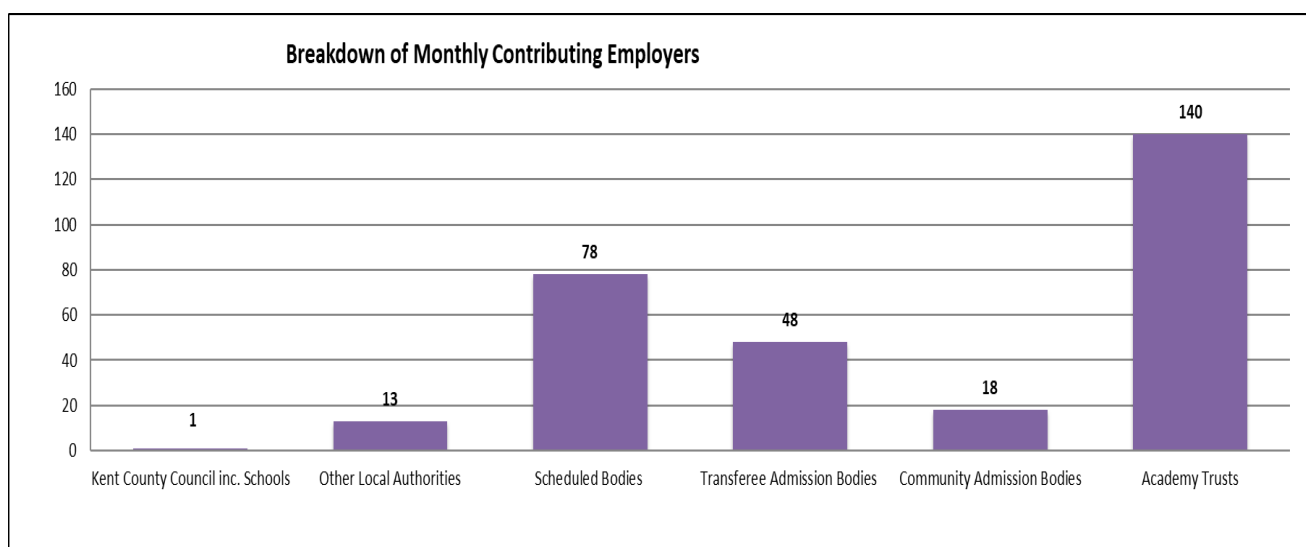
Ceased / Merged to Trust Employers	Effective Date
Admission Bodies	
Kent College Canterbury	31 January 2021 (late notification of last active member leaving)
Rochester Care Homes Ltd	31 March 2021
Deep Beat Entertainment Ltd (Medway Park)	18 May 2021
Deep Beat Entertainment Ltd (Strood)	18 May 2021
Busy Bee Cleaning Services Ltd	31 July 2021
Tascor Services Ltd	28 January 2022
Academy Trusts	
Village Academy Trust	31 May 2021
Brook Learning Trust	31 August 2021
Castle Academy Trust	31 December 2021
Cliffe Woods Primary School Trust	31 December 2021
Scheduled Bodies	
Kent Magistrates Courts Committee	31 March 2021
Farningham Parish Council	30 November 2020 (late reporting to Committee)

2.4. In the 12 months to March 2022 the Fund received £271.8m from employers in respect of their monthly contributions (employer and employee) as follows:

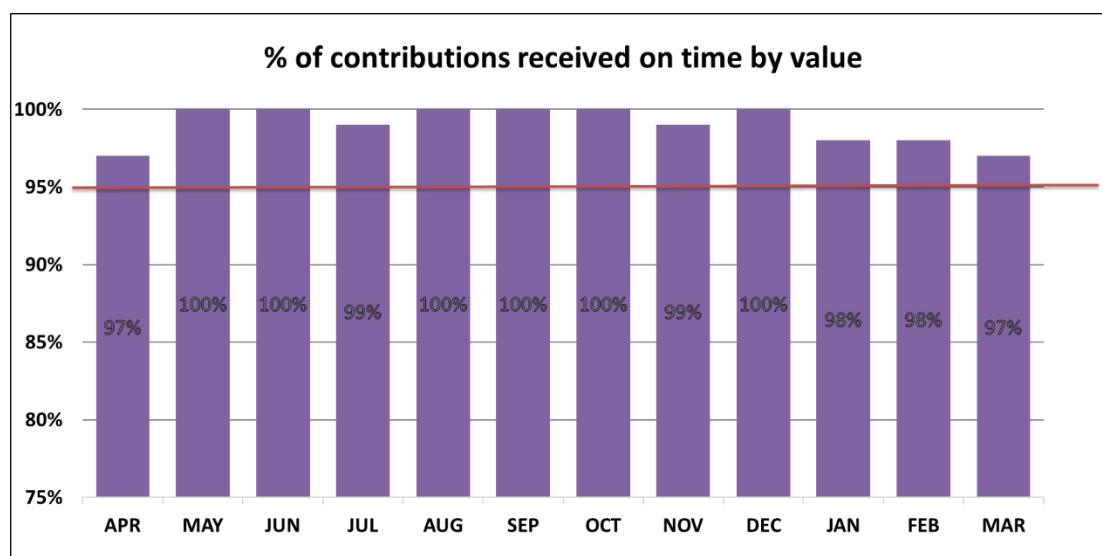
	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	12,837,382	8,765,672	588,584	22,191,638
May	12,281,627	9,762,070	60,340	22,104,037
June	12,722,129	9,642,137	76,147	22,440,413
July	13,285,609	8,791,062	224,541	22,301,212
August	12,747,650	9,592,330	38,343	22,378,323
September	13,048,730	9,111,031	27,175	22,186,936
October	13,845,594	8,590,553	21,743	22,457,890
November	13,195,251	9,662,220	119,552	22,977,023
December	13,861,455	9,767,618	56,483	23,685,556

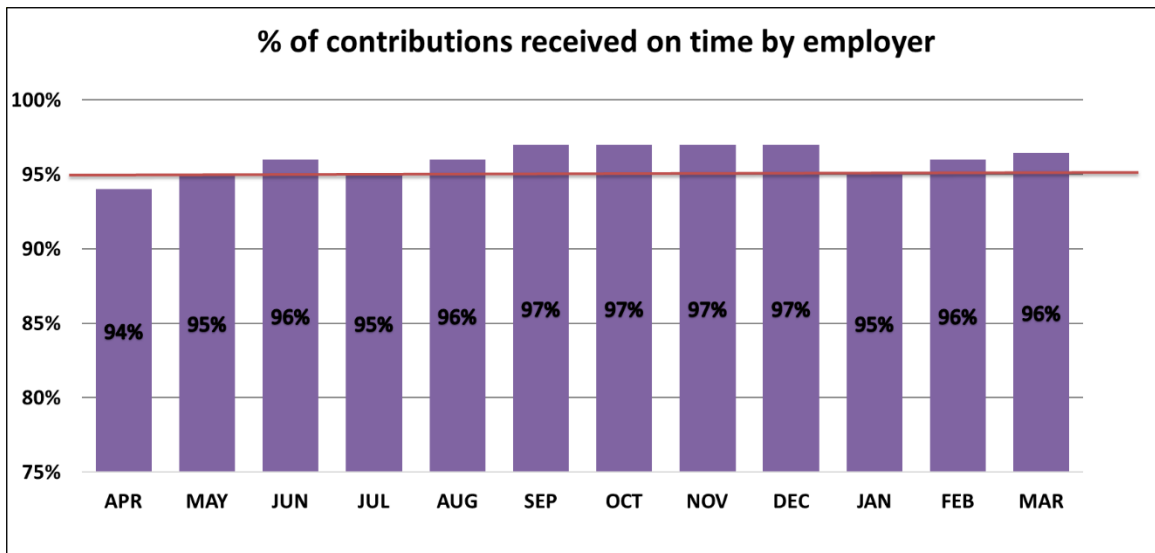
January	12,126,632	10,116,735	480,348	22,723,715
February	12,573,925	9,830,030	511,856	22,915,811
March	13,171,337	9,501,051	748,856	23,421,244
Total	155,697,321	113,132,509	2,953,968	271,783,798

2.5. The following table shows employers from whom the Fund receives monthly contributions by Employer Group. Note the KCC figures reflect the council's and schools' relationships with several payroll providers.



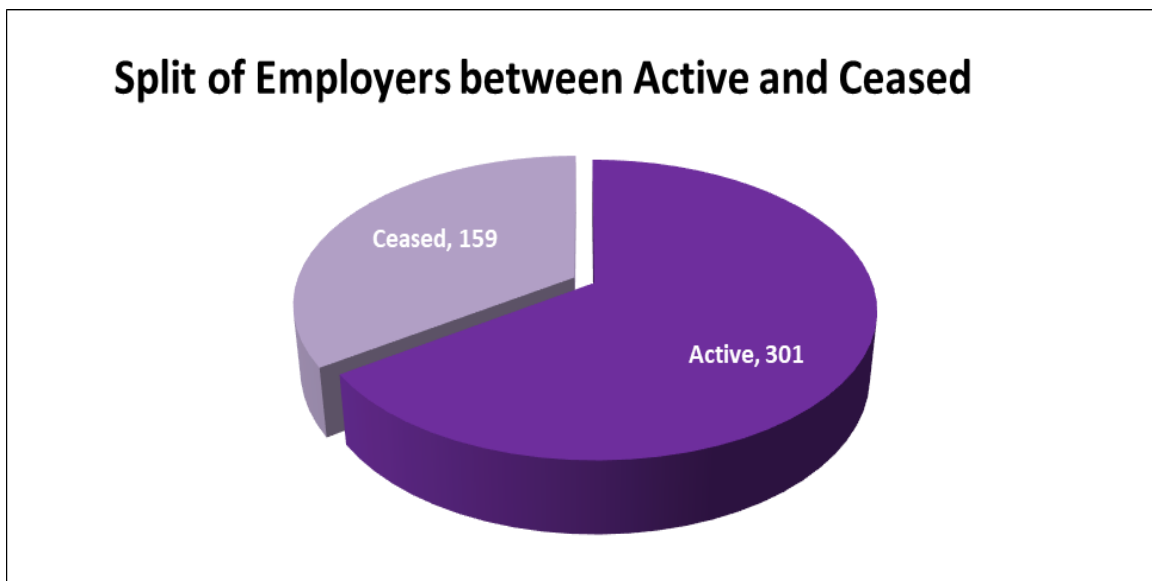
2.6. Officers continue to monitor the receipt of these contributions and the following two charts show the % of employer contributions received on time by two different measures; by value and by number of employers. The Key Performance Indicator (KPI) of 95% for % of contributions received on time by employer was not achieved in April 2021, due to backdated admissions and some parish councils having issues with their banking arrangements.





3. Employer update for the 3 months to 30 June 2022

3.1. There were 460 employers in the Kent Pension Fund on 30 June 2022, the same number as at 31 March however during the 3 months the number of active employers fell by 3 while ceased employers increased by 3.



3.2. The following table lists employers who joined the Fund as well as those who ceased to have active members in the Fund during the 3 months to 30 June 2022.

