KENT COUNTY COUNCIL

PENSION FUND COMMITTEE

MINUTES of a meeting of the Pension Fund Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 29 September 2026.

PRESENT: Ms S Emberson (Chair), Mr A Cecil (Vice-Chair), Cllr J Burden, Mr D Burns, Mr P Doust, Mr M Ellis, Cllr M Jones, Miss D Morton, Mr M Mulvihill, Mr M Paul, Mrs B Porter, Mr G R Samme, Mr P Stepto, Ms A Weyman and Cllr R Yates.

IN ATTENDANCE: Ms S Surana (Pension Fund and Treasury Investments Manager), Mr S Tagg (Employers Governance, Compliance and Funding Principal Accountant), Mrs C Chambers (Pensions Administration Manager), Mr N Buckland (Head of Pensions and Treasury), Mrs E Green (Senior Governance and Programme Manager), Mr C Steensel (Investments Accountant), Mr B Arnold (Corporate Director Finance) and Mr J Clapson (Democratic Services Officer).

ALSO PRESENT: Mr T English (Mercer) and Mr R Sinnott (Mercer).

UNRESTRICTED ITEMS

77. Membership Update
(Item 1)

The Chair welcomed Ms Wayman to her first meeting following her appointment as the UNISON representative on the Committee. The Chair also welcomed Mr McDonald, who attended in an informal capacity following his successful application for the position of Independent Person. Members were advised that Mr McDonald would formally take up the role in November 2026.

78. Apologies and Substitutes
(Item 2)

Apologies were received from Mr Rayner, Mr Sim and Mr Mole. Mrs Morton attended as substitute for Mr Mole.

79. Declarations of interest by Members in items on the agenda for this meeting.
(Item 3)

There were no declarations of interest.

80. Minutes of the meeting held on 23 June 2026
(Item 4)

RESOLVED that the minutes of the meeting held on 23 June 2026 were correctly recorded and that they be signed by the Chair

81. Date of next meeting
(Item 5)

It was noted that the next meeting of the Committee would be held at 10.00 am on 15 December 2026 at Sessions House, Maidstone.

82. Committee Work Plan and Action Log

(Item 6)

1. Mr Buckland introduced the Committee Work Programme and Action Log. He advised that the Work Programme set out the matters expected to be considered at the Committee's forthcoming meetings.

2. During consideration of the item, the following points were raised:
   a. The Committee's strategy away day was scheduled for 9 February 2027 and would focus principally on the Fund's investment strategy, including the approach to responsible investment.
   b. The actions within the Action Log shown in green had been completed. Matters relating to Local Government Reorganisation, the Oracle programme and asset pooling remained ongoing.
   c. The voting records of the Fund's asset managers could be located on the Fund's website. A link to these records had been included in the Investments Update report and would be signposted more clearly in future reports.
   d. The Oracle system would not directly administer the pension service, which used separate systems. The second phase of the Oracle programme would extend to human resources and payroll. Pensions officers were engaging with the programme to ensure that the necessary iConnect interface would be operational when the second phase went live.

3. RESOLVED to note the Committee Work Programme and Action Log.

83. Update from the Pension Board

(Item 7)

1. Mr Buckland introduced the report and summarised some of the matters considered by the Board at its meeting on 3 September 2026.

2. During consideration of the item, the following points were raised:
   a. The Board considered several topics that were also included on the Committee's agenda, however its remit enabled the Board to go into more depth than the Committee when reviewing service delivery issues.
   b. The Board considered the potential impact Local Government Reorganisation (LGR) before the Government's subsequent announcement that paused the programme. The Board had supported the approach being taken by the Fund.
   c. Future Pension Board updates would include a statement of the assurances provided by the Board.

3. RESOLVED to note the update from the Pension Board.

84. Pensions Service Delivery Update

(Item 8)

1. Mrs Chambers introduced the report and advised that the Administration Team had been renamed the Pensions Service Delivery Team. The revised name better reflected the breadth, complexity and technical nature of the work undertaken by the service.

2. During the introduction of the item, the following points were covered:
   a. Further assurance concerning the second phase of the Oracle Cloud programme was provided. Work with the Oracle programme had commenced at an early stage to help ensure there would be no interruption when the second phase went live.
   b. The service had delivered a strong performance during the quarter despite operational pressures arising from a number of areas. These included the McCloud implementation, Access and Fairness regulatory changes and resource constraints.
   c. The McCloud remedy had been successfully implemented. Historic employer data for the period from April 2014 to September 2022 had been uploaded, approximately 42,000 potentially eligible members had been identified, and relevant information had been incorporated within annual benefit statements.
   d. The Fund had met the statutory implementation deadlines associated with the Access and Fairness regulatory changes.
   e. Revisions to actuarial factors following changes to the SCAPE (Superannuation Contributions Adjusted for Past Experience) discount rate had disrupted processing across several workstreams.
   f. The service had continued to develop its engagement with scheme members and employers. More than 41,000 visits to the Fund's website had been recorded during the quarter.

