



AGENDA

PENSION BOARD

Wednesday, 6th September, 2023, at 10.00 am Ask for: **Matt Dentten**

**Council Chamber, Sessions House,
County Hall, Maidstone** Telephone **03000 418381**

Membership

Scheme Employer Representatives (4)

Kent County Council (2) Mr R Thomas (Chair) and Mr D Jeffrey

District/Medway Council (1) Cllr R Carnac

Police/Fire & Rescue (1) Ms A Hartley

Scheme Member Representatives (4)

Active Scheme Member Representative (1) Ms K King

Pensioner Representatives (2) Mrs A Mings, Mr G Ward

Unison Representative (1) Mr J Parsons (Vice-Chair)

UNRESTRICTED ITEMS

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

1. Apologies and Substitutes
2. Declarations of Interest by Board members on items on the agenda for this meeting
3. Minutes of the meeting held on 8 June 2023 (Pages 1 - 6)
4. Future meeting dates

All meetings are scheduled to begin at 10:00.

Tuesday 28 November 2023

Tuesday 12 March 2024

Tuesday 11 June 2024

5. Update from the Chairman of the Pension Fund Committee
6. Business Plan and Budget (Pages 7 - 26)
7. Pensions Administration (Pages 27 - 58)
8. McCloud Judgment (Pages 59 - 64)
9. Employer Governance (Pages 65 - 68)
10. Governance and Policies - To follow
11. Member Training (Pages 69 - 74)
12. Fund Position Statement (Pages 75 - 90)

Motion to exclude the press and public for exempt business

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

EXEMPT ITEMS

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

13. ACCESS (Pages 91 - 96)
14. Cyber Security (Pages 97 - 100)
15. Risk Register (Pages 101 - 108)
16. LGPS: Next steps on investment consultation - Verbal update

Benjamin Watts
General Counsel
03000 416814

Tuesday, 29 August 2023

KENT COUNTY COUNCIL

PENSION BOARD

MINUTES of a meeting of the Pension Board held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 8 June 2023.

PRESENT: Mr R J Thomas (Chair), Cllr R Carnac, Ms A Hartley, Mrs A Mings, Ms K King, Mr J Parsons (Vice Chair) and Mr G Ward

ALSO PRESENT: Mr C Simkins (Chairman of the Pension Fund Committee)

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

UNRESTRICTED ITEMS

27. Apologies and Substitutes

(Item 1)

Apologies for absence were received from Mr Jeffrey.

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

(Item 2)

No declarations were made.

29. Minutes of the meeting held on 14 March 2023

(Item 3)

RESOLVED that the minutes of the meeting held on 14 March 2023 are correctly recorded and that they be signed by the Chairman.

30. Update from the Chairman of the Pension Fund Committee

(Item 5)

1. Mr Simkins gave a verbal update on the work of the Pension Fund Committee and its most recent meeting on 29 March 2023, highlighting the following:
 - a. that the results of Barnett Waddingham's 31 March 2022 triennial Actuarial Valuation had been received and considered by the Committee;
 - b. it was noted that the Fund's three-year investment strategy remained the Committee's main focus over the next year, with proposals developed with Mercer to be considered at the Committee's next meeting on 22 June;
 - c. that asset pooling continued with ACCESS; and
 - d. that investment performance had been strong over the previous quarter.

RESOLVED to note the update.

31. Business Plan and Risk Register update

(Item 6)

1. Mr Buckland introduced the report which updated the Board on progress against the Fund's Business Plan which was agreed by the Pension Fund Committee at their meeting on 29 March, having been reviewed previously by the Board. He noted that all items scheduled for completion in 2022/23 had been completed. The changes made to the risk register, which included risks related to the potential failure to maintain appropriate knowledge to establish and maintain the investment strategy; an increased funding deficit; and the impact of cyber-attacks on pension providers and administration were highlighted.
2. The Chair commended the strong performance in 2022/23 and completion of all scheduled items.
3. The Board asked that the Risk Register be reported in its entirety to all future meetings.
4. A Member asked whether pension funds relation to authorities should be a risk. Mr Buckland confirmed that employer insolvency was included as a risk. He noted that employer risk would be reported to Pension Fund Committee and that the Fund worked with Barnett Waddingham on employer covenants, though it was explained that these did not apply to local authority employers.
5. Following a question from a Member on whether the 2022/23 business plan had been challenging enough, Mr Buckland explained that the aim had been to create a plan which was challenging in the long term but realistic in the short term.

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

32. Pension Administration update

(Item 7)

1. Mrs Chambers introduced the report which addressed the administration of the Kent Pension Fund for the period 1 February to 30 April 2023 and updated Board Members on developments since publication. She explained that a backlog resolving death grants had reduced and would be cleared within weeks. A further updated on vacancies and career path development was given. Regarding Breaches of Law, she confirmed that a new data improvement plan would be used and that data would be provided at each meeting on a monthly basis. The beginning of the digital by default transition was highlighted. Concerning outstanding data returns it was noted that the majority related to a single payroll provider, reassurance was given that the provider had been met with regularly, the implication of a breach were detailed.
2. Mrs Chamber explained that SCAPE stood for 'superannuation contributions adjusted for past experience,' following a question from a Member. She agreed to clarify this in future reports.

3. A Member asked for assurances that the recruitment plan had been within budget and for an overview of the pensions administration team's structure. Mrs Chamber confirmed that the recruitment plan was included within the budget and agreed to share the structure chart with the Board. Mr Buckland agreed to highlight where teams had been strengthened and backfilled.
4. In response to a question from a Member on how employers were kept abreast of administrative changes, Mrs Chambers noted that the communications policy had been reviewed, including consideration of how employers were updated and engaged. An upcoming employer forum was highlighted as a key means of communication.
5. Concerning scheme employer annual returns, a Member asked what reasons there were for delayed returns and whether there were any trends. Mrs Chambers stated that there was no single trend, it was noted that changes in payroll provider had contributed to delays but that there was no reason to be concerned that statements would not be issued on time.
6. Mr Buckland explained that in the event of a data breach during employers' submission of their returns that they, rather than the Fund, would be liable. Mrs Chambers added that The Pensions Regulator (TPR) traffic light system was employed in these instances.
7. A Member asked whether issues with the cost of living had led to an increase in members leaving the scheme. Mr Tagg confirmed that the average opt outs per annum over the last four years was 600 and that there had not been a significant increase over the last year.

RESOLVED to note the report.

33. McCloud update

(Item 8)

1. Mrs Chambers presented the report which gave an update on the McCloud Remedy Regulations and the actions taken by officers of the Kent Pension Fund to prepare in advance of the regulations becoming law.
2. A Member asked to what extent employers had been engaged by the Kent Pension Fund on McCloud developments. Mrs Chambers confirmed that updates had been shared on the employer section of the Fund's website and that employers would be made aware of what data they would need to provide.

RESOLVED to note the report.

34. Funding matters

(Item 9)

1. Mr Tagg introduced the report which provided an update on Fund employers for the 3 months ending 31 March 2023, information on Oasis Restore Trust and confirmation of employer matters agreed by Pension Fund Committee on 29 March 2023. He highlighted the percentage of contributions received on time by

value Key Performance Indicator (KPI), which stood at 93% for January, 98% for February and 100% for March.

2. In response to a question from the Chair, Mr Tagg assured the Board that there had been no significant delays or issues related to the receipt of employer contributions for the 3 months ending 31 March 2023. He recognised that where there had been delays in October 2022 and January 2023, that the Fund had responded to and resolved issues quickly.
3. Mr Tagg confirmed, following a question from a Member, that Oasis Restore Trust had joined the fund as a scheduled body, with no admission agreement. He added that its entrance to the Fund included receipt of retrospective employee and employer contributions which had been received back to February 2023. It was noted that most employees would start in September 2023.

RESOLVED to note the report.

35. Governance and Policies update

(Item 10)

1. Mr Buckland introduced the report which detailed the progress made with the implementation of the recommendations arising from the Barnett Waddingham review and advised the Board on the current position of the Fund's policies, including planned updates to the Fund's Communications policy and creation of a Data Quality policy. Concerning governance, he explained that delays to government regulations and guidance had impacted the implementation of some recommendations, a commitment was made to provide a full update to the next Board meeting, including areas of progress and ongoing issues. He noted that the merits of another independent review were being considered in order to judge the progress made since Barnett Waddingham's review.
2. The Chair commented that it would be useful for the Board to have a list of when other policies would be reviewed.
3. Mr Buckland gave assurance that the refreshed Communications Policy would establish a more proactive approach to employer engagement and ensure that they were clear on their responsibilities. Mrs Chambers added that the Administration Strategy also set out employers' roles and responsibilities and was used to support employer as well as to make them aware of penalties.
4. Following a question from a Member, Mrs Chambers confirmed that a plan to support employer onboarding onto iConnect was in development, with employers grouped by payroll provider. Employer resource constraints were recognised.

RESOLVED to note the report.

36. Training Plan

(Item 11)

1. Mrs Green introduced the report which detailed the progress made in developing the training plan for Board and Committee members. The proposed September

2023 to June 2025 training plan was explained, with it noted that core topics would include: pensions accounting and audit standards; pensions administration; investment performance and risk management; committee role and pension legislation; procurement and relationship management; actuarial methods, standards and practices; pensions governance; and financial markets and product knowledge. She added that access to Hymans Robertson's learning academy would form part of the training offer. She noted the proposal for Hymans Robertson to be re-commissioned to reevaluate the knowledge held by members following completion of the training plan.

2. The Chair commented that an annual assessment of member knowledge would be sensible for monitoring progress.
3. Mr Buckland explained that whilst there was a legal requirement for Board members to complete training, the same did not apply for Committee members. He reassured the Board that despite the lack of a legal requirement, the Committee received training and would participate in the proposed training programme. The importance of the Board's training extending beyond the mandatory areas was emphasised.

RESOLVED to note the report.

37. Fund Position Statement

(Item 12)

1. Mr Graham introduced the report which presented the Fund's asset allocation and performance as of 31 March 2023. He advised that the Fund had a positive quarter, despite market volatility, increasing in value by 1.1% (£92m), though underperforming against its benchmark of 2.6%. It was noted that for the year ending March 2023, the Fund achieved a return of 1.4% against a benchmark return of 0.3%, an outperformance of 1.11% and that over the last three years it had outperformed its benchmark of 9.9% per annum returning 11.0% per annum.

RESOLVED to note the Fund's asset allocation and performance as of 31 March 2023.

38. Pensions Administration Audit

(Item 13)

1. Mrs Green presented the report which outlined the findings of an internal audit of the administration of the Kent Pension Fund between February and March 2023. She drew attention to the audit report's conclusions which stated that internal control, governance and management of risk was adequate overall, though there were areas identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk. She reassured Members that a signed management action plan had been put in place to address all seven issues identified in the report.
2. Mr Buckland noted that the audit report had been reported to Governance and Audit Committee, with the committee raising no concerns. He added that the management action had been shared with internal audit and that there would be a reinvestigation should the plan not be completed.

RESOLVED to review and comment on the updated Risk Register.

39. ACCESS update

(Item 14)

1. Mr Graham gave an overview of the report which updated Members on the activities of the ACCESS pool since the Board's last meeting. He addressed the decisions taken by the ACCESS Joint Committee and items under consideration.
2. Following a question from a Member, Mr Buckland confirmed that the development of Kent Pension Fund's investment strategy would consider future opportunities to pool assets.

RESOLVED to note the report.

From:	Chairman – Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 6 September 2023
Subject:	Business Plan and Budget update
Classification:	Unrestricted

Summary:

To provide an update on the Fund Business Plan for 2023/24 and 2024/25, including an update on the Fund's budget.

Recommendation:

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

FOR INFORMATION

1. Introduction

- 1.1 This report provides a Business Plan for the Kent Pension Fund (KPF) for 2023/24 and 2024/25.
- 1.2 A copy of the Business Plan is at Appendix 1, and this includes the Fund budget for 2023/24 and the outturn for 2022/23.

2. Fund Business Plan

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

- 2.3 The Business Plan is an updated version on that agreed by the Pension Fund Committee in on 28th September 2022, and the Board considered and supported the Plan at their meeting on 24th November 2022.
- 2.4 The Plan includes a broader vision and key aims and objectives for the Fund. Officers, the Board and the Committee will develop this over time, with the intention of developing a “best-in-class” service to all of the Fund’s members and key stakeholders.
- 2.5 As previously highlighted the Fund has developed a whole fund budget which was agreed by the Committee in March 2023. Officers received detailed monitoring for the budget, however the format needs some work before presenting to Committee and Board, and it is therefore planned to do this at the November and December meetings.
- 2.6 An update on the final outturn versus budget for 2022/23 is shown in the appendix and commented on below.

3. Updates

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

- **Administration – Manage the expiration of the administration system contract.**

Board members will recall that the Pensions Administration system is essential to the work of the Administration team, and therefore having an effective contract in place is imperative. After significant work with procurement colleagues the Pension Fund Committee agreed in March to a new contract with Heywoods. This item is now marked complete.

- 3.2 All other items with target completion dates in 2023/24 are well underway and are on target to be completed in the year. There are two exceptions to this, shown below:

- **Governance – Implement recommendations of Barnett Waddingham governance review.**

An update showing progress against these is contained elsewhere on today’s agenda, and key issues affecting further progress are regulatory and national guidance delays. As these matters are out of the Fund’s control it may be necessary to extend these pieces of work.

- **Governance – Implement recommendations of the SAB Good Governance Review.**

The Fund has broadly completed most of the recommendations of eth project, however the Government is yet to issue definitive

guidance/regulation and so it is difficult to mark as complete until such date as this is issued.

- 3.3 Later in the year work will begin on the longer-term Business plan and respective budgets and this will be brought to the Board and Committee for review and approval in March 2024, ahead of the new financial year.

4. Budget

- 4.1 The Fund budget for 2023/24 is included in the Business Plan in addition to the year-end outturn report for 2022/23. Overall, the total for 2022/23 shows an underspend against budget of £3.042M and is mainly due to lower than anticipated Investment Managed Costs. A number of other key points are highlighted below:

- The cost of Pensions Administration (mainly staff costs) was £179,000 lower than budget by virtue of the number of vacancies needing to be filled. Good progress has been made on this front in 2023/24.
- There was an increase in the level of Actuarial Fees charged to the Fund, however there was also an increase in those fees being recovered from the Fund's Employers, so these two budget lines need to be viewed in total.
- ACCESS pooling costs were £44,655 lower than budgeted due to factors affecting the speed of delivery within ACCESS. These factors are considered elsewhere on the agenda.
- Transaction costs were estimated based on previous years, and the level of movement between investments in the year was significantly lower, hence an underspend of around £509,284.
- Fund Manager Fees are highly variable and are based on the market value of investments. Fixed Income assets, in particular have suffered during the year, and fallen in value, hence lower than estimated fees.

