To:	Pension Fund Committee – 29 September 2026
From:	Chair Pension Fund Committee
	Corporate Director - Finance
Subject:	Fund Governance
Classification:	Unrestricted

Executive Summary:

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

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 Independent Person appointment progress and the draft preparation of Senior LGPS Officer documentation.

Officer 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 Committee is recommended to:

- **NOTE the process for selection of an Independent Person for the Fund, and the appointment of Kevin McDonald.**
- **NOTE and comment on the report.**

FOR INFORMATION

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 because 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 working with the actuary to agree that bond reviews (of which we have approximately 35) can be completed in line with triennial valuation. This has incurred an unbudgeted cost of £25k. However, it is anticipated that this up-front work will 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: Pensions Delivery; Investments & Funding; and Fund Governance. Please see **Appendix Two,** which gives an update on each 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.

- o Local Government Pension Scheme: fund governance - GOV.UK
- o Local Government Pension Scheme: asset pooling - GOV.UK
- o 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 Three**. Good progress has been made since June and Officers have used the recently released statutory guidance to help with arrangements.

4.2 **Independent Person** – At Pension Fund Committee on 23 June 2026, the Committee agreed to delegate responsibility to the Head of Pensions & Treasury to lead the selection process for the Independent Person for Pension Fund Committee, in consultation with the Chairperson of Pension Fund Committee. The role is required as per the 2026 LGPS governance reforms, and the post must be filled by 31 December 2026. An advert and information pack about the role were posted on the Fund's website and sign- posted to via the Fund's Linkedin page. A high volume of applications was received, and candidates were of high calibre. Shortlisted candidates were interviewed on 9 and 10 September via MS Teams video call. The interview panel comprised of the following:

- Nick Buckland – Head of Pensions & Treasury
- Cllr Sarah Emberson – Kent Pension Fund Committee Chairperson
- Emma Green – Senior Governance and Programme Manager, Kent Pension Fund
- Paul Doust – Scheme Member Representative on the Fund's Committee
- James Clapson - Clerk to the Fund's Board and Committee, KCC Democratic Services

4.3 After all the interviews were completed, the candidates' interview answers were discussed. The interview panel were unanimous in their conclusion that Kevin McDonald was the most suitable candidate. He has accepted the offer and is hoping to attend the meeting to introduce himself to members.

4.4 **Senior LGPS Officer –** a review of draft documentation is in progress. It is anticipated that proposals will be taken to KCC's Selection and Member Services Committee on 22 October 2026, with the matter drawn to the attention of KCC's Full Council afterwards for approval. The appointment is required as per the 2026 LGPS governance reforms, and the role must be designated to an individual by 31 December 2026.

4.5 **Kent Pension Fund Committee Terms of Reference –** KCC Democratic & Legal Services are reviewing this documentation. The documentation will be updated to meet the MHCLG governance reforms and will refer to the Independent Person and Senior LGPS Officer. Decision-making procedures will continue to be set out in the Council's Constitution.

5 Officer Resourcing

5.1 Resourcing updates since June 2026, across the Fund:

	Total No.	Details
Leavers	1	1 x Pension Assistant (Ops Team) leaving the Fund to go to university to study for degree - September 2026
New starters (external)	7	3 x Pensions Assistants (Pensions Admin) and 1x Business Support Assistant (Governance & Projects) 12-month fixed-term contract – all started 14 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 1 x Pensions Project Manager (18-month KCC secondment) - to commence 5 October 2026
KPF internal promotions	3	1 x Technical & Training Lead Manager (acting up made permanent, 1 July 2026) 1x Senior Engagement & Systems Officer (commenced 1 Sept 2026) 1 x Training Officer (Pensions Technical & Training Team, internal promotion commenced 1 Sept 2026)
Recruitment campaigns currently in progress	4	2 x Pensions Assistant (Pensions Engagement & Systems Team) - interviews in Sept 2026. 1 x Team Manager (Pensions Operations Team) - interviews in Sept 2026 3 x Pensions Officer (Pensions Operations Team) - interviews in Sept 2026 7 x Pensions Administrator (Pensions Operations Team) - interviews in October. Staggered starts proposed.
New roles created to manage business demand, to be grade evaluated by KCC HR	2	1 x Business Support Assistant (Employer Governance Team) 1 x Team Manager (Employer Governance Team)
Remaining vacancies to be		1 x Engagement & Systems Officer (tbc)

advertised (not including any backfilling that may result due to filling above vacancies)		Pensions Assistants (Multiple, Pensions Operations Team – March 2027)

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 September 2026, including where vacancies held.

6 External Audit

6.1 Work has progressed on the Fund's 2025/26 External Audit of Accounts to support the production of the Annual Report of Accounts. Please see separate Pension Fund Committee paper, to be discussed at KCC's Governance & Audit Committee on 15 October 2026.

7 Conclusion

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

Appendices:

Appendix One: Budget Forecast June 26/27
Appendix Two: Business Plan activity RAG progress
Appendix Three: Governance Review Checklist updates

Emma Green, Governance and Projects team, Senior Governance and Programme Manager (Kent Pension Fund)

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