

PENSION FUND COMMITTEE

Tuesday, 23rd September, 2025

10.00 am





AGENDA

PENSION FUND COMMITTEE

Tuesday, 23rd September, 2025 at 10.00 am

Ask for: **James Clapson**
Telephone: **03000 417387**

Membership

Reform UK (8):	Mrs S Emberson (Chair), Miss I Kemp, Mrs B Porter, Mr A Kibble, Mr M Mulvihill, Mr A Thorp, Mr A Cecil and Mr T Mole
Liberal Democrat (2):	Mr M Ellis and Mr G R Samme
Green and Independent (1):	Mr P Stepto
District Council (3):	Cllr S Blair, Cllr J Burden and Cllr R Yates
Medway Council (1):	Cllr M Jones
Pensioner Representative (1):	Mr P Doust
Active Member Representative (1):	Mr S Sim
UNISON (1):	Vacancy

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

- 1 Membership Update
- 2 Election of Chair
- 3 Election of Vice-Chair
- 4 Apologies and Substitutes
- 5 Declarations of interest by Members in items on the agenda for this meeting.

- 6 Minutes of the meeting held on 19 March 2025 (Pages 1 - 6)
- 7 Date of next meeting
The next meeting of the committee is scheduled to be held on 11 December 2025, commencing at 10.00 am at Sessions House, Maidstone.
- 8 Committee Work Plan/Action Log (Pages 7 - 12)
- 9 Update from the Pension Board
- 10 Pensions Administration (Pages 13 - 60)
- 11 Investment Performance and Strategy (Pages 61 - 108)
- 12 Annual Report and Accounts (Pages 109 - 186)

Motion to exclude the press and public for exempt business

That, under Section 100A of the Local Government Act 1972, 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.

Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)

EXEMPT ITEMS

(During these items the meeting is likely NOT to be open to the press and public)

- 13 Governance (Pages 187 - 210)
- 14 Risk Register (Pages 211 - 250)
- 15 Projects Updates (Pages 251 - 256)
- 16 Investment Consultant (Pages 257 - 260)
- 17 Employer Governance Matters (Pages 261 - 382)
- 18 Actuarial Valuation (Presentation)
- 19 Government Pensions Review - Pooling Future (Pages 383 - 438)

Benjamin Watts
General Counsel
03000 416814

Monday, 15 September 2025

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KENT COUNTY COUNCIL

PENSION FUND COMMITTEE

MINUTES of a meeting of the Pension Fund Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 19 March 2025.

PRESENT: Mr N J D Chard (Vice-Chairman), Mr P Bartlett, Cllr J Burden, Miss S J Carey, Ms M Dawkins, Mr P Doust, Mr P M Hill, OBE, Mr J P McInroy, Mr C Passmore, Mrs S Prendergast, Cllr M Prenter (Substitute for Cllr M Jones), Mr P Stepto and Mr J Wright.

IN ATTENDANCE: Mr N Buckland (Head of Pensions and Treasury), Ms S Surana (Pensions and Treasury Investments Manager), Mrs E Green (Senior Pensions Programme Manager), Mr S Tagg (Employers' Governance, Compliance and Funding Principal accountant), Mr J Betts (Interim Corporate Director Finance), Mr C Steensel (Investments Accountant Level 2), Mrs C Chambers (Pensions Administration Manager) and Mr J Clapson (Democratic Services Officer).

UNRESTRICTED ITEMS

Tributes to Mr Simkins

Tributes were paid to the late Mr Charlie Simkins, Chairman of the Pension Fund Committee, who recently passed away. Members and Officers shared their fond memories and paid tribute to his character and leadership in the conduct of his duties.

All stood for a minute silence in memory of Mr Simkins.

Mr Chard, the Committee Vice-Chairman, chaired the meeting.

1. Apologies and Substitutes (Item 1)

Apologies for absence were received from Mr Jones for whom Mr Prenter was present as substitute, Mr Yates and Mr Sims. Ms Carey was present to fill the County Councillor vacancy on the Committee at this meeting.

2. Declarations of interest by Members in items on the agenda for this meeting. (Item 2)

Mr Bartlett declared that he was employed by the Bank of New York Mellon.

3. Minutes of the meeting held on 3 December 2024 (Item 3)

RESOLVED that the minutes be signed as a correct recorded of the meeting held on 3 December 2024.

4. Date of next meeting (Item 4)

It was noted that the next meeting was scheduled for 18 June 2025, commencing at 10am in Sessions House, Maidstone.

5. Committee Work Plan/Action Log (Item 5)

1. Mr Buckland introduced the report and drew the Committee's attention to the pooling position that would be discussed later in the agenda.
2. RESOLVED to note the work programme and updated action log.

6. Pensions Administration (Item 6)

1. Ms Chambers introduced the report that provided an update on various administration matters relating to the Pension Scheme.
2. During consideration of the item the following points were noted:
 - There would be a review of the service level agreements (SLA) and targets, this would incorporate industry best practice.
 - The time taken to complete transfers was impacted by the timeliness of other funds. There was usually a spike in demand during August, following the publication of the annual statements.
 - It was expected that there would be an improvement in the percentage of transfers completed in accordance with the SLA over the next three to six months. This was because the impact of recent recruitment and staff development would take effect.
 - The summary table showed improvement in priority areas, and this improvement was expected to extend to lower priority areas over time.
 - Following the County elections in May 2025, new committee members would receive a comprehensive range of training. This would include valuation training from the Actuary.
 - Poor communication had been identified as a cause for complaints. This would be addressed as part of a wider review looking at communication practices with Fund members.
3. RESOLVED to note the contents of the report.

7. Responsible Investment Update (Item 7)

1. Ms Surana introduced the report that included the feedback on the 2024 Principles for Responsible Investment (PRI) submission.
2. During consideration of the item the following points were noted:
 - The feedback following the PRI submission was positive. A high standard needed to be met, and this was a significant achievement.

- It was requested that more than two engagement strategies were included in future reports.

3. RESOLVED to note the report.

8. Investment Performance and Asset Allocation Update (Item 8)

1. Ms Surana introduced the report and noted that the current asset allocation was aligned with the strategic asset allocation, therefore no rebalancing was required.
2. RESOLVED to note the report and agree that no rebalancing is undertaken.

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.

Open Access Minutes

9. Investment Strategy Implementation and Collateral Waterfall Framework (Item 9)

1. Mr Sinnott, Mercer, provided a presentation on risk management.
2. The following points were noted in response to comments and questions:
 - The Risk Management Working Group agreed the collateral monitoring framework. Currently the Fund was in the amber zone which was the trigger for discussions between Mercer and Officers about where to source additional collateral.
 - Options to access collateral funding at short notice was discussed with the Risk Management Group. This generated the waterfall with four actions that were to be taken in sequence.
 - It would speed up implementation if an agreed framework was in place.
3. RESOLVED to note the report and agree:
 - a) The proposals relating to the Collateral Waterfall Framework as outlined in the Collateral Waterfall Framework (Appendix 3 of the report) and to provide Officers with the delegated authority to implement the pre-defined collateral waterfall framework, as set out in the same paper, in consultation with Mercer and with oversight from the Risk Management Working Group.
 - b) To delegate decisions on the extension of Private Equity and Infrastructure portfolios, if required, to the Head of Pensions and Treasury, in consultation with Mercer and signing of associated paperwork.

10. Funding and Employer Governance

(Item 10)

1. Mr Tagg introduced the report that provided an update on Fund employers, advised of the Governments LGPS guarantee and extension of New Fair Deal to further education (FE) providers, and advised of two new admission applications agreed by the Head of Pensions and Treasury.
2. During consideration of the item the following points were noted:
 - Government consultation on the New Fair Deal was expected in Spring, and there was optimism that it could lead to improvements to the system.
 - Existing processes required the Committee to approve the discharge of any surplus in excess of £20k when an employer exits the Fund.
 - Pooling would provide a common employer contribution rate; this could help reduce the costs for parish councils with a small number of employees within the Local Government Pension Scheme.
 - Officers would be looking to learn lessons from other authorities currently undergoing the fast-track devolution process. The local government re-organisation agenda was likely to have an impact on the next triennial valuation and Officers were working with Barnett Waddingham to establish what the impact might be.
 - The operation of the Fund must be free from political influence. In some places this has been achieved through the creation of a single purpose pension authority.
3. RESOLVED to note the report and to agree:
 - a) to delegate authority to the Head of Pensions and Treasury to discharge any surplus when an employer exits the Fund.
 - b) to proceed with a pooling consultation with the parish and town councils in June 2025.

11. Project Updates

(Item 11)

1. Mrs Green presented the report that provided a summary of the activities taking place across the Fund.
2. During consideration of the item the following points were noted:
 - There were now around 25,000 registered online users of the My Pension Online service.
 - The automated payment of benefits successfully went live in January 2025.
 - The SharePoint site for sharing of information with Committee and Board members was expected to go live in the very near future.
 - Officers were currently working through the recommendations generated from the last cyber-attack crisis simulation workshop; once complete, consideration would be given to running another simulation.
3. RESOLVED to note the report.

12. Governance

(Item 12)

1. Mr Buckland introduced the report.

2. During consideration of the item the following points were noted:
 - A list of key contractual agreements would be included in future reports for the Committee's consideration. It was felt that this would support good governance.
 - Next year's budget was expected to increase by around £5million. This increase was partly due to an expectation that good investment performance would lead to an increase in investment manager fees.
 - One advantage of pooling was the reduction in investment management fees as larger investments could leverage more favourable rates. A recent study showed that the Kent Pension Fund had the second lowest fees within the ACCESS pool.
 - There was currently some uncertainty about the pooling costs for next year.
3. RESOLVED to:
 - a) Agree the budget for the Fund for 2025/2026, noting the potential for in year variances and updates
 - b) Note the content of the report.

13. ACCESS / Government Pensions Review (Item 13)

1. Mr Buckland introduced the report and used presentation slides from the February training day to provide background on the latest position of the Government Review.
2. During consideration of the item the following points were noted:
 - All pools submitted their proposals to Government about how they intended to meet the Government's proposed requirements.
 - The ACCESS pool intended to create an FCA regulated company. The time in which to achieve this was very short.
 - Subject to agreement from the Committee, Officers would proceed to gather data and come back to the Committee in June with a proposal for the way forwards. It was expected that the cost and risks would become clearer over the next few months, this would put the Committee in a position to make the most informed decision possible.
 - Kent appeared to be more proactive than other funds with the ACCESS pool, in considering its options for the future.
 - The Government's consultation specifically said that there would be no change to member contributions or benefits. This seemed to indicate that the changes were not intended to offer better outcomes for scheme members.
 - Some consultation responses raised questions about the future governance and oversight. There were models that used a separate organisation to hold the pool to account.
 - The Committee would be kept up to date with any developments as more information and details emerged.
3. RESOLVED to:
 - a) Support the ACCESS build proposal as submitted to Government at the end of February 2025;
 - b) Support the ACCESS Support Unit in developing the proposals to build an FCA regulated company in consultation with jointly with officers from all partner funds;

- c) Confirm that an assessment of the alternative pooling options should remain open for the Kent Pension Fund and make investigation into the suitability of the pool.

And subject to agreement of recommendation c;

- d) Request officers work with alternative pools that could form part of the Fund's options for the future.
- e) Agree on the criteria set out in Paragraph 5.2 for the ongoing assessment of the potential pooling options for the Kent Pension Fund.
- f) Agree that Mr Chard be appointed as the Kent County Council's representative to the ACCESS Joint Committee.

From: Chairman Pension Fund Committee
Interim Corporate Director of Finance

To: Pension Fund Committee – 23 September 2025

Subject: Committee work programme and Action Log

Classification: Unrestricted

Summary:

To report on the updated Committee work programme for the next four meetings and note the action log from previous meetings.

Recommendation:

The Committee is recommended to:

- note the work programme and the updated action log;

FOR INFORMATION

1. Committee Work Programme

- 1.1 Members will be aware that the established meeting pattern is 4 quarterly meetings plus 1 strategy development/" away-day".
- 1.2 **Appendix 1** shows the plans for the next four Committee meetings.
- 1.3 This work programme is intended to inform the Committee of the key items that will be considered at those meetings. This programme will be subject to change as issues arise, and updates will be brought to every meeting. The ACCESS item previously considered at every meeting has now been deleted (as highlighted in Red) and replaced with Government Pensions Review including all aspects of pooling.
- 1.4 Monitoring of investment managers has been taking place outside of the formal business of the Committee, however given the changes in the pooling agenda and the potential move to a new investment pool, this process will need to be reviewed by officers to consider the best way in which the Committee can remain engaged.
- 1.5 The Committee had previously two sub-groups to consider a range of investment matters, including Risk Management and Responsible Investment. Given the future direction of the investment decision making, and the upcoming

review of Investment strategy Officers are working with the Chair to consider how to best ensure that the arrangements remain appropriate. It is likely that in 2026 a new combined Investment sub-group will be created to support Committee members in better understanding the more technical aspects of investments. The group will consider all investment matters, to allow greater time outside of the formal meetings to train and inform members ahead of any decisions being needed. The group will be non-decision making.

2. Committee Action Log

- 2.1 Since 2022 Officers have kept a log of actions arising from the Committee meetings. This log enables the team to ensure that everything raised at meetings and actions arising from this are not missed and followed up in a timely fashion.
- 2.2 Given the Committee has not met since March 2025 and no additional actions were recorded at that meeting, the log is now considerable out of date. However, to give an example to new members of the Committee of the actions discussed at previous meeting **Appendix 2** contains the log of actions for older meetings with notes showing progress against these. This is shown in addition to the formal minutes as a way of the Committee monitoring progress.
- 2.3 All actions have been completed since the last meeting and therefore are struck through and shaded to show that action has been taken, and they will be removed from the log for the next meeting. The log will be updated after each meeting and run for each financial year, when it will reset, with any outstanding actions added to the start of the following year.

Nick Buckland, Head of Pensions and Treasury

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September 2025

Committee workplan

	23 Sept 2025	11 Dec 2025	10 Feb 2026	XX March 2026	XX June 2026
Work programme update	Y	Y		Y	Y
Governance update including Fund policies due for review	Y	Y		Y	Y
Update from the Pensions Board meeting	Y	Y		Y	Y
Pension Fund Business plan and budget update and general governance updates	Y	-		Y	-
ACCESS update	Y	Y			
Government Pensions Review <ul style="list-style-type: none"> • Pooling update • Governance changes 	Y	Y	Y	Y	Y
Fund Employer matters	Y	Y		Y	Y
Administration update <ul style="list-style-type: none"> • McCloud • KPI reporting 	Y	Y		Y	Y
Training update	Y	-		Y	-
Investment Performance	Y	Y		Y	Y
Risk register update. (Full RR at least twice a year)	Y	-		Y	-
Investment Strategy <ul style="list-style-type: none"> • Rebalancing • Implementation update • Investment Sub-group 	Y	Y	Y	Y	Y
Investment Strategy – consider, review and agree new existing strategy, advised by Mercer			Y	Y	Y
Responsible Investment <ul style="list-style-type: none"> • Update on progress made 	Y	Y		Y	Y
Actuarial Valuation 2025 <ul style="list-style-type: none"> • Approve assumptions. • Review and agree FSS • Final results 	Y	Y		Y	
Committee Strategy development “away day”			Y		

Pension Fund Committee Action Log – 2024/25

Date of Meeting	Agenda Item	Action/Question	Outcome	Complete (Y/N)
27/06/2024	8— Pension Board update	Committee requested to see the detailed performance data that the Pension Board receives.	Completed— September 2024	Ongoing
27/06/2024	9-Responsible Investment	Query on the value of stock on loan, and income received.	September meeting received update.	Y
27/06/2024	12— Governance	Confirm to Committee 2024-25 budget figures and update if necessary	Committee updated in September 2024	Ongoing
27/06/2024	17— Cyber Security	To consider alternative approaches to communicating in the event that email system is down	WhatsApp groups in place for all team members, and mobile numbers shared	Y
03/09/2024	5 - Governance Update	Issues around circulation/sharing of confidential papers	Officers will update on progress at March 2025 meeting	Y
03/09/2024	6— Pensions Administration	To share statistics to be included in dashboard	Shared after meeting	Y
03/09/2024	6— Pensions Administration	What proportion of employers are onboarded to iConnect	Update in Papers	Y
03/12/2024	6— Pensions Administration	Request for statistics on uptake of online webinar training sessions	Update to March 2025 Committee	Y
03/12/2024	6 – Pensions Administration	Overpayments over £50,000 to be reported to each Committee	Update to March 2025 Committee	Ongoing
03/12/2024	6— Pensions Administration	Number and type of complaints to be reported in each Committee paper	Update in March 2025 paper	Y

03/12/2024	14—Risk Register	National political agenda, including the fit for the future consultation to be added to Risk Register	Updated in March 2025	¥
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From: Chair Pension Fund Committee
Interim Corporate Director - Finance

To: Pension Fund Committee – 23 September 2025

Subject: Pensions Administration Update

Classification: Unrestricted

Summary:

This report brings Members up to date with a range of matters concerning the administration of the Kent Pension Fund for the period 1 April to 30 June 2025.

The report covers the following areas:

1. Administration Team Update
2. Recruitment
3. Complaints, Compliments and Comments
4. Overpayment Recovery and Write Off Limits
5. Engagement and Systems Team (previously Communications and Support Team) Update
6. Technical and Training Team Update

Recommendations:

The Committee is recommended to:

- i. Note and comment on the report
- ii. Approve the 2025/26 Communications Policy

Executive Summary:

	<i>Key Highlights</i>	<i>Matters to be closely monitored</i>
<i>Administration Team Update</i>	<p><i>Number of member cases completed exceeded the number received – reducing the number of outstanding cases.</i></p> <p><i>Good performance against high priority legal deadlines.</i></p>	<p><i>Review number of outstanding cases on Reply Due for Retirements, New Joiners and Opt-Outs.</i></p> <p><i>Ringfencing of backlog to allow more accurate reporting of performance on new cases received.</i></p>
<i>Recruitment</i>	<p><i>22 vacancies filled.</i></p> <p><i>Recruitment commenced for Engagement & Support Officers.</i></p>	<i>High number of vacancies within Admin Team. Plan is being formulated to fill these vacancies and ensure adequate capacity for training and development.</i>
<i>Complaints, Compliments and Comments</i>	<p><i>0 complaints received.</i></p> <p><i>Low number of negative comments received in relation to the number of cases processed.</i></p>	<i>Some comments expressing dissatisfaction with communication to be investigated further.</i>
<i>Overpayment Recovery and</i>	<i>Very small overpayment write-off resulting from an incorrect amount of overpaid pension quoted for recovery.</i>	<i>Internal Audit of overpayment recovery process.</i>

<i>Write Off Limits</i>		
<i>Engagement & Systems Team Update</i>	<i>End of year and Valuation on track.</i> <i>Deferred Annual Benefit Statements published to MyPension Online (MPO) for first time.</i> <i>123 employers onboarded to iConnect.</i>	<i>Valuation data queries.</i> <i>Increased demand on the team from MPO registration queries.</i> <i>Approval of revised Communications Policy.</i>
<i>Technical & Training Team Update</i>	<i>Final McCloud data expected from Lumera in September.</i> <i>Access & Fairness consultation responded to.</i>	<i>Significant amount of work required to implement McCloud – historical rectification and business as usual.</i> <i>Significant regulatory changes expected towards the end of 2025, into 2026 as a result of the recent consultation.</i>

FOR INFORMATION

1. Administration Team Update

- 1.1 A new style performance report is being developed using the Insights reporting system provided by Heywood's. This has recently been developed, and the new Performance and Operations Manager is currently reviewing the data output to ensure it is accurately recording and reflecting performance. Some adjustments are being made, therefore for this report, data is only available for July 2025 to share an example of the output. Once fully satisfied with the output, data from a full quarter will be provided in future updates. This data will feed into the new Performance Dashboard which is currently in development. The new style Performance Report can be found at **Appendix 1**.
- 1.2 During July 2025 a total of 4,791 new cases were received, and 5,070 cases were completed. This has resulted in a reduction to the number of outstanding cases due for completion. The report at **Appendix 1** highlights the areas where there has been a reduction/increase in the number of outstanding cases due for completion at the end of the month compared to the start of the month. Only 4 out of the 18 case types measured have more cases outstanding at the end of July compared to the start of July. Therefore, there has been a reduction in outstanding cases in 13 areas. Of the ones where outstanding cases have increased, they are very small numbers with the exception of new starters. This is likely to be the result of increased numbers received from employers at year end.
- 1.3 Of the cases outstanding that are not on Reply Due the numbers are fairly low (if the case types that Hymans are clearing are removed). The only ones that

stand out are Retirement Actuals and Estimates, New Joiners and Opt-outs, so Officers will focus on these to understand if anything can be done to reduce these numbers.

- 1.4 The performance against legal deadlines on all case types considered as priority (Deaths, Retirements and Refunds) were above 90%. Performance against KPI targets and legal deadlines are likely to be impacted by the clearance of the backlog. Lumera have provided a report of the cases being cleared as part of the backlog so these can be ringfenced and allow future performance reporting to be focussed on the cases being processed by the Kent Pension Fund team.
- 1.5 During the period 1 April to 30 June 2025, the Administration Team supported the end of year project via the release of 1 full time colleague for 6 weeks. Another colleague was on secondment to the Training Team to support the training of 4 new Pensions Assistants. The Administration Team were also adapting to working with new processes as a result of implementing Enhanced Admin to Pay (more sophisticated interfacing between admin and payroll). This new functionality supports future payments of benefits meaning cases could be allocated in date received order (to meet SLAs) rather than prioritising cases due in the month (that could have been well within SLA).
- 1.6 Hymans provide a monthly status report, reporting on progress for the backlog support for the previous month as well as the project duration to date. The report confirms the number of cases processed, the number of cases processed and checked leading to completion as well as any risks or issues.
- 1.7 Hymans staff are now signed off by Kent Pension Fund for competency on the following processes:
 - A or B Aggregations
 - ERN Aggregations
 - Concurrent Aggregations
 - Deferred Benefits
 - Refunds (1st and 2nd stage)
- 1.8 A summary of the casework undertaken by Hymans so far is set out below:

Aggregations (excluding Concurrent) – In July, 123 Aggregations were processed, and 117 cases were checked and completed. To date, 465 Aggregations have been processed representing 5.86% of the 7,932 cases set out in the tender.

Concurrent Aggregations – In July, 39 Concurrent Aggregations were processed and 30 were checked and completed. To date, 94 Concurrent

Aggregations have been processed representing 3.83% of the 2,449 cases set out in the tender.

1.7 **Deferred Benefits** – In July, 110 Deferred Benefit cases were processed and 128 were checked and completed. To date, 229 Deferred Benefit cases have been processed representing 3.54% of the 6,465 cases set out in the tender.

1.8 **Refunds** – In July, 100 Refund cases were processed and 14 were checked and completed. To date, 120 Refund cases have been processed representing 4.27% of the 2,811 cases set out in the tender.

2. **Recruitment**

2.1 A summary of the recruitment activity over the period is shown below. Where interviews have been completed and start dates agreed, these future dates are also included:

Position	Team	Start Date	Number	External/Internal
Pensions Officer	Pensions Administration	01/04/2025	2	Internal – permanent appointment
Senior Pensions Administrator	Pensions Administration	01/04/2025	3	Internal – permanent appointment
Pensions Administrator	Pensions Administration	01/05/2025	2	Internal – made permanent further to the completion of secondments that commenced 01/03/2025
Business Management Officer (Pensions)	Pensions Projects	05/05/2025	1	External to P&T Service – 12-month secondment, candidate previously worked for KCC CYPE directorate.
Pensions Assistant (Admin)	Pensions Administration	05/05/2025	4	External to KCC – 3 x permanent appointments. 1 x temporary 6-month appointment.

Pensions Administration Performance & Operations Lead Manager	Pensions Administration	01/06/2025	1	Internal – permanent appointment
Pensions Project Delivery and Improvement Manager	Pensions Projects	01/06/2025	1	Internal – 2-year fixed term contract
Technical & Training Support Officer	Technical & Training	01/07/2025	1	Internal - Commencement of 6-month secondment
Pensions Administrator	Pensions Administration	01/07/2025	1	Internal – made permanent further to completion of secondment that commenced 01/04/2025
Technical Advice & Training Development Consultant	Technical & Training	01/07/2025	2	Internal – permanent appointments
Technical & Compliance Lead Manager	Technical & Training	01/07/2025	2	Commencement of 12 months additional duties (via job share), due to resignation of current post holder in Lead role.
Team Manager (Admin)	Pensions Administration	01/07/2025	1	Internal – commencement of 3-month secondment
Deputy Team Manager (Engagement & Systems)	Pensions Engagement & Systems	01/09/2025	1	Internal – commencement of 6-month secondment

2.2 The Administration section of the Fund is now carrying circa 20 FTE vacancies. This is because whilst there have been recent success filling vacancies, roles have been filled by existing team members and backfilling remains.

- 2.3 Interviews are planned in August/September to fill Engagement & System (E&S) Officer vacancies. Pension Administrator vacancies within the E&S Team are scheduled to be advertised after this in September/October 2025.
- 2.4 The area with the highest number of vacancies is the Pensions Administration Team. Recruitment will begin again for this team in late Autumn 2025, to allow a period of settlement first.

3. ***Complaints, Compliments and Comments***

- 3.1 For the period 1 April to 30 June 2025 a total of 0 complaints, 27 compliments and 24 comments were received into the corporate system called iCasework. These have been summarised below:

Month	Complaints	Compliments	Comments
Apr	0	11 8 x Good Communication 3 x Helpful Staff	5 x poor communication
May	0	7 5 x Good Communication 2 x Helpful Staff	9 8 x Poor Communication 1 x 3 rd party poor service delivery
Jun	0	9 5 x Good Communication 4 x Helpful Staff	10 9 x Poor Communication 1 x Disagreement with decisions or policies made

4. ***Pension Overpayment Write Offs***

- 4.1 The number of pension overpayment write offs for the period 1 April to 30 June 2025 are set out below:

	Apr 2025		May 2025		Jun 2025	
	Number	Total (£)	Number	Total (£)	Number	Total (£)
£200-£5,000	-	-	1	1.80	-	-
£5,000-£50,000	-	-	-	-	-	-
£50,000+	-	-	-	-	-	-

- 4.2 A review of the Pension Overpayment and Write Off process is scheduled to be carried out by Internal Audit. This is currently at the planning and scoping stage, with the likelihood of the audit commencing in September 2025.

5. ***Engagement and Systems Team Update***

- 5.1 The team has successfully completed 99.5% of the **Year End** project, ensuring readiness for the data submission to the actuary for the upcoming valuation.

- 5.2 In July, the team delivered the **Employer Forum**, which was attended by over 100 participants and received highly positive feedback.
- 5.3 Since April, the team has hosted 2 additional **webinars** for employers and 4 for scheme members, covering a range of topics. The team have continued to support employers with completing their Year End returns, including conducting face-to-face meetings via MS Teams.
- 5.4 The team are actively engaging with Affinity to monitor the uptake of the **Pre-retirement and Pensions and Financial Wellbeing courses**, both of which remain very popular.
- 5.5 Two Summer edition **newsletters** have been published online: [Pension Pulse](#) for Active members and [Pension Connections](#) for Deferred members.
- 5.6 Preparations are underway for **Pension Awareness Week** in September, including liaising with employers who have invited the team to participate in their events.
- 5.7 The team are also preparing for the next in person **Employer Forum** to be held at the Ashford International Hotel on 10 December.
- 5.8 All queries related to the **Remuneration Comparison** project have been sent to employers, and the team are currently managing the responses. The team has commenced work on the No CARE project, alongside the Year End tidy-up reports.
- 5.9 Heywood's continue to release updates for **MyPension Online** on a fortnightly basis, requiring regular testing by the team. These releases include fixes for issues raised by funds and introduce new or improved features for the portal. On 30 June, Multi-Factor Authentication was implemented for member logins, enhancing portal security. For members without mobile phones or those unable to receive SMS codes, login via email code remains available. Deferred statements are being issued in July and, for the first time, will be published exclusively via MyPension Online. This has increased demand for member support in creating accounts and accessing the portal. Active member statements will follow in August, with paper copies sent to those who have opted out of online delivery.
- 5.10 The **Valuation** data extract was submitted in July. Any data queries will be investigated and resolved before the final version is submitted to Barnett Waddingham. Looking ahead, the team plan to run test valuations in 2026 and 2027 to improve data quality and reduce future queries.
- 5.11 The team has worked diligently to onboard employers to **iConnect**. **Appendix 2** details the employers who have been onboarded since 1 April 2025. The team continue to work with employers on mid-year onboarding and aim to migrate an additional 78 employers before 1 April 2026.
- 5.12 **Appendix 3** provides a summary of **communications** from members for the period 1 April to 30 June 2025.

- 5.13 A summary of **member self-service (MyPension Online)** registered users can be found at **Appendix 4**.
- 5.14 The updated **Communications Policy** for 2025/26 can be found at **Appendix 5**. The purpose of the policy is to set out the plans concerning the methods of communication with stakeholders of the Kent Pension Fund. The amendments to the policy have been mainly cosmetic changes such as including the names of the newsletters, updating the name of the member portal, and updating any dates. Information regarding iConnect has also been updated, as the system has been developed further since the last policy was published (employers can now run their own Cost Only estimates and upload documents). The policy has also been updated to include confirmation about meeting the Accessibility Guidelines WCAG 2.1. Finally, clarification has been included relating to one-to-one appointments with members of the pensions scheme, confirming these are online/telephone appointments. **The Pension Fund Committee are recommended to approve the updated policy.**

6. *Technical and Training Team Update*

- 6.1 **McCloud** – The final interface file containing membership data to be uploaded to the administration system is due from Lumera by 15 September. Once this has been received and loaded, the Pensions Section will have to review and resolve any data or mismatch errors before reports can be run to identify those members impacted by McCloud that require benefit rectification. Lumera will be supporting the Fund with the rectification exercise. In time, all members will be written to either confirming any underpin payable or notifying them that they haven't been impacted by McCloud.

The Technical Team continue with software testing and are working on processes and procedure notes to assist the administration team once McCloud is implemented. Training has been provided to some administrators to assist with calculating urgent cases manually as the administration system cannot be used yet to provide this information.

- 6.2 **Annual Allowance exercise** – The Technical Team have been preparing for the Annual Allowance exercise for the 2024/25 tax year. Although the total number of members who will exceed this allowance, and who the team will need to write to, is expected to be under 100, the work needed to be done to identify these members is considerable. Resource will be needed from other teams in order to meet the statutory deadline of 6 October 2025.
- 6.3 **Access and Fairness consultation** - The government have published a consultation document regarding changes to the LGPS. These include changes to survivors' pensions and death grants which include backdating, gender gap benefits and reporting, opt out reporting, forfeiture updates, updating McCloud and the Lifetime Allowance regulations and other minor changes. The Technical Team, on behalf of Kent Pension Fund, have

reviewed these changes and responded to the consultation, please see copy at **Appendix 6**.

Further information regarding the consultation can be found here: [Local Government Pension Scheme in England and Wales: Access and fairness - GOV.UK](#)

6.4 Training figures for the period 1 April – 30 June 2025

In house training sessions	25
Sessions led by Training Officers	23
McCloud regulations whole section training	2 sessions

External LGA courses attended this period:

4 members of staff on the retirement course.

5 members of staff on the aggregation course.

3 members of staff on the 3-day residential course LGPS insights course.

The training sessions have reduced this month in response to the training team switching focus to prepare for the implementation of McCloud remedy.

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September 2025

Appendix 1 – Administration Performance Report – July 2025

Appendix 2 – iConnect – Employers onboarded since 1 April 2025

Appendix 3 – Summary of member communications

Appendix 4 – Summary of member self service

Appendix 5 – Communications Policy 2025

Appendix 6 – Access and Fairness LGPS Consultation response

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Administration Performance Report – July 2025 - Appendix 1

Category	Outstanding at Period Start	Created in Period	Total Cases	Complete at End of Period	Outstanding at End of Period	% Complete	Outstanding (Excluding External Reply Due)	Outstanding (External Reply Due)	Outstanding cases - Increase/decrease	Amount Increased/decreased
Deaths	64	139	203	150	53	73.9%	32	21	Decrease	-11
Survivors Pensions	75	53	128	57	71	44.5%	35	36	Decrease	-4
Death Grant Payment	31	30	61	34	27	55.7%	19	8	Decrease	-4
Payment of Retirement Benefits	395	298	693	297	396	42.9%	232	164	Increase	1
Estimate of Retirement Benefits	549	500	1,049	518	531	49.4%	379	152	Decrease	-18
Refunds	3,493	283	3,776	519	3,257	13.7%	1,986	1,271	Decrease	-236
Deferred Benefits	7,242	217	7,459	538	6,921	7.2%	5,223	1,698	Decrease	-321
LGPS Transfer In	382	12	394	26	368	6.6%	312	56	Decrease	-14
LGPS Transfer Out	696	68	764	73	691	9.6%	553	138	Decrease	-5
Aggregation	12,331	455	12,786	453	12,333	3.5%	10,537	1,796	Increase	2
Non LGPS Transfer In	47	27	74	49	25	66.2%	18	7	Decrease	-22
Non LGPS Transfer Out	131	32	163	44	119	27.0%	63	56	Decrease	-12
Divorces	51	35	86	57	29	66.3%	13	16	Decrease	-22
General Correspondence	116	663	779	724	55	92.9%	41	14	Decrease	-61
Change of Details	9	362	371	358	13	96.5%	1	12	Increase	4
Lost Pension	27	37	64	37	27	57.8%	14	13	Increase	0
New Joiners	2,156	1,541	3,697	1,070	2,627	28.9%	2,626	1	Increase	471
Opt Outs	410	39	449	66	383	14.7%	223	160	Decrease	-27
Grand Total	28,205	4,791	32,996	5,070	27,926	15.4%	22,307	5,619	Decrease	-279

Category	Subcategory	Complete at End of Period	# Completed Within KPI Target	% Complete Within KPI Target	# Completed Within Legally Required Response Time	% Complete Within Legal Target
Deaths	Initial Death Notification	150	139	92.7%	147	98.0%
Survivors Pensions	Survivors Pensions Pensioner or Deferred Pensioner (Actual)	48	36	75.0%	45	93.8%
	Survivors Pensions Death in Service (Actual)	3	3	100.0%	3	100.0%
	Survivors Pensions (Estimate)	6	5	83.3%	6	100.0%
Death Grant Payment	Death Grant Payment (Pensioner, Deferred Pensioner, Death in Service)	34	31	91.2%	32	94.1%
Payment of Retirement Benefits	Payment of Retirement Benefits for Active members (Actual)	120	72	60.0%	118	98.3%
	Payment of Retirement Benefits for Deferred Benefit members (Actual)	177	141	79.7%	175	98.9%
Estimate of Retirement Benefits	Estimate of Retirement Benefits for Active members	205	172	83.9%	201	98.0%
	Estimate of Retirement Benefits for Deferred Benefit members	313	294	93.9%	309	98.7%
Refunds	Notification of Refund Entitlement	415	118	28.4%	118	28.4%
	Payment of Refunds	104	101	97.1%	104	100.0%
Deferred Benefits	Provision of Deferred Benefit Statements	538	91	16.9%	91	16.9%
LGPS Transfer In	LGPS Transfer In Estimates	11	2	18.2%	5	45.5%
	LGPS Transfer In Actuals	15	0	0.0%	2	13.3%
LGPS Transfer Out	LGPS Transfer Out Estimates	42	17	40.5%	31	73.8%
	LGPS Transfer Out Actuals	31	2	6.5%	9	29.0%
Aggregation	Aggregation In Estimates	85	20	23.5%	24	28.2%
	Aggregation In Actuals	367	111	30.2%	111	30.2%
	Reversal of Auto Aggregation	1	0	0.0%	0	0.0%
Non LGPS Transfer In	Non LGPS Transfer In Estimate	36	15	41.7%	31	86.1%
	Non LGPS Transfer In Actual	13	10	76.9%	11	84.6%
Non LGPS Transfer Out	Non LGPS Transfer Out Estimate	38	32	84.2%	36	94.7%
	Non LGPS Transfer Out Actual	6	1	16.7%	4	66.7%
Divorces	Pension Sharing on Divorce Estimates	57	52	91.2%	57	100.0%
	Pension Sharing on Divorce Implementations	0	0		0	
General Correspondence	General Correspondence with scheme members	724	676	93.4%	717	99.0%
Change of Details	Change of Scheme Member Details	358	357	99.7%	357	99.7%
Lost Pension	Lost Pension	37	34	91.9%	37	100.0%
New Joiners	New Starters to the Scheme	1,070	939	87.8%	939	87.8%
Opt Outs	Opt Outs under 3 months	66	25	37.9%	31	47.0%

iConnect – Employers onboarded since 1 April 2025 - Appendix 2

Agilisys Ltd
The Marlowe Trust
Dover District Council
Canterbury City Council
Tunbridge Wells Borough Council
Medway Norse Limited
Compass Cont Serv - KCP (SEC)
EK Services (Thanet)
The Police and Crime Commissioner for Kent
Chief Constable of Kent
Kent & Medway Fire and Rescue Authority
Bennett Memorial Academy - TNX
West Malling Academy – TNX
Brenchley & Matfield Acad - TNX
Leybourne Academy - TNX
Bishop Chavasse Academy – TNX
Fordcombe Academy - TNX
Grove Park Academy - BRN
Bourne Academy Central - BRN
Aspire Academy - BRN
Bobbing Academy - BRN
Iwade Academy - BRN
Thanet District Council

Kemsley Primary Academy - R2K
Milton Court Primary (Academy) - R2K
Tymberwood Academy - R2K
Copperfield Academy - R2K
Meopham Comm Academy - GTA
Golden Thread Central - GTA
Oakfield Primary Academy - GTA
Temple Hill Academy - GTA
West Hill Primary Academy - GTA
Fleetdown Primary Acad - GTA
Culverstone Green Academy - GTA
Riverview Inf Academy - GTA
Riverview Jnr Academy - GTA
Wrotham Road Academy - GTA
Loose Academy - CPP
Coxheath Academy - CPP
St Katherines Academy - CPP
Brent Academy - CYG
Cygnus Acad Trust Central - CYG
Dartford Bridge Academy

Greenlands Academy - CYG
Westgate Academy - CYG
Manor Academy - CYG
Royal Rise Academy - CYG
St Laurence Thanet Acad – CDT
Temple Ewell Academy - CDT
Archbishop Courtenay Acad - CDT
Kennington CE Academy - CDT
Charlton Primary Academy - CDT
Reculver Primary Academy - CDT
St Mary of Charity Primary (Academy) - CDT
St Georges C of E Academy - CDT
Kingsnorth Primary Academy - CDT
D of Cant Acad TST - Central - CDT
St Nicholas New Romney - CDT
Brenzett Academy - CDT
Charing Primary Acad - CDT
All Souls Academy - CDT
East Church Academy - CDT
Sandwich Infants Academy - CDT
The Dartford Grammar School (Academy)
St Gregorys Cath Academy - KCP
Kent Cath Sch Part Central - KCP
St Josephs Acad Aylesham - KCP

St Simon Stock Sch Academy - KCP
St Josephs Acad Broadstairs - KCP
St Anselm's Cath Sch Acad - KCP
St Thomas (Sevenoaks) Acad - KCP
Holy Family RCP Sch Acad - KCP
St Gregorys Primary Acad - KCP
St Marys (Deal) Prim Acad - KCP
St Simon of England Acad - KCP
Ursuline College Academy - KCP
St Margaret Clitherow Acad - KCP
St Peters CP Sch Acad - KCP
More Park School Academy - KCP
St Richards Prim Sch Acad - KCP
Our Lady of Hartley Acad - KCP
St Josephs Acad Northfleet - KCP
Stella Maris Sch Academy - KCP
St John's CP Sch Acad - KCP
St Marys CP Sch Academy - KCP
St Edmunds Catholic School - KCP
St Edwards RCP School - KCP
St Teresa Primary Acad - KCP
St Augustines - T/Wells - KCP
St Thomas of Cant Acad - KCP

English Martyrs Acad - KCP
St Michaels RC Academy - KCP
St Bartholomew Prim Acad - KCP
St James the Great Academy - AET
St Margarets at Cliffe PC
Leigh Technology Academy - LAT
Longfield Academy - LAT
Hayesbrook Academy - LAT
Sir J Williamson Maths Acad - LAT
Mascalls Academy - LAT
Hundred of Hoo Academy - LAT
Strood Academy - LAT
Wilmington Academy - LAT
Milestone Academy - LAT
Oaks Primary Academy - LAT
Tree Tops Academy - LAT
High Halstow Academy - LAT
Molehill Academy - LAT
Hartley Primary Academy - LAT
Ebbsfleet Academy - LAT
Peninsula East Primary Academy - LAT
Dartford Primary Academy - LAT
Langley Park Academy - LAT
Cherry Orchard Academy - LAT
Horsmonden Academy - LAT
Paddock Wood Academy - LAT
Bearsted Academy - LAT
Snowfields Academy - LAT
Marden Academy - LAT
Leigh Academy Rainham - LAT
Godinton Academy
Hilderstone College
PartnershipOne Limited

Summary of member communications - Appendix 3

April:

Month	Emails from members in LGPS mailbox	Calls from Members	1:1 visits	Website Visits (sessions)	Website Page Views	MPO registration queries	Comments	Complaints	Compliments	Events
Apr-25	1343	1512	0	14,505	37,667	577	5	0	11	Open Lines sent to pensioners 03/04/2025. Easter holidays for schools.

- Calls were 1,512 which is slightly up from last month. It's much less than the same time last year. We took about 2,400 then as we had sent out a letter to all members about digital by default.
- Emails were 1,343. It's the same as last month.
- MPO queries were 577. This is more than usual but down about 200 from last month.
- Website visits were 14,505 which is about 1,000 more again than last month.
- The most popular pages on the website were MyPension Online, Open Lines, What you can do in MPO, Webinars for members, and Joiner Pack. It's good that it is showing members are using Joiner pack as we have a lot of new starts in April.
- Most popular search terms were MPO, increasing pension, opting out, transfers, and contributions. It shows that members are looking for information about the new contribution rates in April. Opting out has come back in the top 5 search terms so they may be looking at their finances at the start of the financial year.

May:

Month	Emails from members in LGPS mailbox	Calls from Members	1:1 visits	Website Visits (sessions)	Website Page Views	MPO registration queries	Comments	Complaints	Compliments	Events
May-25	1351	1589	0	12,437	30,877	503	9	0	7	P60s for pensioners despatched with April payslip. 2 bank holidays. Half term was last week in May

- Calls were 1,589 which is about the same as last month. It's much less than the same time last year. We took over 2,000 then as we had sent out a letter to all members about digital by default.
- Emails were 1,343. It's the same as last month again.
- MPO queries were 503. It's about the same as last month.
- Website visits were 12,437 which is the lowest since Christmas.
- The most popular pages on the website were MyPension Online, Joiner pack, Opting out, Webinars for members, and Contributions.

- It's interesting that contributions have come into the top 5 after many current members would have received their revised banding letters in April.
- Although members consistently search for opting out, the actual page has not been in the top 5 for months so this is significant. Over 95% of visitors navigate so pages are important. The fact opting out is back in the top 5 pages after a very long time suggests that members may be struggling financially.
- Most popular search terms were transfers, opting out, death, increasing pension, and retirement.

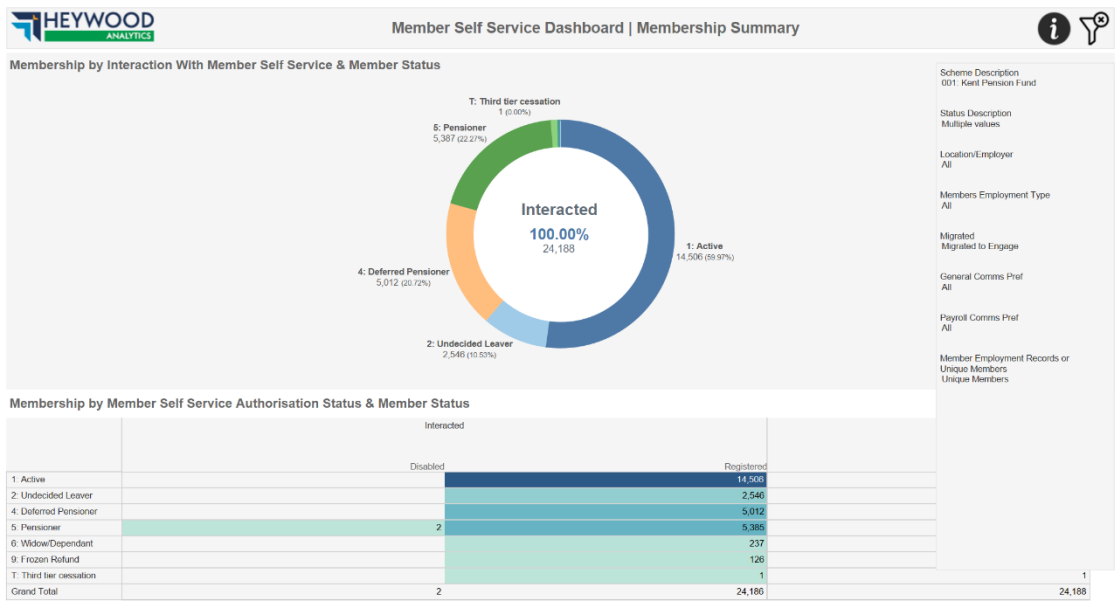
June:

Month	Emails from members in LGPS mailbox	Calls from Members	1:1 visits	Website Visits (sessions)	Website Page Views	MPO registration queries	Comments	Complaints	Compliments	Events
Jun-25	1295	1508	0	14,549	33,483	476	10	0	9	Email sent to all status 1s that we hold an email for about SMS text on MPO on 30 June 2025. A lot of members accessed the website on that last day 30 June 2025.

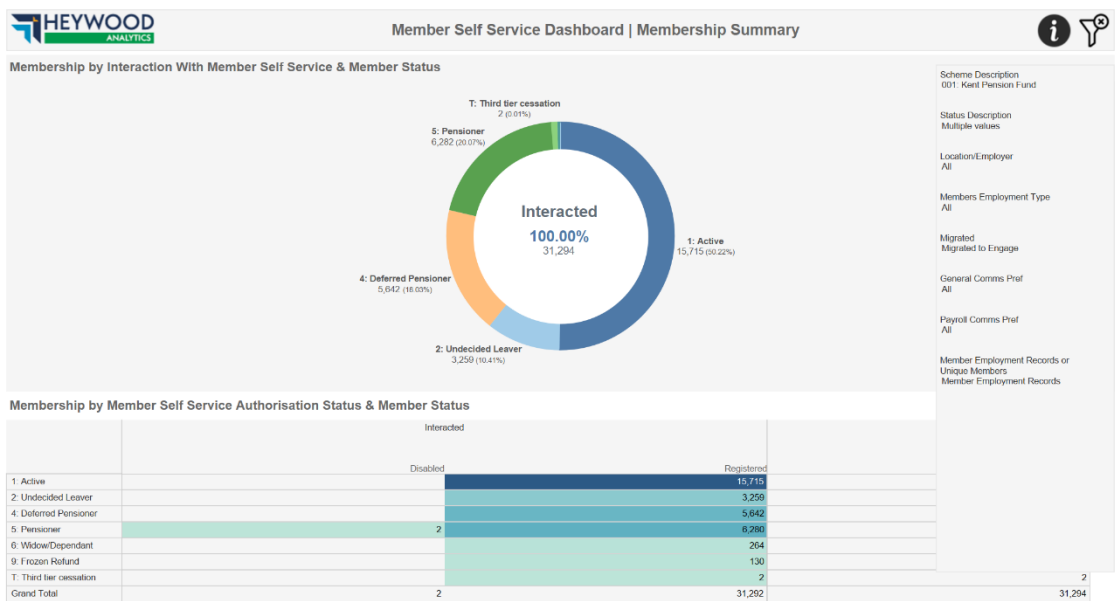
- Calls were 1,508 which is about the same as last month.
- Emails were 1,295 which is about the same as last month.
- MPO queries were 476 which is about the same as last month.
- Website visits were 14,549 which is average. It jumped on the last day 30/06/2025 because the email was sent out to all status 1 with an email address about SMS text on MPO on 30/06/2025.
- The most popular pages on the website were MyPension Online, Contact us, Opting out, Joiner pack and Contributions.
- Most popular search terms were opting out, transfers, flexible retirement, ill health, and death. Flexible retirement has not been in the top 5 search terms for years, if at all. E&S Team confirmed they are also receiving queries from employers about flexible retirement. Consequently, it seems far more members are looking to flexible retire.

Summary of member self-service - Appendix 4

Unique Member Records:



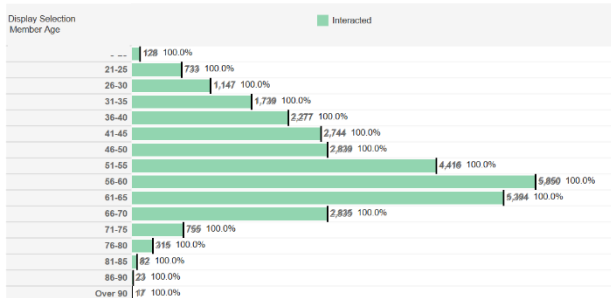
Employment Records:



Not Interacted/Registered Member Breakdown

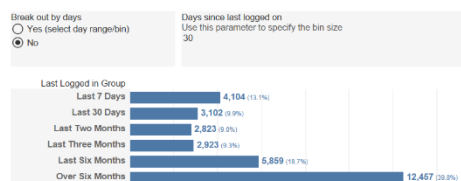
Membership by Interaction With Member Self Service & Member Age

Chart is sorted by age profile
Y axis can be changed using drop down



Membership by Days Since Last Logged on to Member Self Service

If you like to break down the Days since last logged on into smaller group then please select 'Yes' on the Break out by Days Parameter and specify the bin size.



April 2025:

- 577 registration queries answered
- 288 activation code letters sent out
- 475 personal email addresses input
- There were 9,988 visitors to the MPO page on the Kent Pension Fund website - register, log in, and information
- 867 members registered for MPO

May 2025:

- 503 registration queries answered
- 288 activation code letters sent out
- 263 personal email addresses input
- There were 7,120 visitors to the MPO page on the Kent Pension Fund website - register, log in, and information.
- 736 members registered for MPO

June 2025:

- 476 registration queries answered
- 263 activation code letters sent out
- 297 personal email addresses input
- There were 8,383 visitors to the MPO page on the Kent Pension Fund website - register, log in, and information.
- 647 members registered for MPO

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KENT PENSION FUND

COMMUNICATION POLICY 2025/26

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PURPOSE

- 1.1. The purpose of this policy is to publish a statement setting out the plans concerning the methods of communication with stakeholders of the Kent Pension Fund ('the Fund').
- 1.2. This document is to be recommended the Pension Fund Committee for approval on 23 September 2025.

REGULATORY FRAMEWORK

- 2.1 The policy has been produced in accordance with Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013.
- 2.2 The Regulation requires that an administering authority must prepare, maintain, and publish a written statement setting out its policy concerning communications with:
 - members
 - representatives of members
 - prospective members
 - scheme employers
- 2.3 In particular, the statement must set out its policy on:
 - the provision of information and publicity about the scheme
 - the format, frequency, and method of distributing information or publicity
 - the promotion of the scheme to prospective scheme members and their employers
- 2.4 The communication policy must be revised and republished following any change in policy on any of the matters referred to in 2.3.
- 2.5 For the purposes of this policy, published means being accessible on the publicly available website [Kent Pension Fund](#).