- 4.2 The budget for 2023/24 remains appropriate and an update for the six months to the end of September will be given to the Board and Committee in November and December.

Nick Buckland
Head of Pensions and Treasury
Kent Pension Fund

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Kent County Council

**Administering Authority for
Kent Pension Fund**

Business plan 2023/24 & 2024/25

September 2023

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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 2023/24 and 2024/25. This business plan was agreed at the Kent Pension Fund Committee meeting on 29 March 2023. The business plan is formally reviewed and agreed every year, and this will 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 all 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 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

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Background to the Kent Pension Fund

The Kent Pension Fund ("KPF") is a £7.7bn (as at 30 June 2023) 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 292 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.

This document will be reviewed regularly and revised annually. 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, 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 are for the next three years. This focusses 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	2023/24	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	2023/24	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	
Develop TCFD reporting		X	
Assess TPR single code of practice	X	X	X
Develop and maintain cybersecurity policy and arrangements	X	X	X
Assess new LGPS pooling guidance (expected)		X	

Investment and Funding

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

Administration

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

Delivering the Business Plan

Pension Fund Budget

	2022-23 Budget	2022-23 Actuals	Variance	2023-24 Budget
Pensions Administration	2,537,405	2,358,472	-178,933	2,970,000
IT Expenses	902,595	680,638	-221,957	1,200,000
Pension Payroll Services	228,188	228,188	0	235,000
Payment Services	16,400	17,267	867	17,000
Financial Systems and Services	64,700	64,700	0	65,000
Legal Fees	84,243	134,899	50,656	80,000
Administration Expenses	3,833,531	3,484,164	-349,367	4,567,000
Actuarial Fee including cost of Triennial Valuation	370,000	420,169	50,169	280,000
Direct Recovery of Actuary, Legal Fees and Admin Costs	-235,000	-295,179	-60,179	-240,000
Subscriptions	64,355	62,438	-1,917	70,000
ACCESS Pooling Costs	160,000	115,345	-44,655	180,000
Investment Accounting and Oversight Costs	640,000	684,522	44,522	773,000
Training	3,000	1,200	-1,800	15,000
Performance Measurement Fees	30,000	26,684	-16,316	35,000
Governance Consultancy	0	0	0	15,000
Investment Consultancy	270,000	304,353	34,353	353,000
Governance and Oversight Expenses	1,302,355	1,319,532	17,177	1,481,000
Custody	45,000	38,028	-6,972	45,000
Transaction Costs	675,000	165,716	-509,284	675,000
Fund Manager Fees – Fixed Income	5,529,000	3,801,624	-1,727,376	5,640,000
Fund Manager Fees – Equities	13,016,000	13,343,379	327,379	13,667,000
Fund Manager Fees – Private Equity/Infrastructure	7,500,000	6,907,234	-592,766	7,875,000

Fund Manager Fees – Property	3,600,000	3,395,638	-204,362	3,744,000
Investment Management Costs	30,365,000	27,651,619	-2,713,381	31,646,000
Audit Fee	42,000	45,511	3,511	43,000
Total	35,542,886	32,500,826	-3,042,060	37,737,000

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: Chairman – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 6 September 2023

Subject: Pensions Administration

Classification: Unrestricted

Summary:

This report brings Members up to date with a range of matters concerning the administration of the Kent Pension Fund for the period 1 May to 31 July 2023. The report covers the following areas:

1. Performance
2. Recruitment
3. Breaches of Law
4. Complaints, Compliments and Comments
5. Project Updates
6. Overpayment Recovery and Write Off Limits
7. Communications and Support Update
8. Technical Updates
9. Training and Development

Recommendations:

The Board is asked to note the report.

FOR INFORMATION

1. Performance

- 1.1 Details of the administration casework performance can be found at **Appendix 1.**
- 1.2 During the period 1 May to 31 July 2023 a total of 15,526 new cases were received by the Pensions Team. This is a slight decrease of 515 from the previous period. 11,423 cases were completed during the period May to July. A decrease of 2,369 compared to the previous period. This is mainly attributed to the changes to the Superannuation Contributions Adjusted for Past Experience (SCAPE) factors and cases needing to be put on hold awaiting the release of new factors from the Government Actuary Department (GAD).
- 1.3 Work has now started to catch up with stockpiled casework due to the SCAPE changes, especially around the Divorce and Transfer Out areas. However, a number of benefits have also required recalculation due to these changes

which has resulted in less new casework being completed increasing the number of outstanding cases from 15,741 at the end of April to 19,085 at the end of July.

- 1.4 Flexing resource to support on the statutory end of financial year work and to support the Police Pension Scheme administration exit has also impacted on the resource able to complete casework attributing to this increase.
- 1.5 Although the number of outstanding cases has increased, average performance across all casework has improved slightly from 79% to 82%. Progress has also been positive on the project to clear all outstanding Death Grant cases, with only 30 cases outstanding at the end of July (from 115 at the start of February).

2. Recruitment

- 2.1 In May the team welcomed five new Pensions Assistants to the team who have settled in well and successfully completed their initial onboarding training. The introduction of a number of new colleagues in one cohort does have an impact on the remainder of the team as they support with training and onboarding, however once they have progressed with their training they will start to make a positive contribution to the success of the team.
- 2.2 Two new Team Manager positions have also been filled. With one being an internal promotion from the role of Deputy Team Manager and one an external candidate with significant management experience and previous pension scheme administration experience. The number of Team Managers has now increased from four to five, with the purpose of creating a 5th administration team. This was required to relieve some of the line management pressures on the existing four Team Managers. As the size of the team increased the number of direct reports to each manager also increased. From 1 October a new work allocation structure is being implemented to allow for more focus on priority areas.
- 2.3 Recruitment to the Deputy Team Manager roles was not as successful as hoped, however one of the positions was filled via an internal promotion from the Communications & Support Team. A decision has been taken to offer the other two vacancies as secondment opportunities. This has proven to be very successful at other grades and it is hoped will encourage more internal applications as they get to experience what the role entails but with the reassurance of their substantive post being available should they wish to revert.
- 2.4 The role of Pensions Project Officer – Continuous Improvement was filled during the period with the role reporting into the Senior Pensions Programme Manager. This role will allow the team too really focus on service

improvements and innovations, and implement the changes required at pace.

3. Breaches of Law

- 3.1 Details of identified breaches of scheme Regulations can be found in **Appendix 2**.
- 3.2 There is one new breach to report as detailed at B3 relating to payment of retirement benefits after a member's 75th birthday. This occurred as the member did not keep the Pensions Team updated with their change of address. This has been assessed as not requiring reporting to the Pensions Regulator as it only affected one member.

4. Complaints, Compliments and Comments

- 4.1 For the period 1 May to 31 July 2023 a total of 0 complaints, 33 compliments and 13 comments were received into the corporate system called iCasework. These have been summarised below:

	Complaints	Compliments	Comments
May	1 (Poor Communication)	3 (Good Communication)	4 (x1 Good Communication, x3 Poor Communication)
June	1 (Service Delivery)	7 (Good Communication)	7 (Poor Communication)
July	2 (x1 Poor Communication, x1 Disagreement with Decisions or Policies made)	2 (Good Communication)	3 (Poor Communication)

5. Project Updates

- 5.1 **Benchmarking** – data has been submitted to CEM for the administration benchmarking. It is anticipated that the report will be provided by CEM by the end of September with the results being presented to Board and Committee in December.
- 5.2 **Police Pension Scheme Administration Exit** – the administration of the Kent Police Pension Scheme is being transferred to XPS with effect from 1 October. Project Board, Communications and Administration workstream meetings have commenced between the Pensions Team, Kent Police and XPS. Updates will be added to the Kent Pension Fund website to keep members informed throughout the process.
- 5.3 **Guaranteed Minimum Pension (GMP) Rectification** – at the last Pension Fund Committee (and subsequent to the meeting) recommendations were

accepted by the Committee as detailed on page 14 of **Appendix 3**. ITM have now completed the live run and issued the outputs. The report at Appendix 3 summarises the impact of changing GMP values. In total the data for 23,439 pensioner records were analysed, with 296 members having benefits recalculated, 2,171 members have their GMP only corrected, 4 members requiring manual calculations by the Pensions Section and 20,968 members not requiring rectification. For those requiring full rectification, this will take effect from the October payroll.

- 5.4 **Overseas Existence Checks** – early discussions have taken place with Crown Agents Bank regarding the management of overseas pensioners existence checks. This would significantly streamline a very convoluted and manual process, releasing capacity within the Pensions Team. It will also significantly reduce the risks associated with the current paper-based process and result in a simpler process for pensioners. A risk assessment is being carried out by KCC ICT Risk and Compliance and a Data Protection Impact Assessment (DPIA) has been completed. It is envisaged that this process will be live for the October 2023 existence checks.
- 5.5 **Enhanced Admin to Pay and Immediate Payments** – this functionality within the administration system will allow for more timely processing of benefits and automate the calculation of pension arrears, streamlining the process. It will also move a manual, paper based one off payment process to an automated, fully integrated process. Decreasing processing times and reducing risks of transposing data. This project is programmed to commence in mid-September 2023.
- 5.6 **Hybrid Mail (PrintMe)** – the process of printing and dispatching daily mailings has now gone live with the external supplier, Adare. User guides have been prepared to help implement the improved process. PrintMe provides an out-of-office secure printing solution, thereby releasing resource in-house.
- 5.7 **Inbound Post Solution** – discussions have commenced with Adare to investigate moving the in-house process of scanning, recording and archiving correspondence to an off-site, third party solution. This project is programmed to commence in mid-October 2023.
- 5.8 **Insights** – this project will allow the team to automate the generation of monitoring reporting from Altair. A list of reports regularly required by for operational purposes has been collated. Setting-up the reporting for these subjects will be established by the end of October 2023.
- 5.9 **Process Reviews (Deaths)** – these process reviews commenced in July. The reviews include investigations into the payment of Death Grants, liaison with KCC's payroll team, review of the the recording of deaths, mortality screening and governance.

6. Overpayment Recovery and Write Off Limits

- 6.1 The number of pension overpayment write offs for the period 1 May to 31 July are set out below:

	May 2023		June 2023		July 2023	
	Number	Total	Number	Total	Number	Total
£200- £5,000	-	-	-	-	£2,135.88	1 member (x2 pensions)
£5,000- £50,000	-	-	-	-	-	-
£50,000+	-	-	-	-	-	-

- 6.2 Ongoing discussions are being held with Pensioner Payroll to understand the current process for suspending pensions following a death, how and when overpayments occur, and the process for reclaiming monies.
- 6.3 An Overpayment Recovery and Write Off Limits Policy is still being drafted with the view to present to Board and Committee in December.

7. Communications and Support Update

- 7.1 The team are introducing **webinars** for members for the first time. The first two are about the Annual Benefit Illustration and Member Self Service and are due to take place later this year.

Members can now volunteer to be a part of a new Member's **feedback group** which will meet three times a year (information how to join is in the latest newsletter on the news webpage of the Kent Pension Fund website).

The team are also working on developing **member feedback forms** which are going to be included in the letters which are sent to members. The first one, regarding the retirement process, is now ready and in being incorporated in the processes.

- 7.2 **Year-end** posting for 584 employers was completed ahead of the year-end deadline, which was a great achievement considering there were major issues with a new third-party payroll company (as raised in previous meetings).

The team have run, analysed and worked on 534 reports where the member pay figures fall outside of certain tolerances to ensure Annual Benefit Illustrations are correct.

Annual Benefit Illustrations (ABI's) have been produced for 50,279 Active members and 48,976 Deferred members. These are sent to the home address held on member records. From 2024 Active ABI's will be published on Member Self Service, and the ABI's for Deferred members will be available online from 2025. This will remove the issue of members not receiving their ABI if they haven't kept their address details up to date (a particular issue for Deferred members) and will make access to ABI's quicker also encouraging

more members to use Member Self Service. For those that require a paper copy, these can still be posted upon request.

- 7.3 The **new Pension Assistants** who joined the team earlier this year are doing extremely well and are a real asset to the team. The benefit of these newly created roles on the team includes ongoing work being completed on outstanding TUPE transfers and Closures to ensure the process goes as smoothly as possible, regular and ad hoc reports for Barnet Waddingham always produced in a timely manner and queries dealt with as priority, the website being updated in a timely manner with any updates/changes needed.
- 7.4 The team have planned an **iConnect** rollout programme to employers, with an aim to get all employers using iConnect to submit their data by the end of 2025. In April, the team successfully onboarded Capita which is a large payroll provider used by many of the scheme employers.
- 7.5 The move to **digital be default** is progressing, with members being informed of the intention to use digital methods of communication in the future. There is a legal obligation to notify members three times before using digital methods, and the first notification is included within the ABI for 2023. Members can, of course, choose to continue to receive correspondence by paper.
- 7.6 The team are planning to upgrade the **Member Self Service (MSS)** portal to the latest version offered by Heywood's in the first quarter of 2024. The new version of MSS has a completely different look and has been designed to make this service easier for members to use. Member Self Service registration is growing steadily with activation letters done within a day or two of receipt, and majority of queries dealt with within two days.

8. Technical Updates

- 8.1 **SCAPE changes – updated actuarial factors** - since the last Pension Board meeting on 8 June, a further two batches of actuarial factors from the Government Actuary Department (GAD) have been issued.

Most of these are now live within the administration software, although software updates are awaited for the most recent batch of factors that were issued on 28 July. The work impacted by these however is low volume, and so the manual amendments being undertaken are not too onerous.

- 8.2 **Consultation on the abolition of the Lifetime Allowance from 6 April 2024** - a consultation has recently been launched by the Government around the abolition of the Lifetime Allowance.

The Technical Team are currently reviewing the policy documentation, which include draft legislation, with a view to responding to the consultation before the September deadline.

- 8.3 **Annual Allowance** - work has been ongoing since May on preparing for the annual statutory exercise of notifying scheme members of their Pension Input

Amount, where they have exceeded the Standard Annual Allowance in the Local Government Pension Scheme.

Since the end of the Year End Contribution Posting project, the team are now in a position to start undertaking the calculations for the scheme members identified as exceeding the Annual Allowance for 2022/23.

The deadline for sending statements to scheme members is 5 October 2023.

