

From: Chairman – Kent Pension Board  
Corporate Director of Finance

To: Kent Pension Board – 24 November 2022

Subject: Governance review - update

Classification: Unrestricted

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### **Summary:**

To report to the Board on the progress made with the implementation of the recommendations arising from the Barnett Waddingham review. This report also includes the proposed adoption of the Code of Conduct and Conflict of Interest Policy and advises the Board of progress made on the drafting of several Fund policies in line with LGPS regulations and tPR code of practice.

### **Recommendation:**

The Board is recommended to note the report, to provide feedback on the Fund's policies and to resolve to agree to adopt the Code of Conduct and Conflicts of Interest Policy.

### **FOR DECISION**

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### **Introduction**

1. As previously agreed, the Board will be updated at each meeting on the progress made on the implementation of the Barnett Waddingham recommendations.
2. Members are reminded that Barnett Waddingham made 139 Recommendations and some 116 have been implemented or are in progress.
3. 48 recommendations were made following the review of the Pension Board's role, membership, responsibilities and duties, its relationship with the Pension Fund Committee, and its effectiveness and compliance with LGPS regulations and the Pension Regulator's Code of Practice. 46 of the 48 recommendations have been implemented or are in progress.

### **Pension Board code of conduct and conflicts of interest policy**

4. For their September meeting members were provided with a copy of the updated terms of reference including a code of conduct and conflicts of interest policy compliant with the LGPS regulations and the Pension Regulator's code

of practice. This has been published on the Fund website at [Pension Board terms of reference.pdf](#)

5. As the Board didn't meet in September members are now asked to agree to adopt the Code of Conduct and Conflicts of Interest Policy, at appendix 1. Members are required to provide any information Kent County Council as the Scheme Manager, reasonably requires from time to time to ensure that they do not have a conflict of interest.

### **Membership of the Board**

6. The revised terms of reference include 4 scheme members representing Unison, active and pensioner members. Joe Parsons has advised that he will continue on the Board as the Unison representative and advertisements inviting scheme members to apply to fill the other 3 vacancies on the board were published in the Open-lines newsletter to pensioners, in the employers' newsletter and on the KCC staff intranet site.
7. Applications have been received from 2 members and at the time of preparing this paper plans were in hand to interview the applicants to confirm their suitability for the role of member representatives. A verbal update will be provided to the Board on the 24<sup>th</sup>. There remains one vacancy for a scheme member on the board and this should be filled in January 2023.

### **Fund policies**

8. Since the last board meeting the Fund's **Governance Policy and Compliance Statement** has been approved by the Committee and published on the website.
9. For its meeting in September the Board was provided with a copy of the first draft of the Fund's proposed **Administration Strategy**. Officers have updated the draft and a copy is at appendix 2. Members are asked for their comments on this draft. The intention is to consult with Fund employers on the strategy following the employer forum on 9 December and then to share a final version with the Board in March 2023 which the Committee will then be asked to approve.
10. Several other Fund policies have been drafted and they are at appendices 3, 4 and 5. Members are asked for their comments.
  - **A policy for reporting breaches of the law** which sets out the Kent Pension Fund's policy and procedures for identifying, monitoring and where necessary reporting breaches as required in the Pensions Act 2004 and

detailed in the Pensions Regulator's (tPR) Code of Practice no 14 - Governance and administration of public service pension schemes.

- **An administering authority discretions policy** determined in accordance with the Local Government Pension Scheme Regulations 2013 (as amended), and related legislation which addresses, among other matters, the resolution of disputes, admission agreements, payments relating to the death of a member and transfer of benefits.
- **An abatements policy** which sets out the Kent Pension Fund policy as agreed in 2008 that if a member has a pension with us, the pension will not be subject to reduction or suspension should they start a new period of employment with an LGPS eligible employer.

11. The plan is to seek Committee approval for these policies at its meeting on 8 December.

12. The following table sets out the status of the Fund's policies

<b>Policy</b>	<b>Last reviewed by the Committee</b>	<b>Next update and review due</b>	<b>Responsibility</b>
Funding Strategy Statement	September 2022	March 2023 as part of the 2022 actuarial valuation exercise	Nick Buckland
Investment Strategy Statement	September 2022	March 2023 after review of Investment Strategy	Nick Buckland
Governance policy and compliance statement	September 2022	September 2023	James Graham
Responsible Investment policy	September 2022	February 2023	James Graham
Communications policy	March 2018	tbc	Clare Chambers
Administration Strategy	n/a	New strategy, March 2023	Clare Chambers
Fund Conflicts of Interests Policy	n/a	New policy, December 2022	Nick Buckland
Breaches of the Law policy	n/a	New policy, December 2022	Nick Buckland
Discretions policy	n/a	New policy, December 2022	Clare Chambers
Abatements policy	December 2007	Updated November 2022, December 2022	Clare Chambers
Training Strategy	March 2022	March 2024	James Graham
Data Quality policy	n/a	New policy, tbc	Clare Chambers

Escalations policy	n/a	New policy, tbc	Clare Chambers
Privacy Notice	n/a	New policy, tbc	Clare Chambers

**Kent Pension Fund compliance with the Pensions Regulator’s (tPR’s) code of practice and Scheme Advisory Board Good Governance recommendations**

13. When Barnett Waddingham published their report in October 2021 it was anticipated that a final version of the tPR single code of practice published in draft in March 2021, would shortly be published, and the good governance recommendations published in February 2021 would also be finalised in early 2022.
14. It is now anticipated that the tPR single code will be published in 2023.
15. It is also understood that DLUHC ministers have given their approval to take the recommendations of the Scheme Advisory Board Good Governance Project forward though they are expected to be the subject of further consultation in 2023 making April 2023 the most likely date for any changes to come into force. One draft recommendation relating to fiduciary duties of the Committee has been withdrawn and an additional proposal made for LGPS funds to produce a workforce plan.
16. The Fund has been assessed as mostly compliant with the draft single code of practice and an action plan has been prepared to address the remaining issues which will be followed up by the Head of Treasury and Pensions. This will need to be updated on publication of the single code.
17. The recommendations of the Barnett Waddingham reviews of the Pension Fund governance and KCC finance support for the Fund were aligned with those of the Good Governance project and the Kent Fund as intended is now mostly compliant with the project’s draft recommendations. An action plan has been prepared for follow up by the Head of Pensions and Treasury. This will need to be updated when the regulations come into force in 2023.

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**November 2022**

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