GENERAL COMMUNICATION

- 3.1 The Fund encourages members and employers to use electronic methods to send documents.
- 3.2 The Fund provides scheme members and potential scheme members with information on the benefits of the Local Government Pension Scheme (LGPS) using various mediums.
- 3.3 LGPS support is available nationally through websites and guidance for both employers and scheme members. The Fund communications will continue to reference these national resources, together with material provided by pension industry experts. The Fund website also provides links for members and employers to the national websites provided by the Local Government Association (LGA).
- 3.4 The Fund will continue to support collaboration and development of communication media with other administering authorities through membership of the Communications Working Group. The group is run by the Local Government Pensions Committee Secretariat (LGPC), as part of the LGA.
- 3.5 News items and blogs are produced on the website regularly as the need arises, to highlight current issues, upcoming changes or to provide articles of interest.
- 3.6 The Fund communicates with the Pension Fund Committee and Local Pension Board in various ways as set out by the [Terms of reference for the Kent Local Pension Board \(kentpensionfund.co.uk\)](#) and the [Terms of reference for the Kent Pension Fund Committee \(kentpensionfund.co.uk\)](#).



- 3.7 The Fund communicates information about the investment decisions made by the Pension Fund Committee and Local Pension Board via the newsletters and on the Fund website.
- 3.8 The Fund recognises that its staff are its greatest resource and that they are kept informed about the Fund's aims to deliver an outstanding and 'best-in-class' service to members and employers via the Funds Business Plan.
- 3.9 This is achieved via the use of email, internal and on-line meetings, quarterly performance reviews, internal and external training events on specific topics, together with the opportunity to study for professional qualifications. There is a dedicated training team who provide expert tuition on the LGPS and the wider pensions industry.
- 3.10 The Fund will be obtaining feedback periodically from different member groups and employers and will publish all relevant results on the websites.
- 3.11 The Table of Communications in Appendix 1 of this document details the Fund's method of communication, intended audience, publication media, frequency, and method of distribution.
- 3.12 All prospective, active, deferred and pensioner members have access to the following:
- **Major changes to scheme regulations** are communicated to member groups and are published on the website in an effective, straightforward, and timely manner.
 - **Kent Pension Fund website** has dedicated areas for all members. It includes information about the scheme, guides, factsheets, and forms. Customers can request a paper copy of information or documents by contacting their employer (if applicable) or the Fund. Members and employers can use the online enquiry and document upload form on a secure area of the website.
 - **The Pensions Customer Helpline** is available Monday to Friday. The current opening times are available on the [Kent Pension Fund](#) website. The telephone number is 03000 41 34 88.
 - **Written Correspondence** can be sent to the Fund, together with forms and certificates. The address is Pension Section, Invicta House, County Hall, Maidstone, Kent, ME14 1XX.
 - **One to one telephone appointments** with a member of the Kent Pension team are available Monday to Friday on request, during the opening times of the pensions' customer helpline.
- 3.13. All active, deferred and pensioner members have access to [MyPension Online](#) which is an online secure facility for members of the Fund, hosted by Heywood Pension Technologies Ltd. Registered members can:
- view a summary of the details the Fund holds for them and keep their personal details up to date
 - create, view, and update their expression of wish for any death grant that may be payable
 - perform quotations for deferred benefits and future benefits (depending on member status)
 - view figures for P60s and pay slips (pensioner members). Members can also download a copy of their pay slips and P60s.
 - view figures for the Annual Benefit Statement (active and deferred members). Members can also download and print a copy of the statement.
- 3.14 To encourage members to engage with their pension, the Fund are integrating MyPension Online with standard work processes, to increase take up across all membership groups.
- 3.15 The Fund is committed to offering electronic methods of communication to members and will implement additional features of MyPension Online as identified.
- 3.16 Monthly website and MyPension Online data is recorded to monitor the usage and member registration numbers, to measure the success of campaigns run by the Fund.



PROSPECTIVE MEMBERS

- 4.1 A dedicated area of the website is provided for those thinking of joining the scheme containing information, guides, and factsheets.

REPRESENTATIVES OF SCHEME MEMBERS

- 5.1 Scheme information, guides and factsheets are available on the website. Individual pension information is provided to representatives on the written authorisation of the scheme member, with the exception of transfer of pension benefits.

ACTIVE MEMBERS

- 6.1 Active members are members who are in employment and contributing to the Fund.
- 6.2 Employers will enrol relevant employees into the scheme and provide scheme information and forms on joining. When the employer notifies the Fund, a welcome letter is sent to the member with further information regarding the pension scheme.
- 6.3 A statement of the member's pension benefits is available on MyPension Online by 31 August each year. Members can request a paper copy of their illustration if preferred. The illustration shows the basic information that is held about the member, such as the pay used for pension purposes. It gives an illustration of the pension benefits built up to the previous 31 March and also includes the death grant lump sum, should the member die in service.
- 6.4 A pension saving statement is automatically sent to members if they have exceeded the annual allowance limit or is sent to members by request. This is in relation to the growth in their pension benefits in the year ending 5 April. The communication is sent to members by the following 6 October.
- 6.5 The Fund arranges a programme of online and face to face events each year to meet with groups of members. These events are arranged either in conjunction with employers or are advertised to members of the scheme via the newsletters or on the website.
- 6.6 Pension Pulse newsletter will be provided to members twice a year and published on the Fund website. Each newsletter will include articles regarding the scheme and other useful information. There is also a permanent news page on the Fund website.

DEFERRED BENEFIT MEMBERS

- 7.1 Deferred benefit members are members who have stopped contributing to the LGPS with the Fund and have a benefit held in the Fund which is payable at retirement age.
- 7.2 A statement of the member's pension benefits is available on MyPension Online by 31 August each year.
- 7.3 The Fund arranges a programme of online events each year to meet with groups of members. These events are advertised to members of the scheme via the newsletters or on the website.
- 7.4 Pension Connection newsletter will be provided to members annually and published on the Fund website. Each newsletter will include articles regarding the scheme and other useful information. There is also a permanent news page on the Fund website.

PENSIONER MEMBERS

- 8.1 Pensioner members are members who are in receipt of a pension from the Fund.
- 8.2 The Open Lines newsletter is provided to pensioner members twice a year, in spring and autumn. It is produced in conjunction with Kent Active Retirement Fellowship (KARF). The newsletter includes:
 - articles about topical issues
 - KARF news and activities and
 - provides a state benefit update with a dedicated helpline to contact.



- 8.3 The spring issue is sent via post and includes details about the annual pension increase and tax information for the new financial year. The autumn edition is published on the Fund website.
- 8.4 Members can opt out of receiving Open Lines. Members have the option to choose to receive Open Lines as a link by email or by post.
- 8.5 Payslips are issued in paper format to the members' home address once a year in April and at any other time during the year if:
- the pay differs by more than the current minimum limit, as shown on the [Kent Pension Fund](#) website.
 - there is a change of bank details.
- Payslips are available to view on [MyPension Online](#), together with the P60.
- 8.6 A dedicated pension payroll helpline, 03301 249993 is available Monday to Friday 9am to 5pm. Pension payroll also have a dedicated mailbox, pensions.payroll@hrconnect.org.uk
- 8.7 Kent Active Retirement Fellowship (KARF) was set up in 1997 by people in receipt of a pension from the Fund. KARF provide their members with the opportunity to meet with other retired people with similar interests. The local branches offer a variety of activities and events, including social, cultural, educational, leisure and fellowship.
- 8.8 The Fund is independent of KARF but help promote their activities by including information in the Open Lines newsletter, having a dedicated KARF area on the website and including information in the benefit letter to newly retired members.
- 8.9 Overseas proof of life certificates are issued periodically (usually every 12 months except for exceptional circumstances) to confirm that the pensioner members who are residing overseas remain entitled to receive their pension.

EMPLOYING AUTHORITIES

- 9.1 Employing Authorities are employers that offer membership of the LGPS to their employees.
- 9.2 The Fund supports employers to enable them to fulfil their statutory role in the Fund by providing regular relevant information and access to various types of resources. The [Administration Strategy](#) sets out the Employer and Fund responsibilities to administer the scheme.
- 9.3 The Communication and Support team are a dedicated team of officers who provide support to employers. Each officer has responsibility for a group of employers, and they provide guidance, training and support by phone, email, and visits in person.
- 9.4 The Fund provides a forum for employers twice a year, in July and December. The forums include presentations on topical issues, an administrative update, employer discussion session, etc.
- 9.5 As the need arises, specialist forums are arranged for employers, for example, when there are major changes in the scheme or overriding legislation. These are held at different venues around Kent.
- 9.6 Any major changes in the scheme regulations or policies are notified to employers. In the event of significant changes, additional specialist forums are provided, as detailed previously.
- 9.7 Updates are sent to employers by email when news and changes have occurred that require a summary notification. Quarterly employer updates are also sent in March, June, September and December and there is a permanent news page for employers on the Fund website.
- 9.8 The Fund's website has a dedicated secure area for employers, which is accessed via an individual password. The website includes information and guidance about the scheme, template letters, forms, etc., as well as offering a secure portal where employers are able to send in documentation.
- 9.9 The Communication and Support officers visit employers upon request or when the officer believes they may need help and guidance.
- 9.10 Officers train employers on pension issues upon request or when the officer believes they may need training.
- 9.11 The Fund offer a programme of on-line webinars to all employers on specific topics and will advertise these using the employer newsletter and on the website.
- 9.12 Officers attend meetings with employers on request, including those with their HR and Payroll departments or providers.



- 9.13 The Communication and Support officers will provide additional support to new employers, to assist in their understanding of the roles and responsibilities as an employer, and to provide guidance on Fund processes.
- 9.14 The Fund provides access to iConnect for employers, which enables monthly payroll updates of member data. iConnect also provides the facility to obtain bulk cost only estimates and allows employers to upload documents.
- 9.15 The Fund will onboard employers to iConnect on an ongoing programme, with the aim to have all employers using this portal in the near future. iConnect will be mandatory for all of our employers. New employers admitted to the Fund will automatically onboard to iConnect as soon as possible.

ACCESSIBILITY

- 10.1 The Fund is committed to ensuring communications are accessible to all stakeholders and recognises the requirement for different methods of communication for different members.
- 10.2 To achieve this, the Fund will ensure that all communications use plain English and where possible, are available in alternative formats as requested.
- 10.3 The Fund is committed to developing further use of electronic means of communicating through email, websites, and MyPension Online. Communications will be issued to all stakeholders to encourage interaction by electronic means, whilst also offering other mediums.
- 10.4 The Fund is committed to ensuring that the [Fund](#) website, together with the documents available on the website and MyPension Online meet the [Web Content Accessibility Guidelines \(WCAG 2.1\)](#)

PRIVACY POLICY

- 11.1 As the Administering Authority, the Fund holds certain information about scheme members ("personal data") which is needed to administer the Fund.
- 11.2 Further information about the data held and how it is used can be found in the [full privacy notice](#) (PDF, 331.9 KB).

FREEDOM OF INFORMATION

- 12.1 Anyone has a right under the Freedom of Information (FOI) Act to request any information held by the Fund which is not already made available.
- 12.2 FOI requests will be dealt with openly and swiftly.
- 12.3 Requests should be made in writing, by email or online to the Information Resilience and Transparency Team at the address at the end of this document.
- 12.4 A fee may be charged in line with the published FOI guidance.

REVIEW

- 13.1 The policy will be presented to the Pension Fund Committee on 23 September 2025 for their approval. The policy will then be reviewed annually and updated sooner if the information included within it requires reconsideration.

FURTHER INFORMATION

Please use the [online enquiry form](#) to contact the Fund or send documents electronically.

Alternatively, you can call: Telephone: 03000 41 34 88

The current opening times are available on the [Kent Pension Fund](#) website.

To call from abroad dial +44 3000 41 34 88

Calls cost the same as 01 and 02 numbers and are included in free call packages.

Employers can contact their [Communication and Support Officer](#)

If you have a Freedom of Information request, please refer to the [Making a Freedom of Information Request](#) information available online.



Alternatively, you can email the request at: freedomofinformation@kent.gov.uk

Or write to at:

Information Resilience and Transparency Team
Kent County Council
Room 2.64 Sessions House
County Hall
Maidstone Kent
ME14 1XQ

APPENDIX 1: TABLE OF PUBLICATIONS

	Frequency	Format	Method of Distribution
Changes in Legislation	As necessary	Email	Email to employers
Material Alterations to Basic Scheme Information	As soon as possible and within 3 months after the change takes effect.	Website Email Paper Based	Letter or email to all stakeholders and online
Guides and factsheets for members and employers	Always available	Website Paper Based on request	Online or sent to home address
Pension Fund Report and Accounts	Annual	Website Paper Based on request	Online or sent to home address
Pension Fund Policies	Always available	Website Paper Based on request	Online or sent to home address
Valuation Report	Always available. New report every 3 years.	Website Paper Based on request	Online or sent to home address
Welcome letter to new members	As necessary	Email Paper Based MyPension Online	Email or sent to home address
Annual Benefit Statement to members	Annual	Email Paper Based MyPension Online	Statements available via MyPension Online or sent to home address on request.
Deferred Benefit Illustration to members	Annual	Email Paper Based MyPension Online	Statements available via MyPension Online or sent to home address on request.
Newsletters - Members	Active members – twice a year Deferred members - annually Pensioner members - twice a year	Email Paper Based Online	Email, sent to home address and available online.



	Frequency	Format	Method of Distribution
Pension Saving Statements	Annual	Paper Based	Currently sent to home address. Future statements will be available via MyPension Online or sent to home address on request.
Customer Satisfaction Feedback	Annual and ad hoc	Electronic, Face to Face or paper based	E-mail, in person or via post
P60	Annual	Paper Based MyPension Online	Sent to home address and available via MyPension Online
Payslip	Monthly (see 8.5 for conditions of issue)	Paper Based MyPension Online	Sent to home address and available via MyPension Online.
Overseas proof of life certificate	Annual	Online and Paper Based	Sent to home address
Member webinars / presentations	On request via employer and on a regular programme	Online and face to face	Via employer or online
One to one meeting with members	On request	Online	Online
Training for new employers	As necessary	Online and face to face	In person or online
Newsletter - Employers	Quarterly	Email	Email to employers
Employer Forum	Twice a year	Online and face to face	In person or online
Ad hoc Employer Training and meetings	On request	Online and face to face	In person or online
Telephone helpline to the Fund	Always available during advertised hours		
Online enquiry and document upload form	Always available		
MyPension Online	Always available (except during maintenance periods)		
Fund website	Always available		
National websites (promoted in Fund publications)	Always available		



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Consultation opens 15th May and closes 7th August 2025.

Kent Pension Fund Response

About You Page 45	Q1. What is your name?	Gareth Wookey Technical and Compliance Lead Manager Kent Pension Fund
	Q2. What is your email address or telephone number?	Gareth.wookey@kent.gov.uk 03000 415561
	Q3. Are you responding to this consultation as an individual or submitting a collective response from a group?	This response has been collated on a group basis.
	(Q3.1 - If responding on behalf of a group) What is the name of the group or organisation you are submitting a response for?	This group response is on behalf of Kent Pension Fund.
	(Q3.2 - If submitting a collective response) Please provide a summary of the people or organisations you represent and who else you have consulted to reach your responding conclusions.	Kent Pension Fund is the administering authority for the LGPS in the county of Kent. This collective response has been collated from the views of the senior management and technical teams who work in the administration team at Kent Pension Fund.
	Q4. Type of respondent?	Administering authority
	Q5. What is the first part of your postcode?	ME14

Subject	Subheading	Question	Response
<p>Chapter 1 – Survivor Pensions and Death Grants</p>	<p>Survivor benefits (Pension entitlement equalisation)</p>	<p>Q1 – Do you agree with the government’s proposed amendment of survivor benefits rules?</p>	<p>We support the proposal to amend the survivor benefit rules to equalise entitlement across the different categories of survivors.</p> <p>We are disappointed that it has taken so long to address the Goodwin case, as this will have a significant impact on the process to rectify any historic cases, from the perspective that more cases will have been processed in the intervening time since the Goodwin judgement.</p>
		<p>Q2 – Do you have any comments on the intended approach to equalising survivor benefits?</p>	<p>Given that there would be an expectation that certain benefits will require backdating to 2005, it would be useful if the Government could address the logistic difficulties that administrators will face in trying to trace eligible survivors, where no payment was originally made, or how payments are to be dealt with where a relevant survivor has died and there is an amount of backdated pension owing.</p> <p>We would also like to raise a technical question around female members of the LGPS who paid additional contributions to increase the value of their survivor benefits. Is there any intention to address these scheme members who will now technically be worse off, having paid additional contributions for a benefit that is now being offered to all members.</p>
		<p>Q3 – Do you have any comments on the administrative impact, particularly in identifying cases where calculations of past benefits would need to be revisited?</p>	<p>We have significant concerns over the effectiveness of backdating of benefits where no benefit was originally awarded. Due to how records were kept, it will be very difficult to automate any exercise to contact newly eligible survivors who were not due an award at the point the scheme member died. This will have to be a manual process. It would be useful if the Government could give some guidance or deadlines by which any survivor would have to come forward to make such a claim.</p> <p>If a survivor member has died before the recalculation of benefits is done, how will this be paid, as there will be no payroll record for the individual and the member’s estate is likely to have been wound up.</p> <p>It could also be the case that any backdated survivor pension that becomes due could be very small. This could create a heavy administrative burden for very little outcome. As well as causing a burden on administrators, it could also be upsetting for relatives to revisit the passing of a loved one, particularly if further paperwork is required to make the award which could be difficult to locate after so many years.</p>

			<p>Alternatively, if a backdating created a large amount of arrears of pension this could cause issues for any other benefits an individual was receiving should their income be changed as a result of the recalculation of benefits.</p> <p>Intertwined with any backdating of survivor benefits will be the need for administrators to also continue with the McCloud rectification work. Experience of this project has taught us that software updates can lag behind legislative changes, and this can then create delays in implementing changes. It would be favourable for the Government to recognise the extent of the practical challenges of implementing these changes before setting punitive timescales on administrators.</p>
		Q4 – Do you have any further comments on the proposed changes?	In addition to question (2) above, we would like to question whether there needs to be additional guidance around GMPs for male survivors, i.e. where a female member of the scheme was contracted out of SERPS between 06/04/78 and 05/04/97, and subsequently dies; will there be any guidance issued on how to deal with the GMP entitlement for a surviving male?
	Survivor benefits (Cohabitee survivor pensions)	Q5 – Do you agree with the government's proposals to formalise the removal of the nomination requirement?	We are in agreement with this proposal.
		Q6 - Do you have any comments on the government's proposals to formalise the removal of the nomination requirement?	We have no comments on this.
		Q7 – Do you have any comments on the proposed approach to backdating?	<p>As an administering authority we have followed previous guidance from the LGA to disapply the nomination requirement.</p> <p>However, for any authority who have not done so, we would have concerns over the backdating element of the proposal, given that paperwork dating back years would need to be produced to evidence co-habitation. We feel it will be difficult for some members to produce such documents from such a long time ago, especially if they have changed providers (mortgage / utility / local authority) in that time.</p>
	Death grants (age 75 cap)	Q8 – Do you agree with the proposed amendments to death grants?	We are in agreement with this proposal.
		Q9 - Do you have any comments on the government's proposals to remove the age 75 cut-off from the LGPS Regulations?	Our thoughts on this are included in the answers to Q10 and Q11.

		<p>Q10 – Do you have any comments on the proposed approach to backdating?</p>	<p>We feel that the exercise to backdate death grants will be even more difficult than that for survivor pensions covered above. This is because where a survivor benefit is not in payment, it will be very difficult to locate or contact the legal personal representative or any next of kin.</p> <p>While we will have access to scheme member records to potentially identify members eligible for backdating, the actual process will require a huge amount of manual investigation and correspondence to locate a recipient for any backdated death grant. As some of these cases could take longer than two years to resolve, it is likely some of the issues below, covered in our answers to Q12 and Q13, would become relevant to these backdated awards.</p> <p>There could be a significant cost to pension funds to implement this backdating. This will be difficult to establish as significant investigative work will need to be done to find cases. If this increases the cost of the scheme, we are wary of whether this increased cost could be passed on to scheme members, which could then increase opt out rates.</p> <p>If there is a requirement to backdate, we do not understand why this is not being done to 2011. If we have to backdate, we do not want a future challenge to occur that causes us to revisit this in future; we would rather get any backdating right first time and not have another appeal case cause us to revisit this issue in future years.</p>
		<p>Q11 – Do you have any comments on the administrative impact, particularly in identifying historic cases where death grants that were not paid would now be paid?</p>	<p>We would question how any discretion for payment should be exercised if we were required to pay a death grant in relation to a historic case. A deceased scheme member's circumstances may be extremely difficult to establish some years after death; relationships may have changed or other suitable individuals may have died in the intervening time. We feel that there would need to be some guidance on the level of required investigations into recipients, especially in consideration of recent determinations by the Pensions Ombudsman.</p>
	Death grants (personal representatives)	<p>Q12 – Do you agree with the proposal to remove the two-year limit?</p>	<p>In general, we do not experience a high number of death grants paid outside of the two year limit. It would therefore not be an area we view as a high priority or one that creates significant inequality.</p> <p>We would also be conscious of the proposed changes to inheritance tax, and the fact that there may be further changes to the payment of death grants in coming years. Making this change now could therefore create an additional administrative burden that is only relevant for a short time.</p>

<p>Page 49</p>		<p>Q13 – Do you have any comments on the government’s proposal to remove the two-year limit?</p>	<p>We do not agree with some of the terminology used in the consultation document. In point 42, it should be stated that the death grant is paid at the absolute discretion of the administering authority. This discretion is not something that can be pre-determined and every case requires investigation; this has recently been clarified in a number of determinations by the Pensions Ombudsman. On this basis all death grant casework can take significant amounts of time to ensure the discretion for payment is implemented properly.</p> <p>We would be curious as to the Government’s view on death grants that have already been taxed at 45%, or which are nearing the two-year limit. Will there be any revisiting of past cases? In addition, if an authority has a case that has exceeded the two year limit but has not yet been paid, would any new rules be applied to that late payment? This may need to be considered as it could have a significant impact on the tax payable.</p> <p>Where payment of a death grant is made into a child’s trust fund or to a charitable organisation, how would the tax be applied in these cases?</p> <p>If a death grant is counted as income for tax purposes, could we face a position where an identified recipient of a death grant declines payment due to it affecting their personal tax position, for example pushing them into a higher tax bracket?</p> <p>We feel that more technical detail is needed re our points raised above for us to properly comment on the feasibility of this change.</p>
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<p>Chapter 2 – Gender Pension Gap</p>	<p>Authorised absences under 31 days</p>	<p>Q14 – Do you agree that the LGPS Regulations should be updated so that any unpaid leave under 31 days is pensionable as a way to address the gender pension gap?</p>	<p>We agree that it would be administratively simpler for these periods to be automatically pensionable. We are not sure that this will significantly address the gender pension gap.</p>
		<p>Q15 – Do you agree the government should use the actual lost pay option when calculating contributions, or do you think APP should be the chosen option? Please explain the reasons for your view.</p>	<p>We feel this is really a question for scheme employers, as they will be required to undertake the calculations.</p> <p>Our opinion on this would be that actual pay is a more logical method for employers to use and perhaps easier for a scheme member to understand. In using actual pay though, there would be a disparity between lost pension</p>

			calculations and other calculations that use APP, e.g. ill health calculations. Having two different methods running at the same time could be confusing for employers and require additional software updates. This may need to be considered before any decision is made.
Cost of buying back pension lost in an unpaid break of over 30 days	Q16 – Do you agree with the proposal to align the cost of buying back unpaid leave over 30 days with standard member contribution rates?	We agree this would reduce the cost of buying back lost pension and so create a fairer scheme, although it would increase the cost of the scheme for employers. We wouldn't want this increased cost to be passed onto scheme members in other ways.	
	Q17 – Do you agree with the proposal to change the time-limit for buying back unpaid leave pension absences from 30 days to 1 year?	<p>We agree that this is a positive change, as it will enable the scheme member to have more time to make a decision on buying back unpaid leave.</p> <p>However, we would feedback that our scheme employers create problems in not communicating options to members in a timely fashion. We would hope extending this time limit would alleviate some of these issues, however the general complexity of buying back lost pension needs to be addressed to for the benefits of this amendment to be realised.</p> <p>We would question the fact this is only being applied to 'active' members, and therefore penalising members who have unpaid leave but who then leave employment. We feel this option should also apply to members who leave the scheme at the end of their unpaid leave.</p> <p>Furthermore, there is already scope for an employer to allow longer periods to repay a lost pension APC. In legislating for a longer period, it could increase administration issues, e.g. if a member leaves within 12 months of the end of a period of unpaid leave there could be issues awarding a final benefit until their decision on repaying lost pension is known.</p>	
	Q18 – Do you agree with removing the three year limit on employer contributions in Regulation 15(6)?	<p>We do not see the three year limit as a major issue that requires rectifying, and do not see that it is a significant factor in fuelling inequality. Increasing the limit could have cost implications for employers who have already authorised breaks of more than 5 years.</p> <p>There could also be annual allowance implications if members started buying back significant periods of lost pension.</p> <p>There is also a limit on the total additional pension that a scheme member can purchase in the LGPS. If the three year limit on buying back lost pension is extended, we feel the limit on the additional pension a member can purchase will also need to be reviewed and possibly increased.</p>	

	Pension contributions during child-related leave	Q19 – Do you agree with updating the definition of child-related leave to include all periods of additional maternity, adoption and shared parental leave without pay?	We agree that this update would simplify things, however we think consideration needs to be given to how it is introduced e.g. for members on maternity leave at the point it changes.
	Making gender pension gap reporting mandatory	Q20 – Do you agree that gender pension gap reporting should be mandatory in the LGPS?	<p>We would like to have more clarity on what the data would be used for, before commenting on whether reporting should be mandatory. We are not clear on how this would be fed back to employers or what changes may then be made to the scheme using this data.</p> <p>We would also refer to our answers to questions 25 and 26; in mandating reporting, we believe this should fall on employers rather than administering authorities.</p>
		Q21 – Do you agree that the 2025 valuation (and associated fund annual reports) is preferable?	We feel that this is a challenging deadline given the pressures of the 2025 valuation and other on-going work. However, we would prefer this to be reported triennially rather than annually as it will reduce the administrative burden on reporting.
		Q22 – Do you agree with the threshold of 100 employees for defining which employers must report on their gender pension gap?	<p>With regard to ‘an employer’, we feel that clarification is needed on this. For instance, within the education sector, the multi-trust academy model is widely used with our authority. It would need to be very clear as to who the employer was in these cases.</p> <p>In addition, setting a limit of 100 ‘employees’ may not make the statistics representative of the scheme. For the example of a small school, the majority of employees may not be eligible for the LGPS. We believe the threshold should recognise the number of members eligible for the LGPS within the employer. To report on an employer with a small (eligible) LGPS membership would create a set of data that is possibly skewed by one or two high or low earners.</p>
		Q23 – Do you agree with the gender pension gap definition being ‘the percentage difference in the pension income for men and women over a typical working life’?	<p>Using the definition of working life seems to offer too much of a long term view and too difficult to measure in a scheme as big as the LGPS where scheme members frequently move between employers and administering authorities.</p> <p>In addition, we do not think that it is as clear cut as men vs. women in the case of reporting gender pay gaps.</p>

			<p>The rationale for this would be thus; comparing a female who is employed as the chief executive at a local authority with a male who is employed as a cleaning operative at that same employer will skew the results of any analysis.</p> <p>We feel that more detailed analysis is required to get a true reflection on the gender pension gap, for instance focusing on groups of staff based on their job role. In our opinion, the purpose of the pension gender gap analysis should be addressing scheme members on a like for like basis; i.e. comparing a female chief executive with a male chief executive. The pensions gender gap is not about pay or job role, but primarily about why two individuals in two similar job roles have a disparity in their pension build up. We feel the reporting described in the consultation will not necessarily draw out the right data for the pensions gender gap to be addressed.</p>
		Q24 – Do you agree with the gender pension savings gap being ‘the percentage difference in the pension savings accrued over one year for men and women’?	We feel this is preferable to the proposal in question 23.

<p>Chapter 3 – Opt-outs</p>	<p>Publication of opt-out data in the Annual Report</p>	<p>Q25 – Do you agree that the annual report is the best method of reporting data on those who choose to opt-out of the scheme?</p>	<p>We do not agree that the fund annual report is the best place to report this data. The reporting of opt outs in the fund annual report may reflect negatively on the fund and affect confidence of existing members of the scheme. We do not understand what value is added by reporting opt outs to anyone other than central Government.</p> <p>There is also a time lag in collating the annual report, so this may affect the validity of the data by the time it is reviewed.</p> <p>We feel that the reporting line should go from the employer directly to central Government rather than involving the administering authority. A scheme employer has a vested interest in the scheme working as a retention tool, and so it would make more sense for the scheme employer to hold responsibility for managing opt out rates.</p>
		<p>Q26 – Do you foresee any issues with administering authorities' ability to gather data on opt-outs?</p>	<p>This would require the co-operation of scheme employers. In our fund, we have over 400 active employers, so there will be many thousands of employers across the country who would need to participate to enable worthwhile data to be collected. We feel there needs to be legislation aimed at employers to implement this, e.g. alongside auto-enrolment legislation. There also needs to be a consequence to not providing this data that administering authorities can use, e.g. fines.</p> <p>We also see issues collating and holding data for individuals who are not members of the pension scheme. Our administration systems are set up to hold data for scheme members, not members who have opted out and who have no entitlement to benefits. We appreciate that legislation may enable us to collect this data under GDPR, however there would be software amendments required to hold and report this data and this would come at a cost to pension funds.</p>
		<p>Q27 – When updating the annual report guidance to reflect opt-out data collection, what information would be most useful to include?</p>	<p>We feel that it is most important to focus on employees who are eligible for the LGPS with an employer. The employer will therefore need to specifically hold a database for their total workforce with pension scheme eligibility defined against each specific post. We feel this needs to be done a post or 'job level' as so many employees hold multiple posts, and so could be an active member of the LGPS in one post but not in another.</p> <p>It would also be useful to determine if the employee is opting out of the LGPS following automatic re-enrolment. This could help to identify serial optants out from</p>

			other members who are opting out at other times, for example shortly after starting employment / close to retirement / following a period of unpaid leave etc.
	Collection of additional opt-out data	Q28 – Do you agree with the proposal to collect additional data about those opting out of the scheme?	<p>We feel that usefulness of data will be compromised if only some members complete it. Most people who want to opt out want minimal administration so are probably even less likely to fill out any additional forms.</p> <p>Also, some members tend to be angry they have been put in in the first place so any survey of members may get aggressive responses. Responses will also peak around auto-enrolment dates, so repeat optants out will have to fill out forms periodically. Repeat optants out may need to be accounted for within statistics, particularly where a large employer moves past a re-enrolment date and experiences a high level of opt outs.</p>
		Q29 – Are you an employer, part of an administering authority or member of a pensions board?	We are an administering authority.
		Q30 – Do you have any comments on the collection of additional information?	<p>We do not feel it appropriate to collect or retain data where an employee opts out of the pension scheme within 3 months of joining. This is because, the member is treated as never having been a member of the scheme and contributions are returned through the employer's payroll. We therefore feel that we should not be retaining this information under GDPR.</p> <p>In general, recording of members who have opted out will increase the administrative burden on the scheme. All members would be required to hold a record on our database, which would need to be managed. There will also have to be updates to our software to report on this data, and this will come at a financial cost to the scheme.</p> <p>We feel that members who have opted out have often done this due to the cost of living and their salary not being of a level to enable pension saving. These aspects are outside the control of the scheme, so we are uncertain as to what collection of this data will achieve. Also, some members chose to leave the scheme as they want more control over the investment of their pension fund, so chose to set up a personal pension arrangement; we have seen more examples of members opting out and transferring to such schemes in recent years.</p> <p>In regard to point 86. of the consultation document, clearly it would only be possible for a scheme employer to provide information on the number of employees who have opted out and the number of employees who are eligible for the LGPS. In the instance of a member who opts out in 2025/26, would they</p>

			<p>continue to be counted as an opt out member in 2026/27 and ongoing or is it just in the year of opting out that they are included in the statistic? If they are to be counted every year as an opted out member, this would become a significant data exercise that would require a detailed annual return from each employer.</p> <p>In general, we feel that the LGPS offering is significantly better than other pension provision in the private sector. We would rather the Government focus on improving pension provision across the board and improving the knowledge and understanding of pensions within the general population.</p>
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Chapter 4 – Forfeiture Page 56	Removing the requirement that a member must have left employment because of the offence	Q31 – Do you agree that the government should amend regulations 91 and 93 of the 2013 Regulations to remove the requirement that the member must have left employment because of the offence in order for an LGPS employer to be able to make an application for a forfeiture certificate or to recover against a monetary obligation?	<p>We believe that this change could be construed as carrying an element of age discrimination. Point 94 of the consultation documents states that it will not apply to benefits already paid. A scheme member who leaves aged 55 or over can resign, on a voluntary basis, and take their pension without employers consent knowing that their crime may be discovered in the future and the employer can do nothing to recover loses. Members under age 55 will potentially have their pension withheld or reduced. What is the position where the process has been started but no forfeiture certificate has been issued - are administering authorities to withhold payments / transfers etc whilst the process is ongoing?</p> <p>To add further complications, there is the need to have a conviction, which could take years to be in place.</p> <p>We would feedback that such cases are very infrequent and would prefer consideration to be given to finding alternative routes via the courts.</p>
	Removing the time limit to make a forfeiture application	Q32 – Do you agree that the three month time limit for an LGPS employer to make an application for a forfeiture certificate should be removed?	We have no issue with removing this limit to align the LGPS with other Public Sector Pension Schemes.
	Revoking regulation 92	Q33 – Do you agree that Regulation 92 of the 2013 Regulations should be revoked?	We have no experience of this particular regulation, however we are of the opinion that any simplification of the regulations is beneficial for the administrative burden of the scheme.
	Forfeiture in relation to benefits accrued in earlier schemes	Q34 – Do you agree that in order to give full effect to the proposed amendments equivalent modifications should apply to earlier schemes?	We agree that an amendments should apply to earlier schemes.
	Forfeiture guidance	Q35 – Do you agree that there should be forfeiture guidance to assist employers in making applications?	We agree that detailed guidance in this area is necessary, especially as forfeiture is applied so infrequently.

Chapter 5 – McCloud Remedy	Divorce credits	Q36 – Do you agree with the government’s proposal for pension debits and credits?	As an administering authority, we would prefer a pragmatic solution. The implementation of the McCloud remedy has been extremely complicated, and
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			<p>difficult to implement, particularly as software has struggled to keep up to date with the changes which has resulted in time consuming manual calculations.</p> <p>We are unsure of that the proposal will not create significant further amounts of work for administrators for relatively little outcome.</p>
	Deaths on 30 September 2023	Q37 – Do you agree with the government’s proposal to cover deaths on 30 September 2023?	We agree with this.
	Interest on Club transfers	Q38 – Do you agree with the government’s proposal to clarify if interest applies on Club Transfers?	We agree with this.
	Part 4 tax losses	Q39 – Do you agree with the government’s proposal to include part 4 tax losses in the 2023 regulations?	We agree with this.
	Transfers from other public service schemes for members over 65 years old	Q40 – Do you agree with the government’s proposal for transfers from other public service schemes for members over 65 years old?	We agree with this.

Chapter 6 – Other Regulation Changes	Amendments from the Joint Committee for Statutory Instruments	Q41 – Do you agree with the proposal to omit Regulation 50 and the equivalents to it (to the extent that they have been preserved) in the 1997 and 2008 Regulations?	We agree with this.
		Q42 – Do you agree with the proposal to withdraw the actuarial guidance linked to Regulation 50?	We agree with this.
		Q43 – Do you agree with the proposal to amend the definition of BCE in the 2013 Regulations?	We agree with this.
		Q44 – Do you agree with the proposed approach to PCELSs?	We agree with this.
		Q45 – Do you agree with the proposed approach to issue updated actuarial guidance on the treatment of PCELSs?	We would like to point out that we feel more guidance is needed around eligibility for PCELSs, primarily around how to calculate post 1997 contracted out rights for the purposes of establishing available pension for conversion to a PCELS. The current guidance on PCELSs in the LGPS is lacking detail to help us deal with real life cases.

		<p>Q46 – Do you agree with the proposed amendments to the Regulations?</p> <p>Q47 – Do you have any comments on the proposals in this chapter?</p>	<p>We specifically do not agree with the amendments to regulation 17(10) and Regulation 19(1), the reasons of which are set out in our answer to Q47.</p> <p>Re. points 135 to 137: We feel that the proposed change to Regulation 17(10) is a backward step. This creates an orphan AVC fund, which was always an issue prior to 2014. These orphan AVC funds create an administrative burden on the scheme administrator, particularly when contact is lost with the scheme member and the AVC fund is small. The member may also not fully understand the implications of not transferring their AVCs at the same time as their main scheme benefits i.e. loss of options to use that AVC fund. We would rather this amendment not proceed, and there remain a requirement to transfer AVCs alongside main scheme benefits. We would also question why this approach is being taken in light of the Government's position on small pots; reintroducing orphan AVCs will increase small pots in the LGPS.</p> <p>Re. points 151 to 152: We do not feel this addresses the issues we experience as administrators with the 5-year refund rule.</p> <p>There are significant issues where a scheme member leaves and is awarded a deferred refund, and does not claim that refund within the 5 years. If they then subsequently rejoin the LGPS, their only option is to a refund, however as they have rejoined the scheme they cannot then take a refund without extinguishing their rights in the scheme. If the Government's intention is to enable individuals to save for their retirement, why put a deadline on enabling a deferred LGPS member to aggregate a deferred refund. Upon leaving employment, a deferred refund member may not know when or if they might re-enter an LGPS eligible employment, so cannot plan when to take a refund of contributions. This whole position is out of line with the position on small pots; surely we should be enabling the aggregation of small pots whereas the current and proposed regulations make this not possible if the member holds a deferred refund for more than 5 years.</p> <p>We also feel there is a discrepancy with deferred refund scheme members who ceased membership before 1 April 2014. In these cases, members may be able to aggregate membership; this puts these members in an advantageous position, which could result in future discrimination challenges.</p> <p>We feel that the statement made at 152(d) is unworkable and ambiguous. In some cases refundable contributions can be extremely small, and the administrative</p>

			<p>burden of trying to return these contributions far outweighs the amount that is paid. If the Government has a desire for individuals with deferred refunds to retain their benefits within a registered pension scheme, we would like to see deferred refund entitlements added to the Pension Dashboard to assist with the task of staying in contact with scheme members.</p>
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<p>Page 59</p> <p>Chapter 7 – Administrative impact of proposals</p>	<p>Administrative impact of proposals</p>	<p>Q48 – Do you have any comments about the impact the combined proposals in this document will have on administration?</p>	<p>We would like to feedback that there is a huge amount of change in pensions at the moment, both across the industry and within the LGPS.</p> <p>With so many competing demands on time and resources, administrators are being stretched as we are asked implement changes and ultimately do more to run the pension scheme. It is increasingly difficult to train our staff on changes, and to communicate these effectively to scheme members.</p> <p>Our software providers are also struggling to contend with such frequent and detailed changes, which often leaves us as an administrator having to undertake manual calculations which are time consuming and carry a higher level of risk, given they are performed outside of any system software.</p> <p>It is frustrating that some of these changes could have been implemented some years ago, which would have spread the burden of implementation, rather than building so many changes into a single consultation. With other high level projects on-going such as McCloud, Dashboards, Abolition of the LTA and NMPA changes, further implementation work is unhelpful.</p> <p>We would like the Government to acknowledge this in any future implementation programme and embed an element of pragmatism within any future implementation deadlines.</p>
		<p>Q49 – Are there any areas where you believe the proposals are significantly more complex and would benefit from a later implementation date?</p>	<p>We believe that reporting requirements on opt outs and gender pension gap could be delayed without significant detriment to any stakeholder.</p>

		<p>Q50 – Do you have any comments on the proposed approach to cost?</p>	<p>Any changes will result in increased costs to administrators as work will need to be undertaken to update software and internal processes, staff and employer training will be needed and member communications undertaken.</p> <p>Again, within the wider context of current LGPS and pension industry changes, it is disappointing that the issue of scheme costs is not deemed worthy of further consideration. It should be noted that it is not just direct financial costs that are relevant; there are other costs associated with making the LGPS ever more complicated such as staff turnover, member satisfaction and the ability of administrators to accurately administer the scheme in a timely fashion.</p>
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<p>Chapter 8 – Public Sector Equality Duty</p>	<p>Other regulation changes</p>	<p>Q51 – Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so, please provide relevant data or evidence.</p>	<p>We have no comments to make on this area.</p>
		<p>Q52 – Do you agree to be contacted regarding your response if further engagement is needed?</p>	<p>We are happy to be contacted if needed.</p>

From:	Chairman Pension Fund Committee Interim Corporate Director - Finance
To:	Pension Fund Committee – 23 September 2025
Subject:	Investment Performance and Asset Allocation Update
Classification:	Unrestricted

Executive Summary:

This report provides a summary of the Fund's investment strategy, asset allocation, performance, cashflow position and responsible investment activity. Detailed performance information is provided in the *Quarterly Fund Performance Report* found in Appendices 1 and 2.

Recommendation:

The Committee is asked to:

- a) note the report; and
- b) to agree that no rebalancing is undertaking (para 1.3)

FOR DECISION

1. FUND VALUE AND ASSET ALLOCATION

- 1.1 As of 31 July 2025 (the latest available data), the Fund's value was £8.9bn compared to £8.4bn as at 31 March 2025 and £8.7bn as at 31 January 2025, the position previously reported to the Committee. The table below sets out the current asset allocation versus the Fund's strategic asset allocation and its rebalancing policy.

Asset Class	Strategic Asset Allocation (%)	Tolerance Band (%)	Current Asset Allocation (%)	Variance	Status
Equities	53	+/- 10	57.7	4.0	In range
UK Equities	10	+/- 2.5	11.4	1.4	In range
Global Equities	38	+/- 5	41.1	3.1	In range
Emerging Market Equities	5	+/- 2.5	5.2	0.2	In range
Fixed Income	22	+/- 5	18.3	-3.7	In range
Credit	15	+/- 5	15.0	0.0	In range
RMF (Index Linked Gilts)	7	-	3.3	-3.7	N/A
Alternatives	25	+/- 10	22.2	-2.8	In range

Absolute Return	5	-	5.0	0.0	N/A
Infrastructure	5	-	4.7	-0.3	N/A
Private Equity	5	-	4.6	-0.4	N/A
Property	10	-	7.9	-2.1	N/A
Cash	0	5	1.8	1.8	In range
Total	100		100		

- 1.2 The current asset allocation is broadly aligned with the strategic asset allocation, and within approved tolerance bands. UK and global equities are marginally overweight whilst the alternatives assets (excluding absolute return) and the risk management framework are underweight. Some excess cash of around £70m was generated from the partial sale of the Fidelity Property Fund earlier this year, which is awaiting being reinvested into property as well as being held for additional collateral required in the risk management framework.
- 1.3 Given the current asset allocation remains within range of the Fund's approved tolerance bands, no rebalancing is recommended at the current time.

2. INVESTMENT PERFORMANCE

- 2.1 In addition to the summary of quarterly and longer-term performance as of 30 June 2025 shown below, a summary of performance as at 31 March 2025 has also been included to provide the update that was missed during June's scheduled Committee meeting. Further detail on both quarters is provided in the *Quarterly Fund Performance Report* within Appendices 1 and 2.

Investment performance: quarter to 31 March 2025

- 2.2 In the quarter to 31 March 2025, the Fund delivered a return of -1.5% against a benchmark of -0.5%.
- 2.3 The Fund's UK equities underperformed during Q1 due to the strategic focus on small and mid-sized companies during a period when large-cap stocks outperformed. Global equities fell sharply during the period, particularly in the US, which resulted in a -4.2% return for the Fund's global equity mandates. Emerging market equities were mixed, rising in local terms but falling in sterling due to a stronger pound. Fixed income delivered positive returns of 1.6% after benefitting from falling yields and a decline in interest rates, while the opposite was true for the Index Linked Gilts mandate which fell to -3.7% in the quarter. Property markets showed modest recovery during Q1, although the Fund's allocation still lagged the benchmark slightly. Within the alternative allocation, both absolute return portfolios delivered strong gains, supported by protective assets, as well as strong outperformance from infrastructure. In contrast, the private equity managers posted small losses following strong performances previously.

Investment performance: quarter to 30 June 2025

- 2.4 The Fund's investments performed well during the second quarter of 2025, collectively returning 3.1% which was marginally above the 2.9% benchmark. As highlighted in the section above, this was a marked improvement on Q1 results and reflects a reversal in market sentiment across asset classes, most notably in global equities.

- 2.5 **UK equities:** As outlined above, strong performance was achieved by the Fund's sole UK equities manager, Schroders, who posted a return of 6.1%, a relative outperformance of 1.7%. Key factors for the outperformance in the quarter to June were exposure to small and mid-cap companies, as well as cyclical exposures; all areas which harmed performance during the earlier period.
- 2.6 **Global equities:** Q2 2025 saw strong returns for global equities, with the Fund delivering a performance of 5.8%, outperforming the benchmark return of 5.1%. Outperformance was driven by overweight positions in US technology and industrials, which captured the rally in growth and cyclical sectors.
- 2.7 Performance was mixed for the Fund's global equity managers during Q2, with Baillie Gifford significantly outperforming their regional benchmark of 5.4%, achieving a return of 10.3%. On the other hand, M&G Global Dividend Fund posted a relative underperformance of 2.0% with a return of 3.1%. Schroders Global Active Value has performed well in the first half of 2025, posting strong outperformance with a return of 5.4% this quarter vs the same 5.1% benchmark. Both Impax and the Fund's newest global equities mandate, Robeco Global Stars, have struggled year-to-date, with underperformance in both periods, achieving returns of 4.9% and 2.3% most recently.
- 2.8 After considering the impact of the risk management framework (RMF), performance decreased slightly in Q2 to 4.2%. Strong performance from the global equities market resulted in decreases to the value of the options, resulting in the detraction.
- 2.9 **Emerging market equities:** Emerging market equities performed strongly during the second quarter of 2025 collectively returning 8.5% vs a 5.5% benchmark, mostly driven by both country and sector positioning. The Robeco Emerging Market mandate was the strongest performer, with a returning 9.4% against that benchmark although Columbia Threadneedle were not far behind, achieving a return of 7.6%.
- 2.10 **Fixed income:** the Fund's fixed income mandates delivered strong returns again during Q2, achieving a return of 2.3% - a relative outperformance of 1.3%. Performance was broad based on a sectorial basis, with the lower end of credit quality generally outperforming. Schroders and GSAM posted particularly strong results in Q2 against their benchmarks of 1.1% and 0.9%, with returns of 2.8% and 2.7%, respectively. CQS and M&G also had strong returns of 2.0% and 1.3% against the benchmark of 1.1%.
- 2.11 The Index Linked Gilts portfolio, which is part of the Risk Management Framework (RMF) managed by Insight, showed improvement in Q2 with a return of 0.5%. This performance was driven by an easing monetary policy stance, as well as continued inflation pressures.
- 2.12 **Property:** The Fund's property investments struggled to outperform the benchmark during Q2, achieving an overall return of 1.0% against the benchmark of 1.7%; a relative underperformance of 0.7%.
- 2.13 Both of the Fund's **absolute return** mandates, Pyrford and Ruffer, marginally outperformed their RPI benchmark of 2.3% this quarter, posting returns of 2.4% and 2.5%, respectively, as a result of the more protective assets, including

commodities and precious metals exposures during the period of uncertainty caused by the tariffs.

- 2.14 In **private equity**, HarbourVest continued to struggle in Q2 as firms grappled with geopolitical uncertainty and a challenging macroeconomic environment, posting returns of -5.6% against a benchmark of 1.1%. Whilst YFM also underperformed the benchmark, their return was only slightly lagging. For **infrastructure**, Partners Group had a strong quarter achieving a return of 2.5% which was a relative return of 1.4% against the same benchmark.

3. LONGER TERM PERFORMANCE

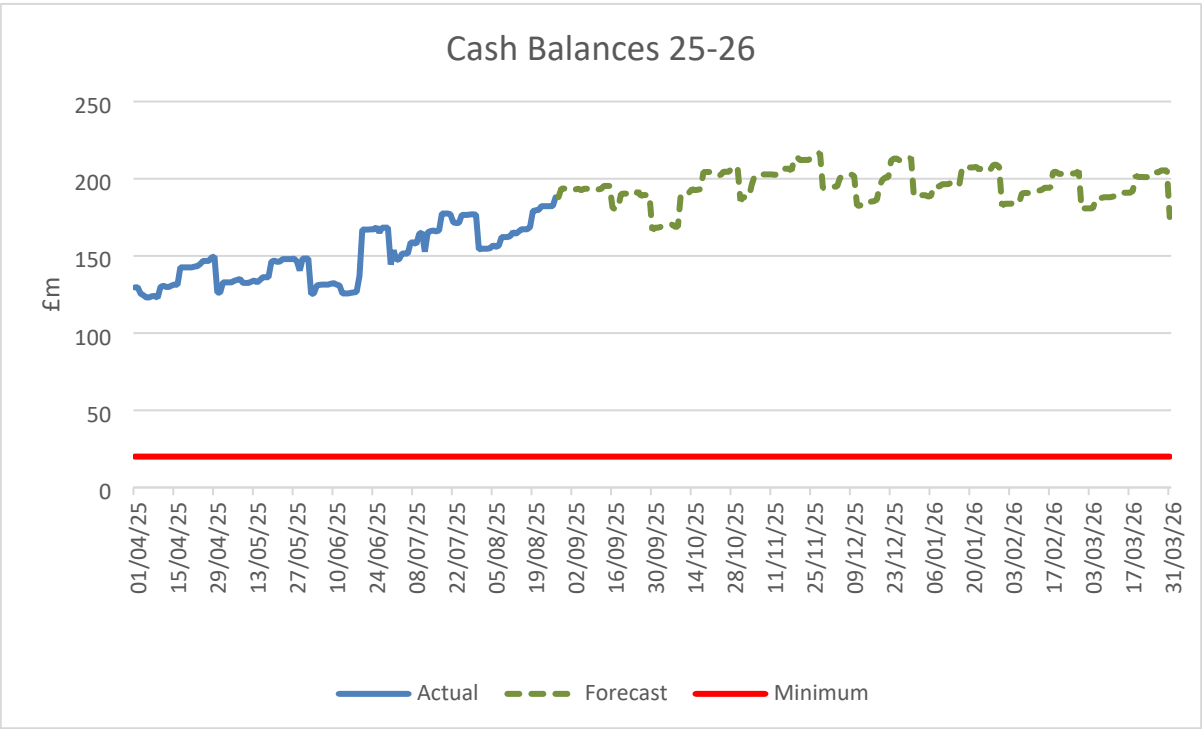
- 3.1 For the year ended 30 June 2025, the Fund outperformed its benchmark of 5.1%, achieving an overall return of 5.4%. Whilst this outperformance of 0.3% looks small, it is important to note that it equates to circa £25M additional on the total fund value.
- 3.2 Fixed income markets delivered positive returns over the year to 30 June 2025, with all the Fund's bond mandates outperforming their respective benchmarks. Monetary policy adjustments including interest rate cuts contributed to a decline in government bond yields which enhanced coupon income and supported positive returns. Together, the fixed income portfolios returned 7.9% against their benchmark of 4.5%.
- 3.3 The Fund's equity managers delivered strong performance across all regions. UK equities returned 11.9%, outperforming the FTSE All Share benchmark of 11.2%, supported by positive stock selection in the financials and energy sectors. Global equities achieved a combined return of 7.5%, modestly ahead of the 7.2% benchmark. Impax was the only detractor from global equities performance, being the only equities manager to not outperform their benchmark. Emerging market equities posted the strongest relative performance, returning 8.8% compared to 6.4% for their benchmark.
- 3.4 Both absolute return managers, Ruffer and Pyrford, outperformed the cash benchmark of 4.4% by 2.4%.
- 3.5 Over the three-year period, the Fund returned 4.7%, below the combined benchmark of 6.7%. The main detractors from performance over the period were the Fund's global and UK equity allocations, alongside the absolute return mandates.
- 3.6 Overall, the Fund's global equities delivered 10.4% against a benchmark of 12.7% with Impax remaining the largest detractor over the period, returning 0.3%. The Fund's UK equities also performed well returning 9.6%, although they were unable to match the FTSE All Share benchmark of 10.7%, posting a relative underperformance of 1.1%. The Fund's credit managers were consistent across this period, with all managers outperforming their benchmark, the fixed income allocation collectively posted a return of 7.7%, against the benchmark of 5.5%.
- 3.7 The alternative's allocation has produced mixed returns across the period, though significant outperformance has been seen from the Fund's infrastructure manager, Partners Group, who posted a return of 12.0% and across private equity with YFM posting a return of 13.9% against the cash benchmark of 4.5%.

