

PENSION FUND COMMITTEE

Thursday, 11th December, 2025

10.00 am

**Council Chamber, Sessions House, County Hall,
Maidstone**





AGENDA

PENSION FUND COMMITTEE

Thursday, 11th December, 2025 at 10.00 am
Council Chamber, Sessions House, County
Hall, Maidstone

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

Membership

| | |
|-------------------------------|--|
| Reform UK (8): | Mrs S Emberson (Chair), Mrs B Porter, Mr A Kibble, Mr M Mulvihill, Mr A Cecil, Mr T Mole and 2 Vacancies |
| 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: | Mr P Doust |
| Active Member Representative: | Mr S Sim |
| UNISON: | Vacancy |

UNRESTRICTED ITEMS

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

- 1 Apologies and Substitutes
- 2 Declarations of interest by Members in items on the agenda for this meeting.
- 3 Minutes of the meeting held on 23 September 2025 (Pages 1 - 6)

4 Date of next meeting

The Pension Fund Committee Investment Away Day is scheduled for 10 February 2026.

The next meeting of the committee will be held on 24 March 2026, commencing at 10.00 am at Sessions House, Maidstone.

5 Committee Work Programme (Pages 7 - 12)

6 Governance Update (Pages 13 - 20)

7 Update from the Pension Board
Verbal update.

8 Pensions Administration (Pages 21 - 40)

9 Investment Performance and Asset Allocation Update (Pages 41 - 70)

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)

10 Investment Strategy Implementation (Pages 71 - 132)

11 Project Updates (Pages 133 - 136)

12 Employer Governance Matters (Pages 137 - 154)

13 Pension Fund Risk Register (Pages 155 - 194)

14 Government Pensions Review: Pooling Future (Pages 195 - 212)

15 Government Consultations Update
Verbal update.

Benjamin Watts
Deputy Chief Executive
03000 416814

Wednesday, 3 December 2025

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KENT COUNTY COUNCIL

PENSION FUND COMMITTEE

MINUTES of a meeting of the Pension Fund Committee held in the on Tuesday, 23 September 2025.

PRESENT: Ms S Emberson, Cllr J Burden, Mr A Cecil, Mr P Doust, Mr M Ellis, Cllr M Jones, Ms I Kemp, Mr A Kibble, Mr T Mole, Mr M Mulvihill, Mrs B Porter, Mr G R Samme, Mr S Sim, Mr P Stepto and Mr A Thorp.

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), Mrs C Chambers (Pensions Administration Manager) and Mr J Clapson (Democratic Services Officer).

UNRESTRICTED ITEMS

14. Membership Update

(Item 1)

Mrs S Emberson, Miss I Kemp, Mrs B Porter, Mr A Kibble, Mr M Mulvihill, Mr A Thorp, Mr A Cecil, Mr T Mole, Mr M Ellis and Mr G Samme were welcomed on to the Committee.

15. Election of Chair

(Item 2)

Mr Mole proposed and Mr Thorp seconded that Mrs Emberson be elected as Chair of the Pension Fund Committee. There were no further nominations.

RESOLVED that Mrs Emberson be Chair of the Committee.

16. Election of Vice-Chair

(Item 3)

Mr Mulvihill proposed and Mr Kibble seconded, that Mr Cecil be elected as Vice - Chair of the Pension Fund Committee. There were no further nominations.

RESOLVED that Mr Cecil be Vice - Chair of the Committee.

17. Apologies and Substitutes

(Item 4)

No apologies were received.

18. Declarations of interest by Members in items on the agenda for this meeting.

(Item 5)

There were no declarations of interest.

19. Minutes of the meeting held on 19 March 2025

(Item 6)

RESOLVED that the minutes of the meeting held on 19 March 2025 are correctly recorded and that they be signed by the Chair.

20. Date of next meeting

(Item 7)

It was noted that the next meeting of the Committee was scheduled to be held on 11 December 2025.

21. Committee Work Plan/Action Log

(Item 8)

1. Mr Buckland introduced the report and highlighting that it was used to identify and track the actions that arose during Committee meetings that did not require a formal decision.
2. RESOLVED to note the Committee Work Programme and Action Log.

22. Update from the Pension Board

(Item 9)

1. Mr Buckland provided an overview of the Board meeting that took place on 4 September. A key consideration at the last Board meeting related to the appointment of an independent Chair of the Board. It was recognised that an independent Chair could help steer the Board and ensure its effective operation.
2. Mr Buckland provided some background about the Board, highlighting that it had sat alongside the Committee for the last 10 years and considered pension administration, policies and strategies. The Board had no decision-making powers but could make recommendations to the Committee.
3. RESOLVED to note the update from the Pension Board.

23. Pensions Administration

(Item 10)

1. Mrs Chambers provided the Committee with an overview of the report and highlighted the 2025/26 Communications Policy, indicating that the policy now included guidelines regarding meeting accessibility.
2. During consideration of the item the following points were raised:
 - a) The staff recruitment campaign had been very successful. It was now time to recruit to the entry level Pensions Assistant roles. There had been over 60 applications which was promising.
 - b) Poor communication performance was identified in the report. The leadership team regularly reviewed compliments and complaints to identify areas for improvement. There was a group of officers who reviewed the website, letter templates and the telephone system on a monthly basis. Any identified improvements were always acted upon when practicable.
3. RESOLVED to note the contents of the report and approve the 2025/26 Communications Policy.

24. Investment Performance and Strategy

(Item 11)

1. Mrs Surana introduced the report and advised that the current asset allocation remained within range of the Fund's approved tolerance bands, therefore no rebalancing was recommended at the current time.

2. It was confirmed that the Committee would be provided with more detail about instances when asset managers voted against decisions in future reports.

25. Annual Report and Accounts

(Item 12)

1. Mrs Surana introduced the report that included the financial statements and activity undertaken over the year. She advised that the Draft Audit Findings Report would be considered by the Governance and Audit Committee on 24 September and the external auditors were expected to issue an unqualified opinion on the accounts.
2. The Committee offered their thanks to all the officers involved in finalising the accounts and working with the external auditors to prepare the annual report.
3. RESOLVED 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.

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.

26. Governance

(Item 13)

1. Mr Buckland introduced the item and advised that there was a three-year business plan for the Fund that detailed the way in which it should operate.
2. During consideration of the item, the following points were discussed:
 - a. The Fund was run on behalf of employers and their employees, it had a separate risk register, budget, and business plan to the rest of the Council.
 - b. An updated business plan was scheduled to be brought to the March meeting for consideration.
 - c. The business plan set out the high-level priorities for the Fund, and was split into three sections: Pension Administration, Investment and Funding, and Governance.
 - d. A key governance focus was the provision of training for Committee and Board members. It was intended that as much training as possible would be made available.
3. RESOLVED to note the report.

27. Risk Register

(Item 14)

1. Mrs Green presented the risk register; she advised that 30 risks had been identified, 18 were given a green rating and 12 had received an amber rating.
2. During consideration of the item, the following points were discussed:
 - a. The three highest scoring risks remained unchanged and were headed: Cyber Security; Member Data; and Committee, Board and Officer Risk.
 - b. To help mitigate against the Committee, Board and Officer risk, Committee members were encouraged to complete the training survey that would be used to inform the construction of the training programme.

- c. The failure of the automated payment system was categorised as a low risk because there was the option to process the payments manually if required.
 - d. Local government re-organisation (LGR) posed a risk the Fund. It was important that the Fund's requirements were considered and fit into any final outcome of the process. In some areas where LGR had taken place, an independent body had been set up to manage the Pension Fund.
 - e. It was important to ensure that the Fund was safe and secure, and that decisions continued to be made at a local level.
3. RESOLVED to note the updated risk register.

28. Projects Updates

(Item 15)

1. Mrs Green provided the Committee with an overview of the key projects detailed within the report.
2. RESOLVED to note the report.

29. Investment Consultant

(Item 16)

The representatives from Mercer and Barnett Waddingham left the room for the duration of this item.

1. Mrs Surana introduced the report, highlighting that LGPS investment regulations required the Fund to take appropriate investment advice when setting the investment strategy. This advice would be crucial when navigating the challenges on the horizon.
2. During consideration of the item, the following points were raised:
 - a. The contract had previously been awarded to Mercer in 2022, for a period of three years with an option to extend the contract for a further year on two occasions. The three-year contract was due to end in November 2025.
 - b. It was not possible to combine the two separate year extensions as this was not part of the agreed contract.
 - c. The Fund was likely to need support from both Mercer and Barnett Waddingham over the next couple of years.
 - d. There was Government guidance that suggested Funds should take primary investment advice from their asset pools, however it was important to continue to take independent advice tailored specifically to the needs of the Fund.
3. RESOLVED to agree the extension of the Investment Consultant contract with Mercer for a period of one year from 1 December 2025 and delegate the signing of the necessary documentation to the Head of Pension Fund and Treasury.

30. Employer Governance Matters

(Item 17)

1. Mr Tagg presented the report during which it was highlighted that the 31 March 2025 triennial valuation results had found the Fund to have performed well, which would result in a small reduction to the contribution rates for employers. The next step would be for the funding strategy statement to go out to consultation.
2. Thanks were offered to the officers involved in completing the triennial valuation.
3. RESOLVED to note the report and agree:
 - a. to the proposed financial and demographic assumptions for the 31 March 2025 triennial valuation.

- b. to the full pooling of parish and town councils for LGPS funding purposes from 1 April 2026.
- c. to proceed with a 3-month consultation on the Funding Strategy Statement with Fund employers and other interested parties commencing on 1 October 2025.

31. Actuarial Valuation (Presentation)

(Item 18)

1. Dr McKay and Ms McGuire (Barnett Waddingham) provided the Committee with a presentation on the work that had gone into the actuarial valuation.
2. During the presentation, the following points were covered:
 - a. The following financial assumptions were used for the valuation:
 - i. Predicted consumer price index (CPI) figures were derived from a calculation based upon the Bank of England's retail price index (RPI) rate forecasts. The previous valuation had calculated predicted CPI to be 2.9%, this was now 2.7%.
 - ii. CPI plus 1% was used to estimate salary increases as this has been found to be accurate in the past.
 - iii. The best estimate return was calculated using the best estimate less a prudence reduction to ensure enough income was received to pay member's benefits. The best estimate return had improved by 0.5% since the last valuation in 2022 and was now 4.9%.
 - b. The following mortality assumptions were used for the valuation:
 - i. CMI was an organisation that was used to predict mortality rates over the next 20 years. In June it had published a new model that indicated the expected rate of mortality over the long term would improve by 1.5%.
 - ii. People were expected to live slightly longer; however, this did not have a significant impact upon employer contribution rates overall.
 - c. The main purpose of the valuation was to provide stability in the funding levels and employers' contributions. Barnett Waddingham recommended a maximum reduction in employer contribution rates of 1%.
3. RESOLVED to note the presentation.

32. Government Pensions Review - Pooling Future

(Item 19)

1. Mr Buckland introduced the report, providing the committee with a brief introduction to pooling generally, then he detailed how the latest developments specifically related to the Kent Pension Fund.
2. The presentation covered the following points:
 - a. The Government had identified two pools that did not meet its vision for the future. One of these was the ACCESS Pool.
 - b. The Fund had considered the possibility of moving to another pool relatively early on in the process which now put the Fund in a strong position.
 - c. Three alternative pools had initially been identified, and all three had indicated they would be interested in receiving the Fund.
 - d. When the Pension Schemes Bill received royal assent, it would enable the Government to instruct funds to join specific pools.
 - e. Borders to Coast Pensions Partnership (B2C) have announced that they were in negotiations with seven Funds, all seven were from the ACCESS Pool. If the seven funds successfully join B2C it would create the largest pool in the UK. This could offer some resilience to future pension reforms.
3. The following points were raised during comments and questions:

- a. Mercer had been used to provide officers with the information they needed to develop a recommendation for the Committee to consider.
 - b. The evaluation identified B2C as being the most suitable pool for the Fund. Their 2020 Strategy and vision for the future was a good match with the values of the Fund.
 - c. So far, nine of the eleven B2C partner funds had met and agreed to accept the Kent Fund.
 - d. Subject to agreement, there would be a transition from ACCESS to B2C, starting in March 2026. The costs of this transition would need to be carefully managed.
 - e. The seven ACCESS funds looking to move to B2C agreed to collaborate where possible on legal advice which would help to mitigate some costs.
 - f. It was expected that the asset management costs within B2C would be lower than those within the ACCESS pool.
 - g. The decision to enter into pooling arrangements with B2C would need to be taken by Full Council.
 - h. The Committee would be kept updated with developments.
4. RESOLVED that the Committee:
- a. APPROVE Borders to Coast Pensions Partnership as the preferred partner for the Kent Pension Fund.
 - b. APPROVE the continued work with existing ACCESS partner funds to develop a transition plan to the new pooling arrangements.
 - c. DELEGATE authority to the Head of Pensions and Treasury, in consultation with the Chair of the Pension Fund Committee, to undertake necessary actions, including entering into negotiations and contracts or other legal agreements, to progress preparatory workstreams required prior to the Full Council approval of the future Pension Pooling arrangements.
 - d. RECOMMEND to Full Council that Kent County Council, as Administering Authority for the LGPS Kent Pension Fund, agree to enter into Pension Pooling arrangements with Border to Coast Pension Partnership.

From: Chairman Pension Fund Committee
Interim Corporate Director of Finance

To: Pension Fund Committee – 11 December 2025

Subject: Committee work programme

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 plans for the Strategy/Away Day in February 2026

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. As noted at the last 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.

Committee Strategy/Away Day – 10 February 2026

- 1.6 On 10 February 2026 the Committee will hold its annual Strategy/Away Day and will consider items relevant to the formal triennial review of the Fund's Investment Strategy, which will commence in the first quarter of 2026. The review is linked to the Actuarial valuation and is designed to ensure that the Fund's investments aim to achieve the required level of return with overall risk considered. This review will also consider how the Fund's strategy can be delivered by Border to Coast (the Fund's new pooling partner).
- 1.7 The session will include a number of external speakers, including advisers from Mercer, and colleagues from Border to Coast.
- 1.8 The sessions will be in London, with the venue to be confirmed very soon, and will run from 10.00am to approximately 3.30pm, to allow for travel.
- 1.9 Officers will advise of the detailed agenda once confirmed, but in the past the session has proven to be well received and allows members of the Committee to consider issues outside of the constraints of a formal meeting. It has also been used to support the Committee's formal training to support the formal decision making.

Nick Buckland, Head of Pensions and Treasury

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December 2025

Committee workplan

| | 11 Dec 2025 | 10 Feb 2026 | 24 March 2026 | 23 June 2026 | TBC Sept 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 | | | | |
| 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"> • Pensions Dashboard • 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 | - | 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 | | |
| Committee Strategy development “away day” | | Y | | | |

Appendix 2

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 | Y |

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To: Pension Fund Committee – 11 December 2025

From: Chairman – Pension Fund Committee
Interim Corporate Director of Finance

Subject: Governance Update

Classification: Unrestricted

Summary:

There are several hot topic governance issues for the Fund currently. The key issues currently impacting the Fund's governance are: LGPS consultation response (access and protections) which is covered in the Administration paper, Pension Board Independent Chair appointment, and Local Government Reorganisation. The paper also contains an update on the Fund's budget for 2025/26.

The Committee is recommended to:

- APPROVE the appointment of an Independent Member to Pension Board subject to relevant recruitment and selection processes
- DELEGATE authority to the Head of Pensions & Treasury to undertake the selection process and appoint the successful candidate to the Board
- NOTE that there is scope for the Independent Member to be considered for the role of Independent Chair for Pension Board in 2026.
- NOTE the report

FOR DECISION

1. Fund Policies

- 1.1 There is one policy change and that relates to the Fund's Funding Strategy Statement (FSS) and this is covered elsewhere on today's agenda. There are no other policy updates to report to Pension Fund Committee at this meeting. Officers are awaiting confirmation of a range of regulatory changes (impacting governance in areas such as Member training and risk management). These changes will then be used to update the Fund's policy documents in 2026.

2. Business Plan and Budget

- 2.1 Officers continue to work as per the strategy set in the Fund's business plan. The following paragraphs highlight key issues.

Investment and Funding

- 2.2 There are two significant aspects to the Investment and Funding plan for this year:
- delivering the Triennial Actuarial Valuation in a timely way.
 - delivering on the Committee's decision on the future asset pool for the Kent Fund.
- 2.3 There is a separate paper on today's agenda which covers the Fund's progress on Triennial Valuation and other Employer Governance matters. A separate paper has been prepared by Officers to update the Committee on progress regarding the future asset pool for the Fund.
- 2.4 The Fund's external audit by Grant Thornton of the Fund's accounts 24/25 has been completed. The Fund's Annual Report of Accounts for 24/25 have been approved.

Governance

- 2.6 Members of Board and Committee undertook a National Knowledge Assessment hosted by Hymans Robertson in September 2025. The collective results have recently been received by Officers. The results will be used to inform a robust training plan, which will be presented to Pension Board in 2026.
- 2.7 Earlier this year MHCLG launched consultations on Fit for Future and LGPS access and fairness. The Fund submitted responses but is still awaiting confirmation on how and when the regulations will be changed. Changes are anticipated to include governance requirements and set training expectations for Members. Any regulatory changes for pensions administration could mean the altering of past, present and future pensions, in what would be a serious increase in workload for the Fund and other Funds in the LGPS.
- 2.8 A further consultation was launched by MHCLG on 13 October 2025. The consultation is due to close on 22 December 2025. Officers intend to submit a consultation response. The consultation focuses on LGPS access and protections and there are four main areas where Funds are being asked to consider proposals:
- Academies in the LGPS
 - New Fair Deal
 - Normal minimum pension age
 - Pension access for councillors and mayors

- 2.9 Proposals from the consultation suggest that service impacts to the Fund would be broad ranging. Officers have flagged risk concerns due to resource availability and system functionality not being ready. The difficulty will be that any regulatory changes will be on-top of other recent complicated changes and potentially create a new backlog of work because cases cannot be dealt with. Please see details in the Risk Register paper.
- 2.10 Officers have completed the Fund's annual Scheme Return for the Pensions Regulator. This has involved the collation of Fund data which will determine the Fund's annual financial contribution.

