

To: Full Council - 5 November 2026

From: Sarah Emberson - Chairperson of Pension Fund Committee
Brendan Arnold – Corporate Director for Finance

Subject: Kent Pension Fund Governance Reforms

Classification: Unrestricted

Past pathway: Selection and Member Services Committee, 22 October 2026

Executive Summary:

Kent County Council is the administering authority for the Kent Pension Fund. The Fund operates across the geography of Kent and serves around 500 separate employers and nearly 200,000 members. The County Council delegates all responsibility for the oversight and management of the Fund to the Pension Fund Committee.

The Government has recently announced a range of governance reforms which place new statutory duties on LGPS Fund Administering authorities. These reforms will impact the Fund in four key areas :

1. Stronger knowledge and training requirements
2. The creation of a LGPS Senior Officer role
3. The creation of an Independent Person role
4. A new requirement for Independent Governance Reviews

This paper sets out how the County Council as Administering authority for the Fund will address these issues to ensure compliance.

Recommendation:

County Council is asked to:

- a) Note the Pension Fund governance updates being made to respond to the Government's reforms.
 - b) Approve the updated Terms of Reference for the Pension Fund Committee.
 - c) Delegate to the Monitoring Officer the authority to make any additional technical amendments to the Constitution which are required to ensure the changes set out in this report are properly embedded.
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1 Legislative Background

- 1.1 In June 2025, MHCLG announced LGPS governance reforms via the release of statutory guidance: [Local Government Pension Scheme: fund governance - GOV.UK](#).
- 1.2 The guidance was issued by the Secretary of State in accordance with the Local Government Pension Scheme (LGPS) (Amendment) (Governance) Regulations 2026. It relates to Section 5 of the Pension Schemes Act 2026.
- [The Local Government Pension Scheme \(Amendment\) \(Governance\) Regulations 2026](#)
 - [Pension Schemes Act 2026](#)
- 1.3 The legislation came into force on 30th June 2026. There are various deadlines within the legislation that must be adhered to.

2 Overview

- 2.1 This statutory guidance from the Secretary of State sets new governance expectations for Local Government Pension Scheme (LGPS) administering authorities in England and Wales. As such, the governance arrangements for Kent Pension Fund put in place by Kent County Council need to be updated so that the Fund remains compliant. The new requirements put forward by MHCLG are intended to strengthen accountability, governance, skills, oversight and fund management across LGPS funds.
- 2.2 The governance reforms focus on 4 areas :
- a) Stronger knowledge and training requirements for Committee members, and key personnel
 - b) The creation of a statutory LGPS Senior Officer role
 - c) The creation of an Independent Person role
 - d) A new requirement for Independent Governance Reviews
- 2.3 This paper summaries the requirements of each in turn and proposes a series of recommendations to ensure the Fund remains compliant.

3 Stronger Knowledge and Training Requirements

- 3.1 A key theme in the statutory guidance is that everyone involved in managing or overseeing an LGPS fund must have appropriate knowledge and understanding to carry out their responsibilities effectively. This includes:
- a) Pension Committee Members
 - b) Local Pension Board Members
 - c) The LGPS Senior Officer of each Fund
 - d) The Independent Person supporting Pension Fund Committee
 - e) Other Officers with delegated responsibilities
 - f) Independent advisers and others involved in governance and oversight

- 3.2 The guidance states that administering authorities must maintain a Training Strategy explaining how individuals will gain and maintain the required knowledge and skills. Training must be role-specific, reviewed annually and supported by evidence of attendance and competence.
- 3.3 The Fund already has a Training Strategy, regularly delivers training, maintains a training log and undertakes knowledge assessment. However, it is proposed that the Fund's Training Strategy is comprehensively reviewed against the requirements and that any necessary updates are made.

4 The creation of a LGPS Senior Officer role

- 4.1 A major change brought in by the new legislation is the requirement for every administering authority to appoint a single LGPS Senior Officer, this individual having overall responsibility for pension fund operations. In summary, the LGPS Senior Officer, which will be a statutory role, is expected to :
- a) Lead day-to-day management of the fund
 - b) Ensure compliance with legislation and regulatory requirements
 - c) Oversee administration, funding, investment and governance
 - d) Ensure adequate resources and staffing
 - e) Implement committee decisions
 - f) Manage risks and suppliers
 - g) Support Pension Boards and Committees
 - h) Represent the fund within the host authority's senior leadership structure
- 4.2 (Full details about responsibilities are available in 53A of the Regulations and section 3 of the statutory guidance).
- 4.3 Within administering authorities, the LGPS Senior Officer role cannot be combined with the S.151 role or the Head of Paid Service role. In regard to the appointment, the statutory guidance states that the final decision lies with the Head of Paid Service (Chief Executive) (paragraph 3.16). The appointment of the LGPS Senior Officer must be made by 31 December 2026 and the Chief Executive will make the necessary decisions in this regard.
- #### **5 The creation of an Independent Person role**
- 5.1 Regulation 53A of the LGPS Regulations 2013 requires every administering authority to appoint a single Independent Person to support the LGPS Senior Officer and the Pension Committee.
- 5.2 The Independent Person's responsibilities cover all functions of the Pension Committee including decisions on investment strategy, governance, administration and the role of the administering authority as a shareholder or client of its asset pool company. The duties of the Independent Person include
- to scrutinise any advice given to the committee, whether from the pool or any other organisation or individual