4. CASH FLOW

4.1 The cash balance as of 30 June 2025 was £144.4m, up from £128.8m at the end of the previous quarter. This figure excludes £108.5m of cash currently held within Insight arising from the sale of assets from the Pyrford Total Return Fund in 2024, under the Committee’s strategic asset allocation implementation plan. This additional liquidity source is available for use to meet investment requirements both for existing commitments, future asset class rebalancing, as well as any additional collateral under the Risk Management Framework.

Actual Cash Flow Experience and In-Year Forecast (2025-26)

- 4.2 The chart below shows the Fund’s actual cash flow experience from 1 April to 28 August 2025 (the date of writing this report) as well as forecast of cash flows to 31 March 2026. The chart shows that operational (non-investment) cash flows occur within a fairly repetitive cycle from one month to the next, which reflects standardised timing for contribution receipts and payroll payments.
- 4.3 Actual cash flow experience in the year to date has been largely influenced by the timing of transaction activity within the alternatives allocation, particularly the private equity and infrastructure mandates. The forecast shown is relatively flat through to the end of 2025/26, reflecting significant net distributions expected from Partners Group, which are anticipated to offset larger drawdowns from HarbourVest.



Cash Flow Forecast (2025-2028)

4.4 Officers maintain a forecast of the Fund’s cash flows over the medium term to ensure that liquidity requirements are identified and managed in an orderly fashion. The 3-year cash flow forecast for the Fund based on existing investment commitments is summarised in the table below.

	2025-26 Q2, Q3,Q4 £m	2026-27 Full Year £m	2027-28 Full Year £m
Opening cash balance	153.6	174.3	341.9
Revenue			
Pensions contributions	243.8	326.0	339.0
Property income	13.0	18.0	18.6
Total inflows	256.7	344.0	357.6
Pensions payments	-233.3	-328.0	-337.6
Admin, governance and oversight	-7.3	-7.7	-7.9
Investment management fees	-2.9	-4.0	-4.2
Total outflows	-243.4	-339.8	-349.7
Net revenue cashflow	13.3	4.2	7.9
Investments			
YFM	-4.4	45.9	38.2
Partners Group	63.0	106.0	95.0
HarbourVest	-36.2	11.5	77.4
Property investments net of redemptions	-15.0	0.0	0.0
Net investment cashflow	7.4	163.4	210.6
Closing internal cash balance	174.3	341.9	560.5
Cash held with Insight	108.5	108.5	108.5
Total cash balance (internal + Insight)	282.8	450.4	669.0

- 4.5 The table shows that the Fund's cashflow from pension contributions and property income is currently sufficient for meeting its ongoing pension liabilities, albeit only slightly net positive. This situation looks to continue over the medium term with net revenue cashflow remaining positive for both 2026-27 and 2027-28. One thing worth noting is that 31 March 2025 is the date of the latest triennial valuation exercise and the results of the which may require changes to contribution rates. These changes will, in turn, impact upon cash flow. As such, officers will continue to monitor progress of the triennial valuation into their forecasts and will update when new contribution rates are known.
- 4.6 The table also shows significant investment activity within the alternatives allocation, specifically private equity and infrastructure, which is expected to result in a net inflow of £7.4m by the end of the year. This is thanks to the large projected distributions from Partners Group helping to mitigate the impact of some larger drawdowns from HarbourVest. In addition, 2026-27 and 2027-28, net investment cash flows are expected to result in large inflows as a result of the alternatives allocation being mostly fully drawn. As such, the portfolios are now starting to distribute funds back to the Fund, resulting in a forecasted net investment cashflow of £163.4m in 2026-27 and £210.6m in 2027-28.
- 4.7 The size and timing of the investment cash flows relating to the alternative investment allocations cannot be precisely predicted, and capital calls can be issued at relatively short notice (two weeks). Therefore, it is important that the Fund has adequate liquidity to manage this inherent uncertainty.

- 4.8 In addition to current and forecast cash levels and given the buffer cash available within the Insight Liquidity Fund, as outlined above, officers have no concerns over liquidity.
- 4.9 Whilst it is not ideal to hold significant cash balances, they will support the Fund in its future transitions to the new pooling arrangements considered elsewhere on today's agenda.

5. RESPONSIBLE INVESTMENT UPDATE

- 5.1 Officers have submitted the Funds Principles for Responsible Investment (PRI) Assessment in August and await the results which will be reported in the next committee meeting
- 5.2 Officers are collating information from fund managers in order to complete the annual Net Zero progress monitoring as at 30 June 2025.

6. Voting Activity for the 6 months to 30 June 2025

- 6.1 The Fund regards the exercise of ownership rights, including voting rights, as a critically important activity that enhances value and supports the maintenance of a sustainable financial system in which the interests of the Fund's beneficiaries are effectively accounted for when companies make important strategic decisions
- 6.2 Asset managers are required to conduct all voting decisions at company meetings on behalf of the Fund. For pooled assets, voting should be conducted in accordance with the ACCESS voting guidelines on a comply or explain basis. For non-pooled assets with voting rights, asset managers should adhere to their own voting policies.
- 6.3 Asset managers are required to provide feedback information on voting decisions on a quarterly basis. A summary of the voting activity of the managers for the quarter to 31 March 2025 is shown in the table below:

Manager	Fund Name	Number of Meetings	No. of votes for	No. of votes Against, Abstained or Withheld
ACCESS POOL				
Baillie Gifford	WS ACCESS Global Equity Core Fund	21	197	10
Schroders	WS ACCESS UK Equity Fund	0	0	0
Schroders GAV	WS ACCESS Global Active Value Fund	79	812	80
M&G	WS ACCESS Global Dividend Fund	9	112	26
Robeco	WS ACCESS Global Stars Equity	3	70	4
Robeco	WS ACCESS EM Equity Fund	12	113	28
Columbia Threadneedle	WS ACCESS Emerging Markets Equity Fund	20	83	9
Ruffer	WS ACCESS Absolute Return Fund	6	45	5

NON-POOLED				
Impax	Impax Environmental Markets (Ireland) Fund	6	67	5
Pyrford	Global Total Return	7	106	7

- 6.4 A summary of the voting activity of the managers for the quarter to 30 June 2025 is shown in the table below:

Manager	Fund Name	Number of Meetings	No. of votes for	No. of votes Against, Abstained or Withheld
ACCESS POOL				
Baillie Gifford	WS ACCESS Global Equity Core Fund	129	1755	100
Schroders	WS ACCESS UK Equity Fund	31	685	14
Schroders GAV	WS ACCESS Global Active Value Fund	478	6491	840
M&G	WS ACCESS Global Dividend Fund	27	325	91
Robeco	WS ACCESS EM Equity Fund	23	347	62
Columbia Threadneedle	WS ACCESS Emerging Markets Equity Fund	58	492	109
Ruffer	WS ACCESS Absolute Return Fund	99	1121	292
NON-POOLED				
Impax	Impax Environmental Markets (Ireland) Fund	47	584	35
Pyrford	Global Total Return	47	644	29

- 6.5 Officers also review the voting alerts received from LAPFF from time to time and share with the asset managers if it is identified that the portfolio holds the relevant shares. The voting alerts are intended to provide additional information on ESG issues related to upcoming voting opportunities and enable the Fund to discuss potentially important stewardship events with asset managers on a timely basis.

7. Engagement Activity

- 7.1 The Fund expects the investment managers who hold shares on its behalf to fully comply with the UK Stewardship Code 2020 (the Code) and to be a signatory to the UN supported Principles for Responsible Investment. Asset managers are expected to actively engage with companies to monitor and develop their management of material ESG issues to protect and enhance the value of the Fund's investments
- 7.2 Managers regularly report on engagements carried out with companies in the Fund's portfolio. An example of an engagement reported by Columbia Threadneedle can be found in Appendix 4.

8. Securities Lending

- 8.1 The ACCESS pool has a common policy for securities lending. All the sub-funds participate in the programme, which is operated by Northern Trust, the Pool's custodian.
- 8.2 The Kent Pension Fund also has a securities lending programme with Northern Trust for the directly held segregated assets not yet in the pool.
- 8.3 Standard guidelines have been agreed in both the programmes to provide maximum protection for assets which include borrower/market restrictions as well as adequacy and type of collateral (cash) backing the loaned assets.
- 8.4 The programmes afford the managers the ability to recall shares for voting to meet their stewardship obligations. NTRS also operate a buffer management system which restricts a portion of lendable stocks to allow for representative voting
- 8.5 As well as increasing returns for shareholders, stock lending (and borrowing) provides liquidity to capital markets enabling more efficient pricing and supporting the viability of the capital markets in which investors such as the Kent Pension Fund participate on a long-term basis.
- 8.6 The Securities Lending performance for the quarter ending 31 March 2025 is set out in the table below:

Fund	Manager	Average Stock on Loan	% On Loan	Net Earnings
		£m		£m
WS ACCESS Global Equity Core	Baillie Gifford	103.385	10.6	0.101
WS ACCESS Global Dividend	M&G	185.066	13.0	0.047
WS ACCESS Absolute Return	Ruffer	84.180	11.0	0.028
WS ACCESS UK Equity	Schroders	27.731	3.2	0.010
WS ACCESS Global Active Value Fund	Schroders	17.858	4.0	0.006
WS ACCESS EM Equity Fund	Robeco	16.961	6.6	0.008
WS ACCESS Emerging Markets Equity Fund	Columbia Threadneedle	5.333	2.1	0.002
Total		440.514		0.202

- 8.7 Baillie Gifford Global Equity Core, M&G Global Dividend Fund and Schroders Global Active Value lent a total of four of the top ten revenue earning stocks, which included: Tempus AI Inc, V F Corp Com, Rivian Automotive INC & AMCOR PLC.
- 8.8 The Securities Lending performance for the quarter ending 30 June 2025 is set out in the table below:

Fund	Manager	Average Stock on Loan	% On Loan	Net Earnings
		£m		£m
WS ACCESS Global Equity Core	Baillie Gifford	73.543	8.3	0.073
WS ACCESS Global Dividend	M&G	144.161	10.8	0.038
WS ACCESS Absolute Return	Ruffer	70.149	17.9	0.035
WS ACCESS UK Equity	Schroders	35.549	4.2	0.011
WS ACCESS Global Active Value Fund	Schroders	19.195	4.6	0.014
WS ACCESS EM Equity Fund	Robeco	23.138	9.7	0.009
WS ACCESS Emerging Markets Equity Fund	Columbia Threadneedle	7.426	3.2	0.003
Total		373.161		0.183

8.9 Baillie Gifford Global Equity Core and Ruffer Absolute Return lent a total of four of the top ten revenue earning stocks, which included: Tempus AI Inc, Rivian Automotive Inc, United States TREAS NTS & ADR Sociedad Qumica Y Minera De Chile

Appendices

Appendix 1 – Quarterly Performance Report (30 June 2025)

Appendix 2 - Quarterly Performance Report (31 March 2025)

Appendix 3 – Columbia Threadneedle Engagement

Connor Steensel (Investments Accountant)
Jessica Cunningham (Investments Accountant)

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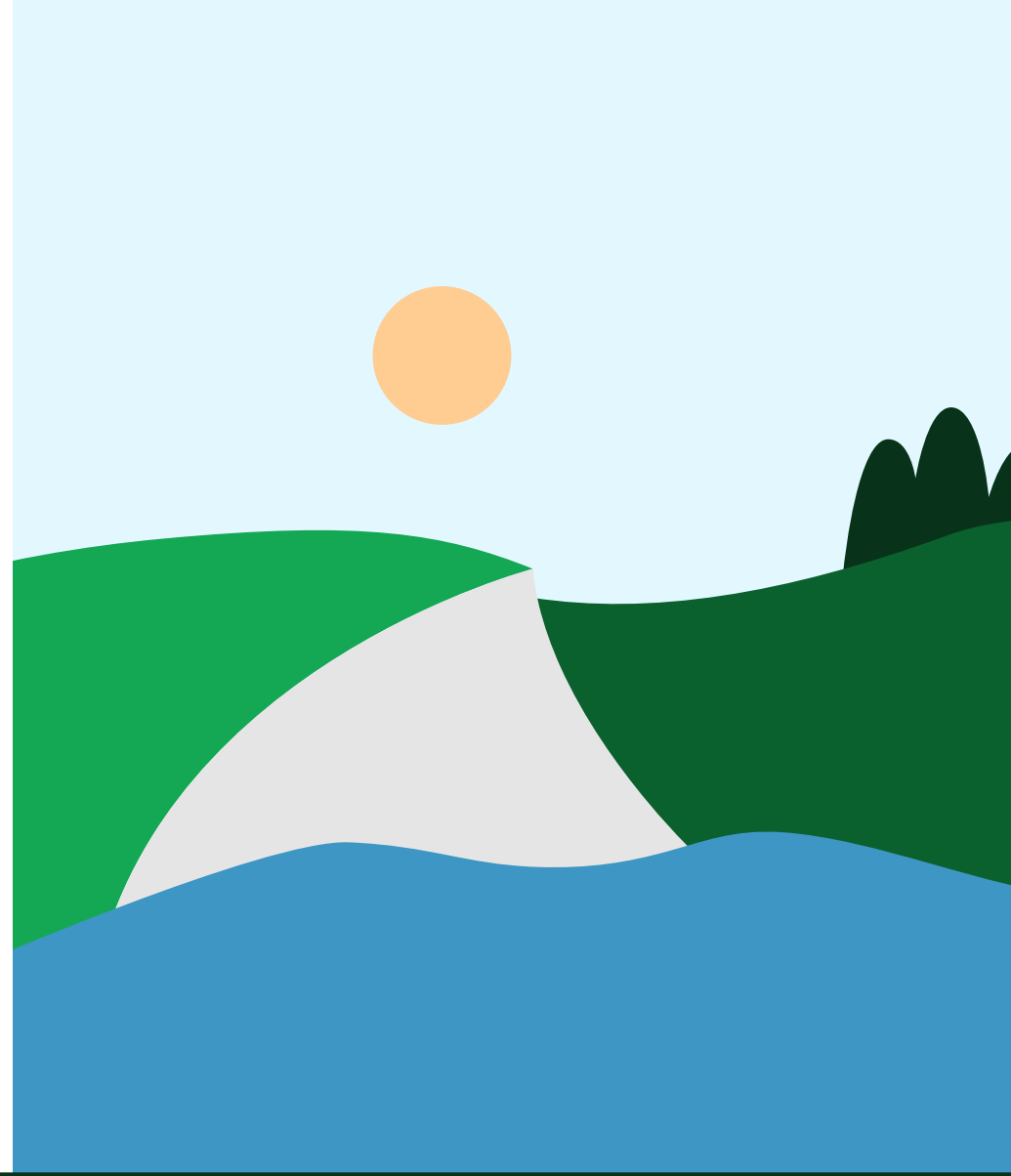
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September 2025

Kent Pension Fund

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Q2 2025 Fund Performance



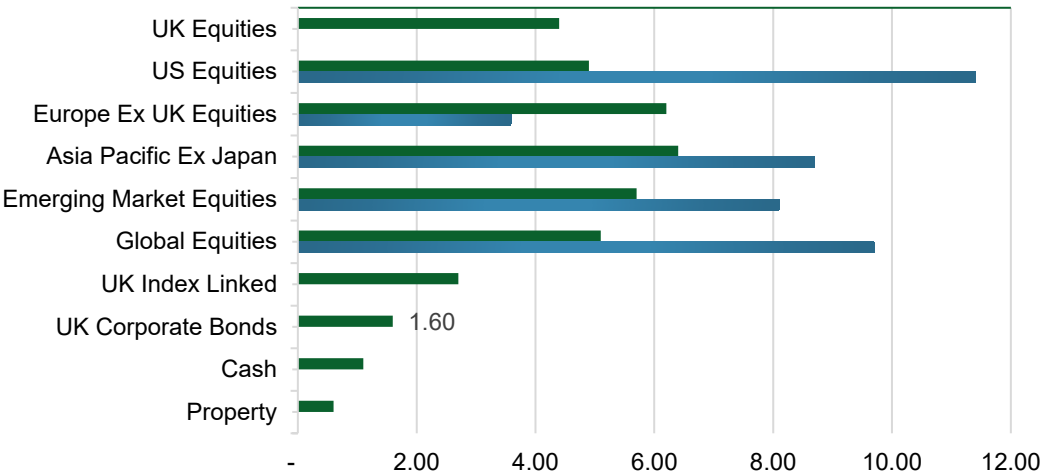
Market Commentary

- Financial markets were primarily driven by trade and geopolitics-led developments through the second quarter of 2025. Tariff uncertainty under US President Donald Trump fuelled concerns over not just the growth and inflation outlook, but also the potential impact on fiscal and monetary policy. While most developed market (“DM”) central banks continued cutting rates, policymakers expressed caution against headwinds emerging from tariff-induced disruptions. Although the US Federal Reserve (“Fed”) left rates unchanged in Q2, it revised growth and inflation forecasts for the year. Market sentiment continued to be influenced by a soft-landing narrative in the US. In Europe, Germany’s political landscape under new Chancellor Merz and spending plans under the draft budget for 2025 took centre-stage. Meanwhile, the geopolitical landscape became increasingly uncertain towards the end of the quarter amidst the Israel-Iran conflict, which was soon followed by a ceasefire deal. Overall, bond yields were lower across DM, while global equities ended the quarter on a positive note.
- US real GDP fell at an annual rate of 0.5% in Q1 2025, down from a 2.4% increase in Q4 2024. Headline US inflation increased to 2.4% in May 2025, consistent with the 2.4% recorded at the end of March. Core inflation remained steady at 2.8% in May, unchanged from 2.8% at the end of March. The Fed, at its June meeting, decided to maintain the target range for the federal funds rate at 4.25% to 4.50%. The 2025 median dot in the Summary of Economic Projections (“SEP”) still implied two cuts in 2025.
- China's GDP growth accelerated to 5.4% in Q1 2025, matching Q4 GDP growth, driven by robust industrial output and retail sales. China's inflation fell to 0.1% year-on-year in May 2025. The People's Bank of China (“PBoC”) kept its one-year policy loan rate, known as the medium-term lending facility (“MLF”), unchanged at 2.0%.
- Japan's economy contracted by 0.2% on an annualized basis in Q1 2025 due to a decline in net exports amid rising uncertainty over US trade tariffs. Additionally, government spending fell for the first time in five quarters. In the latest meeting in June, the Bank of Japan (“BoJ”) kept its key short-term interest rate at 0.5%, amidst rising growth risks.

- In Q1 2025, seasonally adjusted GDP increased by 0.6% in the euro area. The European Central Bank (“ECB”) reduced interest rates following their June meeting to 2.0%, citing increased uncertainty due to rising geopolitical tensions. Headline inflation in the eurozone slowed to 2.0% in June from 2.2% in March.
- The UK economy grew by 0.7% in Q1 2025 up from 0.1% recorded in Q4 2024. Headline inflation in the UK rose to 3.6% in June up from 2.6% in March, primarily due to higher prices of food, furniture, and household goods. In its June meeting, the Bank of England (“BoE”) maintained interest rates at 4.5% citing growing risks from a cooling labour market.

Source: Mercer LLC

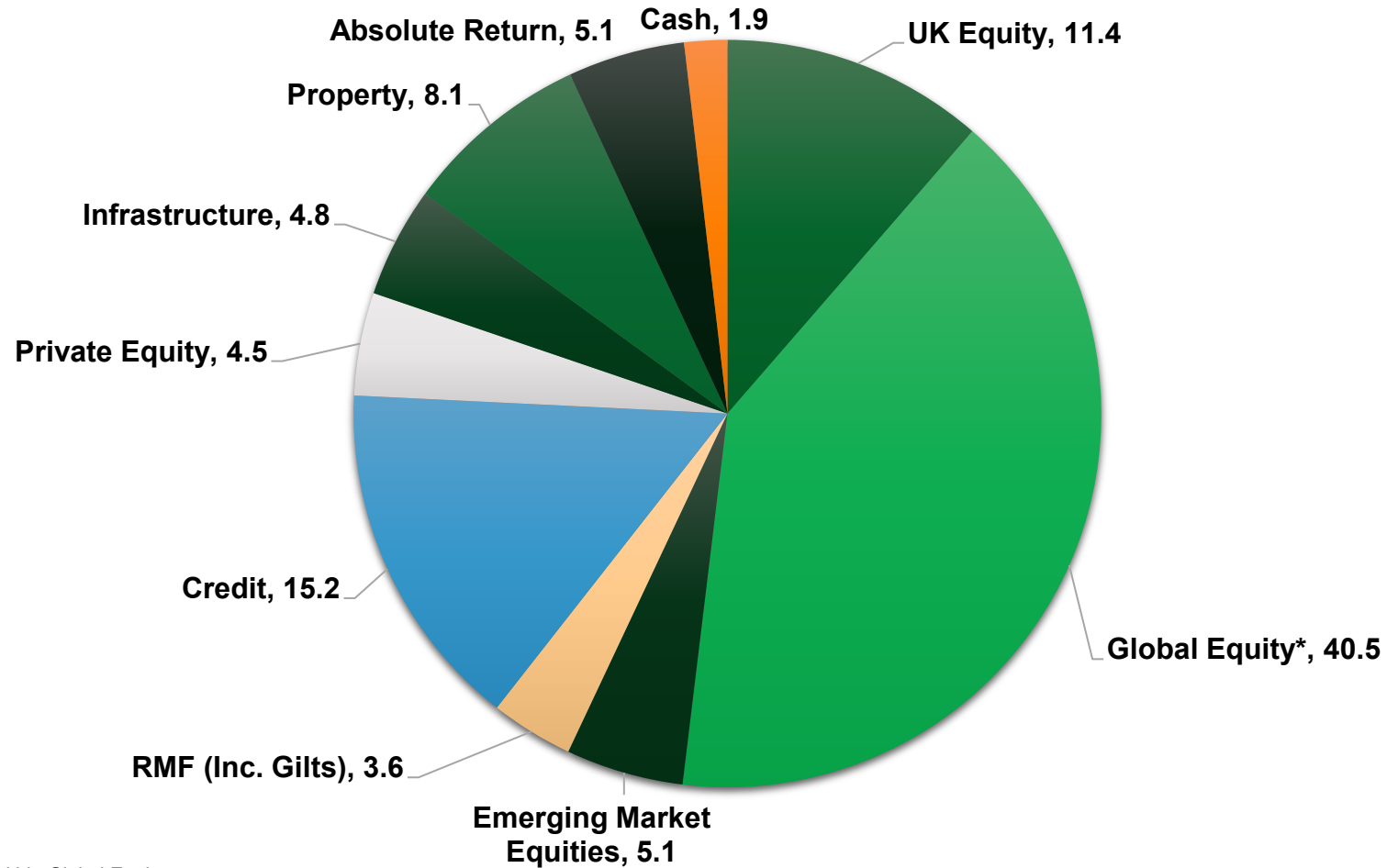
Market Returns (%)



Source: Mercer LLC, Refinitiv and Schroders



Asset Allocation – 30 June 2025



*Synthetic Equity exposure with Insight is included within Global Equity.

**Risk Management Framework is made up of Gilts, as well as Insight IWS contribution and Equity Protection collateral.

Source: Northern Trust, RADAR Reporting



Kent Pension Fund

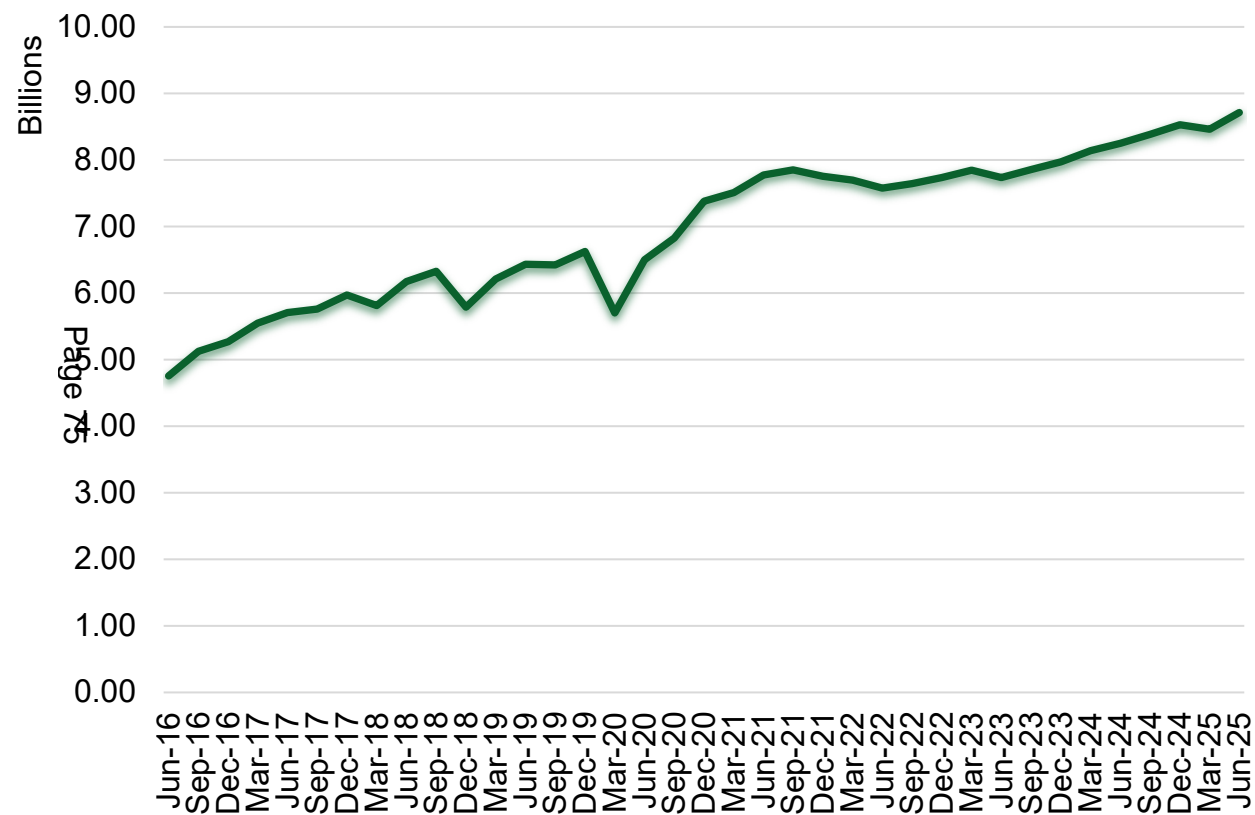
Fund Manager Summary

Asset Class	Fund Manager	Market Value as at 30 June 2025 (£m)	Market Value as at 31 March 2025 (£m)	Change in MV (£m)	% of Total
UK Equity	Schroders UK Equity	989	932	57	11.4
	Woodford Equity	2	2	0	0.0
Global Equity	Impax	69	65	3	0.8
	Baillie Gifford	1,087	986	101	12.5
	Robeco Global Stars	654	639	15	7.5
	Schroders Global Active Value	520	494	27	6.0
	M&G Global Dividend Fund	690	669	21	7.9
	Insight (Synthetic Equity Exposure)	516	481	35	5.9
Emerging Markets Equity	Columbia Threadneedle	223	208	16	2.6
	Robeco	220	201	19	2.5
Risk Management Framework (inc. Gilts)	Insight	312	376	-64	3.6
Credit	CQS	286	281	6	3.3
	Goldman Sachs	451	439	12	5.2
	Schroders Strategic Bond Fund	286	278	8	3.3
	M&G Alpha Opportunities	302	298	4	3.5
Absolute Return	Ruffer	192	187	5	2.2
	Pyrford	249	243	6	2.9
Property	DTZ	475	473	2	5.5
	DTZ Pooled Property	126	106	20	1.4
	DTZ (previously Aegon)	23	26	-3	0.3
	M&G Residential Property	34	34	0	0.4
	Fidelity	46	46	0	0.5
Infrastructure	Partners Group	417	422	-6	4.8
Private Equity	HarbourVest	313	318	-5	3.6
	YFM	75	74	1	0.9
Cash	Internal Cash	161	145	16	1.8
Total		8,717	8,424	293	100.0

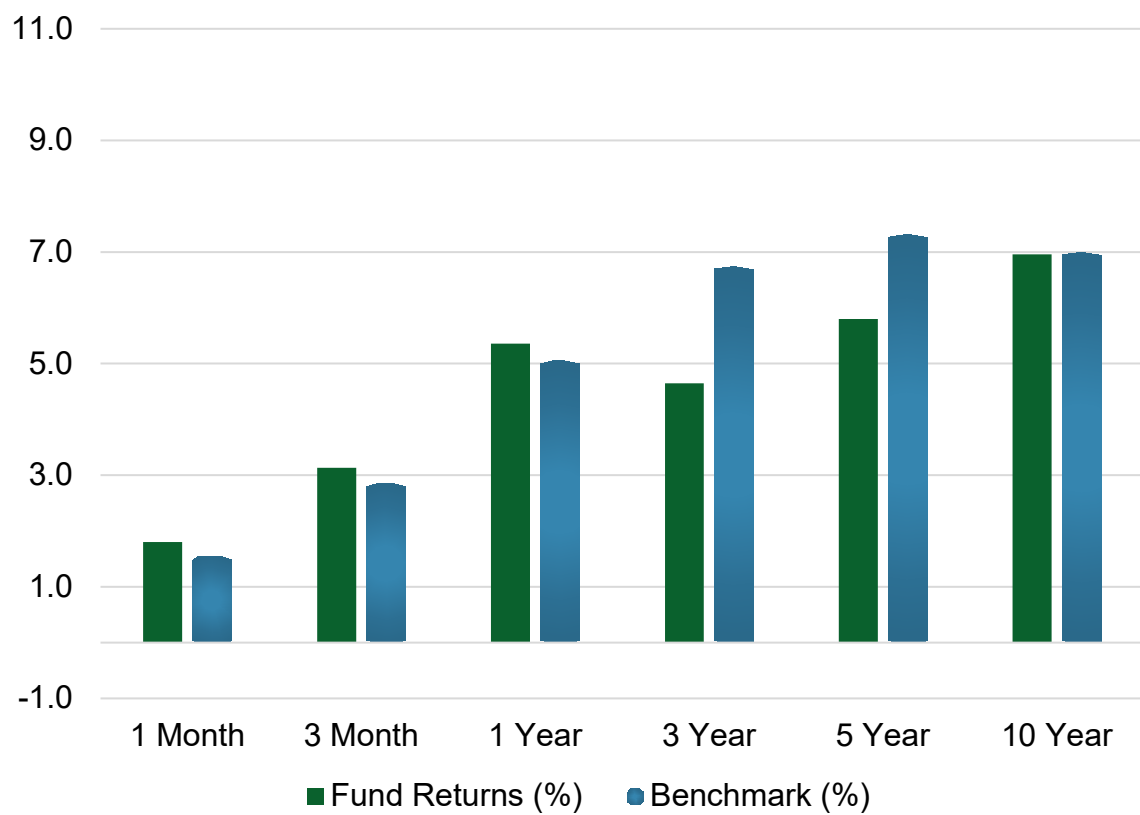


Historical Performance

Total Fund Value (£Bn)



Total Fund Performance vs Benchmark



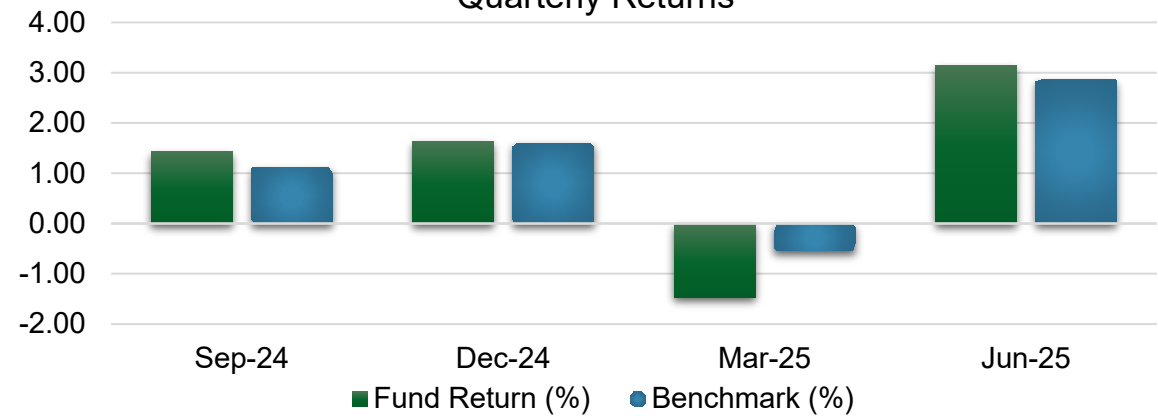
Source: Northern Trust, RADAR Reporting



Kent Pension Fund

Discrete Performance

Quarterly Returns



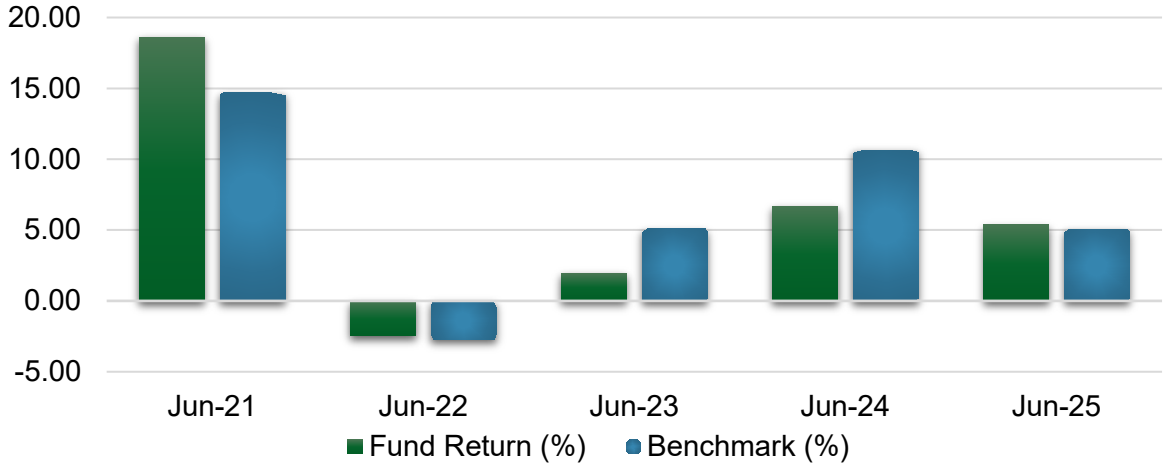
The Fund delivered a return of 3.1% in the quarter to 30 June 2025, outperforming the benchmark of 2.9%. This marked a strong rebound from the -1.5% recorded in Q1, when weakness across risk assets weighed on performance. The improvement in Q2 reflected a broad reversal in market sentiment, with the equity's mandates leading the gains on the back of resilient corporate earnings and moderating inflation, while credit, infrastructure and absolute return also provided steady contributions.

The most recent quarter has shown the strongest performance with performance generally being mixed across the rest of the year. Q4 2024 was broadly in line with benchmark, whilst Q3 2024 delivered a slight outperformance.

Over the year to 30 June 2025, the Fund achieved a return of 5.4%, modestly ahead of the benchmark of 5.1%. This positive outcome was supported by strong equity markets in the second half of this period and steady returns from most asset classes, excluding some of the alternative assets. This represents an improvement on the previous year which showed an underperformance against its relative benchmark, and the year prior which lagged its benchmark by 3.0%.

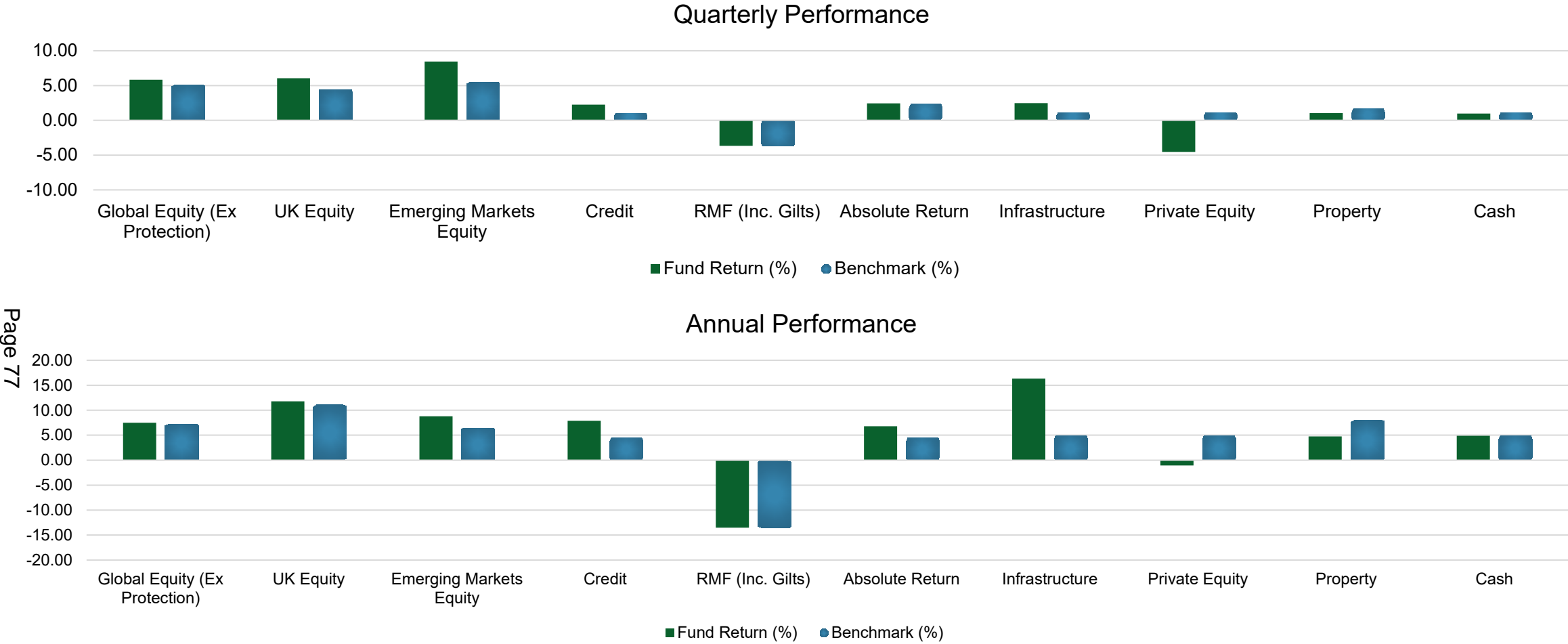
Earlier years showed more mixed results, with a small relative gain being seen in 2022 and strong outperformance in the year to 30 June 2021 as a result of the strong rebound following Covid's impact in 2020.

Annual Returns (last 5 years)



Source: Northern Trust, RADAR Reporting

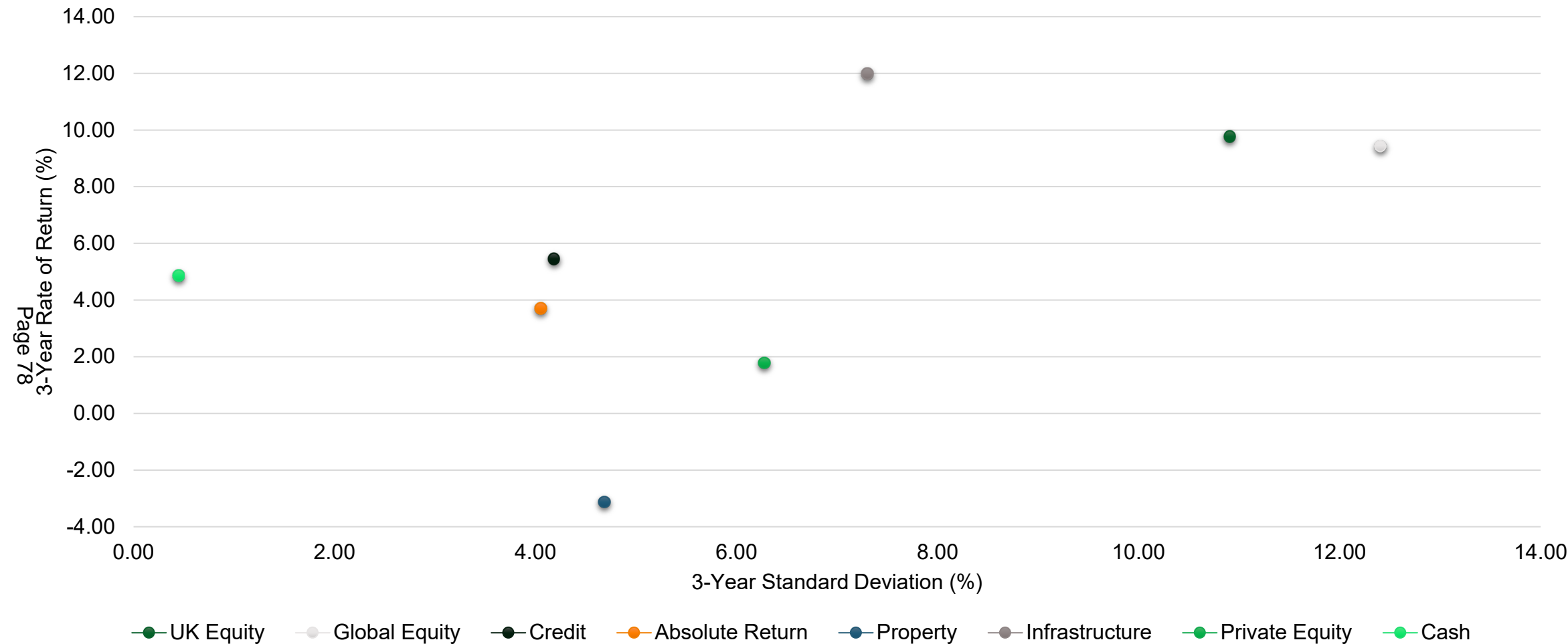
Asset Class Performance



Source: Northern Trust, RADAR Reporting



Risk vs Return – Asset Class Level



Source: Northern Trust, RADAR Reporting



Detailed Performance by Manager

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund	3.1	2.9	5.4	5.1	4.7	6.7
UK Equity						
Schroders - WS ACCESS UK Equity Fund	6.1	4.4	11.9	11.2	9.6	10.7
Global Equity						
Baillie Gifford - WS ACCESS Global Equity Core Fund	10.3	5.4	9.6	8.3	11.6	12.0
Robeco GS	2.3	5.1	--	--	--	--
Schroders - WS ACCESS Global Active Value Fund	5.4	5.1	9.2	7.2	10.5	12.7
Impax	4.9	5.1	-3.7	7.2	0.3	12.7
M&G - WS ACCESS Global Dividend Fund	3.1	5.1	11.6	7.2	12.1	12.7
EM Equity						
Columbia Threadneedle – WS ACCESS EM Equity Fund	7.6	5.5	6.8	6.4	--	--
Robeco – WS ACCESS EM Equity Fund	9.4	5.5	10.9	6.4	--	--
Credit						
Goldman Sachs	2.7	0.9	7.1	3.5	6.3	3.5
Schroders Fixed Income	2.8	1.1	9.0	4.9	6.3	4.4
CQS	2.0	1.1	8.7	5.0	9.4	7.1
M&G Alpha Opportunities	1.3	1.1	7.3	5.0	9.5	7.1
Property						
DTZ	1.2	1.7	5.1	8.0	-2.8	-3.5
Fidelity	-0.0	1.5	15.5	6.8	-2.9	-4.1
DTZ (Kames)	-1.4	1.5	-0.5	6.8	-3.8	-4.1
M&G Property	-1.0	1.5	0.7	6.8	-0.5	-4.1
Private Equity						
HarbourVest	-5.6	1.1	-2.3	4.9	-1.2	4.5
YFM	0.8	1.1	4.6	4.9	13.9	4.5
Infrastructure						
Partners Group	2.5	1.1	16.3	4.9	11.9	4.5
Absolute Return						
Pyrford	2.4	2.3	7.0	4.4	4.9	6.8
Ruffer - WS ACCESS Absolute Return Fund	2.5	2.3	6.3	4.4	1.5	6.8



Alternatives Performance

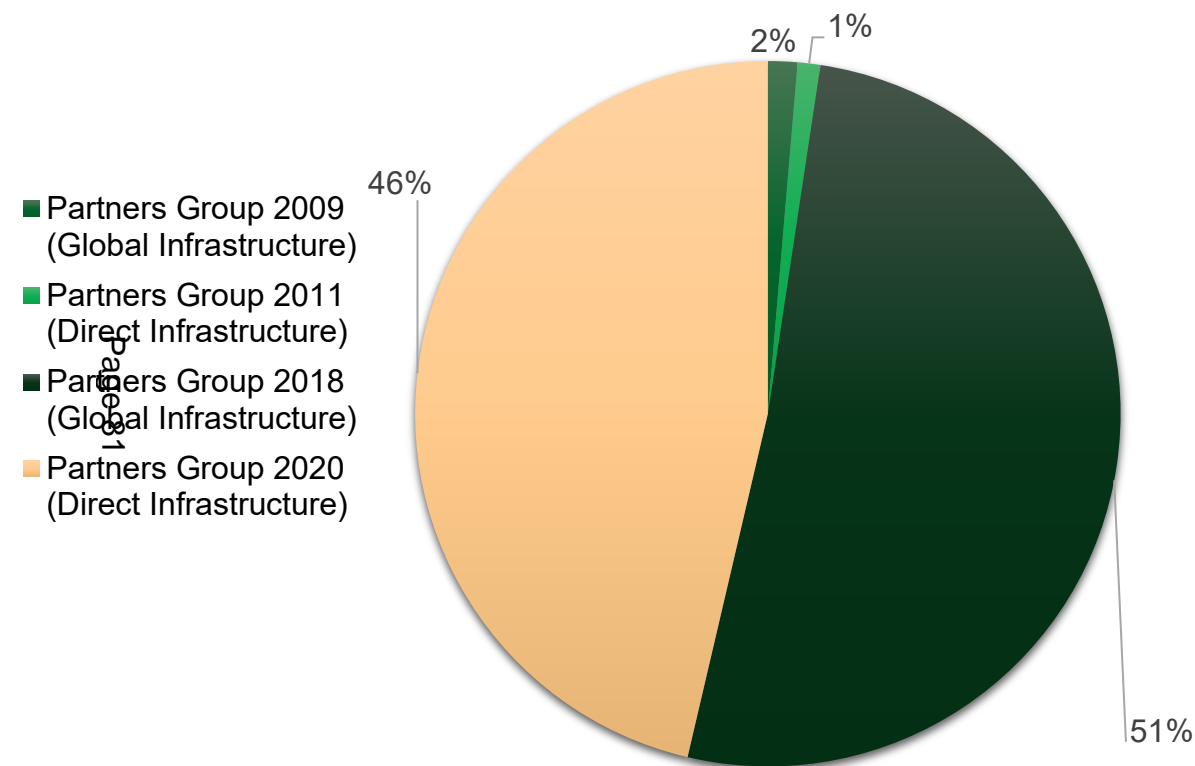
	AS AT 30 JUNE 2025						
Name of Fund	Value of commitment (£m)	Date of original commitment	Cumulative contributions made (£m)	Distributions received (£m)	Net Asset Value at 30/06/2025 (£m)	IRR	TVPI
HIPEP VI-Cayman Partnership Fund L.P.	31	Oct-10	28.8	54.5	9.3	13.5%	2.14
HarbourVest Partners IX L.P.	53	Oct-10	40.9	88.6	21.2	17.4%	2.44
HarbourVest 2018 Global Feeder AIF L.P.	57	Oct-18	47.6	25.4	55.4	16.6%	1.74
HarbourVest 2019 Global Feeder AIF SCSp	57	Mar-19	45.2	12.9	56.9	16.7%	1.62
HarbourVest 2020 Global Feeder AIF SCSp	57	Mar-20	50.3	5.4	56.8	10.0%	1.30
HarbourVest 2021 Global Feeder AIF SCSp	57	Mar-21	41.5	1.8	43.0	8.5%	1.19
HarbourVest 2022 Global Feeder AIF SCSp	57	Dec-21	27.4	0.7	33.4	25.3%	1.36
HarbourVest 2023 Global Feeder AIF SCSp	57	Dec-23	23.7	-	26.0		1.19
HarbourVest 2024 Global Feeder AIF SCSp	123	Jun-24	10.0	-	10.8		1.31
Partners Group Direct Infrastructure 2011 S.C.A., SICAR	19	Oct-10	16.5	20.5	4.4	7.9%	1.44
Partners Group Global Infrastructure 2009 S.C.A., SICAR	50	Oct-10	43.3	57.7	5.6	7.1%	1.45
Partners Group Global Infrastructure 2018 L.P. INC	222	Oct-18	180.5	42.2	213.6	11.3%	1.44
Partners Group Direct Infrastructure 2020 LP SICAV RAIF	222	Nov-19	152.9	11.3	193.0	15.6%	1.37
Chandos	6	Oct-07	6.0	6.7	0.0		1.13
YFM Equity Partners Growth Fund 1	10	Oct-14	10.0	19.3	9.0		2.84
YFM Equity Partners Buyout Fund 1	20	Mar-16	18.3	32.6	18.5		2.83
YFM Equity Partners Growth Fund 2	10	Oct-18	10.4	0.4	12.5		1.26
YFM Equity Partners Buyout Fund 2	20	Oct-18	16.2	18.1	11.7		2.07
YFM Equity Partners Growth Fund 3	10	Jun-21	9.6	0.9	11.6		1.33
YFM Equity Partners Buyout Fund 3	20	Sep-23	13.2	-	12.1		1.03

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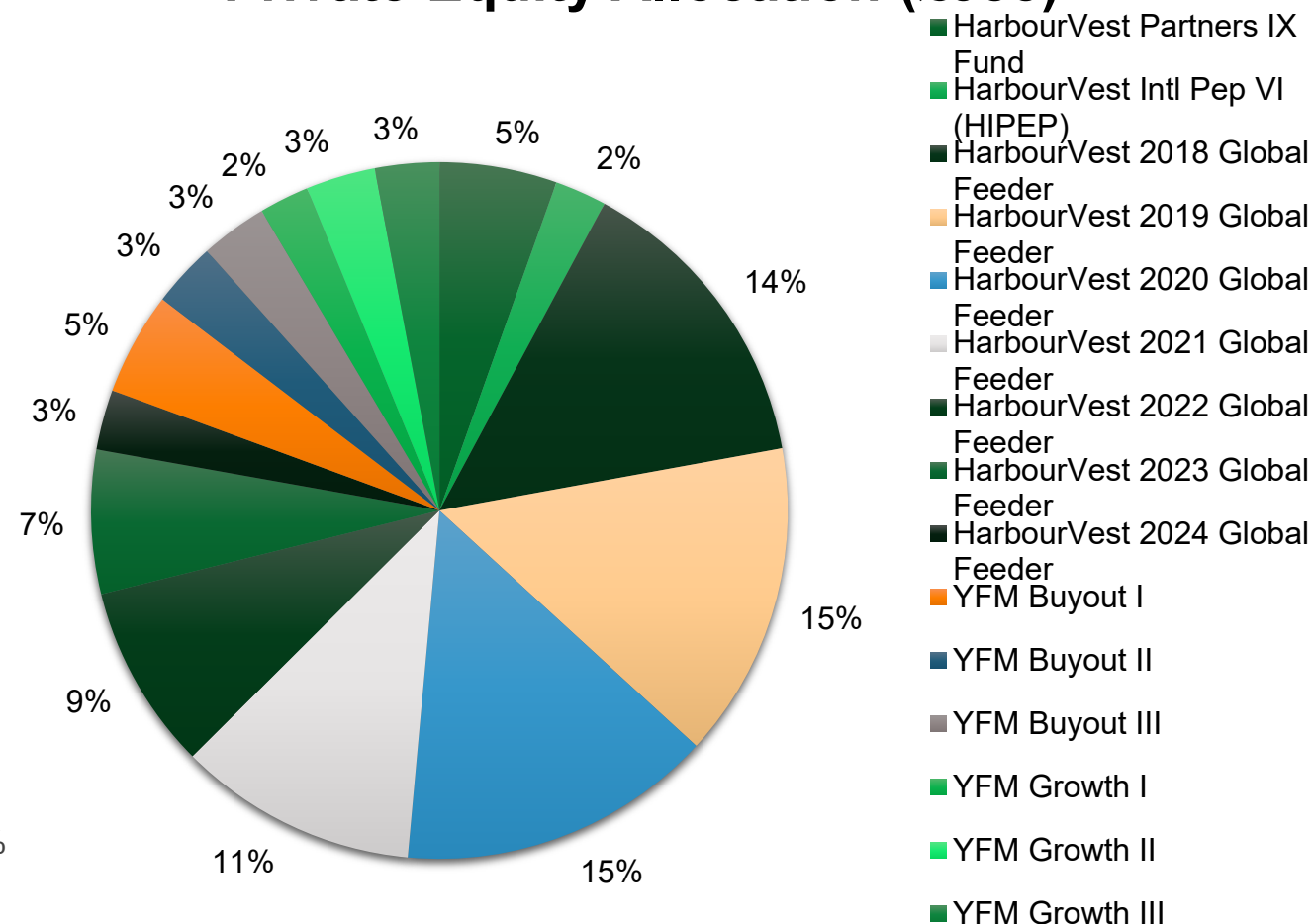


Alternatives Breakdown

Infrastructure Allocation (£417m)



Private Equity Allocation (£388)

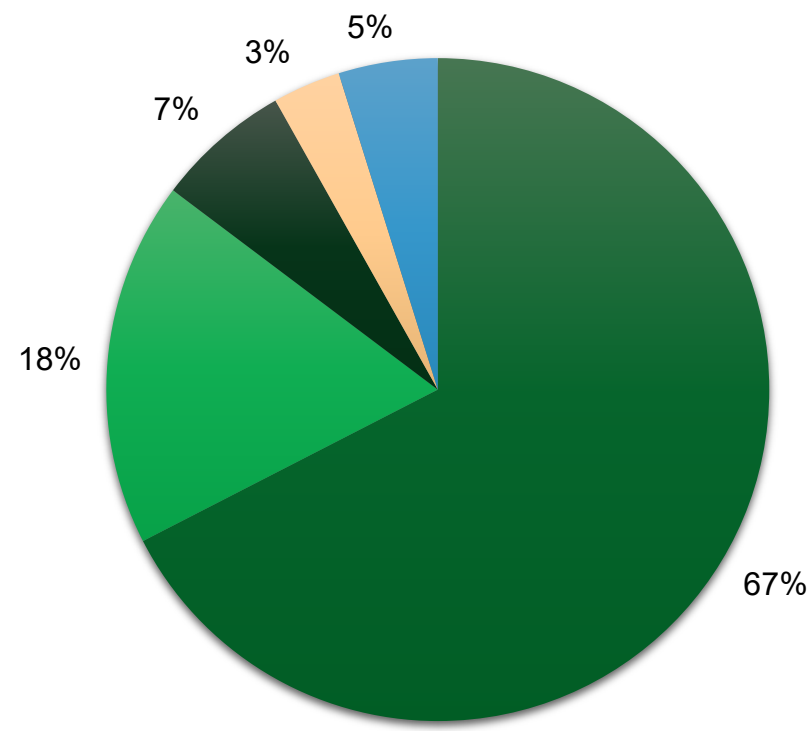


Note: The legend reads clockwise on the pie charts.