3. During consideration of the item, the following points were made:
   a. Approximately one third of the key performance indicators had a red rating. An internal backlog team was being established to focus on less complex historic cases and complement the work of the external provider who would focus on the more complex and time consuming cases. The focus on clearing historic cases was expected to initially have an adverse effect on the number of cases completed within the target time scale, however it should be effective in reducing the overall number of outstanding cases.
   b. A sixth operational team was being recruited to undertake regular scheme events and project work. This would allow the existing operational teams to concentrate on incoming casework.
   c. The McCloud aggregation blackout had been lifted, and the service was working through the cases that had accumulated.
   d. It was anticipated that the recruitment and training of additional staff would support improvement of the service. Building a fully resilient and appropriately skilled workforce could take up to twelve months because of the complexity of pensions administration and the time needed to train new staff.
   e. It was likely that the Access and Fairness regulatory changes would result in the need for additional staffing resources which would be an additional budget pressure.
   f. The Service Delivery Team were thanked for maintaining a high standard of customer service while managing a substantial programme of regulatory and operational work.

4. RESOLVED to note the report.

85. Fund Governance
(Item 9)

1. Mrs Green introduced the report, which provided an update on the Fund's Budget, Business Plan, statutory guidance, governance reforms and recruitment activity.

2. During the introduction the item, the following points were covered:
   a. The quarter one forecast indicated a budget overspend of approximately £200,000.
   b. Good progress had been made against the Business Plan. Work relating to the McCloud remedy would continue to be monitored closely, and output was expected to increase following the completion of staff training.
   c. Statutory guidance concerning fund governance, investment strategy and asset pooling had been published by the Ministry of Housing, Communities and Local Government and was being applied when preparing documents and making decisions.
   d. Interviews for the Committee's Independent Person had taken place in September 2026. Following the selection process, Mr McDonald had been identified as the most suitable candidate.
   e. Draft documentation relating to the establishment of a LGPS Senior Officer role was under review. The role was required to be formally designated to an individual by 31 December 2026. The Committee's terms of reference were also being reviewed and updated to accommodate this requirement.
   f. Recruitment activity had progressed positively during the quarter, and a number of vacancies had been filled.

3. During consideration of the item, the following points were made:
   a. Benchmarking of the Fund's cost, including investment management fees, was undertaken by CEM. The Fund was assessed against pension funds of a similar size in both the public and private sectors. A report on benchmarking performance would be brought to the Committee for consideration at a future meeting.
   b. Border to Coast Pensions Partnership (BCPP) was expected to secure low investment fee rates due to the Pool's scale and strong negotiating position.
   c. Some employers were required to provide security through a bond or guarantee. These were reviewed every three years. The Fund had commissioned a bulk review which had generated a cost saving.
   d. Appointment to the Independent Person position was a statutory requirement. The Independent Person would support the Committee by providing relevant expertise, helping Members to identify probing questions and acting as a critical friend to the Committee, its Chair and officers.
   e. It was expected that the LGPS Senior Officer position would be filled by the statutory deadline of 31 December 2026.

4. RESOLVED to:
   a. Note the process for the selection of an Independent Person for the Fund and the appointment of Kevin McDonald;
   b. Note the report.

86. Employer Governance Matters
(Item 10)

1. Mr Tagg introduced the report which provided an update on employer governance activity for the three months ending 30 June 2026.

2. During consideration of the item, the following points were made:
   a. Contributions received on time were reported by the value of contributions and by the number of employers. This ensured that a late payment by a smaller employer was not obscured by the comparatively low value of their contributions.

b. Officers engaged directly with employers to understand and resolve any late payments.
c. There were relatively few persistent late paying employers, and their performance was monitored closely.

2. RESOLVED to note the report

87. Annual Report and Accounts 2025-26
(Item 11)

1. Mr Steensel introduced the draft Kent Pension Fund Annual Report and Accounts for the year ending 31 March 2026.

2. During the introduction the item, the following points were covered:
   a. The Annual Report was substantively complete and no significant changes were anticipated. However, the external audit had not been fully concluded, so potentially minor amendments could still be required to the accounts.
   b. The final document would need to include the Statement of Responsibilities and the Independent Auditor's Report.
   c. The Fund was required to publish the Annual Report by 1 December 2026. As the Committee was not scheduled to meet again before that date, Members were asked to delegate authority to the Head of Pensions and Treasury, in consultation with the Chair, to approve the final report once the audit certificate had been received.

