

PENSION FUND COMMITTEE

MINUTES of a meeting of the Pension Fund Committee held in the on Tuesday, 23 September 2025.

PRESENT: Ms S Emberson, Cllr J Burden, Mr A Cecil, Mr P Doust, Mr M Ellis, Cllr M Jones, Ms I Kemp, Mr A Kibble, Mr T Mole, Mr M Mulvihill, Mrs B Porter, Mr G R Samme, Mr S Sim, Mr P Stepto and Mr A Thorp.

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

UNRESTRICTED ITEMS

14. Membership Update

(Item 1)

Mrs S Emberson, Miss I Kemp, Mrs B Porter, Mr A Kibble, Mr M Mulvihill, Mr A Thorp, Mr A Cecil, Mr T Mole, Mr M Ellis and Mr G Samme were welcomed on to the Committee.

15. Election of Chair

(Item 2)

Mr Mole proposed and Mr Thorp seconded that Mrs Emberson be elected as Chair of the Pension Fund Committee. There were no further nominations.

RESOLVED that Mrs Emberson be Chair of the Committee.

16. Election of Vice-Chair

(Item 3)

Mr Mulvihill proposed and Mr Kibble seconded, that Mr Cecil be elected as Vice - Chair of the Pension Fund Committee. There were no further nominations.

RESOLVED that Mr Cecil be Vice - Chair of the Committee.

17. Apologies and Substitutes

(Item 4)

No apologies were received.

18. Declarations of interest by Members in items on the agenda for this meeting.

(Item 5)

There were no declarations of interest.

19. Minutes of the meeting held on 19 March 2025

(Item 6)

RESOLVED that the minutes of the meeting held on 19 March 2025 are correctly recorded and that they be signed by the Chair.

20. Date of next meeting
(Item 7)

It was noted that the next meeting of the Committee was scheduled to be held on 11 December 2025.

21. Committee Work Plan/Action Log
(Item 8)

1. Mr Buckland introduced the report and highlighting that it was used to identify and track the actions that arose during Committee meetings that did not require a formal decision.
2. RESOLVED to note the Committee Work Programme and Action Log.

22. Update from the Pension Board
(Item 9)

1. Mr Buckland provided an overview of the Board meeting that took place on 4 September. A key consideration at the last Board meeting related to the appointment of an independent Chair of the Board. It was recognised that an independent Chair could help steer the Board and ensure its effective operation.
2. Mr Buckland provided some background about the Board, highlighting that it had sat alongside the Committee for the last 10 years and considered pension administration, policies and strategies. The Board had no decision-making powers but could make recommendations to the Committee.
3. RESOLVED to note the update from the Pension Board.

23. Pensions Administration
(Item 10)

1. Mrs Chambers provided the Committee with an overview of the report and highlighted the 2025/26 Communications Policy, indicating that the policy now included guidelines regarding meeting accessibility.
2. During consideration of the item the following points were raised:
 - a) The staff recruitment campaign had been very successful. It was now time to recruit to the entry level Pensions Assistant roles. There had been over 60 applications which was promising.
 - b) Poor communication performance was identified in the report. The leadership team regularly reviewed compliments and complaints to identify areas for improvement. There was a group of officers who reviewed the website, letter templates and the telephone system on a monthly basis. Any identified improvements were always acted upon when practicable.
3. RESOLVED to note the contents of the report and approve the 2025/26 Communications Policy.

24. Investment Performance and Strategy
(Item 11)

1. Mrs Surana introduced the report and advised that the current asset allocation remained within range of the Fund's approved tolerance bands, therefore no rebalancing was recommended at the current time.

2. It was confirmed that the Committee would be provided with more detail about instances when asset managers voted against decisions in future reports.