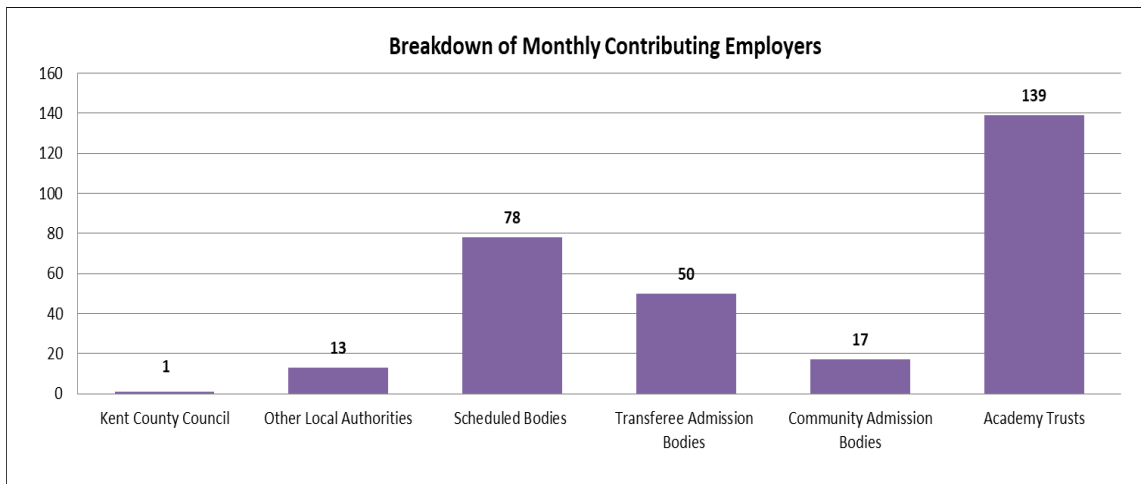
New Employers	Effective date
Admission Bodies	
Olive Dining	1 May 2019 (backdated admission)
Independent Catering Management Ltd (re Robert Napier Fort Pitt Thomas Aveling Academies)	1 August 2020 (backdated admission)
Seeclear Facilities UK Ltd	1 September 2020 (backdated admission)
Town and County Cleaners Ltd (re The Stour Academy Trust)	1 August 2021 (backdated admission)
Scheduled Bodies	
Leybourne Parish Council	1 September 2021 (backdated resolution)

Ceased Employers	Effective Date
Admission Bodies	
Olive Dining	31 October 2020 (backdated admission)
Capita Managed IT Solutions (St Georges School)	31 March 2022
Orbit Housing Association Limited	30 June 2022
Scheduled Bodies	
Higham Parish Council	5 October 2021

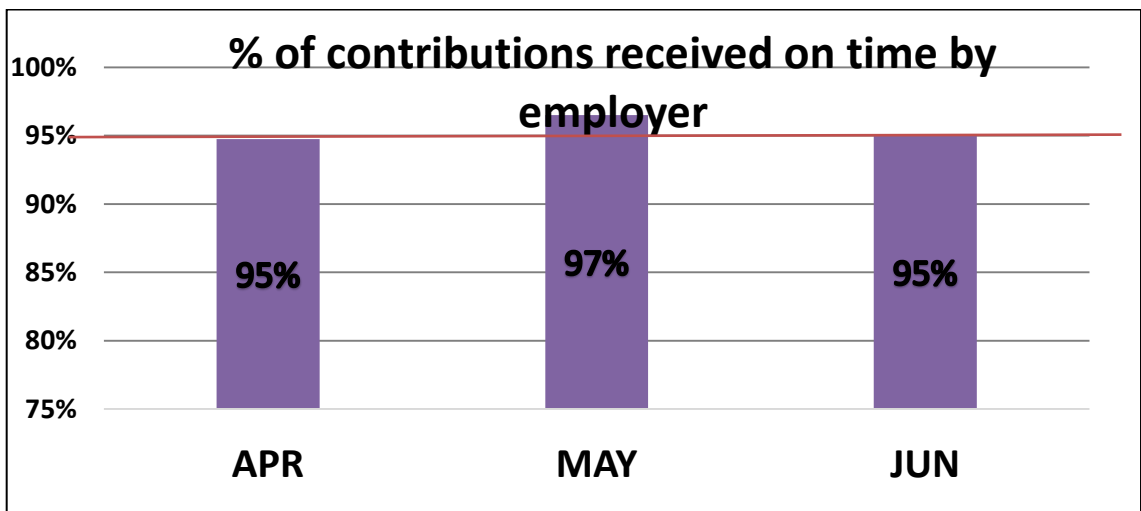
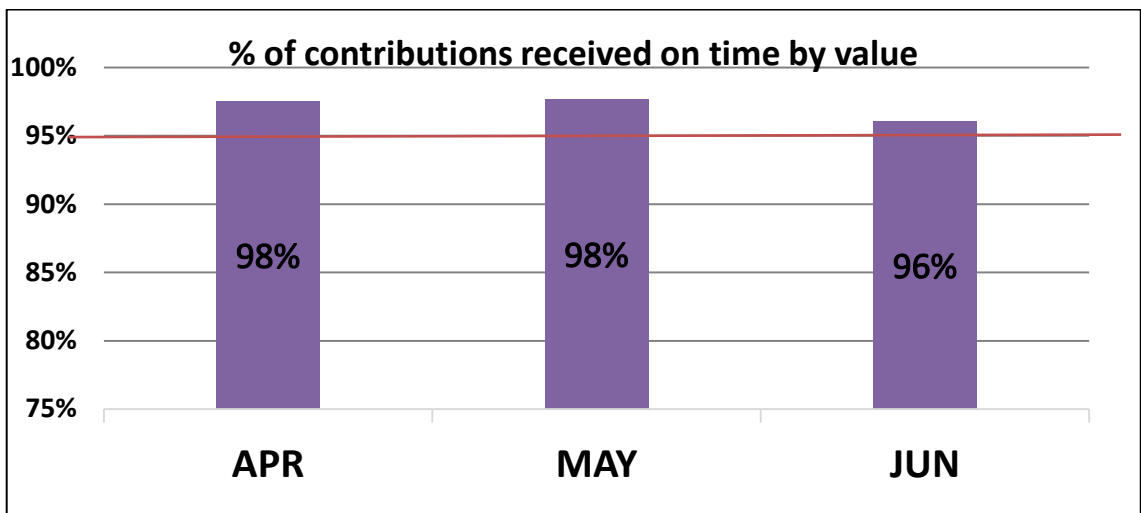
3.3. In the 3 months to 30 June 2022 the Fund received £72.2m from employers in respect of their monthly contributions (employer and employee) as follows:

	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	14,007,833	9,506,817	597,200	24,111,850
May	14,067,165	9,189,650	552,985	23,809,800
June	14,205,514	9,108,519	960,945	24,274,978
Total	42,280,512	27,804,986	2,111,130	72,196,628

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



3.5. The Key Performance Indicator (KPI) of 95% for % of contributions and employers was met every month April to June 2022.



4. Kent Institute of Art and Design (KIAD)

- 4.1. KIAD, a scheduled employer in the Kent Fund, amalgamated with Surrey Institute of Art and Design (SIAD) following the KIAD Higher Education Corporation (Dissolution) Order 2005. Some 216 active members transferred on 1 April 2006.
- 4.2. In 2007 the Committee agreed that all KIAD's active members in the Kent Fund should be transferred to the Surrey Pension Fund and that all pensioners including survivor pensioners, and deferred members should remain in the Kent Fund.
- 4.3. The conclusion of this matter was significantly delayed due to a number of factors including the agreement of member data, problems with the dialogue between the Surrey and Kent actuaries and historical administrative backlogs in the Kent Fund.
- 4.4. The terms of the bulk transfer for the active members were finally agreed between the Kent Fund's actuary Barnett Waddingham and Hymans Robertson, the actuary for the Surrey Fund, in March 2022 and the Fund made a payment of £11.3m to the Surrey Fund on 15 March 2022.
- 4.5. Whilst there was a change of administering authority for the active members, there is no financial impact on them or the deferred, pensioner and survivor pensioner members as their benefits are set out in the LGPS regulations.

5. Sevenoaks Leisure Ltd (SLL)

- 5.1. At their meeting on 1 December 2021 the Committee agreed to the Fund entering into a 6-year monthly instalment plan for the payment of outstanding contributions amounting to some £350,000 relating to 2020 – 2022. The agreement was legally completed on 25 April 2022.
- 5.2. SLL, a community admission body which joined the Kent Fund on 1 February 2004 had seen their business seriously impacted by the effects of COVID-19 and as a result had not paid employer and employee contributions to the Fund since April 2020. This matter was reported to the Pensions Regulator in July 2020.
- 5.3. SLL has subsequently paid all employee contributions outstanding from 2020 – 2022 and monthly amounts in line with the agreed instalment plan. SLL has also paid monthly employee and employer contributions to the Fund on time.
- 5.4. There is no impact on the company's active, deferred, pensioner and survivor pensioner members whose benefits are set out in the LGPS regulations.
- 5.5. Officers continue to monitor payments by SLL and will provide an update at future meetings of the Committee and the Pension Board as necessary.

6. Employers with 5 or less active LGPS members

- 6.1. At their meeting on 22 June 2022 the Committee received an update on the small employers in the Fund following on from concerns raised at their meeting in March 2022.
- 6.2. Officers reported that there are approximately 65 employers in the Fund with less than 5 active LGPS members, including some parish and town councils and admission bodies.
- 6.3. Members were advised that since the 2016 triennial valuation report the actuary has provided them with indicative cessation figures (i.e. likely exit surpluses/deficits) with the valuation results to employers with 5 or less active LGPS members. The purpose of this information has been to highlight potential issues to employers and demonstrate that assumptions used by the actuary to calculate cessation figures differ from the ongoing assumptions used to set employer contribution rates. Employers are also expected to take their own advice.
- 6.4. Officers confirmed that cessation figures will again be provided to the small employers with their March 2022 valuation results and that they will liaise with the actuary and follow up with employers to identify any issues to mitigate any potential impact when they leave the fund.
- 6.5. It is intended that a further update will be provided to the Committee and Board as part of the 31 March 2022 triennial valuation results.

7. Academy guarantee

- 7.1. In 2013, the Department for Education (DfE) introduced the academy guarantee. The guarantee provides that, in the event of an academy closing, any outstanding liabilities will not revert to the LGPS fund.
- 7.2. After a reassessment, The Secretary of State for Education confirmed on 21 July 2022 in a [written ministerial statement](#) that it will continue to provide the academy guarantee. The annual estimated ceiling limit will also increase from its current level of £14 million to £20 million. This represents the amount that the DfE can approve without further recourse to HM Treasury rather than a hard limit. There were 139 active academy trusts in the Kent Pension Fund at the end of June 2022.
- 7.3. Although there is no end date to the guarantee, the Government is committed to regularly reassessing it to determine whether it remains affordable and is fully recognised by administering authorities.
- 7.4. LGPC bulletin 227 at: <https://www.lgpsregs.org/bulletinsetc/bulletins.php> and previously circulated to members, includes information on the guarantee as well as updates on other LGPS matters.