Property Breakdown

Property Allocation (£705m)

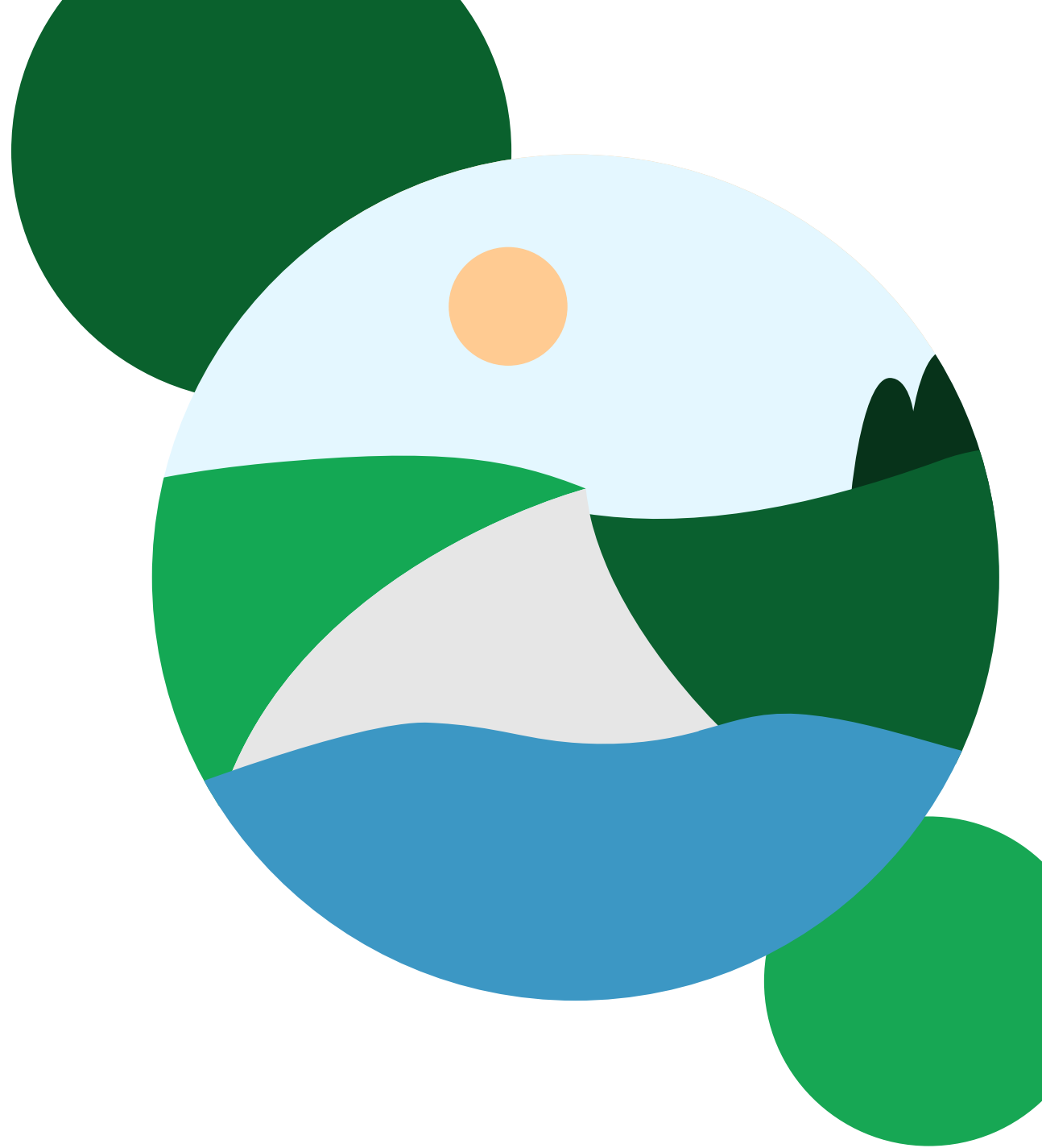


■ DTZ Direct Property ■ DTZ Pooled Property ■ Fidelity PUT ■ DTZ UKAV PUT (formerly Kames) ■ M&G Residential PUT

Note: The legend reads clockwise on the pie chart.



Appendix



Benchmarks and Targets

Appendix A

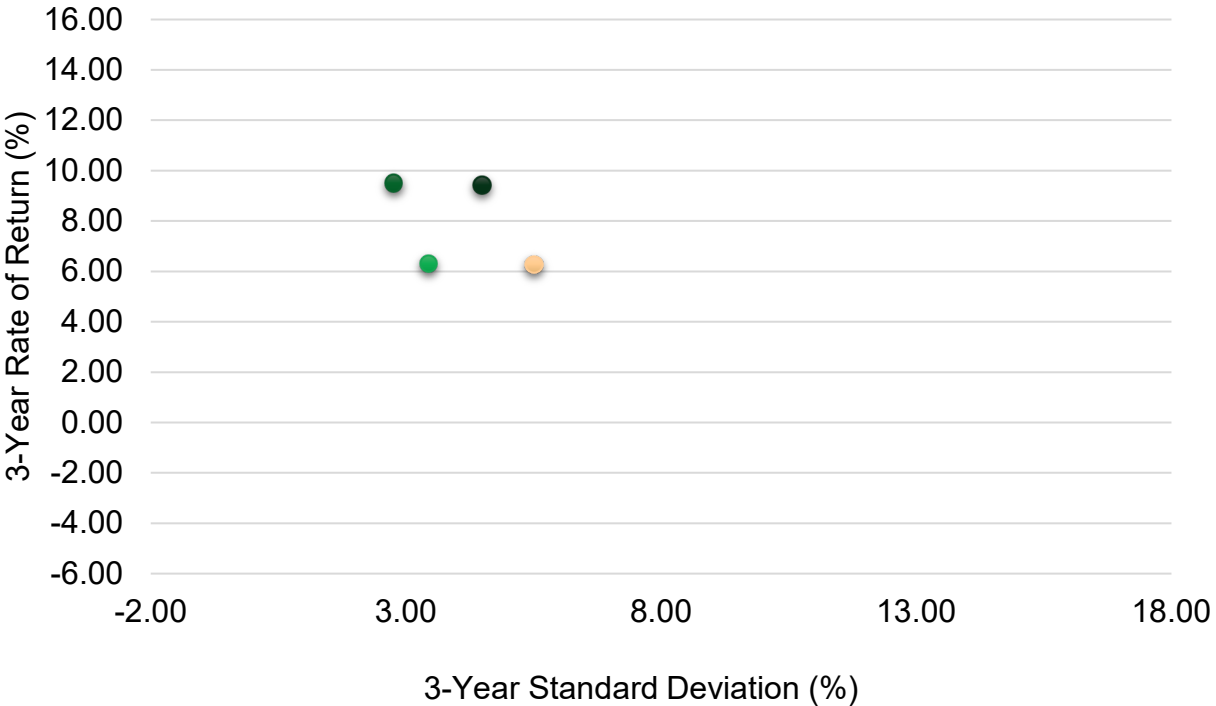
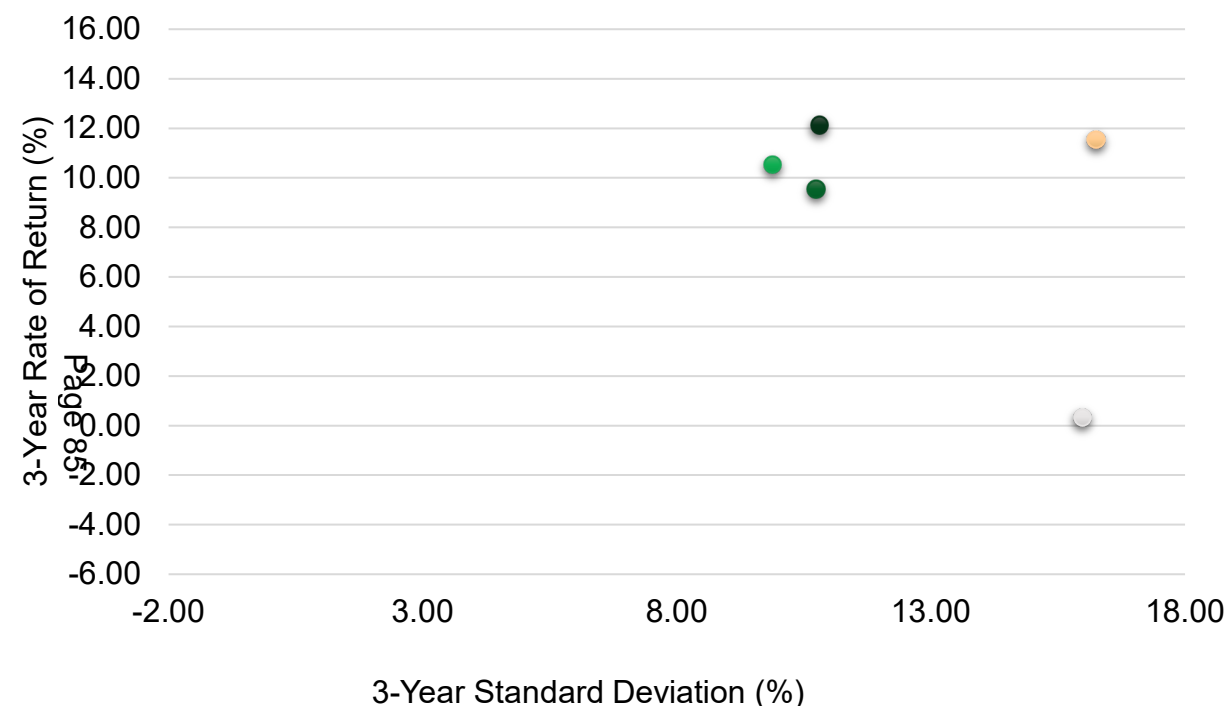
Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders - WS ACCESS UK Equity Fund	FTSE All Share	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
Global Equities:		
Baillie Gifford - WS ACCESS Global Equity Core Fund	Regional	+1.5% pa over rolling 3 years
Robeco GS	MSCI AC World Index NDR	
M&G - WS ACCESS Global Dividend Fund	MSCI AC World Index GDR	+3% pa
Schroders - WS ACCESS Global Active Value Fund	MSCI AC World Index NDR	+3% - 4% pa over rolling 3 years
Impax	MSCI AC World Index NDR	+2% pa over rolling 3 years
Emerging Market Equities:		
Robeco – WS ACCESS Emerging Market Equities Fund	MSCI Emerging Markets ND	
Columbia Threadneedle – WS ACCESS Emerging Market Equities Fund	MSCI Emerging Markets ND	
Fixed Income:		
Schroders Fixed Income	ICE BofA Sterling 3-month Gov Bill Index	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
CQS	SONIA	SONIA
M&G Alpha Opprtunities	SONIA	SONIA
Property:		
DTZ	MSCI UK All Property Index	≥ 3 year rolling average of benchmark returns
Fidelity	MSCI UK All Balanced Property	
DTZ (Kames)	MSCI UK All Balanced Property	
M&G Property	MSCI UK All Balanced Property	
Alternatives: (Cash / Other Assets)		
Private Equity – YFM	SONIA	
Private Equity – HarbourVest	SONIA	
Infrastructure – Partners Group	SONIA	
Absolute Return – Pyrford	Retail Price Index (RPI)	RPI + 5%
Ruffer - WS ACCESS Absolute Return Fund	Retail Price Index (RPI)	
Internally managed cash – KCC Treasury and Investments team	SONIA	

Source: Northern Trust, RADAR Reporting; Manager reports



Risk vs Return – *Equities and Fixed Income*

Appendix B



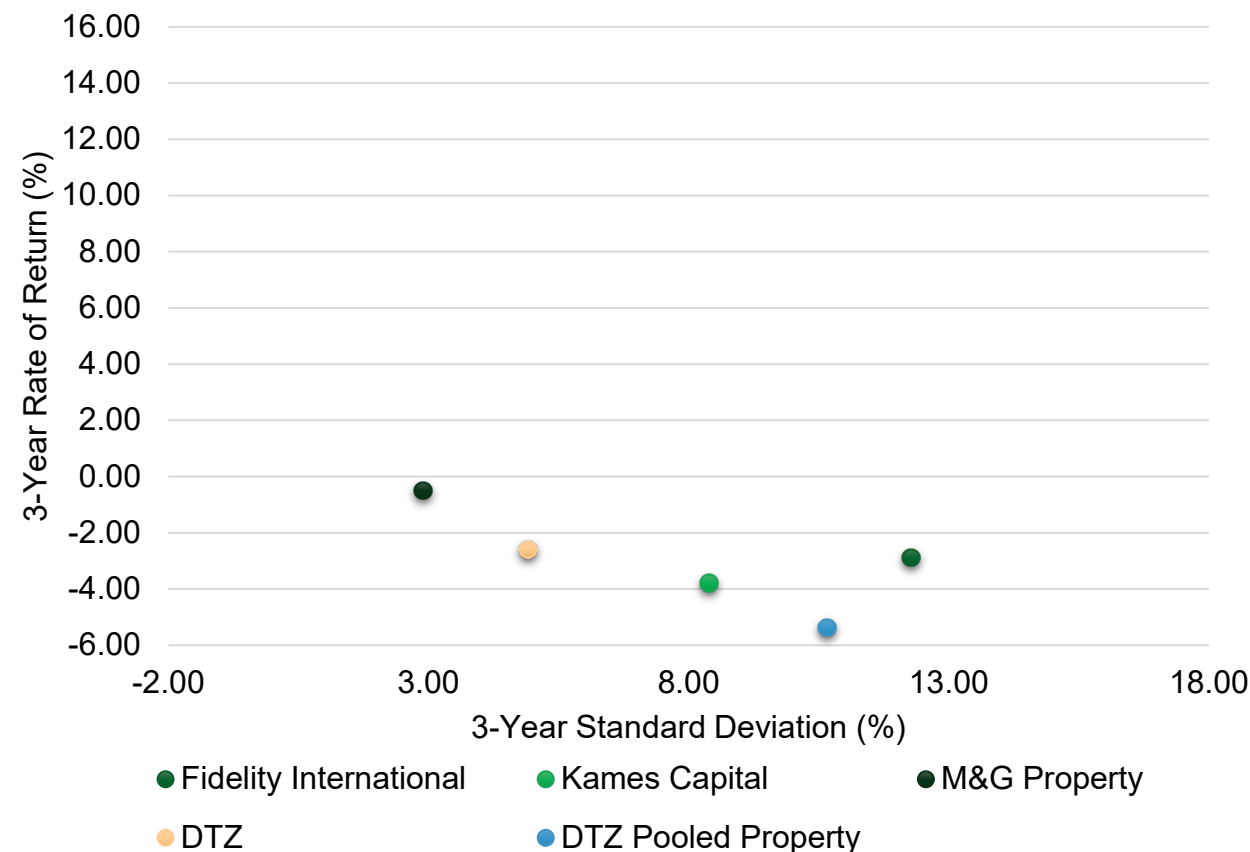
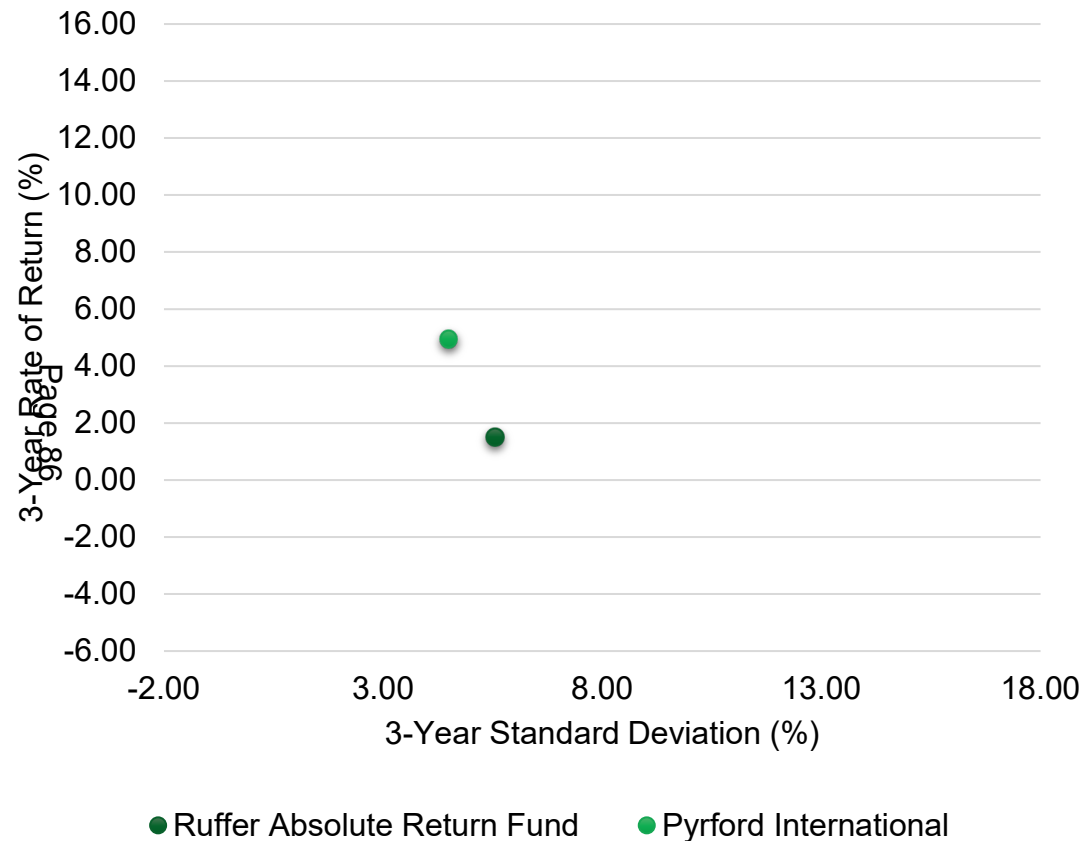
- Schrodgers UK Equity
- M&G Global Dividend Fund
- IMPAX Funds
- Schrodgers Global Active Value
- Baillie Gifford Global Equity Core
- M&G Alpha Opp Fund
- Schrodgers Fixed Income
- CQS Investment
- Goldman Sachs

Source: Northern Trust, RADAR Reporting



Risk vs Return – *Absolute Return and Property*

Appendix C



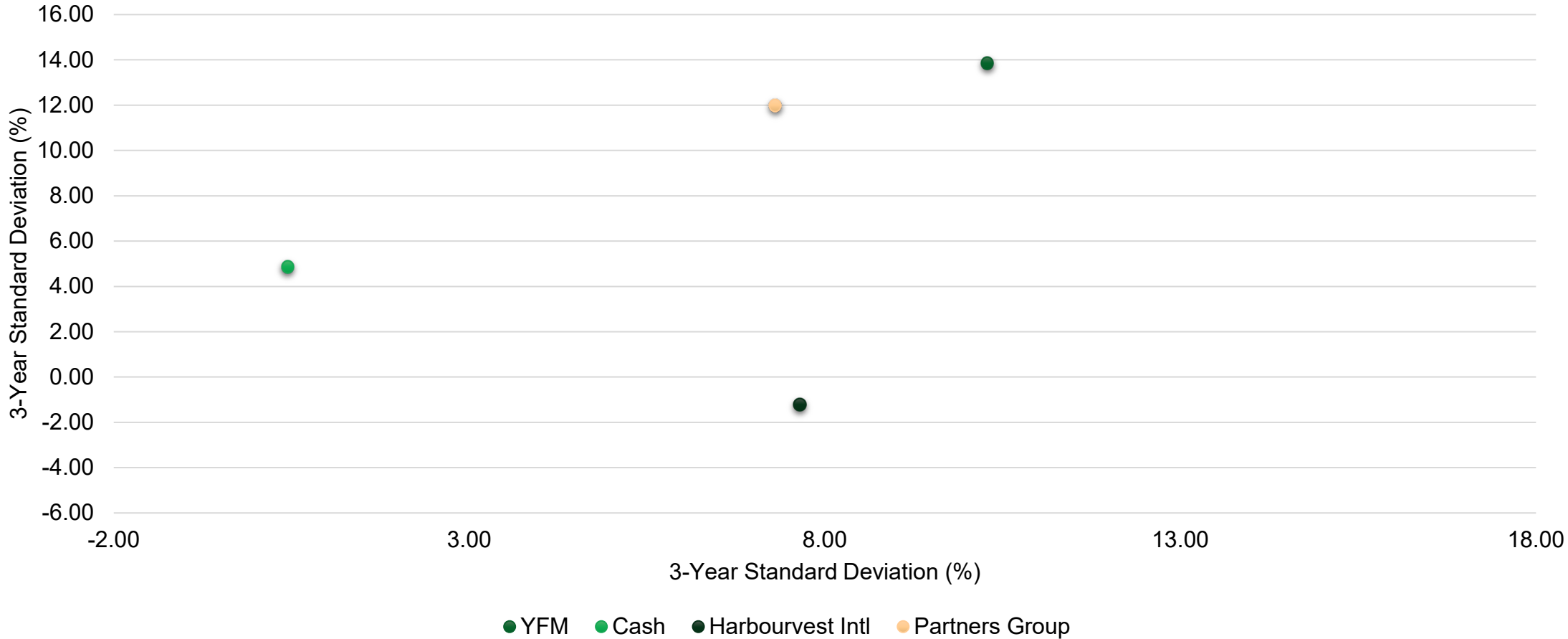
Source: Northern Trust, RADAR Reporting



Risk vs Return - *Alternatives*

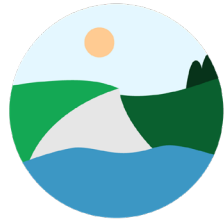
Appendix D

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Source: Northern Trust, RADAR Reporting





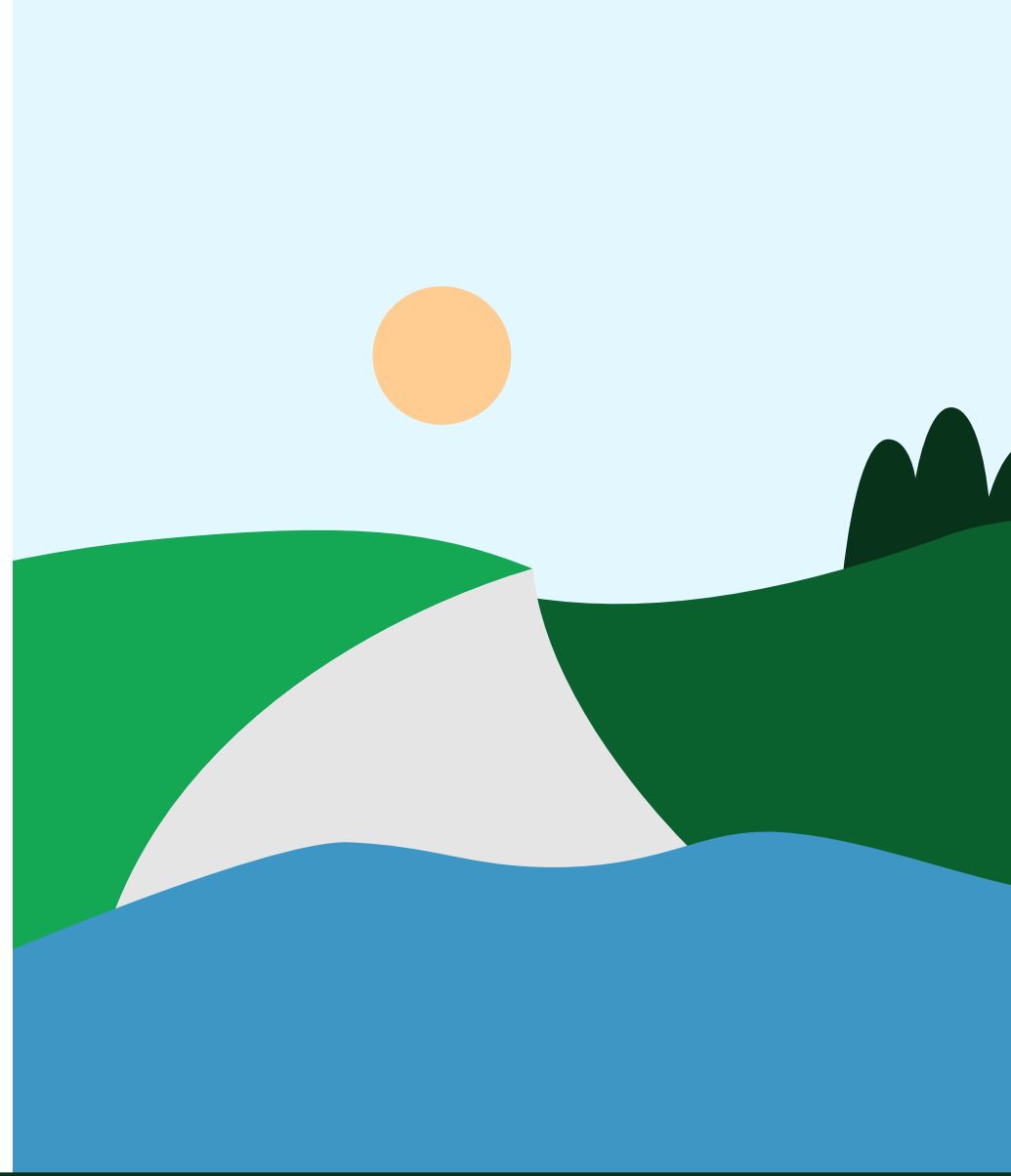
Kent Pension Fund

For more information, please visit
www.kentpensionfund.co.uk

Kent Pension Fund

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Q1 2025 Fund Performance

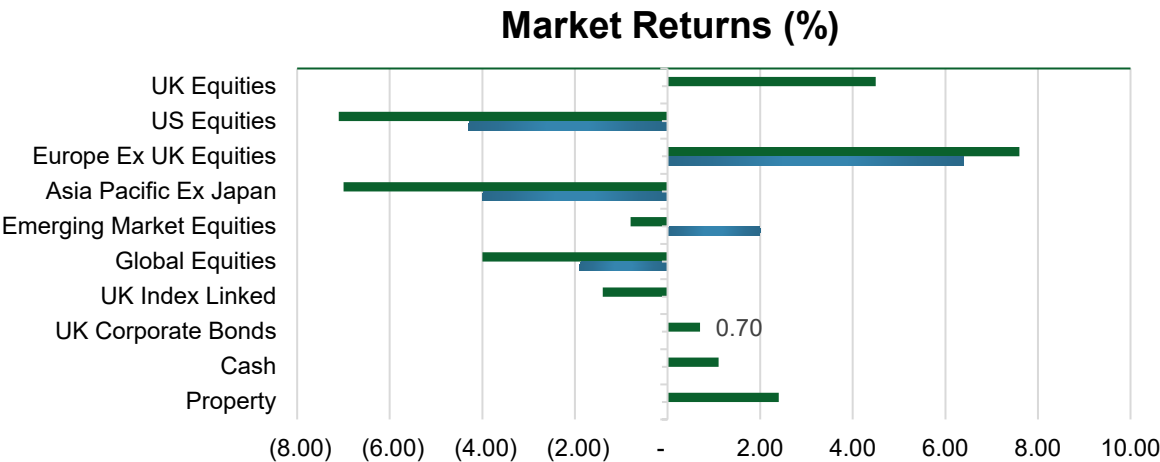


Market Commentary

- Continued rate cuts by most DM (“developed market”) central banks, Deep Seek developments, European politics and tariffs were the key themes driving markets in the first quarter of 2025. While the US Federal Reserve (“Fed”) held rates unchanged in Q1 2025, it revised lower its GDP growth projections for the year on the back of ‘uncertainty around the economic outlook’. In Europe, Germany’s political landscape and the approval of its €500bn fiscal package took centre-stage. Market sentiment continued to be driven by the soft-landing narrative in the US, as a result of uncertainty around policies under Trump’s presidency. Overall, bond yields were mixed across DM, while global equities ended the quarter in the red.
- US real GDP increased at an annualised rate of 2.4% in Q4 2024, lower than the increase of 3.1% in Q3 2024. The deceleration in real GDP reflected downturns in investment and exports that were partly offset by an acceleration in consumer spending. Headline US inflation fell slightly over Q1 2025, decreasing to 2.8% in February from 2.9% at the end of December. Core US inflation fell to 3.1% from 3.2% in December. The Fed, at its March meeting, decided to maintain the target range for the federal funds rate at 4.25% to 4.50%. The median dot in the Summary of Economic Projections (“SEP”) continue to signal two rate cuts for 2025.
- China's GDP growth accelerated to 5.4% in Q4 2024 up from 4.6% recorded in Q3 2024 and the fastest year on year growth since Q2 2023. The improvement in Q4 was driven by a robust manufacturing sector and booming exports. The Chinese economy grew by 5% (y/y) in 2024, achieving its growth target of around 5%. The People’s Bank of China (PBoC) kept its one-year policy loan rate, known as the medium-term lending facility (MLF), unchanged at 2.0%.
- The Japanese economy expanded by 2.2% on an annualized basis in Q4 2024, up from a revised 1.4% growth in Q3. Q4 growth was driven by a solid rebound in capital expenditure and increased government spending. In the latest meeting in March, the BOJ kept its key short-term interest rate at 0.5%, marking its highest level in 17 years.

- In Q4 2024, seasonally adjusted GDP increased by 0.1% in the euro area. The ECB reduced interest rates following their March meeting to 2.5% for the deposit facility. Headline inflation in the eurozone slowed to 2.2% in March from 2.4% in December.
- UK economy grew by 0.1% in Q4 2024, after recording zero growth in the previous three months. Headline inflation in the UK rose to 2.8% in February from 2.5% in December, primarily due to higher prices of clothing. Inflation had reached 3% in January. In its February meeting, the BOE cut interest rates to 4.5% for the third time in last six months to spur economic growth.

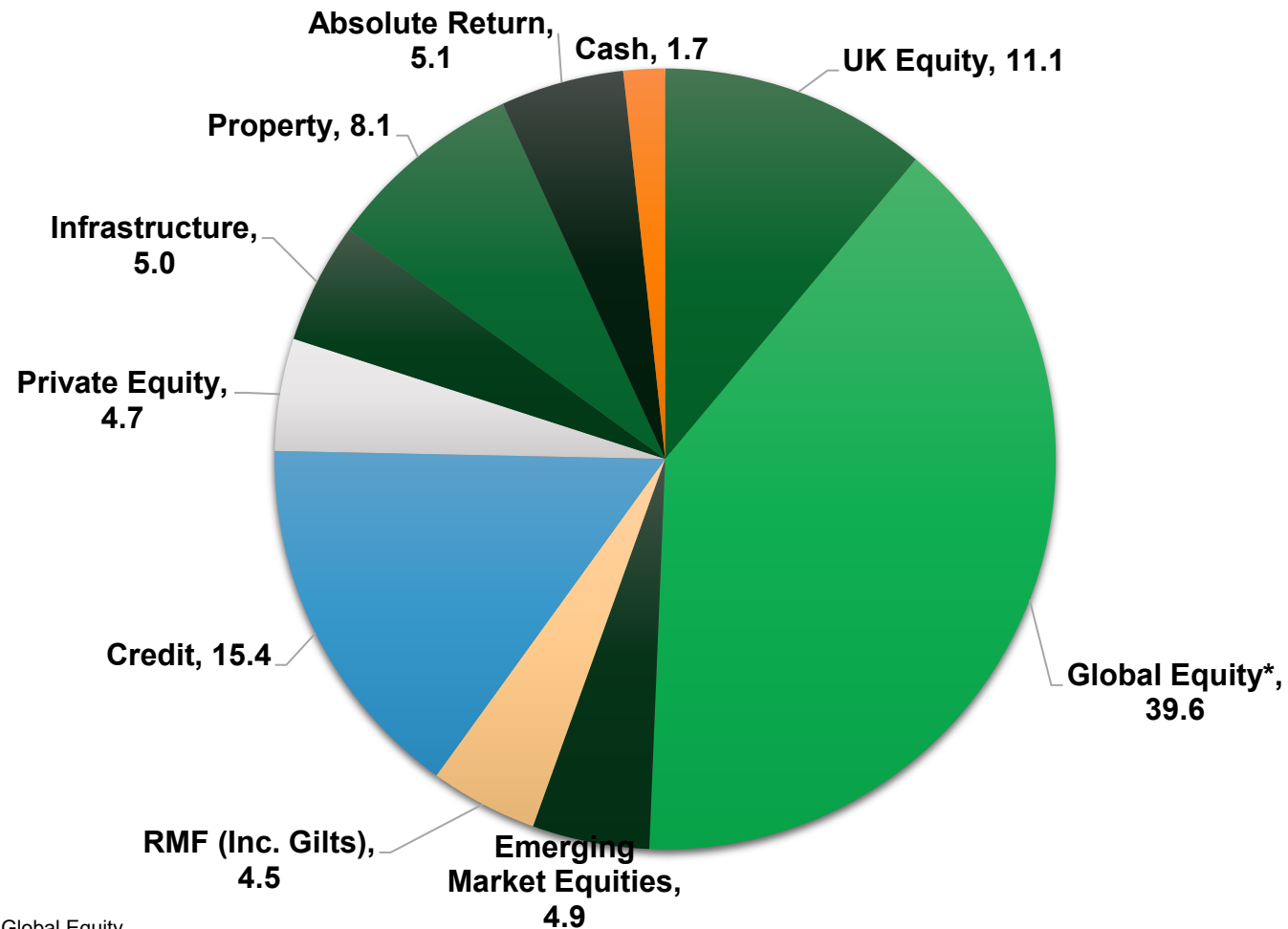
Source: Mercer LLC



Source: Mercer LLC, Refinitiv and Schroders



Asset Allocation – 31 March 2025



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*Synthetic Equity exposure with Insight is included within Global Equity.

**Risk Management Framework is made up of Gilts, as well as Insight IWS contribution and Equity Protection collateral.

Source: Northern Trust, RADAR Reporting



Kent Pension Fund

Fund Manager Summary

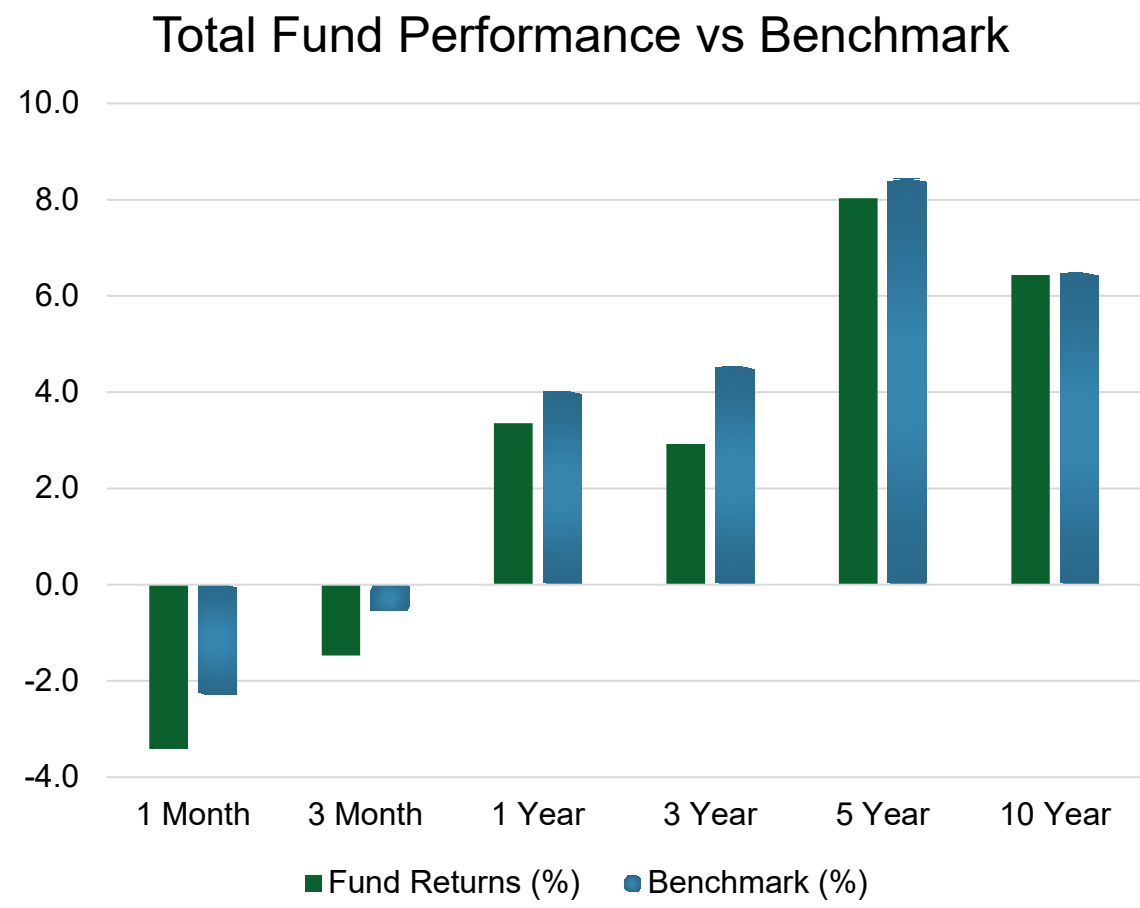
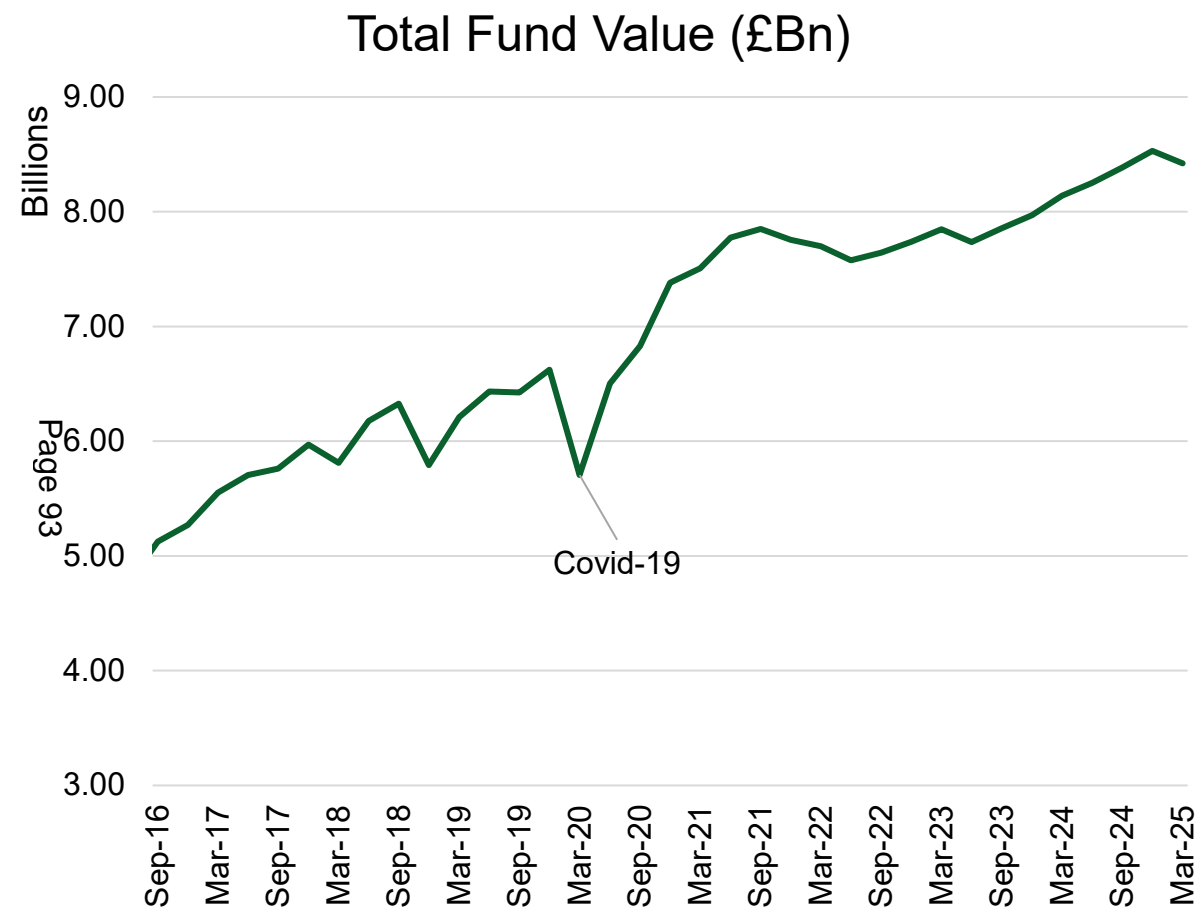
Asset Class	Fund Manager	Market Value as at 31 March 2025 (£m)	Market Value as at 31 December 2024 (£m)	Change in MV (£m)	% of Total
UK Equity	Schroders UK Equity	932	913	19	11.1
	Woodford Equity	2	2	-	0.0
Global Equity	Impax	65	71	-6	0.8
	Sarasin	0	457	-457	0.0
	Baillie Gifford	985	1,156	-171	11.7
	Robeco Global Stars	639	115	524	7.6
	Schroders Global Active Value	494	493	1	5.9
	M&G Global Dividend Fund	669	685	-16	7.9
	Insight (Synthetic Equity Exposure)	481	510	-29	5.7
Emerging Markets Equity	Columbia Threadneedle	208	214	-6	2.5
	Robeco	201	195	6	2.4
Risk Management Framework (inc. Gilts)	Insight	376	391	-15	4.5
Credit	CQS	281	277	4	3.3
	Goldman Sachs	438	433	5	5.2
	Schroders Strategic Bond Fund	278	271	7	3.3
	M&G Alpha Opportunities	298	294	4	3.5
Absolute Return	Ruffer	187	180	7	2.2
	Pyrford	243	238	5	2.9
Property	DTZ	473	472	1	5.6
	DTZ Pooled Property	106	108	-2	1.3
	DTZ (previously Aegon)	26	26	-	0.3
	M&G Residential Property	34	35	-1	0.4
	Fidelity	46	147	-101	0.6
Infrastructure	Partners Group	422	392	30	5.0
Private Equity	HarbourVest	318	320	-2	3.8
	YFM	74	74	0	0.9
Cash	Internal Cash	145	63	82	1.7
Total		8,422	8,532	-110	100.0

Source: Northern Trust, RADAR Reporting



Kent Pension Fund

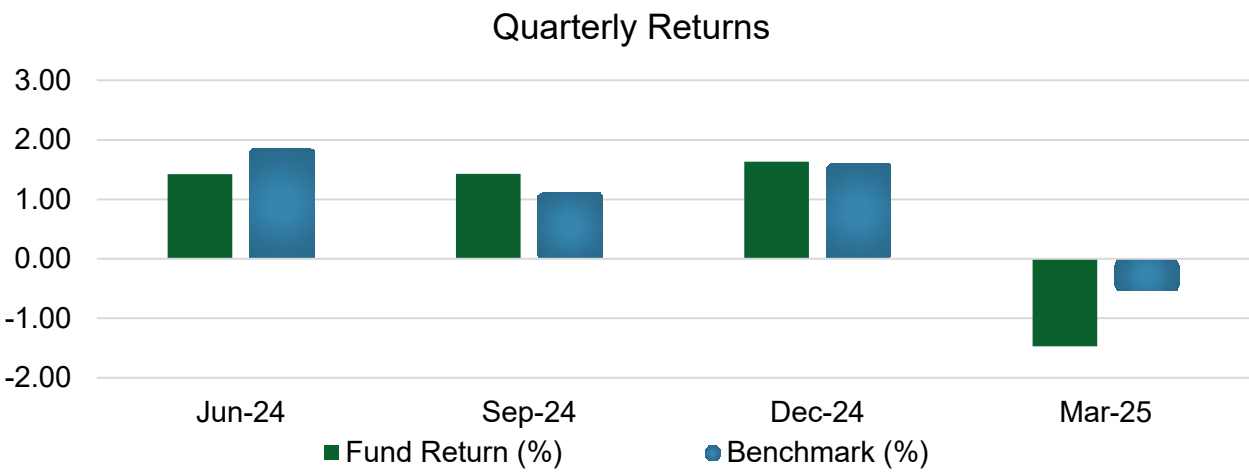
Historical Performance



Source: Northern Trust, RADAR Reporting



Discrete Performance

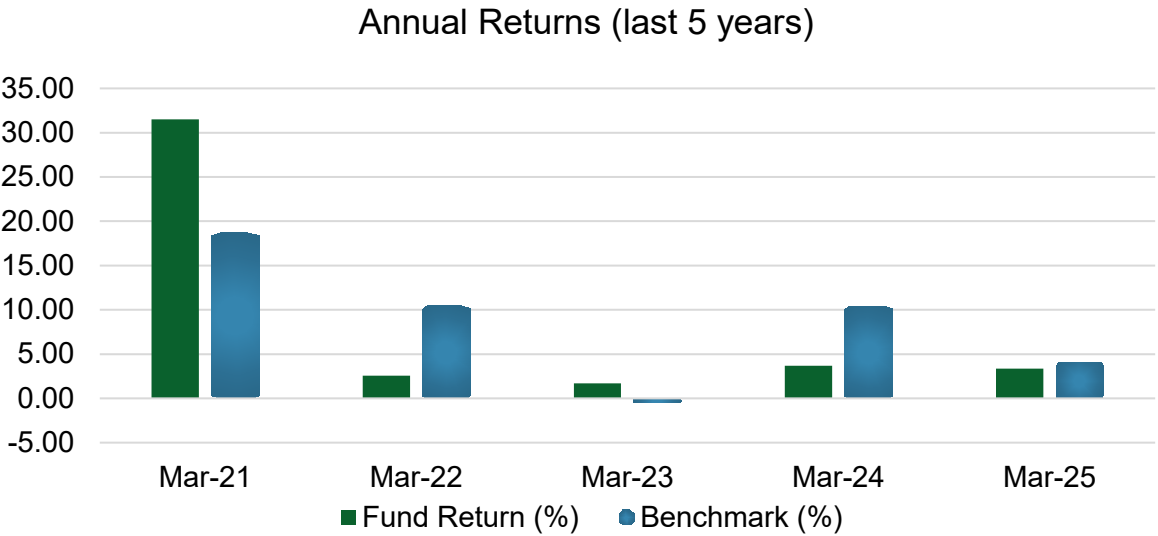


In the short term, the Fund has delivered mixed performance. It marginally outperformed its benchmark in Q3 2024 and was broadly in line during Q4 2024. However, in Q1 2025, the Fund posted a negative return of -1.5%, underperforming its benchmark of -0.5%. This was largely driven by weakness across global and UK equity markets, which faced renewed pressure amid persistent inflation concerns, central bank commentary and geopolitical tensions, as well as the impact of Chinese technology developments on US stocks.

Despite this, the Fund’s absolute return and credit mandates contributed positively to performance, helping to partially offset the drag from equities.

Over the one-year period to 31 March 2025, the Fund returned 3.4%, slightly underperforming the benchmark return of 4.0%. The main contributor to positive performance was the Fund’s infrastructure portfolios with Partners Group, which delivered strong returns. However, this was offset by notable retractions in property and private equity mandates which significantly lagged the benchmarks over the year.