- to help monitor and assess performance against targets set in LGPS strategies, including administrative performance and the pool's implementation of the investment strategy, and help monitor whether the collective pool oversight process is meeting the requirements of the administering authority
- to support consideration of the committee's governance arrangements, including any action plans arising from Independent Governance Reviews
- to contribute in any other way appropriate to the authority's LGPS functions

5.3 (Full details about responsibilities are available in 53A of the Regulations and section 4 of the statutory guidance).

5.4 An Independent Person can support more than one LGPS Fund. Each Fund must have an Independent Person in post by 31 December 2026.

5.5 A competitive interview process was held to appoint an Independent Person to support the Fund. A suitable candidate was identified and Kevin McDonald is due to start with the Fund in November 2026.

6 Independent Governance Reviews

6.1 The guidance introduces Independent Governance Reviews (IGRs) as a requirement for all LGPS administering authorities under Regulation 116A of the LGPS Regulations 2013. The purpose is to provide independent assurance that governance arrangements are effective and compliant with legislation, while giving confidence to scheme members, employers and regulators.

6.2 The focus is not simply on whether legal requirements are met, but whether governance structures, committee effectiveness, officer capacity, training, decision-making, risk management and oversight arrangements are operating to a high standard. The most significant practical requirement will be ensuring that any recommendations translate into a published and monitored improvement plan, with clear evidence of delivery before the next review.

6.3 The first review must be completed between 31 March 2025 and 31 March 2028, with subsequent reviews taking place in future valuation periods. The guidance makes clear that the reviewer must be independent:

- Must not be providing ongoing pension services to the fund.
- Must not be the fund's actuary.
- Must not be undertaking other paid pension advisory work for the fund during the period under review.
- Must have demonstrable independence, with any potential conflicts documented and publicly available

6.4 The review is intended to assess the effectiveness of governance arrangements across the fund. It requires the undertaking of a formal process and will result in the production of a formal report which is sent to the Administering Authority and Secretary of State. The Administering Authority must publish the report, develop and publish an Action Plan in response to recommendations.

- 6.5 The Fund has had independent governance reviews in the past, most notably, a broad, in-depth governance review was completed in 2021 by Barnett Waddingham which led to the governance structures which are currently in place. Officers are intending to make arrangements for the Fund's first statutory IGR in 2027, so that all requirements can be met by 31 March 2028. The Terms of Reference for Pension Fund Committee (Appendix 1) has been updated to recognise this new statutory requirement.

7 Proposed Updates to the Terms of Reference

- 7.1 Updates to the terms of reference of the Pension Fund Committee are being proposed. These are designed to recognise the new formal training requirements, along with the new LGPS senior officer and independent person roles.
- 7.2 These changes will ensure we can demonstrate compliance with the new regulations and have clarity on the independent person in relation to the committee. These changes are set out in the Appendix.
- 7.3 On 22 October 2026, the Selection and Member Services Committee agreed to recommend these changes to County Council for approval.

8 Conclusion

- 8.1 For administering authorities such as the Kent County Council, the 2026 LGPS governance reforms place significant emphasis on:
- Formal governance structures.
 - Mandatory, evidenced training programmes.
 - Annual assessment of committee, board and officer competence.
 - A clearly accountable LGPS Senior Officer.
 - Stronger documentation, reporting and governance assurance processes.
 - Independent governance reviews and action planning.
- 8.2 In practical terms, the statutory guidance raises expectations around professional standards and governance maturity, making fund governance more comparable to the standards expected of large institutional pension schemes. **The recommendations in this paper are proposed to ensure the Fund is compliant.**

9 Recommendations

County Council is asked to:

- a) Note the Pension Fund governance updates being made to respond to the Government's reforms.
- b) Approve the updated Terms of Reference for the Pension Fund Committee.
- c) Delegate to the Monitoring Officer the authority to make any additional technical amendments to the Constitution which are required to ensure the changes set out in this report are properly embedded.

10 Appendices

Appendix - Proposed revised Terms of Reference for Pension Fund Committee

11 Background Documents

None.

12 Report Author and Relevant Director

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