8. Employer admission matters

8.1. At their meetings on 1 December 2021, 30 March 2022 and 22 June 2022 the Committee agreed to:

- a) the admission to the Kent County Council Pension Fund of Birkin Cleaning Services Ltd (re Maritime Academy);
- b) the admission to the Kent County Council Pension Fund of Dolce Ltd (re The Academy of Woodlands);
- c) the admission to the Kent County Council Pension Fund of Town & Country Cleaners Ltd (re Maritime Academy);
- d) the admission to the Kent County Council Pension Fund of Purgo Supply Services Ltd (re Leigh Academy Trust);
- e) the admission to the Kent County Council Pension Fund of Seeclear Facilities UK Ltd (re Future Schools Trust);
- f) the admission to the Kent County Council Pension Fund of Sports and Leisure Management Ltd (re Sevenoaks Leisure Ltd);
- g) the admission to the Kent County Council Pension Fund of Town and Country Cleaners Ltd (re Stour Academy Trust);
- h) to the admission to the Kent County Council Pension Fund of The PCS Group Ltd (re Primary First Trust).

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September 2022

From: Chairman – Kent Pension Board
Interim Corporate Director of Finance

To: Kent Pension Board – 13 September 2022

Subject: Training update

Classification: Unrestricted

Summary:

To report to the Board on progress on the Fund training programme and training undertaken by Committee and Board members during 2021-22. The report also advises members of the 2022 LGPS National Knowledge Assessment and training events in 2022-23.

Recommendation:

The Board is recommended to note the report.

FOR INFORMATION

Introduction

1. The Kent Pension Fund Training Strategy was agreed by the Pension Fund Committee in March 2022 and a copy is at appendix 1.
2. Members are reminded that the strategy is intended to assist the Pension Fund Committee and Local Pension Board members, as well as officers, in performing and developing personally in their individual roles and to equip them with the necessary skills and knowledge to act effectively in line with their responsibilities.
3. The Strategy reflects the current requirements of frameworks, codes and guidance issued by a range of bodies including CIPFA, the Pensions Regulator and the Scheme Advisory Board.
4. The Fund has delegated responsibility for the implementation of the Strategy to the Corporate Director of Finance.
5. In line with the strategy all new board and committee members receive an initial induction session and where possible existing Board and Committee members act as mentors to their new colleagues.
6. Board members are also reminded that they are expected to complete the TPR toolkit shortly after joining the Board. If any member requires help with this activity they should contact Steve Tagg (steve.tagg@kent.gov.uk)

7. All members are asked to advise officers of what learning they need and internal and courses will be arranged accordingly.

Training events attended in 2021-22

8. The main training events attended by committee and board members during the year were as follows:

Date	Topic	Provider	Attendees
June 2021	LGPS Local Pension Board Members update	CIPFA / Barnett Waddingham	1 Board member
July 2021	Overview of the LGPS	Barnett Waddingham / KCC	10 Committee and 1 Board members
September 2021	Investment risk and overview of the Pension Fund	Mercer / KCC officers	12 Committee and 4 Board members
October 2021	Overview of the LGPS	Barnett Waddingham	5 Committee and 1 Board member
November 2021	LGPS administration	KCC officers	10 Committee and 3 Board members
February 2022	Responsible Investment	Mercer / KCC	13 Committee and 2 Board members

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

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

10. In addition 2 Committee members and 1 Board member completed the tPR toolkit during the year.
11. Individual committee members have also attended training events organised by the Fund's investment managers and other external organisations.

LGPS National Knowledge Assessment 2022

12. In 2020 13 members of the Kent Pension Fund Committee and Pensions Board completed the LGPS National Knowledge Assessment run by Hymans

Robertson and the results formed the basis for the Fund's training plan published in April 2021 and the organisation of the various events listed above.

13. Hymans are running another assessment in mid to late September 2022 and Committee and Board Members will again be invited to complete the assessment. The intention is to prepare a training plan based on the results of the assessment to address any gaps in knowledge and to set up future training events to meet Members' needs.
14. This will again be an online assessment and further details will be circulated when it is open for members to complete. It is expected that it will take 15 – 20 minutes to complete. Members will be provided with their own individual results summary and the Fund will receive a report suggesting next steps.

Member records

15. Members are reminded that they should keep a log of all training undertaken so that their records can be agreed with officers at least annually, and the Fund will demonstrate compliance with its training strategy on a yearly basis through an annual report to both the Pension Fund Committee and Local Pension Board.

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September 2022

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From: Chairman – Kent Pension Board
Interim Corporate Director of Finance

To: Kent Pension Board – 13 September 2022

Subject: Governance review - 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 covers the Board's revised terms of reference and proposed adoption of the Code of Conduct and Conflict of Interest Policy as well as the updated Governance Policy and Compliance Statement.

Recommendation:

The Board is recommended to note the report and to resolve to agree to adopt the Code of Conduct and Conflicts of Interest Policy.

FOR DECISION

Introduction

1. As previously agreed, the Board will be updated at each meeting on the progress made on the implementation of the Barnett Waddingham recommendations.
2. Since the publication of the Barnett Waddingham review of the Governance of the Pension Fund in Q4 2021 work has been undertaken on the proposals for the Pensions Board as well as the Committee's terms of reference, their meeting arrangements and documentation of committee decision making procedures.
3. The change of name of the Fund and Committee to Pension Fund and Pension Fund Committee was approved by County Council on 26 May 2022.
4. The review of the Pension Board in particular recommended changes to the Board's terms of reference and following consideration by the informal meeting of the Board on 7 June when members were generally supportive, the revised terms were agreed by County Council on 14 July 2022.
5. The Barnett Waddingham review also covered the Fund's training arrangements and a revised training strategy taking account of the

recommendations was agreed by the Pension Fund Committee in March 2022. This is referred to in the training update.

6. The review also recommended revising the Fund's Governance policy and compliance statement and the updated policy and statement is due to be considered by the Committee on 28 September.

Board Revised Terms of Reference

7. County Council agreed the original version of the Pension Board's terms of reference on 26 March 2015 prior to the establishment of the Board on 1 April 2015 in accordance with Section 5 of the Public Service Act 2013 and under Regulation 106 of the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).
8. The revised terms of reference agreed by County Council at their meeting on 14 July 2022 are at appendix 1 and these more fully describe the role of the Board as laid out in the regulations. They have also been updated to reflect best practice and to take account of guidance from the LGPS Scheme Advisory Board (SAB) as well as the Pensions Regulator (TPR).
9. The revised terms of reference have been published on the Fund website.
10. The main changes to the terms of reference are:
 - Increase the total number of members from eight to ten to allow for the appointment of independent members including an independent Chair
 - Replace the two employer representatives of the districts / boroughs/ Medway Councils and Fire/Police, with representatives of any non KCC employers including academies and admitted bodies
 - The staff and pensioner categories represented by three of the four scheme member representatives to include all members with at least one staff and one pensioner representative desirable
 - Dual membership of the board and committee to be disallowed
 - The board will meet four times a year and meetings to be held online as well as in person
 - The meeting quorum to be a third of the voting membership (3) which should always include the Chair or Vice Chair
 - A new policy document to be adopted by the Board covering the Board's code of conduct and conflict of interest.
11. It is intended that the terms of reference will be reviewed every three years and when significant changes to the LGPS regulations occur.

12. Having agreed the revised membership of the Board arrangements will be made to recruit the new scheme member representatives.
13. Consideration of the appointment of an independent Chair of the Board will be brought to a future meeting for discussion.

Code of Conduct and Conflict of Interest Policy

14. The code of conduct and conflict of interest of policy is at appendix 1 to the terms of reference and members are recommended to adopt this policy. Members will be required to provide any information the Scheme Manager reasonably requires from time to time to ensure that they do not have a conflict of interest.

Revised Governance Policy and Compliance Statement

15. A copy of the revised policy and statement is at appendix 2. This has been updated to take account of the changes to the name of the Fund and Committee, the changes to the Board's terms of reference and the changes to the non-voting membership of the Committee which now comprises 1 representative of non-local council employers and 3 member representatives: – 1 active, 1 pensioner and 1 union representative, as agreed at the Committee meeting in June 2022.
16. The Committee will be asked to approve the revised policy and statement at its meeting on 28 September prior to its publication on the website.

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September 2022

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KENT COUNTY COUNCIL

THE KENT LOCAL PENSION BOARD

TERMS OF REFERENCE

Membership: Total Ten

Four employee representatives
Four employer representatives
The Board may also contain two other members

Terms of Reference

1. Introduction

- 1.1 This document sets out the terms of reference of the Local Pension Board (the Board) of Kent County Council (the 'Administering Authority') as Scheme Manager, as defined under Section 4 of the Public Service Act 2013.
- 1.2 The Board is established in accordance with Section 5 of that Act and under Regulation 106 of the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

2. Role of the Board

- 2.1 The role of the Board, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013 is to assist the County Council as Administering Authority:
 - (a) to secure compliance with:
 - (i) the scheme regulations;
 - (ii) any other legislation relating to the governance and administration of the LGPS Scheme and any connected scheme;
 - (iii) any requirements imposed by the Pensions Regulator in relation to the LGPS Scheme.
 - (b) to ensure the effective and efficient governance and administration of the LGPS Scheme.
- 2.2 The Board will ensure it effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 2.3 The Board will also help ensure that the Kent Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice

on the governance and administration of public service pension schemes issued by the Pension Regulator.

2.4 The Board has power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

2.5 The Board should always act within its terms of reference.

3. Establishment of the Board

3.1 The Board was established on 1 April 2015, subsequent to approval by Kent County Council on 26 March 2015.

4. Appointment of members of the Board and voting rights of Board members

4.1 The composition of the members of the Board is as follows:

The Board shall consist of at least eight members and may contain up to 10 members. It shall be constituted as follows:

- i) Four employer representatives;
- ii) Four scheme member representatives;
- iii) The Board may also contain two independent members.

4.2 The Board shall be constituted as follows:

- Employer representatives
 - 2 x Kent County Councillors
 - 2 x other employer representatives to come from nominations from other employers in the fund (e.g. District, Borough and Parish Councils, Academies, Police, Fire and other scheduled or admitted body employers in the Kent Pension Fund).
- Member representatives
 - 1 x Unison nominated representative
 - 3 x other member representatives, at least one staff and one pensioner representative is desirable.
- The Board may also contain other members
 - 2 x members from an external source (to be recommended by the appointments panel).

4.3 Scheme member and employer representatives shall be appointed in equal number and shall together form the majority of the Board membership.

4.4 Nominations will not be accepted from district / borough councillors who are also County Councillors.

4.5 No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.

- 4.6 Each Board member so appointed shall serve for 4-year renewable periods, from date of appointment, with a maximum of 8 years.
- 4.7 Each Board member should endeavour to attend all Board meetings during the year. Substitutes are allowed for two member representatives and for two employer representatives providing they undertake the training and development.
- 4.8 Each employer representative on the Board should be able to demonstrate their capacity to represent scheme employers in the Kent Pension Fund.
- 4.9 Each member representative on the Board should be able to demonstrate their capacity to represent scheme members of the Kent Pension Fund.
- 4.10 Each Board member should participate in training when required.
- 4.11 Member representatives on the Board shall be appointed by the Scheme Manager in accordance with the Appointment and Termination Process.
- 4.12 The Appointments Panel shall be made up of the following:
- Chair of the Pension Fund Committee,
 - the Corporate Director of Finance (or their nominee),
 - the Head of Pensions and Treasury,
 - the General Counsel (or their nominee)
- 4.13 Each employer representative and member representative of the Board will have an individual vote on any matter needing a decision. Independent Members of the Board do not have voting rights. It is expected that the Board will, as far as possible, reach a consensus.
- 4.14 Dual membership with the Committee of any type is not allowed.
- 5. Appointment and duties of the Chair and Vice Chair of the Board**
- 5.1 A Chair could be elected by the Board from among the Board membership based on their skills and is not restricted to being a Councillor.
- 5.2 One of the independent members may be appointed as Chair if authorised by the Scheme Manager.
- 5.3 The Vice Chair of the Board to be elected by the Board.
- 5.4 The Chair is responsible for ensuring that meetings are properly conducted, decision making is clear and professional advice is followed. The Chair is also responsible for agreeing the agenda and approving the minutes for each meeting.