- 8.4 **McCloud ruling and the remedy in the LGPS** - final regulations regarding the McCloud remedy in the LGPS are due to be implemented from 1 October 2023. The Government's consultation on further matters closed on 30 June and legislation is due to be issued in September.

The further consultation was required as there was a number of issues that required more work, to closer align the LGPS policies to those of the other public service pension schemes. This included proposals for how to deal with multiple records of employment, issues around previous membership of a public sector scheme and how to deal with the remedy for members who flexibly retire.

It is intended that the McCloud remedy will start to be administered from 1 October 2023. This is a challenging timescale, as currently there is no final legislation required to administer this.

9. Training and Development

- 9.1 From 1 February 2023 the Pensions Section established a Technical and Training Team with two Training Officers being recruited.
- 9.2 The team have been working extremely hard on many different projects to enhance the learning experience for all team members within the section.
- 9.3 The Training Officers are dedicating a proportion of their time establishing a Pensions Knowledge Hub on SharePoint. The Hub will eventually have every subject of pensions administration covered by the LGPS Regulations. It will be easily accessible for team members to view procedure notes, process videos and knowledge quizzes to enhance their learning and adapt formats to their individual needs. The Hub will be easy to update on Regulation changes and to review in line with Audit requirements. The content will be reviewed by the Technical Consultants on the team.
- 9.4 The Training Officers have also been working on producing 'learning pathways' for the Pensions Assistants and Pensions Administrators. The two pathways are an excellent overview of the subjects to be learned by team members and the route to obtain that knowledge. The pathways not only cover the learning of an administration subject but also when the checking of previously learned subjects should commence. The pathways will help the management team identify immediately gaps in knowledge and to actively manage this. The pathways are an excellent tool for management to map

progress and development. It enables team members to feel ownership of their learning journey and career pathway. The Training Officers will be heavily relying on the pathways to assist in the planning and delivery of training for team members when the schedule is set.

- 9.5 The Technical and Training Team has applied to the Local Government Association (LGA) to participate in a working group to develop a specific qualification for LGPS administration in conjunction with the Pensions Management Institute (PMI) and also the development of an apprenticeship in LGPS administration. Both topics are extremely important in developing team members and the team are hopeful they will be accepted onto the working group and be able to actively shape and develop both very important tools.
- 9.6 The Pensions Team has also been actively participating in external training courses provided by the LGA. These courses compliment the training provided by the Training Officers consolidating knowledge.

In house training sessions to date	66
Sessions led by Training Officers	42
External LGA training	13

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Appendix 1 – May to July 2023 Performance Report

Appendix 2 – Breach of Law Register

Appendix 3 – Kent GMP Rectification – Final Results v1.0

	Case Type	SLA (days)	Tolerable Performance (%)	Number of cases open at start of the period	Number of cases received	Number of cases completed	Number of cases completed within SLA	% of cases completed within SLA	Number of cases completed outside of SLA	Average number of days to complete cases	Number of cases open at end of the period
Deaths	Initial Death Notification	15		81	373	365	286	78	79	12	70
	Survivors Pensions	15		71	125	119	101	84	18	37	69
	Death Grant Payment	20		37	75	79	70	89	9	38	30
	Balance of Payments/Overpayment Recovery	15		73	224	255	219	86	36	9	31
Retirements	Payment of Retirement Benefits	20	90	343	785	766	753	98	13	16	347
	Provision of Retirement Estimates	20		630	1249	1229	1084	88	145	15	608
Early Leavers	Payment of Refunds	20		49	556	441	368	83	73	15	144
	Provision of Deferred Benefit Statements	60		5656	2066	936	148	16	788	166	6272
Transfers	LGPS Transfer In Estimates	20		741	358	36	32	89	4	92	997
	Aggregation In Estimates	260		1587	134	59	9	15	50	1032	1643
	LGPS Transfer Out Estimates	20		253	130	38	7	18	31	108	328
	LGPS Transfer In Actuals	20		352	45	51	4	8	47	203	341
	Aggregation In Actual	60		5101	2000	499	75	15	424	221	6394
	LGPS Transfer Out Actuals	20		164	63	34	6	18	28	101	192
	Non LGPS Transfer In Estimates	20		43	48	14	0	0	14	60	66
	Non LGPS Transfer Out Estimates	20		109	107	80	16	20	64	45	116
	Non LGPS Transfer In Actuals	20		128	12	26	2	8	24	97	107
Non LGPS Transfer Out Actuals	20		29	15	18	5	28	13	40	20	
Divorces	Pension Sharing on Divorce Estimates	6 weeks		61	96	127	50	39	77	37	33
	Pension Sharing on Divorce Implementations	4 months		5	2	3	2	67	1	60	4
General	New Starters	30		159	3786	2966	2957	100	9	1	975
	General Correspondence	15	98	143	1642	1659	1576	95	83	3	79
	Change of Details (i.e. address, name, nomination)	10		33	1474	1484	1441	97	43	2	21
	Opt Outs			171	90	72	66	92	6	27	184
	Lost Pension			10	71	67	51	76	16	8	14
Total				16029	15526	11423	9328	82	2095	98	19085

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Reference	Date entered in register	Title of breach	Owner of breach	Third party which caused the breach (if any)	Description and cause	Possible effect and wider implications	Category of members and number of members affected	Initial (re)action	Assessment of breach (red/amber/green) Brief summary of rationale	Reported to tPR (Yes/No) and outcome of report	If reported, name of reporter	Further actions taken to rectify breach	Outstanding actions (if any) and date breach closed
B1	27/04/2023	Over 5 year unclaimed refunds	Clare Chambers	Scheme Members (Frozen Refunds)	Scheme members who joined the scheme after 1 April 2014, left with an entitlement to a refund of contributions but have not claimed the refund within 5 years of leaving the scheme	Inaccurate valuation of the Fund's liabilities	Frozen Refund members who left between 01/04/2014 and 31/03/2018 x2,996 members	Claim forms sent to members upon leaving the scheme	Green Not materially significant - no financial detriment to member - procedures being put in place to avoid future breaches - Regulations due to be amended by government	No	N/A	5 year period has already expired so breach cannot be rectified	Fund need to chase members for completion of claim forms following an address tracing exercise. Fund also need to implement a more robust process for chasing members who are approaching the 5 year deadline. To note, it is anticipated that this Regulation will be removed in due course, in which case these may no longer be considered as a breach
B2	27/04/2023	Over 5 year unclaimed refunds	Clare Chambers	Scheme Members (Frozen Refunds)	Scheme members who joined the scheme after 1 April 2014, left with an entitlement to a refund of contributions but have not claimed the refund within 5 years of leaving the scheme	Inaccurate valuation of the Fund's liabilities	Frozen Refund members who left between 01/04/2018 and 30/04/2018 x76 members	Claim forms sent to members upon leaving the scheme	Green Not materially significant - no financial detriment to member - procedures being put in place to avoid future breaches - Regulations due to be amended by government	No	N/A	5 year period has already expired so breach cannot be rectified	Fund need to chase members for completion of claim forms following an address tracing exercise. Fund also need to implement a more robust process for chasing members who are approaching the 5 year deadline. To note, it is anticipated that this Regulation will be removed in due course, in which case these may no longer be considered as a breach
B3	16/06/223	Payment of retirement benefits after member's 75th birthday	Clare Chambers	Scheme Member	Member did not keep the Pension Section updated with their address therefore we had no way of contacting the member to complete the required forms for payment. Address tracing was attempted.	No wider implications	Currently one	The Pensions Section attempted on numerous occasions to trace the member to be able to pay the retirement benefits before age 75	Green With the section moving towards member self service the need to write out to members home addresses will decrease as they will access their benefits via their online accounts. Therefore, the risk of this particular category of breach will decrease.	No	N/A	N/A	Closed 16/06/223

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GMP rectification – Final results for the Kent Pension Fund

*Prepared by Victoria Franklin
August 2023*

In this report...

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What you wanted to achieve

We have been undertaking a GMP rectification project for the Kent Pension Fund. Following the dry run that we completed in June 2023 and subsequent analysis, we have now completed the live benefit rectification calculations.

This report summarises the impact of changing GMP values for your membership, and the calculation results that have been provided alongside this report.

This report provides you with:

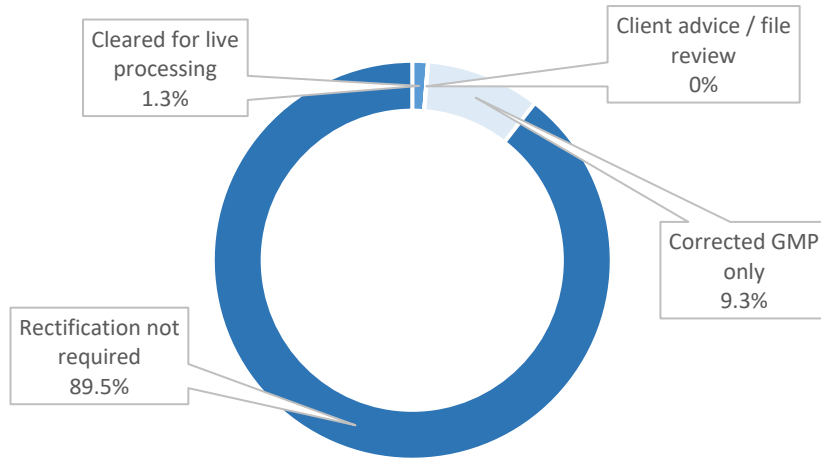
- ✓ Results of our analysis and calculations
 - + We've adopted HMRC's GMP where appropriate and recalculated benefits to the rectification date
 - + Our calculations have resulted in both under and overpayments
 - + We've summarised the results



Our key findings

We have applied corrected GMP values to all members where HMRC values were accepted or agreed with in the earlier reconciliation phase of GMP work. We then calculated the impact of this on members' benefits to create the results in this report. In total we used our calculation tool to analyse the pension data for 20,620 pensioners and 2,819 dependant members. Around 10% of the population reviewed required a correction.

1.3% of the total population have been fully rectified



- ✓ 296 members have had benefits recalculated (band 4)
- ✓ 2,171 members have corrected GMP only (band 3)
- ✓ 20,968 members did not require rectification (band 1 and 3)
- ✗ 4 members will need to be corrected manually as part of BAU (BAU)

Population

We defined our opening population of 23,439 pensioners over GMP payment age and dependant members as where one of the following conditions was met:

- + A decision was made for the case to accept HMRC's contracted out record and associated GMP.
- + The case had an exact match or within tolerance result in the GMP reconciliation/comparison projects. In general we would expect these members not to require rectification, however including them ensures any material changes since the original work (e.g. a member having changed status), or discrepancies between admin and payroll, are reassessed against the reconciliation conclusion.

Any pensioners and dependants where the admin position was accepted in the reconciliation work were excluded.

Rectification not required (bands 1 and 2)

Out of the 23,439 members analysed, 20,968 were determined to not require rectification as they fell into one of the following categories:

- + *Band 1*: either,
 - For a dependant, no difference was found at the WGMP becoming due on the original member's date of death (DOD)
 - For a pensioner, state pension age (SPA) was before the payroll extract date, and no difference was found at the GMP due date
 - For a pensioner, SPA was after the payroll extract date (GMP is therefore not yet in payment), the case was an exact match or within tolerance in the reconciliation work, and no new discrepancy was found
 - Cases where following a file review it was determined that the member was out of scope either because the admin GMP was accepted, or the member was deceased with no surviving spouse
- + *Band 2*: there is a difference between the scheme and HMRC GMP at GMP payment date (SPA/DOD), however it is within the £2 p/w tolerance level advised by HM Treasury in its easement guidance for public service pension schemes

Corrected GMP only (band 3)

There are 2,171 members where full rectification is not required, but corrected GMP will be provided:

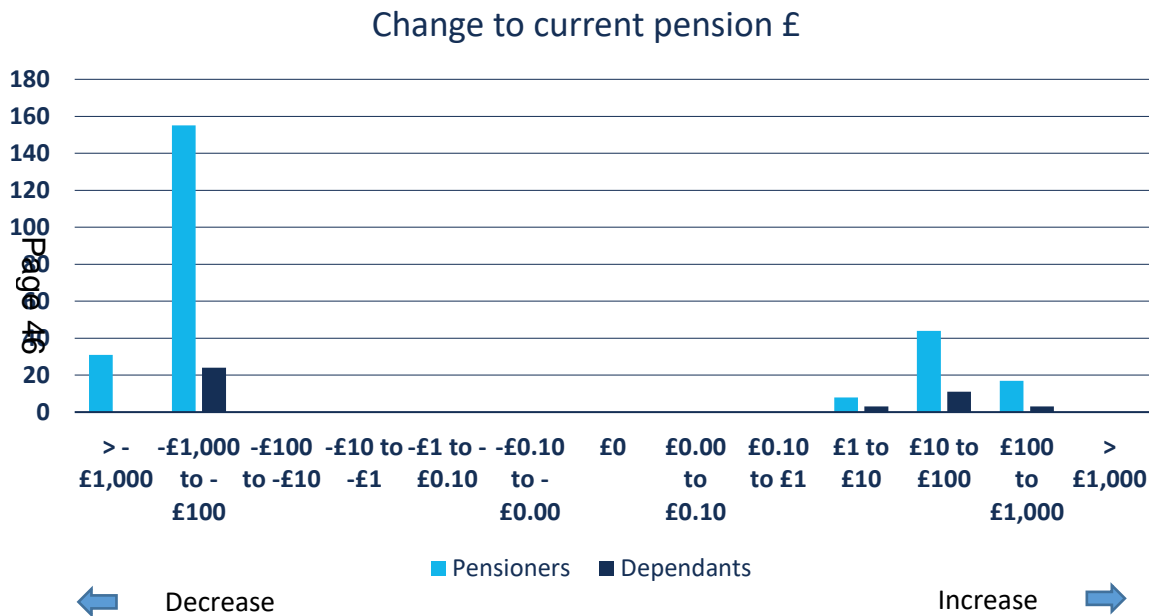
Category	Pensioners over GMP age	Dependants
SPA after payroll extract date	38	0
SPA after rectification date	308	0
SPA/DOD before rectification date but after April 2016	1,475	61
Retranche only as under trivial threshold	208	65
Retranche only to correct GMP on Altair	15	1
Total	2,044	127