Administration

- 2.11 As well as business as usual commitments, there are a number of important projects for the Pensions Administration team, including the concluding of McCloud Remedy Rectification in 2026. Members will be aware there has been a huge undertaking of resource on this project, which involves receiving records from the Fund's Employers.
- 2.12 Another important area of focus has been in data cleansing and backlog clearance, as part of the Fund's preparations for the national dashboard going live. Please see full details in the Pension Administration paper.

Continuous improvement projects

- 2.13 Officers across the Fund have been involved with KCC's adoption of Oracle Cloud. This has significantly impacted the delivery of financial operational processes across the Fund, such as budget management, budget monitoring, reconciliation and invoice payment. Full details are in the Projects Paper but are noted here due to the scale of the impact on the services of the Fund.

Budget update

- 2.14 The Fund's budget for 2024/25 has been reviewed and the position as at 31 October 2025 is shown in the **Appendix 1** to this report. The update shows some changes to budget, and these are noted below:
- The **Data Rectification** project is a multi-year exercise and is progressing, but the invoicing is dependent on progress made, and the profile of the payments is difficult to assimilate. It is anticipated that by the 31 March it will be closer to the total budget.
 - **Actuarial Fees** are always a little difficult to estimate in a Valuation year, and there is likely to be a small overspend of circa £50,000 due to the exceptional work needed.
 - **Pooling advice** – Due to the Government consultation and need to move swiftly an estimate of the support needed was made, which has proven to be overly pessimistic, and is likely to be significantly lower than this. However, the work is yet to be completed, and it is likely that additional support will be needed from the Investment consultant in 2026/27.

- Governance Staffin costs appear to be higher than the estimate, however this includes a reorganisation and includes some costs that were originally in Administration.
- **Fund manager fees** have increased when compared to the budget due to sharp increases in fund values during the year, and as fees are paid on the value of asset under management, this has led to an increase in fees.
- **Transaction costs** are always a challenge to estimate as they relate to individual transactions and transitions which are not known when setting the budget. These level of costs relate to two property purchases that are anticipated to take place in December. In addition, due to the transition to Border to Coast it is likely there will be higher than average transaction costs over the next year or two, however officers are working with Border to Coast colleagues to manage this.

3. Pension Board Independent Chair appointment

3.1 Members will recall that at the last meeting it was noted that the Pension Board would be starting the process to appoint an Independent Chair to support the Board in its scrutiny and oversight role. Further to this meeting the process was confirmed, and as the Board is a non-decision-making body, it is the Committee's responsibility to approve the appointment.

3.2 In addition, the proper process is for an independent member to be appointed to the Board, and the Board themselves then elect that member as Chair.

3.3 It is therefore proposed that the Committee:

- APPROVE the appointment of an Independent Member to the Pension Board subject to relevant recruitment and selection processes;
- DELEGATE authority to the Head of Pensions & Treasury to undertake the selection process and appoint the successful candidate to the Board;
- NOTE that there is scope for the Independent Member to be considered for the role of Independent Chair for Pension Board in 2026.

3.4 Subject to approval by the Committee, the search process will commence, with the objective of having the new member in place by the next meeting of the Board in March 2026. After appointment, the Independent Member can then be elected as Chair of Pension Board by members of the Board.

3.5 The selection of the Independent Member of Pension Board will be in accordance with the Pension Board's Terms of Reference ([Terms of reference for the Kent Local Pension Board](#)), as set out previously. This states that 'one of the independent members may be appointed as Chair' and that they must meet the criteria for being a reasonable member of the Board.

4. Local Government Reorganisation

4.1 Officers are considering the potential impacts of Local Government Reorganisation (LGR) on Kent Pension Fund. Current proposals indicate that Kent County Council and the District and Borough Councils in Kent will cease to exist in 2028 and be replaced by unitary authority(ies). Member may be aware that proposal(s)

have to be submitted to Government by the end of November 2025, and that a response will be received by the summer of 2026 at the latest.

- 4.2 Officers have been in discussions with colleagues from the Surrey Pension Fund, as Surrey County Council is ahead of Kent in its LGR work as it has a vesting day of 1 April 2027. Officers of the Surrey Pension Fund have been working on proposals for the future of the Fund, which is currently administered by Surrey County Council, and have developed a proposal to create a Single Purpose Pension Authority (SPPA). The proposal has received the support of the Fund's Pension Committee and will now continue through the governance process, ultimately requiring approval by the Secretary of State. Should it be approved, Surrey would become the third SPPA in the LGPS, following South Yorkshire Pension Authority and London Pension Fund Authority.
- 4.3 Officers will be working closely with Surrey to understand the case for a SPPA and to assess its relevance to Kent. Given LGR in Kent, Kent Pension Fund will need to be administered by a new authority. As KCC will no longer exist, it will be appropriate to consider all options.
- 4.3 Work continues ahead of the government decision on LGR given the tight timeframes for implementation, and updates will be given to the Board and Committee as further details about Kent's LGR emerge. Once the final shape of Local Government becomes clearer in 2026, it will shape the recommendation for the future of the Kent Pension Fund.

5. Committee Action Log

- 5.1 No actions have been recorded so far for 24/25. Should actions be identified during Committee meetings these will be added to the log.

Emma Green – Senior Pensions Programme Manager (Kent Pension Fund)
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December 2025

Appendix 1: Budget Forecast 25/26 as at 31 October 2025.

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Kent Pension Fund Budget Forecast 2025-26

| | 2025-26 Budget | 2025-26 Forecast | (Overspend)/Underspend |
|--|-------------------|-------------------|------------------------|
| Administration Staff | 3,529,236 | 3,470,423 | 58,813 |
| IT Expenses | 1,169,853 | 1,236,190 | (66,337) |
| Data Rectification Project | 2,011,996 | 1,656,505 | 355,491 |
| Pension Payroll Services | 270,442 | 282,971 | (12,529) |
| Printing and Mailing costs | 200,000 | 196,470 | 3,530 |
| Administration Other | 84,886 | 89,677 | (4,791) |
| Administration Expenses | 7,266,413 | 6,932,236 | 334,177 |
| Audit Fee | 121,429 | 121,429 | 0 |
| Audit Fee | 121,429 | 121,429 | 0 |
| Actuarial Fee | 471,260 | 528,161 | (56,901) |
| Direct Recovery of actuary, legal fees and admin costs | -327,397 | -296,614 | (30,783) |
| Investment Consultancy | 261,967 | 243,300 | 18,667 |
| Legal Fees | 69,776 | 59,464 | 10,312 |
| Governance Consultancy | 15,000 | 0 | 15,000 |
| Cyber Security | 2,000 | 0 | 2,000 |
| Performance Measurement Fees | 44,998 | 44,998 | 0 |
| Pooling Advice | 2,000,000 | 0 | 2,000,000 |
| External Advice | 2,537,604 | 579,309 | 1,958,296 |
| Governance Staff | 1,007,930 | 1,148,839 | (140,909) |
| Governance Other | 188,020 | 146,269 | 41,751 |
| KCC Overheads Recharges | 584,700 | 584,700 | 0 |
| Governance and Oversight Expenses | 1,780,650 | 1,879,808 | (99,158) |
| Pooling Costs | 302,492 | 302,492 | 0 |
| Fund Manager Fees | 31,145,722 | 32,256,125 | (1,110,403) |
| Custody | 47,358 | 47,358 | 0 |
| Transaction Costs | 2,707,788 | 13,580,520 | (10,872,732) |
| Investment Management Costs | 34,203,359 | 46,186,494 | (11,983,135) |
| Total | 45,909,455 | 55,699,276 | (9,789,821) |

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From: Chairman – Kent Pension Fund Committee
Interim Corporate Director of Finance

To: Kent Pension Fund Committee – 11 December 2025

Subject: Pensions Administration

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 July to 30 September 2025.

The report covers updates on the following areas:

1. Operations Team (previously known as Administration Team)
2. Recruitment
3. IDRs, Complaints, Compliments and Comments
4. Overpayment Recovery and Write Off Limits
5. Engagement and Systems Team
6. Technical and Training Team

Recommendations:

The Committee is recommended to:

- i. Note and comment on the report

Executive Summary:

| | Key Highlights | Risks & Areas to Monitor |
|------------------------|---|--|
| Operations Team | <p>Team Restructure: Five new work areas introduced to rebalance workloads and mitigate risks from future retirements.</p> <p>Mentoring & Office Days: Initiatives to promote knowledge sharing and support junior staff.</p> <p>Performance:</p> <ul style="list-style-type: none"> • 11,934 cases completed; 78.13% met legal targets. • Service score improved from 51 to 57 in CEM Benchmarking. • Costs per member rose to £31.43 but remain below peer average (£37.43). <p>Backlog Management: 13.36% of backlog outsourced to Hymans Robertson; 1,401 cases processed.</p> | <p>Workforce Age Profile: Potential loss of LGPS experience over next 5 years.</p> <p>Outstanding Cases: Increase of 437 cases; 16.6% are pending due to missing third-party information.</p> <p>Backlog: Only partial sign-off on processes outsourced to Hymans; further validation needed.</p> |

| | | |
|---------------------------------|--|--|
| Recruitment | <p>9 roles filled (mix of internal and external hires).</p> <p>Vacancy rate reduced to 12.81% (12 FTEs).</p> <p>Phased recruitment plan in place for remaining vacancies.</p> | <p>Vacancy Impact: Remaining 12.81% vacancies could affect service delivery.</p> |
| Customer Engagement | <p>Telephony Survey: 98% satisfaction rate; 96% had queries resolved at first contact.</p> <p>Website & Portal Usage:</p> <ul style="list-style-type: none"> Record 25,967 website visits in July. 9,539 new registrations for MyPension Online. <p>Pension Awareness Week: Multiple webinars and communications to boost member understanding.</p> | <p>Communication Issues: Several comments flagged poor communication, especially in August and September.</p> <p>Complaint: One member unable to reach the team due to dialling the wrong number.</p> |
| Technical & Training | <p>Annual Allowance letters sent on time.</p> <p>LGPS consultation reviewed for response.</p> | <p>Training Gaps: Reduced training sessions due to McCloud preparation; need to ensure readiness.</p> <p>Data Issues: Errors in final interface file need resolution before benefit rectification.</p> <p>Process Readiness: Ongoing software testing and documentation required.</p> |

FOR INFORMATION

1. Operations Team

Team Changes

- 1.1 Changes have been implemented in the Operations Team following a review of work volume and in response to training/recruitment needs. The Senior Management Team also undertook a risk assessment that considered the age profile of the workforce over a span of the next 5 years and compared this against attainment of normal pension age. The findings highlighted the potential to lose a significant number of years' of LGPS experience. To help mitigate these potential risks and address the demand in different areas of work changes have been made that are effective from 1 November 2025.
- 1.2 Prior to these changes the work teams were split into the following 5 areas of responsibility: Leavers and Retirements, Survivors and Urgent, Starters Transfers and Divorce, Aggregation and the Focus Team. This arrangement resulted in a disproportionate volume of work being managed by the Leavers

and Retirement Team, which increased the potential risk of a detrimental outcome for members' and colleagues.

- 1.3 A review was undertaken of work volumes in subject areas and considered the benefits of rebalancing the work teams to allow greater focus on retirement/estimate subject areas. The new 5 areas of responsibility have been defined as: Retirements, Estimates and Divorce, Deaths, Transfers and Interfunds, Aggregation. Adoption of this approach has allowed the balancing of staffing levels across the teams and better support the training and development needs identified across Pensions Operations.
- 1.4 Operations Team Managers are also undertaking a 6-month management review of their individual work area to establish and document best practice, which will support the smooth running of each team and ensure continuity in the future, once rotation is reintroduced.
- 1.5 Pension Officers have been empowered to provide mentoring to junior members of the team and greater opportunities to work alongside colleagues of all grades in person are being organised in the form of Team Office Days. These will be led by each of the 5 Team Managers and are being introduced to encourage organic knowledge sharing across all levels of the team.

Key Performance Indicators (KPIs)

- 1.6 **Appendix 1** details the number of cases outstanding at the start of the period, the number of new cases received during the period, the number of cases processed during the period and the number of cases outstanding at the end of the period. These figures exclude those cases which are being processed as part of the backlog project.
- 1.7 At the start of the period there were a total of 6,483 cases, 12,371 new cases were received, and 11,934 cases were completed. At the end of the period there were 6,920 cases outstanding. An increase of 437 cases. However, of these outstanding cases, 1,149 (16.60%) are on 'Reply Due' which are cases where there is information outstanding from an employer, member or third party and therefore cannot be progressed.
- 1.8 Of the 18 case types measured, 9 case types have fewer outstanding cases at the end of the period compared to the start of the period, these are: Survivors Pensions, Death Grants, Retirement Estimates, Deferred Benefits, LGPS Transfers In and Out, Non LGPS Transfers In, Divorces and Opt Outs. General Correspondence outstanding case numbers are the same at the end of the period as they were at the start of the period, therefore no increase or decrease.
- 1.9 **Appendix 2** details the performance against SLA and legal targets. Of the 11,934 cases completed, 8,513 (71.33%) were completed within the internal SLA target and 9,324 (78.13%) were completed within the legal target.

- 1.10 Of the 37 Initial Death cases over SLA target, 13 were completed within 4 days of the SLA target date.
- 1.11 Of the 32 Survivor Pension cases over SLA target, 10 were completed within 4 days of the SLA target date.
- 1.12 Of the 171 Active Member Retirement cases over SLA target, 61 were completed within 4 days of the SLA target date. Of the 163 Deferred Member Retirement cases over SLA target, 80 were completed within 4 days of the SLA target date.
- 1.13 The aim for Survivor Pensions and Retirement Benefits is to always ensure they are processed in time for the nearest payroll cut-off to the date due payment, or date all paperwork received if later.

CEM Benchmarking

- 1.14 The CEM Benchmarking Report for 2025 has been received. Costs per member have risen from £28.75 to £31.43. While this represents an increase, it remains well below the peer average of £37.43. A key factor in the rise is higher project-related spend year-on-year, though these costs are still lower than those of peers.
- 1.15 The service score has improved from 51 to 57, reflecting meaningful progress. Although it is still below the peer median of 63, the increase highlights the positive impact of the new telephony system and a noticeable rise in website engagement.
- 1.16 The areas for improvement from 2024's benchmarking related to telephony system and digital users and usage. Since then, an effective telephony system has been implemented meaning customers are able to reach the team quicker and get the answers they need at point of contact. In addition, the new member portal has increased digital engagement and allows members quick and easy access to the information they need. Both approaches align with the Kent Pension Fund business model.

Positive feedback from 2025

- Increased number of webinars
- Improved online functionality
- Improved telephony system
- Robust program for vulnerable members

Service Improvements Identified

- Regular surveys to gather feedback from customers
- Improve transaction times

- Increase number of self-service registered users and
- Use of social media for communicating with customers

Backlog

1.17 Lumera continues to prioritise the processing of 'quick win' backlog cases alongside other high-priority cases.

Case Summary by Category

| Category | With Lumera | | Queries | | | Completed | | Total | Other Out of Scope |
|--------------|---------------|--------------|-------------------|---------------|-------------|---------------|--------------|---------------|-----------------------|
| | For Review | In Checking | Employer Prepared | With Employer | With Client | Await Signoff | Signed Off | | |
| Concurrent | 2,910 | 427 | 176 | 0 | 3 | 26 | 139 | 3,681 | 489 |
| Aggregation | 5,914 | 1,003 | 453 | 0 | 3 | 118 | 399 | 7,890 | 1,663 |
| Deferred | 3,293 | 686 | 1,092 | 0 | 1 | 445 | 981 | 6,498 | 1,537 |
| Refund | 1,604 | 276 | 385 | 0 | 1 | 289 | 311 | 2,866 | 821 |
| Open Task | 144 | 0 | 1 | 0 | 0 | 0 | 1 | 146 | 374 |
| Total | 13,865 | 2,392 | 2,107 | 0 | 8 | 878 | 1,831 | 21,081 | 4,884 |

- 1.18 Hymans Robertson 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.
- 1.19 Hymans staff are now signed off by Kent for competency on the following processes:
- A or B aggregations
 - ERN aggregations
 - Concurrent aggregations
 - Leaver deferred benefit
 - Leaver Refund
- 1.20 The following processes still require sign off:
- Pre 2014 concurrent
 - C and D aggregation
 - Manual aggregation
 - Interfund in and out
- 1.21 As of 30 September, Lumera have provided 2,664 cases to Hymans to process, representing 13.36% of the total backlog. Of the 2,664, 597 had already been processed by Kent and of the remaining 2,067 cases, 1,401 have been processed by Hymans.

Oversea Proof of Life

- 1.22 The overseas proof of life exercise identified 954 pensioner members living overseas. The team dispatched letters to all qualifying members living abroad by 10 October 2025 and where valid email addresses permitted (for 903 members) the letter was subsequently supplemented by an email version with the entitlement form attached. As at the end of October, 152 completed entitlement forms had been received. Reminder letters will be issued to members in late November.

Voice of the Customer – Telephony Survey

- 1.23 On 1 October the Pension Operations Team launched the Voice of the Customer telephony survey. The survey has been designed to collect data regarding the overall provision of the telephony service. The survey questions have been designed to understand the member experience and to check that the Nimbus telephony system allows member to navigate the telephone menu with ease and reach an expert in the subject they wish to discuss. The member also has an opportunity to provide comments, when they may choose to provide details to identify them, if they wish the team to make contact.

| | |
|--|---|
| Qualifying calls handled | 1686 |
| Survey tasks created | 509 |
| Number of surveys returned | 124 |
| Feedback highlights - service | 98% reported either satisfied or very satisfied with service. (89% level 5 – very satisfied) |
| Feedback highlights – query answered at point of contact | 96% |
| Feedback highlights – call backs | 100% expecting a call back received one |

For context and to provide some further clarity regarding the results -

Calls handled – This figure excludes calls taken across death/survivor lines.

