KENT COUNTY COUNCIL

PENSION BOARD

MINUTES of a meeting of the Pension Board held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 3 September 2026.

PRESENT: Mr M Trebilcock (Chairman), Mr P Chamberlain, Mr B Fullbrook, Mr M Fraser Moat, Ms K King, Mrs A Mings and Mr J Parsons

IN ATTENDANCE: Mr N Buckland (Head of Pensions and Treasury), Mrs C Chambers (Head of Pensions Administration), Mrs E Green (Senior Governance and Programme Manager), Mr C Steensel (Investments Accountant), Ms S Surana (Pensions and Treasury Investments Manager), Mrs J Steggles (Performance and Operations Lead Manager) Mr S Tagg (Employers' Governance, Compliance and Funding Principal Accountant) and Mr J Clapson (Democratic Services Officer).

UNRESTRICTED ITEMS

60. Apologies and Substitutes
(Item 1)

Apologies were received from Cllr Carnac.

61. Declarations of Interest by Board members on items on the agenda for this meeting
(Item 2)

There were no declarations of interest.

62. Minutes of the meeting held on 4 June 2026
(Item 3)

RESOLVED that the minutes of the meeting held on 4 June 2026 are correctly recorded and that they be signed by the Chairman as a correct record.

63. Date of next meeting
(Item 4)

It was noted that the next meeting of the Board is scheduled to be held on 16 December 2026.

64. Pension Fund Committee Update
(Item 5)

1. Mr Buckland introduced the item and advised that at the last meeting, the Committee considered a number of items, including:
   a. Appointment of an Independent Person. The Committee approved the process to make the appointment by the end of the year.

b. An investments update, during which the Committee agreed to approve the approach taken to review the Strategic Asset Allocation, and to approve initial commitments to Borders to Coast Private Equity and Infrastructure 2026 'Series 3b' propositions.

c. The potential impact of Local Government Reorganisation on the Fund. Following a thorough debate the Committee agreed to approve further detailed assessment of the options for consideration at a future meeting of the Committee.

2. RESOLVED to note the update.

65. Forward Plan and Action Log
(Item 6)

1. Mr Buckland introduced the item and covered the following points:

   a. This item had been reinstated on to the agenda and would be regularly included at future meetings.

   b. Appendix one indicated the items that were expected to be considered at future meetings, and appendix two listed the actions arising from meetings in order to track their progress.

2. RESOLVED to note the Forward Plan and Action Log.

66. Pensions Service Delivery Updates
(Item 7)

1. Mrs Chambers introduced the report and provided an overview of service delivery performance during Quarter 1 of 2026/27, covering the following points:
   a. The title was changed from "Pensions Administration" to "Pensions Service Delivery" to better reflect the breadth and depth of work undertaken across the service.
   b. The overall performance during Quarter 1 remained strong, despite a number of operational challenges including the system blackout for the McCloud data load, and the implementation of recent regulatory reforms.
   c. All Annual Benefit Statements had been published and distributed by 31 August 2026, and they included a McCloud remedy calculation where appropriate.

2. During consideration of the item, the following points were discussed:
   a. The Board commended the Team for the significant effort involved in successfully issuing the Annual Benefit Statements. The Board recognised this as a substantial and complex piece of work.
   b. Board members had received anecdotal positive feedback regarding the quality of the service provided by the Team.
   c. It was not yet possible to quantify the overall cost of the McCloud remedy on the Fund. Once recalculations and arrears payments had been completed, officers would be in a position to report the impact to the Board.

d. Officers were considering approaches to address the backlog including the creation of an internal team to focus on simpler cases while retaining the outsourced provider for more complex work.
e. The Board requested that future reports include information on recovery trajectories to resolve the back log. This would enable progress to be monitored and allow the Board to provide support where appropriate.

3. RESOLVED to note the report.

67. Investments Update
(Item 8)

1. The item was introduced by Mr Steensel, who covered the following points:
   a. The value of the Fund had increased to almost £10 billion as at 30 June 2026.
   b. The Fund delivered a return of 5.9% during the quarter. The markets had recovered strongly following volatility arising from the conflict in the Middle East.
   c. Members were advised of a correction to the asset allocation table within the report. Fixed income was underweight relative to the strategic allocation. However, no rebalancing was proposed at this stage due to the ongoing Investment Strategy Review and the transition to Border to Coast Pension Partnership (BCPP).