- + *SPA after payroll extract date*: pensioners where HMRC was accepted in the reconciliation, their state pension age (SPA) is after the payroll extract date, and there is no GPD excess delta (i.e. the unrectified basic pension covers the rectified GMP at GMP age). Since the GMP is not yet in effect, full rectification is not applicable, however the GMP/excess split should be corrected.
- + *SPA after rectification date*: as above, but where SPA is also after the rectification date.
- + *SPA/DOD before rectification date but after April 2016*: where state pension age (pensioner) or date of death (dependant) is before the rectification date, a full correction would be due, but the case falls under the interim solution for GMP equalisation for public sector schemes, i.e. full Pensions Increase (PI) is due to the GMP in payment.
- + *Retranche only as under trivial threshold*: where the annual change to pension is below the trivial threshold of £120 per annum (overpayments only)
- + *Retranche only to correct GMP on Altair*: other cases where the GMP requires correction, but full rectification is not required

Members with recalculated benefits (band 4)

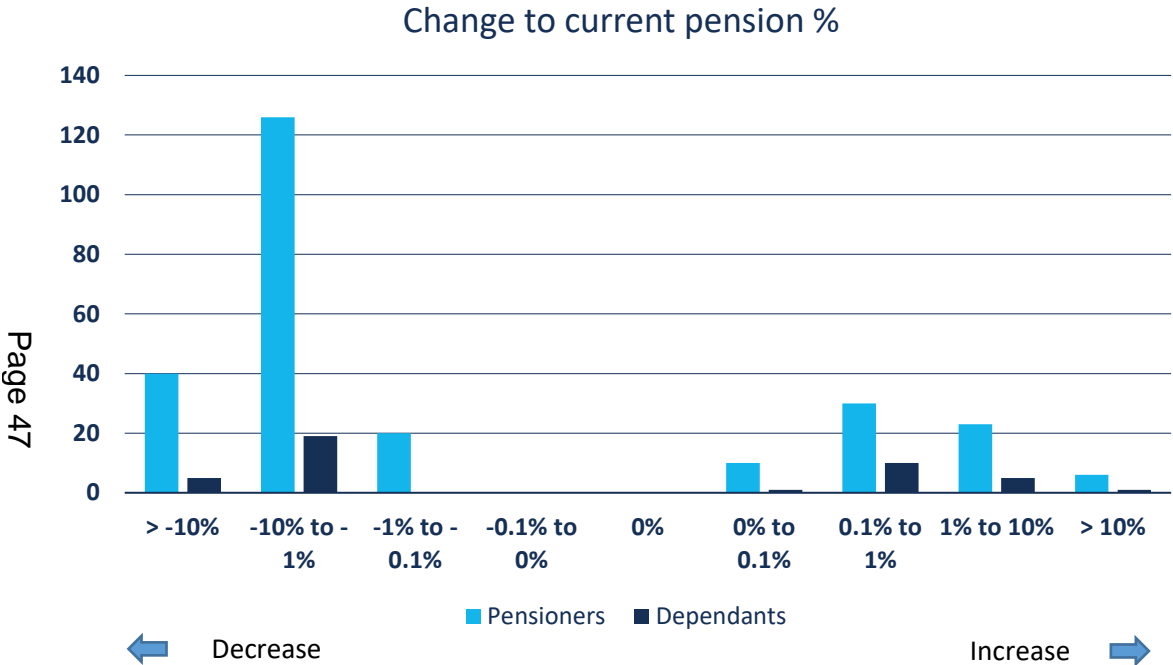
In total we used our calculation tool to recalculate the pensions for 255 pensioners and 41 dependants under band 4

The final results are shown in the graphs below and show the change to the current pension as a result of accepting HMRC's GMP figure as correct.



	PENSIONERS	DEPENDANTS	%
> -£1,000	31	0	6%
-£1,000 TO -£100	155	24	35.5%
-£100 TO -£10	0	0	41%
-£10 TO -£1.01	0	0	3%
-£1.00 TO -£0.11	0	0	0%
-£0.01 TO -£0.10	0	0	0%
£0.00	0	0	0.5%
£0.01 TO £0.10	0	0	0%
£0.11 TO £1.00	0	0	0%
£1.01 TO £10	8	3	1.5%
£10 TO £100	44	11	9.5%
£100 TO £1,000	17	3	3%
> £1,000	0	0	0%
TOTAL	255	41	100%

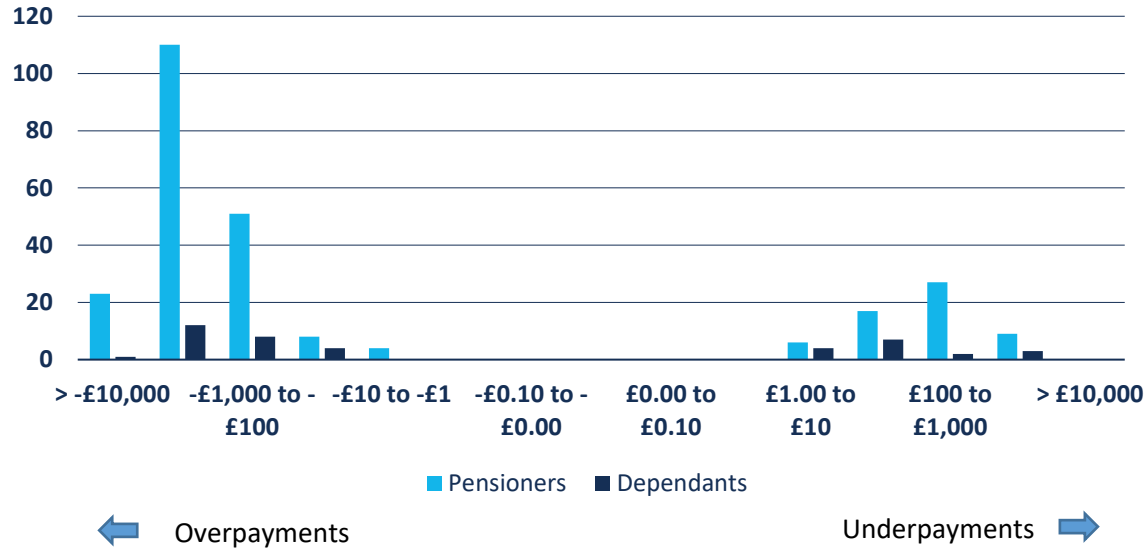
The following diagrams show the same results broken down according to the percentage change projected to members' current pensions.



	PENSIONERS	DEPENDANTS
> -10%	40	5
-10% TO -1%	126	19
-1% TO -0.1%	20	0
-0.1% TO 0%	0	0
0%	0	0
0% TO 0.1%	10	1
0.1% TO 1%	30	10
1% TO 10%	23	5
> 10%	6	1
TOTAL	255	41

The results below show the spread of total historical underpayments and overpayments, with positive numbers showing underpayments and negative numbers representing overpayments.

Historical under and overpayment



	PENSIONERS	DEPENDANTS
> -£10,000	23	1
-£10,000 TO -£1,000	110	12
-£1,000 TO -£100	51	8
-£100 TO -£10	8	4
-£10 TO -£1.01	4	0
-£1.00 TO -£0.11	0	0
-£0.01 TO -£0.10	0	0
£0.00	0	0
£0.01 TO £0.10	0	0
£0.11 TO £1.00	0	0
£1.01 TO £10	6	4
£10 TO £100	17	7
£100 TO £1,000	27	2
£1,000 TO £10,000	9	3
> £10,000	0	0
TOTAL	255	41

Summary of pensioner adjustments

The table below details the total aggregate over/underpayments for the 255 pensioners where we have recalculated benefits.

		Change to current pension £pa	Change to current pension %	Historical underpayment/ overpayment £
Underpayment	Total	£6,009		£38,795
	Number of members	69	69	59
	Average	£87	2.65%	£658
	Maximum	£955	20.01%	£6,587
No change	Number of members	0	0	0
Overpayment	Total	-£106,768		-£770,837
	Number of members	186	186	196
	Average	-£574	-6.15%	-£3,933
	Maximum	-£2,385	-32.86%	-£22,832

Summary of dependant adjustments

The table below details the total aggregate over/underpayments for the 41 dependants where we have recalculated benefits.

		Change to current pension £pa	Change to current pension %	Historical underpayment/ overpayment £
Underpayment	Total	£1,045		£6,934
	Number of members	17	17	16
	Average	£61	2.51%	£433
	Maximum	£395	20.59%	£4,014
No change	Number of members	0	0	0
Overpayment	Total	-£6,690		-£49,682
	Number of members	24	24	25
	Average	-£279	-8.32%	-£1,987
	Maximum	-£787	-33.12%	-£11,705

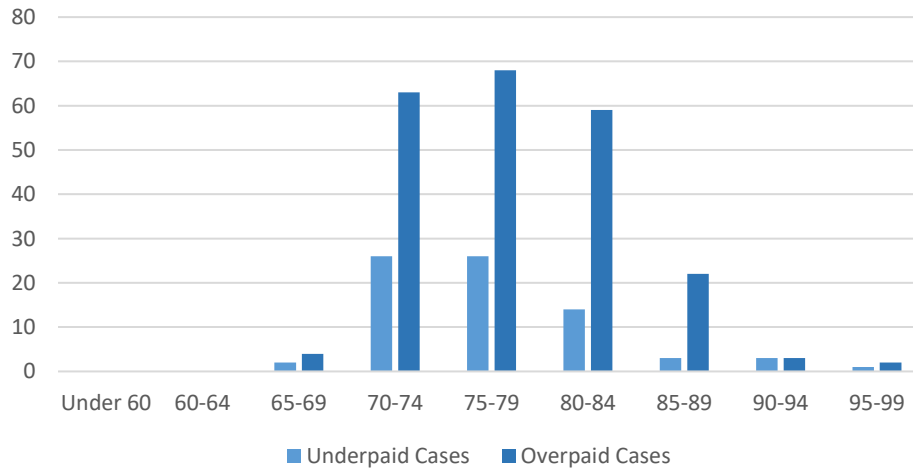
Age Bandings

The table and graphs below show the total population of pensioners and dependants broken down into age bandings.

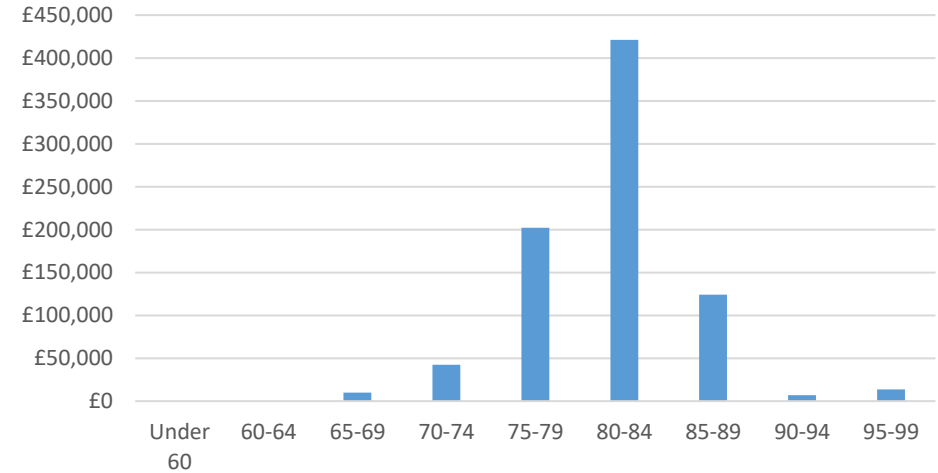
Age Banding	Underpaid cases	Total pension increase	Overpaid cases	Total pension reduction
Under 60	0	£0	0	£0
60-64	0	£0	0	£0
65-69	2	£2,048	4	£10,057
70-74	26	£4,244	63	£42,570
75-79	26	£12,374	68	£202,031
80-84	14	£17,506	59	£421,079
85-89	3	£5,142	22	£124,185
90-94	3	£1,293	3	£6,898
95-99	1	£3,121	2	£13,699
Total	75	£45,728	221	£820,520

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Population



Total pension reductions



Final decisions for live processing

Following the dry run, the following decisions were confirmed by the Fund and were used in the live calculations. They are detailed on the GMP Rectification Decision Log:

Decision		Comments/Action		
D1	Is it acceptable that members who are 'no liability' are entirely excluded (and hence treated as if they are also in Band 1)?	→	No liability members to be excluded.	✓
D2	Is it acceptable to apply the easement and remove these members from the population that are submitted for rectification processing?	→	Easement guidance to be applied.	✓
D3	Is it acceptable to operate a trivial threshold?	→	Trivial threshold of £120 per annum for overpayment cases.	✓
D4	Is a trivial threshold for underpaid members acceptable?	→	No trivial threshold for underpayment cases.	✓
D5	Is it acceptable to not attempt to take account of the impact of incorrect GMP on a deceased member's pension, and hence on the dependant's initial pension level, for the reasons set out in column D?	→	The impact of incorrect GMP on a deceased member's pension and hence on the dependant's initial pension level, will not be taken account of during rectification.	✓
D6	Will underpaid pensions in payment be corrected? If so, how?	→	All underpaid members will have their pension increased to the correct level.	✓
D7	Will historic underpayments be paid to members?	→	All historic underpayments due to members will be paid as a single arrears payment.	✓
D8	Will interest be applied to historic underpayments?	→	Interest will be applied in line with LGPS regulations.	✓

D9	Will overpaid pensions in payment be corrected? If so, how?	→	All members being overpaid will have their pensions reduced to the correct amount, unless they are within the trivial threshold of £120.	✓
D10	Will historic overpayments be clawed back, and will interest be applied? (This includes potential 'edge cases' where the effect of the rectified GMP changes over time, leading to a historic overpayment but increase in current pension.)	→	Historic overpayments will not be recovered, in line with other public sector clients.	✓
D11	What is the correction date for underpaid pensioners?	→	Rectification date is 30/09/2023, with corrections to be paid in the October payroll.	✓
D12	What is the correction date for overpaid pensioners?	→	Rectification date is 30/09/2023, with corrections to be paid in the October payroll.	✓
D13	What data fields are needed for member communications?	→	ITM have provided an example output with this report; Kent have confirmed no additional fields are required.	✓
D14	How should members who reach SPA during live processing be treated?	→	ITM would process these members as being under SPA. Checks that the correct GMP was brought into payment at SPA will need to be done under business as usual by the administration team.	✓
D15	How should members whose death is notified to the administration team during live processing be treated?	→	ITM to calculate all members and the administration team will review any cases where they have been notified of a death.	✓
D16	Cut off date for interest rate changes	→	Any changes to the Bank of England base rate from 01/07/2023 won't be	✓

			incorporated into the live run underpayment calculations.	
D17	Is a new payroll element required to record the arrears payment?	→	Element for arrears to be paid under - 054	✓

Outputs provided

Altair interface files

The following files were provided for updating members on Altair.