Survey tasks created – This figure represents the total number of surveys sent over the period. When considering this number, please note that some members may have asked not to be sent a survey and some records may not have an email address.

Number of surveys returned – when feedback is received it is anonymised and cannot be attributed to an individual member or call handler.

Comment highlights:

- I have a speech impediment, which I informed near the beginning of the call. She was very understanding saying that was no problem and to take my time.
- I also shared how helpful the ABS are now they are on-line. I found they had improved further this year, and it was really beneficial to have a 'play' with the calculations!
- Excellent service, whenever I have called the administration team at the Kent Pension Fund, they have always been very helpful and polite.
- That lady on the phone answered all my questions and even rang me back like she said, not many people do that so thank you.
- Kent have been by far the most helpful and proactive service I have dealt with in respect of my pension. I greatly appreciate the staff members who have assisted with my enquiries.
- Officer was professional knowledgeable and helpful. She has already actioned what was discussed.
- I would like to thank everyone at the Kent Pension Fund for all the help and support they have given me while trying to get my pension sorted over the last 7 months. At times it has been very trying, trying to get the information needed for my former employer, but you have supported me all the way. Everyone has been extremely helpful answering any questions I've had, especially the lady I spoke with today.

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 |
|------------------------------|----------------------|------------|--------|--|
| Deputy Team Manager | Engagement & Systems | 01/09/2025 | 1 | Internal – 6-month secondment |
| Team Manager | Operations | 01/10/2025 | 1 | Internal – made permanent after secondment |
| Engagement & Systems Officer | Engagement & Systems | 13/10/2025 | 1 | External – permanent |

| | | | | |
|--------------------------------------|----------------------|------------|---|---|
| Pensions Officer | Operations | 01/11/2025 | 1 | Internal – permanent |
| Pensions Assistant | Operations | 01/11/2025 | 1 | Internal – made permanent after 6-month FTC |
| Technical & Training Support Officer | Technical & Training | 01/11/2025 | 1 | Internal – made permanent after secondment |
| Engagement & Systems Officer | Engagement & Systems | 03/11/2025 | 1 | External – permanent |
| Pensions Assistant | Operations | 17/11/2025 | 3 | External - permanent |

2.2 The Administration section of the Fund is now carrying 12 FTE vacancies; this continuing the general downward trend of vacancies remaining, over the last 18 months. Over the last quarter, the team has had several vacancies filled by external candidates, this has brought the added benefit of not requiring further backfilling.

2.3 The total FTE for the Administration Team should be 93.62 (headcount of 109) when at full capacity. Therefore, the current vacancies represent 12.81%.

2.4 A schedule to fill the remaining vacancies is in place for the remainder of 2025 and 2026. A phased approach has been taken to filling the vacancies due to the time that needs to be invested in supporting colleagues in their new roles.

| Position | Team | No. of vacant positions |
|-------------------------------|---------------------------|-------------------------|
| Pensions Administrator | Operations | 4 |
| Pensions Officer | Operations | 1 |
| Senior Pensions Administrator | Operations | 3 |
| Deputy Team Manager | Operations | 1 |
| Engagement & Systems Officer | Engagement & Systems Team | 1 |
| Pensions Assistant | Engagement & Systems Team | 1 |
| Training Officer | Technical & Training | 1 |

Recruitment and Training – Operations Team

2.5 Following a successful recruitment campaign, the Operations Team will expand the Pension Assistant team in November by welcoming 3 new external colleagues. Now that the pool of Pension Assistants is at capacity, the team are planning to address the vacancies at Deputy Team Manager,

Pensions Officer, Senior Pensions Administrator and Pensions Administrator level through internal and external recruitment campaigns early in the new year. It is expected that this will in turn result in vacancies at Pension Assistant level again in the future (due to internal promotions), however there has previously been great success in attracting and recruiting full time external candidates at this level looking to begin a career in the pensions industry.

- 2.6 The recruitment process is being supported by the production of a 12-month training plan across the Operations Team and a revised approach to the movement of colleagues across the 5 new work teams. Prior to the Operations Team changes, movement of team members took place each month, however going forward movement will be informed by training and development needs and 1:1 conversations with line managers. This change has been made to address feedback from newly trained colleagues who expressed the need to spend longer on a subject post training to practice and embed the knowledge that has been taught. It is believed that this will also result in fewer errors, as colleagues should begin rotation with a better knowledge base and greater confidence in each subject.

3. *IDRPs, Complaints, Compliments and Comments*

- 3.1 Four new Stage 1 Internal Dispute Resolution Procedure (IDRP) appeals have been received. One was against the Administering Authority and related to the impact of taking redundancy in 2014 and the effects of McCloud. This has been referred to the Independent Adjudicator. Two were against Employers; one relating to an Ill Health Retirement award and one relating to Admission Agreement delays.
- 3.2 One of the Stage 1 applications related to Trivial Commutation with the member requesting clarification of the Regulations as another LGPS Fund has not allowed Trivial Commutation, which means Kent Pension Fund cannot proceed with the Trivial Commutation. So far, this has not been taken forward as an IDRP as clarification has been provided. The team are now waiting to hear if the member wishes to proceed with the appeal given the response sent.
- 3.3 A Stage 2 IDRP application has been received against an Employer's decision regarding Ill Health Retirement. This was reviewed by the Fund's independent adjudicator at Invicta Law, and the appeal was turned down.
- 3.4 For the period 1 July to 30 September 2025 a total of 1 complaint, 16 compliments and 37 comments were received. These have been summarised below:

| | Complaints | Comments | Compliments |
|------------|----------------------------------|---|--------------------------------------|
| Jul | 0 | 20 (x1 disagreement with policy or decision x1 good communication x18 poor communication) | 7 (all good communication) |
| Aug | 0 | 8 (all poor communication) | 5 (all good communication) |
| Sep | 1 (poor communication) | 9 (all poor communication) | 4 (all good communication) |

- 3.5 The complaint received in September was from a member who was trying to contact the team via telephone and stated that his call was not being answered, and no-one was returning his call for 3 weeks. A member of the team called the individual after receiving the complaint where it became evident that the member was calling the wrong number. His enquiry related to a pension in payment and was resolved satisfactorily.

4. Pension Overpayment Write Offs

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

| | Jul 2025 | | Aug 2025 | | Sep 2025 | |
|-----------------------|----------|-----------|----------|-----------|----------|-----------|
| | Number | Total (£) | Number | Total (£) | Number | Total (£) |
| £200-£5,000 | - | - | 1 | 63.24 | - | - |
| £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 audit commencing in November 2025.

5. **Engagement and Systems Team**

5.1 **Communications from members:**

| Month | Emails | Calls | 1:1 visits | Website Visits | MyPension Online (MPO) registration queries |
|-------|--------|-------|------------|----------------|---|
| Jul | 1,650 | 1,789 | 0 | 25,967 | 1,226 |
| Aug | 1,484 | 1,462 | 0 | 22,993 | 933 |
| Sep | 1,557 | 1,539 | 4 | 15,158 | 930 |

5.2 An email was issued to all members for whom we hold an email address informing them of the new multi factor authentication for MyPension Online. This resulted in an increase in communications from members.

5.3 25,967 visitors to the Kent Pension Fund website in July is the highest number of recorded visits in a month. 1,226 MPO queries received in July is over 700 more than the average and the most ever experienced.

5.4 In August, MPO queries remained high at 933 when the average is 500. Website visits and emails were still slightly above average in August, but calls returned to normal levels.

5.5 In September, MPO queries, emails, calls and website visits remained high and above average.

5.6 **Pension Awareness Week** – the Engagement and Systems Team organised a number of activities to promote Pension Awareness Week and Annual Benefit Statements (ABS'). For **ABS'**, this included an email to all employers advising that statements had been published on MyPension Online, including information about ABS' (and Pensions Awareness Week) on Kent County Council's (KCC's) intranet site, including information about ABS' in KCC September and October payslips. For **Pensions Awareness Week** the team organised a webinar: 'Understanding your ABS' on 10 September, a 'Your pensions and financial wellbeing' webinar was hosted by Affinity on 15 September, 'Lunchtime with Pensions' was held face-to-face at Sessions House on 9 September and an 'Overview of the LGPS' webinar was held for Kent Police members on 18 September.

5.7 **MyPension Online (MPO)** – during the period 1 July to 30 September, the team responded to 3,086 registration queries and sent out 1,294 activation code letters. During this period, there were 56,311 visitors to the MPO page on the Kent Pension Fund website. In total over this period, 9,539 members registered for MPO.

As at 30 September:

| | Unique member records | Employment records |
|------------------|-----------------------|--------------------|
| Active | 18,005 | 19,522 |
| Deferred | 8,721 | 9,805 |
| Pensioner | 8,378 | 9,698 |

5.8 **Kent Pension Fund website** – representatives across the administration team meet regularly to review the Fund's website. They look at maintaining and developing the member area of the website, focussing on member journeys and administration processes, looking to make improvements where possible. Some of the changes made to the Fund website include:

- An article in the [member news](#) section regarding Pensions Dashboard
- Updated information about the [overseas proof of life exercise](#)
- The Fund's [draft Annual report and Accounts](#) was published
- The Autumn issue of [Open Lines](#) was published
- The updated version of the [Communications Policy](#) was published
- An article in the [member news](#) section regarding the LGPS Access and Protections consultation
- Information regarding [2026 Pensions Increase](#)

5.9 All **Annual Benefit Statements** were published on MyPension Online for the first time. With paper copies being posted to those members who have opted out of digital communication.

| | No. published to MPO | Date published | No. sent via post | Date sent |
|-----------------|----------------------|----------------|-------------------|------------|
| Active | 51,232 | 19/08/2025 | 1,105 | 20/08/2025 |
| Deferred | 50,215 | 30/07/2025 | 289 | 28/07/2025 |

5.10 From 1 October, the team have restructured into two focussed sub-teams: an 'Engagement Team' – focussing on educating stakeholders and helping employers with day-to-day responsibilities, and a 'Systems Team' – focussing on iConnect, MyPension Online and Pensions Dashboard etc.

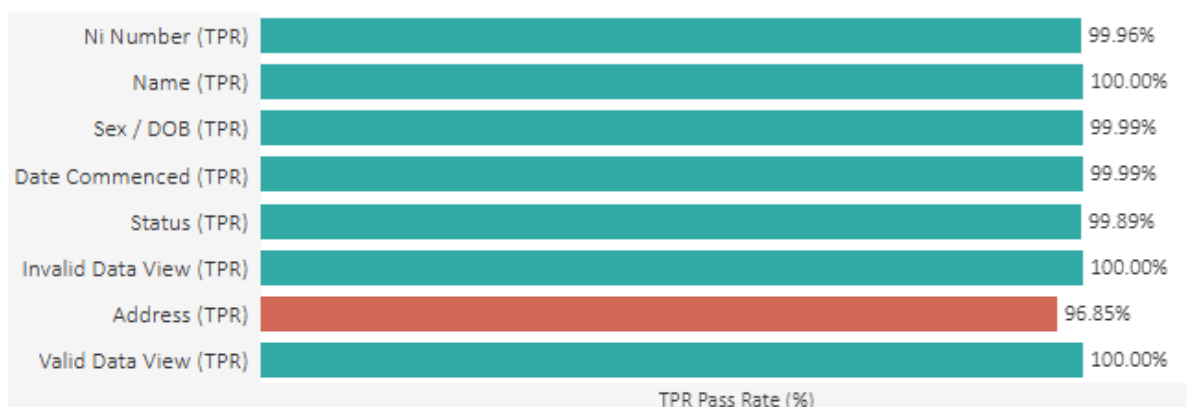
5.11 The team are developing a suite of **Data Quality** reports which will be run on a regular basis. This will improve the overall quality of the Fund data and will help to reduce queries at year and at Valuation. This will also support the success of the Pensions Dashboard. The Data Quality Policy will be updated to reflect the additional data cleansing work that is being scheduled. The team will also be writing a Data Improvement Plan using guidance from the Pensions Regulator.

Common and Scheme Specific Data Scores

| Data Type | TPR Pass Rate % |
|-----------------|-----------------|
| Common | 97.8 |
| Scheme Specific | 94.55 |

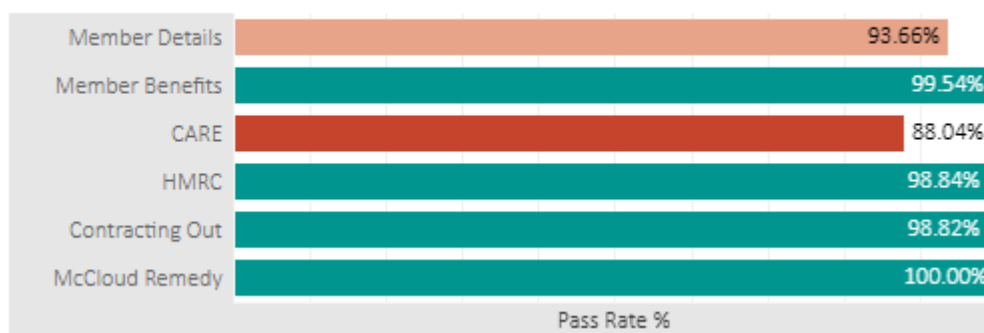
Common Data:

TPR Pass Rate % by Test Category



Scheme Specific Data:

Grand Total | TPR Pass Rate % by Test Category



5.12 For the period 1 July to 30 September, the following employers were successfully onboarded to **iConnect**:

- MHS Homes Limited
- Caterlink re Future Schools Trust
- Fusion Lifestyle
- Golding Homes Ltd
- Sutton at Hone & Hawley PC
- St Thomas More Academy
- St William of Perth Academy

- 5.13 The team are working with another 86 employers to onboard before April 2026, all of which require part year end returns processed manually before onboarding. Then around 150 employers will be onboarded on 1 April 2026.
- 5.14 The current aim is to then have the remaining circa 100 employers onboarded to iConnect by April 2027, dependent on engagement from employers.

6. *Technical and Training Team Update*

- 6.1 **Team news** – The team welcomed 3 new permanent members of staff, 2 x Technical and Compliance Consultants and a Technical and Training Support Officer. This extra resource will help to supplement the team with projects that have been delayed due to the introduction of McCloud. The Team still has a vacancy for a Training Officer. The plan is to re-focus this role to a specific Pensions Assistant Training Officer to ensure that new colleagues joining at entry level have an excellent foundation on which to build success for the future.

- 6.2 **McCloud** – The final interface file containing membership data to be uploaded to the administration system was received from Lumera on 19 September. The team are currently reviewing and trying to resolve the data and mismatch errors before reports can be run to identify those members impacted by McCloud that require benefit rectification. Work is ongoing with Lumera regarding some of these and also with further files required.

The Technical Team continue with software testing and are working on processes and procedure notes to assist the Operations Team once McCloud is implemented.

- 6.3 **Annual Allowance** – Pension Saving Statements were sent to 45 members regarding the Annual Allowance exercise for the 2024/25 tax year. These were despatched before the HMRC deadline date (6 October). The team are currently dealing with queries resulting from this exercise.

- 6.4 **Local Government Pension Scheme in England and Wales: Scheme improvements (access and protections) Consultation** – The government have published a new consultation document regarding further changes to the LGPS. This includes:

a) Normal Minimum Pension Age – proposals to amend the Normal Minimum Pension Age to age 57, following the Finance Act 2022, and to ensure that members with a Protected Pension Age can still take pension benefits at that age except for members that have transferred benefits into the LGPS.

b) Mayors and councillors – proposals to extend access to the scheme for councillors and mayors in England.

c) Academies and applications for directions – proposals to put criteria for applications for directions into legislation, and to remove SoS consent where all criteria are met.

d) New Fair Deal – proposals to implement Fair Deal protections in the LGPS, aligning across government in ensuring continued access to the LGPS for outsourced workers.

The team will review these changes along with other members of Kent Pension Fund in order to respond to the consultation by the deadline of 22 December.

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

6.5 Training figures for the period 1 July – 30 September 2025

| | |
|--|----|
| In house training sessions | 10 |
| Sessions led by Training Officers | 1 |
| McCloud regulations whole section training | 0 |
| 3-day residential LGPS Insights course | 3 |

6.6 The training sessions have reduced during these months in response to the Training Team switching focus to prepare for the implementation of McCloud and ensuring adequate staffing on BAU during the summer period. This period enables the Training Officers to review notes, test and familiarise themselves with the new calculations and processes for the McCloud Remedy being actively implemented in the pension section.