2. Mrs Surana provided an update on the Investment Strategy and pooling arrangements, including the following:
   a. The key components of the Fund's investment strategy had remained broadly consistent. However, changes were required to meet the Government's Fit for the Future reforms.
   b. Under the new arrangements, responsibility for implementing investment strategies would sit with the Pool. An Investment Policy Statement was being developed to guide the Pool on the Fund's investment beliefs and principles.
   c. The Fund's Responsible Investment (RI) approach would need to evolve over time because Government guidance indicated that pools were required to adopt an aligned approach to RI for the partner funds.
   d. A new requirement within the ISS was the inclusion of a target for local investment. Clarification was still required regarding the definition of local investment, particularly given the impact of Local Government Reorganisation. No specific commitments in relation to local investment had been made at this stage.
   e. The Fund had sought independent investment advice from Mercer and was working closely with BCPP to ensure that any proposed strategy would be capable of implementation by the Pool.
   f. The draft ISS would be presented to the Pension Fund Committee in September 2026. Subject to the Committee's approval, there would be a four-week consultation period, after which responses would be considered and a final version brought back to the Committee in December 2026. Board members were encouraged to provide comments and feedback as part of the consultation process.

g. The Investment Management Agreement (IMA) with Border to Coast had been signed, formally establishing the relationship between the Fund and the Pool.
h. The revised ACCESS Inter-Authority Agreement had been signed and set out the arrangements for the orderly winding down of the ACCESS Pool.
i. Border to Coast was developing advisory, governance and investment implementation services to meet the latest pooling requirements. Partner Funds were also working collectively on oversight frameworks to ensure appropriate scrutiny and accountability arrangements were in place.
j. The RI Policy had not been amended as part of the ISS review process. The existing policy was considered consistent with the ethos and direction of the Pool.

3. During consideration of the item, the following points were discussed:
   a. The Pool would be required to implement the strategy approved by the Fund, although it would have discretion regarding implementation decisions. BCPP operated a “no surprises” approach and would continue to engage closely with the Fund.
   b. BCPP would act as the asset manager, and external investment managers could be appointed by the Pool where appropriate.
   c. Where possible, assets would be transferred into equivalent investment structures to minimise transition costs. Many private market and infrastructure investments would be allowed to mature naturally. It was hoped that Government would help mitigate some of the property investment transaction costs though the reduction or removal of stamp duty.
   d. One of the actions on the Board’s work programme was to monitor the costs associated with transition activity.
   e. The approach being followed by the Fund was broadly consistent with that being adopted by other LGPS funds. The Pool needed to understand and implement the strategic requirements of its partner funds.
   f. The Chair offered to prepare a collective response to the ISS consultation on behalf of the Board. A draft response would be circulated to Board members to gather their views, and an update would be considered at the December meeting. Members were also reminded that they could submit individual responses to the consultation if they wished.

4. RESOLVED to note the report.

68. Fund Governance
(Item 9)

1. Mrs Green introduced the report and highlighted the following matters:
   a. The current budget forecast indicated a slight overspend, the budget would continue to be closely monitored, and updates would be reported to future meetings of the Board.
   b. The McCloud remedy remained an area requiring ongoing oversight due to the scale and complexity of the work involved.
   c. Interviews for the Independent Person role were due to take place during the following week. The Fund had received a high number of applications. Work

was also underway to develop the Senior LGPS Officer role and its associated responsibilities ahead of the 31 December deadline.

d. The Fund's external audit review was progressing and the Audit Findings Report would be considered by the Governance and Audit Committee in due course.

2. During consideration of the item, the following points were discussed:
   a. Regulations required the Fund to maintain a Pension Board. The Board added value by providing a layer of scrutiny and challenge. However, the existing governance arrangements could be reviewed as part of the Local Government Reorganisation process.
   b. The Board should always meet before the Pension Fund Committee so that the Committee could take account of the Board's views when making decisions.
   c. Officers were working closely with Democratic Services and Legal Services to ensure that the required constitutional and governance changes would be complete in time to have a Senior LGPS Officer in post by the statutory deadline.