File Name	Description	Members included
Kent LGPS Altair GMP Details Extract	Altair interface file for updating the reconciled GMP at GPD or DOD	<ul style="list-style-type: none">• Pensioners being fully rectified from GPD• Dependants being fully rectified from DOD• Cases under the trivial threshold• Full indexation cases where our rectification tools show a difference outside the HM Treasury easement tolerance (i.e. cases that would be fully rectified, were full indexation not apply)• Pensioners over GPD but under SPA in the latest member extract, where HMRC was accepted in the reconciliation
Kent LGPS Altair Current GMP Extract	Altair interface file for updating the reconciled GMP at Current Date (rectification date)	<ul style="list-style-type: none">• Pensioners being fully rectified from GPD• Dependants being fully rectified from DOD• Cases under the trivial threshold• Full indexation cases where our rectification tools show a difference outside the HM Treasury easement tolerance (i.e. cases that would be fully rectified, were full indexation not apply)
Kent LGPS Altair GMP Rectification Extract	Altair interface file for updating the pension and payroll elements	<ul style="list-style-type: none">• Pensioners being fully rectified from GPD• Dependants being fully rectified from DOD

Results files

Additional files were provided to provide the full results and assist with communications.

File Name	Description	Members included
Kent LGPS Merge Fields for Letters	File including the fields for communications	As per the Altair GMP Rectification Extract file, cases split as described in the Summary tab.
Kent LGPS Rectification Details	Live run rectification results per member	As per the Altair GMP Details Extract file. For pensioners under SPA, the current rectified values will be the at SPD HMRC figures.
Kent LGPS Rectification Audit Trail	Rectification position for each member following live run	Listing of every pensioner above GPD and dependant record, showing the reconciliation and rectification results
Kent LGPS Extreme Cases	Outlier cases that you may wish to review	Cases where we did not have any specific data queries following the live run analysis, however the rectification calculation has led to a big change. We advise you review these to confirm if any should be taken out of the live run. Outliers already reviewed following the dry run have not been included in the live run file.
Kent LGPS Client Advice	Client advice following live run analysis	Cases that we cannot process in the rectification project and will need to be corrected under BAU.
Altair Reconciliation and Rectification Interface Guidance v2.2	Additional guidance in respect of the Altair data extracts we provide for GMP reconciliation and rectification	N/A

Appendix A – Calculation method and bandings

Our standard rectification method for pensioners over GMP age and dependants involves the following steps:

- + The pension elements currently in payment are 'rolled-back' (reversing the pension increases) to GMP payment date for pensioners and original member's date of death (DOD) for dependants.
- + A check is performed to ensure that the pension payable from GMP payment date through to state pension age (SPA) is at least equal to GMP.
- + The HMRC GMP is brought into payment from SPA and the excess is adjusted as necessary.
- + The reconciled GMP and the adjustment to the excess are 'rolled-forward' (re-applying the pension increases) to the current date.
- + The corrected current pension and any historic underpayment or overpayment arising between the GMP payment date and the present date are determined.

Each member rectified will fall into one of four bandings:

- + Band 1 – No rectification required
- + Band 2 – HM Treasury easement for within £2 p/w at SPA/DOD
- + Band 3 – No change to total pension in payment, change to GMP/excess split only
- + Band 4 – Standard correction from GMP age/DOD

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From: Chairman – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 6 September 2023

Subject: McCloud Update

Classification: Unrestricted

Summary:

This report brings Members up to date with preparations being made by the team for the McCloud Remedy. The report outlines concern that Remedy information is still awaited from the Department of Levelling Up, Housing and Communities (DLUHC) and that manual calculations will be required until the Fund's platform provider updates the administration platform. These delays will create a backlog in cases (that cannot be resolved as formulaic data missing from DLUHC), which will affect future resource availability.

Data from the Fund's 680+ Employers is currently being sought at pace, currently impacting available resource due to the level of enquiries received and the complexity of the regulatory framework. The external supplier to be selected from the Data Rectification Procurement, will validate and upload the data being collected from scheme Employers.

Where member data cannot be provided by scheme Employers and decision-making is required, guidance will be sought from advice issued by the Scheme Advisory Board (SAB). Where scheme members disagree with assessments made, they will be asked to supply written evidence to the contrary. An escalation process will be established.

Recommendations:

The Board is asked to note the report.

FOR INFORMATION

1. Introduction - The McCloud Judgment

- 1.1 When the LGPS changed from a final salary to a career average pension scheme in 2014, members who were within 10 years of their Normal Pension Age (usually age 65) on 1 April 2012 were provided with a protection called the 'Statutory Underpin'. When a protected member was due to take their pension, the benefits payable under the career average and final salary schemes were to be compared and the higher amount to be paid. Similar protections were to be provided in other public pension schemes.

- 1.2 In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes had been discriminated against because the protections did not apply to them. The government decided that the general principles established would apply to all public sector pension schemes.
- 1.3 The new Regulations will provide younger members with a protection equal to the underpin protection provided to older members, to remove the discrimination.

2. End of Consultation Period

- 2.1 The latest consultation period closed on 30 June 2023 for some items not fully explored in the first McCloud Remedy Consultation. In their June consultation response, the Local Government Association (LGA) expressed concerns about timings, namely delays to the issue of information from DLUHC. These concerns about information delays from DLUHC are also shared by Officers of the Fund.
- 2.2 The consultation that closed on 30 June 2023 sought views on what the rules should be for applying the Remedy. Five areas were considered:
- **Aggregation** – Whether a member with multiple LGPS memberships has underpin protection in some or all of their memberships.
 - **Club Transfers** – Whether a member with previous membership of another public service pension scheme has underpin protection in respect of their LGPS membership.
 - **Flexible Retirement** – How the underpin should work in respect of Flexible Retirement, particularly for cases of 'partial' Flexible Retirement, where a member does not take all their accrued career average benefits.
 - **Divorce** – How the scheme's divorce and underpin calculations interact.
 - **Injury Allowances** – How a retrospective increase to a member's pension arising from McCloud remedy may impact any Injury Allowances payable.
- 2.3 The consultation also sought technical comments on:
- **Excess Teacher Service** – The retrospective admission to the LGPS of certain teachers who have multiple employments.
 - **Compensation** – The circumstances where a member may be paid compensation where they have suffered a loss relating to the age discrimination found in the McCloud case or the McCloud remedy.
 - **Interest** – The interest terms that will apply where payments are made later than would have been the case, due to the McCloud discrimination.
- 2.4 The Government intend to finalise the draft regulations and make these in early September 2023, based on the consultation feedback received on the above. DLUHC intend that the final regulations will come into force on **1 October 2023**.

3. The New Regulations

- 3.1 It is the government's intention for the new legislation to be in place by October 2023, with the Regulations backdated to 1 April 2014.
- 3.2 The proposed changes mean that a revised underpin (period 1 April 2014 to the earlier of 31 March 2022, the 2008 Normal Pension Age or date of leaving) will apply to all members, regardless of their age, who:
- Were active on or before 31 March 2012.
 - Build up benefits in the 2014 Scheme.
 - Do not have a disqualifying break (without a break of more than five years).
- 3.3 A comparison of the member's 2014 Scheme benefits against the 2008 Scheme benefits they have accrued over the same period is performed, and if greater, the underpin will be automatically applied.

4. Awaiting Release of Legislation & Guidelines

- 4.1 No guidelines on implementation have been released yet, or exact details on the legislation that will take effect from 1 Oct 2023. The implication is that Kent Pension Fund (or any other LGPS funds) cannot prepare calculations or start casework until received.
- 4.2 Officers in Kent Pension Fund have also been advised by Heywood's (provider of the Fund's administrative system) that functionality updates to the administrative system (Altair) will not be available until 2024. Consequently, any calculations will need to be undertaken manually until system updates are made by Heywood's, adding to the resource required to deal with queries.

5. Member Records & Liaison with Employers

- 5.1 Officers have started the task of obtaining post 1 April 2014 hours and service break data from the 680+ scheme Employers in Kent Pension Fund. Given the nature of the McCloud Remedy, the data being sought relates to information from the last 10 years.
- 5.2 As per Table 1 below, '*Member Records & Employer Liaison*' is split into four distinct phases. The data has been requested from Employers since 30 June 2023, for return by 30 September 2023.
- 5.3 Whilst the eligible members are those that were active on or before 31 March 2012, the Scheme Advisory Board have recommended that all member data be collected for active members from 1 April 2014 onwards. This is because members may become in scope for the underpin in the future.
- 5.4 The approach currently being taken by Officers is therefore:

- Analysis of member data to identify all members who were active on or from 1 April 2014.
- All identified members part time hours and service breaks data requested from employers,
- Data upload into Altair
- Monitoring via a master log of requests issued, replies received, and chasers sent on Kent Pension Fund systems.

Table 1: Member Records & Employer Liaison, project phases.

Phase 1: Data Collection (in-house: June – Sept)
<ul style="list-style-type: none"> • Analyse & identify members. • Request data from employers • Chase employers for late / non submission • Recommend resolution for missing data in accordance with Scheme Advisory Board guidance and escalate for decision.
Phase 2: Data Validation & Upload (with Data Rectification Supplier: from October 2023)
<ul style="list-style-type: none"> • Data Quality verification • Query missing data / data anomalies with employers • Upload verified member data. • Escalate missing data / poor quality data for decision
Phase 3: Adjust Affected Members (with Data Rectification Supplier: from October 2023)
<ul style="list-style-type: none"> • Calculate extended underpin and record results. • Adjust affected members records and reimburse where necessary. • Manually process non automatic cases (e.g., aggregation)
Phase 4: Ongoing Record Maintenance (in-house: ongoing)
<ul style="list-style-type: none"> • Adjust processes to include collecting ongoing part-time and service break data. • Ensure ongoing Benefit Crystallisation Events – (i.e., when a pension is paid) and periodic calculations amended to incorporate new requirements. • Underpin included in 2025 Annual Benefit Illustration

5.5 Some Employers have expressed concerns that they do not hold all the data that is being requested. Where data is not available the team will be making informed assessments based upon current processes, the information available and the guidance issued by the Scheme Advisory Board. Should scheme members disagree with the findings, they will be asked to provide

written evidence to the contrary. An escalation process will be established to deal with complaints.

6. Data Rectification Procurement

- 6.1 Through July and August 2023 the team have progressed the Data Rectification Procurement. Proposals from potential suppliers have been received and reviewed, through liaison with KCC's Procurement Team.
- 6.2 Procurement was undertaken via the National LGPS Framework Agreement. Several responses to the Invitation to Tender were received from those on the Framework.
- 6.3 The team will be working with the new contracted supplier to validate the data required for the McCloud Remedy. They will also be working with the new supplier on a new Data Quality Plan.

7. Record Maintenance

- 7.1 The new Regulations require an underpin calculation to be performed at the 2008 Scheme Normal Pension Age (NPA), as well as at leaving and at the Benefit Crystallisation Event date (the date benefits are brought into payment).
- 7.2 A report will need to be run periodically to identify those eligible members at their Normal Pension Age, so that pay data can be requested from their employer. Once received, an underpin calculation can be performed and the results stored.
- 7.3 All employers have been made aware that they must provide hour change and service break information going forwards. For employers using iConnect, employers will return this information monthly. The forthcoming iConnect release will task an employer to provide any 2008 Normal Pension Age pay information.

8. Messaging & Communication by Kent Pension Fund with Employers

- 8.1 Active and Deferred Scheme Members have been informed via recent newsletters that there is no need for action from them as information is being provided by Employers in the Fund.
- 8.2 A McCloud article was included in the Employers Update in June 2023 and will be included in the September and December 2023 newsletters. The June 2023 Employer Forum also explained the plans for the data collection.
- 8.3 It will be important to simultaneously inform both employers and scheme members of any changes in the Regulations due to the consultation. It is

intended that information will be included in future Employer Updates and on the website. All Scheme Advisory Board and Local Government Association information materials will be used where applicable.

9. Governance & Training

- 9.1 Weekly reporting is used to monitor the data received from scheme Employers. Queries are logged, together with any actions and responses to ensure timely and complete replies.
- 9.2 A detailed procedure will be developed for the handover of data to the supplier that wins the Data Rectification Procurement contract. It is intended that work with the new Data Rectification Supplier will commence in Autumn 2023.
- 9.3 A training plan has been prepared to update Officers working in the Pensions Section. The in-house training is due to take place from late September through to November and will cover the impacts and implications of the McCloud Remedy changes. The purpose of the training is to help the team respond to enquiries from scheme members and employers, and perform future underpin calculations.

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From: Chairman – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 6 September 2023

Subject: Employer Governance

Classification: Unrestricted

Summary:

This report provides an update on Fund employers for the 3 months ending 30 June 2023, confirmation of an employer matter agreed by Committee at their meeting on 22 June 2023 and notifies the Board of an upcoming actuarial procurement exercise.

Recommendation:

The Board is asked to note the report.

FOR INFORMATION

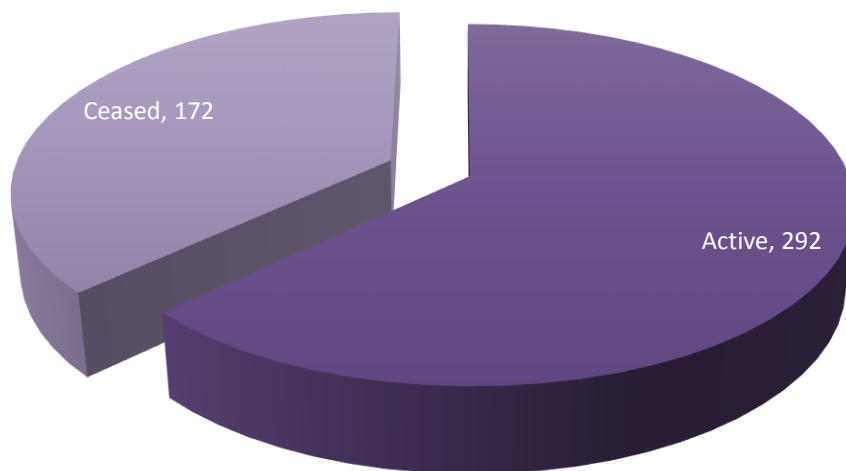
1. Introduction

This report provides an update on Fund employers for the 3 months ending 30 June 2023 and confirmation on a matter agreed by Committee at their meeting on 22 June 2023. The report also notifies the Board of an upcoming procurement exercise regarding the Fund Actuary.