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December 2025

Appendix 1 – Case Totals

Appendix 2 – KPI Performance

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Appendix 1 - Case Totals

| Category | Outstanding at Period Start | Created in Period | Complete at End of Period | Outstanding at End of Period | Increased/D ecreased | Outstanding (Excluding External Reply Due) | Outstanding (External Reply Due) |
|-------------------------------------|-----------------------------------|----------------------|---------------------------------|------------------------------------|-------------------------|---|--|
| Grand Total | 6,483 | 12,371 | 11,934 | 6,920 | Increased | 5,771 | 1,149 |
| A1: Deaths | 62 | 376 | 363 | 75 | Increased | 48 | 27 |
| A2: Survivors Pensions | 72 | 139 | 157 | 54 | Decreased | 34 | 20 |
| A3: Death Grant Payment | 29 | 112 | 120 | 21 | Decreased | 13 | 8 |
| A4: Payment of Retirement Benefits | 393 | 981 | 947 | 427 | Increased | 251 | 176 |
| A5: Estimate of Retirement Benefits | 543 | 1,250 | 1,338 | 455 | Decreased | 323 | 132 |
| A6: Refunds | 564 | 988 | 906 | 646 | Increased | 482 | 164 |
| A7: Deferred Benefits | 720 | 750 | 761 | 709 | Decreased | 546 | 163 |
| A8: LGPS Transfer In | 60 | 27 | 50 | 37 | Decreased | 21 | 16 |
| A9: LGPS Transfer Out | 238 | 126 | 177 | 187 | Decreased | 171 | 16 |
| A10: Aggregation | 1,184 | 834 | 725 | 1,293 | Increased | 1,032 | 261 |
| A11: Non LGPS Transfer In | 43 | 59 | 69 | 33 | Decreased | 23 | 10 |
| A12: Non LGPS Transfer Out | 121 | 139 | 123 | 137 | Increased | 83 | 54 |
| A13: Divorces | 50 | 131 | 134 | 47 | Decreased | 39 | 8 |
| A14: General Correspondence | 119 | 2,108 | 2,108 | 119 | Same | 106 | 13 |
| A15: Change of Details | 9 | 1,055 | 1,051 | 13 | Increased | 5 | 8 |
| A16: Lost Pension | 27 | 173 | 170 | 30 | Increased | 15 | 15 |
| A17: New Joiners | 2,111 | 2,977 | 2,587 | 2,501 | Increased | 2,500 | 1 |
| A18: Opt Outs | 138 | 146 | 148 | 136 | Decreased | 79 | 57 |

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Appendix 2 - KPI Performance

| Tolerance | | | | |
|-----------|-------|----------|-------|------|
| 90%+ | Green | 80 - 90% | Amber | 80%- |
| | | | | Red |

| Category | Subcategory | Complete at End of Period | # Completed Within KPI Target | % Completed Within KPI Target | # Completed Within Legally Required Response Time | % Completed Within Legal Target |
|-------------------------------------|---|---------------------------|-------------------------------|-------------------------------|---|---------------------------------|
| A1: Deaths | B1: Initial Death Notification | 363 | 326 | 89.80% | 349 | 96.10% |
| A2: Survivors Pensions | B2: Survivors Pensions Pensioner or Deferred Pensioner (Actual) | 136 | 106 | 77.90% | 131 | 96.30% |
| | B3: Survivors Pensions Death in Service (Actual) | 8 | 6 | 75.00% | 7 | 87.50% |
| | B4: Survivors Pensions (Estimate) | 13 | 12 | 92.30% | 13 | 100.00% |
| A3: Death Grant Payment | B5: Death Grant Payment (Pensioner, Deferred Pensioner, Death in Service) | 120 | 110 | 91.70% | 117 | 97.50% |
| A4: Payment of Retirement Benefits | B6: Payment of Retirement Benefits for Active members (Actual) | 357 | 186 | 52.10% | 352 | 98.60% |
| | B7: Payment of Retirement Benefits for Deferred Benefit members (Actual) | 590 | 427 | 72.40% | 580 | 98.30% |
| A5: Estimate of Retirement Benefits | B8: Estimate of Retirement Benefits for Active members | 449 | 363 | 80.80% | 438 | 97.60% |
| | B9: Estimate of Retirement Benefits for Deferred Benefit members | 889 | 824 | 92.70% | 870 | 97.90% |
| A6: Refunds | B10: Notification of Refund Entitlement | 609 | 274 | 45.00% | 274 | 45.00% |
| | B11: Payment of Refunds | 297 | 280 | 94.30% | 295 | 99.30% |
| A7: Deferred Benefits | B12: Provision of Deferred Benefit Statements | 761 | 237 | 31.10% | 237 | 31.10% |
| A8: LGPS Transfer In | B13: LGPS Transfer In Estimates | 16 | 2 | 12.50% | 6 | 37.50% |
| | B14: LGPS Transfer In Actuals | 34 | 2 | 5.90% | 4 | 11.80% |
| A9: LGPS Transfer Out | B15: LGPS Transfer Out Estimates | 89 | 37 | 41.60% | 74 | 83.10% |
| | B16: LGPS Transfer Out Actuals | 88 | 6 | 6.80% | 29 | 33.00% |
| A10: Aggregation | B17: Aggregation In Estimates | 101 | 22 | 21.80% | 27 | 26.70% |
| | B18: Aggregation In Actuals | 609 | 237 | 38.90% | 237 | 38.90% |
| | B19: Reversal of Auto Aggregation | 15 | 6 | 40.00% | 8 | 53.30% |
| A11: Non LGPS Transfer In | B20: Non LGPS Transfer In Estimate | 43 | 20 | 46.50% | 38 | 88.40% |
| | B21: Non LGPS Transfer In Actual | 26 | 18 | 69.20% | 23 | 88.50% |
| A12: Non LGPS Transfer Out | B22: Non LGPS Transfer Out Estimate | 107 | 54 | 50.50% | 104 | 97.20% |
| | B23: Non LGPS Transfer Out Actual | 16 | 4 | 25.00% | 13 | 81.30% |
| A13: Divorces | B24: Pension Sharing on Divorce Estimates | 134 | 123 | 91.80% | 133 | 99.30% |
| | B25: Pension Sharing on Divorce Implementations | 0 | 0 | | 0 | |
| A14: General Correspondence | B26: General Correspondence with scheme members | 2,108 | 1,976 | 93.70% | 2,091 | 99.20% |
| A15: Change of Details | B27: Change of Scheme Member Details | 1,051 | 1,047 | 99.60% | 1,049 | 99.80% |
| A16: Lost Pension | B28: Lost Pension | 170 | 151 | 88.80% | 158 | 92.90% |
| A17: New Joiners | B29: New Starters to the Scheme | 2,587 | 1,583 | 61.20% | 1,583 | 61.20% |
| A18: Opt Outs | B30: Opt Outs under 3 months | 148 | 74 | 50.00% | 84 | 56.80% |
| Total | | 11,934 | 8,513 | 71.33% | 9,324 | 78.13% |

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| | |
|-----------------|---|
| From: | Chairman Pension Fund Committee Interim Corporate Director - Finance |
| To: | Pension Fund Committee – 12 December 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 Appendix 1.

Recommendation:

The Committee is asked to note the report.

FOR INFORMATION

1. INTRODUCTION

- 1.1 This report provides an update on the Fund's investment activity and performance, as well as on responsible investment developments that have taken place since the Committee's last meeting.

2 FUND VALUE AND ASSET ALLOCATION

- 2.1 As of 31 October 2025 (the latest available data), the Fund's value was £9.4bn compared to £8.7bn as at 30 June 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 | 58.8 | 5.8 | In range |
| UK Equities | 10 | +/- 2.5 | 11.5 | 1.5 | In range |
| Global Equities | 38 | +/- 5 | 41.5 | 3.5 | In range |
| Emerging Market Equities | 5 | +/- 2.5 | 5.8 | 0.8 | In range |
| Fixed Income | 22 | +/- 5 | 17.7 | -4.3 | In range |
| Credit | 15 | +/- 5 | 14.5 | -0.5 | In range |

| | | | | | |
|--------------------------|------------|---------------|-------------|-------------|-----------------|
| RMF (Index Linked Gilts) | 7 | - | 3.2 | -3.8 | N/A |
| Alternatives | 25 | +/- 10 | 22.3 | -2.7 | In range |
| Absolute Return | 5 | - | 4.9 | -0.1 | N/A |
| Infrastructure | 5 | - | 4.5 | -0.5 | N/A |
| Private Equity | 5 | - | 4.6 | -0.4 | N/A |
| Property | 10 | - | 8.4 | -1.7 | N/A |
| Cash | 0 | 5 | 1.2 | 1.2 | In range |
| Total | 100 | | 100 | | |

- 2.2 The current asset allocation is broadly aligned with the new strategic asset allocation, allowing for approved tolerance bands. Global, UK and emerging market equities are overweight and conversely private equity, infrastructure, property and the risk management framework are underweight. Some excess cash is being held to meet liquidity requirements for the Fund's alternatives portfolio including private equity and infrastructure drawdowns.
- 2.3 Whilst the current asset allocation remains in range of the Fund's approved tolerance bands, Officers are recommending that Committee agree to a rebalancing of global equities.
- 2.4 DTZ have identified two properties requiring c.£180m of cash inflow into their portfolio. There is sufficient cash available within the Fund to meet DTZ's potential immediate requirements and this will be used to fund the investments in the very short term. However, the situation presents the opportunity to consider opportunistically rebalancing from equities, given the Fund's overweight position, equities strong returns over 2025 YTD and equity valuations on many metrics also at historic highs. Cash from redeeming investments will be held to meet liquidity requirements for the Fund's alternatives portfolio including private equity and infrastructure drawdowns.
- 2.5 Further detail on the rebalancing recommendation is discussed in the Strategy paper under agenda item 11 on today's agenda

Investment performance: quarter to 30 September 2025

- 2.6 The Fund's investments returned 4.7% in the three months to 30 September 2025, compared to the benchmark return of 4.4%.
- 2.7 **UK equities** delivered strong gains over the quarter, with the FTSE All Share Index rising 6.9%. The market showed an increased focus on fiscal and political risks this quarter, and with cautious trading updates from several UK corporates, domestically oriented small and mid-caps underperformed. However, large cap stocks with significant overseas earnings benefitted from a weaker sterling early in the quarter. The Fund's UK equity manager, Schroders, returned 5.5% over the quarter, underperforming the 6.9% benchmark due to the increased allocation to small and mid-caps.
- 2.8 **Global equities** rose strongly over the quarter as investor optimism was supported by resilient economic data and expectations of interest rate cuts in early 2026. However, geopolitical tensions and mixed corporate earnings limited gains in some regions. The MSCI ACWI returned 9.5% in sterling terms and

7.6% in local currency during the three months to 30 September 2025. The Fund's global equity mandates collectively returned 6.9%, underperforming the benchmark.

- 2.9 Amongst the Fund's global equity managers, all except the Schroders Global Active Value portfolio underperformed their respective benchmarks. Baillie Gifford returned 4.4% against its fixed weight regional benchmark of 8.1%, while M&G, Impax and Robeco delivered returns of 6.7%, 6.8% and 8.0% respectively, compared with the MSCI ACWI benchmark of 9.5%. The Schroders Global Active Value Fund outperformed, returning 10.8% over the quarter due to strong positioning and stock selection.
- 2.10 After taking into account the impact of the Risk Management Framework, overall global equities performance increased slightly to 7.1%, though this was still below the 80% MSCI ACWI benchmark of 7.6%.
- 2.11 **Emerging market equities** delivered strong gains over the quarter, supported by improving economic data, easing inflation pressures, and renewed investor confidence following the extension of the US-China trade truce and strong optimism in AI and technology. The MSCI Emerging Markets Index rose 12.6% in sterling terms for the three months to 30 September 2025.
- 2.12 The Fund's emerging market equity portfolio outperformed the benchmark with an overall return of 15.1%. Both of the Fund's managers added value of this period, with Robeco returning 16.7% and Columbia Threadneedle returning 13.4%. Outperformance was driven by strong stock selection in Asian markets and an overweight to technology and consumer sectors.
- 2.13 **Fixed income** markets delivered modest positive returns over the quarter due to a supported environment for credit. High yield outperformed investment grade credit in the quarter, reflecting the ongoing investor demand for yield. US investment grade credit spreads declined, helped by resilient consumer sector and lower interest rates following the weakening in the US labour market. Corporate bonds also outperformed government debt, supported by improving risk sentiment. The Fund's credit mandates returned 1.9% in the three months to 30 September 2025, outperforming the composite benchmark return of 1.0%. All of the Fund's fixed income managers outperformed their respective benchmarks. CQS and M&G delivered returns of 2.4% and 1.5%, respectively, against their cash benchmarks of 1.0%. The Schroders Strategic Bond Portfolio returned 2.7% vs a benchmark of 1.1%, while Goldman Sachs achieved 1.4% against a 0.9% benchmark.
- 2.14 The Index Linked Gilts portfolio, which is a buy and hold portfolio and is part of the Risk Management Framework (RMF) managed by Insight, returned -3.5% in the quarter as real yields rose sharply and affected our buy and hold portfolio.
- 2.15 **Property** total returns were 1.4% in the quarter, below the MSCI UK All Property index return of 1.7%. In the wider market, all major sectors delivered positive total returns, supported by stabilising valuations and renewed investor interest, particularly within the industrial and residential sectors. The office sector continued to face structural challenges but showed signs of improvement as rental growth remained resilient in prime locations. Within the Fund's property portfolio, the direct property portfolio returned 1.2% against the benchmark. Fidelity outperformed with a return of 1.6% compared to the Balanced Property Index return of 1.2%. The M&G Residential Property Fund

also performed strongly, posting a return of 1.4% in the quarter. The UK Active Value Property Fund (formerly Kames) underperformed with a return of -1.2% against the same benchmark.

- 2.16 Amongst the two **absolute return** mandates, Pyrford and Ruffer achieved absolute returns of 1.9% and 3.4%, respectively - outperforming the RPI benchmark of 0.4%.
- 2.17 All three of the **private equity** and **infrastructure** managers outperformed their cash benchmark of 1.0% in the quarter. HarbourVest showed the greatest outperformance with a return of 5.2%, whilst YFM had a strong return of 3.6%, followed by Partners Group who returned 2.8%.

3 Longer term performance

- 3.1 For the year ended 30 September 2025, the Fund achieved an overall return of 8.8%, outperforming the benchmark return of 8.5%. All asset classes excluding property, UK and global equities outperformed their respective benchmarks during the year.
- 3.2 Fixed income delivered strong results, supported by stable yields and tightening credit spreads. All of the Fund's credit managers outperformed their benchmarks, with CQS posting the highest return of 8.1% against a 4.4% benchmark. Collectively, the Fund's credit mandates returned 6.7%, outperforming the composite benchmark return of 4.1%.
- 3.3 Equities produced robust absolute returns but underperformed their benchmarks. Global equities returned 12.7% overall against the MSCI ACWI benchmark of 16.7%, while UK equities returned 13.7% against the FTSE benchmark of 16.2%. Within global equities, Schroders Global Active Value was the only manager to outperform, delivering 19.9% for the year. Emerging market equities were the strongest performer during the year, returning 24.6% against a benchmark of 16.9%, with both managers producing strong results.
- 3.4 Absolute return strategies also contributed positively during the year, with both Ruffer and Pyrford outperforming the cash benchmark of 4.5%. Ruffer returned 6.6% and Pyrford 5.7% over the year.
- 3.5 Within alternatives, Partners Group was the best performer, achieving 19.1% against the SONIA benchmark of 4.6%, while private equity also generated a positive return of 7.5% against the same benchmark.
- 3.6 For the three-year period, the Fund returned 6.0%, below the benchmark of 8.5%. The main detractors from performance over this period were global and UK equities, as well as some underperformance from absolute return and private equity managers.
- 3.7 Global equities returned 12.9% against the 15.7% MSCI ACWI benchmark, with the M&G Global Dividend Fund being the only mandate to perform in line with the benchmark. Impax remained the largest detractor from performance within the global equity portfolio. The Fund's fixed income portfolios continued to provide consistent outperformance, however, with the credit mandates returning 8.9% collectively against a benchmark of 5.3%.
- 3.8 Alternatives produced mixed results during this period, with Partners Group again recording strong outperformance within the infrastructure asset class,

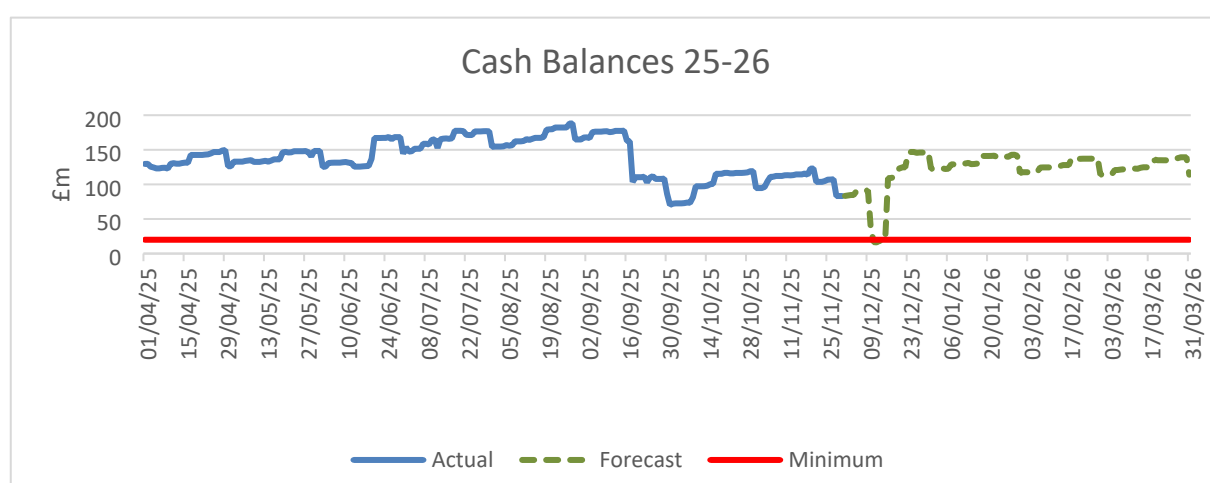
returning 11.9% compared to the benchmark of 4.7%, while pooled property and private equity underperformed over the same period.

4 CASH FLOW

- 4.1 The cash balance as of 30 September 2025 was £105.2m, down from £144.4m at the end of the previous quarter. This figure excludes c.£109m 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 has been 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. This cash is earmarked for use with DTZ to complete on the purchase of the large property portfolio, as discussed in section 2 of this paper. Following Officer's recommendation, this cash will be replaced following a rebalancing of the global equities mandate.