5.5 The Vice Chair shall undertake the duties of the Chair in the event of the Chair's absence.

6. Notifications of appointments to the Board

6.1 When appointments to the Board have been made, the Scheme Manager shall publish the name of the Board members, the process followed in the appointment together with the way in which the appointment supports the effective delivery of the purpose of the Board.

7. Termination of membership of the Board

7.1 Any termination of membership of the Board will be in accordance with the **Appointment and Termination Process**.

7.2 Membership of the Board may be terminated due to:

- They have a conflict of interest which cannot be managed in accordance with the Board's conflicts policy
- A member dies or becomes incapable of acting
- A member of the Board is appointed to the Pension Fund Committee.
- A member is appointed to the role of an officer of the Administering Authority with responsibility for the discharge of functions under the Regulations
- A member resigns
- A representative member ceases to represent his constituency, for example if an employer representative leaves the employment of his employer and therefore ceases to have the capacity to represent the Fund's employers; and
- A member fails to attend 2 consecutive meetings or otherwise comply with the requirements of being a Board member, for example fails to attend the necessary knowledge and understanding training.

8. Conflict of Interests

8.1 The Scheme Manager will approve a **Code of Conduct and Conflict of Interest Policy** (appendix 1) which will be adopted by the Board and by which members of the Board will need to abide. Members of the Board will provide any information the Scheme Manager reasonably requires from time to time to ensure that members do not have a conflict of interest.

9. Attendance and legislative requirements

9.1 Board members shall endeavour to attend at least two Local Pension Board meetings per year.

9.2 Board members should also commit sufficient time in order to prepare for meetings, obtain and keep under review their knowledge and understanding.

9.3 Members of the Board should be aware that their individual legal responsibility begins from the date they take up their role on the Board.

10. Knowledge and Skills

10.1 In accordance with section 248A of the Pensions Act 2004 (“the 2004 Act”), every individual who is a member of a Board must be conversant with:

- i) the regulations governing the LGPS; and
- ii) any document or policy about the administration of the Fund.

10.2 Board members should also have a knowledge and understanding of:

- i) the law relating to pensions; and
- ii) such other matters as may be prescribed

10.3 The Board shall adhere to the Scheme Manager’s Training Policy to address the knowledge and skills requirements that apply to Local Pension Board members under the 2004 Act.

10.4 It is for individual Board members to ensure they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Local Pension Board.

10.5 In line with this requirement, Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Local Pension Board members are therefore required to maintain a written record of relevant training and development.

10.6 Arrangements for training, facility time and expenses of and Pensions Board members are described in the Kent County Council constitution. This policy applies equally to all Board members.

10.7 The Fund's training policy was updated in March 2022. Board members have been provided with a copy of the Pension Fund training plan.

10.8 Members’ training is regularly reviewed with support from officers and all additional costs of attending training courses are reimbursed from the Fund.

11. Board Meetings: Notice and Public Access to Board Meetings and Information

11.1 The Board is considered a committee of local government and therefore the usual provisions about transparency in respect of access to information and reports will apply.

11.2 There will be four meetings a year to enable the Board to discharge its functions effectively. Meetings may be held in person in Sessions House, County Hall, Maidstone, online via Microsoft Teams or as hybrid meetings, as decided by the Chairman of the Board with the consent of the Board members.

- 11.3 The Scheme Manager shall give notice to all Board members of every meeting of the Board, which will be held in public (apart from confidential matters). All members will normally be sent an agenda and papers at least five working days before the meeting unless an urgent meeting is required.
- 11.4 Any meeting of the Board will include provision for confidential matters or matters that would involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 to be dealt with privately in Part 2 and any documents in connection with such matters will be dealt with confidentially.
- 11.5 The Scheme Manager shall ensure that a formal record of Board proceedings is maintained. Following the approval of the minutes by the Chairman of the Board, they shall be circulated to all members.
- 11.6 All agendas, reports and minutes will be available on the website except for any confidential or exempt matters.
- 11.7 In accordance with the Public Service Pensions Act 2013, the Administering Authority shall publish information about the Board to include:
- i) the names of the Board members and their contact details;
 - ii) the representatives of employers and members of the Board;
 - iii) the role of the Board;
 - iv) the Terms of Reference.

12. Quorum

- 12.1 The Board shall have a quorum of a third of the membership, or no fewer than three members which should always include the Chair or the Vice Chair, at least one employer representative and at least one member representative.

13. Board Costs and Budget

- 13.1 The Board is to be provided with adequate resources to fulfil its role. In doing so, the budget for the Board will be met from the Kent Pension Fund.
- 13.2 The Board will seek approval from the Director of Finance for any expenditure it wishes to make.

14. Core Functions of the Board

- 14.1 The first core function of the Board is to assist the Scheme Manager in securing compliance with the Regulations, any other legislation relating to the Scheme and requirements imposed by the Pensions Regulator in relation to the Scheme.
- 14.2 The second core function of the Board is to ensure the effective and efficient governance and administration of the Scheme.

- 14.3 In support of its core functions the Board may request information from the Kent Pension Fund Committee with regard to any aspect of the Scheme Manager function. Any such request should be reasonably complied with.
- 14.4 The Board may make recommendations to the Kent Pension Fund Committee. These recommendations should be given due consideration and a response made to the Board within a reasonable period of time.

15. Reporting Arrangements

- 15.1 The Board should report to the Kent Pension Fund Committee in the first instance.
- 15.2 On receipt of a report from the Board, the Kent Pension Fund Committee should consider and respond to the Board within a reasonable period of time.
- 15.3 Where the Board is satisfied that there has been a breach of regulation which is reported to the Kent Pension Fund Committee and is not rectified within a reasonable period of time the Board has a duty to escalate this perceived breach
- 15.4 The appropriate internal route for escalation is the Head of Pensions and Treasury.
- 15.5 The Board may report concerns to the LGPS Scheme Advisory Board subsequent to the internal route for escalation.
- 15.6 Board members are subject to the requirement to report breaches of law to the Pension Regulator under the Act and the Code,

16. Board Review Process

- 16.1 The Board will undertake each year a formal review process to assess how well it and the members are performing with a view to seeking continuous improvement in the Board's performance.

17. Advisors to the Board

- 17.1 The KCC Corporate Director of Finance will be responsible for providing professional advice to the board and secretarial support will be provided by KCC Democratic Services.
- 17.2 The Board may be supported in its role and responsibilities through the appointment of advisors and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisors to the Board and on such terms as it shall see fit to help better perform its duties.

18. Code of Conduct

18.1 The Scheme Manager will approve a **Code of Conduct and Conflict of Interests Policy** (appendix 1) which will be adopted by the Board and which members of the Board will need to abide by.

19. Data Protection and Freedom of Information

19.1 The Board and its members will need to comply with the Scheme Manager's Data Protection and Freedom of Information Policy.

20. Accountability

20.1 The Board will be collectively and individually accountable to the Scheme Manager and to the Pensions Regulator.

21. Acceptance and Review of Terms of Reference

21.1 These Terms of Reference will be reviewed every three years and when significant changes to the Regulations occur.

21.2 The revised Terms of Reference were agreed by County Council on 14 July 2022.

Kent Local Pension Board

Code of conduct & conflict of interest policy

1. Code of conduct

1.1 As members of a publicly funded body with a responsibility to discharge public business members the Local Pension Board should have the highest standards of conduct.

1.2 Local Pension Board members should have regard to the Seven Principles of Public life:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

1.3 Accordingly Local Pension Board members should:

- Act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.
- You must not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.
- When carrying out your public duties you must make all choices on merit and must be impartial and seen to be impartial.
- You must co-operate fully with whatever scrutiny is appropriate to your role.
- You will on occasions be privy to confidential and sensitive information, such as personal information about someone, or commercially sensitive information which, if disclosed, might harm the commercial interests of the Council or another person or organisation. This information must not be revealed without proper authority.
- You must, when using or authorising the use by others of the resources of your authority, ensure that such resources are not used improperly for political purposes (including party political purposes) and you must have

regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

- You must promote and support high standards of conduct when serving in your public post, in particular as characterised by the above requirements, by leadership and example.
- In addition to compliance with the Kent Local Pension Board Code of Conduct & Conflict of Interests Policy, you will sign adherence to the Conflict of Interest Declaration and declare any further potential conflicts of interest that may arise once appointed as a member ;
- You should comply with the Kent Local Pension Board Code of Conduct & Conflict of Interests Policy in addition to existing compliance with any Councillor or Officer Codes of Conduct that may apply to you.

2. Conflict of interest

2.1 The Public Service Pensions Act 2013, Section 5(4) requires that any member of a Pension Board must not have a “conflict of interest”, which is defined in Section 5(5) as a “financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board, but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme.”

2.2 A conflict of interest exists where there is a divergence between the individual interests of a person and their responsibility towards the Local Pension Board, such that it might be reasonably questioned whether the actions or decisions of that person are influenced by their own interests. A conflict of interest would prejudice an individual’s ability to perform their duties and responsibilities towards the Local Pension Board in an objective way.

2.3 An example of a potential conflict of interest could be:

- A Local Pension Board member may be required to review a decision which may be, or appear to be, in opposition to another interest or responsibility; e.g(s):
 - a review of a decision which involves the use of departmental resource in the function of the Local Pension Board, whilst at the same time being tasked with reducing this departmental resource by virtue of their employment;
 - a Local Pension Board member could also be employed or have an interest in either privately or as part of the Council in a service area of the Council for which the Local Pension Board has cause to review;
 - an independent member of the Local Pension Board may have a conflict of interest if they are also advising the Scheme Manager.

- 2.4 All prospective Local Pension Board members are required to complete the **Kent Local Pension Board Conflict of interest declaration** before they are appointed to the Local Pension Board.
- 2.5 All appointments to the Local Pension Board should be kept under review by the Local Pension Board.
- 2.5 It is the duty of any appointed Local Pension Board member to declare any potential conflict of interest. This declaration should be made to the Chair of the Local Pension Board in the first instance or to the Scheme Manager and recorded in a register of interests.
- 2.7 The Local Pension Board shall identify and monitor any potential conflict of interests in a register of interests. The register of interests should be circulated to the Local Pension Board and Scheme Manager for review and publication.
- 2.8 If the Local Pension Board suspects any conflict of interest it should report its concerns to the Scheme Manager.
- 2.9 When seeking to prevent a potential conflict of interest becoming detrimental to the conduct of decisions of the Local Pension Board, the Local Pension Board should consider obtaining legal advice when assessing its course of action and response. The Local Pension Board may wish to consult the Director of Legal and Democratic Services in the first instance.
- 2.10 Education on identifying and dealing with conflict of interest will be included as part of the training requirement.
- 3. Alleged breaches of the Code of Conduct and conflict of interest policy**
- 3.1 A process for dealing with the consideration of any alleged breaches, to include any sanctions to be applied, will be agreed by the Scheme Manager and the Local Pension Board.