2. Employer Update for the 3 months to 30 June 2023

- 2.1 At its last meeting the Board received an update on employer numbers as at 31 March 2023, when there were 466 employers in the Fund. This number decreased by 2 over the second quarter of 2023, as 3 academy trusts merged with existing multi-academy trusts and one new employer joined the Fund. Therefore, there were 464 employers in the Fund on 30 June 2023.
- 2.2 During the 3-month period one new employer joined the Fund as a backdated admission and then became a ceased employer. In addition, 4 employers changed from being active to ceased. There were also 2 employers previously categorised as active, non-contributing who are now ceased. These employers do not affect the overall total number of 464.

Split of Employers between Active and Ceased



2.2 The following table lists employers who left the Fund as well as those who ceased to have active members in the Fund during the 3 months to 30 June 2023.

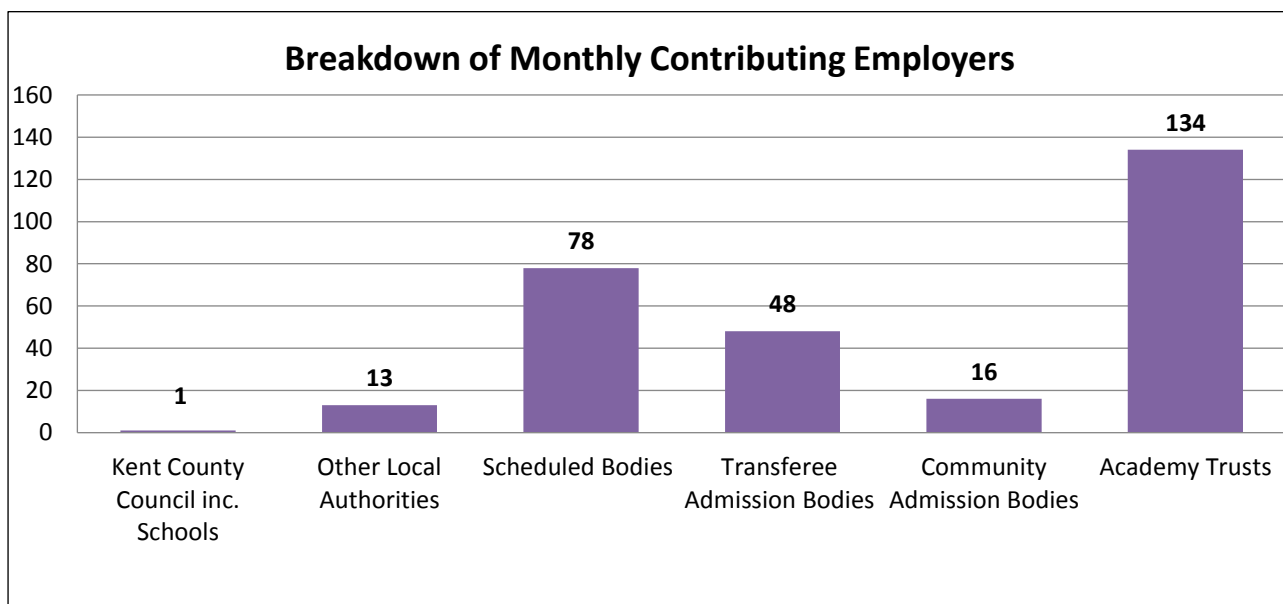
New Employers	Effective Date
<i>Admission Bodies</i>	
Dolce Ltd	6 September 2021 (backdated admission)

Ceased Employers	Effective Date
<i>Admission Bodies</i>	
Sevenoaks Leisure Ltd	20 March 2023
Nourish Contract Catering Ltd (re Swale Academies Trust)	31 March 2023
Cater Link (re Sir Roger Manwood School)	31 March 2023
Solo Services Ltd	31 March 2023
Dolce Ltd	1 June 2023

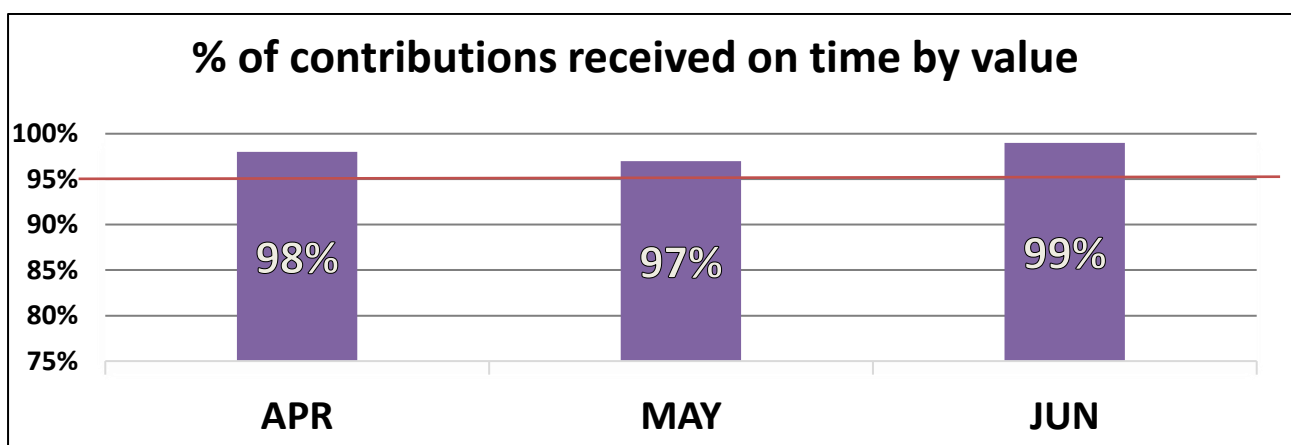
2.2 In the 3 months to 30 June 2023 the Fund received £76.21m from employers in respect of their monthly contributions (employer and employee) as follows:

	Received Early	Cash on 19th	Received Late	Total
	£	£	£	£
April	15,142,991	9,535,893	539,725	25,218,609
May	14,966,215	9,581,544	772,969	25,320,728
June	15,444,021	10,037,167	187,304	25,668,492
Total	45,553,227	29,154,604	1,499,998	76,207,829

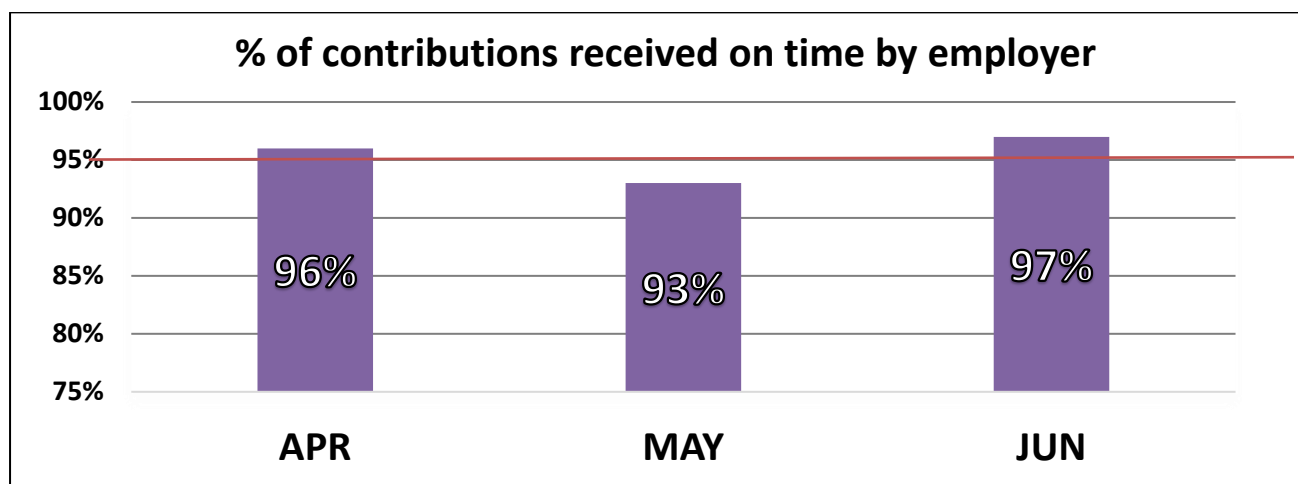
2.3 The following table shows employers from whom the Fund receives monthly contributions by Employer Group.



2.4 The Key Performance Indicator (KPI) of 95% for % of contributions was met every month April to June 2023.



2.5 The Key Performance Indicator (KPI) of 95% for % of employers was met every month April to June 2023 bar May 2023. 22 employers paid late or didn't pay and 11 of these related to a single payroll provider who did not make the May payment in time, which has now been resolved. The other outstanding payments have now been received excepting one which relates to a backdated admission which is being followed up by officers.



3. Employer Admission Matter

3.1 At their meeting on 22 June 2023 the Committee agreed to the admission to the Kent Pension Fund of Churchill Contract Services Ltd (re Inspire Partnership Academy Trust).

4. Actuarial Procurement

4.1 The Fund has an ongoing requirement and a regulatory obligation to secure access to professional actuarial advice. The Pension Fund Committee is responsible for the appointment of the Fund Actuary. The Fund is currently carrying out a routine re-procurement exercise for the ongoing provision of actuarial advice, using a competitive process under the Actuarial, Benefits and Governance Consultancy Services Framework established by the National LGPS Frameworks. The outcome of the procurement exercise will be reported to the next meeting of the Board at its meeting on 28 November 2023.

Steven Tagg, Senior Accountant Employer Governance and Compliance – Kent Pension Fund.

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From: Chair – Kent Pension Board
Corporate Director of Finance

To: Kent Pension Board – 6 September 2023

Subject: Member Training Update

Classification: Unrestricted

Summary:

Based on a recent survey of Pension Board and Pension Fund Committee Members and Representatives in July 2023, this report provides an update on the training undertaken and planned in 2023/2024.

Recommendations:

The Board is asked to note the report.

FOR INFORMATION

1. Introduction & Background

- 1.1 The contents of this update report are based upon responses to a recent training survey, undertaken in July 2023 by 18 Members of Local Pension Board and Pension Committee.
- 1.2 Training is undertaken, recorded and monitored as per the Kent Pension Fund Training Strategy (approved at Pension Fund Committee March 2022); a link is contained in **Appendix 1**. The Strategy sets out strategic training objectives and the training vision, whilst incorporating CIPFA's 'Code of Practice on Public Sector Pensions Finance, Knowledge & Skills' and CIPFA's Knowledge & Skills Framework. Furthermore, the Kent Pension Fund Training Strategy explains the requirement for those on the Pensions Board and Pensions Fund Committee to have sufficient skills and knowledge to undertake their role.
- 1.3 The July training survey sent to Members provided an opportunity for the training records of 22/23 to be checked and verified, ahead of publication in the Annual Report.
- 1.4 So far in 2023/2024, Members of Pension Board and Pension Fund Committee have been undertaking training via various methods:

- Through the provision of information and briefings provided at Pension Board, Pension Committee, Employer Forums, and updates between meetings.
- During events arranged internally by Officers.
- During events provided by external partners specifically for Kent Pension Fund.
- At industry conferences, courses, webinars and workshops.
- Support from Officers to individual members, on the management of Kent Pension Fund
- Self-improvement, study and reading.

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

- 2.1 tPR has developed an online tool designed to help those running public service schemes to understand the governance and the administrative requirements in CIPFA's Code of Practice. The toolkit is designed specifically with Local Pension Board members in mind however the material covered is of equal relevance to members of the Pension Fund Committee.
- 2.2 The Pension Fund Committee is expected to complete the toolkit and for the Local Pension Board members this is a mandatory requirement. The toolkit is an easy-to-use resource and covers short modules. These are:
- a) Conflicts of Interests;
 - b) Managing Risk and Internal Controls;
 - c) Maintaining Accurate Member Data;
 - d) Maintaining Member Contributions;
 - e) Providing Information to Members and Others;
 - f) Resolving Internal Disputes;
 - g) Reporting Breaches of the Law.
 - h) Pension Scams
- 2.3 All members are expected to complete their induction material and the tPR toolkit within 6 months of joining the Pensions Board or Pension Fund Committee. Where existing members and representatives have not completed the tPR's E-Learning Toolkit, they are expected to complete.
- 2.4 The July 2023 training survey found that of the 18 responses received:
- Four Members fully completed the e-toolkit over a year ago.
 - One Member fully completed the e-toolkit within the last year.
 - Three Members have started the e-toolkit but have not fully completed yet.

- Ten have not started yet but intend to so in 2023/24 (largely expressed by newer Members that have recently joined Pension Fund Committee or Pension Board).

3. Hymans Robertson's LGPS Online Learning Academy (LOLA)

- 3.1 Hymans Robertson's Learning Academy will also be made available to support learning and development. Hyman's LGPS Online Learning Academy (LOLA), allows access to Hymans' Learning portal, whereby learning modules (videos) can be viewed on-demand. The learning portal offers jargon busters, knowledge checks and the ability for funds to track and monitor training progress.
- 3.2 In the July 2023 training survey, the majority of respondents expressed an interest in having access to the LOLA platform. Liaison has commenced with Hymans Robertson to gain access to the platform.
- 3.3 LOLA access details will be shared with members of Pension Board and Pension Fund Committee. It is anticipated that access will be made available from 2024.

4 Structured Training Programme 23/24

- 4.1 A forward programme of training has been prepared, the programme covers the eight learning topics outlined by CIPFA and was approved at Pension Fund Committee earlier this year. Due to the importance of cybercrime, it has been decided to prioritise training in cybersecurity and incident response (please see separate report elsewhere on today's agenda). Consequently, the training programme has been adjusted to reflect the new order of training priorities (please see **Appendix 2**).
- 4.2 Training is to be delivered as per the indicative programme via a series of online meetings. Outlook invites will be sent to attendees in advance. Dates selected for training are as per the dates in the training survey (based on availability of Members and the training provider). Recordings will be made available to members unable to attend the sessions.
- 4.3 The programme is subject to change, should training needs be identified which need to take priority due to governance implications. Also of note is that a CEM Benchmarking Assessment is currently taking place for Kent Pension Fund. Results from this Assessment may be used to inform future training needs or to identify training opportunities, based upon the exchange of ideas with other LGPS funds and the results of the Assessment.

5 Monitoring & Future Assessment

- 5.1 Further to the survey in July 2023, training completed by Members will be monitored by twice yearly surveys. The next surveys will be issued in October 2023 and April 2024.
- 5.2 Information provided via the training surveys and LOLA will be used to populate the Annual Report, inform monitoring, identify training gaps and opportunities.
- 5.3 As per the previous Training Report for Pension Board and Pension Fund Committee, it is proposed that further to the Training Plan being completed in 2025, Hymans Robertson are re-commissioned to undertake a revaluation of the knowledge held by members and representatives. Action to then be taken, dependent on the report findings.