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 21 November 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 reflects a quick drop to near minimal levels, which is following the property purchases reflected above. However, following this and the rebalancing of global equities, cash balances are 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 Q3,Q4 £m | 2026-27 Full Year £m | 2027-28 Full Year £m |
|--|---------------------------------|-------------------------------------|-------------------------------------|
| Opening cash balance | 105.2 | 118.6 | 234.2 |
| Revenue | | | |
| Pensions contributions | 162.5 | 326.0 | 339.0 |
| Property income | 8.7 | 18.0 | 18.6 |
| Total inflows | 171.2 | 344.0 | 357.6 |
| Pensions payments | -155.5 | -328.0 | -337.6 |
| Admin, governance and oversight | -7.1 | -7.7 | -7.9 |
| Investment management fees | -1.9 | -4.0 | -4.2 |
| Total outflows | -164.6 | -339.8 | -349.7 |
| Net revenue cashflow | 6.6 | 4.2 | 7.9 |
| Investments | | | |
| YFM | -5.4 | 45.9 | 38.2 |
| Partners Group | 31.5 | 106.0 | 95.0 |
| HarbourVest | -55.0 | 11.5 | 77.4 |
| Property purchases | -180.0 | 0.0 | 0.0 |
| Liquidation of Insight ILF | 110.0 | 0.0 | 0.0 |
| Global Equities rebalancing | 90.0 | 0.0 | 0.0 |
| Potential new infrastructure | 0.0 | -28.0 | -104.0 |
| Potential new private equity | 0.0 | -24.0 | -70.0 |
| Net investment cashflow | 6.8 | 111.4 | 36.6 |
| Closing internal cash balance | 118.6 | 234.2 | 278.8 |
| Cash held with Insight | 0.0 | 0.0 | 0.0 |
| Total cash balance (internal + Insight) | 118.6 | 234.2 | 278.8 |

- 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 figures in the table above include cash flows from planned commitments to private equity and infrastructure, as well as the imminent property purchases and portfolio rebalancing mentioned earlier in this paper. In addition, 2026-27 and 2027-28, the Fund's alternatives allocation is expected to provide large inflows as a result of the alternatives allocation being mostly fully drawn and resulting to distributing. Additionally, as a result of the Fund's decision to join Border to Coast, the Fund will be exploring opportunities for investment within the alternatives portfolio and initial estimates for cash flow have been added.

These figures are indicative and no decision has yet been made regarding BCPP propositions.

- 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 recommendation within section 2 above, officers have no concerns over liquidity.

5 Responsible Investment Update

- 5.1 In preparation of our transition to Border to Coast from the ACCESS Pool, we will be working closely with the new pool to implement and discharge the Fund's stewardship responsibilities. We are currently in the process of familiarising and integrating our policies and procedures with BCPP in preparation for formal onboarding.
- 5.2 Officers were invited to a meeting with a representative from Border to Coast to discuss the Fund's Responsible Investment views and policy. This information is being gathered from all of the Border to Coast partner funds to infer their new Responsible Investment Strategy that is in the process of being reviewed.
- 5.3 Officers attended the first Responsible Investment Officer Operations Group (RI OOG) meeting with representations across all partner funds on 17 November. These meetings will take place quarterly.
- 5.4 In this meeting, the pool provided an update on the reporting cycles for the RI Strategy, Engagement strategy & RI Policies. Once these reports have been agreed by the Borders to Coast Board they will be shared with the committee.

6 Voting Activity for the 3 months to 30 September 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 30 September 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 | 31 | 358 | 25 |
| Schroders | WS ACCESS UK Equity Fund | 14 | 197 | 49 |
| Schroders GAV | WS ACCESS Global Active Value Fund | 45 | 302 | 197 |
| M&G | WS ACCESS Global Dividend Fund | 2 | 7 | 9 |
| Robeco | WS ACCESS Global Stars Equity | 0 | 0 | 0 |
| Robeco | WS ACCESS EM Equity Fund | 3 | 43 | 5 |
| Columbia Threadneedle | WS ACCESS Emerging Markets Equity Fund | 24 | 133 | 45 |
| Ruffer | WS ACCESS Absolute Return Fund | 12 | 175 | 24 |
| NON-POOLED | | | | |
| Impax | Impax Environmental Markets (Ireland) Fund | 4 | 53 | 4 |
| Pyrford | Global Total Return | 5 | 67 | 3 |

6.4 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 Robeco Global Stars can be found in Appendix 2.

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 30 September 2025 is set out in the table below:
- 8.7 Baillie Gifford Global Equity Core, Ruffer Absolute Return Fund, Robeco Global

| Fund | Manager | Average Stock on Loan | % On Loan | Net Earnings |
|---|-----------------------|-----------------------|-----------|--------------|
| | | £m | | £m |
| WS ACCESS Global Equity Core | Baillie Gifford | 109.741 | 11.3 | 0.079 |
| WS ACCESS Global Dividend | M&G | 114.563 | 7.7 | 0.032 |
| WS ACCESS Absolute Return | Ruffer | 97.301 | 21.8 | 0.043 |
| WS ACCESS UK Equity | Schroders | 44.369 | 4.7 | 0.015 |
| WS ACCESS Global Active Value Fund | Schroders | 21.350 | 4.5 | 0.017 |
| WS ACCESS EM Equity Fund | Robeco | 32.463 | 12.4 | 0.042 |
| WS ACCESS Emerging Markets Equity Fund | Columbia Threadneedle | 12.591 | 4.3 | 0.030 |
| WS ACCESS Global Stars Equity Fund | Robeco | 20.923 | 1.4 | 0.005 |
| Total | | 453.301 | | 0.263 |

Stars Equity Fund, Robeco EM Equity Fund & Columbia Threadneedle Emerging Market Equity Fund, lent a total of six of the top ten revenue earning stocks, which included: Rivian Automotive INC, United States Treasury, Shopify Inc, Visa INC, United States of America Treasury Notes & Duality Biotherapeutics.

Appendices

Appendix 1 – Quarterly Performance Report (30 September 2025)

Appendix 2 – Engagement Example – Robeco Global Stars

Sangeeta Surana (Pension Fund and Treasury Investments Manager)
Connor Steensel (Investments Accountant)
Jess Cunningham (Investments Accountant)

T: 03000 416738 / 03000 423231 / 03000 417248

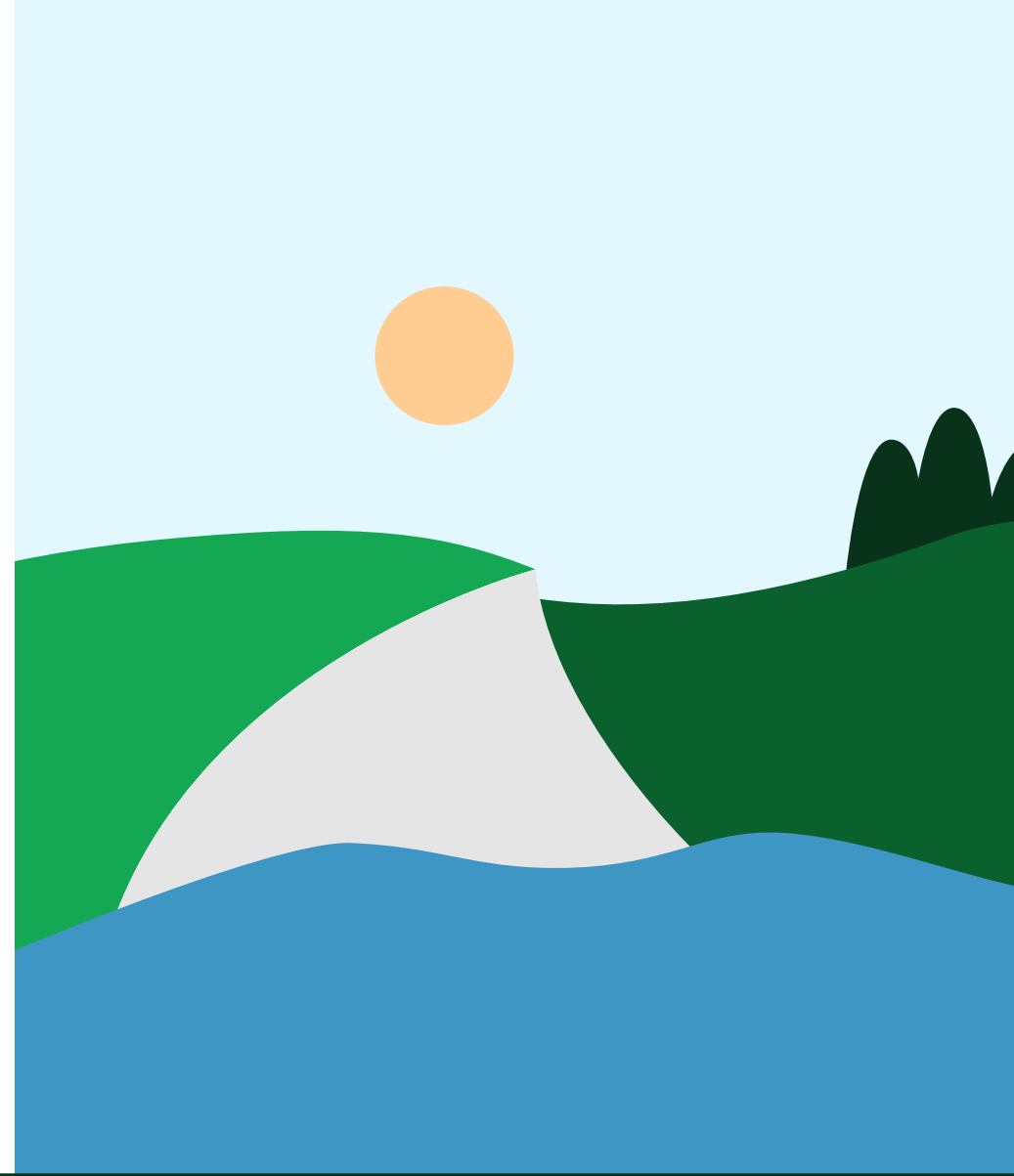
E: sangeeta.surana@kent.gov.uk / connor.steensel@kent.gov.uk / jessica.cunningham@kent.gov.uk

24 November 2025

Kent Pension Fund

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Q3 2025 Fund Performance

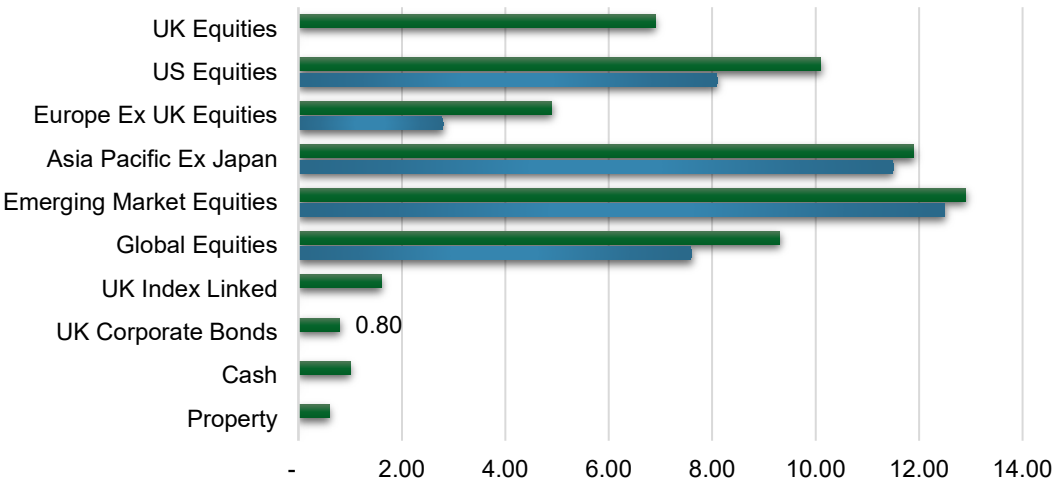


Market Commentary

- Page 2 of 2
- In the third quarter, financial markets were driven by the resilience of economic growth with equities continuing to rally and bond returns mixed. While some developed market (“DM”) central banks continued cutting rates, policymakers warned that the outlook warranted a cautious approach on the back of potential risks emerging from tariff and trade. In the third quarter, the US Federal Reserve (“Fed”) reduced its policy rate by 25 basis points (bps), amid tensions between President Donald Trump and members of the central bank, including Chair Jerome Powell. Interestingly, economic resilience shone through with growth surpassing expectations, even as the labour market softened. In Europe, the ECB (“European Central Bank”) left rates unchanged, with Germany’s fiscal stimulus supporting the growth story. Notably, the change in leadership in France stirred some volatility in regional markets. Overall, bond yields were mostly higher across DMs, while global equities ended the quarter on a positive note.
 - US real GDP rose at an annual rate of 3.8% in Q2 2025, up from a 0.6% fall in Q1 2025. Headline US inflation increased to 2.9% in August 2025 from 2.7% in June 2025. Core inflation was at 3.1% in August, up from 2.9% at the end of June. The Fed, at its September meeting, decided to cut interest rates by 25 bps lowering the Fed funds rate to 4%-4.25%. In the Summary of Economic Projections, the median projection showed three fed funds rate cuts in 2025.
 - In Q2 2025, seasonally adjusted GDP increased by 0.1% in the euro area. The ECB decided to keep interest rates unchanged amid ongoing economic uncertainty caused by US President Trump’s aggressive tariff policies. Headline inflation in the eurozone increased to 2.2% in September, up from 2.0% in June.
 - The UK economy grew by 0.3% in Q2 2025 down from 0.7% recorded in Q1 2025. Headline inflation in the UK rose to 3.8% in August up from 3.6% in June, primarily due to higher food prices. In its September meeting, the Bank of England (“BoE”) maintained interest rates at 4.5% amidst sticky UK inflation with an uncertain growth outlook and jobs market.
 - Japan’s GDP expanded at an annualized rate of 2.2% in the second quarter, supported by robust private consumption, increased inventories, and greater corporate investment. In its most recent September meeting, the Bank of Japan (BoJ) maintained its key short-term interest rate at 0.5%, despite growing political uncertainty.
 - China's GDP growth accelerated to 5.2% in Q2 2025 down from 5.4% in Q1 2025. China's inflation fell to 0.4% year-on-year in August 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%.

Source: Mercer LLC

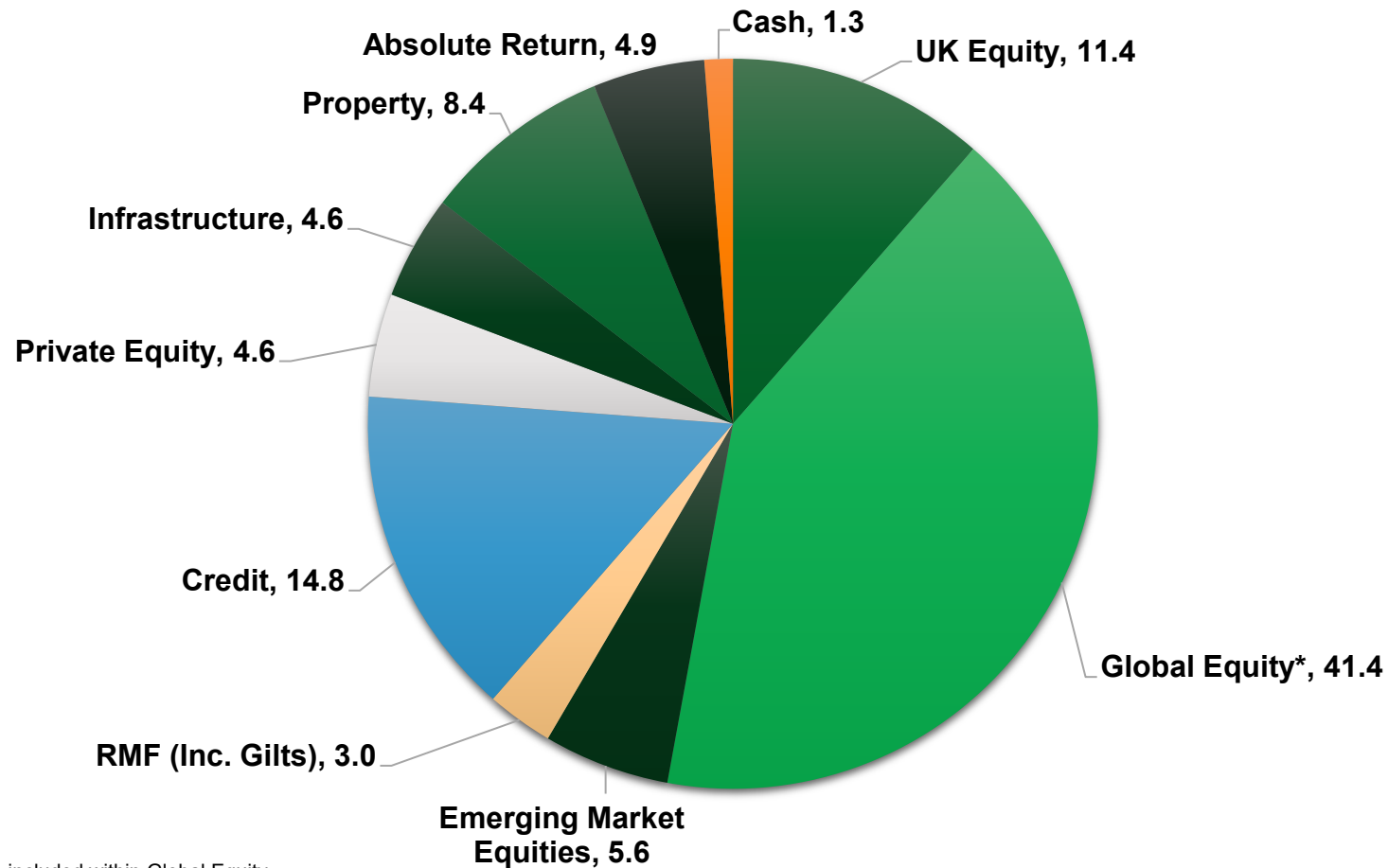
Market Returns (%)



Source: Mercer LLC, Refinitiv and Schroders



Asset Allocation – 30 September 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