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Kent County Council Pension Fund

Governance Policy and Compliance Statement

September 2022

Introduction and Legal Requirements

Kent County Council is the Administering Authority for maintaining and managing the Kent County Council Pension Fund (the Fund) on behalf of its stakeholders; the Scheme Members and Employers participating in the Fund. These responsibilities are primarily set out in the Local Government Pension Scheme (LGPS) Regulations.

[Regulation 55 of The Local Government Pension Scheme Regulations 2013](#) requires the administering authority to prepare and maintain a Governance Compliance Statement setting out whether the authority delegates its functions, or part of its functions to a committee, a sub-committee, or an officer of the authority, and if it does so:

- a. the terms, structure, and operational procedures of the delegation.
- b. the frequency of any committee or sub-committee meetings.
- c. whether such a committee or sub-committee includes representatives of Scheme Employers or Members, and if so, whether those representatives have voting rights.
- d. the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not comply, the reasons for not complying; and
- e. details of the terms, structure and operational procedures relating to the local pension board

An administering authority must keep a statement under review and make such revisions as are appropriate, following a material change to any of the matters mentioned in the statement.

Before preparing or revising a statement under this regulation, an administering authority must consult such persons as it considers appropriate.

An administering authority must publish its statement under this regulation, and any revised statement.

This document is the Governance Policy and Compliance Statement for Kent County Council Pension Fund that has been prepared to meet the requirement of the LGPS Regulations. The Governance Compliance Statement noted in point d. above is included as Appendix 1.

About the Kent County Council Pension Fund (“the Fund”)

Under the regulations, Kent County Council is required to maintain a pension fund (the Fund) for its employees and those of other scheme employers within its area.

The Fund Summary Report provides an update on the Fund’s position at the end of each financial year and references the number of members & employers in the scheme.

Aims and Objectives

In relation to the governance of the Fund we will aim to:

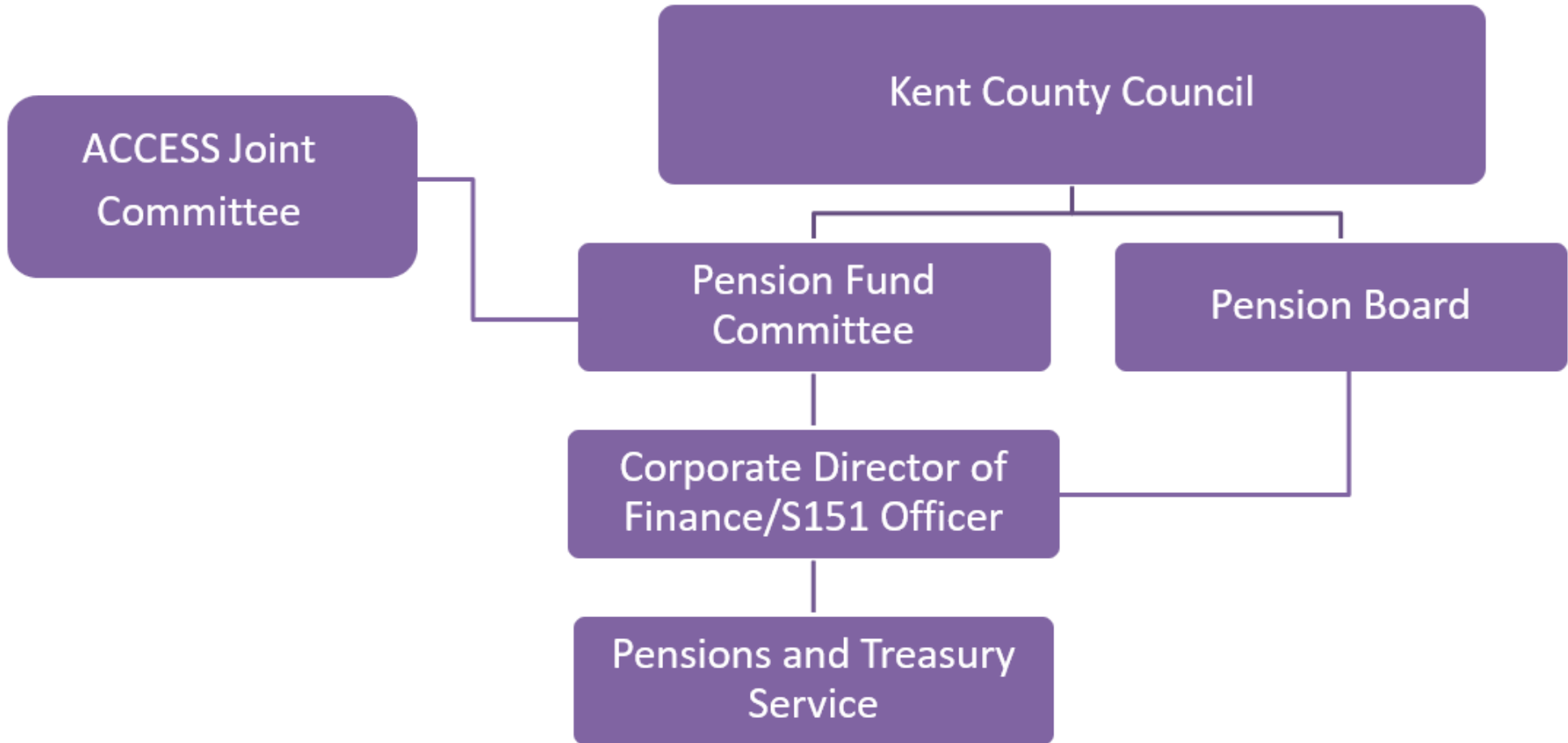
- Provide a high-quality service whilst maintaining value for money
- ensure compliance with the LGPS regulations, other relevant legislation, and the Pension Regulator’s Codes of Practice
- ensure the Fund is managed, and its services delivered by people who have the appropriate knowledge and expertise
- evolve and look for new opportunities, ensuring efficiency at all times
- act with integrity and be accountable to our stakeholders
- understand and monitor risk and compliance
- continually measure and monitor success against our objectives
- ensure the confidentiality, integrity and accessibility of the Fund’s data, systems and services is protected and preserved

Kent County Council Pension Fund Governance Structure

The Fund’s governance structure relates to the Administering Authority’s responsibilities only. Kent County Council is also an employer within the Fund, and a separate governance structure and Scheme of Delegation is in place in relation to Kent County Council’s employer pension responsibilities.

Full details of the delegations from Kent County Council as Administering authority are set out in the council’s [constitution](#).

The following is a summary of the structure.



The role and membership of the Committee is covered on the following pages.

The Role of Officers

The chief officers of Kent County Council have certain statutory and formal responsibilities. Executive powers are delegated to named chief officers under the council's [constitution](#) which sets the parameters within which the officers can implement the Committee decisions and operate the day-to-day business of the Pension Fund.

Pension Fund Committee

Role and Function

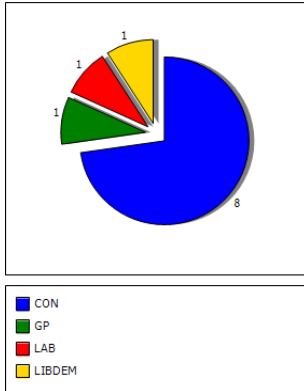
The Pension Fund Committee applies all the powers and duties of Kent County Council (KCC) as the administering authority for the Fund. The committee is responsible for:

- monitoring the administration of the Fund, including compliance with Local Government Pension Scheme (LGPS) and other legislation, ensuring that it delivers best value and compliance with statutory and non-statutory best practise guidance where considered appropriate
- determining pension fund policy regarding employer admission and cessation arrangements
- determining, reviewing, and monitoring the Fund's aims, objectives, strategies, compliance statements and procedures relating to the funding strategy, including approving its Funding Strategy Statement
- determining, reviewing, and monitoring the Fund's other aims, objectives, policies, strategies, compliance statements and procedures for the overall management of the Fund, including but not limited to administration, communication, and governance
- setting investment strategy, carrying out regular reviews, and monitoring the Fund's investments
- appointing the Fund's advisers, including actuaries, governance advisers and specialist lawyers (where required) and to periodically review those arrangements
- appointing professional fund managers relating to the investments of the Fund
- considering the Fund's financial statements
- approving an Annual Report on the activities of the Fund in line with legislation and guidance

Membership

Voting Members	Members Breakdown	How Nominated or Appointed	Term of office
15 Employer Representatives	11 Members of the County Council (Including Chair)	Appointed by the Council	4 years as appointed at the annual meeting of the Council or as changed from time to time by the Constitution
	3 representatives from the 12 district / borough Councils	Appointed by Kent Leaders Group	4 years from the relevant borough and district elections
	1 Medway Council representative	Nominated	4 years from the relevant Unitary Council elections
Non-voting Members			
1 representative of non-local council employers	1 representative of non-local council employers (e.g. Academies, Police, Fire and other scheduled or admitted bodies)	Nominated by other employers in the Fund (e.g. Academies, Police, Fire and other scheduled or admitted bodies)	4 years from date of appointment
3 Member Representatives	1 Pensioner Representative	Invited to apply and selected by a panel comprising the chair of the Pension Fund Committee, the Corporate Director of Finance (or their nominee), the Head of Pensions and Treasury and the General Counsel (or their nominee)	4 years from date of appointment
	1 Active member Representative	Invited to apply and selected by a panel comprising the chair of the Pension Fund Committee, the Corporate Director of Finance (or their nominee), the Head	4 years from date of appointment

		of Pensions and Treasury and the General Counsel (or their nominee)	
	1 Trade Union Representative	Nominated by Unison	4 years from date of appointment



The Chair of the Committee is one of the 11 County Council representatives and elected by these members only.

The political balance of the 11 appointed County Council Representatives is as follows:

- 8 Conservative
- 1 Green
- 1 Labour
- 1 Liberal Democrat

Meetings

The Committee will meet 5 or 6 times a year with secretarial support provided by KCC Democratic Services. [Find out about the committee meetings including unrestricted meeting papers](#)

Quorum and Substitutes

The quorum for a meeting is one third of its total voting membership.

If a member cannot attend a meeting of the Committee, a nominated spokesperson of their political group or authority may nominate a substitute by written notice to the Clerk.

Pension Board

A local pension board (the Board) was established in 2015 in accordance with regulation 106 of the LGPS 2013 regulations. Its purpose is to assist Kent County Council as the Administering Authority for the Kent Fund to secure compliance with the 2013 regulations and to ensure the effective and efficient governance and administration of the scheme.

Role and Function

The role of the Board, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013 is to assist the County Council as Administering Authority:

(a) to secure compliance with:

- (i) the scheme regulations;
- (ii) any other legislation relating to the governance and administration of the LGPS Scheme and any connected scheme;
- (iii) any requirements imposed by the Pensions Regulator in relation to the LGPS Scheme.

