

KENT COUNTY COUNCIL

PENSION BOARD

MINUTES of a meeting of the Pension Board held in the online on Thursday, 15 October 2020.

PRESENT: Mrs M E Crabtree (Chairman), Mr J Parsons (Vice-Chairman), Mrs R Binks, Mr D Coupland and Ms A Kilpatrick

ALSO PRESENT: Mr C Simkins

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

UNRESTRICTED ITEMS

1. Apologies and Substitutes

(Item 1)

Apologies for absence had been received from Lauren Shah and Peter Oakford.

There were no substitutes

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

(Item 2)

The Chairman, Mrs Crabtree, declared that a small part of her personal pension was invested with Woodford.

3. Minutes of the meeting held on 26 February 2020

(Item 3)

It was RESOLVED that these were a correct record and that a paper copy be signed by the Chairman when this can be done safely. There were no matters arising.

4. Pension Fund Business Plan

(Item 4)

1. Mrs Mings introduced the report and congratulated Mrs Cheatle and her team on getting all benefits illustrations out on time at the end of August despite the disruptions of covid-19. The Business Plan had two new areas of work – i) the McCloud remedy and ii) the new £95k cap on exit payments – and there had also been an increase in budget spend on consultancy fees.

2. Clarification was requested about the accounts being signed off, as the Fire Service Pensions Committee and the Superannuation Fund Committee had heard

different news at respective recent meetings. Ms Surana advised that the auditors, Grant Thornton, were still looking at a very minor point relating to derivatives but it was not expected that this would stop them signing off the accounts. The accounts had therefore been signed off pending resolution of the above. The Public Sector Audit Authority was expected to require more stringent controls and additional testing, and fees payable would rise further to cover this additional work.

3. The Chairman added that there had been some difficulties in valuing the fund's properties due to covid-19 restrictions.

4. Ms Surana advised that it was hoped that the custody contract could be extended beyond its current expiry date, and discussions were going on with procurement colleagues to pursue this. Procurement would then be undertaken jointly with ACCESS partners.

5. It was RESOLVED that the updated Business Plan and the related budget for 2020-21 be noted.

5. Fund Employer and Governance Matters

(Item 5)

1. Mrs Mings introduced the report and Mrs Cheatle summarised the background and context of the McCloud remedy and the new £95k cap on exit payments. The County Council's draft response to the McCloud consultation was included in the agenda pack and she outlined the complexity of both applying it retrospectively to existing pensioners and recalculating the benefits for new pensioners, and the inevitable impact this would have on the team's workload. The establishment of the new exit cap had been anticipated for several years and would apply to public sector bodies (but not to other employers) in the scheme. It would require a review of the LGPS regulations and an update of software to handle new calculations, which would initially need to be done manually. It was expected that the cap would affect only a small number of Kent scheme members, but additional resources would be required to manage both that and the McCloud impact coming in at the same time.

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

a) some clarification was still needed on how the cap would apply to some employers, for example, those which had been outsourced, to Local Authority Trading Companies (LATCOs) and to staff who had been transferred under TUPE regulations; and

b) concern was expressed that some of Kent's many academies may decide they could no longer afford to be part of the Kent fund and may leave, having a large impact on the fund.

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

6. Superannuation Fund Report and Accounts and External Audit

(Item 6)

1. Mrs Mings introduced the report and advised that the accounts would also be considered by the Superannuation Fund Committee on 13 November 2020 for approval prior to publication. She thanked Mrs Cheatle, Ms Surana and their teams for the immense amount of work they had put into preparing the accounts. Mr Simkins added his thanks.

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

7. Internal Audit Review update (verbal)

(Item 7)

1. Mrs Mings gave a verbal update on progress on the action plan since the board's February meeting. Barnett Waddingham had been appointed as consultants, and this news was welcomed. There were two reviews currently underway: of the pension fund governance and of the resources required to support the fund. Board members would be invited to join the first part of the Superannuation Fund Committee meeting on 13 November 2020.

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

8. Board Member Training

(Item 8)

1. Mrs Mings introduced the report and thanked all those who had responded to the invitation and taken part in the training offered. Hyman's report on the national picture of training for pensions committees and boards was provided for information and it was hoped that Barnett Waddingham would be able to deliver training at future meetings of the board and the Superannuation Fund Committee. Mrs Mings and Mr Tagg responded to comments and questions from the board, including the following:-

a) the training on offer was welcomed but the point made that elections in May 2021 may bring many new Members, for whom the training would need to be repeated. Members took the view that it was always useful for training to be repeated at regular intervals to refresh their knowledge. It was suggested that the issue of delivering training to a potentially large number of new Members be added to the risk register; and

b) the report gave an overview of training; individual Members' training needs would be addressed in one-to-one sessions.

2. It was RESOLVED that the results of the survey and the next steps set out in the report be noted, with thanks.

9. ACCESS update

(Item 9)

1. Mrs Mings and Mr Simkins introduced the report and advised that work was continuing after a brief pause to take account of covid-19 restrictions. Working groups were looking at the range of assets held, to see which could be pooled. A report on the governance arrangements would be considered by the County Council on 22

October 2020 and approval sought to sign the Inter-Authority Agreement, which all 12 local authorities in the pool needed to sign.

2. Mrs Mings and Mr Simkins responded to comments and questions from the board, including the following:-

- a) the structure of the pooling group and the arrangements worked well, with good collaboration between member authorities. The aim was to achieve savings through economies of scale, and Kent had benefitted from its involvement in the pool; and
- b) asked to what extent central government sought to direct the work of pools, Mr Simkins advised that central government checked how pools were working but had not sought to direct their work by steering them in any specific direction. This had been taken as a sign that the authorities in the pool were seen as being capable of making good, independent, professional decisions.

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

10. Date of next meeting

(Item 10)

The Democratic Services Officer advised that, due to the desire of the Superannuation Fund Committee to receive a written rather than an oral report of the board's most recent meeting, the next scheduled board meeting had been brought forward from 26 January to **19 January 2021**, commencing at **2.30 pm**. *The board's programme of meeting was later reviewed and the January meeting subsequently moved to 12 February 2021, commencing at 10.00 am.*

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

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

SUMMARY OF EXEMPT MINUTES (where access remains restricted)

12. Superannuation Fund Committee update

(Item 11)

1. Mrs Mings and Mr Simkins introduced the report, advised the board of the present valuation of the fund, the minimal apparent impact of covid-19, that regular update meetings with fund managers helped monitor progress, and that a report on the fund's cashflow would be made to every meeting of the Superannuation Fund Committee. They responded to questions of detail from the board, including on fees and costs and the fund's cashflow.

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

13. Pension Fund Risk Register

(Item 12)

1. Mrs Mings and Mr Simkins introduced the report and advised the board of work undertaken since last reporting. There were no questions.
2. It was RESOLVED that the information set out in the report be noted, with thanks.