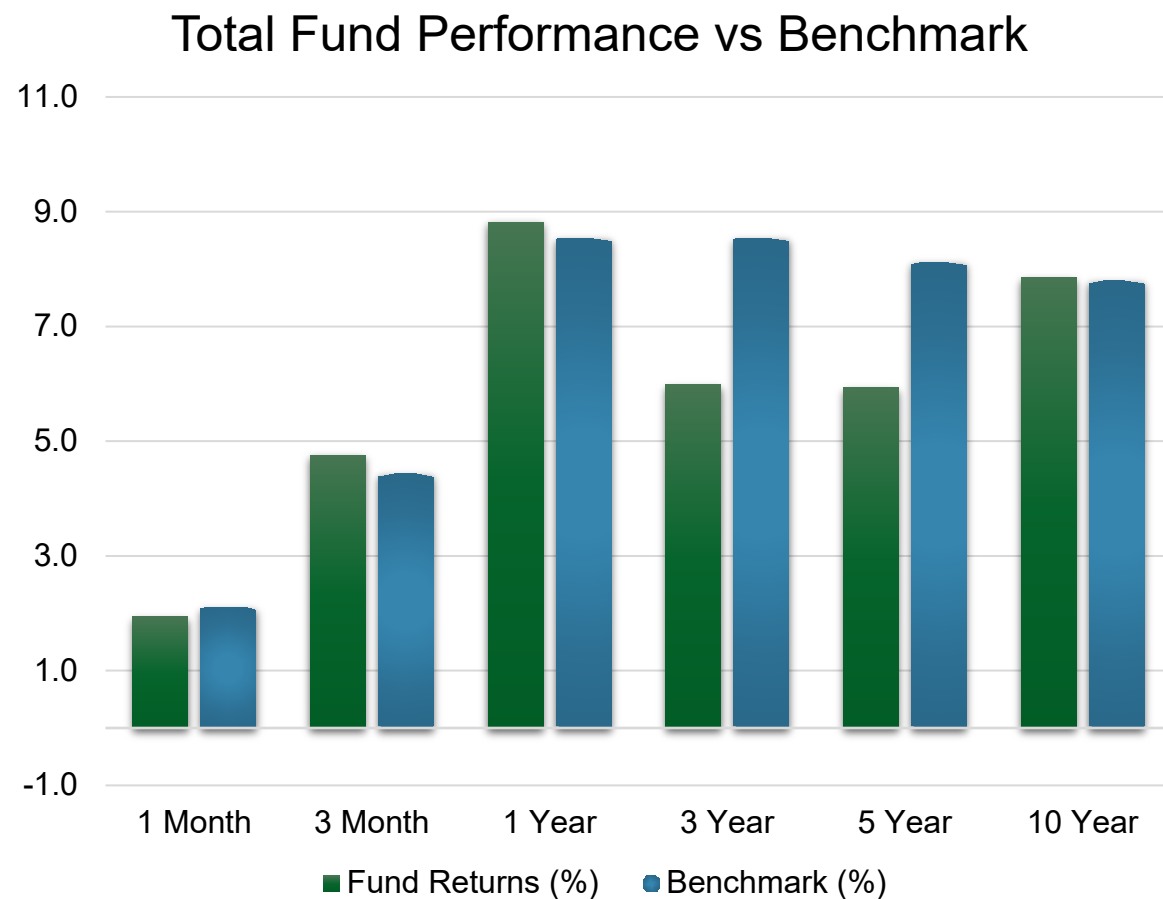
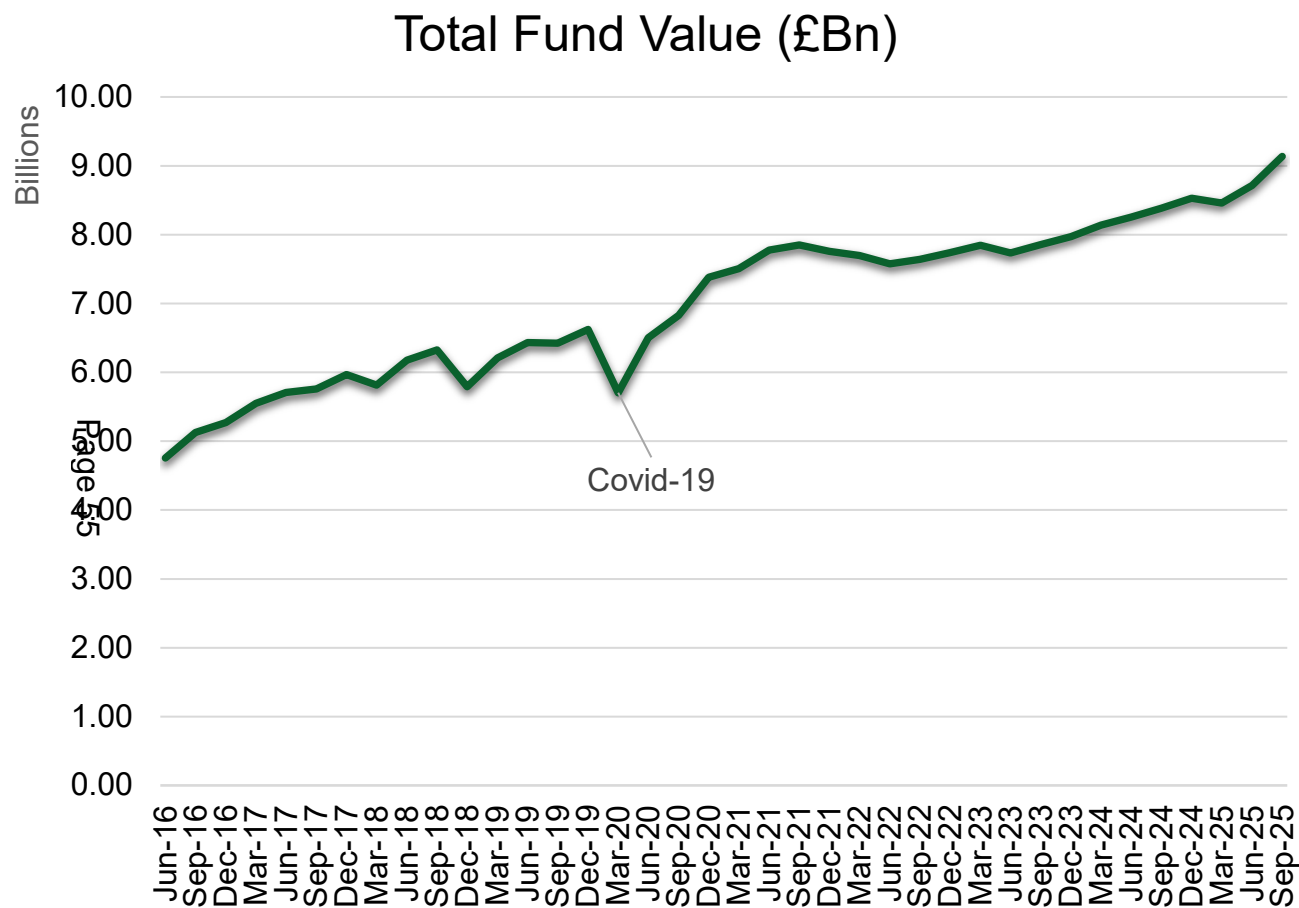
| Asset Class | Fund Manager | Market Value as at 30 September 2025 (£m) | Market Value as at 30 June 2025 (£m) | Change in MV (£m) | % of Total |
|--|-------------------------------------|---|--------------------------------------|-------------------|--------------|
| UK Equity | Schroders UK Equity | 1,043 | 989 | 54 | 11.4 |
| | Woodford Equity | 2 | 2 | 0 | 0.0 |
| Global Equity | Impax | 73 | 69 | 5 | 0.8 |
| | Baillie Gifford | 1,134 | 1,087 | 47 | 12.4 |
| | Robeco Global Stars | 706 | 654 | 52 | 7.7 |
| | Schroders Global Active Value | 577 | 520 | 56 | 6.3 |
| | M&G Global Dividend Fund | 736 | 690 | 46 | 8.1 |
| | Insight (Synthetic Equity Exposure) | 559 | 516 | 44 | 6.1 |
| | Columbia Threadneedle | 253 | 223 | 30 | 2.8 |
| Emerging Markets Equity | Robeco | 257 | 220 | 37 | 2.8 |
| Risk Management Framework (inc. Gilts) | Insight | 270 | 312 | -42 | 3.0 |
| Credit | CQS | 293 | 286 | 7 | 3.2 |
| Absolute Return | Goldman Sachs | 457 | 451 | 7 | 5.0 |
| | Schroders Strategic Bond Fund | 293 | 286 | 8 | 3.2 |
| | M&G Alpha Opportunities | 307 | 302 | 5 | 3.4 |
| Property | Ruffer | 198 | 192 | 6 | 2.2 |
| | Pyrford | 254 | 249 | 5 | 2.8 |
| Infrastructure | DTZ | 535 | 475 | 60 | 5.9 |
| | DTZ Pooled Property | 126 | 126 | 0 | 1.4 |
| | DTZ (previously Aegon) | 27 | 23 | 4 | 0.3 |
| | M&G Residential Property | 34 | 34 | 0 | 0.4 |
| | Fidelity | 47 | 46 | 1 | 0.5 |
| Private Equity | Partners Group | 420 | 417 | 4 | 4.6 |
| Cash | HarbourVest | 338 | 313 | 25 | 3.7 |
| | YFM | 79 | 75 | 4 | 0.9 |
| Cash | Internal Cash | 115 | 161 | 46 | 1.3 |
| Total | | 9,135 | 8,717 | 418 | 100.0 |

Source: Northern Trust, RADAR Reporting



Kent Pension Fund

Historical Performance



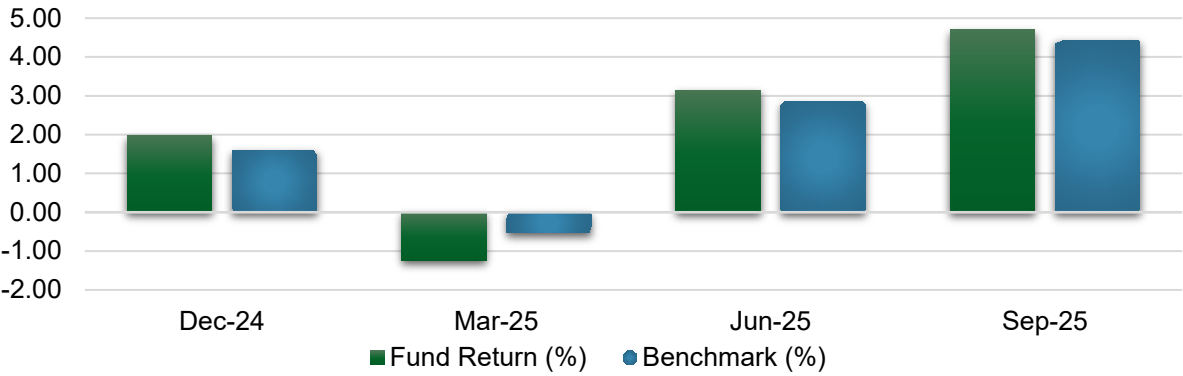
Source: Northern Trust, RADAR Reporting



Kent Pension Fund

Discrete Performance

Quarterly Returns



Over the past five years, the Fund's performance has reflected changing market dynamics and economic conditions. In the most recent period, the Fund delivered 8.8% against a benchmark of 8.5%, supported by strong performance within emerging markets and improved sentiment following signs of monetary easing.

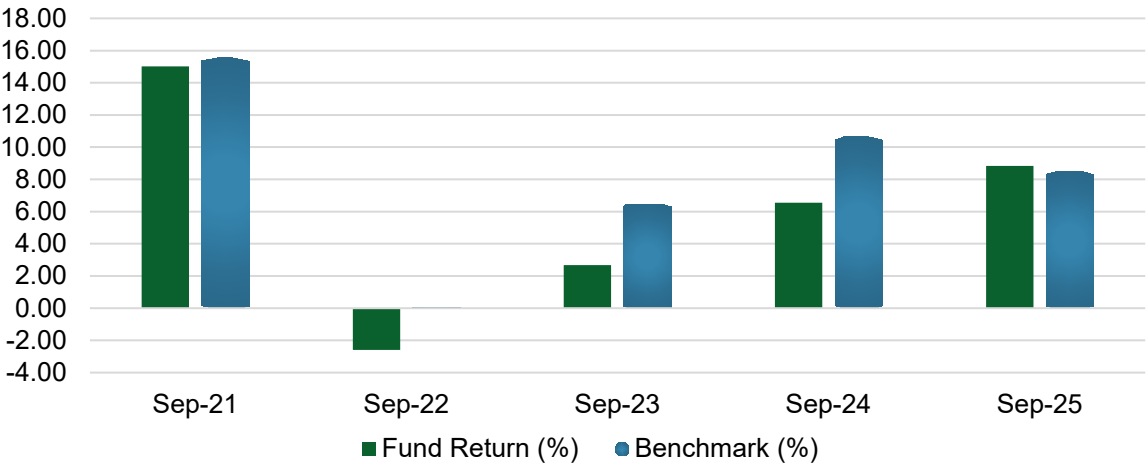
In the earlier years, the Fund's annual performance lagged its benchmarks. Equity markets rebounded well after Covid with strong absolute performance in the year to 30 September 2021, although still slightly underperforming the benchmark. The following year proved more difficult for the Fund, as inflationary pressures and aggressive monetary tightening drove widespread weakness.

The past few years have proved to be a challenging environment for active management as market leadership has remained narrow and concentrated in a few large-cap growth stocks.

Over the past four quarters, the Fund has generally performed in line with or above its benchmark. In the most recent quarter to 30 September 2025, the Fund returned 4.7%, slightly outperforming the benchmark of 4.4%. Equity markets rallied over the period as interest rate cuts and resilient economic data supported investor sentiment. Similarly, in the previous quarter, the Fund delivered a return of 3.1% versus a benchmark of 2.85%.

Performance was more challenging earlier in the year, with the Fund returning -1.2% during the quarter to 31 March 2025. Market volatility increased during this period as uncertainty around the timing of central bank policy shifts weighed on risk assets, as well as uncertainty in the market following concerns around US technology and AI stocks.

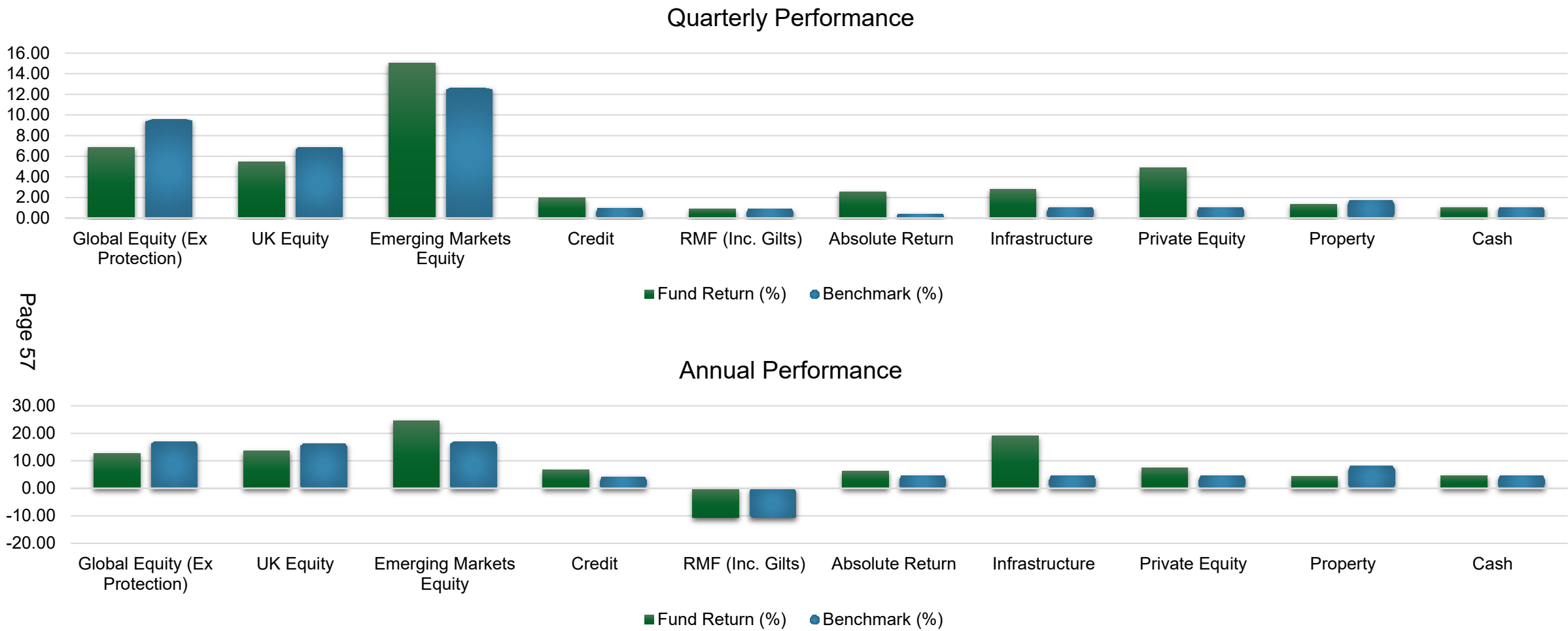
Annual Returns (last 5 years)