(b) to ensure the effective and efficient governance and administration of the LGPS Scheme.

The Board will ensure it effectively and efficiently complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Board will also help ensure that the Kent Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Board has power to do anything that is calculated to facilitate or is conducive or incidental to the discharge of any of its functions.

The Board should always act within its terms of reference.

Membership

Members	Members Breakdown	How Nominated or Appointed
4 Employer representatives	2 drawn from the County Council	Appointed (not members of Pension Fund Committee)
	2 members representing other employers (e.g. District, Borough and Parish Councils,	Nominated by other employers in the Fund

	Academies, Police, Fire and other scheduled or admitted body employers in the Kent Pension Fund).	
4 Scheme member representatives	1 Trade Union representative	Nominated by Unison
	3 other representatives (at least one staff and one pensioner representative is desirable)	Appointed by the Scheme Manager following the approval of their nomination by the Appointments Panel made up of the following: <ul style="list-style-type: none"> - Chair of the Pension Fund Committee, - the Corporate Director of Finance (or their nominee), - the Head of Pensions and Treasury, - the General Counsel (or their nominee)
2 Independent Members (optional):	2 members from an external source	Appointed by the Scheme Manager following the approval of their nomination by the Appointments Panel

Terms of Office

Membership will be for 4-year renewable periods with a maximum of 8 years.

Meetings

The Board will meet quarterly. The KCC Corporate Director of Finance will be responsible for providing professional advice to the board and secretarial support will be provided by KCC Democratic Services. [Find out about the board meetings including unrestricted meeting papers](#)

Quorum

The Board shall have a quorum of a third of the membership, or no fewer than three members which should always include the Chair or the Vice Chair, at least one employer representative and at least one member representative.

Substitutes

Each Board member should endeavour to attend all Board meetings during the year. Substitutes are allowed for two member representatives and for two employer representatives providing they undertake the training and development.

ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of eleven Local Government Pension Schemes (LGPS) Administering Authorities:

- Cambridgeshire County Council
- East Sussex County Council
- Kent County Council
- Norfolk County Council
- Essex County Council
- Northamptonshire County Council
- Hampshire County Council
- Hertfordshire County Council
- Suffolk County Council
- Isle of Wight Council
- West Sussex County Council

Strategic oversight and scrutiny responsibilities remain with the Administering Authorities as do all decision making on their individual Fund asset allocations and the timing of transfers of assets from each Fund into the arrangements developed by the ACCESS Pool.

ACCESS Joint Committee

The Joint Committee (JC) within the ACCESS pool is made up of the 11 Chairs of the pension committees of the 11 participating LGPS funds. The JC has been appointed by the eleven Administering Authorities under s102 of the Local Government Act 1972, to exercise specific functions in relation to the pooling of LGPS assets. The JC's functions include the specification, procurement, recommendation of appointment of pool Operators (for active asset management) and pool-aligned asset providers (for passive asset management), to the Administering Authorities. The Joint Committee also reviews ongoing performance.

The Section 151 Officers of the ACCESS Authorities provide advice to the Joint Committee to ensure appropriate resourcing and support is available to implement the Committee's decisions and to run the ACCESS Pool.

The Joint Committee is further supported by the Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

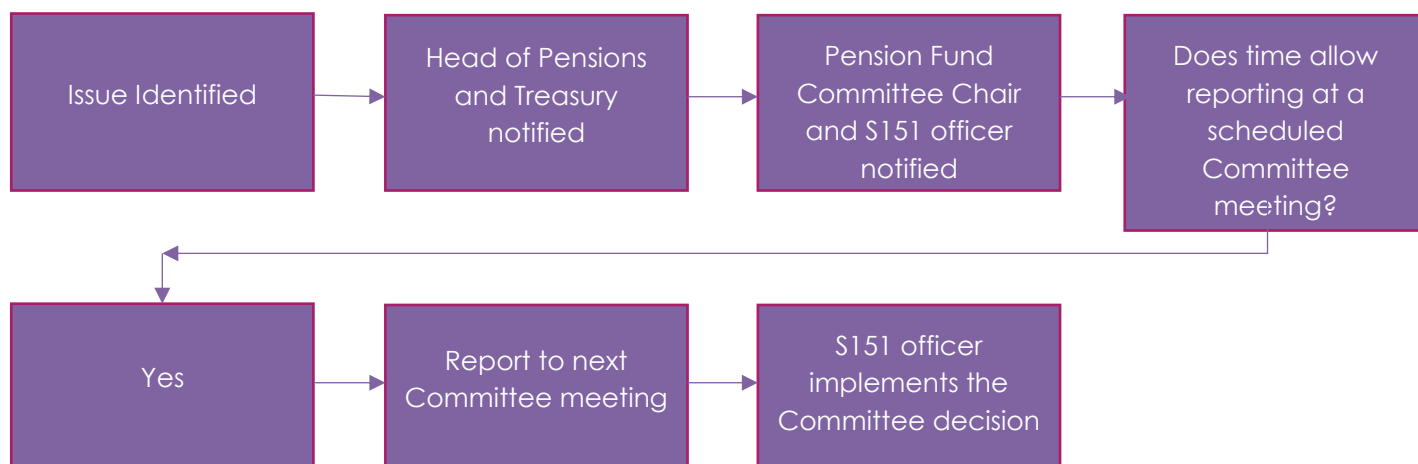
The Officer Working Group consists of officers identified by each of the ACCESS Authorities whose role is to provide a central resource for advice, assistance, guidance and support for the Joint Committee.

The ACCESS Support Unit (ASU) provides the day-to-day support for running the ACCESS Pool and has responsibility for programme management, contract management, administration, and technical support services. There are five full time ASU roles, hosted by Essex County Council. These roles are also supplemented with additional technical support from Officers within the ACCESS Authorities.

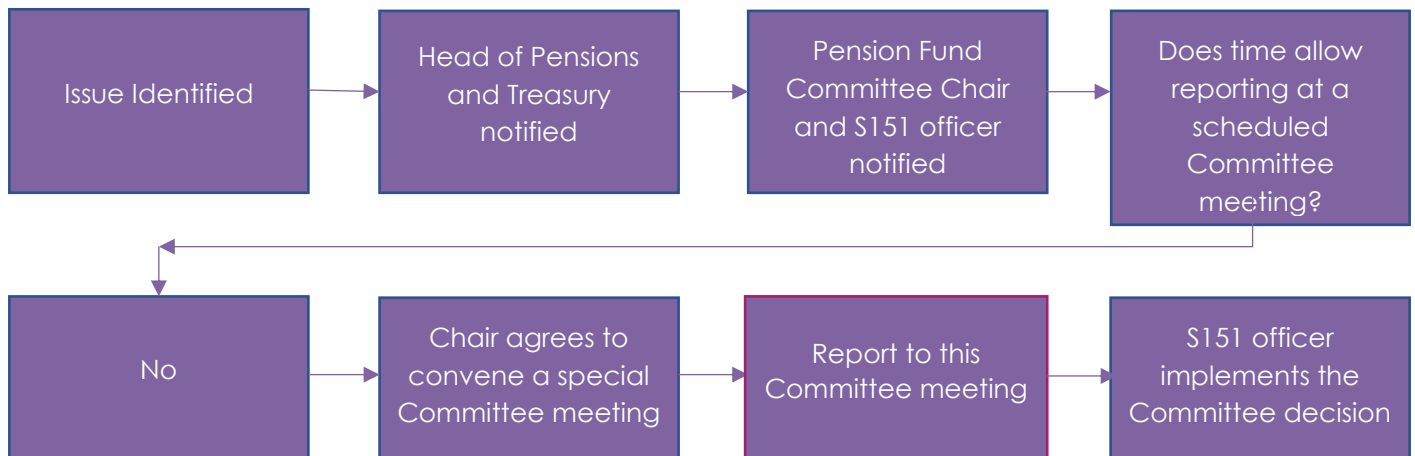
Committee Meeting Guidelines

All decisions of the Committee must be taken in accordance with the decision-making procedures set out in the [Council's Constitution](#).

1. Scheduled Committee meeting cycle
 - 1.1 The Committee meets five / six times a year including four quarterly meetings to receive regular reports, with an additional meeting set for February which is available for other purposes or items. Additional meetings may be called as required.
 - 1.2 The majority of decisions required to be made by the Pension Fund Committee are tabled sufficiently in advance to allow members to receive appropriate briefings and make the decision within the normal meeting cycle.
 - 1.3 At least 5 clear working days are required for the notice of meetings, publication of the agenda and reports.
 - 1.4 The following process is used when there is time to allow a decision to be made at the next scheduled Committee:



2. Special / urgent meetings
 - 2.1 The Fund recognises that good governance requires that on occasion the Committee can respond to urgent matters by taking decisions promptly outside of the scheduled meeting cycle. On such occasions the following processes may be adopted.
 - 2.2 At least 5 clear working days are required for the notice of meetings, publication of the agenda and reports
 - 2.3 The process to be used when the Chair agrees to convene a special Committee meeting:



3 Shorter notice of meetings

3.1 A meeting may be convened at shorter notice than 5 working days and a copy of the agenda and associated reports must be available to members when the meeting is convened. Where an item is added to the agenda after it is published then an amended agenda and any report must be available when that item is added to the agenda.

4 Delegation to officers

4.1 All decisions must be made at formal meetings and cannot be made for example by email.

4.2 Should a decision be required before the next formal meeting is scheduled or it is not possible to convene a special meeting then according to the constitution decisions relating to the County Council's Pension Fund may be delegated to Officers by the Pension Fund Committee.

4.3 The Committee may discuss an issue and resolve that a delegation be made to the Corporate Director of Finance, after consultation with the Chair of the Pension Fund Committee in respect of a future decision. This decision should then be reported to the next scheduled committee meeting.

4.4 The Council scheme of delegation is set out in Section 10 of the Constitution (section 10.9 onwards). This scheme also sets out the process for urgent decisions where it had not been possible to put a delegation in place by the Committee.

Approval

The governance arrangements of the Fund were reviewed in June 2022 and this version of the Governance Policy and Compliance Statement was approved at the Pension Fund Committee meeting on 28 September 2022. It will be formally reviewed and updated at least every three years or sooner if the governance arrangements or other matters included within it merit reconsideration.