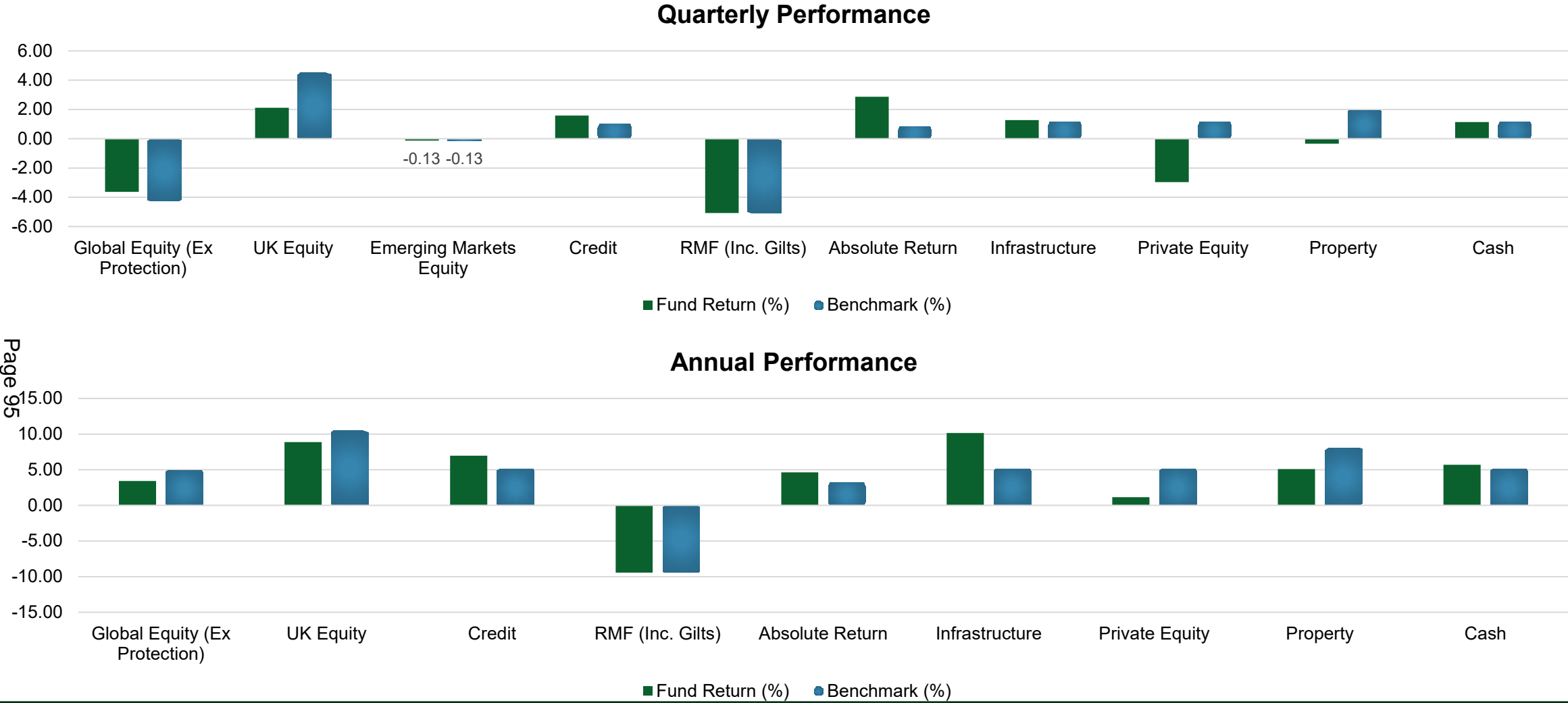
UK and global equities also lagged modestly over the same period, reflecting a mixed macroeconomic backdrop and heightened market volatility. Despite this slight underperformance, the Fund’s diversified portfolio helped to mitigate against some of this downside risk, contributing positively to valuations over the year.



Source: Northern Trust, RADAR Reporting



Asset Class Performance

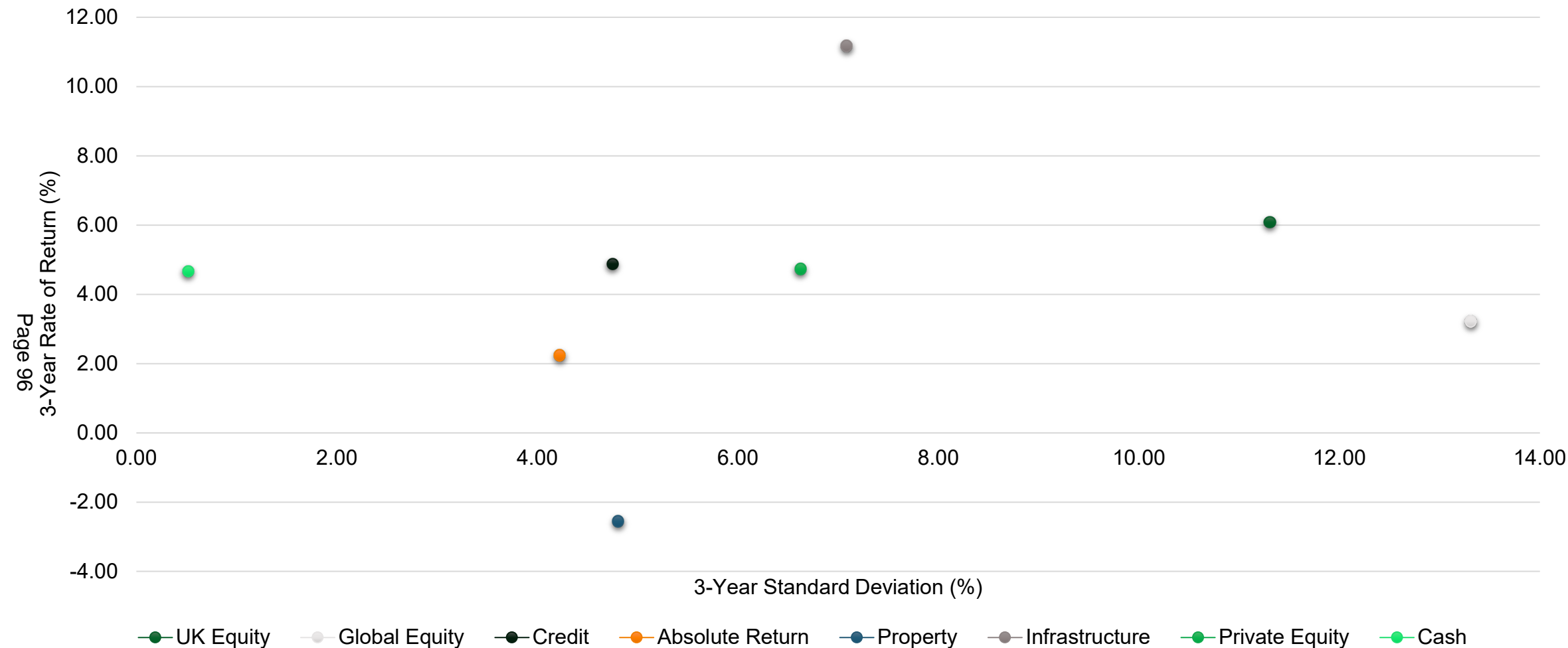


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Source: Northern Trust, RADAR Reporting



Risk vs Return – Asset Class Level



Source: Northern Trust, RADAR Reporting



Detailed Performance by Manager

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund	-1.5	-0.5	3.4	4.0	2.9	4.5
UK Equity						
Schroders - WS ACCESS UK Equity Fund	2.1	4.5	8.9	10.5	5.9	7.2
Global Equity						
Baillie Gifford - WS ACCESS Global Equity Core Fund	-5.6	0.0	-0.4	4.3	0.3	7.2
Robeco GS	-6.1	-4.3	--	--	--	--
Schroders - WS ACCESS Global Active Value Fund	0.1	-4.3	3.8	4.9	7.2	7.6
Impax	-7.6	-4.3	-12.4	4.9	-4.2	7.6
M&G - WS ACCESS Global Dividend Fund	-2.2	-4.3	12.7	4.9	8.9	7.6
EM Equity						
Columbia Threadneedle – WS ACCESS EM Equity Fund	-3.0	-0.1	--	--	--	--
Robeco – WS ACCESS EM Equity Fund	3.0	-0.1	--	--	--	--
Credit						
Goldman Sachs	1.3	0.9	4.9	3.5	3.0	3.5
Schroders Fixed Income	2.5	1.2	6.9	5.1	4.5	4.1
CQS	1.3	1.1	9.2	6.2	5.6	7.1
M&G Alpha Opportunities	1.5	1.1	8.1	6.2	7.5	7.1
Property						
DTZ	0.3	1.9	6.0	8.1	-2.3	-2.8
Fidelity	1.9	1.5	12.0	6.4	-2.4	-3.3
DTZ (Kames)	1.6	1.5	0.7	6.4	-2.1	-3.3
M&G Property	-0.8	1.5	2.0	6.4	0.3	-3.3
Private Equity						
HarbourVest	-3.4	1.1	0.7	5.1	2.4	4.2
YFM	-1.1	1.1	3.3	5.1	13.6	4.2
Infrastructure						
Partners Group	1.3	1.1	10.1	5.1	11.2	4.2
Absolute Return						
Pyrford	2.4	0.8	5.1	3.2	3.9	6.4
Ruffer - WS ACCESS Absolute Return Fund	3.5	0.8	3.7	3.2	-0.7	6.4



Alternatives Performance

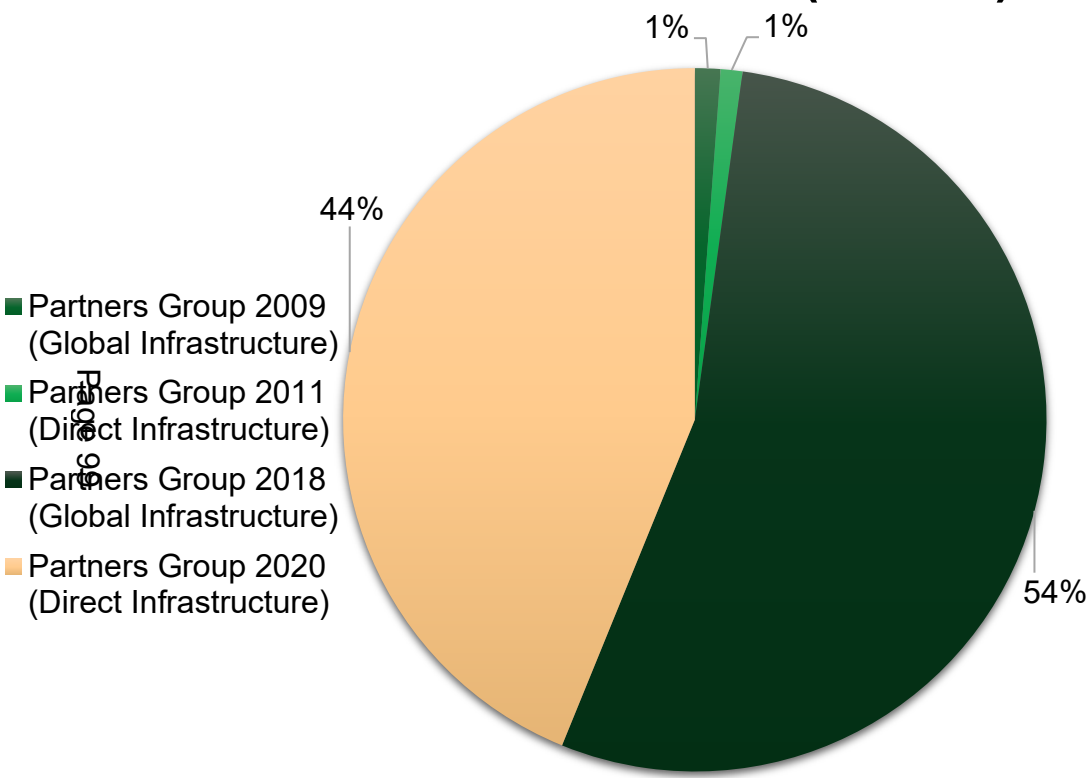
	AS AT 31 MARCH 2025						
Name of Fund	Value of commitment (£m)	Date of original commitment	Cumulative contributions made (£m)	Distributions received (£m)	Net Asset Value at 31/03/2025 (£m)	IRR	TVPI
HIPEP VI-Cayman Partnership Fund L.P.	31	Oct-10	28.8	54.2	9.2	13.5%	2.19
HarbourVest Partners IX L.P.	53	Oct-10	40.9	85.2	25.4	17.5%	2.72
HarbourVest 2018 Global Feeder AIF L.P.	57	Oct-18	47.1	28.9	60.3	18.5%	1.93
HarbourVest 2019 Global Feeder AIF SCSp	57	Mar-19	45.2	12.9	60.3	19.4%	1.69
HarbourVest 2020 Global Feeder AIF SCSp	57	Mar-20	50.3	5.4	57.4	11.0%	1.29
HarbourVest 2021 Global Feeder AIF SCSp	57	Mar-21	39.6	1.8	43.1	10.1%	1.17
HarbourVest 2022 Global Feeder AIF SCSp	57	Dec-21	27.4	0.7	33.7	32.4%	1.31
HarbourVest 2023 Global Feeder AIF SCSp	57	Dec-23	21.2	-	23.4		1.17
HarbourVest 2024 Global Feeder AIF SCSp	123	Jun-24	5.1	-	5.0		1.00
Partners Group Direct Infrastructure 2011 S.C.A., SICAR	19	Oct-10	16.5	20.5	4.2	6.8%	1.16
Partners Group Global Infrastructure 2009 S.C.A., SICAR	50	Oct-10	43.3	57.7	4.9	7.0%	1.32
Partners Group Global Infrastructure 2018 L.P. INC	222	Oct-18	180.5	18.1	227.9	11.4%	1.31
Partners Group Direct Infrastructure 2020 LP SICAV RAIF	222	Nov-19	152.9	11.3	185.1	16.5%	1.24
Chandos	6	Oct-07	6.0	6.7	0.0		1.13
YFM Equity Partners Growth Fund 1	10	Oct-14	10.0	19.3	8.1		2.84
YFM Equity Partners Buyout Fund 1	20	Mar-16	18.3	32.6	18.3		2.81
YFM Equity Partners Growth Fund 2	10	Oct-18	10.4	0.4	13.1		1.32
YFM Equity Partners Buyout Fund 2	20	Oct-18	16.0	18.1	11.6		2.09
YFM Equity Partners Growth Fund 3	10	Jun-21	9.6	0.9	11.1		1.30
YFM Equity Partners Buyout Fund 3	20	Sep-23	11.6	-	12.1		1.05

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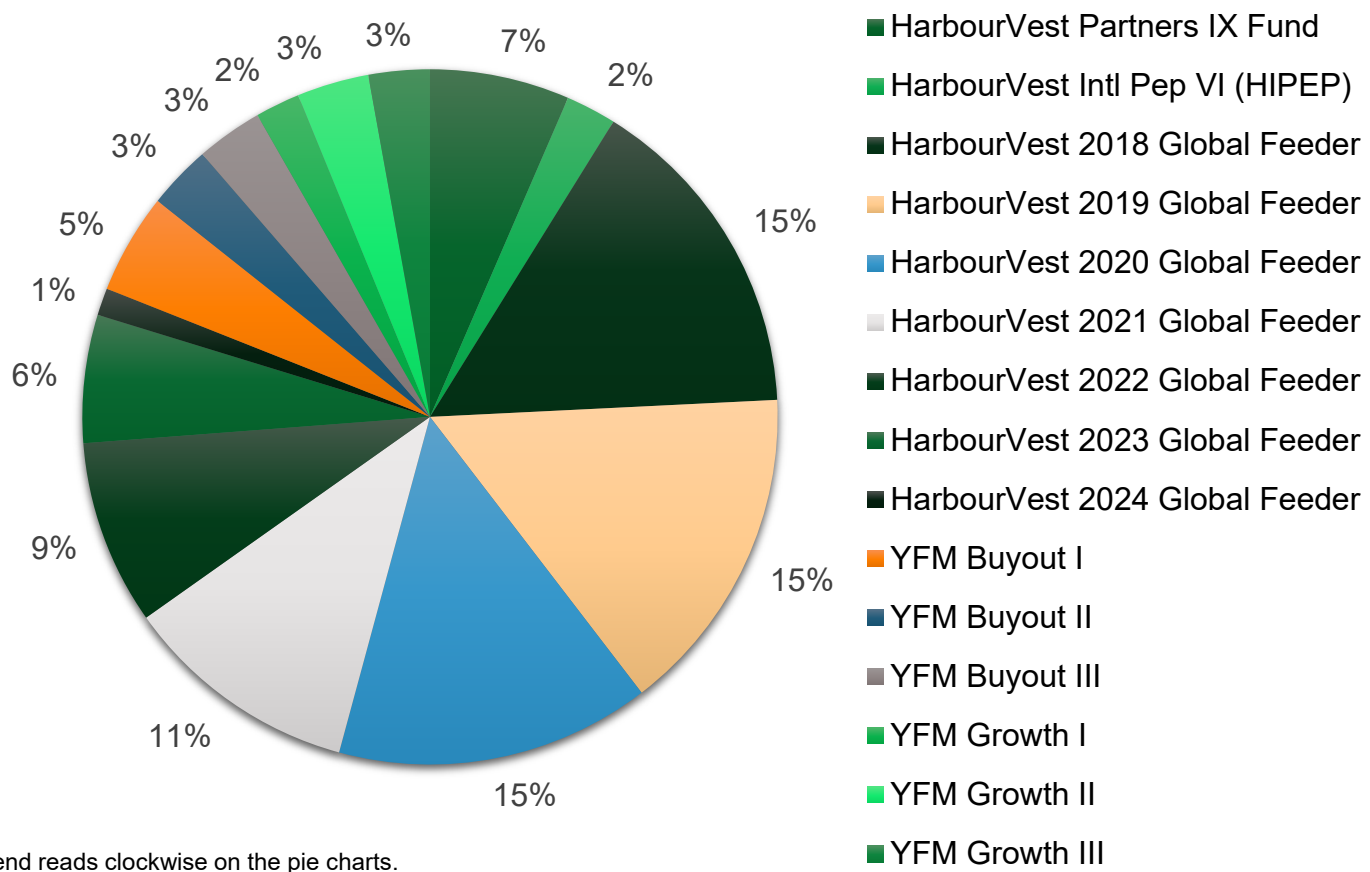


Alternatives Breakdown

Infrastructure Allocation (£422m)



Private Equity Allocation (£392m)

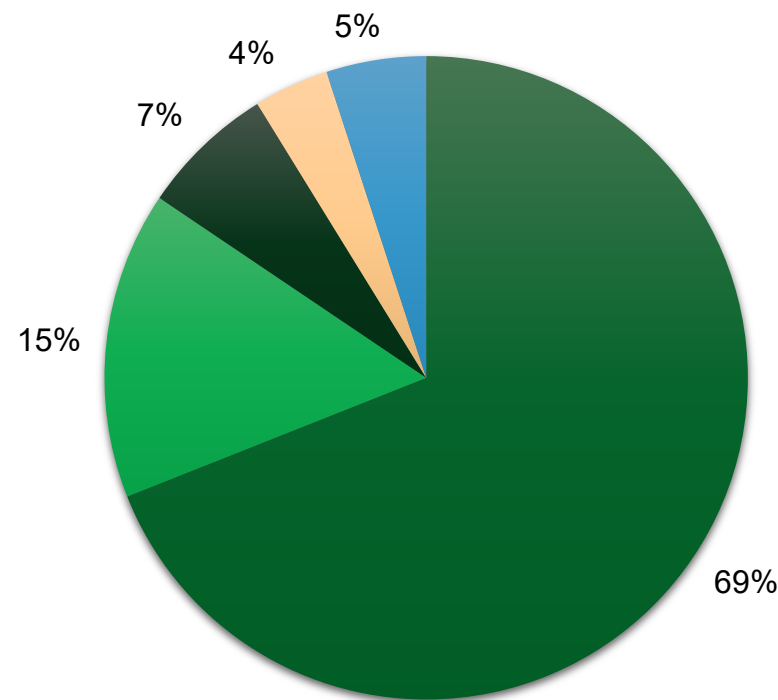


Note: The legend reads clockwise on the pie charts.



Property Breakdown

Property Allocation (£686m)

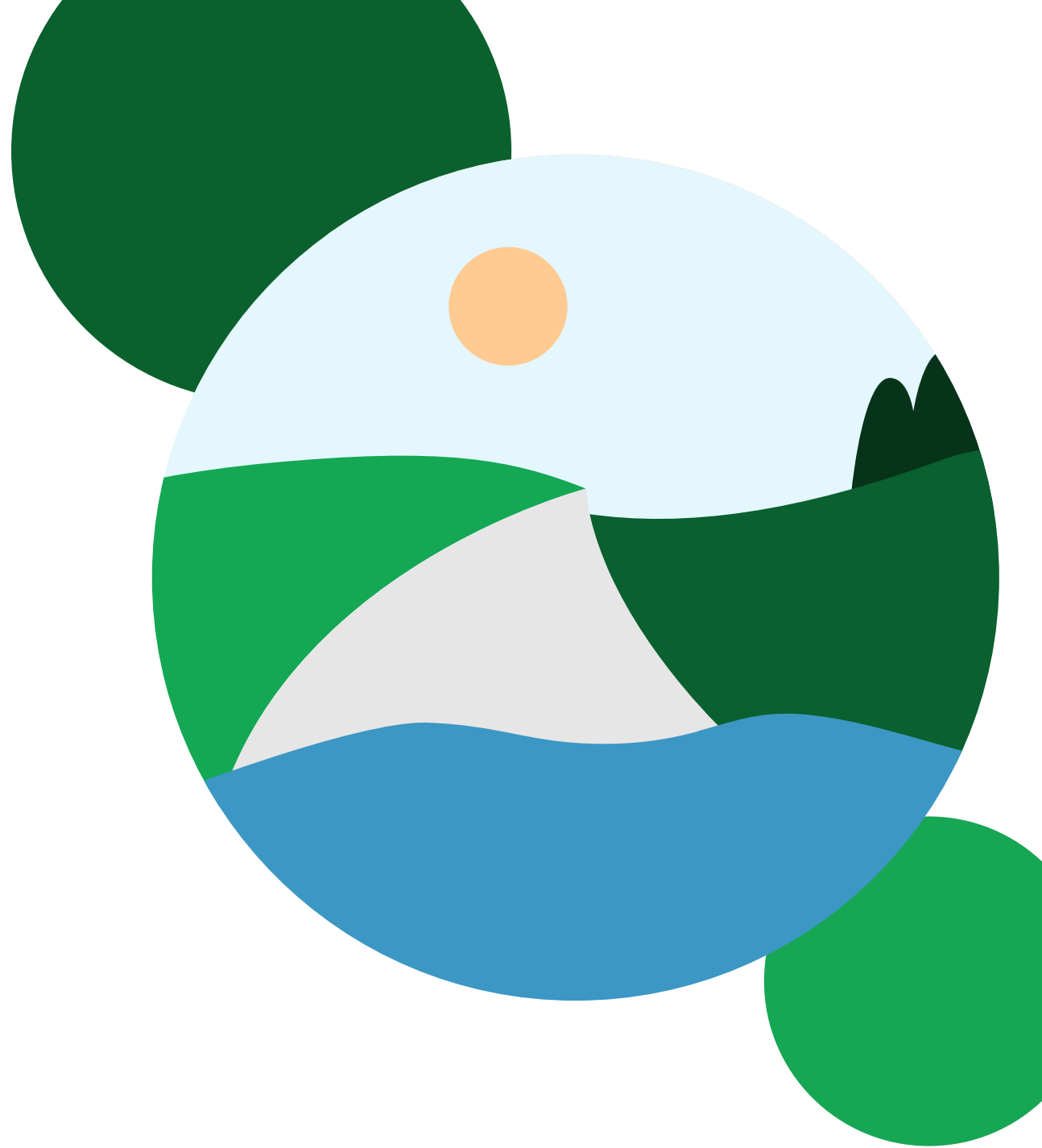


■ DTZ Direct Property ■ DTZ Pooled Property ■ Fidelity PUT ■ DTZ UKAV PUT (formerly Kames) ■ M&G Residential PUT

Note: The legend reads clockwise on the pie chart.



Appendix



Benchmarks and Targets

Appendix A

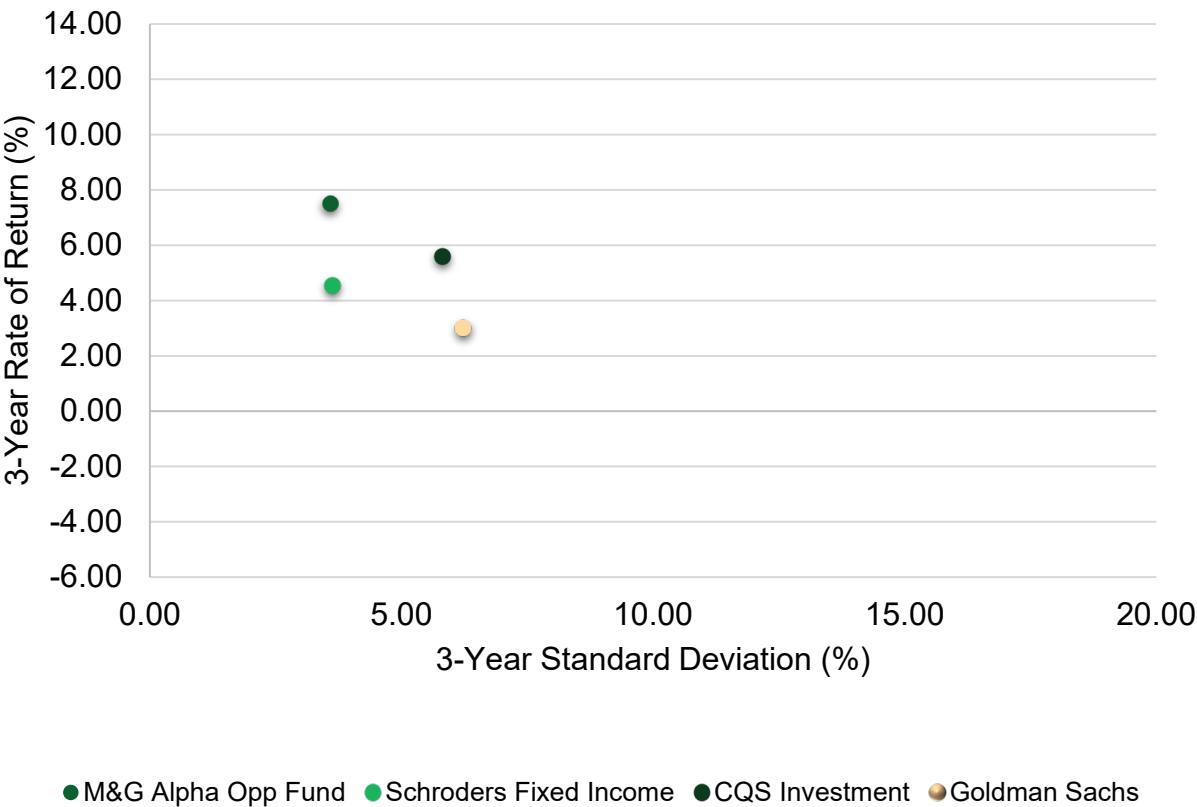
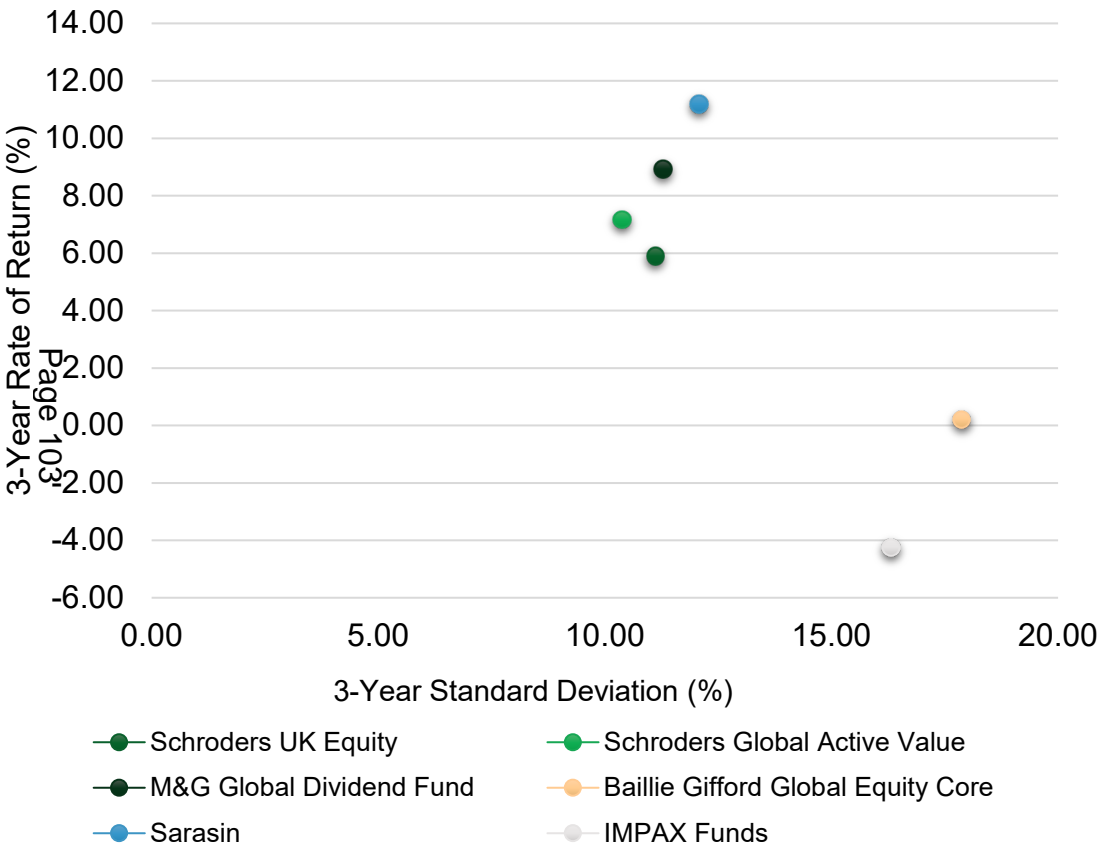
Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders - WS ACCESS UK Equity Fund	FTSE All Share	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
Global Equities:		
Baillie Gifford - WS ACCESS Global Equity Core Fund	Regional	+1.5% pa over rolling 3 years
Robeco GS	MSCI AC World Index NDR	
M&G - WS ACCESS Global Dividend Fund	MSCI AC World Index GDR	+3% pa
Schroders - WS ACCESS Global Active Value Fund	MSCI AC World Index NDR	+3% - 4% pa over rolling 3 years
Impax	MSCI AC World Index NDR	+2% pa over rolling 3 years
Emerging Market Equities:		
Robeco – WS ACCESS Emerging Market Equities Fund	MSCI Emerging Markets ND	
Columbia Threadneedle – WS ACCESS Emerging Market Equities Fund	MSCI Emerging Markets ND	
Fixed Income:		
Schroders Fixed Income	ICE BofA Sterling 3-month Gov Bill Index	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
CQS	SONIA	SONIA
M&G Alpha Opprtunities	SONIA	SONIA
Property:		
DTZ	MSCI UK All Property Index	≥ 3 year rolling average of benchmark returns
Fidelity	MSCI UK All Balanced Property	
DTZ (Kames)	MSCI UK All Balanced Property	
M&G Property	MSCI UK All Balanced Property	
Alternatives: (Cash / Other Assets)		
Private Equity – YFM	SONIA	
Private Equity – HarbourVest	SONIA	
Infrastructure – Partners Group	SONIA	
Absolute Return – Pyrford	Retail Price Index (RPI)	RPI + 5%
Ruffer - WS ACCESS Absolute Return Fund	Retail Price Index (RPI)	
Internally managed cash – KCC Treasury and Investments team	SONIA	

Source: Northern Trust, RADAR Reporting; Manager reports



Risk vs Return – *Equities and Fixed Income*

Appendix B

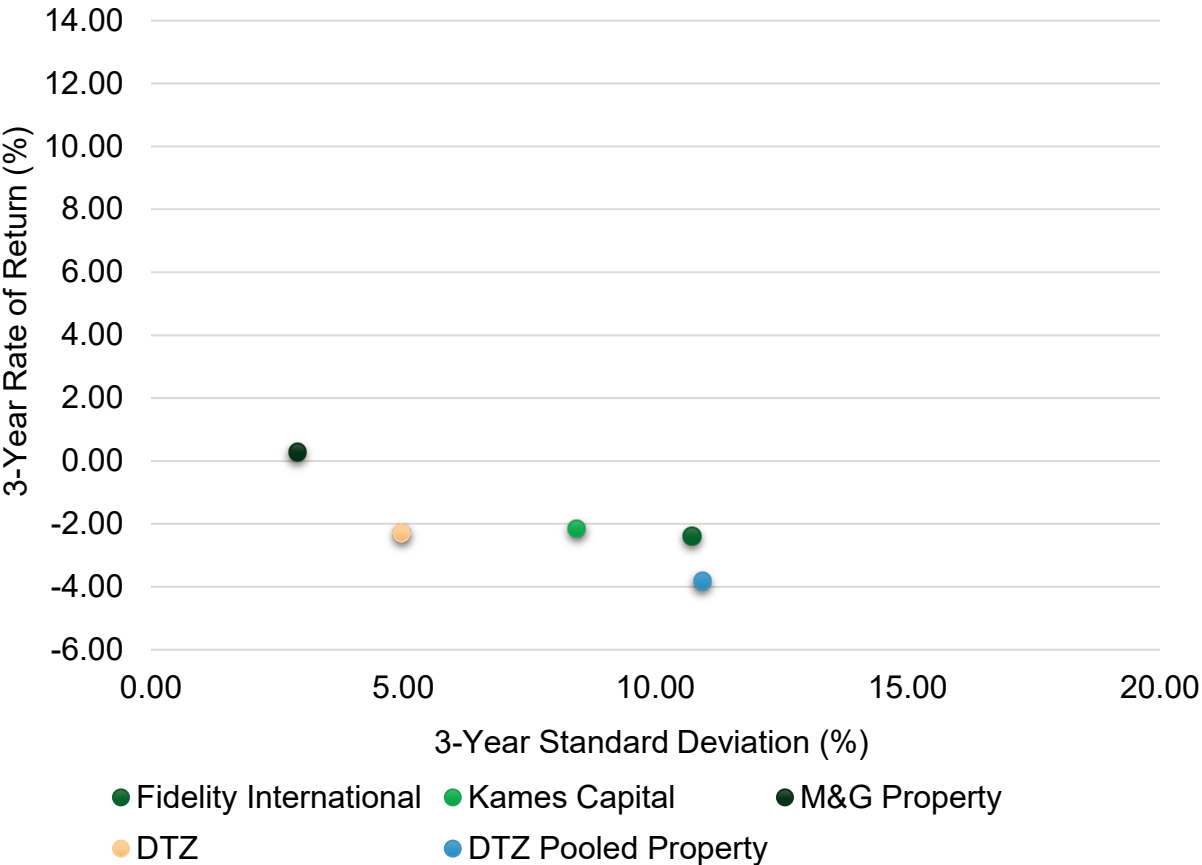
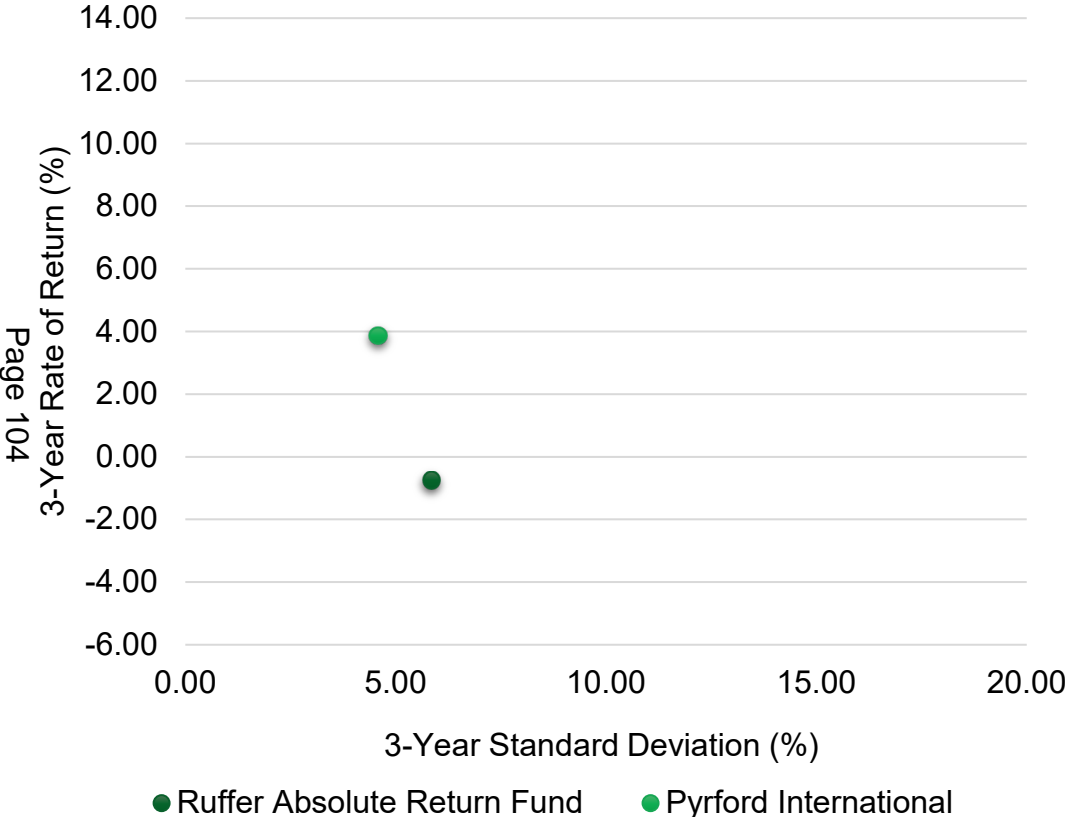


Source: Northern Trust, RADAR Reporting



Risk vs Return – *Absolute Return and Property*

Appendix C

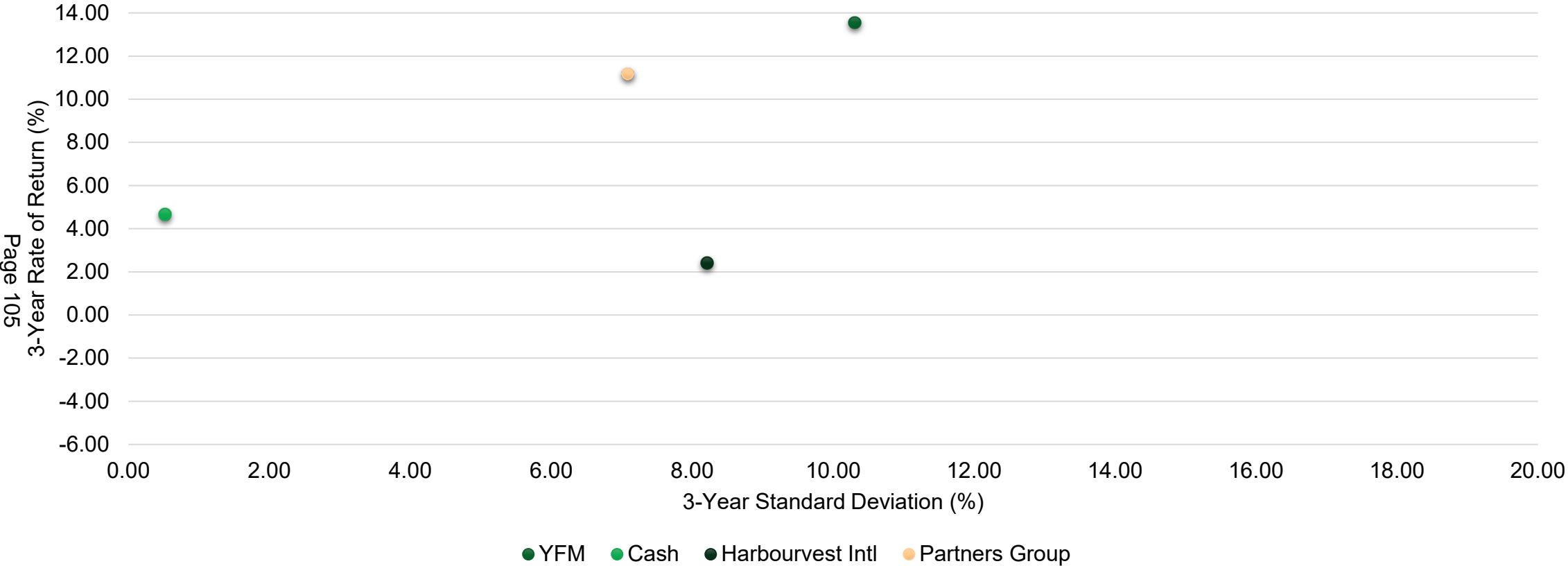


Source: Northern Trust, RADAR Reporting



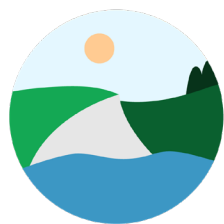
Risk vs Return - *Alternatives*

Appendix D



Source: Northern Trust, RADAR Reporting





Kent Pension Fund

For more information, please visit
www.kentpensionfund.co.uk

Engagement case study



SK Hynix Inc

Background

SK Hynix is one of the world's largest semiconductor vendors. The company relies on municipal water supplies for its semiconductor fabrication facilities, creating potential operational risks as three fabs are located in high or extremely high water stress areas. As water scarcity grows, municipalities may prioritize residential over industrial users. While the company has long-term water supply agreements, their disclosure on water risk management provides limited insight into plans or risk exposure and management strategies. Additionally, the company faces challenges in supply chain transparency and labour rights management, with notable gaps in their remediation framework, which scored poorly in an external assessment.

Action

We conducted two significant engagements with SK Hynix in the second quarter. On water management, the company has implemented water reuse initiatives and is increasing water treatment facilities at their fabs, though reuse is currently limited to cooling applications. They do not anticipate feasibility in reusing water for 'front end' rinsing or ultrapure water applications, citing operational challenges and potential yield impacts. In our labour rights discussion, the company demonstrated awareness of their ESG benchmarking performance and has taken steps to improve disclosures, particularly in response to CHRB and KnowTheChain assessments. They have established comprehensive labour and human rights policies, including specifically addressing child and migrant workers. Their supplier management system includes online assessments and onsite audits for critical suppliers, though they can only conduct detailed assessments for c8% of their 1,700 suppliers. The company prefers remediation over termination when issues arise, providing education and support particularly to their SME suppliers who may lack ESG resources.

Verdict

In our view, SK Hynix shows mixed sustainability progress. They have implemented some water reuse initiatives, but limited scope and continued reliance on municipal water in stressed areas pose risks. Their conservative approach to water reuse in critical processes reflects careful risk management but may constrain efficiency improvements. On labour rights, while they have established comprehensive policies and assessment systems, their limited ability to conduct detailed supplier assessments and gaps in remediation frameworks suggest areas for improvement. We plan to follow up with the company about water risk later in 2025, particularly focusing on expanding water reuse beyond cooling applications.

Engagement details:

- Sector: Information Technology

Engagement themes:

- Human Rights, Environmental Stewardship

Source: Columbia Threadneedle Investments.

Please note: Not all companies or issuers will show a GICS sector. This may be due to the holding being a sovereign bond or similar. It may also be where an investment has been made in an issuance which does not map to the third-party data set such as a private placement. Information provided is drawn directly from Columbia Threadneedle engagement databases as input by the relevant individual holding a company engagement. There may be occasional narrative differences in the engagement summary. Engagement case studies may reflect any engagements that have occurred within the last five months of the reporting date.

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From: Chairman Pension Fund Committee
Interim Corporate Director - Finance

To: Pension Fund Committee – 23 September 2025

Subject: Pension Fund Report & Accounts and External Audit

Classification: Unrestricted

Summary:

This report presents the draft Annual Report and Accounts of the Kent Pension Fund for 2024-25.

Recommendation:

Members are asked to note the report and to delegate authority to the Head of Pensions and Treasury in consultation with the Chair of the Pension Fund Committee to authorise the final Annual Report on receipt of the audit certificate.

FOR DECISION

1. Annual Report and Accounts

- 1.1 Guidance issued by CIPFA in 2019 for Local Government Pension Scheme Funds on preparing the Annual Report requires the Kent Pension Fund Annual Report to be formally reviewed by the Committee and authorised by the Chair of the Pension Fund Committee and the Interim Corporate Director - Finance.¹
- 1.2 Additionally, under the LGPS Regulations, the Fund must publish the Annual Report on or before 1 December each year following the scheme year end.
- 1.3 The Pension Fund accounts, and Annual Report have been prepared and are currently being externally audited by Grant Thornton. At the time of writing this report, the audit of the Pension Funds' accounts is substantively complete, and Grant Thornton are in the process of finalising their draft Audit Findings Report (AFR) on the basis that they do not expect the remaining audit work to materially impact their audit findings.
- 1.4 The AFR contains any major findings arising from the external audit and is issued to those charged with governance to oversee the financial reporting process. In the Fund's case, this is the Governance and Audit Committee, who will receive the AFR in the interim and approve the Council's Statement of Accounts for 2024/25 (including the Pension Fund accounts) once the Kent County Council audit is fully

¹ CIPFA Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds (2019 Edition)

complete and the audit certificate is issued. The Audit Certificate is an opinion on the True and Fair view of the accounts itself and is issued when the external audit is complete and, in the case of the Pension Fund, it is issued when the external audit of the Council's Statement of Accounts is complete.

- 1.5 The AFR will also be shared with the Pensions Board given their role in ensuring compliance with regulation. Officers will report any material findings or changes to the draft Pension Fund accounts or Annual Report identified in the AFR to this Committee.
- 1.6 Given that the Pension Fund Committee is not scheduled to meet again until after the publication deadline for the Annual Report of 1 December 2025, it is recommended that the Committee delegate authority to the Head of Pensions and Treasury in consultation with the Chair of the Pension Fund Committee to authorise the Fund's Annual Report on receipt of the audit certificate.
- 1.7 Following approval, the Annual Report will be published on the Pension Fund website.
- 1.8 If the audit certificate is outstanding by 1 December 2025, the draft version of the Annual Report will be published on the Fund's website. Whilst this does not strictly meet the regulatory requirement, officers judge that it will aid transparency and assist stakeholders by providing information pertaining to the financial year 2024-25 on a timely basis.
- 1.9 A copy of the draft 2024-25 Pension Fund Annual Report and Accounts is attached at Appendix 1.

Sangeeta Surana, Investments, Accounting and Pooling Manager
Connor Steensel, Investments Accountant

T: 03000 416738, 03000 423231

**E: sangeeta.surana@kent.gov.uk,
connor.steensel@kent.gov.uk**

23 September 2025

Kent Pension Fund Report and Accounts

For the year ended 31 March 2025



Kent Pension Fund

Delivering an outstanding service to our customers

Page 111

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If you have any comments on the annual report,

- please call 03000 416 431
- email investments.team@kent.gov.uk, or
- write to: Kent Pension Fund, Treasury and Investments,
Kent County Council, Room 3.08, Sessions House,
County Hall, Maidstone, Kent ME14 1XQ

Highlights

£8.5bn

Pension fund value
(FY24: £8.1bn)

272

Active employers in the scheme
(FY24: 284)

£352m

Received in contributions
(FY24: £321m)

£333m

Benefits paid
(FY24: £303m)

102%

Funded (2022)

Membership

71,680

Deferred members
(FY24: 69,028)

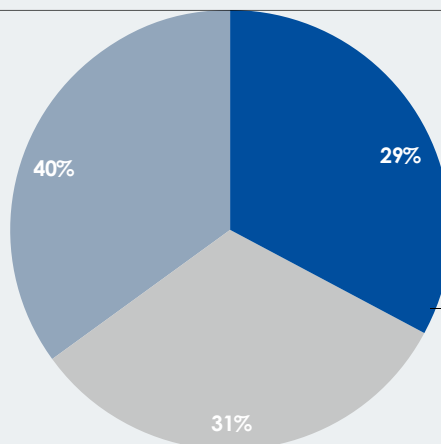
52,536

Pensioners
(FY24: 50,408)

Total membership

179,929

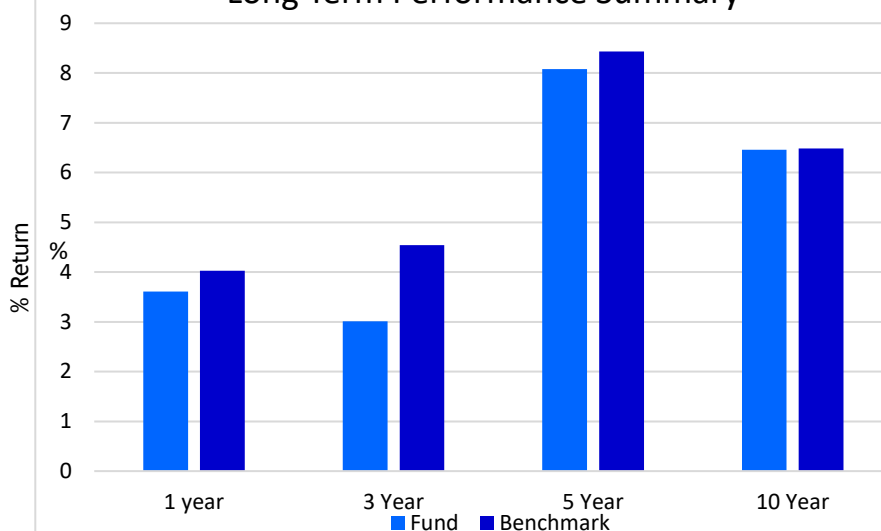
(FY24: 174,727)



55,713

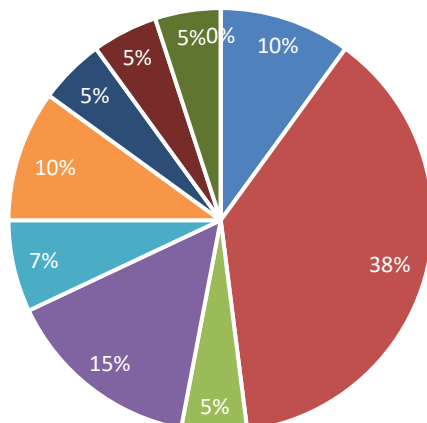
Active members
(FY24: 55,291)

Long Term Performance Summary



Asset Allocation

- UK Equities
- Global Equities
- Emerging Market Equities
- Credit
- RMF (ILGs)
- Property
- Private Equity
- Infrastructure
- Absolute Return
- Cash



Kent Pension Fund is a member of the ACCESS pool where we work with other local government pension funds to pool investments to significantly reduce costs, while maintaining investment performance.

£3.2m

Current year net savings

£24.8m

Cumulative net savings

48.9%

of assets outside
ACCESS pool

51.1%

of assets inside
ACCESS pool

Chairman's foreword

I am pleased to present the Annual Report and Accounts for the Kent Pension Fund for the year ended 31 March 2025.

First of all, I wish to welcome the new chair and members of the Kent County Council who have joined the Pension Fund Committee and Board and look forward to working with them in the coming years.

It has been a busy year for the Fund, and one in which we have made progress on many fronts: we have further strengthened our risk management capabilities and carried out a crisis simulation workshop to assess our preparedness for cyber security threats; we continued our implementation of the investment strategy at an intra asset class level and responded to the government's Fit For Future pensions review which will shape the future of the Fund in the coming years. At the same time, we have continued to innovate our administration of the LGPS to achieve the highest standards of service delivery for the Fund's members and employers.

The Fund's membership has continued to increase, and it now supports some 179,929 scheme members. I thank my team for all their efforts over the last year in ensuring that these members, together with the Fund's 272 active employers, continue to receive an excellent level of service.

