

KENT COUNTY COUNCIL

PENSION BOARD

MINUTES of a meeting of the Pension Board held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 3 September 2024.

PRESENT: Mr R J Thomas (Chair), Ms K King, Mrs A Mings and Mr J Parsons

IN ATTENDANCE: Ms L Savage (Pensions Administration Performance and Operations Manager), Mr J Graham (Pension Fund Treasury and Investments Manager), Mrs C Chambers (Pensions Administration Manager), Mr N Buckland (Head of Pensions and Treasury), Mrs E Green (Senior Pensions Programme Manager) and Mr J Clapson (Democratic Services Officer)

UNRESTRICTED ITEMS

1. Apologies and Substitutes

(Item 1)

Apologies were received from Mr Jeffrey, Ms Hartley, Cllr Carnac and Mr Ward.

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

(Item 2)

Mr Thomas declared that he was a trustee of Active Life Ltd.

3. Minutes of the meeting held on 11 June 2024

(Item 3)

RESOLVED that the minutes of the meeting held on 11 June 2024 were correctly recorded and that they be signed by the Chair.

4. Update from the Chairman of the Pension Fund Committee

(Item 4)

1. Mr Buckland provided the Board with an update on behalf of the Committee Chairman who was unable to attend the meeting. He briefly detailed some of the items considered by the Committee at the last meeting. This included the Responsible Investment Policy, that was now published on the Council's website, and the response to the letter received from the former Minister for Local Government, Simon Hoare, regarding the efficiency of Local Government Pension Funds.
2. RESOLVED to note the verbal update.

5. Governance Update

(Item 5)

1. Mr Buckland and Clare Chambers introduced the report.

2. During consideration of the item the following points were noted:
 - a. It was good practice to review the Governance Policy and Compliance Statement each year. They would be considered by the Board and Committee around the beginning of 2025.
 - b. The Escalations Policy detailed the process of escalating matters when engagement with an employer was poor. It would be shared at the next meeting and was awaiting formal adoption.
 - c. A significant proportion of the backlog involved frozen funds. Once a provider was in place to work through the backlog, employers would be encouraged to chase frozen fund members.
 - d. Consideration would be given to the most appropriate method of sharing confidential agenda to the Board and Committee.
 - e. The future meeting dates of the Responsible Investment Working Party would be shared with the Board to allow Members to plan for substitutions if required.

3. RESOLVED to note the report.

6. Pensions Administration

(Item 6)

1. Mrs Chambers introduced the report noting some of the key areas of progress.

2. During consideration of the item, the following points were noted:
 - a. Although service delivery times had increased, there had not been a drop in customer satisfaction and plans were in place to overcome the issues that led to this drop in performance.
 - b. The My Pension Online self-service system was live. There had been a lot of communication with members to encourage uptake of the online system.
 - c. The new telephony system was now live and provided a better service to members through the better management of calls.
 - d. Members offered their congratulations to the officer who had recently achieved a Chartered Institute of Payroll Professionals qualification in Pensions Administration.
 - e. Work was underway on the performance dashboard. It would provide a more easily digestible summary of performance. If available, the dashboard would be brought to the next meeting for the Board to consider.
 - f. In the past there had been some variation in how staff designated cases. This had led to some inconsistency in case work performance reporting, that has been addressed through a change in reporting processes.
 - g. After the meeting, Members would be provided with more detail about the number and percentage of employers and members who were not yet signed up to the iConnect system.

3. RESOLVED to note the report.

7. Investment Update

(Item 7)

1. Mr Graham introduced the report which updated the Board on the investment activities and performance of the Fund since the last meeting.
2. During consideration of the item, it was noted that:
 - a. Following completion of the strategic asset allocation review, work was now underway to review of the portfolio by asset class. This was stage two of the Implementation Plan and would start with equity as it was the largest area. An update would be provided at the next meeting.
 - b. It was too early to tell what impact the implementation of the new Investment Strategy would have on performance. However, performance was regularly reviewed, and the Strategy would be updated at least once every three years.
 - c. There would be a review of asset managers. It would look at how they had performed in the past and how they were expected to perform in the future.
 - d. The Responsible Investment policy set out guidelines for decision making and helped to focus the work of the investment managers.
3. RESOLVED to note the report and nominate Mr Parsons as the Board's observer of the Responsible Investment Working Group.

