

To: Kent Pension Board – 25 November 2025

From: Chairman – Kent Pension Board
Interim Corporate Director of Finance

Subject: Governance Update

Classification: Unrestricted

Summary:

There are several hot topic governance issues for the Fund currently. The key issues currently impacting the Fund's governance are: LGPS consultation response (access and protections) which is covered in the Administration paper, Pension Board Independent Chair appointment, and Local Government Reorganisation.

Recommendation:

- It is proposed that a formal decision is taken to Pension Fund Committee in December 2025 to appoint an Independent Member to Pension Board. It is proposed that the Independent Member is considered for the role of Independent Chair for Pension Board in 2026.

FOR INFORMATION

1. Fund Policies

- 1.1 There are no policy updates to report to Pension Board. Officers are awaiting confirmation of a range of regulatory changes (impacting governance in areas such as Member training and risk management). These changes will then be used to update the Fund's policy documents.

2. Business Plan and Budget

- 2.1 Officers continue to work as per the strategy set in the Fund's business plan. The following paragraphs highlight key issues.

Investment and Funding

- 2.2 There are two significant aspects to the Investment and Funding plan for this year:
- delivering the Triennial Actuarial Valuation in a timely way.
 - delivering on the Committee's decision on the future asset pool for the Kent Fund.
- 2.3 There is a separate paper and presentation today from the Fund's Actuary (Barnett Waddingham) to take the Board through progress and updates on the

current position. A separate paper has been prepared by Officers to update the Board on progress regarding the future asset pool for the Fund.

- 2.4 The Fund's external audit by Grant Thornton of the Fund's accounts 24/25 has been completed. The Fund's Annual Report of Accounts for 24/25 have been approved.

Governance

- 2.5 Members of Board and Committee undertook a National Knowledge Assessment hosted by Hymans Robertson in September 2025. The collective results have recently been received by Officers. The results will be used to inform a robust training plan, which will be presented to Pension Board in 2026.
- 2.6 Earlier this year MHCLG launched consultations on Fit for Future and LGPS access and fairness. The Fund submitted responses but is still awaiting confirmation on how and when the regulations will be changed. Changes are anticipated to include governance requirements and set training expectations for Members. Any regulatory changes for pensions administration could mean the altering of past, present and future pensions, in what would be a serious increase in workload for the Fund and other Funds in the LGPS.
- 2.7 A further consultation was launched by MHCLG on 13 October 2025. The consultation is due to close on 22 December 2025. Officers intend to submit a consultation response. The consultation focuses on LGPS access and protections and there are four main areas where Funds are being asked to consider proposals:
- Academies in the LGPS
 - New Fair Deal
 - Normal minimum pension age
 - Pension access for councillors and mayors
- 2.8 Proposals from the consultation suggest that service impacts to the Fund would be broad ranging. Officers have flagged risk concerns due to resource availability and system functionality not being ready. The difficulty will be that any regulatory changes will be on-top of other recent complicated changes and potentially create a new backlog of work because cases cannot be dealt with. Please see details in the Risk Register paper.
- 2.9 Officers are currently working on the Fund's annual Scheme Return for the Pension Regulator. This will involve the collation of Fund data which will determine the Fund's annual financial contribution.

Administration

- 2.10 As well as business as usual commitments, there are a number of important projects for the Pensions Administration team, including the concluding of McCloud Remedy Rectification in 2026. Members will be aware there has been a

huge undertaking of resource on this project, which involves receiving records from all of the Fund's Employers for all scheme members between 2014 and 2021.

- 2.11 Another important area of focus has been in data cleaning and backlog clearance, as part of the Fund's preparations for the national dashboard going live. Please see full details in the Pension Administration paper.

Continuous improvement projects

- 2.12 Officers across the Fund have been involved with KCC's adoption of Oracle Cloud. This has significantly impacted the delivery of financial operational processes across the Fund, such as budget management, budget monitoring, reconciliation and invoice payment. Full details are in the Projects Paper but are noted here due to the scale of the impact on the services of the Fund.

3. Pension Board Independent Chair appointment

- 3.1 Since the last meeting, Officers have consulted democratic services colleagues, and the advice is that the decision to appoint independent members to the Pension Board is a responsibility of the Pension Fund Committee. It is therefore proposed to take a recommendation the next meeting of the Pension Fund Committee in December 2025. Subject to approval by the Committee, the search process can commence, with the objective of having the new member in place by the next meeting of the Board in March. After appointment, the Independent Member can then be elected Independent Chair of Pension Board by members of the Board.
- 3.2 The selection of the Independent Member of Pension Board will be in accordance with the Pension Board's Terms of Reference ([Terms of reference for the Kent Local Pension Board](#)), as set out previously. This states that 'one of the independent members may be appointed as Chair' and that they must meet the criteria for being a reasonable member of the Board.

4. Local Government Reorganisation

- 4.1 Officers are considering the potential impacts of Local Government Reorganisation (LGR) on Kent Pension Fund. Current proposals indicate that Kent County Council and the District and Borough Councils in Kent will cease to exist in 2028 and be replaced by unitary authority (ies). Member may be aware that proposal(s) have to be submitted to Government by the end of November 2025, and that a response will be received by the summer of 2026 at the latest.
- 4.2 Officers have been in discussions with colleagues from the Surrey Pension Fund, as Surrey County Council is ahead of Kent in its LGR work as it has a vesting day of 1 April 2027. Officers of the Surrey Pension Fund have been working on proposals for the future of the Fund, which is currently administered by Surrey

County Council, and have developed a proposal to create a Single Purpose Pension Authority (SPPA). This proposals have received support of the Fund's Pension Committee and will now continue through the governance process, ultimately requiring approval by the Secretary of State. Should it be approved Surrey would become the third SPPA in the LGPS, following South Yorkshire Pension Authority and London Pension Fund Authority.

- 4.3 Officers will be working closely with Surrey to understand the case for a SPPA and assess its relevance to Kent. Given LGR in Kent will mean that the Kent Pension Fund will need to administered by a new authority, as KCC will no longer exist, its will be appropriate to consider all options.
- 4.3 Work continues ahead of the government decision on LGR given the tight timeframes for implementation, and updates will be given to the Board and Committee as further details about Kent's LGR emerge. Once the final shape of Local Government becomes clearer in 2026, it will shape the recommendation for the future of the Kent Pension Fund.

5. Board Action Log

- 5.1 The table below records actions arising from previous Pension Board meetings in 24/25. Two actions were set at the previous meeting, and no other actions were set in 24/25. In response to the two recommendations from the Board at the previous meeting, details have been incorporated into the pension administration paper of today's agenda:

Table 1: Pension Board Action Log 24/25

Date set	Action	Area	Can be closed ?	Notes
4/9/25	Share vacancy details at team and grade level at each meeting	Pension Administration	Y	Info has been included in the Nov 2025 main pension administration paper, and these details will continue to be in future papers.
4/9/25	Share structure charts inc. vacancy % at each meeting	Pension Administration	Y	Info has been included in the Nov 2025 main pension administration paper, and these details will continue to be in future papers.

Emma Green – Senior Pensions Programme Manager (Kent Pension Fund)

T: 03000 410 761

E: emma.green2@kent.gov.uk

November 2025