Every three years the Fund is required to undertake a Triennial Valuation to determine its funding level. This assesses the Fund's future liabilities to pay pensions to the retiring members and accordingly helps determine the contribution rates that employers will be required to pay to ensure that there are sufficient assets to meet those obligations when they fall due. One of the main guiding principles of the exercise is to maintain contribution rates at stable, affordable and sustainable levels for employers in the Fund. The exercise is taking place as at 31 March 2025. Officers have been working with the Fund's actuary Barnet Waddingham and investment consultants Mercer to ensure that the exercise is completed by the statutory deadline of 31 March 2026.

The administration service is focused on enhancing the engagement experience of our members and employers and the administration report starting at page 24 details the breadth of work undertaken this year. To highlight just a few examples, this year, we have added several new features to the Member Self Service offering and rebranded it as MyPensionOnline which has seen significant improvement in take up and registration by members. We have added new features in the Telephony system which has enabled the team to better handle and respond to calls improving the members' engagement experience. We have also continued the roll out of the iConnect web portal enabling employers to upload their data directly to the Fund's database, which delivers efficiencies and simplifies the process for employers. We believe that to provide members with an excellent service, our colleagues need to be supported with training on emerging, as well as what can be highly technical, ongoing issues. We have strengthened our training teams and colleagues have used Local Government Association support where appropriate.

One of the major projects the Administration service has been involved in is the National Pensions Dashboard. This is a national

initiative which is designed to allow individuals to access their pension information online in one secure place. It is a significant piece of work and government has set a go live date of 31 October 2026. A lot of work has been undertaken over the years, and the Fund is well placed to meet the deadline.

The Fund admitted 19 new employers in the Fund. This ensures that members continue to receive the benefit of the LGPS membership even when there is a change in their employer due to outsourcing of services by scheme employers. The Employer Governance team ensures that all eligible employers and members are supported through their journey of admission into the Fund as well as an orderly exit where applicable, and have made further governance changes to improve the efficiency of the process.

The Fund's investment portfolio returned 3.4% for the year. The nature of the Fund's investment strategy means that returns can vary considerably from one year to the next, yet such an approach should deliver enhanced rewards in the longer term. The Fund has achieved an annualised return of 6.5% over the past 10 years, meeting the benchmark. As a result, the value of the Fund's assets has grown to £8.4bn at 31 March 2025, a gain of £0.3bn from the previous year.

Following the implementation of the updated investment strategy in 2023-24 the Committee continued to review the composition of the portfolios within each asset class in 2024-25. This was to ensure that the structure of the portfolio at sub asset class level remains suitable for the circumstances and objectives of the Fund and included an evaluation of portfolio construction and implementation routes including pooling options. Implementation of the equity asset class review was completed in January 2025, raising the proportion of our total assets in the ACCESS pool to over 51%. However, the Fund decided to pause any further implementation following the launch of the government's Fit for Future pooling review.

In November 2024 the government launched a review of pensions, and with respect to the LGPS it set out minimum standards for the 8 LGPS investment pools, as well as setting tight deadlines for completing pooling and some welcome enhancements to aspects of governance for LGPS funds. As a result of the Government's consultation and its outcomes, 21 LGPS funds, that are members of the ACCESS and Brunel pools have been directed to make new pooling arrangements. The government has set very tight deadlines for funds to decide on its choice of pool and need to have joined the pool contractually by 31 March 2026. Through the Pensions Scheme Bill 2025 the government has also given itself powers to direct funds to join a nominated pool where necessary.

This is an extremely challenging deadline, and in the coming months the Committee will be working through the various steps to choose and conduct due diligence on the preferred pool to partner with, enter into agreements and eventually transition assets into the chosen pool. The Committee and officers have been working diligently, supported by our investment consultants, to ensure the best outcome for the Fund and its members.

Responsible investment remains an important part of the Fund's investment decision making process. The Fund sees itself as an active steward of the investment assets it owns and believes this approach will ensure sustainable returns over the long term. It is important that our responsible investment approach remains aligned with our investment objectives and the Committee continued to monitor the engagement and voting efforts of its appointed investment managers throughout the

year. In 2024, the Committee reviewed progress made by its portfolio companies towards achievement of its interim carbon reduction goals and was pleased to note that the Fund was ahead in its net zero trajectory. This had been achieved without sacrificing the Fund's capacity to achieve sufficient diversification within its portfolio or compromise in the financial returns.

I am looking forward to the work we have planned for the year ahead. Besides continuing with the pooling agenda, focus will be on completion of the triennial valuation and updating our Funding and Investment strategies. The government has launched forward-looking consultations on several topics that will helpfully address some long-term issues in the LGPS. We will continue to actively contribute to the consultations and participate in discussions around the future of the scheme in the interests of the Fund's members and employers. Implementing the McCloud remedy and preparing for Pensions Dashboard alongside other public sector pension schemes and preparation for and implementation of the Oracle Cloud project within Kent County Council will continue to be a core focus too.

We will need to coordinate this work whilst continuing to provide a first-class service to scheme members and employers. It is a challenge I relish, and one which I know the Committee, the Pension Board and officers are excited to meet.

I want to thank the Members of the Pension Fund Committee and the Pensions Board for their support to me and the Pension Fund team and for their hard work and commitment during the year. Particular thanks are due to retiring Members for their years of service, and I extend a warm welcome to some new faces on both the Board and Committee, together with all new members of the officer team who started during the year.

Finally, I want to pay tribute to the late Cllr Charlie Simkins who we sadly lost in February 2025. Cllr Simkins served on the Pension Fund Committee for 12 years including time as its chair for nearly 8 years. His contribution to the stewardship of the Kent Pension Fund is greatly missed.

Nick Buckland

Head of Pension Fund and Treasury

Governance arrangements

The Pension Fund Committee

The Pension Fund Committee exercises all the powers and duties of the Kent County Council (KCC) in relation to its functions as Administering Authority for the Fund. The Committee is responsible for setting investment strategy, appointing professional fund managers and carrying out regular reviews and monitoring of investments. It also monitors the administration of the Pension Scheme and determines Pension Fund policy in regard to employer admission arrangements.

There were four formal Committee meetings during the year, all were held in person with the option to join virtually. The Committee also held an informal meeting focused on strategy development during the year.

The membership of the Committee during 2024-25 is detailed below.

Committee members

Employer representatives

All elected members (employer representatives) have full voting rights at the committee.



Charlie Simkins
Chairman
Kent County Council



Nick Chard
Vice Chairman
Kent County Council



Michael Hill
Kent County Council



Chris Passmore
Kent County Council



James McInroy
Kent County Council



Mark Prenter
Medway Council up to
June 2024



John Burden
Gravesham Borough
Council



Paul Stepto
Kent County Council



Rob Yates
Thanet District Council



Paul Bartlett
Kent County Council



Paul Cooper
Kent County Council



John Wright
Kent County Council

Simon Sim
(Non-voting)
Staff representative



Mel Dawkins
Kent County Council

Paul Doust
(Non-voting)
Kent Active Retirement
Representative



Shellina Prendergast
Kent County Council



Mark Jones
Medway Council from June 2024



Stacey Blair
Dover District Council

Member Representatives

Member representatives do not have a vote but otherwise are treated equally in terms of access to papers, training and opportunity to contribute to the decision making process.

Kent Active Retirement Fellowship Representatives
Paul Doust

Union Representative
Vacancy

Kent County Council Staff Representative
Simon Sim

Local Pensions Board

The Board's role is to ensure effective and efficient governance and administration of the LGPS scheme including ensuring compliance with scheme regulations and other applicable legislation. The membership of the Board during 2024-25 is detailed below; there were three full Board meetings during the year.

Kent County Council Officers and Others

The day-to-day operations and management of the Fund and implementing the decisions of the Pension Fund Committee are delegated to the KCC Section 151 officer and their staff. This includes the power to seek professional advice and devolve day to day handling of the Fund's investments to professional fund managers and advisers within the scope of the regulations. KCC undertakes the monitoring and accounting for the investments of and income due to the Fund.

Key Personnel

John Betts	Interim Corporate Director Finance and S151 Officer
Nick Buckland	Head of Pensions and Treasury

Board members

Employer Representatives	Representing
Robert Thomas, Chairperson	Kent County Council
Dylan Jeffrey, Vice Chairperson	Kent County Council
Alison Hartley	Kent and Medway Fire Authority
Cllr Rachel Carnac	District/Canterbury City Council
Member Representatives	
Joe Parsons	District/Medway Council staff
Kelly King	Kent County Council staff
Alison Mings	Pensioners Representative
Grahame Ward	Pensioners Representative

Governance 2024-25

During the year both the Pension Fund Committee met four times and Pensions Board met three times. All Committee and Board meetings were held in person with the option to join virtually. Attendance at the Committee and Board meetings can be found below:

Pension Fund Committee

Member	Meetings attended
Charlie Simkins	2/3
Nick Chard/and substitute	4/4
Paul Bartlett	4/4
John Burden	3/4
Michael Hill/and substitute	4/4
Chris Passmore	4/4
Rob Yates	2/4
Paul Cooper	3/4
Stacey Blair	1/4
Mel Dawkins/and substitute	4/4
Paul Doust	3/4
Mark Jones	3/4
James McInroy	4/4
John Wright	4/4
Simon Sim	3/4
Paul Stepto	4/4
Shellina Prendergast/and substitute	4/4

Pensions Board

Member	Meetings attended
Robert Thomas	3/3
Dylan Jeffrey	3/3
Joe Parsons	3/3
Alison Hartley	2/3
Cllr Rachel Carnac	2/3
Grahame Ward	3/3
Kelly King	2/3
Alison Mings	3/3

Committee activity

Items considered by the Committee at its meetings in 2024/25 were as follows:

27/06/2024	19/09/2024	03/12/2024	19/03/2025
Committee Work Plan and Action log	Committee Work Plan and Action Log	Committee work Plan and Action Log	Committee Work Plan and Action Log
Pensions Administration	Pensions Administration	Pensions Admin	Pensions Administration
Update from the Pension Board	Update from the Pension Board	Update from the Pension Board	Update from the
Investment Update	Investment Update	Investment Update	RI update
Investment Strategy	Investment Performance	Investment Performance	Investment Performance
Governance update	Investment Strategy – Review of Equity Portfolio	Investment Strategy	Investment Strategy
Employer Governance Matters	Actuarial Valuation planning	Employer Governance Matters	Employer Governance Matters
Responsible Investments Update	Employer Governance Matters	Projects	Projects
McCloud	McCloud	Governance	Governance
ACCESS	ACCESS	Risk Register	ACCESS update
Cyber Security	Cyber Security	ACCESS	Government Pensions Review
	Governance	Government Pensions Review	
	Risk Register		

Board activity

Items considered by the Board at its meetings in 2024/25 were as follows:

11/06/2024	03/09/2024	21/11/2024
Pension Fund Committee update	Pension Fund Committee update	Pension Fund Committee Update
Governance update	Governance update	Governance update
Pension Fund Audit Plan	Pensions Administration	Pensions Administration
Pensions administration	Investments update	Investment update
Investment update	The Pension Regulator's General Code	Annual Report
Cyber Security	Actuarial Valuation Planning	Projects update
Risk Register	Cyber Security	Risk Register
Employer Governance Matters	Employer Governance Matters	Employer Governance Matters
ACCESS	ACCESS	ACCESS
McCloud judgement	McCloud Judgement	Government Pensions Review

Training

As an administering authority of the Local Government Pension Scheme, Kent County Council recognizes the importance of ensuring that all officers and members charged with financial management and decision making for the pension scheme are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

Training is undertaken, recorded and monitored as per the Kent Pension Fund Training Strategy (updated and approved at Pension Fund Committee March 2023). The Strategy sets out the Fund's strategic training objectives and training vision. It recognizes CIPFA's 'Code of Practice on Public Sector Pensions Finance, Knowledge & Skills' and CIPFA's 'Knowledge & Skills Framework'. Kent Pension Fund's Training Strategy outlines the requirement for those on Pensions Board and Pensions Fund Committee to have sufficient skills and knowledge to undertake their role.

During 24/25 training and industry updates were given at Pension Board, Pension Fund Committee, the Fund's Employer Forum meetings and in-between meetings (via email) throughout the year. Members took personal responsibility to maintain their pensions knowledge by accessing relevant literature and information, or by completing formal qualifications.

Kent Pension Fund has a structured training plan which covers the items on CIPFA's 'Knowledge and Skills Framework'. Other training options were made available to Members throughout the year relevant to their roles. Overall, a wide range of topics were studied by members of the Fund's Board and Committee in 2024-2025:

The main training events attended by Committee and Board members during 2024-25 were as follows.

Date and approx. duration	Topic/Provider	Attendees
May 2024 1.5 hours	Presentation from PIRC	Chris Passmore, Mel Dawkins, Michael Hill, Nick Chard, Paul Bartlett, Paul Cooper, Paul Doust, Paul Stepto, Simon Sim, Joe Parsons
June 2024 1 day	Investor Day (Waystone)	Paul Stepto
July 2024 2 days	LGA Conference (PLSA)	Nick Chard

Date and approx. duration	Topic/Provider	Attendees
Oct 2024 2 days	Fundamentals Training (LGA)	Paul Doust
Oct 2024 2 hours	Pensions Guidance and Legislation Training (Barnett Waddingham)	Alison Mings, Chris Passmore, Dylan Jeffrey, Grahame Ward, Joe Parsons, John Wright, Kelly King, Mark Jones, Mel Dawkins, Michael Hill, Paul Bartlett, Paul Doust, Simon Sim.
Jan 2025 1 day	LGPS Governance Conference (LGA)	Paul Doust
Feb 2025	Pension Fund Committee Away Day (Barnett Waddingham)	Chris Passmore, James McInroy, John Wright, Mark Jones, Mel Dawkins, Michael Hill, Nick Chard, Paul Doust, Paul Stepto, Rob Thomas, Rob Yates, Simon Sim.

Completion of the Pension Regulator's E-toolkit for Public Service Pensions was as follows:

Fully completed	Working Towards Completion
Alison Mings	Charlie Simkins
Chris Passmore	Stacey Blair
Dylan Jeffery	Mike Hill
James McInroy	Simon Sim
John Wright	Alison Hartley
Kelly King	John Burden
Paul Doust	Mark Jones
Paul Stepto	Mel Dawkins
Rachel Carnac	Nick Chard
Rob Thomas	Paul Bartlett
Joe Parsons	Paul Cooper
	Rob Yates
	Shellina Prendergast
	Grahame Ward

Individual members and officers have also attended training events organized by other external organizations in areas such as finance, pensions, investments, digital systems, governance and scrutiny.

Fund managers

Click the logo to go to the managers website
















Kent County Council
Treasury Management Team






Further details of the fund manager mandates can be found in the Investment Strategy Statement (ISS).

Other organisations providing services to the Kent Fund

Service	Organisation
Custodian	Northern Trust Company
Bankers	National Westminster Bank
Fund Actuary	Barnett Waddingham
Additional Voluntary Contributions (AVC) Providers	Utmost Life, (earlier Equitable Life Assurance) Prudential Assurance Company Standard Life Assurance
Asset Pool	ACCESS Pool
Asset Pool Operator	Waystone Group
Investment Consultants	Mercer
Auditors	Grant Thornton
Legal Advisors	Invicta Law
Performance Measurers	Northern Trust Company CEM Benchmarking PIRC Limited
Scheme Administrators	Kent County Council
Administration Software Provider	Aquila Heywood

The Kent Pension Fund maintains the following statutory statements and policies; these are reviewed and updated regularly:

- Funding Strategy Statement
- Investment Strategy Statement
- Governance Compliance Statement
- Administration Strategy
- Communications Policy Statement
- Responsible Investment Policy
- Conflicts of Interest Policy
- Contributions Review Policy
- Deferred Debt and Debt Spreading Agreement Policies
- Raising Strategy
- Recording and Reporting Breaches of the Law Policy
- Data Quality Policy

These documents can be found on the Pension Fund's website:

<https://www.kentpensionfund.co.uk/local-government/about-us/management-of-the-fund/policies>

A copy of the latest triennial valuation can be found on the Pension Fund's website:

<https://www.kentpensionfund.co.uk/data/assets/pdf/file/0003/149016/Valuation-report-March-2022.pdf>

Risk Management

Kent County Council as the Administering Authority for the Kent Pension Fund has delegated responsibility for the management of risk to the Pension Fund Committee.

Objectives of Risk Management

The Fund's primary objective is to ensure that over the long term it will have sufficient assets to meet pension liabilities as they fall due. The Fund is exposed to operational and financial risks that might affect its ability to achieve its objectives. The risks need to be monitored and managed on a regular basis.

Risk register

The Committee and Board maintains active oversight of the Fund's key risks and maintains a risk register. Risks are classified into Governance, Investment & Funding and Administration risks. All risks are scored and assigned a target level and mitigations are put in place and for risks measured at higher than target level. Risks scored at or below target level are monitored. Risk is a regular agenda item at Pension Fund Committee and Board and members receive regular training on general and specific risks.

The key risks and actions currently identified include the following:

Key risk	Key Actions
Governance arrangements (implementation of changes due to recent and proposed regulatory changes)	<p>A Technical and Compliance Lead Manager was appointed in 2024-2025 (a new dedicated role was created).</p> <p>A Reverse Gap Analysis was undertaken to assess the Fund's compliance with the new General Code.</p> <p>A schedule was prepared to support future policy review.</p>
Increased risk of cyber attacks	<p>A cyber security policy and incident response plan were put in place.</p> <p>Reviews of supplier cyber security assessments were undertaken. These will continue into 2025/26.</p> <p>Follow-up actions were carried out, as agreed with KCC's ICT team.</p>
Risk of increased funding deficit (investment strategy/ management and market risks)	Investment and funding items were regular agenda items at both Committee and Board, where recommendations were reviewed and discussed. This approach will continue in 2025/26.
Scheme member data missing / inaccurate (risk of lack of readiness for national dashboard go-live)	Data rectification was undertaken with various workstreams including address tracing, mortality screening and backlog clearance. Work will continue throughout 2025/26.

Arrangements have been agreed for the management of these risks in order to mitigate their impact on the Fund. These are regularly reviewed, and the risk register updated for changes in the level of risks and for emerging new risks.

Governance risks

These risks arise from the regulatory environment and control environment at the strategic level of the fund. Members and officers are guided, and supported by Kent County Council's governance framework, policies and procedures. The Committee has access to appropriate expert governance, technical and investment advice to enable them to fulfill their role. Cyber security risks are carefully considered by the Fund.

Investment and Funding risks

Details of the countermeasures in place for financial, demographic, regulatory, and employer risks are included in the Fund's Funding Strategy Statement (FSS). Further details of the Fund's policy on investment risk management are disclosed in the Fund's Investment Strategy Statement (ISS). These are reviewed regularly. The Fund has a well-diversified portfolio of different asset classes and investment strategies managed by different managers.

The Fund has a high exposure to equities which have high growth potential but are also exposed to higher risk. The Fund has implemented a risk management framework to manage equity risk. The Fund also operates an asset rebalancing policy to ensure that the actual asset allocation remains within tolerance of the Fund's target strategic asset allocation.

The Fund reviews its investment strategy on a regular basis and at least every three years to ensure the strategy remains suitable given the Fund's circumstances.

Assurance over external service providers operations is provided by investment managers and custodian[s] who are required to provide annual AAF 01/06 reports and ISAE 3402 reports.


Administration risks

Administration risks are operational risks that relate to the maintenance of member data and processing of contributions and payments for members. Comprehensive policies and procedures supported by training and effective communication with staff as well as employers are put in place to mitigate these risks. Regular monitoring of KPIs and participation in benchmarking exercise is employed to monitor the risks and effectiveness of the processes.

Pooling

In April 2025, the Government confirmed that it had declined the ACCESS Pool's proposal to establish a company structure in response to the Local Government Pension Scheme (England and Wales): Fit for the Future consultation. Instead, ACCESS authorities, including Kent, have been instructed to consider and identify alternative pooling arrangements going forward.

This development introduces an element of risk and uncertainty for the Fund. In particular, there is uncertainty over future pooling arrangements, potential transition requirements, and any



associated costs that may arise from changes in how the Fund's assets are managed.

The Fund will continue to monitor developments closely and is working to minimise any risk through active engagement with the Government and Pool's, as well as through regular dialogue with other local authorities and through conducting our own due diligence.

Financial Performance

Fund Trends

A summary of the Fund's key trends is shown below:

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Net Assets at 31 March (£'000)	7,513,632	7,702,425	7,847,952	8,142,551	8,451,611
No. of Contributors	52,725	52,829	53,353	55,291	55,713
Contributions (£'000)	267,955	280,431	297,692	321,214	352,490
Number of Pensioners	44,838	46,706	48,583	50,408	52,536
Benefits Paid (£'000)	247,448	257,277	270,995	303,175	332,551

Financial Summary

A brief summary over the last 5 years is shown below:

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Value of Fund at start of year	5,716,878	7,513,632	7,702,425	7,847,952	8,142,551
Revenue account for year					
– Contributions	267,955	280,431	297,692	321,214	352,490
– Transfers in	5,017	10,636	17,306	12,280	24,781
– Benefits	(247,448)	(257,277)	(270,995)	(303,175)	(332,551)
– Transfers out	(10,057)	(28,114)	(15,184)	(15,424)	(16,129)
Investment and other income net of expenditure					
– Income on investments	115,258	140,759	158,696	162,454	175,793
– Interest on cash	154	217	2,621	3,884	4,183
– Stock lending income	33	58	103	87	76
– Miscellaneous income	0	0	0	10	40
– Expenses on property	(4,199)	(7,591)	(8,506)	(9,659)	(7,176)
– Management expenses	(27,277)	(34,840)	(32,502)	(34,788)	(40,123)
Net Revenue	99,436	104,279	149,231	136,884	161,382
Increase (Decrease) in market value of investments in year	1,697,318	84,514	(3,704)	157,715	151,075
Increase (Decrease) in Fund during year	1,796,754	188,793	145,527	294,599	309,060
Value of Fund at end of year	7,513,632	7,702,425	7,847,952	8,142,551	8,451,611

Investment assets have continued to grow in value in a supportive investment environment, taking the Fund from £8.14bn in 2023/24 to £8.45bn in 2024/25, an increase of approximately £300m.

The amount the Fund spends on benefits has increased by 10% over the year, in line with the increase in contribution income, and by 34% since 2020/21. This is partly due to inflation (LGPS benefits are index-linked, although it is also as a result of increases in the number of pensioners, with 17% more pensioners in the Fund now compared to 2020/21.

Pension Fund Administration and Governance Costs

The following table compares actual Administration, Governance and Oversight costs against the budget for 2024-25.

	2024-25 Budget £	2024-25 Actual £
Pensions administration	2,971,700	3,347,400
Apportionment of expenses of operational buildings	140,200	283,300
Printing and Mailing costs – Adare	200,000	203,505
Data Rectification Project– ITM (McCloud)	685,342	557,113
IT Expenses	1,107,946	1,047,497
Pension Payroll Services	271,025	270,442
Financial systems and services	64,700	64,700
Legal fees	82,108	66,893
Administration Expenses	5,523,020	5,840,850
		395,559
Actuarial fee including cost of valuation	437,342	
Direct recovery of actuary, legal fees and admin costs	(334,148)	(306,852)
Subscriptions	77,990	94,570
ACCESS pooling costs	155,174	228,650
Investment accounting and oversight costs	976,675	750,324
Training	52,145	32,210
Performance measurement fees	36,430	18,920
Governance consultancy	15,000	–
Investment consultancy	341,409	297,430
Cyber Security	27,500	15,000
Governance and oversight expenses	1,785,517	1,525,809
	51,000	57,019
Custody		
Transaction costs	1,831,702	2,741,406
Fund manager fees – fixed income	4,638,144	4,433,450
Fund manager fees – equities	10,008,758	11,383,434
Fund manager fees – Private equity/infrastructure	8,517,152	7,854,795
Fund manager fees – risk management framework	1,191,025	1,027,413
Fund manager fees – property	3,069,609	3,117,559
Fund manager fees – absolute return	2,031,458	2,000,010
Investment management costs	31,338,848	32,615,086
	105,099	149,295
Audit fee		
Total	38,752,484	40,131,040

Commentary on Budget Outturn

- Transaction costs were above budget, reflecting higher than anticipated activity during the year. In particular, costs arose from the transition into Emerging Markets, as well as property fund purchases where associated transaction costs were not built into the budget. In addition, transactions undertaken by Robeco and Baillie Gifford were as a result of decisions made in-year and hence were not included at the time of budget setting. Pooling costs were also higher than expected due to the settlement of additional fees relating to 2023/24 finally settling in the 2024/25 financial year.
- Actuarial fees were below budget overall, reflecting a slight reduction in employer demand for actuarial work compared to previous years. A budget of £25k had been set aside for interim valuation costs, although this ended up not being required in 2024/25. The recovery of actuarial fees was also below budget as the Fund no longer recharges employers for audit-related queries.
- IT costs showed slight variances as a result of a number of factors, which included unanticipated spend as a result of additional costs to enable Hyman's access to Heywoods and additional licensing fees.
- Training costs were in line with the higher levels of activity seen in 2023/24, when significant focus was placed on McCloud and data rectification projects. It had been anticipated that a similar level of activity was required in 2024/25, although that was not required.
- The audit fee for 2024/25 was higher than budgeted. This was due to a revision to the national scale fee set by the PSAA which was only confirmed after the budget had been set. Also, additional fees relating to the external audit of 2022/23 and 2023/24 were incurred in 2024/25 as a result of these revisions.
- Investment management expenses were broadly in line with the budget overall, with only a slight overspend (not taking account of custody and transaction costs). These costs are highly variable and directly linked to the market value of investments, making them inherently difficult to predict with certainty.
- The apportionment of expenses for operational buildings was reclassified to financial management overheads. This now includes rental costs payable to Kent County Council and other overhead charges, resulting in an increase compared to the budgeted amount.
- Data rectification costs were budgeted on the basis of a monthly charge over the three-year contract term. As payments began later than originally anticipated, expenditure in 2024/25 was lower than budgeted.

Investments

The Pension Fund Committee is responsible for setting investment strategy, carrying out regular reviews, and monitoring the Fund's investments.

The Fund must invest any fund money that is not needed immediately for the payment of benefits and the Fund has established an Investment Strategy Statement (the "ISS") to document the principles, beliefs and policies by which investment assets are managed.

Additionally, the Funding Strategy Statement (FSS) aims to establish a clear and transparent strategy that will identify how participating employers' pension liabilities are best met going forward. To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount the Fund's future cash flows to present day values. The discount rate used in the actuarial valuation is derived by considering the expected return from the Fund's long-term investment strategy. This ensures consistency between the funding strategy and investment strategy.

Accordingly, there is a fundamental link between the FSS and the ISS relating to the discount rate that underlies the funding strategy as set out in the FSS, and the expected rate of investment return which is expected to be achieved by the long-term investment strategy as set out in the ISS.

- During the course of 2024/25, the Fund undertook an intra-asset class review, following on from decisions made in the previous year, to determine whether the structure of the Fund at a sub-asset class level remained suitable and consistent with the Fund's circumstances and objectives.
- The Committee had identified a number of key parameters to focus on as the basis for review, which included:
 - Performance evaluation;
 - Opportunities for progressing pooling;
 - Passive vs active implementation;
 - Style biases;
 - Sustainability, impact, and positioning for the climate transition, among others.
- Following the review, a number of recommendations had been made and agreed with the Committee in December 2024. These decisions included divesting entirely from the Sarasin Global Equity mandate with proceeds being invested into the Pool, within the Robeco Quality Stars Equity Fund. Further decisions were also made in relation to the Fund's UK equity allocation, which included to invest 50% of the Fund's current exposure into the Pool, within the UBS Life UK Equity Tracker Fund. In addition, a number of decisions were made in relation to the Fund's fixed income allocation, mainly to commence pooling given a lack of pooled fixed income investments.

The Fund's strategic asset is shown below:

	SSA	Benchmark
Total Equities	53.0%	
UK	10.0%	FTSE All Share (GBP)
Global	38.0% (protected)	Global Equity Composite
Emerging Markets	5.0%	MSCI Emerging Markets ND
Total Fixed Income	22.0%	
Credit	15.0%	Fixed Income Composite
Index Linked Gilts	7.0%	ILG Portfolio Return
Cash	0.0%	SONIA
Total Alternatives	25.0%	
DGFs	5.0%	RPI +5%
Property	10.0%	MSCI UK All Property Index
Infrastructure	5.0%	SONIA
Private Equity	5.0%	SONIA
Total	100.0%	

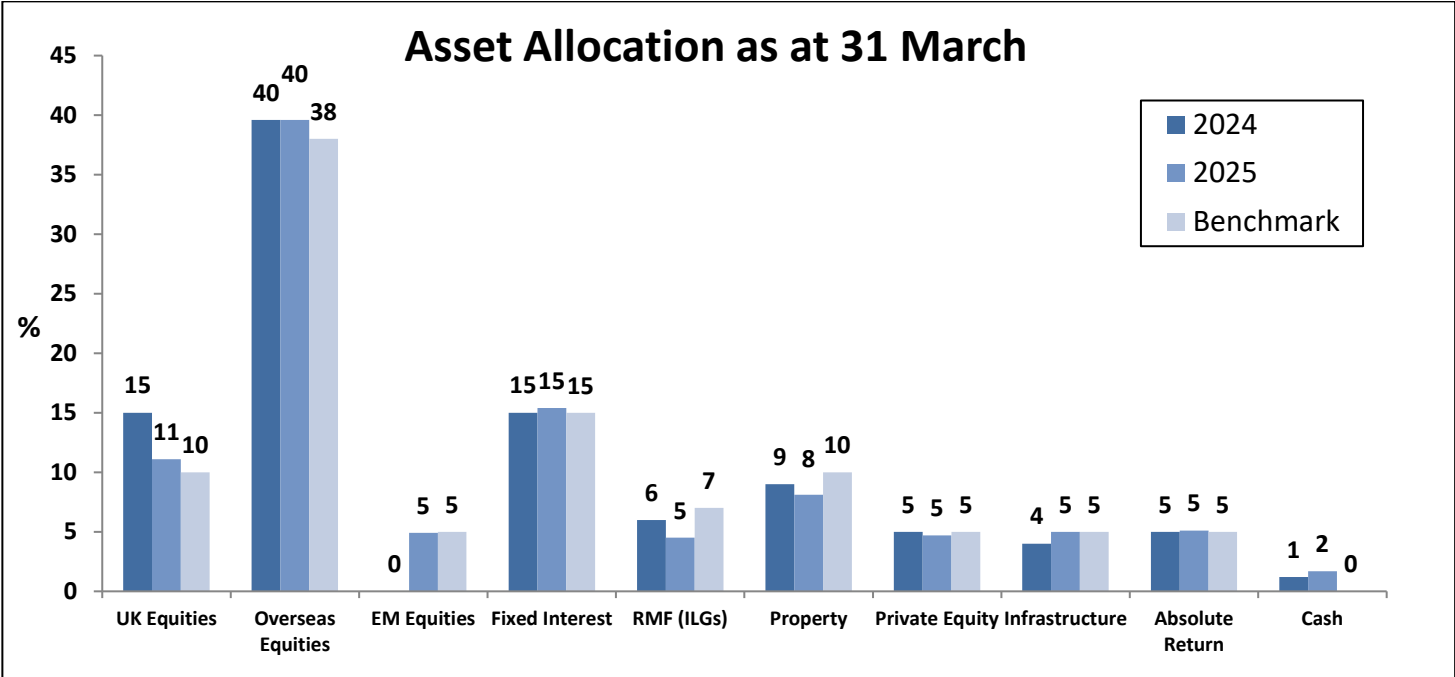
Following agreement of the recommendations during the December Committee meeting, officers had implemented the global equity decisions, fully divesting from Sarasin and investing proceeds into the Robeco Quality Stars mandate by 31 March 2025. However, given the uncertainty around the Government's Fit for the Future consultation, all other recommendations were paused while officers



conducted further due diligence.

Portfolio Distribution

The graph below shows the long term performance of the Fund's investments compared against its Strategic benchmark.



Asset Pooling

The Fund is part of the ACCESS (A Collaboration of Central, Eastern and Southern Shires) pool which was established in 2015 and now oversees assets totalling £50bn (as at 31 March 2025). The ACCESS member authorities retain authority to determine their strategic asset allocation policies in the exercise of their fiduciary responsibility and seek to implement the local strategy through the pool.

The Fund has made a commitment to pool its investments other than its direct property holdings but will rigorously apply the value for money test in moving assets into the pool. There are various challenges and complications in pooling directly held properties, including transition (re-registration) costs, lack of liquidity, and determining fair transfer values that make it unviable to pool direct property.

During 2024-25 the Committee considered the underlying composition of its strategic allocation on an asset class by asset class basis, with initial discussions focussed on the equity and fixed income classes. A number of decisions were made including the pooling of a previously segregated mandate. However, the Government launched their Fit for the Future consultation in November 2024 and, as such, it was deemed prudent to pause any further pooling plans whilst the impact of this consultation was considered.

Looking ahead to 2025-26, the Committee will be required to consider their Pooling options and, ultimately, to make a decision regarding which Pool is the best fit for the Fund and it's members. In addition, 2025 is a triennial valuation year and, as such, the results of which will require officers to consider whether any changes to the investment strategy are required at

future meetings. As at 31 March 2025 the Kent Pension Fund had investments of £4.3 billion in five ACCESS sub-funds.

The Kent Pension Fund has achieved £27.3m of savings in pooling initiatives of which £8.3m are in relation to assets awaiting pooling.

Investment management arrangements and asset allocation

All investment management activities are carried out externally via appointed asset managers and the ACCESS pool. There are no internally managed investment assets, other than cash. The Fund has a policy of appointing specialist managers who are expert in managing specific investment strategies which should help the Fund deliver over different investment cycles.

Northern Trust Ltd are the Fund's custodians for the safekeeping and settlement of trades relating to the Fund's direct investments managed by external investment managers.

The Fund recognises that diversification is key to managing portfolio risks. Assets are invested across different asset classes and distinct investment management styles are combined with the aim of securing sufficient and stable returns and using risk efficiently. In assessing suitability, the Fund evaluates the expected returns and expected volatility of particular asset classes together with the correlations between asset classes and the diversification benefits available from combining different asset classes

The Fund makes use of illiquid investments (such as infrastructure, private equity and property), recognising that investors are rewarded over the long term for bearing liquidity risk. In setting and reviewing its strategic asset allocation, the Fund further considers the legality of all investments for compliance with the LGPS Regulations.

Value of funds under management by fund manager

The following graph shows the assets under management (AUM) and the proportion of the Fund under management by fund manager as at 31 March 2025:

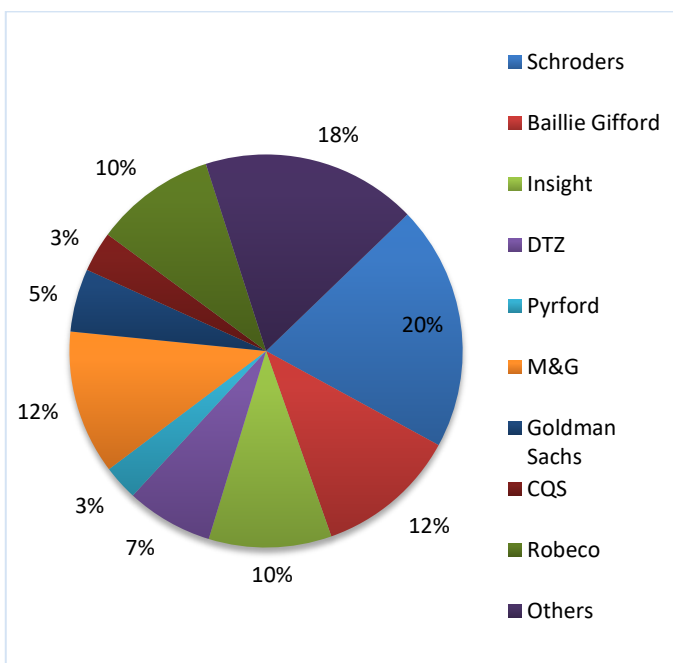
<u>Fund Managers</u>	<u>AUM (£m)</u>
Schroders	1,704
Baillie Gifford	985
Insight	853
DTZ	603
Pyrford	243
M&G	1,002
Goldman Sachs	439
CQS	281
Robeco	840
Others	1,498
Total	8,448

Investment performance 2024-25

The performance of the Fund's investment managers is reported on a quarterly basis to the Pension Fund Committee.

The ACCESS pool and appointed asset managers submit reports and valuations for this purpose and independent performance measurement is provided by the Fund's custodian, Northern Trust. As part of the oversight arrangements for external asset managers, Committee members and officers meet with the Fund's appointed asset managers on a regular basis as part of a formal programme.

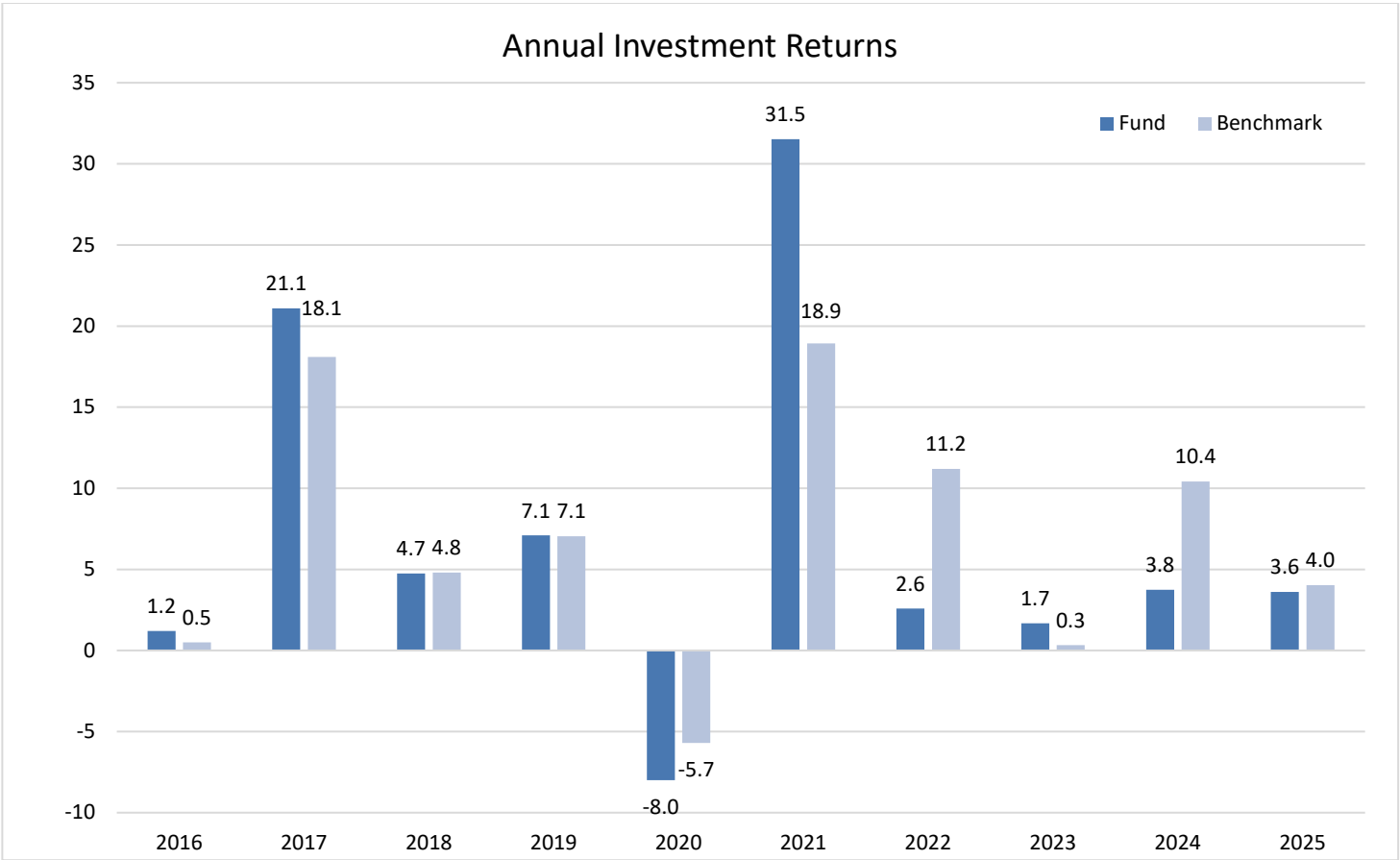
AUM by fund manager as a proportion of the Fund



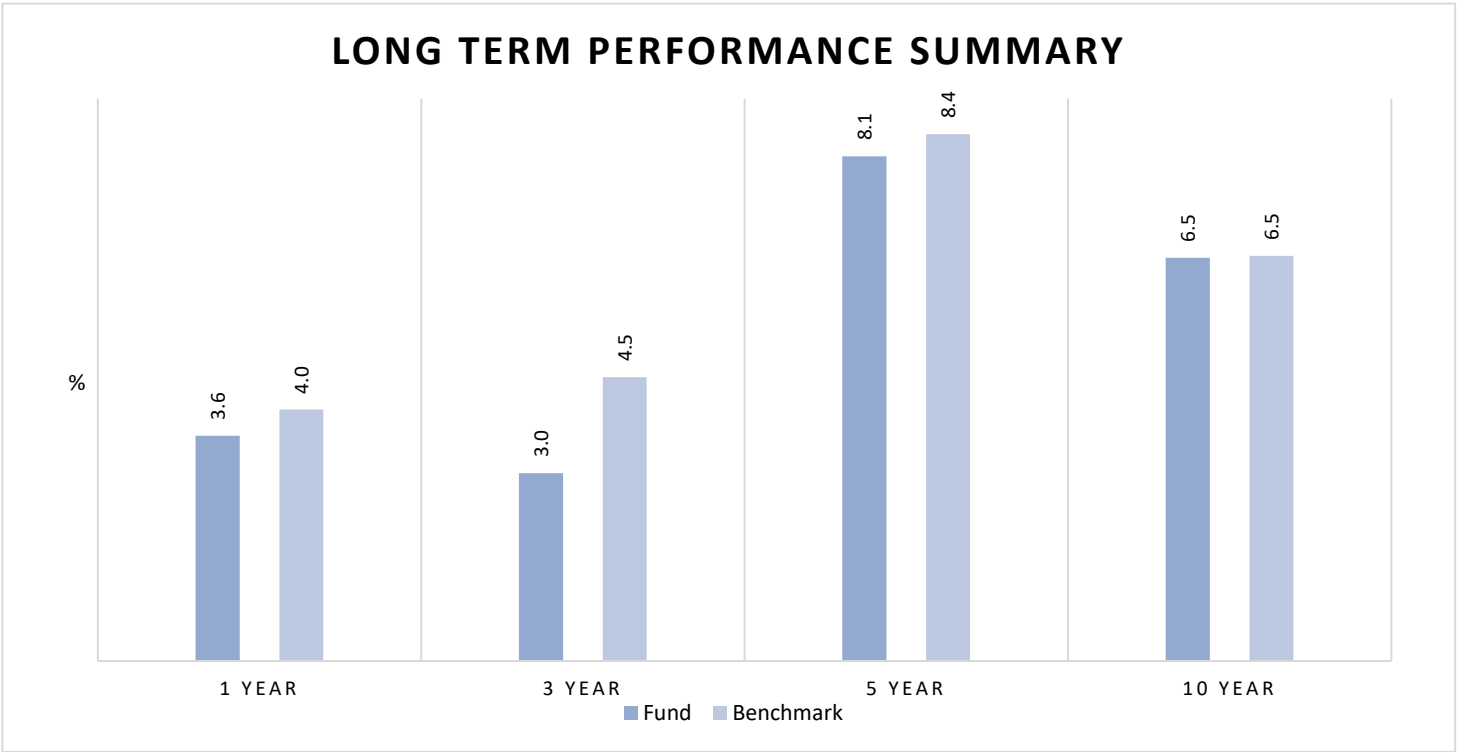
Total fund performance

The graph below shows the relative performance of the investments over the last 10 years. The overall return on the investments for 2024-25 was 3.6% compared to the Fund's strategic benchmark of 4.02%.

For comparison the PIRC Local Authority Universe average annual fund return for 2024-25 was 3.4%.



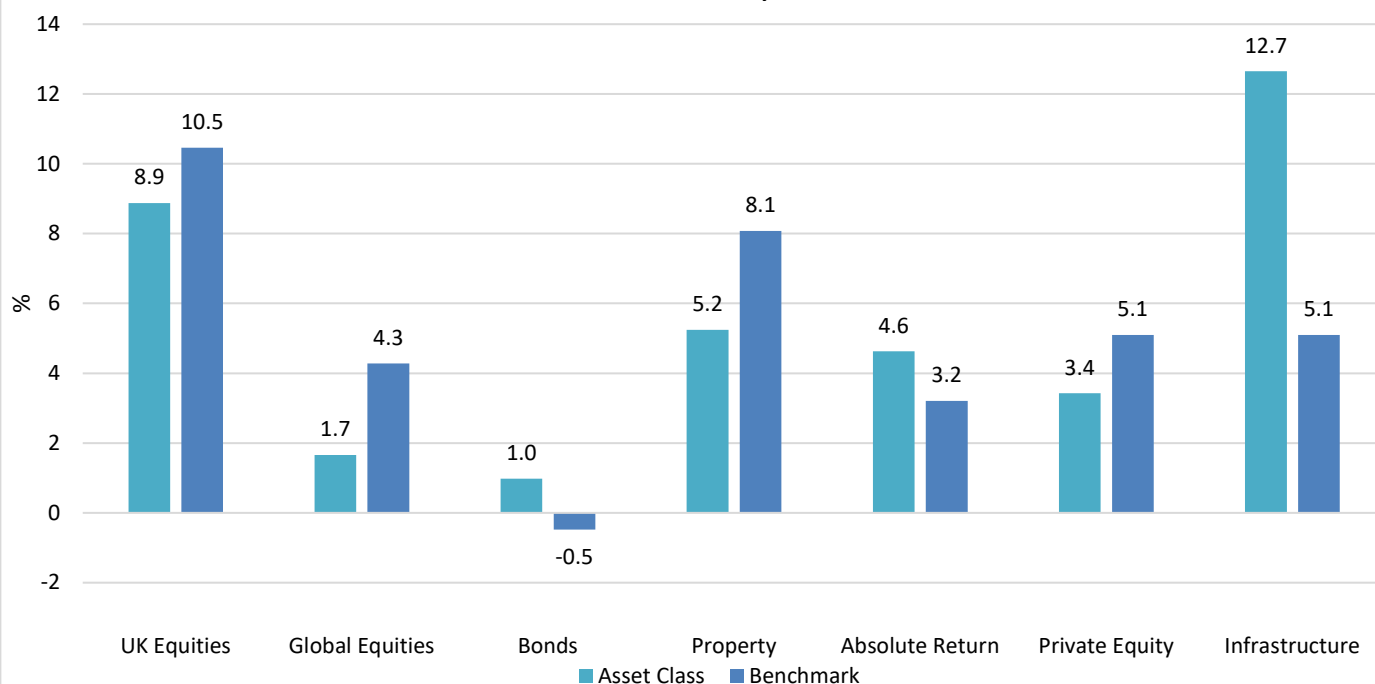
The graph below shows the long term performance of the Fund's investments compared against its Strategic benchmark.



Returns by Asset Class

The analysis set out below shows the returns by asset class for 2024-25:

2024-25 Returns by Asset Class

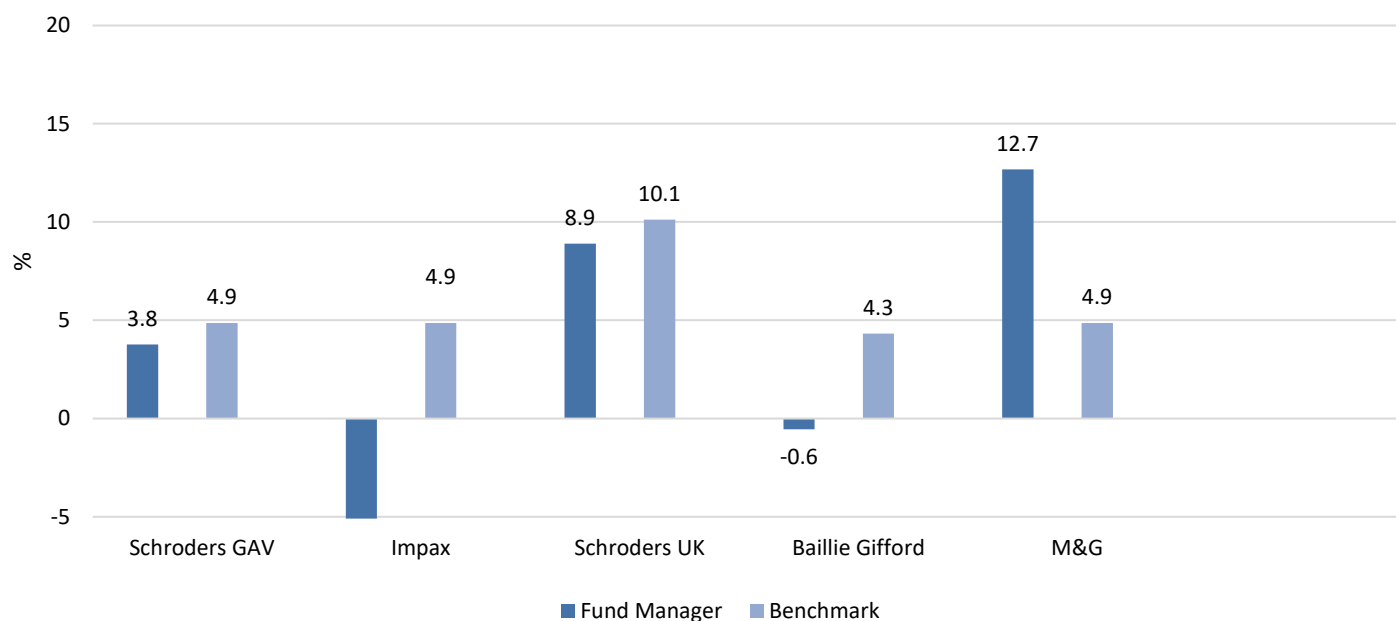


Performance by Fund Manager

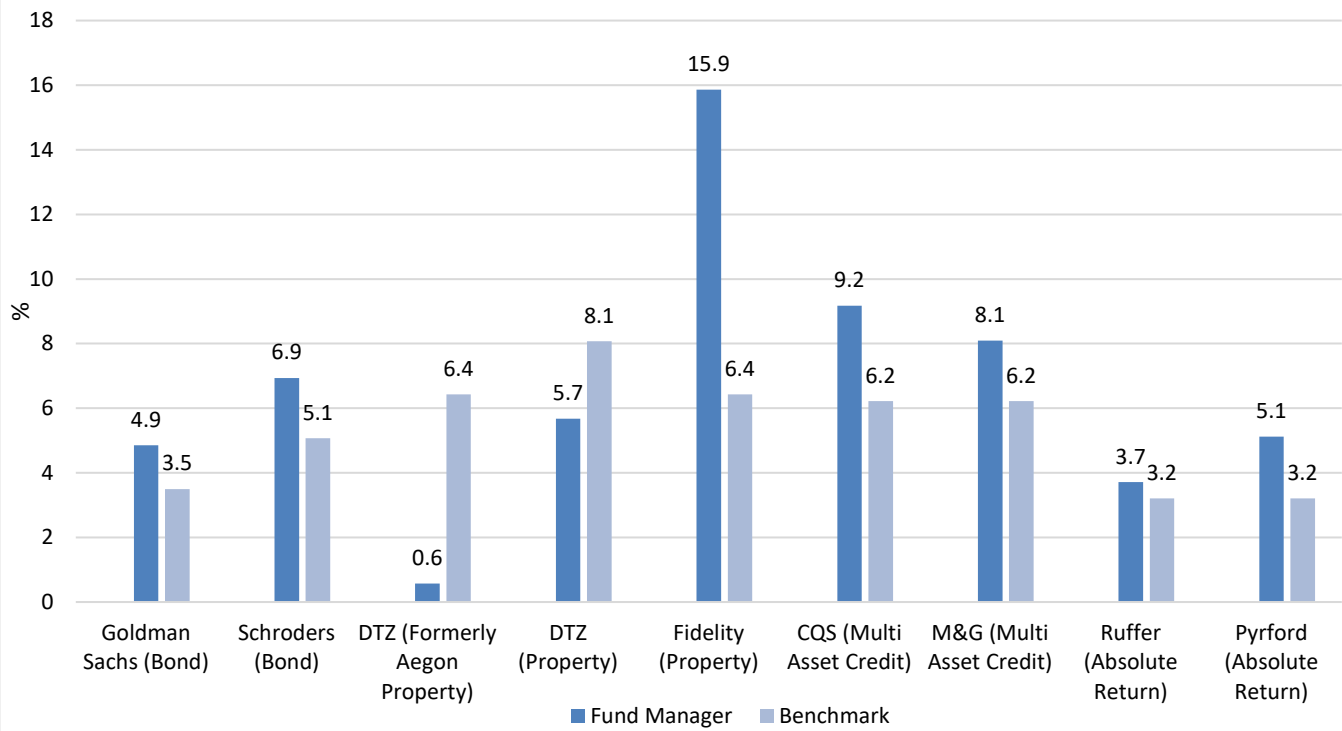
The following graphs show the performance of the Equity and other Mandates compared to their benchmarks for the year ended 31 March 2025.