Motion to Exclude the Press and Public

RESOLVED that 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

(Open access to minutes)

8. The Pensions Regulator's General Code

(Item 8)

1. Ms Green introduced the report.
2. Mr Paul, Barnett Waddingham, provided the Board with a presentation about the Pension Regulators General Code. He began by setting out the background, then detailed that the code was split in 53 modules and advised that the Fund was found to comply well with the Code.
3. During consideration of the item the following points were noted:
 - a. The analysis had been very useful. The Board would be kept up to date on the impact of any Government reviews.
 - b. The regulator worked collaboratively with employers and funds. Fines were rare and were only issued as a last resort.
 - c. The code was mainly aimed to bring small funds and schemes who had poor governance, up to a reasonable standard. The Kent Fund had no key failures.

4. RESOLVED to note the report.

9. Actuarial Valuation Planning

(Item 9)

1. Mr Buckland introduced the report that planned for the valuation scheduled to take place in 2025.
2. Ms McGuire and Mr Muir, Barnett Waddingham, provided the following update:
 - a. Work had been underway with officers to plan for the valuation. There would also be meetings with stakeholders and engagement with employers.
 - b. Further training would be offered to Members as part of the process. Enlighten was a program that offered bitesize training videos for Members and contained specific information about the 2025 valuation.
 - c. The valuation was like a health check of the Fund. It would start on 31 March 2025 and be completed by 31 March 2026.
 - d. The overall aim was to keep contribution rates stable and affordable for employers.
3. During consideration of the item the following points were noted:
 - a. Climate risk would be incorporated into the valuation for the first time.
 - b. It was intended that McCloud data would be included in valuation.
 - c. There would be more engagement with employers than in previous valuations.
 - d. Thanks were offered to Barnett Waddingham for their work so far.

4. RESOLVED to note the report.

10. Cyber Security Update

(Item 10)

1. Ms Green introduced the report and advised that the next major step would involve a crisis test.
2. During consideration of the item, the following points were noted:
 - a. Work had been underway with the KCC Counter Fraud team to implement two factor authentication when members log in to their accounts.
 - b. The Board would continue to receive progress updates at future meetings.

RESOLVED to note the report

11. Pension Fund Risk Register

(Item 11)

1. Mr Buckland introduced the report noting that there were 29 risks. 21 of the risks received a green rating and 8 received an amber rating.
2. During consideration of the item the following points were noted:

- a. The governance risk was in relation to the KCC Election in 2025. It was possible that experienced Members who sat on the Committee might not be re-elected and there needed to be appropriate induction and training in place to ensure that new Members were able to contribute effectively within their role.
- b. Consideration would be given to training a pool of substitute Members for the Board and Committee.
- c. It was good to see that the risk register was regularly updated.

3. RESOLVED to note the report.

12. Employer Governance Matters

(Item 12)

1. Mr Graham introduced the report that provided an update on the following areas:
 - a. The fund employers.
 - b. Backdated admissions and employer risk analysis.
 - c. The outcome of the Government Actuary Department's Section 13 review of the 2022 Triennial Valuation.
 - d. Confirmation of employer matters agreed by the Pension Fund Committee at the meeting on 27 June 2024.
2. During consideration of the item the following points were noted:
 - a. Member contributions were set a national level, and employer contributions were set locally.
 - b. Some employers were required to have a bond or guarantor to enter the scheme, it could be beneficial for employers to have a guarantor as it reduced their liability.
 - c. Contribution receipts had increased compared to last year and was largely due to wage growth but could also be caused by an increase in staff numbers and rate changes.
 - d. It was likely that there would be a review of employer costs as part of the expected Government review.
3. RESOLVED to note the report.

13. ACCESS Pooling Update

(Item 13)

1. Mr Graham introduced the report that provided a summary of the activities of the ACCESS pool and an update on the Fund's current position with respect to pooling.
2. During consideration of the item the following points were noted:
 - a. The Committee would be asked to agree the appointment of a new operator at its meeting on 19 September.
 - b. In relation to the Third Party Review, ACCESS Members felt that an Independent Chair was not required and agreed to recruit to four posts within the ACCESS Support Unit.
 - c. The Board had the opportunity to send an observer the ACCESS meeting scheduled for 2 December.

- d. The Terms of Reference of the Pension Review had been released and more information was expected to be announced in the October budget.

3. RESOLVED to note the report.

14. McCloud & Data Rectification Update

(Item 14)

1. Ms Green introduced the report.

2. During consideration of the item the following points were noted:

- a. Work had continued with ITM who have been liaising with employers to collect, cleanse and verify data.
- b. The Ministry for Housing, Communities and Local Government made regulations before the 31 August 2024 deadline that removed the requirement to include McCloud information in 2023/24 Annual Benefit Statements.
- c. Guidance had been released recommending public sector pension schemes connect to the National Dashboard by 31 October 2025. The legal deadline for connection was 31 October 2026.

3. RESOLVED to note the report.