To:	Kent Pension Board – 3 September 2026
From:	Chairman – Kent Pension Board Corporate Director of Finance
Subject:	Fund Governance
Classification:	Unrestricted

Executive Summary:

The Fund's budget outturn for 2026/27 so far, is predicting a slight overspend of £200k as the Fund responds to new requirements.

Good progress has been made on the Fund's Business Plan targets for 2026/27. McCloud Remedy work is identified as an area for close monitoring due to the complexity and volume of the work.

Statutory guidance has been released by MHCLG to assist Fund Governance, ISS preparation and asset pooling. The guidance is being used by Officers to prepare documentation and inform decision making.

Work has continued as per the Barnett Waddingham Governance Review checklist. Notable developments include the commencement of seeking an Independent Person for Committee and the draft preparation of Senior LGPS Officer documentation.

Recruitment activity has been productive over the Summer. A number of appointments have been made across the Fund to help fill vacancies. The Fund continues to attract external candidates and fill vacancies via internal promotions.

The Fund's external audit has continued. An Audit Findings Report will be sent to Officers in early September.

Recommendation:

The Board is recommended to note the report.

FOR INFORMATION

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1 Budget Forecast Q1 2026-27

1.1 The Fund's budget for 2026-27 has been compared against the **actual spend for April to June and the forecast spend for the remainder of the year in Appendix One** of this report. The forecast is suggesting a slight overspend of approximately £200k. The majority of costs remain as budgeted due to the fact that there has only been three months of actual spend so far.

1.2 **Administration Staffing –** There is some underspend due to unfilled vacancies. Recruitment activity is anticipated throughout 2026/27, and the underspend will be reduced as vacancies are filled.

1.3 **IT Expenses –** Annual Heywood fees were budgeted to increase from 25/26 actuals plus a 5.5% indexation. However, they were £50k higher than expected as a result of additional requirements for McCloud development. The remainder of the variance relates to 25/26 costs paid in the new year.

1.4 **Pension Payroll –** A review was undertaken of the costs paid for additional payment runs which identified that, due to the growing workload of the team processing the payments, the Funds costs have increased by around £14k.

1.5 **Printing and Mailing Costs –** A statutory requirement to write out to every scheme member to explain regulation changes relating to Access and Fairness led to a bulk printing exercise which was not anticipated at the time of budget setting. This cost the fund £71k.

1.6 **Actuarial Fee –** Officers have been liaising with the actuary to negotiate that bond reviews (of which we have approximately 35) can be completed in line with triennial valuation. This has incurred an unbudgeted cost of £24,500. However, the actuary has confirmed this should save the fund around £50k over the next three years.

1.7 **Pooling costs –** 25/26 Border to Coast costs of £172k paid at start of year when the Fund legally joined the pool on 01 April 2026. This was offset by the ACCESS underspend in 25/26 for which a refund was due and paid in 26/27.

1.8 **KCC Overhead Charges –** Cost of treasury service to be paid to KCC was not included during the budget setting process. Whilst this has now been anticipated to be £51k (based on the actuals for 25/26), the actual cost will not be known until towards year as is based on the total value of the fund at that time.

2 Business Plan – RAG Progress

2.1 Officers have been working on the activity outlined in the Business Plan for 2026/27 for the three areas of the Fund: Investments & Funding; Pensions Delivery; and Fund Governance. Please see **Appendices Two, Three and Four,** which give an update on each of these areas. All activity is shown as green with the exception of the work on McCloud which is shown as amber. The McCloud remedy is a large piece of work for the Fund, which is both technically complex and involves a very high volume of data. Officers will continue to closely monitor the work on McCloud remedy. Training has been provided to team members and reference notes have been made available.

3 Legislation and Fund Policies

3.1 Statutory guidance was released on 29 June and along with the associated regulations into effect on 30 June. The guidance covers Fund Governance, asset pooling and Investment Strategy Statement preparation.

- Local Government Pension Scheme: fund governance - GOV.UK
- Local Government Pension Scheme: asset pooling - GOV.UK
- Local Government Pension Scheme: preparing and maintaining an Investment Strategy Statement - GOV.UK

3.2 Officers are using the guidance to help document preparation and to inform operational and strategic decision making.

4 Governance Review Checklist (Checklist provided by Barnett Waddingham in March 2026)

4.1 Please see **Appendix Five**. Good progress has been made since June and Officers have used the recently released statutory guidance to help with arrangements.

5 Resourcing

5.1 Resourcing updates since June 2026, across the Fund:

	Total No.	Details
Leavers	0	
New starters (external)	6	3 x Pensions Assistants (Pensions Admin) and 1x Business Support Assistant (Governance & Projects) 12-month fixed-term contract – all have start dates in September 2026 1 x Pension Fund & Investments Officer 9-month fixed term contract commenced in June 2026. 1 x Pensions Technical Consultant (return of ex KPF-colleague) in July 2026
KPF internal promotions		1 x Technical & Training Lead Manager (acting up made permanent, 1st July 2026) 1x Senior Engagement & Systems Officer (August 2026)
Recruitment campaigns currently in progress	5	1 x LGR Project Manager (18-month fixed term contract) 1 x Training Officer (Pensions Technical & Training Team) 2 x Pensions Assistant (Pensions Engagement & Systems Team) 1 x Independent Person for Pension Fund

		Committee (not a KCC appointment but a role sought for the Fund). 1 x Team Manager (Pensions Operations Team)
New roles created to manage business demand, currently being grade evaluated by KCC HR (will then be advertised)	2	1 x Business Support Assistant (Employer Governance Team) 1 x Business Change Lead Manager (Governance & Projects Team)
Remaining vacancies to be advertised (not including any backfilling that may result)		3 x Pensions Officer (Sept 2026) 7 x Pensions Administrator (Sept 2026) 1 x Engagement & Systems Officer (tbc)

5.2 The Fund has continued to fill vacancies since June 2026, attracting external candidates and through internal promotions. The structure charts on the Member portal were last updated in August 2026, including where vacancies held.

6 Audits

6.1 **External Audit** - Work has progressed on the Fund's 2025/26 External Audit of Accounts. The auditors have continued to work through and test the information supplied to them. The auditors are aiming to close out their substantive work by the end of August 2026 and issue the Fund's Audit Findings Report to Officers early September. The report will then be taken to KCC's Governance & Audit Committee on 30 September for review and sign off of the Audit Opinion. This assumes that KCC receives their Audit Opinion with the same timeframe, which is currently expected to be the case.

7 Conclusion

7.1 Further updates to be provided to the Board and Committee in due course.

Appendices:

Appendix One: Draft Budget Outturn 2025/26
Appendix Two: Administration Business Plan RAG reports for activity 2026/27.
Appendix Three: Investment Business Plan RAG reports for activity 2026/27.
Appendix Four: Governance Business Plan RAG reports for activity 2026/27.
Appendix Five: Barnett Wadingham Checklist updates

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