Governance Compliance Statement

As can be seen from the table below, the Fund's governance arrangements in respect of the Pension Fund Committee are fully or partially compliant with the most recent guidance issued by the Secretary of State for Housing, Communities and Local Government (issued in 2008):

Principle	Kent County Council Pension Fund's position	Compliance
Structure		
<p>The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing Council.</p>	<p>The Pension Fund Committee is a delegated committee of Kent County Council and exercises all the powers and duties of Kent County Council as the Administering Authority for the Kent County Council Pension Fund.</p> <p>Its Terms of Reference is reviewed on an annual basis.</p> <p>The matters the Committee is responsible for include determining, reviewing, and monitoring the Fund's aims and objectives relating to funding, investments, administration, communication, and governance, and ensuring the proper administration of the Fund, including compliance with legislation, and agreeing the financial statements</p>	Fully Compliant
<p>That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.</p>	<p>Membership of the Committee is drawn from the County Council, other scheme employers and member representatives. All representatives receive appropriate training and development.</p>	Fully Compliant
Committee Membership and Representation		
<p>That all key stakeholders are afforded the opportunity to be represented within the main or</p>	<p>Committee members serve for a 4-year term.</p>	Fully compliant

<p>secondary committee structure.</p> <p>These include:</p> <ul style="list-style-type: none"> • employing authorities (including non-scheme employers, e.g., admitted bodies) • scheme members (including deferred and pensioner scheme members) • independent professional observers • expert advisers (on an ad hoc basis) 	<p>The Committee consists of 19 members: 15 employer representatives with full voting rights, and 4 other non-voting representatives.</p> <p>Of the employer representatives 11 are drawn from the County Council, 3 are nominated by the 12 district councils and Medway Council has 1 representative.</p> <p>The 4 other representatives include a Unison representative, a representative of a non-local council employer, 1 active member and 1 pensioner representative.</p> <p>The Fund’s investment advisors, Mercer Ltd, attend every Committee meeting and facilitate workshops on any significant changes to investment strategy.</p>	
<p>That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.</p>	<p>All members of the Committee are treated equally in terms of access to papers and meetings, as well as training and are given full opportunity to contribute to the decision-making process, with or without voting rights</p>	<p>Fully compliant</p>
<p>Voting</p>		
<p>The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.</p>	<p>The County Council representatives have full voting rights reflecting the fact that the County Council has the legal responsibility to pay all benefits from the Fund. The other representatives with voting rights represent employers who are the main contributors to the Fund.</p> <p>The 4 non-voting representatives are able to engage in and contribute to decision making.</p> <p>The political balance of the 11</p>	<p>Fully compliant</p>

	<p>County Council representatives who have voting rights is as follows: 8 Conservative members, 1 Green Party member, 1 Labour member and 1 Liberal Democrat member.</p> <p>The voting rights of Pension Fund Committee members are regularly reviewed, the most recent review being June 2022</p>	
Training / Facility time / expenses		
<p>That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.</p> <p>That where such a policy exists, it applies equally to all members of committees, subcommittees, advisory panels, or any other form of secondary forum.</p>	<p>Arrangements for training, facility time and expenses of Committee and Pension Board members are described in the Kent County Council constitution. This policy applies equally to all Committee and Pensions Board members.</p> <p>The Fund's training policy was updated in March 2022. This sets out its expectations of the minimum level of knowledge and understanding that Committee members should have.</p> <p>Both Committee and Board members have been provided with a copy of the Pension Fund training plan. This includes training for members to enable them to understand their roles on the committee and board.</p> <p>Members' training is regularly reviewed with support from officers.</p> <p>All additional costs of attending training courses are reimbursed from the Fund.</p>	Compliant
Meetings – Frequency		
That an administering authority's main committee or committees meet at least quarterly.	The Pension Fund Committee usually meets 5 or 6-times year.	Fully Compliant
That administering authorities who do not include lay members in their formal governance arrangements,	The Pensions Forum meets twice a year for all employers focussing on administration issues.	Not compliant

provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.		
Access		
That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee. That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	All Committee members have access to committee papers, documents and advice that falls to be considered at meetings of the Committee. Meeting papers are also available on the Kent County Council website .	Fully compliant
Scope		
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	The Committee monitors the administration of the pension scheme and determines pension fund policy in regard to employer admission arrangements.	Compliant
Publicity		
That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	Details of all Committee meetings are available on the Kent County Council website including all unrestricted committee papers. The Fund's Governance Policy Statement is published on the Fund's website	Compliant

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From:	Chairman Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 13 September 2022
Subject:	Fund Position
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 30 June 2022

FOR INFORMATION

1. Introduction

- 1.1 This report provides an update on the asset allocation and Fund performance.
- 1.2 A copy of the Fund Position Statement is at Appendix 1

2. Fund value and asset allocation

- 2.1 As of 30 June 2022, the Fund's value was £7.57bn, a decrease of £99m over the quarter.
- 2.2 All asset classes remain within their target allocation ranges and therefore no rebalancing is required.

3. Investment performance quarter to 30 June 2022

- 3.1 Financial markets have come under pressure in the first half of 2022, as pandemic-induced supply chain constraints and the war in Ukraine have brought inflation risks to the fore. In a bid to control price rises, central banks have begun to reverse pandemic era monetary stimulus, raising interest rates and withdrawing quantitative easing. This in turn has put pressure on valuations in nearly all asset classes as well as increasing the likelihood of recession in the world's major economies.
- 3.2 Under these circumstances, the Fund generated a negative absolute return of -1.63% in Q2. The equity and fixed income allocations (which together make of 72% of the Fund's current asset allocation) detracted from performance

during the quarter although this was partially offset by positive contributions from the Fund's equity protection programme as well as its allocations to property, private equity, and infrastructure.

- 3.3 As a result, overall Fund performance compared favourably to the benchmark return of -2.97%
- 3.4 It should also be noted that whilst the Fund's actively managed fixed income mandates have underperformed their designated cash plus benchmarks, they have performed better than wider credit markets.

4. Longer term performance

- 4.1 For the year ended June 2022, the Fund achieved a return of -2.47% against a benchmark return of 3.66%, a significant underperformance of 6.13%. Whilst equity and fixed income detracted generally over this time horizon, the largest negative contribution came from growth manager Baillie Gifford, who returned -38.83% over 12 months. Conversely, the M&G Global Dividend Fund and the Schroders Global Active Value Fund added value over the year, a period in which cyclical/value strategies prospered as economies emerged from lockdown. The Fund diversifies its equity allocation across a range of styles and expects this strategy to provide superior returns over the long term.
- 4.2 Private equity and property were the Fund's best performing allocations overall in the year to June 2022, while infrastructure also outperformed. These illiquid asset classes are an important source of long term returns for the Fund, although performance can be highly volatile in the short term.
- 4.3 Over three years, the Fund has outperformed with a return of 5.63% per annum compared to 5.49% p.a. from the benchmark.

5. Outlook

- 5.1 With inflation pressures expected to persist for some time, financial markets are pricing in a series of further interest rate increases in the world's major economies, which in turn is likely to induce lower – even negative - economic growth.
- 5.2 These stagflationary conditions (high inflation combined with low growth) represent a highly challenging environment for investors: eventually, tighter monetary policy should bring demand back into equilibrium with supply although only at the cost of lower economic growth. However, there is significant uncertainty around how far central banks will need to go in their programme of interest rate rises, and indeed whether and when supply constraints will eventually subside (either due to the easing off pandemic induced constraints and/or a material reduction in geopolitical risks). Under these circumstances we should expect short term returns to remain highly volatile.

Sangeeta Surana, Investments, Accounting and Pooling Manager
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September 2022

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FUND POSITION STATEMENT

Summary of Fund Asset Allocation and Performance

Pension Fund Committee

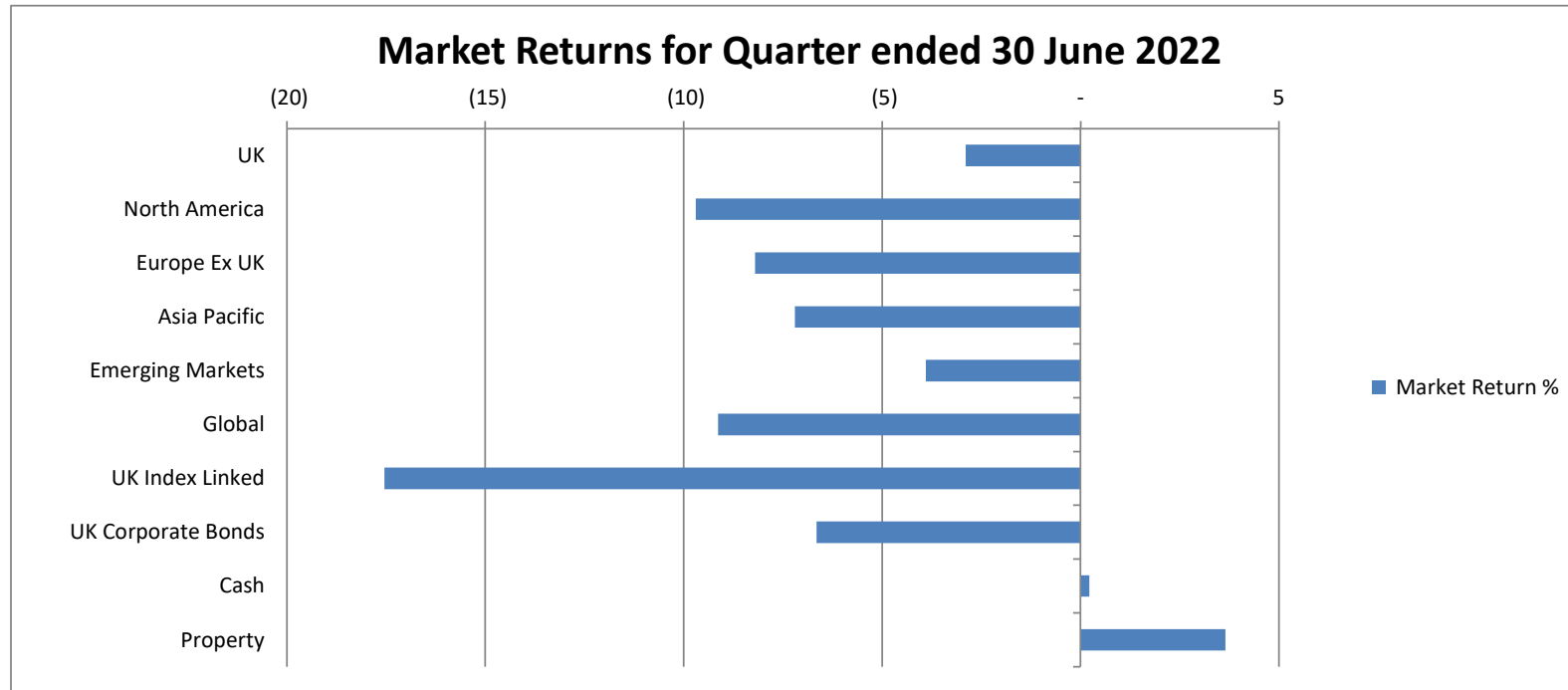
By: Chairman Pension Fund Committee
Corporate Director of Finance