In addition to the below, the Fund has investments in three further equity mandates; however, the Fund has not been invested in these portfolios for one year and hence there is no performance data available for this time period.

Performance Returns by Fund Manager - Equities



Performance Returns by Fund Manager - Other Mandates



Responsible Investment (RI)

The Kent Pension Fund (the Fund) is committed to being a responsible investor and a good long-term steward of the assets in which it invests.

The Responsible Investment Policy sets out the Fund's approach to responsible investment including where responsibility lies; how environmental, social and governance (ESG) considerations are embedded in the Fund's investment processes; and how the Fund stewards its investment assets in the interests of its beneficiaries.

The Fund's RI policy can be viewed [here](#).

As an asset owner, the Fund implements its investment strategy via external asset managers (including the ACCESS pool) and service providers, who play a critical role in delivering and discharging the Fund's Responsible Investment Policy.

Increasingly the Fund's investment assets are pooled via the ACCESS pool, one of the LGPS collective investment pools in England and Wales that have been established to drive scale, develop expertise and enhance returns. The Fund pursues its responsible investment objectives via the pool and, alongside other ACCESS member authorities, actively contributes to the development and evolution of the pool's responsible investment approach.

The Fund recognises that taking a collaborative approach with other investors can help to achieve its responsible investment objectives and, accordingly, the Fund participates in various groups and initiatives. The Fund is a member of the Principles for Responsible Investment (PRI), and subscribes to the PRI's six principles for responsible investors to follow. The Fund is also a member of the Local Authorities Pension Fund Forum (LAPFF), a collaborative initiative that promotes the highest standards of corporate governance to protect the long-term value of local authority pension funds. The Fund is also a member of Pensions For Purpose (PPP) and the Institutional Investors Group on Climate Change (IIGCC).

Net Zero Progress

The Fund conducted a review of the progress made towards decarbonisation target in the year up to June 2024 which was the last point of assessment included in the underlying analysis which supported the Fund's net zero strategy.

The committee agreed a net zero target of 2050 in December 2023 and set interim carbon reduction targets of 43% by 2030 and 69% by 2040 for its equity portfolio.

Good progress in decarbonisation of listed equity portfolios has been identified. The reduction achieved as of June 2024 brought the carbon footprint down to 76% from the 2020 baseline compared to 92% as of June 2023. Coverage of companies reporting carbon metrics ranged from 97-99% which provides a high level of confidence.

The decarbonisation achieved in the fixed income portfolios was even more significant even though the Fund has not made a formal net zero commitment in relation to these portfolios. These portfolios showed a reduction to 39% of the 2020 baseline in June 2024 compared to 60% at June 2023. We recognise that the coverage of companies reporting carbon metrics is still quite low although improving consistently. There is a possibility that the metrics might reflect an increase in carbon footprint in the short run as more companies' data gets included.

The number of underlying companies in the listed equity portfolios with SBTi targets also showed an improvement from 37% to 39%. Companies in fixed income portfolios with SBTi targets improved from 23% to 24%.

Most managers provided comprehensive details of engagement undertaken with the high emitting companies in their portfolio, although decarbonisation was not the only focus of their engagement.

The Fund will need to continue to engage with managers to monitor the effectiveness of their stewardship activities with high emitting holdings. Officers anticipate that this activity will increasingly take place via the pool in the future.

Voting

The Fund believes that active ownership helps the realisation of long-term shareholder value. The Fund has a duty to exercise its stewardship rights and active ownership responsibilities (voting and engagement) effectively by using its influence as a long-term investor to encourage responsible investment behaviour.

The Fund delegates voting decisions to its investment managers and expects them to fully participate in voting at company annual general meetings and to carry out all voting decisions on behalf of the Fund, in line with our RI policy.

As a member of LAPFF, the Fund utilises voting alerts to guide its stewardship activities and engage with its external asset managers on specific stewardship issues.

The Fund works with other member authorities on the ACCESS pool to carry out stewardship of pooled investment assets. During the reporting year, ACCESS has further enhanced its stewardship approach and has updated its voting guidelines, which provide a framework for carrying out stewardship activities in relation to pooled assets. Most notably the ACCESS Pool had their stewardship report approved by the Financial Reporting Council (FRC) in February 2025.

Voting activity is reported to the Pension Fund Committee on a quarterly basis.

Voting by Managers 2024/25				
	Number of Resolutions			
	For	Against	Abstain	Total
Baillie Gifford	2,512	126	86	2,724
Schroders UK Equity	898	14	0	912
Schroders GAV	5,836	768	44	6,648
M&G Global Dividend	260	34	6	300
Ruffer	509	52	7	568
Robeco Emerging Market	511	91	12	614
Robeco Global Stars	78	5	0	83
Columbia Threadneedle	869	112	39	1,020
Sarasin	427	220	84	731
Impax	781	67	27	875
Pyrford	253	19	0	272
Total	12,934	1,508	305	

Developing the Fund's responsible investment approach

The Fund has established the responsible investment working group to help advance the Fund's activities in this area. The working group has a formal workplan and undertook a number of key activities in 2024-25 to develop and implement the Fund's responsible investment approach.

Key Activity 2024/25

- Finalising and supporting the revised Responsible Investment policy
- Engaging with a number of collaborative entities the pension fund is signed up to. The working group received presentations from Pensions & Investments Research Consultants (PIRC), Institutional Investors Group (IIGCC) & Local Authority Pension Fund Forum (LAPFF)
- PIRC explained the reporting capability development they were undertaking for the ACCESS pool which ultimately resulted in the successful completion of the Stewardship Report for ACCESS.
- IIGCC presented information relating to tools and resources available, most notable, the net zero investment framework which supports both companies and asset owners in setting carbon reduction targets with clear action plans and implementing and managing the action plans through portfolio construction engagement with companies and investment solutions
- LAPFF gave an overview of the profile and activities of the LAPFF which includes, facilitating commissioning of research into and by engagement with investee companies where ESG concerns have been identified, issuing occasional voting alerts for members to discuss with their fund managers and facilitating collaboration with other institutional investors, both nationally and internationally.
- Training sessions around Impact investment
- Progress of decarbonisation through an officer conducted review.
- Results of 2024 Principles of Responsible Investment (PRI) review.

Mansion House Speech and Fit for Future Government Consultation

On 14 November, Chancellor Rachel Reeves delivered her much-anticipated Mansion House speech and launched a package of proposals and consultations for reform of pensions and investments.

For the LGPS, this translates to a proposal that all of the assets of all 86 individual funds participating in the scheme will be transferred into pools, which will be authorised and regulated by the FCA. The structure of pools will be standardised through a universal set of standards, including the pool taking on all aspects of investment implementation for the strategy set by the fund. Measures will be put in place to improve governance at both pool and fund level.

The government believes that as an institutional investor the LGPS can make a distinctive contribution to UK and local growth, building on its local role and networks, through increasing its long-term investment in local communities.

Administering authorities (AAs) are already committed investors in projects which support growth in their local area, however, identifying and assessing the suitability of local investments requires resource intensive due diligence which they may not have the capacity to undertake. There is also a concern for reputation and concentration risks and conflicts of interest if there is a link between the employer authorities and investments selected, which may limit local investment.

As a result, the government view is that pools can provide a central source of investment expertise to assess, commit to and manage local investments and to not face the same potential conflict of interest as their role is serving the admin authorities. Therefore, creating a degree of separation between Admin Authorities and their investments which reduces reputational risk.

In addition, pools invest over a wider geographical area reducing risks from under-performing assets.

Administration

Summary of Activity

Responsibility for the administration of the Kent Pension Fund is delegated to the Pensions Section, part of the Chief Executive's Department of the County Council. The Pensions Section use Altair, a Heywood's system, to provide all aspects of pensions administration including pensioner payroll and employer web access. Members can access their pension information online via the Member Portal. Information for [members](#) and [employers](#) can be found on the Kent Pension Fund website.

The Pensions Section is split into three main teams supported by finance, projects and governance colleagues:

- An Administration Team responsible for administering all casework and handling all member queries.
- An Engagement and Systems Team responsible for supporting and training scheme employers to ensure they have the knowledge and tools necessary to provide timely and accurate information relating to scheme members. The team also delivers informative webinars to scheme members, covering various aspects of the scheme. Maintenance of the Pension Fund website and member self-service portal falls under the remit of this team, including implementation of new technological enhancements.
- A Technical and Training Development Team responsible for providing advice and information to colleagues and scheme members in respect of all technical issues and legislative changes. The team also manage the learning and professional development of the section's workforce, through arranging and delivering training plans.

Pensioner Payroll is dealt with by the Kent County Council Payroll Operations Team.

Assurance over the effective and efficient operation of the administration is provided by internal audit, who carry out assurance and consultancy in accordance with a risk-based programme. An internal audit opinion concludes on the overall adequacy and effectiveness of the Pension Section framework of governance, risk management and control.

Annual Benefit Statements (ABS')/Pension Saving Statements (PSS')

ABS' were produced by the statutory deadline of 31 August for 51,300 Active members and 50,015 Deferred members. The Active statements were published for the first time on the member self-service portal, with paper copies posted to those who requested. The Deferred statements were sent to the home address held on member records. From 2025 Deferred ABS' will be published on the member self-service portal. This will remove the issue of members not receiving their ABS if they haven't kept their address details up to date (a particular issue for Deferred members) and will make access to ABS' quicker also encouraging more members to use the self-service portal. For those that require a paper copy, these can still be posted upon request.

Pension Savings Statements (PSS) were produced by the statutory deadline of 6 October for the 50 members who were identified as breaching the annual allowance limit in 2023/24, or who made a formal request to be provided with their pension input amount. Of these, 2 members have so far elected to use the Scheme Pays option to meet payment of a tax charge.

Benchmarking

As part of the Fund's objective to be 'best in class' and to be able to track the service transformation journey, the Fund partnered with CEM to undertake benchmarking against other LGPS and international pension funds.

CEM works with over 400 funds worldwide, and provide clients with objective, actionable benchmarking insight into how to maximise value for money in investments and pension administration.

The Fund anticipates using the service to demonstrate value for money, improve member and employer service, optimise costs and staffing levels, make better decisions and save time by learning from peers.

The report provided compares the Funds pension administration costs and member service with a peer group of other schemes.

The Fund's pension administration costs of £28.75 per member were £4.61 below the adjusted peer average of £33.36.

The total member score was 52 out of 100, this was below the peer median of 58.

The Fund scored well for the public area of the website with members generally being able to access helpful information without the need to log in. The Fund also scored well for the amount of information that can be conveyed to members on the telephone – particularly pensioners.

In addition, the Fund scored well for service to vulnerable members by placing flags of member records indicating a need for special help and the website was found to have lots of accessibility features.

The Fund scored lower than peers in the following areas:

- telephone outcomes and queue
- digital users and use
- pension set up

Overall, the Fund was positioned as basic member service with low cost.

The Funds Service Improvement Plan is addressing the issues above by implementing a new and improved member self-service portal, implementing a more sophisticated telephony system, significantly overhauling the Communications Policy which includes a move to digital by default and provides regular newsletters to all tranches of membership and regularly encourages feedback from both members and employers via surveys and focus groups.

Employer Monthly Data Submissions (iConnect)

The team have planned an iConnect rollout programme to employers, with an aim to get all employers using iConnect to submit their data by the end of 2026. To date, 241 employers have been onboarded to iConnect, representing 48% of the Fund's Active membership.

Mortality Screening and National Fraud Initiative

The Pensions Section run a monthly mortality screen to ensure that all deaths are reported promptly to the Fund and to minimise overpayments of pension.

Overpayments are recovered by the Fund by written request to the estate, or, with permission from the beneficiary, from a death grant or dependant pension.

The Fund also participates in the bi-annual National Fraud Initiative (NFI). The 2025 NFI exercise identified ten deaths with a total potential recovery of £5,538.66.

Legislative changes

At the start of 2024/25, a new tax regime was introduced for pensions. The old Lifetime Allowance was abolished from this date and replaced with new tax limits on the amount of tax-free cash that an individual can take.

HMRC guidance on the implementation of these changes was only received shortly before April 2024. This meant manual work was required to perform checks against the new tax limits throughout 2024/25 as software updates were not available.

In addition, corrections to the original legislation were made during the year. There were also a number of areas that required clarifications, including such areas as Pension Commencement Excess Lump Sums and Trivial Commutation payments.

Although the final legislation for the McCloud remedy became effective from October 2023, updates continued to be issued for this subject during 2024/25. In June 2024, DLUHC issued final statutory guidance on McCloud remedy implementation. In July 2024 updated GAD guidance for transfer calculations was issued. This provided additional information on how the McCloud remedy affected calculations for pension transfers and cash equivalent transfer values (CETVs) on divorce.

In February 2025, the Neonatal Care Leave and Pay (Consequential Amendments to Subordinate Legislation) Regulations 2025 were laid and became effective from April 2025. These regulations had the effect of amending the LGPS regulations to accommodate neonatal care leave.

Staff training

Training figures for the period 01/04/2024 – 31/03/2025

In house training sessions	122
Sessions led by Training Officers	99
External LGA training courses attended	20

From April 2024 the team changed the training schedule to build in a 'protected week' into the schedule therefore any training postponed can now be rescheduled within the protected week. Staff no longer have to wait (potentially up to 3 months) for training to be rescheduled onto the following quarters schedule.

Two members of staff successfully completed the PMI Award in Pensions Essentials (level 2) this was a pilot intake of students. The Award in Pensions Essentials (APE) is a level 2 qualification aimed at those new to pensions. Level 2 qualifications are equivalent to GCSE. The qualification is delivered by Barnett Waddingham.

One member of staff enrolled onto the PMI Award in Pensions Essentials (level 2) -Study is still in progress.

Three members of staff enrolled on the Certificate in Pension Administration run by CIPP (Chartered Institute of Payroll professionals) this is a 9 month course.

Progress has been made on the teams new SharePoint area containing procedure notes, regulations and how to videos for staff on a variety of subjects. At current date seven areas have been launched.

Key Performance Indicators

Table A - Total number of casework

Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of new cases created in the year (1 April to 30 March)	Total number of cases completed in the year	Total % of cases completed in the year	Total number of cases completed in previous year	Total % of cases completed in previous year
Deaths recorded of active, deferred, pensioner and dependent members	38	1,692	1,591	94.03	1,584	97.59
New dependent member benefits	64	655	635	96.94	580	97.15
Payment of retirement benefits	956	8,416	8,287	98.46	2,829	91.64
Deferred benefits	4,909	4,214	3,077	73.01	3,811	58.45

Transfers in (including interfunds in, club transfers)	267	572	444	77.62	274	61.85
Transfers out (including interfunds out, club transfers)	533	1,526	1,299	85.12	285	55.88
Refunds	2,447	3,971	3,659	92.14	1,425	97.66
Divorces	26	428	427	99.76	404	99.75
Member estimates requested either by scheme member and employer	519	4,978	4,953	99.50	4,723	93.59
New joiner notifications	647	12,414	11,407	91.89	14,903	97.69
Aggregation cases	8,516	6,064	3,510	57.88	2,502	37.56
Optants out received after 3 months membership	258	638	538	84.33	329	75.45

Table B - Time taken to process casework

Casework KPI	Fund target (days)	% completed within Fund target in year	% completed in previous year
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	10	82.30	89
Communication issued confirming the amount of dependents pension	15	67.25	78.5
Communication issued to deferred member with pension and lump sum options (quotation)	20	88.10	
Communication issued to active member with pension and lump sum options (quotation)	20	80.10	80.20
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	20	64.90	

Communication issued to active member with confirmation of pension and lump sum options (actual)	20	63.20	96.7
Communication issued with deferred benefit options	60	33.00	23
Communication issued to scheme member with completion of transfer in	20	24.40	11.31
Communication issued to scheme member with completion of transfer out	20	18.95	17.54
Payment of refund	20	96.10	90
Divorce quotation	30	94.00	77
Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	120	77.80	86
Communication issued to new starters	30	86.40	93

Table C - Communications and engagement

Engagement with online portals	Percentage as at 31 March	
% of active members registered	26.05	
% of deferred members registered	9.99	
% of pensioner and survivor members registered	8.45	
Number of registered users by age	Membership by interaction with MPO	
	Age	Interacted
	0-20	87
	21-25	530
	26-30	843
	31-35	1209
	36-40	1570
	41-45	1939
	46-50	2008
	51-55	3144
	56-60	4402
	61-65	4046
	66-70	2048
	71-75	569
	76-80	253
	81-85	67
	86-90	20
	Over 90	14
% of all registered users that have logged onto the service in the last 12 months	Number = 17,401	
Communication		
Total number of telephone calls received in year	20,672	
Total number of email and online channel queries received	27,921	
Number of scheme member events held in year (total of in person and online)	26	

Number of employer engagement events held in year (in person and online)	29
Number of active members who received a one-to-one (in person and online)	4
Number of times a communication (i.e. newsletter) issued to:	
a) Active members	2
b) Deferred members	1
c) Pensioner members	2

Administration KPI table D – Resources

Resources	
Total number of administration staff (FTE)	71.64
Average service length of all administration staff	11.80
Staff vacancy rate as %	20.96
Ratio of all administration staff to total number of scheme members (all staff including management)	1:2,106

Table E - Data Quality

Annual Benefit Statements	
Percentage of annual benefit statements issued as at 31 August	95.33
Short commentary if less than 100%	Missing data from employers No address held to issue statement Members past Normal Retirement Age
Data Category	
Common data score	97%
Scheme specific data score	93%
Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	Active = 0.78 Deferred = 4.95 Pensioner = 0.82
Percentage of active, deferred and pensioner members with an email address held on file	Active = 64.29 Deferred = 48.16 Pensioner = 62.63
Employer performance	
Percentage of employers set up to make monthly data submissions	39%
Percentage of employers who submitted monthly data on time during the reporting year	

Fund Members and Employers

The Kent Pension Fund provides pensions for employees of Kent County Council, and the 12 district/borough councils in the Kent County area. These are 'Scheduled Bodies', which means their employees have a statutory right to be in the Scheme. Other Scheduled Bodies include Medway Council, Kent and Medway Fire and Rescue, the Office of the Police and Crime Commissioner and the Chief Constable for Kent, as well as all Academy Trusts. Town and parish councils that have opted to join the Fund are known as 'Resolution Bodies'.

There are also 'Admission Bodies' which include voluntary organisations that the County Council has admitted to the Scheme under its discretionary powers. Other Admission Bodies include employees of contractors for jobs transferred from Scheduled Bodies.

Teachers, Police Officers and Firefighters have separate non funded pension arrangements. Under the Pensions Act 2011, all employers are obliged to automatically enrol eligible employees into a qualifying pension scheme and re-enrol anyone who opts out of the scheme every three years. The LGPS is a qualifying scheme under the automatic enrolment regulations and can be used as such by Fund employers.

Further information on automatic enrolment can be found on the Pensions Regulator website www.thepensionsregulator.gov.uk

At 31 March 2025 there were 461 Employers in the Fund. During the year 19 organisations joined the Fund as either Scheduled or Admitted Bodies following the transfer of staff from existing Fund Employers and as Schools converted to Academy Trusts. Academy Trusts also consolidated and other employers exited the Fund as their last active members left or retired. During the year 12 employers either ceased to be members of the Fund or merges with other employers.

The following table shows a summary of the number of employers in the Fund analysed by employer type which are active (i.e. with contributing members) and ceased (i.e. with no active members but with some outstanding liabilities).

	Number of employers		
	Active	Ceased	Total
Scheduled Body	208	69	277
Admitted Body	64	120	184
Total	272	189	461

Amounts due from Employers

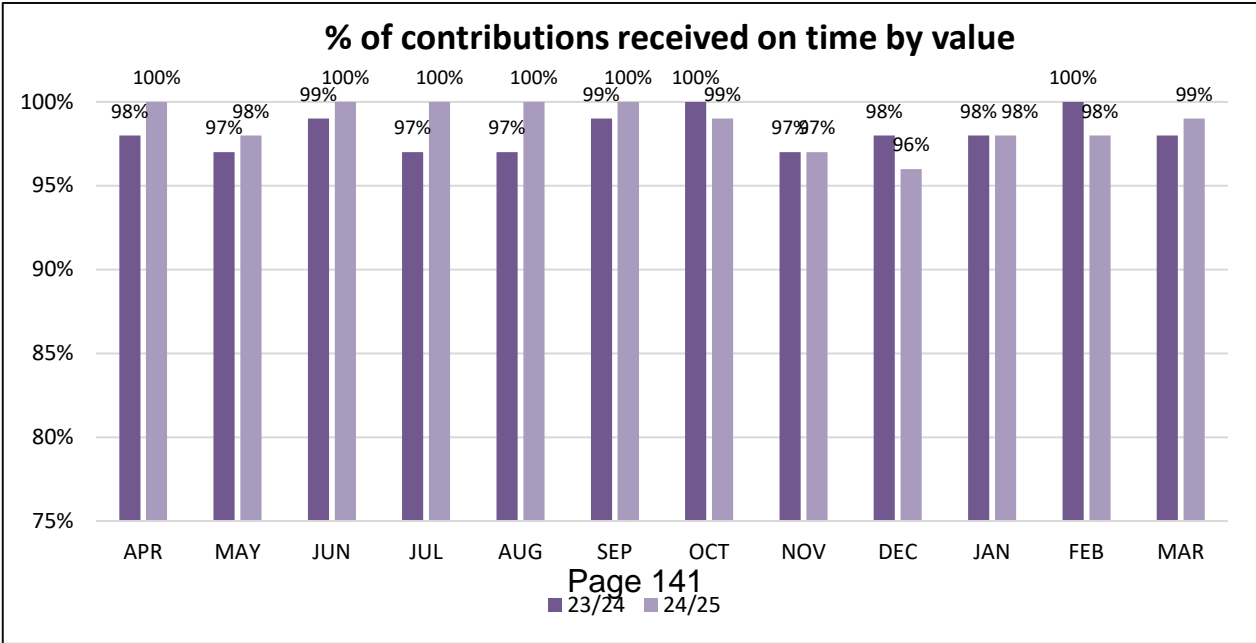
In 2024-25, the Kent Pension Fund monitored the timely receipt of contributions by the deadline of the 19th of the following month the contributions relate to in two different measures: by value and by number of employers.

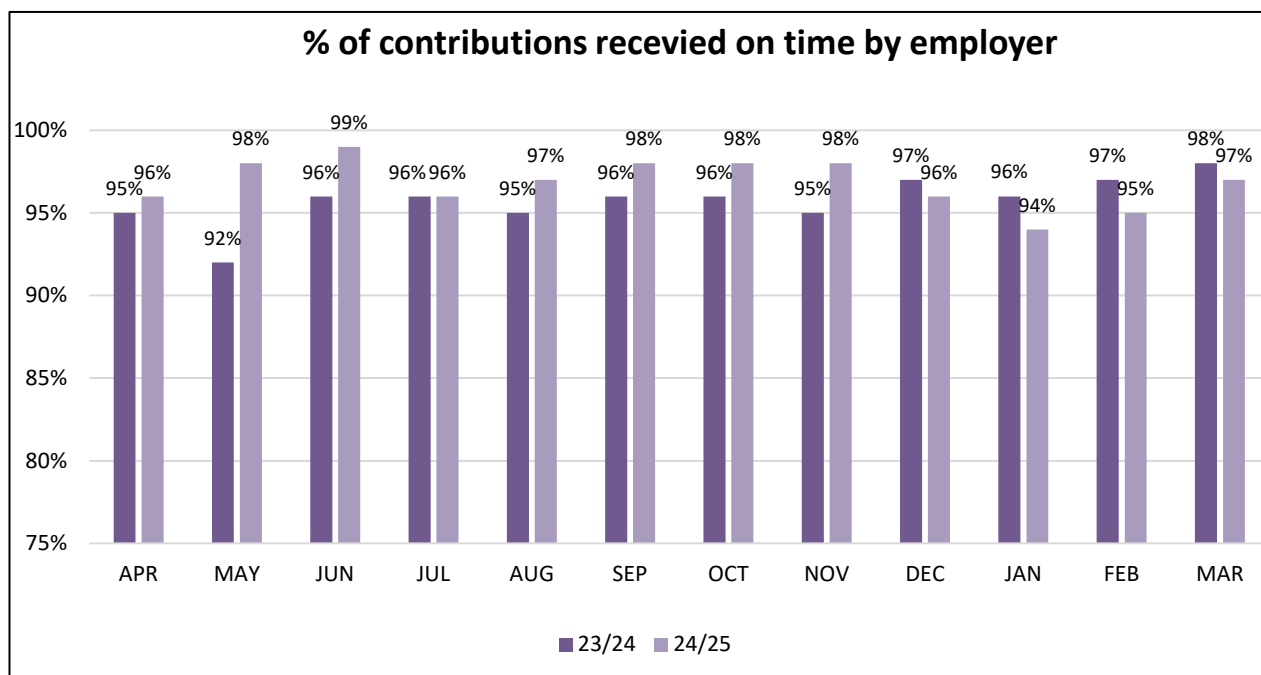
The tables below show the measures over the 12-month period, with a contrast to the same months of the previous year.

Averaging 99% of total contribution income by value from the employers and 97% of employers paid on time. The lower percentage reflects the difficulties some small employers have and some backdated admissions in the Fund.

The option to levy interest on overdue contributions was not exercised.

At 31st March 2025, contributions relating to March salaries totalling £22M were not received until the due date of 19 April.





On 31 March 2024 there were 52,536 pensioners, 50,563 deferred members, and 55,713 contributors, a total of 158,712 Scheme members. In addition, there were 21,117 undecided leaver members for whom the correct status has yet to be determined.

The following table shows a summary of employers in the fund analysed by type:

Employer Type	Employers	Active Members	Deferred Members	Pensioner Members
Kent County Council (inc. Schools)	1	21,870	34,033	26,548
Local Authorities	43	8,569	11,317	13,646
Resolution Bodies	105	5,164	7,405	5,602
Transferee Admission Bodies	102	396	419	434
Community Admission Bodies	44	1,335	2,830	2,286
Academy Trusts	416	18,379	15,676	4,020
Total	711	55,713	71,680	52,536

A full listing of contributing Scheme employers as at 31 March 2022 can be found in the Fund's 'Rates and Adjustments Certificate' (Appendix 5 of the Actuarial Valuation report) found here: [Report detailing the Actuarial valuation as at 31 March 2022 and Rates and Adjustment Certificate \(kentpensionfund.co.uk\)](https://kentpensionfund.co.uk)

Communications Policy

The latest version of the Funds [Communications Policy](#) was approved by the Pension Fund Committee on 26 March 2024.

All prospective, active, deferred and pensioner members have access to the following:

- Major changes to scheme regulations are communicated to member groups and are published on the website in an effective, straightforward, and timely manner.
- Kent Pension Fund website has dedicated areas for all members. It includes information about the scheme, guides, factsheets, and forms. Customers can request a paper copy of information or documents by contacting their employer (if applicable) or the Fund. Members and employers can use the online enquiry and document upload form on a secure area of the website.
- The Pensions Customer Helpline is available Monday to Friday. The current opening times are available on the Kent Pension Fund website. The telephone number is 03000 41 34 88.
- Written correspondence can be sent to the Fund, together with forms and certificates. The address is Pension Section, Sessions House, County Hall, Maidstone, Kent, ME14 1XX.

- One to one appointments with a member of the Kent Pension team are available Monday to Friday via Teams on request, during the opening times of the pensions customer helpline.

All active, deferred and pensioner members have access to [member self-service](#) which is an online secure facility for members of the Fund, hosted by Heywood Pension Technologies Ltd.

Registered members can:

- view a summary of the details the Fund holds for them and keep their personal details up to date
- create, view, and update their expression of wish for any death grant that may be payable
- perform quotations for deferred benefits and future benefits (depending on member status)
- view figures for P60s and pay slips (pensioner members). Members can also download a copy of their pay slips.

A dedicated area of the website is provided for those thinking of joining the scheme containing information, guides, and factsheets.

Value for Money Statement

The Kent Pensions Section deliver an efficient and effective administration service as demonstrated by:

- Low administration cost per member
- Low number of member complaints
- Good prospects for improvements
- A number of formally qualified team members

Work has continued in the year to improve data quality, with a focus on working with employers to improve the timeliness and quality of the information they provide.

With support from Lumera and Hymans, work has continued to rectify and remedy member data and records in preparation for and compliance with McCloud and Pensions Dashboard.

Complaints and Dispute Resolution

Complaints

If customers have a complaint about the service, the Pensions Section staff will do their best to put things right. If customers are still dissatisfied, they can write to Pensions Section, Invicta House, Maidstone, ME14 1XX.

There were fourteen formal complaints made in 2024/25. These were all investigated, and changes were made to processes where appropriate.

Appeals

The LGPS regulations provide a two-stage formal appeal process for members. For stage one it will be heard by an independent adjudicator.

If the member is still dissatisfied, they can make a second stage appeal, which will be considered by the Pensions Administration Manager if an appeal against an employer decision, or the Head of Pensions and Treasury if an appeal against the Administering Authority.

After this second stage, if the member wishes, the matter can be investigated by the Pensions Ombudsman. The Pensions Ombudsman are an independent organisation set up by law to deal with pension complaints. Contact details are:

Phone: 0800 917 4487

E-mail: enquiries@pensions-ombudsman.org.uk

The Fund considered eight stage one Internal Dispute Resolution Procedure (IDRP) appeals against the Pension Fund during 2024/25. Six of these proceeded to stage two of the IDRP process.

Actuary's Statement as at 31 March 2025

Introduction

The last full triennial valuation of the Kent Pension Fund (the Fund) was carried out as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2023.

Asset value and funding level

The results for the Fund at 31 March 2022 were as follows:

- The smoothed value of the Fund's assets for funding purposes as at 31 March 2022 was £7.56bn.
- The Fund had a funding level of 102% i.e. the value of assets for funding purposes was 102% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a surplus of £181m.

Contribution rates

The employer contributions rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet:

- the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- plus an amount to reflect each participating employer's notional share of the Fund's assets compared with 100% of their liabilities in the Fund, in respect of service to the valuation date.

The primary rate of contribution on a whole Fund level was 20.5% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023.

In addition, each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. This secondary rate is based on their particular circumstances and so individual adjustments are made for each employer.

Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in Appendix 5 of the triennial valuation report.

Assumptions

The assumptions used to value the liabilities at 31 March 2022 are summarised below:

Assumptions	Assumptions used for the 2022 valuation
Financial assumptions	
Market date	31 March 2022
CPI inflation	2.9% p.a.
Long-term salary increases	3.9% p.a.
Discount rate	4.5% p.a.
Demographic assumptions	
Post-retirement mortality	
Base tables pensioners	110% of S3PA tables
Base tables dependents	100% of S3DA tables
Projection model	CMI 2021
Long-term rate of improvement	1.25% p.a.
Smoothing parameter	7.0
Initial addition to improvements	0.5% p.a.
2020/21 weighting parameter	5%

Full details of the demographic and other assumptions adopted as well as details of the derivation of the financial assumptions used can be found in the 2022 valuation report.

Updated position since the 2022 valuation

Assets

Investment returns over the three years to 31 March 2025 have been lower than assumed at the previous actuarial valuation but have been positive. The Fund also has had a positive cash flow over the period, and so the market value of assets at 31 March 2025 has increased since the formal valuation.

Liabilities

Inflation over the three years to 31 March 2025 has been higher than the long-term average assumed at the 2022 valuation. However, this has been largely offset by changes in financial assumptions underlying the valuation funding model and future expectations of inflation and investment returns. The value of liabilities has overall increased since 31 March 2022 mainly due to pension increases awarded, interest accruing on those liabilities and due to further accrual of members' benefits over the period.

Overall position

The 2025 valuation of the Fund is now underway, and the results will not be finalised until 31 March 2026.

However, early indications suggest that the funding level is likely to be lower compared to what it was at the last formal valuation in 2022.

The 2025 valuation of the Fund will set revised contributions for all employers due over the period from 1 April 2026 to 31 March 2029.

Barry McKay

Barry McKay FFA
Partner, Barnett Waddingham LLP

Statement of Responsibilities for the Statement of Accounts

Kent County Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Director of Finance;
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- to approve the Statement of Accounts.

I confirm that these Accounts were approved by the Governance and Audit Committee at its meeting on 20 March 2025 on behalf of Kent County Council.

Councillor Rosalind Binks

Chairman of the Governance and Audit Committee

20 March 2025

The Corporate Director of Finance's Responsibilities

The Corporate Director of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code), and is required to give a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2024.

In preparing this Statement of Accounts the Corporate Director of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Corporate Director of Finance has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I confirm that these accounts give a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2024.

Certificate of the Corporate Director of Finance

John Betts

Acting Corporate Director of Finance

20 March 2025

Pension Fund Accounts

Fund Account for the year ended 31 March

The following financial statements are included in the Kent Pension Fund's Annual Report and Accounts 2024-25 available from the Fund's website at www.kentpensionfund.co.uk

	Notes	2024-25 £'000	2023-24 £'000
Dealings with members, employers and others directly involved in the Fund			
Contributions	7	352,490	321,214
Transfers in from other pension funds	8	24,781	12,280
		377,270	333,494
Benefits	9	(332,551)	(303,175)
Payments to and on account of leavers	10	(16,129)	(15,424)
		(348,680)	(318,599)
Net additions/(withdrawals) from dealings with members		28,590	14,895
Management expenses	11	(40,132)	(34,788)
Net additions/(withdrawals) including fund management expenses		(11,541)	(19,893)
Returns on investments			
Investment income	13	169,754	157,148
Taxes on income		(228)	(371)
Profits and (losses) on disposal of investments and changes in the market value of investments	15a	151,075	157,715
Net Return on Investments		320,601	314,492
Net increase/(decrease) in the net assets available for benefits during the year		309,060	294,599
Opening net assets of the scheme		8,142,551	7,847,952
Closing net assets of the scheme		8,451,611	8,142,551

Net Assets Statement as at 31 March

	Notes	2024-25 £'000	2023-24 £'000
Investment assets		8,449,146	8,144,656
Investment liabilities		(781)	(3,800)
Net investment assets	15	8,448,364	8,140,856
Current assets	21	39,602	34,778
Current liabilities	22	(36,356)	(33,083)
Net assets available to fund benefits at the period end		8,451,611	8,142,551

Notes to the Pension Fund Accounts

1. Description of the Fund

General

The Kent Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Kent County Council (KCC) for the purpose of providing pensions and other benefits for the pensionable employees of KCC, Medway Council, the district and borough councils in Kent and a number of other employers within the county area. The Fund is a reporting entity and KCC as the Administering Authority, is required to include the Fund's accounts as part of its own Report and Accounts. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The LGPS is a contributory defined benefit pension scheme.

The Scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended);
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendments) Regulations 2014 (as amended);
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The Fund is overseen by the Kent Pension Fund Committee (the Scheme Manager). The Local Pension Board assists the Scheme Manager to ensure the effective and efficient governance and administration of the Scheme.

Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join or remain in the Scheme or to make personal arrangements outside the Scheme. Employers in the Fund include Scheduled Bodies which are local authorities and similar entities whose staff are automatically entitled to be members of the Scheme; and Admission Bodies which participate in the Fund by virtue of an admission agreement made between the Administering Authority and the relevant body. Admission bodies include voluntary, charitable and similar entities or private contractors undertaking a local authority function following a specific business transfer to the private sector.

There are 272 employers actively participating in the Fund and the profile of members is as detailed below:

	Kent County Council	Kent County Council	Other Employers	Other Employers	Total	Total
	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024
Contributors	21,870	22,005	33,843	33,286	55,713	55,291
Pensioners	26,548	25,252	25,988	25,156	52,536	50,408
Deferred Pensioners	34,033	32,724	37,647	36,304	71,680	69,028
Total	82,451	71,752	97,478	84,592	179,929	174,727

Prior Period Adjustment Disclosure Note for Membership Disclosures

During the 2024/25 reporting period, an adjustment has been made to the membership disclosures to include the undecided members within the deferred pensioner category. As a result, a prior period adjustment was required to restate the 2023/24 comparative of deferred pensioners.

The figure stated for deferred pensioners in 2023/24 accounts was 50,645; it is now considered to be 69,028, an increase of 18,383, and has been restated accordingly, for consistency of disclosures and ease of comparability between the two financial years. No other areas of the accounts have been affected.

This adjustment is presentational only and does not affect the IAS 26 actuarial valuation. The membership data used by the actuary was based on the 2022 triennial valuation when the deferred pensioners communicated to the actuary had included the undecided members, therefore consistent with the restated disclosures. Accordingly, there is no impact on the Fund's liabilities, funding position or net assets.

The management acknowledge their responsibility for the accuracy and completeness of the financial statements, including the identification and correction of such prior period adjustments. Having evaluated the impact of this adjustment, the financial statements present a true and fair view of the Fund's financial position and performance.

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. Employers' contribution rates consist of a primary rate (representing the rate required to meet the cost of future accrual of benefits) and a secondary rate, which is an adjustment to the primary rate for employer specific circumstances (e.g. to allow for deficit recovery). Currently, employers' primary contribution rates range from 15.7% to 36.4% of pensionable pay.

Notes to the Pension Fund Accounts continued

Benefits

Pension benefits under the LGPS are based on the following:

	Service pre April 2008	Membership from 1 April 2008 to 31 March 2014	Membership from 1 April 2014
Pension	$1/80 \times$ final pensionable salary	$1/60 \times$ final pensionable salary	$1/49$ (or $1/98$ if opted for 50/50 section) \times career average revalued salary
Lump sum	Automatic lump sum of $3/80 \times$ final pensionable salary.	No automatic lump sum	No automatic lump sum.
	In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

There is a range of other benefits provided under the Scheme including early retirement, ill health pensions and death benefits. For more details, please refer to the Kent Pension Fund website: www.kentpensionfund.co.uk

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2024-25 financial year and its position at 31 March 2025.

The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts are prepared on a going concern basis. Adoption of IFRS 16 which came to effect from April 2024, is not expected to have a material impact on the pension fund accounts.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis is disclosed at note 20 of these accounts.

Going concern

The Statement of Accounts has been prepared on a going concern basis. The vast majority of employers in the pension scheme are scheduled bodies that have secure public sector funding, and therefore there should be no doubt in their ability to continue to make their pension contributions. Following the latest actuarial valuation and schedule of employer contribution prepayments, the Pension Fund has reviewed its cashflow forecast and is confident in its ability to meet its ongoing obligations to pay pensions from its cash balance for at least 12 months from the date of signing the accounts. In the event that investments need to be sold, 82% of the Fund's investments can be converted into cash within 3 months.

Notes to the Pension Fund Accounts continued**3. Summary of Significant Accounting Policies****Fund Account – revenue recognition****a) Contribution income**

Normal contributions are accounted for on an accruals basis as follows: Employee contribution rates are set in accordance with LGPS regulations, using set percentage rates for all schemes which rise according to pensionable pay. Employer contribution rates are set at the percentage recommended by the Fund Actuary for the period to which they relate. As set out in the Fund Actuary's Rates and Adjustment certificate, certain employers can pay the primary and/or secondary contributions for the 3 years of the valuation period.

Employers' deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in 'transfers in'. Bulk transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment income

Dividends, distributions, interest, and stock lending income on securities have been accounted for on an accruals basis and where appropriate from the date quoted as ex-dividend. Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year. Where the Fund's investments are held in income accumulating funds that do not distribute income the accumulated income on such investments is reflected in the unit market price at the end of the year and is included in the realised and unrealised gains and losses during the year. Direct property related income mainly comprises of rental income which is recognised when it becomes due.

Fund Account – expense items**d) Benefits payable**

Pensions and lump-sum benefits payable include all amounts known to be due as at the year end. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities providing the payment has been approved.

e) Taxation

The Fund has been accepted by the HM Revenue and Customs as a registered pension scheme in accordance with paragraph 1(1) of Schedule 36 to the Finance Act 2004 and, as such, qualifies for exemption from UK income tax on interest received and from capital gains tax on proceeds of investments sold. Tax is therefore only applicable to dividend income from equity investments. Income arising from overseas investments is subject to deduction of withholding tax unless exemption is permitted by and obtained from the country of origin. Investment income is shown gross of tax, and any recoverable tax at the end of the year is included in accrued investment income.

By virtue of KCC being the administering authority, VAT input tax is recoverable on all Fund activities including investment and property expenses.

f) Management expenses

All expenses are accounted for on an accruals basis. Costs relating to KCC staff involved in the administration, governance and oversight of the Fund, and overheads incurred by KCC and recharged to the Fund at the end of the year. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. Fees incurred include fees directly paid to fund managers as well as fees deducted from the funds by pooled fund managers which is grossed up to increase the income from these investments.

Notes to the Pension Fund Accounts continued

Net Assets Statement

g) Financial assets

Financial assets other than cash and debtors are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. Any purchase or sale of securities is recognised upon trade and any unsettled transactions at the year-end are recorded as amounts receivable for sales and amounts payable for purchases. From the trade date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 and IFRS 9. For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

The values of investments as shown in the Net Assets Statement have been determined as follows:

- Quoted investments are stated at market value based on the closing bid price quoted on the relevant stock exchange on the final day of the accounting period.
- Fixed income securities (bonds) are recorded at net market value based on their current yields.
- Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.
- Investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers. The valuation standards followed by the managers are in accordance with the industry guidelines and the constituent management agreements. Such investments may not always be valued based on year end valuation as information may not be available, and therefore will be valued based on the latest valuation provided by the managers adjusted for cash flow and foreign exchange rate movements to the year end.
- Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, the change in market value also includes income which is reinvested in the fund.
- Debtors/receivables being short duration receivables with no stated interest rate are measured at original invoice amount. Debtors are adjusted for provision made for doubtful debts relating to rent income.

h) Freehold and Leasehold Properties

The freehold and leasehold properties were valued at open market prices in accordance with the valuation standards laid down by the Royal Institution of Chartered Surveyors. The last valuation was undertaken by Colliers International, as at 31 December 2023. The valuer's opinion of market value and existing use value was primarily derived using comparable recent market transactions on arm's length terms. The results of the valuation have then been indexed in line with the MSCI Monthly Index movement to 31 March 2024. The indexation is carried out by DTZ, who are managers of the Fund's direct property portfolio.

i) Derivatives

The Fund uses derivative instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. At the reporting date the Fund only held forward currency contracts. The future value of the forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract. Under the European Market Infrastructure Regulations the Fund's forward currency contracts are required to be covered by margin cash. These amounts are included in cash or cash equivalents held by the Fund and reflected in a corresponding margin cash liability under investment liabilities.

j) Foreign currency transactions

Assets and liabilities in foreign currency are translated into sterling at spot market exchange rates ruling at the year-end. All foreign currency transactions including income are translated into sterling at spot market exchange rates ruling at the transaction date. All realised currency exchange gains or losses are included in change in market value of assets.

k) Cash and cash equivalents

Cash comprises cash at bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. Cash and cash equivalents managed by fund managers and cash equivalents managed by KCC are included in investments. All other cash is included in current assets.

Notes to the Pension Fund Accounts continued

l) Financial liabilities

The Fund recognises financial liabilities relating to investments at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund. Other financial liabilities classed as amortised cost are carried at amortised cost i.e. the amount carried in the net asset statement is the outstanding principal repayable plus accrued interest. Any interest charged is accounted for on an accruals basis and included in administration costs.

m) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary and the methodology used is in line with accepted guidelines and in accordance with IAS 19. As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 20).

n) Contingent assets and liabilities

A contingent asset/liability arises where an event has taken place that gives the Fund a possible right/obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Fund. Contingent assets/liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an inflow/outflow of resources will be required or the amount of the right/obligation cannot be measured reliably. Contingent assets/liabilities are not recognised in the balance sheet but disclosed in a note to the accounts.

o) Pooling expenses

The Fund is member of the ACCESS pool, a group of 11 LGPS Administering Authorities who, as part of a Government initiative, have agreed to pool their investments to achieve cost and scale benefits. Pooling costs included in the Fund's accounts reflect the Fund's proportion of the cost of the governance arrangements of the pool.

p) Additional Voluntary Contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, assets of which are invested separately from those of the Fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016 but are disclosed for information in note 23.

q) Prior period adjustments, changes in accounting policies and errors

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting estimates do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by accounting practice or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fund's financial position or performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period

4. Critical judgements in applying accounting policy

The Fund's investment portfolio includes a number of directly owned properties which are leased commercially to various tenants with rental periods. The Fund has determined that these contracts all constitute operating lease arrangements rather than financed leased assets under the requirements set by IFRS 16. The Fund has assessed that the properties remain under the Fund's control and do not convey a right to ownership and that the Fund retains the significant risks and rewards associated with ownership of the properties. As a result, the properties are retained on the net asset statement at fair value.

Notes to the Pension Fund Accounts continued

5. Assumptions made about future and other major sources of estimation uncertainty

Item	Uncertainties	Effect if actual results differ from assumption
Actuarial present value of promised retirement benefits (Note 20)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £104m. A 0.1% increase in assumed earnings inflation would increase the value of liabilities by approx. £7m, and a one year increase to the life expectancy assumptions would increase the value of the liabilities by approx. £253m.
Private Equity and Infrastructure investments (Note 17)	Valuation of unquoted private equity and infrastructure investments is highly subjective and inherently based on forward looking estimates and judgements involving many factors. They are valued by the investment managers using guidelines set out in the British Venture Capital Association.	The total private equity and infrastructure, which are level 3 investments on the financial statements, are £833m. Potential change in valuation due to changes in these factors is estimated in Note 17.
Freehold and Leasehold Property and Pooled Property Funds (Note 17)	Valuation techniques are used to determine the fair values of directly held property and pooled property funds. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property.	The effect of 10% variations in the factors supporting the valuation would be an increase or decrease in the value of directly held property and property pooled funds of £70m on a fair value of £704m. Details of potential factors affecting the valuation are in Note 17.

6. Events after the reporting date

There have been no events since 31 March 2025, up to the date when these accounts were authorised, that require or do not require any adjustment to these accounts.

On 9 April 2025, the Kent Pension Fund was informed by letter, from the Ministers for Local Government and Pensions, that the Government had declined the proposal submitted by the ACCESS Pool which would have seen ACCESS build to establish a company to meet the requirements of the Government's 'Local Government Pension Scheme (England and Wales): Fit for the Future' consultation. As such, ACCESS authorities including the Kent Pension Fund, have been told to 'consider and identify which Pool you wish to partner with going forward.'



This development will not impact the valuation of the Fund's investments as disclosed in the 2024/25 accounts. However, it is expected to lead to changes in how the Fund's assets are managed in future periods. In addition, it might generate additional costs that will fall in future accounting periods.

Notes to the Pension Fund Accounts continued

7. Contributions receivable

	2024-25 £'000	2023-24 £'000
By Category		
Employees' contributions	76,820	71,244
Employers' contributions		
– normal contributions	250,048	231,833
– deficit recovery contributions	20,138	13,852
– augmentation contributions	5,485	4,284
Total Employers' contributions	275,670	249,969
Total contributions receivable	352,490	321,214
By type of employer		
Kent County Council	123,564	116,271
Scheduled bodies	205,491	186,945
Admitted bodies	23,436	17,998
Total	352,490	321,214

8. Transfers in from other pension funds

	2024-25 £'000	2023-24 £'000
Individual	24,781	12,280
Group	0	0
Total	24,781	12,280

9. Benefits payable

	2024-25 £'000	2023-24 £'000
By category		
Pensions	276,634	254,015
Retirement commutation and lump sum benefits	47,587	42,833
Death benefits	8,330	6,327
Total	332,551	303,175
By type of employer		
Kent County Council	146,244	133,038
Scheduled bodies	165,802	151,361
Admitted bodies	20,505	18,777
Total	332,551	303,175

10. Payments to and on account of leavers

	2024-25 £'000	2023-24 £'000
Group transfers	0	0
Individual transfers	14,536	13,747
Payments/refunds for members joining state scheme	3	1
Refunds of contributions	1,591	1,676
Total	16,129	15,424

Notes to the Pension Fund Accounts continued

11. Management expenses

	Notes	2024-25 £'000	2023-24 £'000
Administration costs		5,841	5,258
Governance and oversight costs		1,297	1,660
Investment management expenses	12	32,615	27,641
Audit fees		149	96
Pooling expenses		229	133
Total		40,132	34,788

The audit fees disclosed above excludes VAT. The amount includes fees that relate to the periods 2022/23, 2023/24, and 2024/25. In addition, the amount also includes non-audit fees of £3,500 in respect of an IAS 19 assurance letter issued to the National Audit Office (NAO) for the prior year and a proposed fee of £3,500 for the current year. These amounts are outside the PSAA scale and have been separately agreed.

12. Investment management expenses

	Notes	2024-25 £'000	2023-24 £'000
Investment managers fees	12a	29,817	27,419
Transaction costs		2,751	163
Custody fees		57	59
Total		32,615	27,641

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments.

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These indirect costs are not separately provided to the Fund.

12a. Investment management fees

	2024-25 £'000	2023-24 £'000
Bonds	4,433	4,054
Equities	14,411	13,356
Private equity/infrastructure	7,855	6,906
Property	3,118	3,103
Total	29,817	27,419

13. Summary of income from investments

	Notes	2024-25		2023-24	
		£'000	%	£'000	%
Bonds		16,798	9.9	17,862	11.4
Equities		14,411	8.5	10,356	6.6
Pooled investments		100,522	59.2	97,933	62.3
Private equity/infrastructure		9,423	5.6	9,941	6.3
Property	14	13,045	7.7	11,556	7.4
Pooled property investments		11,257	6.6	5,518	3.5
Cash and cash equivalents		4,183	2.5	3,884	2.5
Stock lending and miscellaneous		115	0.1	98	0.1
Total before taxes		169,754	100.0	157,148	100.0

Notes to the Pension Fund Accounts continued

14. Property income and expenditure

	2024-25 £'000	2023-24 £'000
Rental Income from investment properties	24,503	24,377
Provision for doubtful debts	(4,282)	(5,811)
Direct operating expenses	(7,176)	(7,010)
Net operating income from property	13,045	11,556

15. Investments

	Market Value as at 31 March 2025 £'000	Market Value as at 31 March 2024 £'000
Investment Assets		
Bonds	415,195	400,903
Equities	0	406,065
Pooled investments		
– Fixed income	856,819	792,897
– Equities	4,892,344	4,390,583
– Absolute return	430,001	410,961
Private equity/infrastructure funds	833,484	763,399
Property	473,188	461,774
Pooled property investments	231,081	265,421
Derivatives – forward currency contracts	369	375
Investment cash and cash equivalents	306,353	240,140
Investment income due	10,314	9,585
Amounts receivable for sales	0	1,247
Margin cash	0	1,307
Total investment assets	8,449,146	8,144,656
Investment liabilities		
Amounts payable for purchases	(0)	(2,444)
Margin cash liability	(688)	0
Derivatives – forward currency contracts	(94)	(1,355)
Total investment liabilities	(781)	(3,800)
Net investment assets	8,448,364	8,140,856

Investment income due (debtors) includes a sum of £6.0m (2023-24 £8.3m) for rents and service charges payable by tenants of properties owned by the Pension Fund of which there is a high likelihood that a significant portion will not be fully recovered. A provision of £4.3m (2023-24 £5.8m) has therefore been made for doubtful rent debts.