25. Annual Report and Accounts

(Item 12)

1. Mrs Surana introduced the report that included the financial statements and activity undertaken over the year. She advised that the Draft Audit Findings Report would be considered by the Governance and Audit Committee on 24 September and the external auditors were expected to issue an unqualified opinion on the accounts.
2. The Committee offered their thanks to all the officers involved in finalising the accounts and working with the external auditors to prepare the annual report.
3. RESOLVED to note the report and to delegate authority to the Head of Pensions and Treasury, in consultation with the Chair of the Pension Fund Committee, to authorise the final Annual Report on 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.

26. Governance

(Item 13)

1. Mr Buckland introduced the item and advised that there was a three-year business plan for the Fund that detailed the way in which it should operate.
2. During consideration of the item, the following points were discussed:
 - a. The Fund was run on behalf of employers and their employees, it had a separate risk register, budget, and business plan to the rest of the Council.
 - b. An updated business plan was scheduled to be brought to the March meeting for consideration.
 - c. The business plan set out the high-level priorities for the Fund, and was split into three sections: Pension Administration, Investment and Funding, and Governance.
 - d. A key governance focus was the provision of training for Committee and Board members. It was intended that as much training as possible would be made available.
3. RESOLVED to note the report.

27. Risk Register

(Item 14)

1. Mrs Green presented the risk register; she advised that 30 risks had been identified, 18 were given a green rating and 12 had received an amber rating.
2. During consideration of the item, the following points were discussed:
 - a. The three highest scoring risks remained unchanged and were headed: Cyber Security; Member Data; and Committee, Board and Officer Risk.
 - b. To help mitigate against the Committee, Board and Officer risk, Committee members were encouraged to complete the training survey that would be used to inform the construction of the training programme.

- c. The failure of the automated payment system was categorised as a low risk because there was the option to process the payments manually if required.
 - d. Local government re-organisation (LGR) posed a risk the Fund. It was important that the Fund's requirements were considered and fit into any final outcome of the process. In some areas where LGR had taken place, an independent body had been set up to manage the Pension Fund.
 - e. It was important to ensure that the Fund was safe and secure, and that decisions continued to be made at a local level.
3. RESOLVED to note the updated risk register.

28. Projects Updates (Item 15)

1. Mrs Green provided the Committee with an overview of the key projects detailed within the report.
2. RESOLVED to note the report.

29. Investment Consultant (Item 16)

The representatives from Mercer and Barnett Waddingham left the room for the duration of this item.

1. Mrs Surana introduced the report, highlighting that LGPS investment regulations required the Fund to take appropriate investment advice when setting the investment strategy. This advice would be crucial when navigating the challenges on the horizon.
2. During consideration of the item, the following points were raised:
 - a. The contract had previously been awarded to Mercer in 2022, for a period of three years with an option to extend the contract for a further year on two occasions. The three-year contract was due to end in November 2025.
 - b. It was not possible to combine the two separate year extensions as this was not part of the agreed contract.
 - c. The Fund was likely to need support from both Mercer and Barnett Waddingham over the next couple of years.
 - d. There was Government guidance that suggested Funds should take primary investment advice from their asset pools, however it was important to continue to take independent advice tailored specifically to the needs of the Fund.
3. RESOLVED to agree the extension of the Investment Consultant contract with Mercer for a period of one year from 1 December 2025 and delegate the signing of the necessary documentation to the Head of Pension Fund and Treasury.

30. Employer Governance Matters (Item 17)

1. Mr Tagg presented the report during which it was highlighted that the 31 March 2025 triennial valuation results had found the Fund to have performed well, which would result in a small reduction to the contribution rates for employers. The next step would be for the funding strategy statement to go out to consultation.
2. Thanks were offered to the officers involved in completing the triennial valuation.
3. RESOLVED to note the report and agree:
 - a. to the proposed financial and demographic assumptions for the 31 March 2025 triennial valuation.

- b. to the full pooling of parish and town councils for LGPS funding purposes from 1 April 2026.
- c. to proceed with a 3-month consultation on the Funding Strategy Statement with Fund employers and other interested parties commencing on 1 October 2025.

