To:	Kent Pension Board – 25 November 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 an **overspend of £375k** as the Fund responds to new requirements.

Good progress has been made on the Fund's Business Plan targets for 2026/27. As per the previous quarter, **McCloud Remedy work** is identified as an area for close monitoring due to the complexity and volume of the work. However, since June, notable progress has been made due to new resources being applied to the project. Meetings are held regularly to monitor progress and assign actions.

Pension Board is asked to review a series of policy documents. A **Governance Strategy** has been created to supersede the previous 'Governance & Compliance Statement 2022' and to incorporate Committee and Board operating arrangements. The Fund's **Training Strategy** 2026 and **Conflicts of Interest Policy 2026** have been updated to align with the latest requirements. The Fund's **Investment Strategy Statement** went through consultation in October 2026. Officers are currently reviewing the feedback received. It is intended that approvals for all these policy documents will be sought from Pension Fund Committee in December 2026. Two new policy documents are currently being prepared: '**Divorce Charges**' and '**Death Grant Payment Discretion;** these will be taken to Pension Board and Committee in 2027.

The Fund will be undertaking the **National Knowledge Assessment** (NKA) again this year. Members of Board and Committee, the Fund's Independent Person and the KCC KPF Senior Management Team will be undertaking the survey between 16 November and 17 December 2026. The results be used to identify a training plan of priority subject areas.

Work has continued as per the Barnett Waddingham Governance Review checklist. Notable developments include agreement from KCC's Full Council to **update the KCC Constitution** (so that the Fund is compliant with the 2026 governance reforms), **the appointment of an Independent Person** and the commencement of **planning for the Fund's first statutory Independent Governance Review.**

Further recruitment activity is planned for 2027 to backfill entry level positions and where post holders have secured internal promotions.

Recommendation:

The Board is recommended to review the report and the comment on the draft updated policies.

FOR INFORMATION

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1 Budget Forecast Q2 2026-27

1.1 The Fund's budget for 2026-27 has been compared against the **actual spend for April to September and the forecast spend for the remainder of the year in Appendix One** of this report. A forecast overspend of approximately £375k is anticipated, which is due almost entirely to investment management fees, which is, by far , the Fund's largest expense. However there are a number of other areas where a variance from budget is showing and these are detailed in the following paragraphs.

1.2 **Administration Staffing –** There is some underspend due to vacancies filled later in the year than previously anticipated (due to availability of training and buddy support which is now in place).

1.3 **Investment Consultancy –** Additional commitments to several workstreams relating to investment consultancy have been agreed during the year, as well as receiving more updated costings for projects already included at budget setting. This includes an additional spend on the equity protection unwind project, the governance report for AVC arrangements, disinvestment recommendations for Impax and investment in the Pools Index-Linked Gilt offering, investment strategy review and the risk management framework quarterly reporting.

1.4 **Governance & Projects Team -** Two additional roles have been created which were not included in the original budget setting. One is the project management role which was created to oversee Local Government Reorganisation (and other business change pensions projects). The other is a McCloud senior support resource that has been obtained to provide in-house expertise on a temporary basis due to the volume of data that needs to be reviewed for remedy rectification.

1.5 **Fund Manager Fees -** There has been an increase of £235k in fees, mainly attributed to higher-than-expected growth from our equities investments which have done very well so far this year. On the contrary, fixed income has struggled a little, and fees are slightly lower than originally anticipated.

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 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. Of note is that whilst there is still work to do (please see the Pensions Delivery paper), excellent progress has been made in the previous quarter due to new resources secured internally and externally to assist. Officers will continue to closely monitor the work on McCloud remedy.

3 Position of Fund Policies – November 2026

Policy	Last reviewed	Comment
Communication Policy **Communication-Policy.pdf**	March 2026	Next review due February 2027
Administration Strategy **Kent-Pension-Fund-Administration-Strategy.pdf**	April 2023	Awaiting detailed statutory guidance to inform next update. (Expected 2027).
Discretions Policy **Administering Authority Discretions in the Local Government Pension Scheme Regulations**	Dec 2022	Officers to review Q1 2027
Abatement policy **Policy for abatement of retirement pension in new employment**	June 2026	Reviewed and updated to incorporate KPF branding. Next review due April 2029
Breaches of Law policy **Policy for recording and reporting breaches of the law**	June 2026	Reviewed and updated to incorporate KPF branding and changes to KCC contact details for KCC Monitoring Officer and S151. Next review due April 2029
Data Quality Policy **Kent Pension Fund Branded Template**	March 2026	Next review due March 2027
Divorce Charges	New policy	Policy documentation currently being prepared and reviewed.
Death Grant Payment Discretion	New policy	Policy documentation currently being prepared and reviewed.
Investment Strategy Statement (Dec 2023) **Kent Pension Fund Investment Strategy Statement December 2023**	Consultation took place Oct 2026	Consultation feedback being reviewed. Updated ISS to be presented to PFC in December 2026 for approval
Funding Strategy Statement **Funding Strategy Statement**	March 2026	Next review due March 2029 (ties in with triennial valuation cycle)
Governance Strategy (supersedes Governance & Compliance Statement and incorporates operating terms for Committee and Board	New policy	**Please see Appendix Five**. PB to review Nov 2026, ahead of being taken to PFC Dec 2026.
Training Strategy	March 2024	**Please see Appendix Six.** PB to review Nov 2026, ahead of being taken to PFC Dec 2026.
Responsible Investment Policy	June 2024	Officers to work with PFC to develop the RI