3. In response to a question about the effect of geopolitical events on investments, it was confirmed that investment performance had been affected by events such as the conflict in the Middle East. Overall performance was strong, but it was likely that performance would have been stronger if these disruptive events had not occurred.

4. RESOLVED to:
   a. Note the report;
   b. Delegate authority to the Head of Pensions and Treasury, in consultation with the Chair of the Pension Fund Committee, to approve the final Annual Report following receipt of the audit certificate.

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.

Open Access Minutes

88. Investment Update
(Item 12)

1. Ms Surana and Mr Steensel introduced the report, which provided an update on the Fund's asset allocation, investment performance, responsible investment activity, cash flow and asset transition to the BCPP. The report also set out proposed actions to

rebalance the portfolio in advance of the implementation of the revised Investment Strategy.

2. During the introduction the item, the following points were covered:
   a. Although asset values had increased overall, different asset classes had grown at different rates. This had resulted in an overweight position in equities and an underweight position in fixed income, particularly index-linked gilts. Officers considered that it was appropriate to begin rebalancing the portfolio in anticipation of the revised Investment Strategy, which would reduce the Fund's overall equity allocation and the need for equity protection.
   b. The proposed action remained within the ranges permitted by the existing Investment Strategy Statement.
   c. The Fund had returned 5.9% during the quarter ending 30 June 2026, compared with a benchmark return of 6.1%. Markets had recovered as geopolitical tensions in the Middle East eased and investor sentiment was supported by continuing strength in technology and artificial intelligence-related investments. Emerging market equities had been the largest positive contributor, supported by strong performance from Asian technology and semiconductor companies. Developed market equity mandates had produced positive absolute returns but had underperformed against their benchmarks.
   d. The Fund's cash balances remained strong and there were no concerns about the Fund's liquidity.

3. During consideration of the item, the following points were made:
   a. Cash flow would continue to be monitored closely and reported to the Committee at each meeting. The Fund maintained sufficient liquidity to manage its commitments.
   b. Further work was required with BCPP to determine how the Government's expectations concerning local investment would be met. The restriction of these investments to a narrowly defined area could limit the scale and financial viability of available opportunities.
   c. The Committee would have regular opportunities to scrutinise and question the Pool's investment decisions as part of an effective reporting and oversight framework. The Pool would make individual investment decisions. The Fund would retain responsibility for setting its strategic objectives and monitoring the outcomes achieved.
   d. Local investment would not form a separate asset class; it would be delivered through established asset classes such as property, infrastructure and private equity.

4. Ms Surana provided an update on pooling, during which she highlighted the following points:
   a. The Investment Management Agreement with BCPP and the revised ACCESS Inter Authority Agreement had both been signed. Work was continuing between the two pools and officers, and the Chair represented the Fund on the BCPP Joint Committee.
   b. The revised Investment Strategy was expected to be finalised in December 2026. A transition plan for implementing the Strategy and moving assets into BCPP would subsequently be presented to the Committee.
   c. Under the new arrangements, the selection and oversight of investment managers would become the responsibility of BCPP.

5. RESOLVED to:

a. Note the report
b. Note the proposed divestment from the Impax Environmental Markets Fund and the subsequent investment in the Sterling Index Linked Bonds Fund within the Border to Coast Pensions Partnership.

89. Investment Strategy Statement
(Item 13)

1. Ms Surana introduced the report, which set out the outcome of the Fund's Strategic Asset Allocation Review and presented the draft Investment Strategy Statement.

2. During the introduction the item, the following points were covered:
   a. The review had been undertaken following completion of the triennial valuation and publication of the Funding Strategy Statement.
   b. The review had been supported by Marsh and received full engagement from BCPP.
   c. Committee Members had received relevant training and subsequently considered the Fund's investment beliefs, objectives and risk-and-return requirements through the Investment Sub-Group.
   d. The review had examined alternative strategic allocations and identified a preferred strategy that included an allocation to private credit.

3. Mr English, Marsh, summarised the review process and the modelling undertaken. During his presentation, the following points were highlighted:
   a. The objective had been to increase the expected return without increasing the overall level of risk being taken.
   b. The recommended strategy was considered to provide a more attractive risk-and-return balance than the existing allocation.
   c. Members were advised that the strategy had been designed as a long-term allocation. It would ordinarily be reviewed following each triennial valuation, although an earlier review could be undertaken if a significant event or material change in circumstances required it.