3. RESOLVED to note the report.

69. Employer Governance Matters
(Item 10)

1. Mr Tagg introduced the report and highlighted the key employer governance matters for the quarter ending 30 June 2026. He advised that the decisions detailed in Appendix One had been made by the Head of Pensions and Treasury under the Committee's delegated authority.

2. During consideration of the item, the following points were discussed:
   a. No new employing bodies were created as a result of councillors joining the Scheme because they became active members through their host authority.
   b. 27 councillors had joined the Scheme since the introduction of the new arrangements.
   c. Members sought assurance that the employer responsible for several delayed payments understood its obligations. Officers had been in contact with the provider concerned and were satisfied that no ongoing concern had been identified.

3. RESOLVED to note the report.

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 minutes)

70. Projects Update

(Item 11)

1. Mrs Green introduced the report and provided an update on key projects being delivered across the Fund, including the following:
   a. A number of technology developments continued to progress, including work associated with the implementation of new budget codes.
   b. Preparation for the introduction of the UK Pensions Dashboards Programme was ongoing, with current expectations indicating a go-live date during 2027/28.
   c. Cyber security activity remained a priority and no high-risk issues had been identified.
   d. The procurement process to replace the pensions administration system was underway.
   e. CEM had begun their benchmarking assessment which would provide an independent assessment of the Fund's performance, costs and operational arrangements.

2. During consideration of the item, the following points were discussed:
   a. The pensions administration system formed the core administration platform used to manage member records and ensure that pension benefits were calculated and paid correctly. The procurement exercise was required because the existing contract was due to expire.
   b. There was a relatively long period of time to integrate a new administration system, this placed the Fund in a strong position to complete the procurement and implementation process successfully.

3. RESOLVED to note the report.

71. Local Government Re-organisation

(Item 12)

1. Mrs Green provided an update on the implications of Local Government Reorganisation (LGR) for the Kent Pension Fund, including the following:
   a. MHCLG had announcement that Kent and Medway would be reorganised into four unitary authorities.
   b. The Fund's key objective was to ensure that there would be no adverse impact on service delivery to employers, members and pensioners throughout the transition process.
   c. Following the initial options appraisal, two options remained under active consideration and were being taken forward for more detailed assessment. The MHCLG had indicated support for the approach taken by the Fund to date.

2. During consideration of the item, the following points were discussed:
   a. The Board had considered the matter at its previous meeting and had indicated support for the further investigation of the two preferred options.

b. The analysis suggested there was relatively little difference in transition cost between the two preferred options. The key considerations were likely to centre on governance arrangements and how each option would ensure that the Fund continued to operate effectively.
c. The Government required proposals relating to the future LGR arrangements to be submitted by 15 February 2027.
d. Priority Action Groups had met recently and were supportive of the work underway by the Fund.
e. The Board agreed that it was appropriate for the October workshop to focus on the two preferred options and supported their continued assessment while further evidence was gathered.

3. RESOLVED to:
• Note the update on Local Government Reorganisation and its potential impact on the Kent Pension Fund.
• Support the continued assessment of the two preferred options identified through the options appraisal process, with further consideration to take place at the October 2026 workshop.

72. Risk Register
(Item 13)

1. Mrs Green introduced the report and provided an overview of the Fund's Risk Register, highlighting the following:
   a. The Risk Register currently contained 27 risks, comprising 19 green risks, 8 amber risks and no red risks.
   b. The four highest-rated risks remained unchanged, each carried a risk score of 9.
   c. The overall number of risks had reduced since the previous review. This was due to the consolidation of two existing risks into a single entry and the removal of a risk relating to pension payments.
   d. A number of individual risk scores had changed during the period. The investment strategy risk had increased, whilst risks relating to cyber security, key person dependency and the McCloud remedy had reduced.
   e. The Risk Register would continue to be reviewed and updated monthly.

2. RESOLVED to note the updated Risk Register.

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