Responsible Investment Policy		policy for approval in September 2027
Conflict of Interests Policy **Conflicts-of-interest-policy.pdf**	Dec 2022	**Please see Appendix Seven.** PB to review Nov 2026, ahead of being taken to PFC Dec 2026.

4 Training Strategy

4.1 Further to recent emails, Members of Committee and Board will be aware that the Fund is participating in the National Knowledge Assessment again in 2026. The assessment is required to help inform the Fund's training plans. The online assessment covers 9 topics and went live on 16 November 2026. The assessment is hosted by Hymans Robertson and other LGPS Funds will also be completing the assessment. There will be a 4-week window to complete the assessment with assessments to be completed by 17 December at the latest.

4.2 The assessment consists of a series of multiple-choice questions and takes around 30 minutes to complete. All those that complete the survey will receive an individual score summary. When the assessment has closed, the results will be compiled, and the Fund will be issued with a report summarising the aggregate scores for the Committee and Board separately.

4.3 The summary report received from Hymans Robertson will be presented to Pension Board and Committee in Q1 of 2027. This annual assessment forms part of Kent Pension Fund's training strategy and helps the Fund to show compliance against the new Fund Governance legal requirements, ahead of the Independent Governance Review. The collective results will help identify subject areas for further learning, training and support. The collective results will also be considered against the Fund's previous year's results. The 2026 NKA will be completed by all Members of Board and Committee, the Independent Person and the KCC KPF Senior Management Team (Nick Buckland, Sangeeta Surana, Clare Chambers and Emma Green), in line with the updated LGPS statutory guidance.

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

5.1 Please see **Appendix Eight,** the actions were collated as a result of KPF's pre-IGR exercise. Excellent progress has been made with the actions since June 2026. KCC's Constitution has been updated to include reference to the Independent Person, LGPS senior officer and the new LGPS knowledge and training requirements. KPF Officers were supported by KCC's Democratic Services and Legal Services teams in making these changes to KCC's Constitution. The pathway for these changes was via KCC's Selection Member Services Committee in October and Full Council in November. Constitution - Kent County Council

6 Resourcing

6.1 Resourcing updates since June 2026, across the Fund:

	Total No.	Details
Leavers	2	1 x Pension Assistant

		1x Accountant Level 2
New starters (external)	5	2x Pensions Assistant, Engagement & Systems 1x Pensions Project Delivery & Improvement Manager (12-month FTC) 1x Pensions Business Change Project Manager (18-month Secondment) 1x Business Support Assistant
KPF internal promotions	13	1 x Ops Team Manager (12-month secondment) 1x Senior Engagement & Systems Officer 1x Training Officer (12-month secondment) 4x Pensions Officers (12-month secondment) 5x Pensions Administrators (6-month secondment) 1x Accountant Level 2 (6-month secondment)
Recruitment campaigns currently in progress	3	1x Ops Deputy Team Manager 1x Senior Pensions Administrator 1x Pension Board Scheme Member Representative
Remaining vacancies to be advertised in 2027		2 x Pensions Assistants (in E&S Team) 2 x Pensions Engagement & Systems Officer (in E&S Team) 5 x Pension Assistants (in Ops Team) 2 x Pension Administrators (in Ops Team) 4 x Senior Pension Administrators (in Ops Team)

6.2 The Fund has continued to fill vacancies since June 2026, attracting external candidates and through internal promotions. The structure charts on the Member portal indicate where vacancies are held. Across the Service, the Fund now has its most senior roles filled at the level of individual teams. In 2027, the focus will be on recruiting again at entry level, to support further internal promotions in the future.

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
Appendices Two, Three and Four: Business Plan RAG reports for activity 2026/27.
Appendix Five: Draft Governance Strategy 2026
Appendix Six: Draft Training Strategy 2026
Appendix Seven: Draft Conflicts of Interest Policy 2026
Appendix Eight: Barnett Waddingham Checklist updates

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