4. During consideration of the item, the following points were made:
   a. The selection of underlying sectors, managers and investments would be undertaken by BCPP.
   b. Private credit would normally involve multi-year commitments to loans negotiated directly with borrowers. The allocation would be built up over several years and was expected to provide additional diversification for the Fund. Private credit should offer a higher yield to compensate for its illiquid nature and associated risks.
   c. Private credit investments were generally held until maturity or refinancing and are self-liquidating over the life of the investment.
   d. The proposed allocation would involve lending to companies rather than taking ownership interests in them. BCPP would appoint specialist managers to undertake buy-and-hold lending strategies.
   e. The success of the strategy would be assessed against a range of measures. These would include whether private credit had performed well compared with alternative types of investment and the wider market.
   f. The draft Investment Strategy Statement incorporated the recommended strategic asset allocation and met the requirements of the revised regulations and statutory guidance. Subject to the Committee's approval, it would go for a four week consultation. The results of the consultation and the final Investment Strategy Statement would be presented to the Committee in December 2026.

5. RESOLVED to:
   a. Note the report;
   b. Approve the investment strategy set out in the report;
   c. Approve the Draft Investment Strategy Statement for consultation in accordance with the consultation plan detailed in Paragraph 5 of the Report.

90. Investment consultant contract
(Item 14)

1. Ms Surana introduced the report, which sought approval to extend the Fund's investment consultancy contract with Marsh for one year from 1 December 2026.

2. During the introduction of the item, the following points were covered:
   a. Marsh had originally been appointed in December 2022 following a competitive procurement process. The initial three-year contract included provision for two separate one-year extensions, and the Committee had approved the first extension in September 2025.
   b. The advice provided under the contract had consistently been of a good standard.
   c. The revised regulatory framework required the Fund to obtain its principal investment advice from BCPP. However, BCPP was still developing its advisory capabilities and was not yet able to provide the full range of advice required by the Fund.
   d. From April 2027, BCPP was expected to take responsibility for a greater proportion of investment implementation decisions. However, the extent of the advice available from BCPP and the level of external support that would still be required by the Fund remained uncertain.

3. During consideration of the item, the following points were made:
   a. There was a need to maintain effective independent oversight as investment responsibilities transferred to BCPP. All the BCPP partner funds were considering what form of oversight would be required under the new arrangements.
   b. Marsh and BCPP had worked efficiently together throughout the investment strategy review process.
   c. The removal of a retained investment consultant in due course would generate a cost saving. However, it would probably remain necessary to ensure that the Fund had access to some form of professional advice and oversight of the Pool's implementation of the Fund's strategy.

4. RESOLVED to agree the extension of the investment consultant contract with Marsh for one year from 1 December 2026, and delegate authority to the Head of Pensions and Treasury to sign the necessary documentation.

91. Projects Update
(Item 15)

1. Mrs Green introduced the report, which provided an update on technological developments, the Pensions Dashboard, cyber security, procurement activity and benchmarking of the pensions service.

2. During the introduction the item, the following points were covered:

a. User acceptance testing of the new employer contacts database had been completed, and its principal functions were operating as intended.
b. The national Pensions Dashboard was expected to become operational during the 2027/28 financial year. The precise date was unknown, but the Department for Work and Pensions should provide six months' notice before implementation was required.
c. The separation of Teachers' Compensation Pensions and Local Government Pensions within the payroll system had been completed in August 2026.
d. The cyber security assessment of the Fund's systems had not identified any high-risk findings.
e. The procurement of a new pensions administration system remained on schedule. The Fund had also completed a competitive procurement exercise for printing and postage services and CFH were selected as the preferred supplier.
f. Data had been submitted to CEM Benchmarking for the annual assessment of pensions delivery service. The results were expected during autumn 2026 and would provide comparative information on the cost and quality of the Fund's service delivery.
g. Regular business-readiness meetings were taking place with the programme team responsible for the Oracle Cloud implementation.

3. RESOLVED to note the report.

92. LGR and Kent Pension Fund (Verbal Update)
(Item 16)

1. Mr Buckland advised that the Ministry of Housing, Communities and Local Government had confirmed on 17 September 2026 that the Local Government Reorganisation programme was subject to review and that all related work should be paused. The Government's intention for LGR and its associated implications of the future administration of the Fund was unknown at this point.

2. RESOLVED to note the update.