Source: Northern Trust, RADAR Reporting



Asset Class Performance

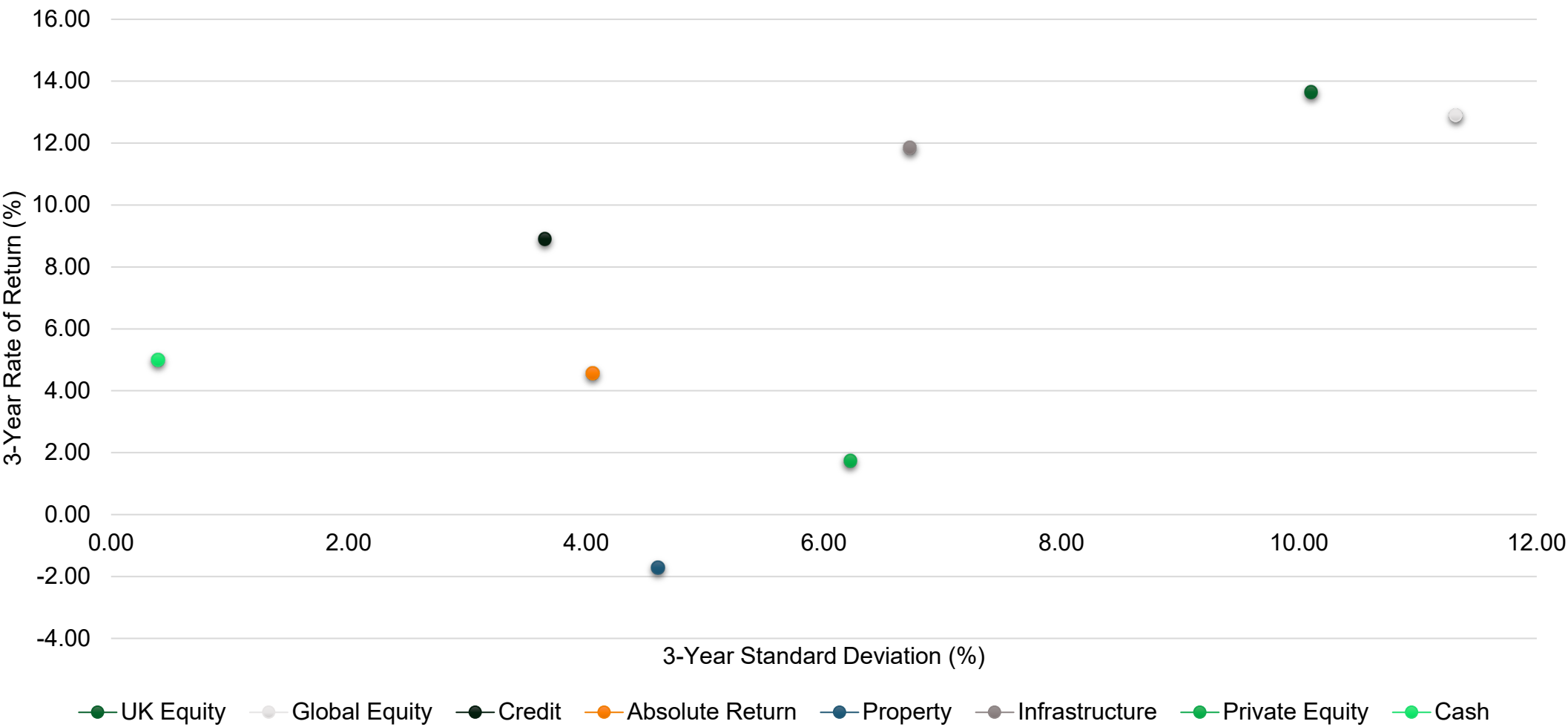


Source: Northern Trust, RADAR Reporting



Risk vs Return – Asset Class Level

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Source: Northern Trust, RADAR Reporting



Detailed Performance by Manager

| | Quarter | | 1 Year | | 3 Year (p.a.) | |
|---|---------|-----------|--------|-----------|---------------|-----------|
| | Fund | Benchmark | Fund | Benchmark | Fund | Benchmark |
| Total Fund | 4.7 | 4.4 | 8.8 | 8.5 | 6.0 | 8.5 |
| UK Equity | | | | | | |
| Schroders - WS ACCESS UK Equity Fund | 5.5 | 6.9 | 13.8 | 16.2 | 13.4 | 14.5 |
| Global Equity | | | | | | |
| Baillie Gifford - WS ACCESS Global Equity Core Fund | 4.4 | 8.1 | 12.1 | 16.0 | 12.4 | 15.1 |
| Robeco GS | 8.0 | 9.5 | -- | -- | -- | -- |
| Schroders - WS ACCESS Global Active Value Fund | 10.8 | 9.5 | 19.9 | 16.8 | 14.6 | 15.7 |
| Impax | 6.8 | 9.5 | -1.6 | 16.8 | 2.5 | 15.7 |
| M&G - WS ACCESS Global Dividend Fund | 6.7 | 9.5 | 14.4 | 16.8 | 15.7 | 15.7 |
| EM Equity | | | | | | |
| Columbia Threadneedle – WS ACCESS EM Equity Fund | 13.4 | 12.6 | 26.7 | 16.9 | -- | -- |
| Robeco – WS ACCESS EM Equity Fund | 16.7 | 12.6 | 26.7 | 16.9 | -- | -- |
| Credit | | | | | | |
| Goldman Sachs | 1.4 | 0.9 | 5.2 | 3.5 | 8.1 | 3.5 |
| Schroders Fixed Income | 2.7 | 1.1 | 7.6 | 4.6 | 7.3 | 4.7 |
| CQS | 2.4 | 1.0 | 8.1 | 4.4 | 10.8 | 7.0 |
| M&G Alpha Opportunities | 1.5 | 1.0 | 6.6 | 4.4 | 9.9 | 7.0 |
| Property | | | | | | |
| DTZ | 1.2 | 1.7 | 4.8 | 8.1 | -1.2 | -1.5 |
| Fidelity | 1.6 | 1.2 | 12.0 | 6.8 | -1.8 | -2.4 |
| DTZ (Kames) | -1.2 | 1.2 | 9.1 | 6.8 | -0.9 | -2.4 |
| M&G Property | 1.4 | 1.2 | 0.9 | 6.8 | -0.6 | -2.4 |
| Private Equity | | | | | | |
| HarbourVest | 5.2 | 1.0 | 7.8 | 4.6 | -0.9 | 4.7 |
| YFM | 3.6 | 1.0 | 6.8 | 4.6 | 11.9 | 4.7 |
| Infrastructure | | | | | | |
| Partners Group | 2.8 | 1.0 | 19.1 | 4.6 | 11.9 | 4.7 |
| Absolute Return | | | | | | |
| Pyrford | 1.9 | 0.4 | 5.7 | 4.5 | 6.4 | 6.5 |
| Ruffer - WS ACCESS Absolute Return Fund | 3.4 | 0.4 | 6.6 | 4.5 | 1.1 | 6.5 |



Alternatives Performance

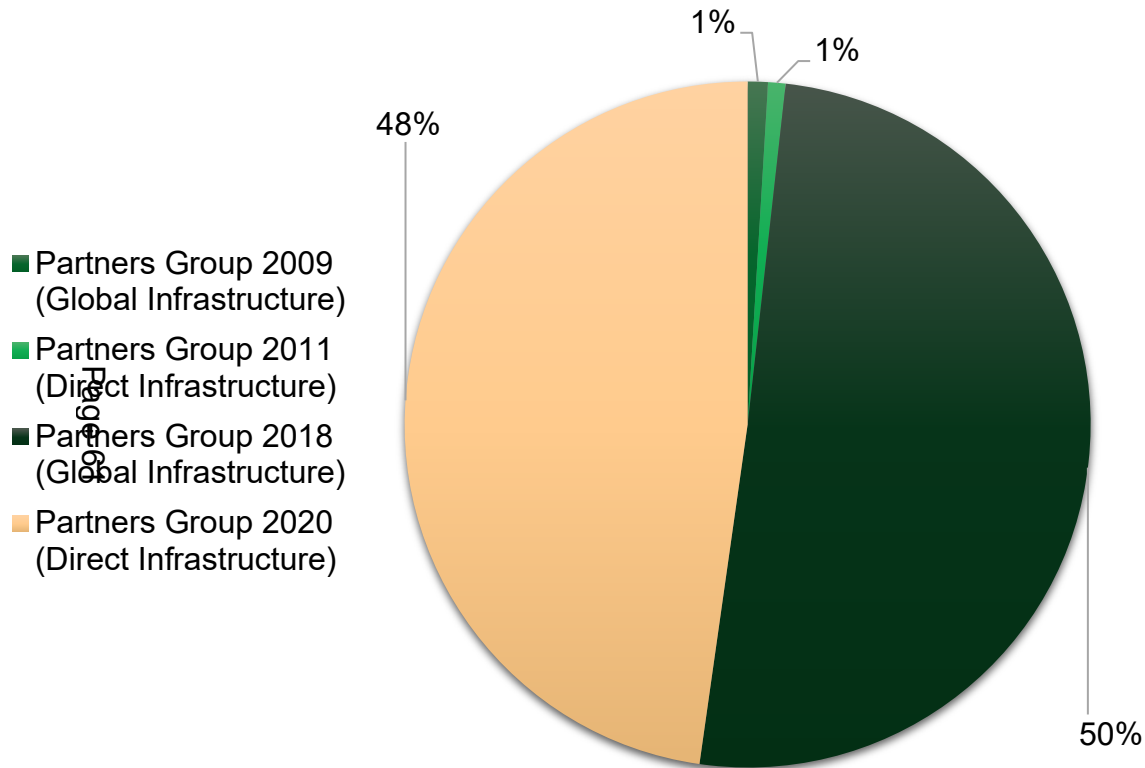
| | AS AT 30 SEPTEMBER 2025 | | | | | | |
|---|--------------------------|-----------------------------|------------------------------------|-----------------------------|------------------------------------|-------|------|
| Name of Fund | Value of commitment (£m) | Date of original commitment | Cumulative contributions made (£m) | Distributions received (£m) | Net Asset Value at 30/09/2025 (£m) | IRR | TVPI |
| HIPEP VI-Cayman Partnership Fund L.P. | 31 | Oct-10 | 28.8 | 55.0 | 8.4 | 13.3% | 2.12 |
| HarbourVest Partners IX L.P. | 53 | Oct-10 | 40.9 | 90.2 | 21.1 | 17.3% | 2.45 |
| HarbourVest 2018 Global Feeder AIF L.P. | 57 | Oct-18 | 49.0 | 29.9 | 55.2 | 16.5% | 1.77 |
| HarbourVest 2019 Global Feeder AIF SCSp | 57 | Mar-19 | 46.4 | 15.5 | 58.5 | 16.9% | 1.67 |
| HarbourVest 2020 Global Feeder AIF SCSp | 57 | Mar-20 | 50.3 | 6.3 | 56.5 | 10.5% | 1.34 |
| HarbourVest 2021 Global Feeder AIF SCSp | 57 | Mar-21 | 41.5 | 1.8 | 45.6 | 9.4% | 1.22 |
| HarbourVest 2022 Global Feeder AIF SCSp | 57 | Dec-21 | 29.3 | 0.7 | 38.1 | 25.7% | 1.45 |
| HarbourVest 2023 Global Feeder AIF SCSp | 57 | Dec-23 | 23.7 | - | 28.0 | | 1.24 |
| HarbourVest 2024 Global Feeder AIF SCSp | 123 | Jun-24 | 24.2 | - | 26.6 | | 1.29 |
| Partners Group Direct Infrastructure 2011 S.C.A., SICAR | 19 | Oct-10 | 16.5 | 21.0 | 3.5 | 6.5% | 1.41 |
| Partners Group Global Infrastructure 2009 S.C.A., SICAR | 50 | Oct-10 | 43.3 | 59.3 | 4.0 | 7.0% | 1.45 |
| Partners Group Global Infrastructure 2018 L.P. INC | 222 | Oct-18 | 180.5 | 47.6 | 212.1 | 10.8% | 1.45 |
| Partners Group Direct Infrastructure 2020 LP SICAV RAIF | 222 | Nov-19 | 152.9 | 11.3 | 200.7 | 15.0% | 1.39 |
| 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 | 8.5 | | 2.79 |
| YFM Equity Partners Buyout Fund 1 | 20 | Mar-16 | 18.3 | 32.9 | 20.6 | | 2.96 |
| YFM Equity Partners Growth Fund 2 | 10 | Oct-18 | 10.4 | 0.4 | 12.6 | | 1.26 |
| YFM Equity Partners Buyout Fund 2 | 20 | Oct-18 | 16.2 | 18.4 | 11.7 | | 2.08 |
| YFM Equity Partners Growth Fund 3 | 10 | Jun-21 | 9.1 | 0.9 | 11.9 | | 1.33 |
| YFM Equity Partners Buyout Fund 3 | 20 | Sep-23 | 13.2 | - | 13.9 | | 1.06 |

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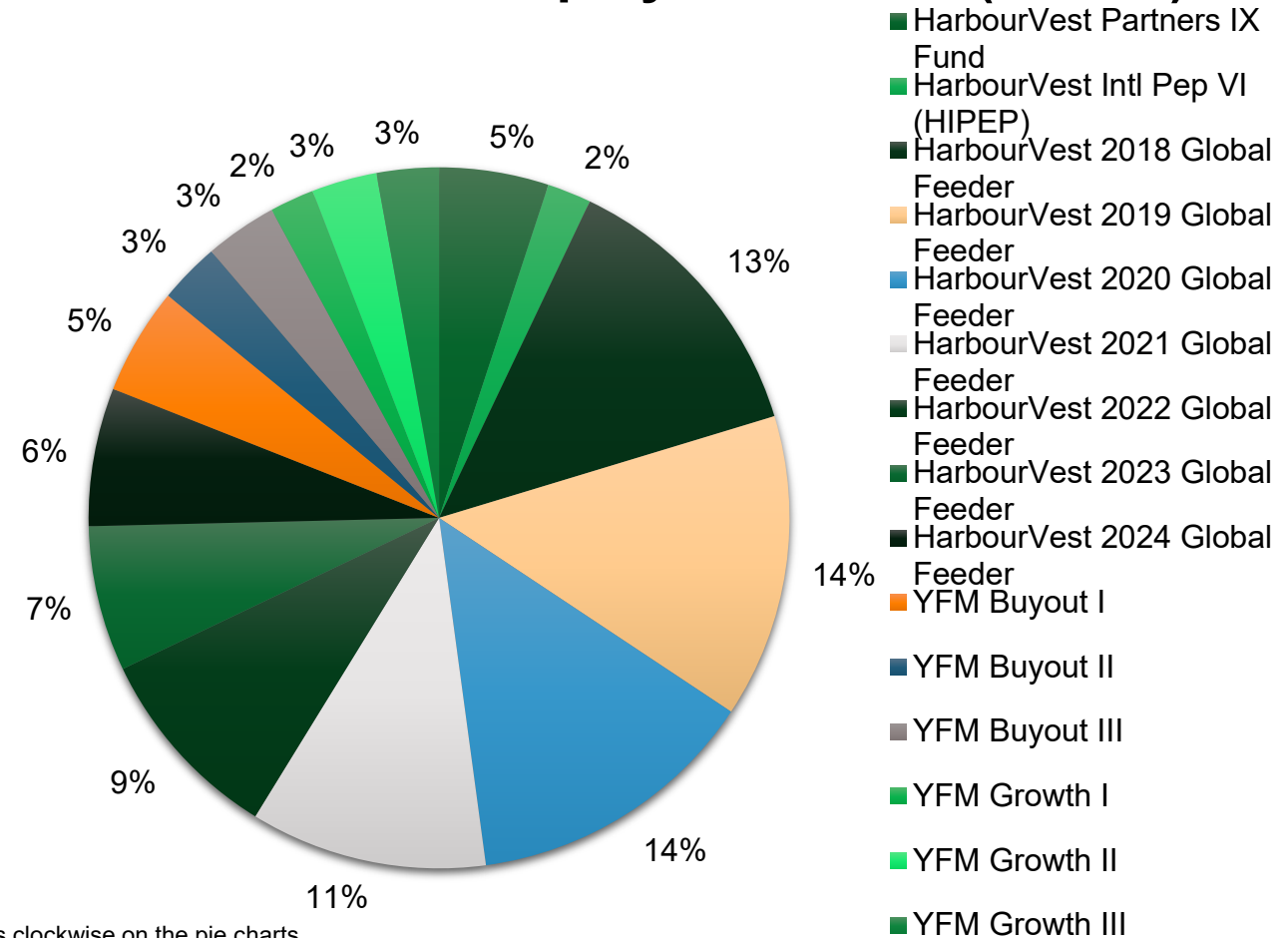


Alternatives Breakdown

Infrastructure Allocation (£420m)



Private Equity Allocation (£417m)



Note: The legend reads clockwise on the pie charts.