Appendix 1

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

Appendix 2

Structured Training Programme:

Subject to change if training need identified which requires prioritization due to governance purposes.

Indicative Timeframe	Core Topic
September 2023	Cybercrime ***Topic added August 2023 *** <i>Awareness training and proposed approach on new strategy.</i>
December 2023	Pensions Accounting & Audit Standards <i>To provide a general understanding of the Accounts and Audit Regulations, and the role of internal and external audit</i>
March 2024	Pensions Administration <i>To provide a general understanding of best practice in pensions administration, together with Fund polices, resource and discretionary powers.</i>
June 2023	Investment Performance & Risk Management <i>To provide a general understanding of the relationship between assets and liabilities and the structure, operation and purpose of investment pooling arrangements.</i>
September 2024	Committee Role & Pensions Legislation <i>To provide an overview of the Committee's role and a general understanding of the legislative framework as it applies to the LGPS, in line with the CIPFA Knowledge & Skills Framework</i>
December 2024	Procurement & Relationship Management <i>To provide a general understanding of the public procurement requirements as they apply to the LGPS, and how performance of suppliers can be monitored.</i>
March 2025	Actuarial Methods, Standards & Practices

	<i>To provide a general understanding of the role of the Fund actuary and the formal valuation process (including the FSS and inter-valuation monitoring) and the treatment of new and ceasing employers (including employer covenant)</i>
June 2025	<p>Pensions Governance</p> <p><i>To provide a general understanding of the controls and measures in place to manage risks and conflicts and interest of the Fund, whilst ensuring the right skills and experience are available.</i></p>
2023 – 2024 as per specific meetings with Investors	<p>Financial Markets & Product Knowledge</p> <p><i>To provide a general understanding of the financial context of the Fund, and the products relating to the Fund.</i></p>

Emma Green – Senior Pensions Programme Manager (Kent Pension Fund)

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From:	Chairman Kent Pension Board Corporate Director of Finance
To:	Kent Pension Board – 6 September 2023
Subject:	Fund Position Statement
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 2023.

FOR INFORMATION

1. Introduction

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

2. Fund value and asset allocation

- 2.1 As of 30 June 2023, the Fund's value was £7.73bn, a decrease of £95m over the quarter.
- 2.2 Within its equity allocation, the current asset allocation is currently biased towards global equity and underweight UK equity versus the strategic asset allocation. Notwithstanding this, the overall (combined) equity allocation is within the formal tolerance ranges established under the Fund's Investment Strategy Statement. Moreover, the Pension Fund Committee is due to conclude the Fund's investment strategy review at its meeting on 26 September. Therefore, no rebalancing is recommended at this stage. All other asset classes remain within their target allocation ranges.

3. Investment performance quarter to 30 June 2023

- 3.1 UK Equities were broadly flat over the quarter. High and sticky inflation as well as rising interest rates have hurt investor sentiment in many sectors such as property and housebuilding although a more resilient UK economy has led to consumer facing stocks perform well. Schroders' UK portfolio performed slightly ahead of the benchmark and returned -0.56% against the MSCI UK index return of -0.72%.

- 3.2 Global equities rose on the back of better-than-expected economic growth although performance has been led by a small group of US technology companies, particularly those benefiting from developments in Generative AI: Apple, Alphabet, Amazon, Meta, Microsoft, NVIDIA, Tesla were responsible for almost all the rally. As a result, US equities were the best performing region although emerging markets, Japan and Eurozone all delivered modest gains. The MSCI World index returned 3.26% over the quarter.
- 3.3 Against this backdrop, most of the Fund's active global equity managers, who do not hold these positions in the same proportion to the index due to their different investment styles, lagged the benchmark returns this quarter. The exception to this was the Fund's largest mandate holder, growth manager Baillie Gifford, which benefitted from its concentrated exposure to the technology sector and returned 1.85%. As the Baillie Gifford portfolio has a customized benchmark to reflect its higher regional allocations, its performance was compared to a lower benchmark return of 1.73%. Sarasin was the top performer with 2.33% return.
- 3.4 Following the failure of two regional US banks as well as Credit Suisse in Q1, the prospects for a systemic banking crisis subsided somewhat in Q1 over the quarter and credit spreads narrowed. Meanwhile central banks continued to raise interest rates to combat persistent inflation. This environment favoured fixed income managers with a focus on exploiting credit risk premia. Accordingly, the Fund's two multi asset credit managers (M&G and CQS) performed well this quarter, beating the cash benchmark of 1.02% comfortably, whilst GSAM and Schroders (who target interest rate risk in addition to credit within their investment strategies) performed less well and failed to meet the benchmark returns.
- 3.5 The property market remained muted with capital values falling but performance was held up by income. Total return for the MSCI property index was 0.91% with alternative and industrial sectors leading the way with high total returns and office sector suffering losses. Our property managers mainly outperformed the benchmark with the exception of Fidelity which saw negative returns of -0.87% due to its relatively high allocation to the office sector. M&G was the best performer with returns of 1.30% from their residential strategy.
- 3.6 The rise in the global equities meant that the equity protection program lost £126m during the quarter, but the fall was offset by the rise in physical equities held by the Fund.
- 3.7 Both the absolute return managers underperformed against the RPI linked benchmark and the private equity and Infrastructure mandates also underperformed over the short term.
- 3.8 Overall, during the quarter, the Fund returned -1.37%, underperforming against its benchmark return of 1.63%.

4. Longer term performance

- 4.1 For the year ended June 2023, the Fund achieved a return of 1.95% against a benchmark return of 5.08%, an underperformance of 3.13%.

- 4.2 As noted above, equity returns in 2023 have been concentrated in a handful of technology stocks to a large extent. The Fund has some exposure to these names, particularly within the Baillie Gifford mandate, but overall, the composition of its equity allocation is more diversified, which has had a negative for performance over the year to date, in relative terms.
- 4.3 The Fund's fixed income managers have generally performed well over the past twelve months, with all achieving above benchmark returns except for Schroders.
- 4.4 Property assets have made the largest negative contribution to performance over the last 12 months, even though the Fund's property managers have delivered better results compared to the benchmark return of -17.12%. M&G's residential fund has been the best performer over this time horizon with positive returns of 0.69%.
- 4.5 The Fund operates a diversified asset allocation, across a range of asset classes and styles, together with an equity protection programme, in order to manage risk and meet its investment objectives.
- 4.6 Over three years, the Fund has underperformed its benchmark with an annualised return of 5.65% per annum compared to the benchmark return of 7.57% p.a. As some of the mandates have a benchmark linked to RPI which has been extremely high over the last year, this has contributed to the inflation of the Fund's benchmark for the longer time periods and impacted the Fund's relative performance.

5. Outlook

- 5.1 The investment outlook remains uncertain although inflation is starting to come down, albeit slowly. Monetary policy remains tight as central banks including the Federal Reserve in the US, the ECB in the Bank of England attempt to bring inflation back to target without engineering a recession. Market sentiment remains cautious but optimistic and is highly sensitive to economic news which introduces. Against this backdrop our managers continue to focus on stock-picking and look for companies with strong balance sheets and good long-term prospects. The Fund aims to limit volatility by diversifying sources of return within the portfolio. The Fund is in the midst of reviewing its investment strategy, which is due to be concluded at the Pension Fund Committee meeting on 26 September.

6. Responsible Investment Update

- 6.1 The Fund has made progress over the year to date advancing its responsible investment approach. The Pension Fund Committee agreed a responsible investment strategy and workplan in February 2023, which has guided the Responsible Investment Working Group (or "RIWG", a group established by the Committee and tasked with developing and implementing the Fund's responsible investment policy). The strategy and workplan appended to this report structure the Fund's responsible investment activities around three themes: stewardship, climate, and impact. Notable activities over the past six months include the following:

- a) **LAPFF Presentation** – The Fund has been a member of the Local Authority Pension Fund Forum (LAPFF), a collaboration of LGPS funds that carries

out engagement activities on behalf of its members, since 2022. The RIWG received a presentation from a LAPFF representative in March, which included insights into the forum's recent activities and engagements as well as an update on LAPFF's workplan.

- b) Investor Network Review** - During the first quarter, officers conducted a review of existing investor networks, including reviewing benefits of membership. In addition to this, officers explored potential memberships for the future that align with our RI objectives.
- c) Pensions for Purpose Membership** - As a result of the investor network review, the Committee agreed to join Pensions for Purpose. Pensions for Purpose is a member network that specialises in impact investments and membership will help the Fund to explore both whether impact investing is relevant to the Fund's investment strategy and objectives, and how impact investing can be implemented successfully.
- d) Climate Risk Progress** – As a universal asset owner, the Fund recognises that it is inevitably exposed to climate risks (and opportunities) via its investment activities and accordingly the Committee seeks to manage those risks effectively. Following on from the Fund's carbon footprinting exercise and scenario analysis conducted in 2022, climate has remained a central focus within the RI workplan. The Fund is currently considering the feasibility of establishing a credible net zero strategy. In May and June, the RIWG undertook workshops on net zero with the Investment Consultant (Mercer) and asset manager Ninety-One Asset Management, respectively. These sessions enabled officers and Members to identify and understand that key considerations and steps involved in established a net zero emissions target as an asset owner.

6.2 The RIWG and the Pension Fund Committee has plans to continue progressing its responsible investment activities over the remainder of the year. Key activities anticipated over the autumn include the following:

- a) Net zero target** - the primary focus for the Fund's responsible investment activities over the coming months is in establishing the feasibility of, and ultimately determining, a credible net zero target to apply to the investment strategy, along with interim targets. Work has already been initiated in this area and officers are currently working with Mercer to establish the transition potential of the portfolio which will deliver the Fund to a position where is able to set a net zero target.
- b) Responsible investment policy review** – a review of the responsible investment policy will take account of any developments in the Fund's strategy for managing climate risk (in the event that the Committee does make a net zero commitment) and any other updates to reflect advancements in the Fund's responsible investment approach.
- c) Impact investing and sustainability workshops** – the RIWG will also receive training on both the UN Sustainable Development Goals and impact investing, to take place in September and October, respectively. The sessions will be supported by specialist external experts, with Pensions for Purpose leading the impact investing workshop.

6.3 The Board will receive regular updates on the Fund's responsible investment activities going forward.

Appendices

Appendix 1 – Funding Position Statement (30 June 2023)