Notes to the Pension Fund Accounts continued

15a. Reconciliation of movements in investments and derivatives

	Market Value as at 31 March 2024 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Market Value as at 31 March 2025 £'000
Bonds	400,903	137,994	(122,757)	(946)	415,195
Equities	406,065	490,063	(944,550)	48,422	0
Pooled investments	5,594,441	1,193,488	(630,510)	21,745	6,179,163
Private equity/infrastructure	763,399	69,795	(60,633)	60,923	833,484
Property	461,774	4,000	(1,359)	8,773	473,188
Pooled property investments	265,421	67,221	108,848	7,287	231,081
	7,892,002	1,962,562	(1,868,656)	146,202	8,132,110
Derivative contracts					
– Forward currency contracts	(981)	2,528,269	(2,530,269)	3,836	275
	7,891,022	4,490,830	(4,399,505)	150,038	8,132,385
Other investment balances					
– Investment cash and cash equivalents	240,140	8,405	(20,080)	1,037	306,353
– Amounts receivable for sales	1,247				0
– Amounts payable for purchases	(2,444)				0
– Margin cash liability	1,307				(688)
– Investment Income due	9,585				10,314
Net investment assets	8,140,856	4,499,235	(4,419,585)	151,075	8,448,364

	Market Value as at 31 March 23 £'000	Purchases at Cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Market Value as at 31 March 2024 £'000
Bonds	356,101	99,347	(62,739)	8,195	400,903
Equities	363,714	106,315	(107,103)	43,139	406,065
Pooled investments	5,596,724	85,998	(179,148)	90,867	5,594,441
Private equity/infrastructure	614,963	152,637	(43,045)	38,844	763,399
Property	501,584	0	(19,766)	(20,044)	461,774
Pooled property investments	280,305	31,525	(35,052)	(11,357)	265,421
	7,713,391	475,821	(446,853)	149,643	7,892,002
Derivative contracts					
– Forward currency contracts	5,153	2,807,373	(2,820,084)	6,577	(981)
	7,718,544	3,283,194	(3,266,937)	156,220	7,891,022
Other investment balances					
– Investment cash and cash equivalents	127,035	167,933		1,495	240,140
– Amounts receivable for sales	0				1,247
– Amounts payable for purchases	(2,169)				(2,444)
– Margin cash asset	(5,010)				1,307
– Investment income due	9,669*				9,585
Net investment assets	7,848,069	3,451,127	(3,266,937)	157,715	8,140,856

Notes to the Pension Fund Accounts continued

15b. Analysis of Derivative Contracts

Objectives and policy for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the investment manager.

Open forward currency contracts

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a significant portion of the Fund's fixed income portfolio managed by Goldman Sachs Asset Management is invested in overseas securities. To reduce the volatility associated with fluctuating currency rates, the investment manager hedges the overseas exposure of the portfolio.

Settlement	Currency bought	Local value 000's	Currency sold	Local value 000's	Asset value £'000	Liability value £'000
Up to one month	GBP	26	USD	(33)	0	0
Up to one month	GBP	47	USD	(61)	0	0
Up to one month	GBP	64,991	EUR	(77,192)	365	0
Up to one month	GBP	515	EUR	(612)	3	0
Up to three months	GBP	128,231	USD	(165,623)	0	(93)
Up to three months	GBP	484	USD	(626)	0	(1)
Up to three months	USD	591	GBP	(457)	1	0
					369	(94)
Net forward currency contracts at 31 March 2025						275
Prior year comparative						
Open forward currency contracts at 31 March 2024						375 (1,355)
Net forward currency contracts at 31 March 2024						(980)

Notes to the Pension Fund Accounts continued

15c. Property Holdings

	Year ending 31 March 2025 £'000	Year ending 31 March 2024 £'000
Opening balance	461,774	501,584
Additions	4,000	0
Disposals	(1,359)	(19,766)
Net increase in market value	8,773	(20,044)
Closing balance	473,188	461,774

There are no restrictions on the realisability of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligation to purchase, construct or develop these properties, other than to the extent reported in note 26.

The future minimum lease payments receivable by the Fund are as follows:

	Year ending 31 March 2025 £'000	Year ending 31 March 2024 £'000
Within one year	17,023	16,658
Between one and five years	47,626	42,615
Later than five years	32,131	30,512
Total	96,779	89,785

The above disclosures have been reduced by a credit loss allowance of 0.35% per annum reflecting the Fund's expected loss from late or non-recovery of rents from tenants. This has been based on the Fund's own historic experience but also information on similar properties received from the Fund's property letting agents. The income has also been reduced to take into account the possibility of tenants taking advantage of break clauses in their non-cancellable operating lease contracts to terminate tenancies.

15d. Investments analysed by fund manager

	Market Value as at 31 March 2025		Market Value as at 31 March 2024	
	£'000	%	£'000	%
Investments managed in the ACCESS Pool				
Baillie Gifford	985,230	11.7	1,204,259	14.8
M&G	669,267	7.9	593,948	7.3
Ruffer	186,826	2.2	180,143	2.2
Schroders	1,426,143	16.9	1,721,968	21.2
Columbia Threadneedle	207,610	2.5	0	0
Robeco	840,382	9.9	0	0
	4,315,457	51.1	3,700,318	45.5
Investments managed outside the ACCESS Pool				
CQS	280,612	3.3	257,039	3.2
DTZ	603,240	7.1	527,294	6.5
Fidelity	45,819	0.5	135,589	1.7
Goldman Sachs	438,513	5.2	417,890	5.1
HarbourVest	326,547	3.9	308,604	3.8
Impax	65,479	0.8	74,660	0.9
Insight	853,325	10.1	962,656	11.8
Kames	26,755	0.3	27,943	0.3
Kent County Council investment team	129,368	1.5	37,430	0.5
M&G	332,277	3.9	318,162	3.9
Partners Group	431,872	5.1	376,066	4.6
Pyrford	243,174	2.9	230,817	2.8
Sarasin	920	0.0	425,462	5.2
Schroders	277,915	3.3	259,889	3.2
YFM	75,065	0.9	78,729	1.0
Link Fund Solutions	2,025	0.0	2,308	0.0
	4,132,907	48.9	4,440,538	54.5
Total	8,448,364	100	8,140,856	100

Notes to the Pension Fund Accounts continued

15e. Single investments exceeding 5% of net assets available for benefits

	31 March 2025	
	£'000	% of net assets
Investments		
WS ACCESS Global Equity Core Fund	985,230	11.7
WS ACCESS UK Equity Fund	932,397	11.0
LDI Solutions Plus ICAV Active (Insight)	696,433	8.2
WS ACCESS Global Dividend Fund	669,267	7.9
WS ACCESS Global Stars Fund	639,354	7.6
WS ACCESS Global Active Value Fund	493,746	5.8

	31 March 2024	
	£'000	% of net assets
Investments		
WS ACCESS Global Equity Core Fund	1,204,259	14.8
WS ACCESS UK Equity Fund	1,246,127	15.3
LDI Solutions Plus ICAV Active (Insight)	793,963	9.8
WS ACCESS Global Dividend Fund	593,948	7.3
WS ACCESS Global Active Value Fund	475,841	5.9

15f. Stock lending

The Custodians undertake a programme of stock lending to approved UK counterparties against non-cash collateral mainly comprising of Sovereigns and Treasury Bonds. The programme lends directly held global equities and bonds to approved borrowers against a collateral of Government and Supranational fixed interest securities of developed countries, which is marked to market on a daily basis. Securities on loan are included at market value in net assets on the basis that they will be returned to the Fund at the end of the loan term. Net income from securities lending received from the custodian is shown as income from investments in the Fund Account.

The amount of securities on loan at year end, analysed by asset class and a description of the collateral is set out in the table below.

Loan Type	31 March 2025		31 March 2024		Collateral Type
	Market Value £'000	Collateral Value £'000	Market Value £'000	Collateral Value £'000	
Equities	0	0	7,288	7,543	Treasury Notes and other Government debt
Bonds	30,538	32,836	33,754	34,934	Treasury Notes and other Government debt
Total	30,538	32,836	41,042	42,478	

Notes to the Pension Fund Accounts continued

16. Financial instruments

16a. Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and Net Assets Statement heading.

	31 March 2025			31 March 2024		
	Fair value through profit and loss £'000	Assets at amortised cost £'000	Financial liabilities at amortised cost £'000	Fair value through profit and loss £'000	Assets at amortised cost £'000	Financial liabilities at amortised cost £'000
Financial Assets						
Bonds	415,195			400,903		
Equities	0			406,065		
Pooled investments	6,179,163			5,594,441		
Property pooled investments	231,081			265,421		
Private equity/infrastructure	833,484			763,399		
Derivative contracts	369			375		
Cash & cash equivalents	299,099	20,480		230,973	15,587	
Other investment balances		10,314			12,139	
Debtors/receivables		4,472			5,272	
	7,958,391	35,267	0	7,661,577	32,999	0
Financial Liabilities						
Derivative contracts	(94)			(1,355)		
Other investment balances			(688)			(2,444)
Creditors			(13,524)			(11,524)
	(94)	0	(14,211)	(1,355)	0	(13,968)
Total	7,958,297	35,267	(14,211)	7,660,222	32,999	(13,968)

16b. Net gains and losses on financial instruments

	31 March 2025 £'000	31 March 2024 £'000
Fair value through profit and loss	141,139	177,025
Assets at amortised cost	1,163	734
Total	142,302	177,760

Notes to the Pension Fund Accounts continued

17. Valuation of assets and liabilities carried at Fair Value

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets are carried at and have been valued using fair value techniques.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuation provided
Quoted equities	1	Bid Market price on last day of accounting period	Not required	Not required
Quoted bonds	1	Market value on last day of accounting period	Not required	Not required
Quoted pooled investments	1	Net asset value/bid prices on last day of accounting period	Net asset values	Not required
Cash and cash equivalents	1	Carrying value is deemed to be fair value due to short term nature of these instruments	Not required	Not required
Unquoted pooled investments	2	Net asset value/bid prices on last day of accounting period	Net asset values	Not required
Pooled property	3	Net asset value/bid prices on last day of accounting period	Net asset values	Asset values can vary based on two key sensitivities: significant changes in yield movement and estimated rental value movement
Private equity and infrastructure funds	3	Fair values as per international private equity and venture capital guidelines (2022)	Valuation of underlying investment/assets/ companies/EBITDA multiples	Estimation techniques used in valuations, changes in market conditions, industry specific conditions
Direct Property	3	Independent valuation by Colliers using RICS valuation standards	Market values of similar properties, existing lease terms estimated rental growth, estimated vacancies	Asset values can vary based on two key sensitivities: significant changes in yield movement and estimated rental value movement
Quoted funds in administration	3	Net asset value/bid prices on last day of accounting period	Net asset values/or if the fund holds illiquid assets, valuation of underlying investment/assets/ companies/EBITDA multiples	If the fund holds illiquid assets, estimation techniques used in valuations, changes in market conditions, industry specific conditions
Forward exchange contracts	2	Market forward exchange rates on the last day of accounting period	Wide range of deals executed in the currency markets, exchange rate risk	Not required
Bespoke fund for equity protection programme assets	2	Net asset value of Fund based on valuation of underlying assets with quoted prices for bond holdings and market prices for derivatives	Wide range of deals executed in the bond holdings but limited comparable transactions for specialist equity derivatives	Valuation of derivatives is affected by the equity and foreign exchange market conditions

Note: Quoted fund in administration refers to the UK equities Fund managed by Link Fund Solutions Bespoke fund for equity protection programme assets is managed by Insight.

Notes to the Pension Fund Accounts continued

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above, are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025.

	Assessed valuation range (+/-)	Value as at 31 March 2025 £'000	Value on increase £'000	Value on decrease £'000
Private equity	23.4%	401,612	495,589	307,635
Infrastructure	12.6%	431,872	486,288	377,456
Direct and pooled property	8.9%	704,268	766,948	641,588
Other level 3 investments	23.4%	2,025	2,499	1,551
Total		1,539,778	1,751,325	1,328,231

	Assessed valuation range (+/-)	Value as at 31 March 2024 £'000	Value on increase £'000	Value on decrease £'000
Private equity	23.7%	387,333	479,131	295,535
Infrastructure	11.7%	376,066	420,065	332,066
Direct and pooled property	9%	727,195	792,642	661,747
Other level 3 investments	23.7%	2,308	2,855	1,761
Total		1,492,901	1,694,693	1,291,109

17a. Fair Value Hierarchy

Level 1

Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Investments include quoted equities, quoted fixed interest securities, quoted index linked securities and quoted unit trusts.

Level 2

Assets and liabilities at Level 2 are those where quoted market prices are not available or where valuation techniques are used to determine fair value. These techniques use inputs that are based significantly on observable market data. Investments include derivatives, direct property investments, property unit trusts and investments in Link pooled funds for ACCESS.

Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data and are valued using various valuation techniques that require significant judgement in determining appropriate assumptions. They include private equity and infrastructure investments the values of which are based on valuations provided by the general partners to the funds in which the Fund has invested. Assurances over the valuation are gained from the independent audit of the accounts. These assets also include investments in quoted funds that were in administration as at 31 March 2024 and are invested in illiquid underlying assets.

These valuations are prepared by the fund managers in accordance with generally accepted accounting principles and the requirements of the law where these companies are incorporated. Valuations are usually undertaken periodically by the fund managers, who provide a detailed breakdown of the valuations of underlying assets as well as a reconciliation of movements in fair values. Cash flow adjustments are used to roll forward the valuations where the latest valuation information is not available at the time of reporting.

Notes to the Pension Fund Accounts continued

The following table provides an analysis of the assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Values at 31 March 2025				
Financial assets at fair value through profit and loss				
Bonds	415,195			415,195
Equities	0			0
Pooled investments	586,567	5,590,571	2,025	6,179,163
Pooled property investments			231,081	231,081
Private equity and infrastructure			833,484	833,484
Derivatives		369		369
Cash deposits	306,353			306,353
Other Investment balances	10,314			10,314
Non-Financial assets at fair value through profit and loss				
Property			473,188	473,188
Financial liabilities at fair value through profit and loss				
Derivatives		(94)		(94)
Other investment liabilities	(688)			(688)
Net Investment assets	1,317,741	5,590,846	1,539,778	8,448,364
	Quoted market price Level 1 £'000	Using observable inputs Level 2 £'000	With significant unobservable inputs Level 3 £'000	Total £'000
Values at 31 March 2024				
Financial assets at fair value through profit and loss				
Bonds	400,903			400,903
Equities	406,065			406,065
Pooled investments	565,365	5,026,768	2,308	5,594,441
Pooled property investments			265,421	265,421
Private equity and infrastructure			763,399	763,399
Derivatives		375		375
Cash deposits	240,140			240,140
Other investment balances	12,139			12,139
Non-Financial assets at fair value through profit and loss				
Property			461,774	461,774
Financial liabilities at fair value through profit and loss				
Derivatives		(1,355)		(1,355)
Other investment liabilities	(2,444)			(2,444)
Net investment assets	1,622,167	5,025,788	1,492,901	8,140,856

Notes to the Pension Fund Accounts continued

17b. Reconciliation of fair value measurements within level 3

	Private Equity	Infrastructure	Direct and pooled property	Other	Total £'000
Market value 1 April 2024	387,333	376,066	727,195	2,308	1,492,901
Transfers into level 3					0
Transfers out of level 3					0
Purchases during the year	50,941	18,854	71,221	0	141,017
Sales during the year	(49,683)	(10,950)	(110,207)	0	(170,840)
Unrealised gains/losses	(19,735)	47,316	483	(283)	27,781
Realised gains/losses	32,756	586	15,577	0	48,919
Market value 31 March 2025	401,612	431,872	704,268	2,025	1,539,778
Market value 1 April 2023	341,800	273,163	781,889	2,803	1,399,655*
Transfers into level 3					0
Transfers out of level 3					0
Purchases during the year	69,615	83,023	31,525	0	184,162
Sales during the year	(41,292)	(1,753)	(54,818)	(12,148)	(110,011)
Unrealised gains/losses	(8,783)	20,809	(30,909)	0	(18,883)
Realised gains/losses	25,994	824	(492)	11,653	37,979
Market value 31 March 2024	387,333	376,066	727,195	2,308	1,492,901

18. Nature and extent of risks arising From financial instruments

Risk and risk management

The Fund's primary long-term risk is that the value of its assets will fall short that of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Council manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Kent Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

18a. Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risks, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market. The Fund is exposed to security and derivative price risks. This arises from investments held by the Fund for which the future price is uncertain. All security investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The possible loss from shares sold short is unlimited. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments and their activity is monitored by the Council to ensure it is within limits specified in the Fund's investment strategy.

Notes to the Pension Fund Accounts continued

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisors, the Council has determined that the following movements in market price risk are reasonably possible for the 2024-25 reporting period.

Asset type	Potential market movements (+/-)
UK equities	15.5
Overseas equities	15.9
Emerging market equities	18.0
Global pooled equities inc. UK	15.9
Bonds	8.0
Property	8.9
Infrastructure	12.6
Private equity	23.4

The potential price changes disclosed above are based on predicted volatilities calculated by our fund managers. The analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows (the prior year comparator is shown below):

Asset type	Value as at 31 March 2025 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
Cash and cash equivalents	306,353	0.0	306,353	306,353
Investment portfolio assets:				
UK equities	0	15.5	0	0
Overseas equities	0	15.9	0	0
Pooled emerging market equities	408,638	18.0	482,192	335,083
Global pooled equities inc UK	4,913,707	15.9	5,694,986	4,132,427
Bonds inc. bond funds	1,272,014	8.0	1,373,775	1,170,253
Property pooled funds	231,081	8.9	251,647	210,515
Private equity	401,612	23.4	495,589	307,635
Infrastructure funds	431,872	12.6	486,288	377,456
Derivative assets	369	0.0	369	369
Total	7,965,644		9,091,199	6,840,090

The Fund has an equities downside protection programme to protect the Fund from falls and cap the returns within a given range and is designed to manage the risks associated with global equity investments and help achieve the Fund's required rate of return.

Asset type	Value as at 31 March 2024 £'000	Percentage change %	Value on increase £'000	Value on decrease £'000
Cash and cash equivalents	240,140	0.0	240,140	240,140
Investment portfolio assets:				
UK equities	38,058	15.3	43,881	32,235
Overseas equities	368,006	15.4	424,679	311,333
Pooled emerging market equities	0	0.0	0	0
Global pooled equities inc. UK	4,801,544	15.4	5,540,981	4,062,106
Bonds inc. bond funds	1,193,801	7.4	1,282,142	1,105,460
Property pooled funds	265,421	9.0	289,309	241,533
Private equity	387,333	23.7	479,131	295,535
Infrastructure funds	376,066	11.7	420,065	332,066
Derivative assets	375	0.0	375	375
Total	7,670,743		8,720,704	6,620,783

Notes to the Pension Fund Accounts continued

18a. Market risk continued

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks. The Fund's direct exposures to interest rate movements as at 31 March 2025 and 31 March 2024 are set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Asset type	31 March 2025 £'000	31 March 2024 £'000
Cash and cash equivalents	306,353	240,140
Cash balances	13,227	6,421
Bonds		
– Directly held securities	415,195	400,903
– Pooled funds	856,819	792,897
Total	1,591,593	1,440,361

Interest rate risk – sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A one percent movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy. The Fund's investment advisor has advised that long-term average rates are expected to move less than one percent from one year to the next and experience suggests that such movements are likely. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- one percent change in interest rates:

Asset type	Carrying amount as at 31 March 2025	Change in year in the net assets available to pay benefits	
	£'000	+1% £'000	(1%) £'000
Cash and cash equivalents	306,353	0	0
Cash balances	13,227	0	0
Bonds			
– Directly held securities	415,195	(17,231)	17,231
– Pooled funds	856,819	(15,018)	15,018
Total change in assets available	1,591,593	(32,249)	32,249

Asset type	Carrying amount as at 31 March 2024	Change in year in the net assets available to pay benefits	
	£'000	+1% £'000	(1%) £'000
Cash and cash equivalents	240,140	0	0
Cash balances	6,421	0	0
Bonds			
– Directly held securities	400,903	(15,555)	15,555
– Pooled funds	792,897	(12,344)	12,344
Total change in assets available	1,440,361	(27,899)	27,899

Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits. The analysis demonstrates that a 100 bps increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value and vice versa. Changes in interest rates do not impact on the value of cash/cash equivalent balances but they will affect interest income received on those balances.

Notes to the Pension Fund Accounts continued

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Through their investment managers, the Fund holds both monetary and non-monetary assets denominated in currencies other than GBP, the functional currency of the Fund. Most of these assets are not hedged for currency risk and the Fund is exposed to currency risk on these financial instruments. However, a significant proportion of the investments managed by Goldman Sachs Asset Management and all investments in the CQS Fund are hedged for currency risk through forward currency contracts. The Fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to current fluctuations. The following table summarises the Fund's currency exposure excluding the hedged investments as at 31 March 2025 and 2024:

Currency exposure – asset type	Asset value 31 March 2025 £'000	Asset value 31 March 2024 £'000
Overseas equities	0	368,006
Overseas pooled funds	4,686,215	3,829,079
Overseas bonds	0	0
Overseas private equity, infrastructure and property funds	758,419	684,669
Non GBP cash	13,435	6,758
Total overseas assets	5,458,069	4,888,513

Currency risk – sensitivity analysis

Following analysis of historical data and expected currency movement during the financial year, in consultation with the fund's investment advisors, the Fund has determined that the following movements in the values of financial assets denominated in foreign currency are reasonably possible for the 2024-25 reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. A relevant strengthening/weakening of the pound against various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure – asset type	Asset value as at 31 March 2025 £'000	Change to net assets available to pay benefits	
		+5.5% £'000	(5.5%) £'000
Overseas equities	0	0	0
Overseas pooled funds	4,686,215	4,943,957	4,428,473
Overseas bonds	0	0	0
Overseas private equity, infrastructure and property funds	758,419	800,132	716,706
Non GBP cash	13,435	14,174	12,696
Total change in assets available	5,458,069	5,758,263	5,157,875

Currency exposure – asset type	Asset value as at 31 March 2024 £'000	Change to net assets available to pay benefits	
		+5.4% £'000	(5.4%) £'000
Overseas equities	368,006	387,879	348,134
Overseas pooled funds	3,829,079	4,035,849	3,622,309
Overseas bonds	0	0	0
Overseas private equity, infrastructure and property funds	684,669	721,642	647,697
Non GBP Cash	6,758	7,123	6,393
Total change in assets available	4,888,513	5,152,493	4,624,533

Notes to the Pension Fund Accounts continued

18b. Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment of a receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties. Derivative contracts are also covered by margins which provide collateral against risk of default by the counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Fund's credit criteria. The Fund has also set limits as to the maximum amount that may be placed with any one financial institution. The Fund's cash was held with the following institutions:

	Rating	Balance as at 31 March 2025 £'000	Balance as at 31 March 2024 £'000
Money market funds			
Northern Trust Sterling Fund	AAAm	187	18,372
SSGA Liquidity Fund	AAAm	0	0
Blackrock ICS	AAAm	11,361	41
Blackrock USD Government Liquidity Fund	AAAm	64	8
Aberdeen Sterling Liquidity Fund	AAAm	10,766	5
Goldman Sachs Liquid Reserve Government Fund	AAAm	11,425	6,478
Aviva Investors Sterling Liquidity Fund	AAAm	49,777	7,889
Federated (PR) Short-term GBP Prime Fund	AAAm	0	0
Deutsche Managed Sterling Fund	AAAm	2,311	2,330
HSBC Global Liquidity Fund	AAAm	0	0
LGIM Liquidity Fund	AAAm	53,457	25,315
Insight Sterling Liquidity Fund	AAAm	156,893	168,694
		296,241	229,132
Bank deposit accounts			
NatWest SIBA	A+	1,631	1,841
		1,631	1,841
Bank current accounts			
NatWest current account	A+	50	50
NatWest current account – Euro	A+	11,922	134
NatWest current account – USD	A+	28	9
Northern Trust – current accounts	AA-	7,470	12,802
Barclays – DTZ client monies account	A+	2,237	2,592
		21,707	15,587
		319,579	246,560
Total cash and cash equivalents			

Notes to the Pension Fund Accounts continued

18c. Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Fund has adequate cash resources to meet its commitments. The Council has immediate access to the Fund's money market fund and current account holdings.

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy. All financial liabilities at 31 March 2025 are due within one year.

Refinancing risk

The key risk is that the Fund will be bound to replenish a significant proportion of its Pension Fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

19. Funding Arrangements

In line with Local Government Pension Scheme (Administration) Regulations 2013 (as amended), the Fund is required to obtain an actuary's funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022.

The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund and ensure that sufficient funds are available to meet all the benefits as they fall due for payment.
- To ensure employer contribution rates are as stable as possible.
- To minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return.
- To reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so.

At the 2022 valuation a maximum deficit recovery period of 11 years (2019 - 14 years) is used for all employers. Shorter recovery periods have been used where affordable. This will provide a buffer for future adverse experience and reduce the interest cost paid by employers. For Transferee Admission Bodies the deficit recovery period is set equal to the future working life of current employees or the remaining contract period, whichever is the shorter.

In the 2022 triennial valuation, the smoothed value of the Fund's assets at the valuation date was £7,555m and the liabilities were £7,374m. The assets therefore, represented 102% (2019 - 98%) of the Fund's accrued liabilities, allowing for future pay increases.

The primary contribution rate for the average employer, including payments to target full funding has increased from 18.4% to 20.5% of pensionable salaries after the latest valuation. Secondary rates however differ from employer to employer depending upon their funding position and agreed deficit recovery period. The funding level for the Fund as a percentage has increased (due to good investment returns and employer contributions) although this has been partly offset by the changes in the financial assumptions used to calculate the liabilities.

The actuarial valuation has been undertaken on the projected unit method. At individual employer level the projected unit funding method has been used where there is an expectation that new employees will be admitted to the Fund. The attained age method has been used for employers who do not allow new entrants. These methods assess the costs of benefits accruing to existing members during the remaining working lifetime, allowing for future salary increases. The resulting contribution rate is adjusted to allow for any differences in the value of accrued liabilities and the market value of assets.

The 2022 actuarial assumptions were as follows:

Valuation of assets:		Assets have been valued at a 6 month smoothed market rate
Rate of return on investments (discount rate)		4.5% p.a.
Rate of general pay increases:	Long term	3.9% p.a.
	Short term	N/A
Assumed pension increases		2.9% p.a.

Notes to the Pension Fund Accounts continued

20. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, every year the Fund's actuary undertakes a valuation of the Fund's liabilities on an IAS 19 basis, using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

	31 March 2025 £m	31 March 2024 £m
Actuarial present value of promised retirement benefits		
Present value of promised retirement benefits	(7,057.8)	(7,923.6)
Fair value of scheme assets at bid value	8,424.9	8,134.2
Net asset	1,367.1	210.6

The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future. Based on the latest valuation, the fair value of net assets of the Fund represents 119% of the actuarial valuation of the promised retirement benefits. Future liabilities will be funded from future contributions from employers.

The liability above being calculated on an IAS 19 basis and differs from the results of the 2022 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects a market rate.

Assumptions used:	% p.a.
Salary increase rate	3.90%
Inflation/Pensions increase rate	3.20%/2.90%
Discount rate	5.85%

In December 2018 the Court of Appeal passed the McCloud judgement, which relates to age discrimination in relation to judges and firefighters pensions. On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases and legislation is now being drafted to bring forward these changes. Updated Regulations are to be consulted on in 2023 with the earliest effective date expected to be October 2023. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. For the 2022 valuation, as instructed by the Department of Levelling Up, Housing and Communities (DLUHC), our actuaries have assumed that the legislation will bring forward the changes as currently proposed, and have valued the benefits in line with this. This exercise has estimated the additional costs to be approximately 0.7% of the Fund's liabilities and these have been included in the total liabilities of the Fund at the 2022 valuation.

21. Current Assets

	31 March 2025 £'000	31 March 2024 £'000
Debtors		
– Contributions due – employees	5,118	5,391
– Contributions due – employers	16,785	17,694
	21,903	23,085
Sundry debtors	4,472	5,272
Total debtors	26,385	28,357
Cash	13,227	6,421
Total Current Assets	39,602	34,778

Notes to the Pension Fund Accounts continued

22. Current Liabilities

	31 March 2025 £'000	31 March 2024 £'000
Creditors		
– Benefits payable	22,832	21,559
– Sundry creditors	13,524	11,524
Total current liabilities	36,356	33,083

23. Additional voluntary contributions

Scheme members have the option to make additional voluntary contributions to enhance their pension benefits. In accordance with regulation 4(2)(b) of the LGPS (Management and Investment of Funds) Regulations 2009, these AVC contributions are not included within the Pension Fund Accounts. These contributions are paid to the AVC provider directly by the employer and are invested separately from the Pension Fund, with either Utmost Life, Prudential Assurance Company or Standard Life Assurance Company. These amounts are included within the disclosure note figures below.

	Prudential 2024 – 2025 £'000	Prudential 2023 – 2024 £'000	Standard Life 2024 – 2025 £'000	Standard Life 2023 – 2024 £'000	Utmost Life 2024 – 2025 £'000	Utmost Life 2023 – 2024 £'000
Value at 1 April	12,895	10,054	1,918	1,914	282	277
Value at 31 March	14,958	12,895	2,422	1,918	245	282
Contributions paid	4,047	3,303	595	318	0	0

24. Related Party Transactions

The Fund is required to disclose material transactions with related parties, not disclosed elsewhere, in a note to the financial statements. During the year each member of the Kent Pension Fund Committee is required to declare their interests at each meeting. None of the members of the Committee or senior officers undertook any transactions with the Fund.

As such, there are no related party transactions, other than those set out in key management personnel below, with related individuals or any entities where a related individual has control/influence or is a member of key management.

The Kent Pension Fund is administered by Kent County Council and consequently there is a strong relationship between the Council and the Pension Fund.

	2024 – 2025 £'000	2023 – 2024 £'000
KCC is the largest single employer of members of the Fund and during the year contributed:	93,395	88,527

A list of all contributing employers and amount of contributions received is included in the Fund's annual report available on the pension fund website.

Charges from KCC to the Fund in respect of pension administration, governance arrangements, investment monitoring, legal and other services.	7,082	6,497
Year end balance due to KCC arising out of transactions between Kent County Council and the Fund	(7,445)	(6,252)

The year end credit balance due to KCC mainly comprises of recharges and of VAT payable to KCC.

The key management personnel of the Fund are the Interim Corporate Director Finance as well as the Head of Pensions and Treasury. The Interim Corporate Director Finance charges a proportion of their time to the Kent Pension Fund as part of the County Council's charge for the administration of the Fund. Full details of the salary of the Interim Corporate Director Finance can be found in the main accounts of Kent County Council.

Total costs charged to the Fund, including amounts recharged by the Corporate Director Finance, in respect of key management are shown below.

	31 March 2025 £'000	31 March 2024 £'000
Salary	125	118



Allowances		12	12
Other		27	16
Employer's pension contributions		17	27
Total		181	173

Notes to the Pension Fund Accounts continued**25. Contingent liabilities**

The Fund is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on the Kent Pension Fund. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

The Department for Work and Pensions (DWP) published an announcement on 5 June 2025 noting the plan to introduce new legislation in response to the ruling. The legislation will allow affected pension schemes to retrospectively obtain written actuarial confirmation that historic changes to scheme rules met the required standards. The new legislation is hoped to provide clarity to affected schemes. No further information has been provided at this time.

The Fund still awaits further information but at this time are hopeful there will be no impact on the scheme.

26. Contractual commitments

Outstanding capital commitments (investments) as at 31 March 2025 totalled £375m (31 March 2024: £309m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over the life of each fund.

27. Contingent Assets

30 admitted body employers in the Fund hold insurance bonds and I I hold guarantees with their Employing Authority to guard against the possibility of being unable to meet their pension obligations. These bonds and guarantees are drawn in favour of the Fund and payment will only be triggered in the event of employer default.

Post Pool Reporting

The Fund's assets pooled and non-pooled are as follows:

Pooled (ACCESS)		
Fund Manager	Asset Class	£'000
Baillie Gifford	Global Equities	985,230
Schroders	UK Equities	932,397
Schroders	Global Equity	493,746
M&G	Global Equities	669,267
Ruffer	Absolute Return	186,826
Columbia Threadneedle	Emerging Market Equities	207,610
Robeco	Emerging Market Equities	201,028
Robeco	Global Equities	639,354
Total Pooled		4,315,457
Non-Pooled		
Fund Manager	Asset Class	£'000
Schroders	Fixed Income	277,915
DTZ	Property	603,240
Goldman Sachs	Fixed Interest	438,513
Woodford	UK Equities	2,025
BMO (Pyrford)	Absolute Return	243,174
CQS	Fixed Income	280,612
Sarasin	Global Equities	920
Fidelity	Pooled Property	45,819
DTZ (formerly Kames)	Pooled Property	26,755
Impax	Global Equities	65,479
Insight	Equity Protection	853,325
Partners Group	Infrastructure	431,872
Harbourvest	Private Equity	326,547
M&G	Pooled Property	33,984
M&G AO	Fixed Income	298,294
YFM	Private Equity	75,065
Kent County Council Investment Team	Cash	129,368
Total Non-Pooled		4,132,907
Grand Total		8,448,364

For 2024-25 the ongoing costs of the investments broken down between pooled and non-pooled assets are detailed below:

Pool Set up Costs	2024-25 £'000	Cumulative £'000	ACCESS
Strategic & Technical Advice	0	56	614
Legal	0	37	409
Project Management	0	53	588
ACCESS Support Unit	0	0	3
Other	0	19	210
Total	0	166*	1,824
Transition costs		608	

The Pooled ACS was operational in 2017-18 and all set up costs were incurred prior to that, so no costs attributable to set up for 2024-25.

*1/11th of total ACCESS costs

The fund's costs and net fee savings since inception of the pooling project are as follows:

	15-16 £'000	16-17 £'000	17-18 £'000	18-19 £'000	19-20 £'000	20-21 £'000	21-22 £'000	22-23 £'000	23-24 £'000	24-25 £'000	Cumulative £'000
Set up costs	6	80	80	—	—	—	—	—	—	—	166
Pooling ongoing costs	—	—	—	137	87	82	91	115	133	229	874
Transition costs	—	—	—	363	—	245	—	—	—	2,268	2,876
Fee savings	(26)	242	776	1,436	1,596	3,968	4,774	4,872	5,372	5,720	28,731
Net savings	(32)	162	696	936	1,509	3,641	4,683	4,757	5,239	3,223	24,815*

*Of the above total cumulative savings of £24.8m, £8.3m relates to investments awaiting pooling.

The investment managers are paid ad valorem fees on the assets under their management. As a result, the fees in absolute terms goes up as the investments appreciate in value.

For 2024-25, the ongoing costs of the investments broken down between pooled and non-pooled assets are detailed below. These costs have been compiled from information provided by the fund managers who have signed up to the LGA cost transparency code.

	Asset Pool			Non Asset Pool			Total £'000
	Direct £'000	Indirect £'000	Total £'000	Direct £'000	Indirect £'000	Total £'000	
FM Fees	—	11,474.71	11,474.71	5,117.97	15,030.78	20,148.75	31,623.45
Pool shared (ASU)	228.65	—	228.65	—	—	—	228.65
Transaction costs	—	2,936.80	2,936.80	2,741.41	1,297.22	4,038.63	6,975.43
Custody	—	—	—	57.13	—	57.13	57.13
Other – pooled fund costs	—	521.32	521.32	—	4,817.96	4,817.96	5,339.28
Total	228.65	14,932.83	15,161.47	7,916.50	21,145.96	29,062.46	44,223.93

Asset Allocation and Performance:

	Pooled	Under Pool Management	Not Pooled	Total
£m Asset values as at 31 March 2025				
UK Listed Equities	1,248.76	—	9.05	1,257.81
UK Government Bonds	—	—	11.78	11.78
UK Infrastructure	—	—	51.82	51.82
UK Private Equity	—	—	106.64	106.64

	Pooled	Under Pool Management	Not Pooled	Total
£m Asset values as at 31 March 2025				
Equities	4,128.63	—	68.43	4,197.06
Bonds	—	—	1,295.33	1,295.33
Diversified Growth Funds	186.83	—	243.17	430.00
Equity Protection	—	—	853.33	853.33
Property	—	—	709.80	709.80
Private Equity	—	—	401.61	401.61
Infrastructure	—	—	431.87	231.87
Cash	—	—	129.37	129.37
Grand Total	4,315.46	—	4,132.90	8,448.36

Independent Auditor's report

Independent auditor's statement to the members of Kent County Council on the pension fund financial statements of Kent Pension Fund included within the pension fund annual report.

Opinion

We have examined the pension fund financial statements of Kent Pension Fund (the 'pension fund') for the year ended 31 March 2024 included within the pension fund annual report, which comprise the Fund Account, the Net Assets Statement, and the notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the pension fund financial statements included within the pension fund annual report are consistent, in all material respects, with the audited pension fund financial statements of Kent County Council for the year ended 31 March 2024 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We have not considered the effects of any events between the date the auditor's report on the financial statements of Kent County Council was signed, and the date of this statement.

Respective responsibilities of the Acting Corporate Director of Finance and the auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Acting Corporate Director of Finance is responsible for the preparation of the pension fund's financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Our responsibility is to state to the members of Kent County Council our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of Kent County Council. We also read the other information contained in the pension fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information comprises the information included in the pension fund annual report, other than the pension fund financial statements and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of Kent County Council describes the basis of our opinion on those financial statements.

Use of this auditor's statement

This statement is made solely to the members of Kent County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Kent County Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Kent County Council and the members of Kent County Council as a body, for our work, for this statement, or for the opinions we have formed.

Parris Williams,
Key Audit Partner for and on behalf of
Grant Thornton UK LLP, Local Auditor

21 March 2025



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Foreword

At the first meeting after the end of 2024/25, and in accordance with the ACCESS Inter-Authority Agreement, elections were held for the positions of Chairman and Vice-Chairman of the ACCESS Joint Committee. I am honoured to have been elected as Chairman and delighted that one of our longstanding Members, Cllr Gerard Fox from the East Sussex Pension Fund, is now the Vice-Chairman.

Of course, this Annual Report covers a year of activity in which my predecessor, Cllr Mark Kemp-Gee (Hampshire), was Chairman. In more than five years in the role, during which time I was Vice-Chairman, he led the Committee through the expansion of our pool's listed and non-listed asset offerings, the implications of the COVID pandemic and more recently the Government consultation on LGPS: Fit for the future. I would therefore like to place on record the thanks and appreciation of the Joint Committee for all of Cllr Kemp-Gee's leadership and work. We are all also grateful that Cllr Kemp-Gee will continue to represent Hampshire on the Committee and know that we will benefit from his experience and insight in the coming months.

The pooling landscape that first started to take shape in 2016 did not specify a particular model. The pool structure ACCESS chose to create continued the market sourced approach our Authorities have always adopted, and although some other pools took different pathways, we were not alone in the model adopted. 2024/25 has been dominated by the Government's Pension Review and the implications for LGPS pools. Following last September's Call for Evidence, the Consultation entitled LGPS: Fit for the future was launched after the

Chancellor's November Mansion House speech. This developed original Government thinking and consolidated the notion of "one model" for all pools. Against a March 2026 deadline for pools to be built around an FCA regulated investment management company, options included merger and, for those with models such as ACCESS, building an FCA company.

In order to comply with the expectations of LGPS Fit for the future ACCESS launched Project Castle initiating an intense period of dialogue, engagement and analysis.

The result was a detailed assessment of options culminating in a 60-page, 18,000 word submission to Ministers in late February, setting out the rationale for why the most effective course of action for our pool was to build our own FCA investment management company. As will be widely known, shortly after the end of 2024/25, in early April, we were extremely disappointed when Ministers indicated that they had chosen not to support ACCESS's proposal. At the time of writing the Joint Committee, ACCESS Authorities and the ACCESS Support Unit continue to work through the implications of that decision.

In closing I would like to thank my fellow ten Joint Committee members, each representing their respective Authorities, along with the Officers who support them, and the ACCESS Support Unit (ASU).

Cllr Susan Barker

Chairman of the ACCESS Joint Committee
Chairman of the Essex Pension Fund Strategy Board



Introduction

It is important to highlight that there were many activities and workstreams which came to fruition during the year which included the following achievements and successes:

- further expansions to product offerings, particularly within the non-listed space, meant that pooled assets rose to £49bn, representing 74% of all AUM across the 11 ACCESS Authorities;
- the re-appointment of Waystone as ACS operator following a detailed procurement process;
- the conclusion of the Governance Review;
- independent cost analysis by Clearglass indicated that ACCESS had saved £49m (18bps) in investment management fees and risen to the 7th percentile in the data universe curated by Dr Chris Sier; and
- in collaboration with our responsible investment advisor PIRC, ACCESS was successful in gaining formal recognition as a signatory to the UK Stewardship Code for the first time.

Of course, 2024/25 will be remembered for a new Government returning to a familiar agenda in its Pensions Review. A Call for Evidence and the LGPS: Fit for the future consultation were punctuated with Ministerial engagement and quick turnaround information requests from Civil Servants.

In previous years' consultations ACCESS had highlighted the fact that, at the outset, a defined pooling model was not specified. However, in the Autumn of 2024 it was clear that the direction of travel had been set, and our Project Castle objective has always been about how to implement LGPS: Fit for the future's expectations whilst preserving value and avoiding unnecessary cost.

In meeting this challenge head on, we explored merger with colleagues from both Border to Coast and Local Pension Partnership, and, in partnership with Alpha FMC as well as our longstanding advisers, researched the basis of building our own FCA investment management company.

Together with Administering Authorities we analysed the evidence, assessed the assumptions and considered the options against a range of criteria. We used data from independent and third-party sources and challenged ourselves not to underestimate the extent of the work any option entailed. Each had merit, however, overall, it made the most sense for ACCESS to build. The strapline to our proposal to Government was "Ready for change".

It was therefore with a profound sense of disappointment that shortly after our year-end date, we learned that Ministers had chosen not to support the approach adopted by the 11 ACCESS Authorities. Although the Government's ambition of reducing the number of LGPS investments pools from 8 to 6 is now clear, at the time of writing there remains a significant number of questions for which we do not yet have answers.

It is apparent that the LGPS will need to embark on yet further change, but this is a sector with a strong track record in collaboration and achievement. I am confident that with an evidence-based approach, properly advised, practitioners can plan effectively in sight of known risks. To make a success of the next chapter in LGPS pooling, what is paramount is that the sector is not burdened with an imposed rush to conclude but rather afforded the space to implement.

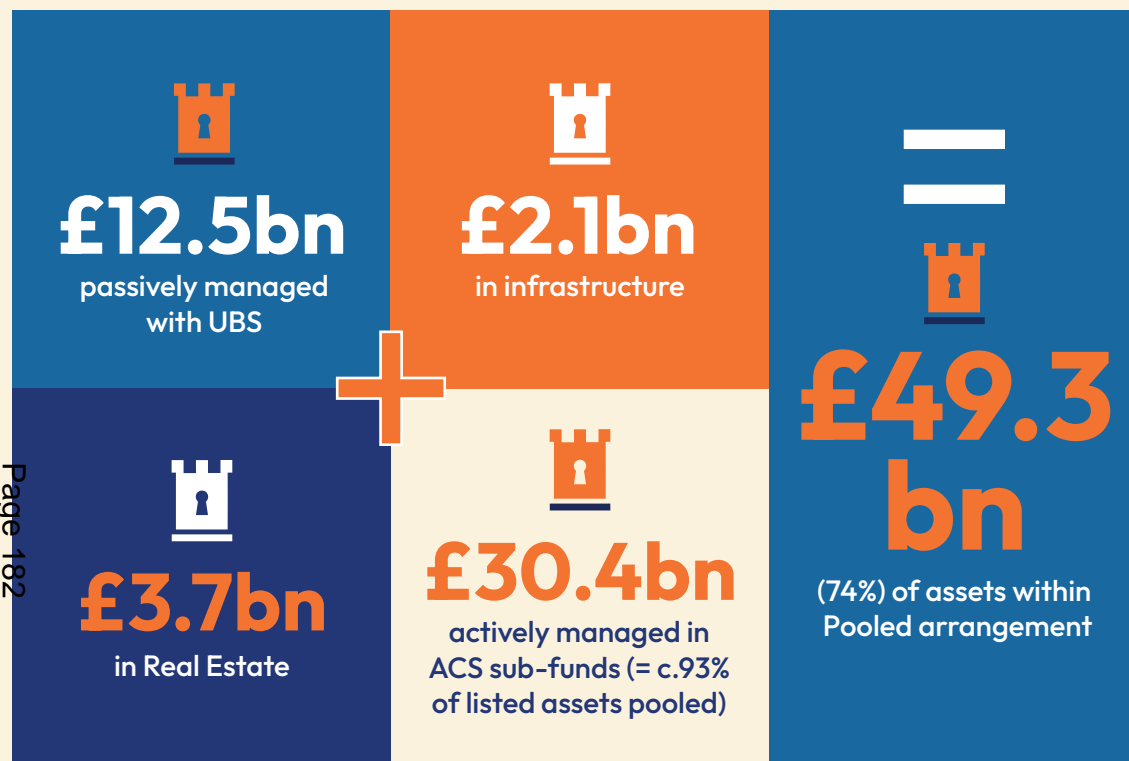
I would like to thank my ASU colleagues, the technical leads and the officers of the Authorities for their enthusiasm, support and hard work in what continue to be exceptional circumstances.

Kevin McDonald

Director, ACCESS Support Unit

At a glance

Assets



People and employers



Performance



Costs & savings since inception



Background

ACCESS (A Collaboration of Central, Eastern and Southern Shires) is made up of eleven Local Government Pension Schemes (LGPS) Administering Authorities: Cambridgeshire County Council; East Sussex County Council; Essex County Council; Hampshire County Council; Hertfordshire County Council; Isle of Wight Council; Kent County Council; Norfolk County Council; Northamptonshire County Council (West Northamptonshire from 1 April 2021); Suffolk County Council and West Sussex County Council

Strategic oversight and scrutiny responsibilities remain with the Administering Authorities as does all decision making on their individual Funds asset allocation and the timing of transfers of assets from each Fund into the arrangements developed by the ACCESS Pool.

The Joint Committee (JC) has been appointed by the eleven Administering Authorities under s102 of the Local Government Act 1972, to exercise specific functions in relation to the pooling of LGPS assets. The Section 151 Officers of ACCESS Authorities provide advice to the Joint Committee which is further supported by the Officer Working Group (OWG) and the ACCESS Support Unit (ASU).

Re-appointed in early 2025, Waystone, provide the pooled operator service, overseeing an Authorised Contractual scheme for the sole use of ACCESS Authorities. UBS act as the ACCESS Authorities' investment manager for passive assets. JP Morgan and IFM were approved in 2024 to provide open ended infrastructure investments to the Pool. Aviva were appointed in 2024 to provide long lease real estate investments and CBRE have been appointed to provide UK and Global Property investments. JP Morgan and Stafford Capital were appointed during 2025 to provide investment in Timberland along with Arcmont and Golub for Private Debt investment.

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Progress on Pooling

ACCESS submitted its pooling proposal to Government in July 2016 with detailed plans for establishing and moving assets into the pool. Included in the proposal was an indicative timeline of when assets will be pooled, and ACCESS has continued to make excellent progress against the principal milestone of having **£30.6 billion** assets pooled and estimated savings of **£21.0 million** by March 2027 exceeding the assets pooled by **£18.7 billion** and the savings by **£14 million**.

As at 31 March 2025, **74%** of assets have been pooled:


Pooled Investments	£ Billions
Global Equity Funds	16.539
UK Equity Funds	1.583
Fixed Income	10.133
Diversified Growth	0.935
Emerging Markets	1.221
Passive Investments	12.513
Infrastructure	2.128
Real Estate	3.721
Timberlands	0.562
Total Pooled Investments	49.335

The passive investment funds are held on a pool governance basis under one investment manager as these assets are held in life fund policies, which cannot be held within an authorised contractual scheme.

Expected v Actual Costs and Savings

The table below summarises the financial position for 2024/25 along with the cumulative position since the commencement of ACCESS activity in early 2016.

A budget for ongoing operational costs is set by the Joint Committee and is financed equally by each of the eleven Authorities. 2024/25 saw a slight overspend, primarily due to higher than anticipated costs of external advice and additional work required in response to the Governments Fit for the Future consultation and new pooling requirements.

	2024-2025		2016-2025	
	Actual In Year £' Million	Budget In Year £' Million	Actual Cumulative to date £' Million	Budget Cumulative to date £' Million
Set Up Costs	-	-	1.824	1.400
Transition Costs	-	-	3.338	6.907
Ongoing Operational Costs	1.617	1.314	8.517	10.568
Operator & Depositary Costs	5.791	6.082	28.183	32.791
Total Costs	7.408	7.396	41.862	51.666
Pool Fee Savings	35.394	21.400	165.133	106.850
Net Savings Realised	27.986	14.004	123.271	55.184

Operator and depositary fees are payable by each Authority in relation to assets invested within the Authorised Contractual Scheme established by Waystone as pool operator.

The 2024/25 fee savings have been calculated using the CIPFA price variance methodology and based on the average asset values over the year. This approach highlights the combined level of investment fee savings, across all ACCESS Authorities stemming from reduced charges.

In summary, since inception ACCESS has demonstrated excellent value for money, maintaining expenditure broadly in line with the MHCLG submission whilst delivering an enhanced level of savings ahead of the timeline contained in the original proposal.



Environmental, Social and Governance (ESG) and Responsible Investment (RI)

The ACCESS Authorities believe in making long term sustainable investments whilst integrating environmental and social risk considerations, promoting good governance and stewardship.

Whilst the participating authorities have an overriding fiduciary and public law duty to act in the best long-term interests of their LGPS stakeholders to achieve the best possible financial returns, with an appropriate level of risk they also recognise the importance of committing to responsible investment alongside financial factors in the investment decision making process.

ACCESS is committed to expanding its ESG and responsible investment oversight, reviewing its own ESG/RI guidelines to reflect both the requirements of the Authorities and the expectations associated with this fundamental aspect of institutional investment.

It has been a year of continual development, with ACCESS submitting and being approved as a signatory to the UK Stewardship code and publishing its first responsible investment and stewardship report.

The ACCESS pool has a set of voting guidelines which seeks to protect and enhance the value of its shareholdings by promoting good practice in the corporate governance and management of those companies.

The voting guidelines sets out the principles of good corporate governance and the means by which ACCESS will seek to exercise its influence on companies. During the year ACCESS voted at **2,439** meetings on **37,473** resolutions and UBS voted at **10,848** meetings on **126,989** resolutions on ACCESS investments held with them.

Cllr Susan Barker

Chairman of the ACCESS Joint Committee
Chairman of the Essex Pension Fund Strategy Board

Kent Pension Fund Report and Accounts

For the year ended 31 March 2024



Kent Pension Fund

Delivering an outstanding service to our customers

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