31. Actuarial Valuation (Presentation)

(Item 18)

1. Dr McKay and Ms McGuire (Barnett Waddingham) provided the Committee with a presentation on the work that had gone into the actuarial valuation.
2. During the presentation, the following points were covered:
 - a. The following financial assumptions were used for the valuation:
 - i. Predicted consumer price index (CPI) figures were derived from a calculation based upon the Bank of England's retail price index (RPI) rate forecasts. The previous valuation had calculated predicted CPI to be 2.9%, this was now 2.7%.
 - ii. CPI plus 1% was used to estimate salary increases as this has been found to be accurate in the past.
 - iii. The best estimate return was calculated using the best estimate less a prudence reduction to ensure enough income was received to pay member's benefits. The best estimate return had improved by 0.5% since the last valuation in 2022 and was now 4.9%.
 - b. The following mortality assumptions were used for the valuation:
 - i. CMI was an organisation that was used to predict mortality rates over the next 20 years. In June it had published a new model that indicated the expected rate of mortality over the long term would improve by 1.5%.
 - ii. People were expected to live slightly longer; however, this did not have a significant impact upon employer contribution rates overall.
 - c. The main purpose of the valuation was to provide stability in the funding levels and employers' contributions. Barnett Waddingham recommended a maximum reduction in employer contribution rates of 1%.
3. RESOLVED to note the presentation.

32. Government Pensions Review - Pooling Future

(Item 19)

1. Mr Buckland introduced the report, providing the committee with a brief introduction to pooling generally, then he detailed how the latest developments specifically related to the Kent Pension Fund.
2. The presentation covered the following points:
 - a. The Government had identified two pools that did not meet its vision for the future. One of these was the ACCESS Pool.
 - b. The Fund had considered the possibility of moving to another pool relatively early on in the process which now put the Fund in a strong position.
 - c. Three alternative pools had initially been identified, and all three had indicated they would be interested in receiving the Fund.
 - d. When the Pension Schemes Bill received royal assent, it would enable the Government to instruct funds to join specific pools.
 - e. Borders to Coast Pensions Partnership (B2C) have announced that they were in negotiations with seven Funds, all seven were from the ACCESS Pool. If the seven funds successfully join B2C it would create the largest pool in the UK. This could offer some resilience to future pension reforms.
3. The following points were raised during comments and questions:

- a. Mercer had been used to provide officers with the information they needed to develop a recommendation for the Committee to consider.
 - b. The evaluation identified B2C as being the most suitable pool for the Fund. Their 2020 Strategy and vision for the future was a good match with the values of the Fund.
 - c. So far, nine of the eleven B2C partner funds had met and agreed to accept the Kent Fund.
 - d. Subject to agreement, there would be a transition from ACCESS to B2C, starting in March 2026. The costs of this transition would need to be carefully managed.
 - e. The seven ACCESS funds looking to move to B2C agreed to collaborate where possible on legal advice which would help to mitigate some costs.
 - f. It was expected that the asset management costs within B2C would be lower than those within the ACCESS pool.
 - g. The decision to enter into pooling arrangements with B2C would need to be taken by Full Council.
 - h. The Committee would be kept updated with developments.
4. RESOLVED that the Committee:
- a. APPROVE Borders to Coast Pensions Partnership as the preferred partner for the Kent Pension Fund.
 - b. APPROVE the continued work with existing ACCESS partner funds to develop a transition plan to the new pooling arrangements.
 - c. DELEGATE authority to the Head of Pensions and Treasury, in consultation with the Chair of the Pension Fund Committee, to undertake necessary actions, including entering into negotiations and contracts or other legal agreements, to progress preparatory workstreams required prior to the Full Council approval of the future Pension Pooling arrangements.
 - d. RECOMMEND to Full Council that Kent County Council, as Administering Authority for the LGPS Kent Pension Fund, agree to enter into Pension Pooling arrangements with Border to Coast Pension Partnership.