Appendix 2 – Responsible Investment Strategy and Workplan 2023-24

Sangeeta Surana, Investments, Accounting and Pooling Manager

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FUND POSITION STATEMENT

Summary of Fund Asset Allocation and Performance

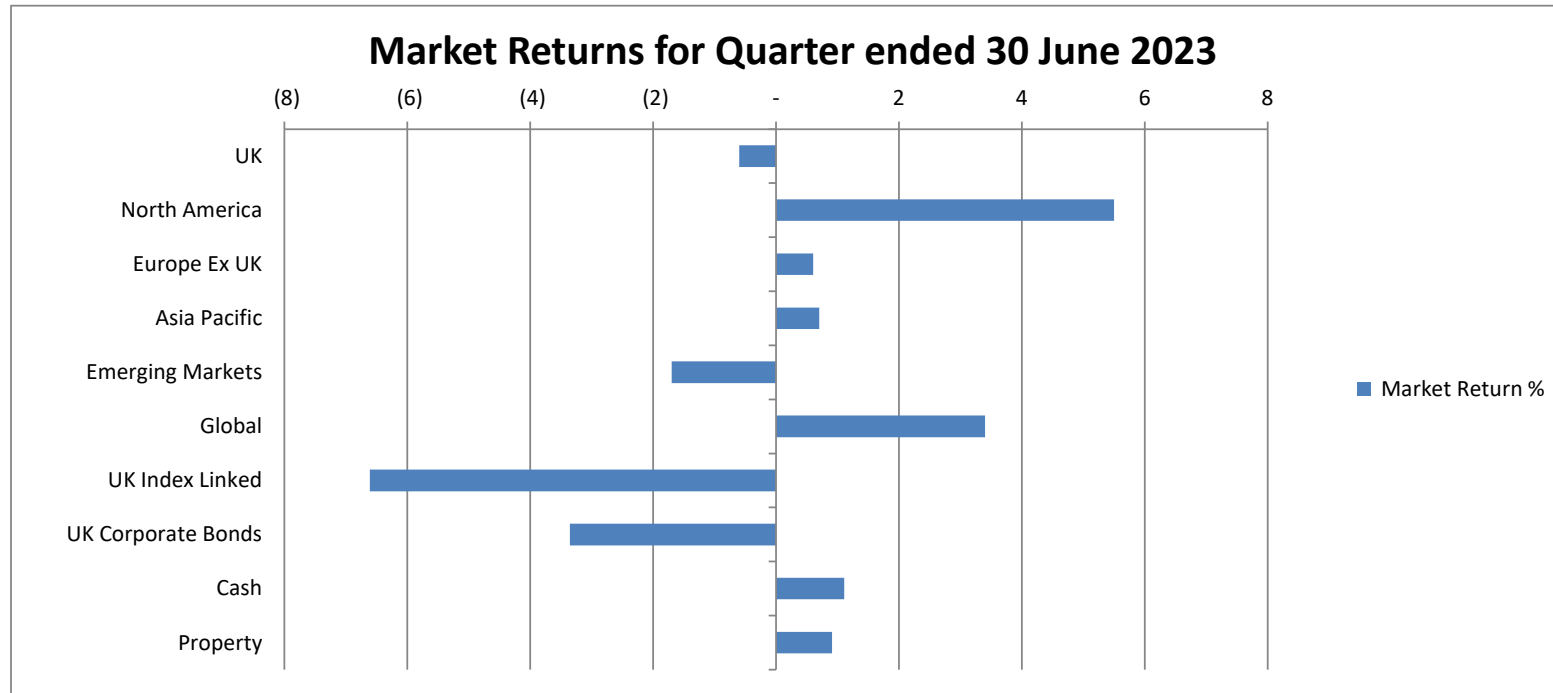
Pension Fund Committee

By: Chairman Pension Fund Committee
Corporate Director of Finance

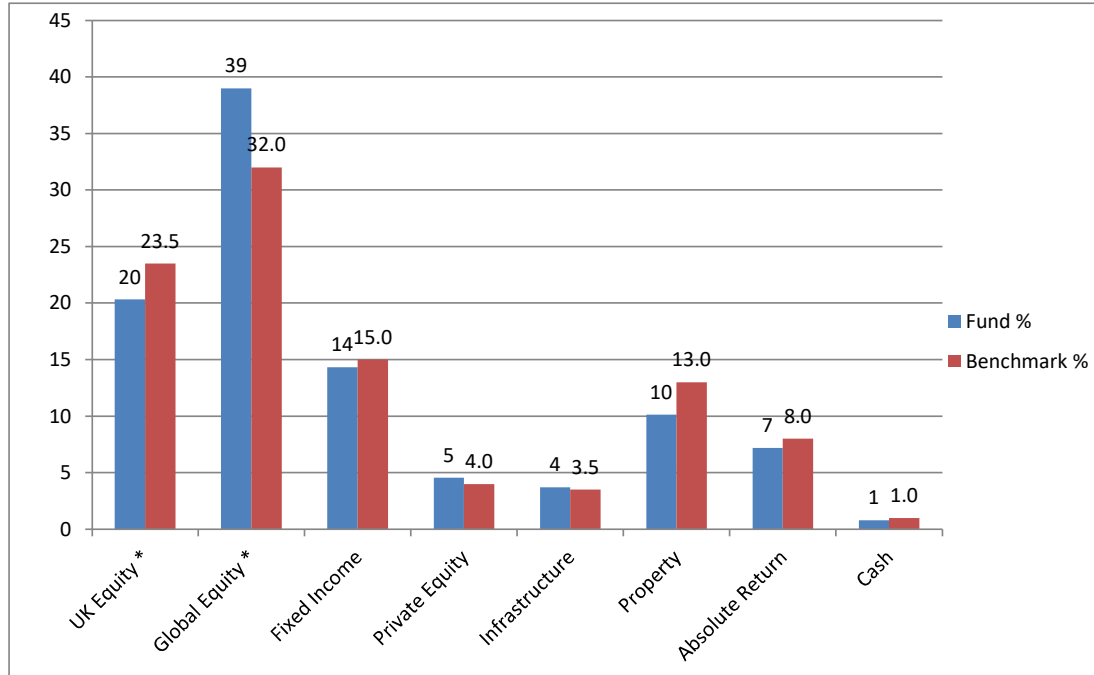


Kent Pension Fund
Q1 2023-24
Katherine Gray- Principal Accountant

Market Returns for Quarter ended 30 June 2023



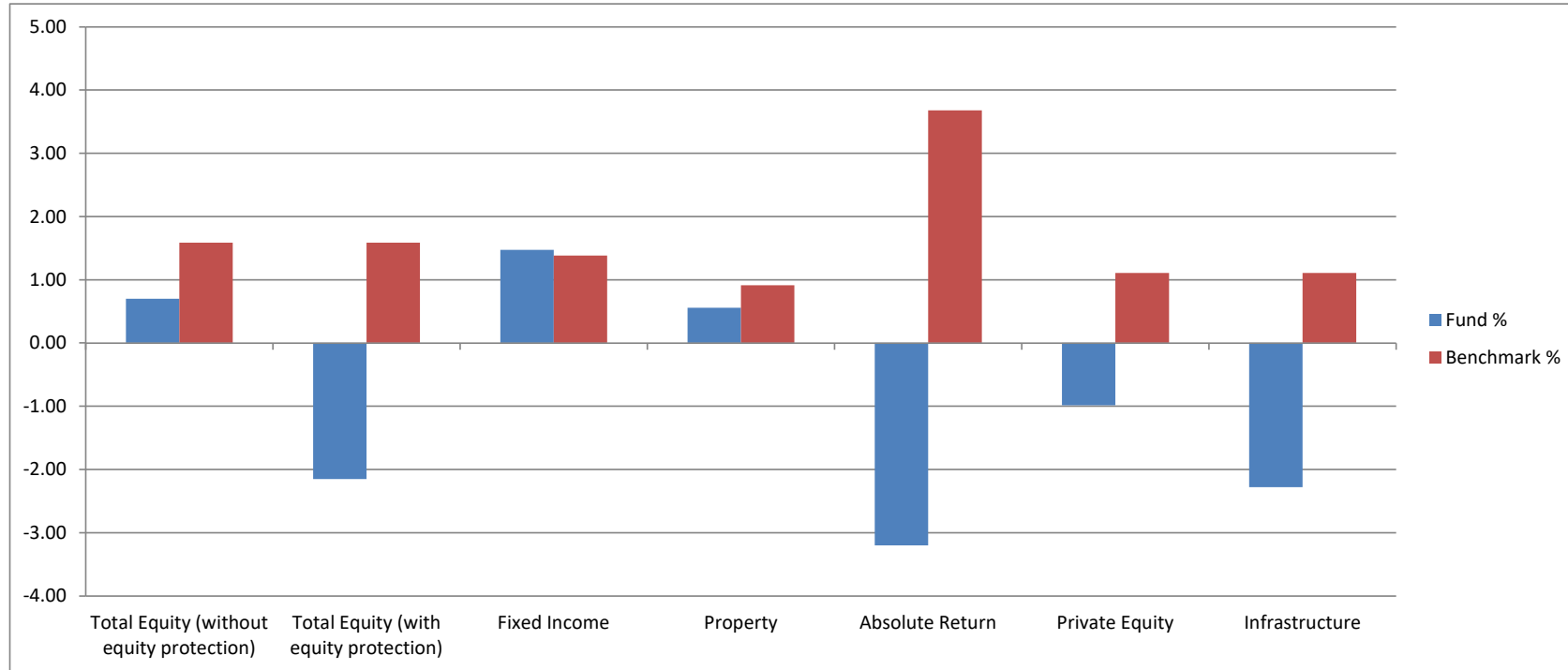
Fund Asset Allocation vs Benchmark as at 30 June 2023



Asset Class	Fund		Benchmark	Over / (under) weight
	£m	%	%	%
UK Equity *	1,571	20.3	23.5	-3.2
Global Equity *	3,016	39.0	32	7.0
Fixed Income	1,108	14.3	15	-0.7
Private Equity	352	4.6	4	0.6
Infrastructure	287	3.7	3.5	0.2
Property	784	10.1	13	-2.9
Absolute Return	555	7.2	8	-0.8
Cash	61	0.8	1	-0.2
Total	7,734	100	100	

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

Fund Asset Class Performance for Quarter ending 30 June 2023



Asset Class	Fund %	Benchmark %	Outperformance %
Total Equity (without equity protection)	0.70	1.59	-0.89
Total Equity (with equity protection)	-2.15	1.59	-3.74
Fixed Income	1.47	1.38	0.09
Property	0.56	0.91	-0.36
Absolute Return	-3.20	3.68	-6.88
Private Equity	-0.98	1.11	-2.09
Infrastructure	-2.28	1.11	-3.39

Market Value Summary by Fund Manager as at 30 June 2023

Fund Manager	Asset Class	Market Value as at 31 March 2023 (£m)	Market Value as at 30 June 2023 (£m)	Change in Market Value (£m)	% of Total Fund 30 June 2023
Schroders - LF ACCESS UK Equity Fund	UK Equity	1,184	1,178	-7	15.2%
Baillie Gifford - LF ACCESS Global Equity Core Fund	Global Equity	1,071	1,091	20	14.1%
Insight	Equity Protection Program	1,040	914	-126	11.8%
M&G - LF ACCESS Global Dividend Fund	Global Equity	536	536	0	6.9%
DTZ	Direct Property	502	501	0	6.5%
Schroders GAV - LF ACCESS Global Active Value Fund	Global Equity	405	410	5	5.3%
Goldman Sachs	Fixed Interest	386	388	2	5.0%
Sarasin	Global Equity	375	384	9	5.0%
Pyrford	Absolute Return	382	376	-6	4.9%
Partners	Infrastructure	267	287	20	3.7%
Harbourvest	Private Equity	255	266	11	3.4%
M&G Alpha Opportunities	Fixed Interest	246	252	6	3.3%
Schroders	Fixed Interest	239	240	1	3.1%
CQS	Fixed Interest	226	233	7	3.0%
Ruffer - LF ACCESS Absolute Return Fund	Absolute Return	192	179	-12	2.3%
Fidelity	Pooled Property	143	142	-1	1.8%
YFM	Private Equity	75	86	11	1.1%
Impax Environmental Markets	Global Equity	73	72	-1	0.9%
M&G Residential Property	Pooled Property	69	69	1	0.9%
DTZ Pooled Funds	Pooled Property	39	39	1	0.5%
DTZ (Kames)	Pooled Property	32	32	0	0.4%
Woodford	UK Equity	3	2	-1	0.0%
Internally managed cash	Cash	90	56	-34	0.7%
Total Kent Fund		7,829	7,734	-95	100.0%

Total investments in ACCESS pooled funds

3,388

3,394

Percentage of the total Fund

43%

44%

Performance Returns as at 30 June 2023

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund	-1.37	1.63	1.95	5.08	5.65	7.57
UK Equity						
Schroders - LF ACCESS UK Equity Fund	-0.56	-0.72	7.55	6.98	11.68	10.06
Woodford	-21.01	-0.46	-57.81	7.89	-36.98	10.02
Global Equity						
Baillie Gifford - LF ACCESS Global Equity Core Fund	1.85	1.73	14.73	11.93	-0.58	8.90
Sarasin	2.33	3.26	10.02	11.31	9.41	9.94
Schroders - LF ACCESS Global Active Value Fund	1.27	3.26	6.48	11.31	12.57	9.94
Impax	-1.51	3.26	5.53	11.31	11.03	9.94
M&G - LF ACCESS Global Dividend Fund	0.02	3.26	9.59	11.31	13.87	9.94
Fixed Interest						
Goldman Sachs	0.63	0.86	3.45	3.50	-0.82	3.50
Schroders Fixed Interest	0.30	1.02	0.96	2.94	0.25	1.11
CQS	3.01	1.02	6.55	2.94	3.62	1.11
M&G Alpha Opportunities	2.52	1.02	9.47	2.94	4.78	1.11
Property						
DTZ	0.83	0.91	-12.93	-17.12	5.92	3.77
Fidelity	-0.87	0.91	-18.29	-17.12	3.39	3.77
DTZ (Kames)	0.79	0.91	-10.16	-17.12	3.12	3.77
M&G Property	1.30	0.91	0.69	-17.12	2.17	3.77
Private Equity						
Harbourvest	-1.30	1.11	-6.15	3.18	26.59	1.11
YFM	0.00	1.11	30.08	3.18	35.09	1.11
Infrastructure						
Partners	-2.28	1.11	11.08	3.18	4.88	1.11
Absolute Return						
Pyrford	-1.65	3.68	0.66	15.65	2.24	13.78
Ruffer - LF ACCESS Absolute Return Fund	-6.29	3.68	-2.03	15.65	4.88	13.78

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	ICE BofA Sterling 3 month Gov Bill Index + 4%
M&G Alpha Opportunities	ICE BofA Sterling 3 month Gov Bill Index	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	
DTZ (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	

RESPONSIBLE INVESTMENT STRATEGY 2023 – 2024

	Stewardship	Climate	Impact
Strategic outcome	Realise long-term value through active ownership.	Understand, manage and mitigate exposure to physical and transition climate risks. Participate in climate transition opportunities	Generate positive, measurable social and environmental impact alongside an appropriate financial return.
Policy	✓ RI Policy	<ul style="list-style-type: none"> • Consider making a Net Zero Commitment 	<ul style="list-style-type: none"> • Impact policy
Key actions	<ul style="list-style-type: none"> ✓ Join asset owner networks ✓ Establish RI beliefs and RI Policy ✓ Stock lending workshop • Participate in ACCESS RI Phase 2 Procurement • Explore Stewardship Code Signatory status 	<ul style="list-style-type: none"> ✓ Climate risk workshop ✓ Carbon footprint ✓ Scenario analysis ✓ Communicate results with managers • Analyse manager climate maturity • Net zero pathway analysis • Analyse transition potential of portfolio 	<ul style="list-style-type: none"> • Explore impact / sustainable investment • Explore SDG Alignment • SDG Mapping • “Levelling Up” requirements
Ongoing activity / BAU	<ul style="list-style-type: none"> • Review RI Beliefs / RI Policy • Monitor engagement and voting • Monitor securities lending • Collaboration / Investor network review e.g. IIGCC and LAPFF 	<ul style="list-style-type: none"> • Monitor manager maturity • Monitor portfolio emissions 	<ul style="list-style-type: none"> • Monitor and measure impact
Portfolio construction / Investable products	<ul style="list-style-type: none"> • Integrate ESG issues at all stages of the investment decision making process, from setting investment strategy to monitoring investment managers. 	<ul style="list-style-type: none"> • Transition aligned mandates • Low carbon • Climate solutions 	<ul style="list-style-type: none"> • Affordable housing (property) • Renewable energy (infrastructure) • Decommissioning (infrastructure) • Other private markets • Sustainable public markets mandates (e.g. Impax)
Transparency and disclosure	<ul style="list-style-type: none"> • Stewardship report ✓ Publish voting records 	<ul style="list-style-type: none"> • TCFD Reporting 	<ul style="list-style-type: none"> • Impact reporting
Workplan items	<ul style="list-style-type: none"> • RI Policy Review • Investor network review / LAPFF Update • ACCESS RI Reporting Update • Explore UK Stewardship Code 	<ul style="list-style-type: none"> • Climate risk reporting / FM maturity • Net Zero / Transition Pathway Workshops • Implement TCFD Reporting 	<ul style="list-style-type: none"> • Impact Workshop (III / PfP) • SDG Workshop (KPF, other funds)

RESPONSIBLE INVESTMENT WORKPLAN 2023/24

Committee	RIWG Meeting	Lead items	Additional items	Committee plan
29 Mar 2023	26 Feb 2023	RI Strategy / Workplan	FM Climate Maturity Update RI Glossary	RI Strategy / Workplan RI Update
22 Jun 2023	Mar 2023	LAPFF Update	Investor network review	Investor network review
	May 2023	Net zero workshop Part 1 (Mercer)	Investor network review	RI Update
	Jun 2023	Net zero workshop Part 2 (Ninety One)		
26 Sep 2023	Jul 2023	Workplan review		RI Update
12 Dec 2023	Sep 2023	SDG workshop	ACCESS RI Reporting Update	RI Update
	Oct 2023	Impact investing workshop (PFP)		Net zero target
	Nov 2023	Net Zero Target / Interim targets	RI Policy review	RI Policy
22 Feb 2024* / 26 Mar 2024	Q1 2024 and onwards	TCFD Reporting briefing Annual PRI Report Impact evaluation / reporting Stewardship Code Briefing Stewardship Code GAP Analysis		Impact investing RI Update

*The Pension Fund Committee has customarily had two meetings in Q1, with the informal February meeting reserved for strategy development and/or training.

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