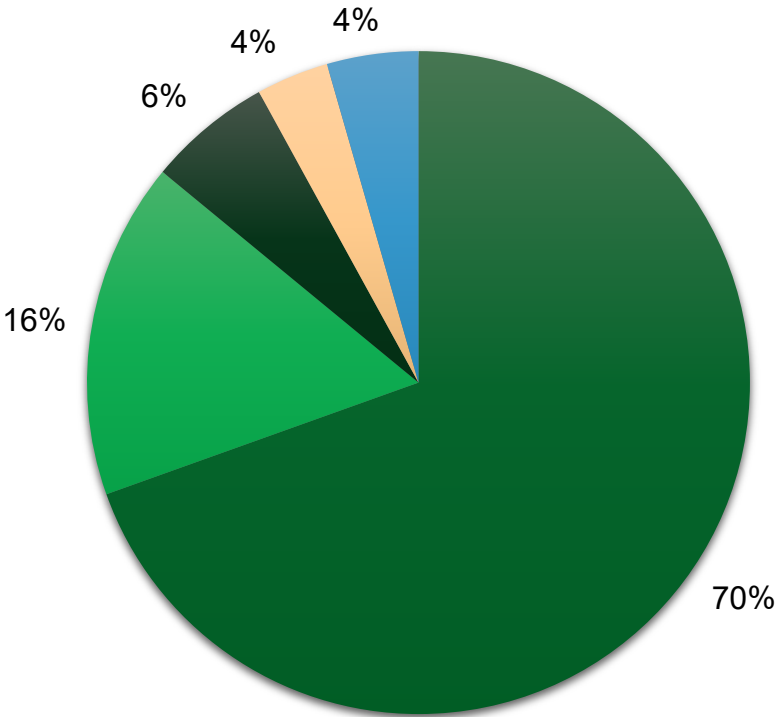


Kent Pension Fund

Source: Northern Trust, RADAR Reporting

Property Breakdown

Property Allocation (£770m)

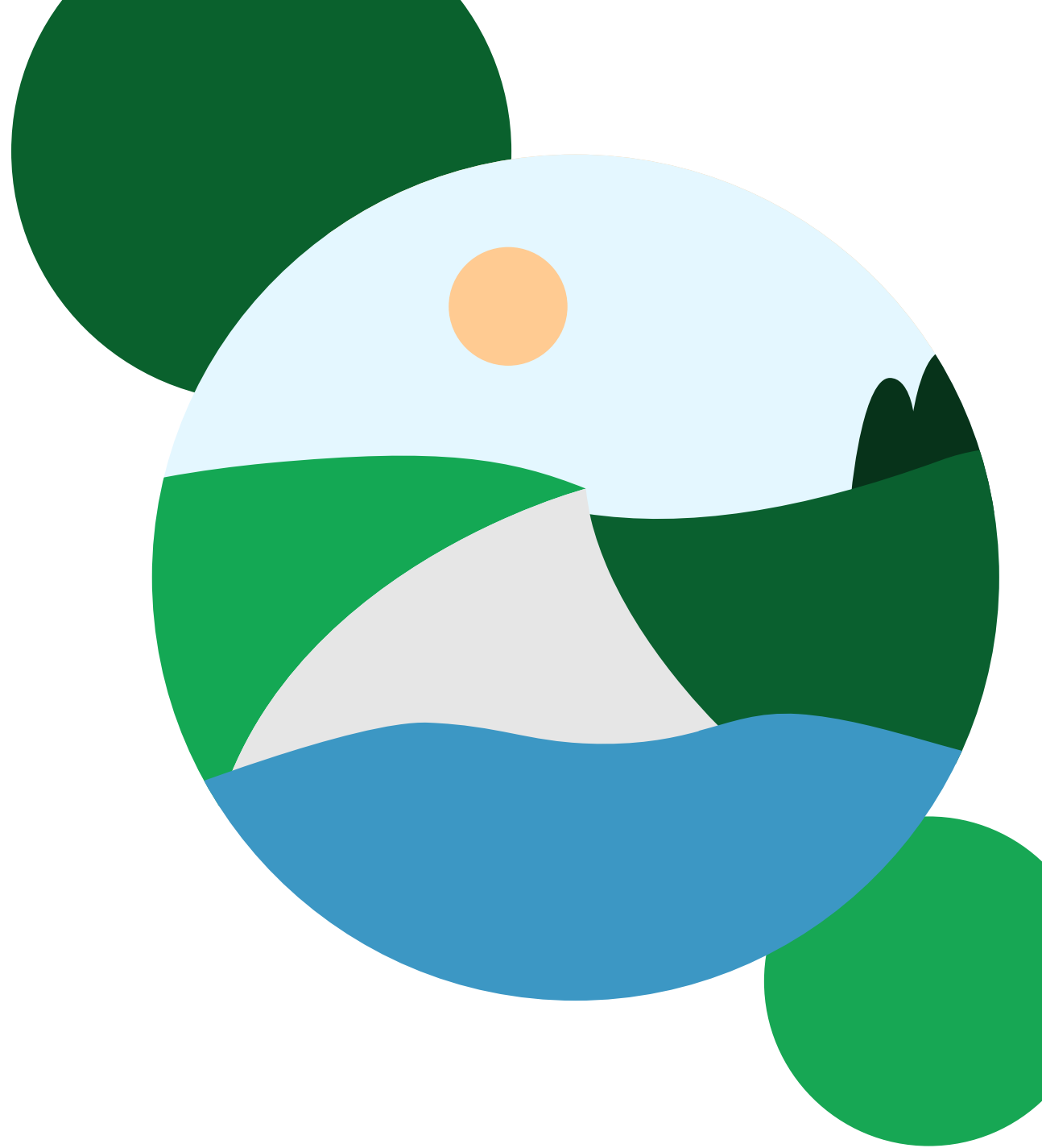


■ DTZ Direct Property ■ DTZ Pooled Property ■ Fidelity PUT ■ DTZ UKAV PUT (formerly Kames) ■ M&G Residential PUT

Note: The legend reads clockwise on the pie chart.



Appendix



Benchmarks and Targets

Appendix A

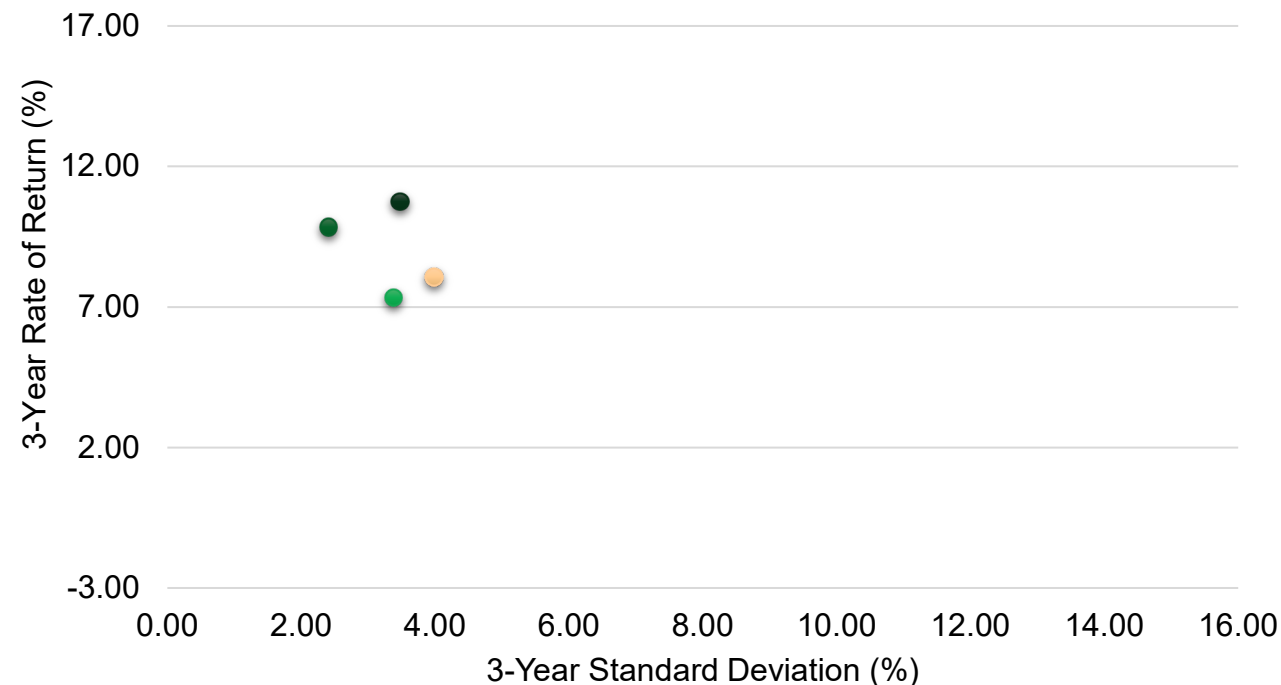
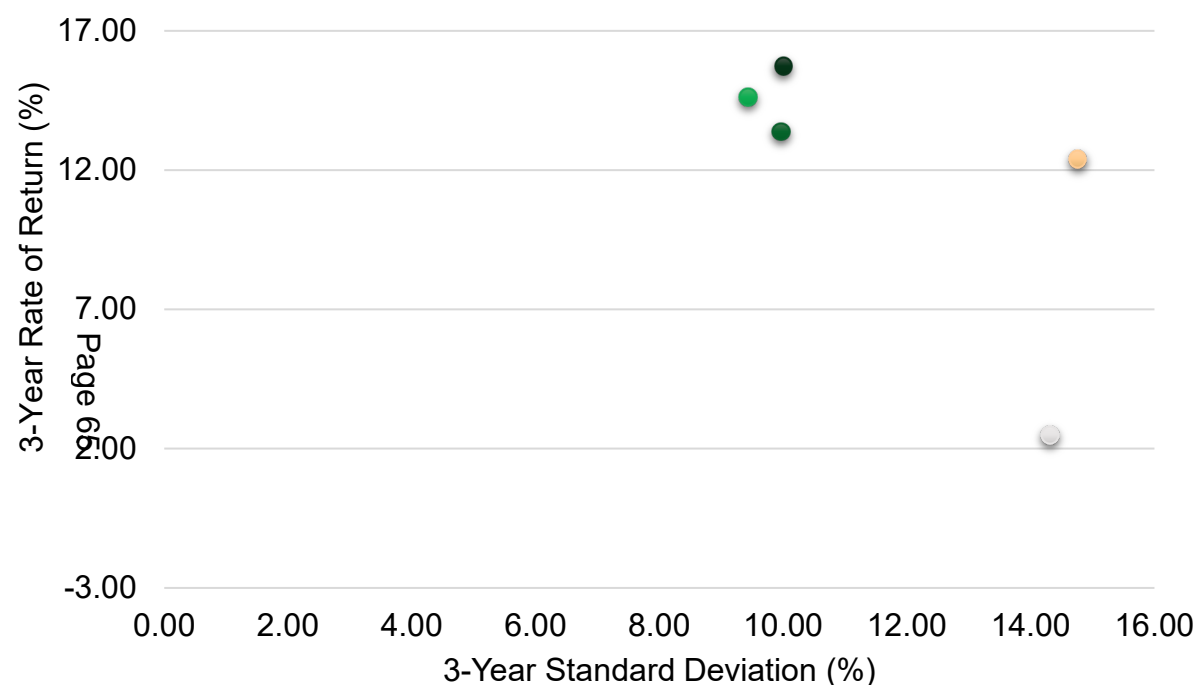
| Asset Class / Manager | Performance Benchmark | Performance Target |
|---|--|---|
| UK Equities: | | |
| Schroders - WS ACCESS UK Equity Fund | FTSE All Share | +1.5% pa over rolling 3 years |
| Woodford | FTSE All Share | Unconstrained |
| Global Equities: | | |
| Baillie Gifford - WS ACCESS Global 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



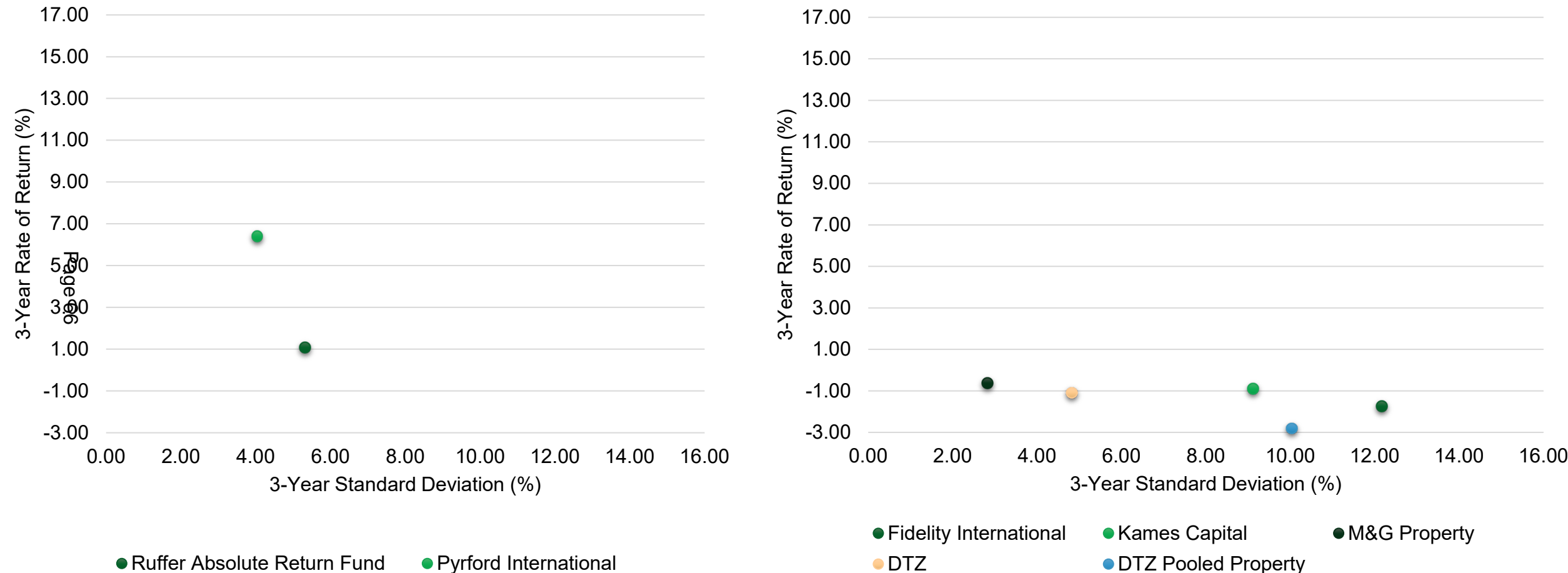
- Schroders UK Equity
- M&G Global Dividend Fund
- IMPAX Funds
- Schroders Global Active Value
- Baillie Gifford Global Equity Core
- M&G Alpha Opp Fund
- Schroders Fixed Income
- CQS Investment
- Goldman Sachs

Source: Northern Trust, RADAR Reporting



Risk vs Return – *Absolute Return and Property*

Appendix C

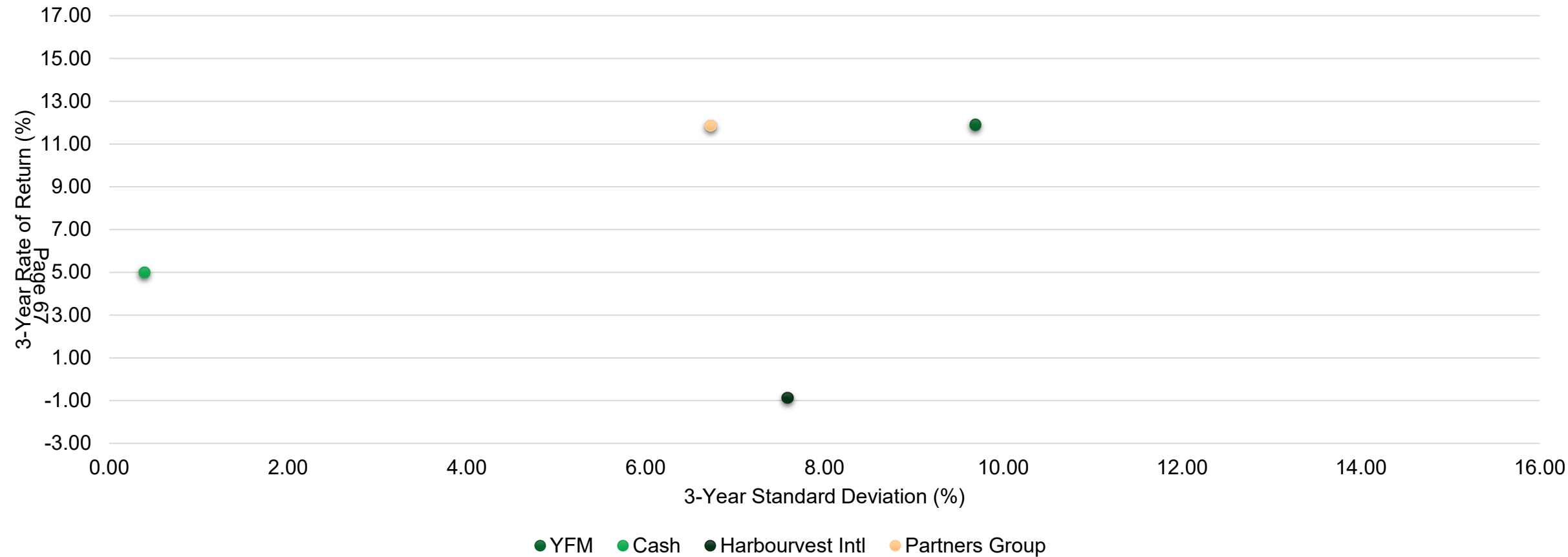


Source: Northern Trust, RADAR Reporting



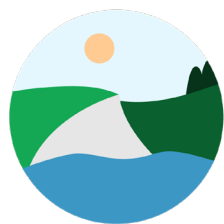
Risk vs Return - *Alternatives*

Appendix D



Source: Northern Trust, RADAR Reporting





Kent Pension Fund

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

Case study – Global Stars: Diversity & Inclusion

Eli Lilly

| Key facts | Engagement background |
|--|---|
| Company description US pharmaceutical company | <ul style="list-style-type: none"> > Eli Lilly & Co. (Lilly) is a US-based pharmaceutical company. It is headquartered in Indianapolis, Indiana, and has more than 36,000 employees worldwide, with 56% of the workforce outside the United States > The company has an extensive D&I strategy but can provide more clarity on the targets > We expect the company to conduct regular pay equity audits and disclose the unadjusted and adjusted median pay gaps > Our engagement will focus on improving the current D&I policy and increasing transparency and the culture of inclusion in the entire organization |
| Engagement period Q3 2022 – Q2 2025 | |
| Current status Closed effective | |
| Engagement theme | Company progress |
| <ul style="list-style-type: none"> > Addressing inequalities in gender and ethnic pay, discriminatory company policies and unequal opportunities for promotion at the companies we invest in > Through this theme, we aim to help companies tap into the full potential of everyone in their workforce, creating value both for themselves and for wider society | <ul style="list-style-type: none"> > Since the start of our engagement with Eli Lilly in September 2022, we have met with the company numerous times through engagement calls and in-person meetings > We successfully close 'Transparency in Workforce Disclosures' and 'Workplace of Respect and Belonging', as the company's D&I report disclosed that 77% of employees felt that they belonged in the company. > The company has equal gender representation across the global workforce and in management roles and 41% female members on the BoD. However, improvements can be made by increasing ethnic diversity. > The company is actively addressing low diversity levels in minority groups through its robust strategy and is aiming to expand efforts beyond gender to include aspects such as mental health. > The company conducts pay equity analyses regularly and acts to close these gaps by, for example, setting standard rates for junior employees |

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