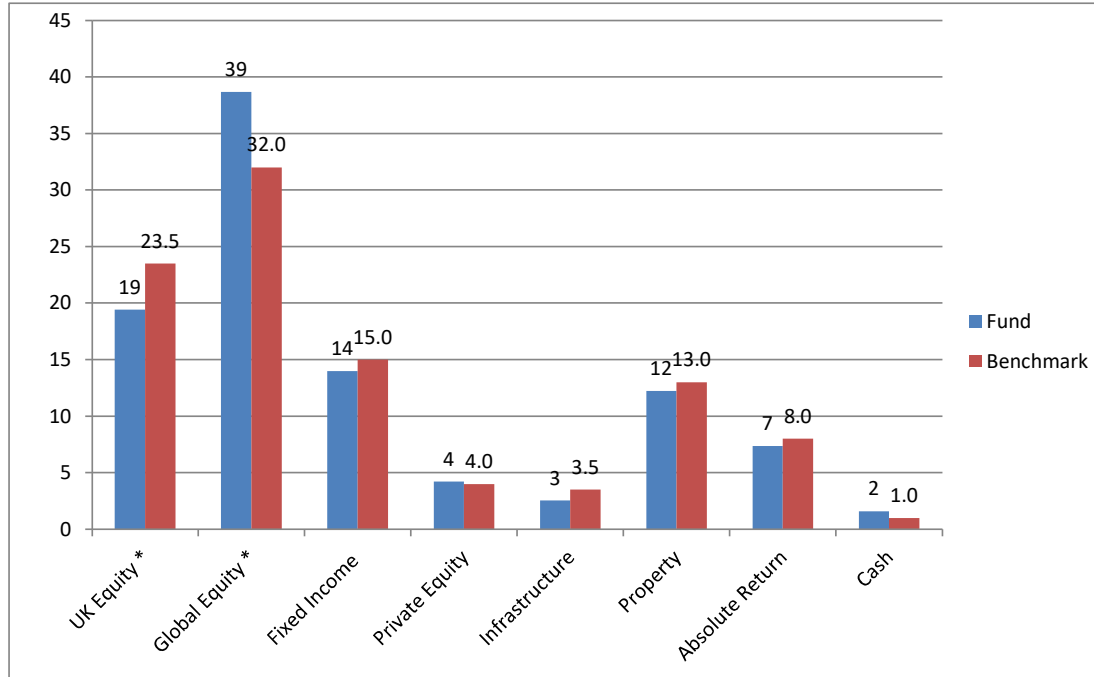
Kent County Council
Pension Fund Q1 2022-23

Katherine Gray- Principal Accountant

Market Returns for Quarter ended 30 June 2022



Fund Asset Allocation vs Benchmark as at 30 June 2022



Asset Class	Fund		Benchmark	Over / (under) weight
	£m	%	%	%
UK Equity *	1,471	19.4	23.5	-4.1
Global Equity *	2,930	38.7	32	6.7
Fixed Income	1,058	14.0	15	-1.0
Private Equity	319	4.2	4	0.2
Infrastructure	192	2.5	3.5	-1.0
Property	927	12.2	13	-0.8
Absolute Return	557	7.3	8	-0.7
Cash	120	1.6	1	0.6
Total	7,575	100	100	

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

Fund Asset Class Performance for Quarter ending 30 June 2022



Asset Class	Fund %	Benchmark %	Outperformance %
Total Equity (without equity protection)	-9.99	-7.19	-2.79
Total Equity (with equity protection)	-2.33	-7.43	5.10
Fixed Income	-5.46	0.83	-6.28
Property	3.02	3.65	-0.63
Absolute Return	-1.87	6.25	-8.11
Private Equity	6.51	0.22	6.28
Infrastructure	2.53	0.22	2.31

Market Value Summary by Fund Manager as at 30 June 2022

Fund Manager	Asset Class	Market Value as at 31 March 2022 (£m)	Market Value as at 30 June 2022 (£m)	Change in Market Value (£m)	% of Total Fund 30 June 2022
Schroders - LF ACCESS UK Equity Fund	UK Equity	1,143	1,095	-48	14.5%
Insight	Equity Protection Program	791	1,057	266	14.0%
Baillie Gifford - LF ACCESS Global Equity Core Fund	Global Equity	1,190	951	-239	12.6%
DTZ	Direct Property	578	590	12	7.8%
M&G - LF ACCESS Global Dividend Fund	Global Equity	518	489	-29	6.5%
Schroders GAV - LF ACCESS Global Active Value Fund	Global Equity	401	385	-16	5.1%
Goldman Sachs	Fixed Interest	401	375	-26	5.0%
Pyrford	Absolute Return	376	373	-3	4.9%
Sarasin	Global Equity	381	349	-32	4.6%
Harbourvest	Private Equity	217	262	46	3.5%
Schroders	Fixed Interest	243	238	-6	3.1%
M&G Alpha Opportunities	Fixed Interest	240	230	-10	3.0%
CQS	Fixed Interest	238	219	-20	2.9%
Partners	Infrastructure	168	192	24	2.5%
Ruffer - LF ACCESS Absolute Return Fund	Absolute Return	191	183	-8	2.4%
Fidelity	Pooled Property	165	174	8	2.3%
M&G Residential Property	Pooled Property	68	69	1	0.9%
Impax Environmental Markets	Global Equity	75	68	-7	0.9%
YFM	Private Equity	56	57	1	0.8%
DTZ Pooled Funds	Pooled Property	50	52	2	0.7%
Aegon (Kames)	Pooled Property	43	42	-1	0.6%
Woodford	UK Equity	8	7	-1	0.1%
Internally managed cash	Cash	132	117	-15	1.5%
Total Kent Fund		7,674	7,575	-99	100.0%

Total investments in ACCESS pooled funds	3,675	3,103
Percentage of the total Fund	48%	41%

Performance Returns as at 30 June 2022

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund *	-1.63	-2.97	-2.47	3.29	5.63	5.49
UK Equity						
Schroders - LF ACCESS UK Equity Fund	-4.19	-4.46	1.43	3.66	3.32	2.06
Woodford	-13.18	-5.04	-17.44	1.64	-27.54	2.41
Global Equity						
Baillie Gifford - LF ACCESS Global Equity Core Fund	-20.06	-7.70	-38.83	-5.53	2.82	5.51
Sarasin	-8.48	-8.56	-5.59	-4.17	8.98	7.88
Schroders - LF ACCESS Global Active Value Fund	-3.97	-8.56	2.30	-4.17	3.32	2.06
Impax	-8.81	-8.56	-10.96	-4.17	9.63	7.88
M&G - LF ACCESS Global Dividend Fund	-5.52	-8.56	5.00	-4.17	9.99	7.88
Fixed Interest						
Goldman Sachs	-6.48	0.86	-10.98	3.50	-1.66	3.50
Schroders Fixed Interest	-2.31	0.15	-6.22	0.31	-1.62	0.47
CQS	-8.28	1.14	-7.98	4.32	--	--
M&G Alpha Opportunities	-4.14	1.14	-4.25	4.32	--	--
Property						
DTZ	2.63	3.65	20.55	23.33	9.92	9.52
Fidelity	5.03	3.65	20.75	23.33	9.75	9.52
Aegon (Kames)	3.62	3.65	18.26	23.33	5.29	9.52
M&G Property	1.39	3.65	5.33	23.33	1.93	9.52
Private Equity						
Harbourvest	8.12	0.22	47.10	0.28	32.04	0.20
YFM	0.00	0.22	41.91	0.28	23.66	0.20
Infrastructure						
Partners	2.53	0.22	10.60	0.28	-1.63	0.20
Absolute Return						
Pyrford	-0.72	6.25	2.43	16.94	2.93	10.54
Ruffer - LF ACCESS Absolute Return Fund	-4.12	6.25	0.98	16.94	9.18	10.54

* The total fund return includes the impact of the equity protection program, a separate report detailing the performance of the program is provided as a separate report

Fund Manager Benchmarks and Performance Targets

Asset Class / Manager	Performance Benchmark	Performance Target
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	

Fund Structure as at 30 June 2022

UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
Schroders +1.5% £1,095 m	Baillie Gifford +1.5% £951 m	Goldman Sachs +6.0% Abs. £375 m	DTZ Property £642 m	Internally managed Cash £117 m
Woodford £7 m	M&G +3.0% £489 m	Schroders +4.0% £238 m	Fidelity Property £174 m	Partners Infrastructure £192 m
	Schroders +3.0% - +4% £385 m	CQS £219 m	Aegon(Kames) Property £42 m	YFM Private Equity £57 m
	Impax +2.0% £68 m	M&G Alpha Opps £230 m	M&G Property £69 m	HarbourVest Private Equity £262 m
	Sarasin +2.5% £349 m			Pyrford Abs. Return RPI + 5% £373 m
	Insight Equity Protection £1,057 m			Ruffer Abs. Return RPI £183 m
			Total Fund £7.6 bn	ACCESS fund

From: Chairman Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 13 September 2022

Subject: ACCESS update

Classification: Unrestricted

Summary:

This update provides a summary of the activities of the ACCESS pool

Recommendation:

The Pension Board is recommended to note this report and to nominate two members to observe the ACCESS Joint Committee meeting on 6 March 2023 (see para. 4.3).

FOR DECISION

1. Introduction

1.1 This report is to update the Board on the work being undertaken by the ACCESS pool.

2. Joint Committee

2.1 The Joint Committee (JC) last met on 6 June 2022. Copies of the agenda and unrestricted papers for the 6 September meeting are available at: [ACCESS JC meeting 06-June 2022](#)

2.4 At the meeting on 6 June 2022 the JC noted the following items:

- Internal Audit review of the ACCESS Support Unit
- Business Plan, which included:
 - Draft revisions of the Inter Authority Agreement
 - Governance Manual
 - The timing of the DLUHC pooling guidance consultation
 - Budget update
 - Plan to include risk assessment in reports
- Draft RI guidelines
- Alternative investments – procurement plans
- Performance report
- Sub-fund performance and implementation
- Contract Management
- BAU evaluation update

- 2.5 The key issues for discussion were the revised RI guidelines and the proposed amendments to the Inter Authority Agreement (IAA). The RI guidelines have not changed substantively since the Kent Pension Fund Committee approved them in February 2022.
- 2.6 The changes to the Inter Authority Agreement have been reviewed by the Monitoring Officers of each of the ACCESS authorities. The most significant of the changes is designed to allow the attendance of Local Pension Board observers at future JC meetings, as agreed by the JC in March 2022 (see section 4).
- 2.7 The next meeting of the JC is due to take place on 12 September 2022. The agenda includes substantive items on the strategy for building out investible products amongst non-listed (alternative) asset classes; commissioning a third-party governance review; and sub-fund implementation. Officers will provide a verbal update at today's meeting.

3. Recent Activity

- 3.1 As at 30 June 2022 the Kent Fund had invested in 5 sub-funds in the ACCESS authorised contractual scheme (ACS) operated by Link Financial Solutions, with a combined value of £3.10bn.
- 3.2 Since the last report to the Board the Officer Working Group (OWG) as well as other working groups with Kent being represented on each group, have continued to meet on a periodic basis. Progress continues to be made on the set up of new sub-funds as well as on the establishment of suitable platforms for pooling non listed assets.

4. Local Pension Board Observers

- 4.1 The JC agreed at its meeting on 7 March 2022 the following:
- Two observers from each Local Pension Board to be invited, on a rotational basis, to attend Joint Committee meetings as observers at least once each a year.
 - These arrangements will be reviewed by the Joint Committee after a full year following their implementation.
- 4.2 It will be for each Local Pension Board to agree the observers from their Local Pension Board who will attend a JC meeting. Whilst the observers can be drawn from the scheme member representatives, the employer representatives, and independent members of a Local Pension Board, it is desirable that at least one of the observers from a Local Pension Board is a scheme member representative.
- 4.3 Two members of the Kent Pension Board, are invited to join representatives from Norfolk and Suffolk at the JC meeting scheduled for 6 March 2023. The Board will need to identify two of its members to attend as observers of the

upcoming JC meeting and it is recommended that the Board nominates these two members today.

- 4.4 Observers can attend JC meetings remotely provided appropriate controls are in place to maintain the confidential status of non-public business.

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September 2022

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of the Local Government Act 1972.

Agenda Item 13

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Agenda Item 14

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