

# Kent Pension Fund Report and Accounts

For the year ended 31 March 2025



**Kent Pension Fund**

*Delivering an outstanding service to our customers*



## Contents

### Introduction and overview

Highlights	02
Chairman's foreword	03
Governance arrangements	04
Fund managers	09
Risk Management	10
Financial Performance	12

### Investments

Investments	15
Value of funds under management by Fund Manager	17
Responsible Investment (RI) Policy	22

### Administration

Administration	24
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### Actuary's report

Actuary's Statement as at 31 March 2025	36
---	----

### Financial statements

Statement of Responsibilities for the Statement of Accounts	38
Pension Fund Accounts	39
Notes to the Pension Fund Accounts	40
Post Pool Reporting	68

### Independent Auditor's report

Independent Auditor's report	70
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ACCESS Annual Report 2024-2025	71
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If you have any comments on the annual report,

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

## Highlights

**£8.5bn**

Pension fund value  
(FY24: £8.1bn)

**272**

Active employers in the scheme  
(FY24: 284)

**£352m**

Received in contributions  
(FY24: £321m)

**£333m**

Benefits paid  
(FY24: £303m)

**102%**

Funded (2022)

### Membership

**71,680**

Deferred members  
(FY24: 69,028)

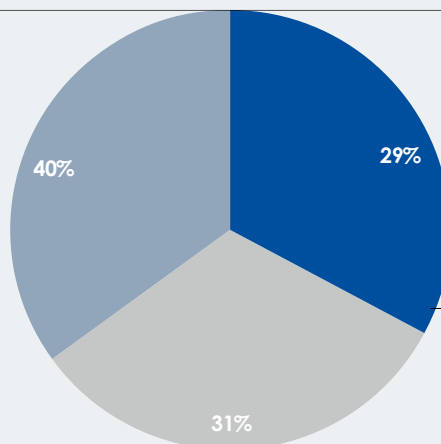
**52,536**

Pensioners  
(FY24: 50,408)

Total membership

**179,929**

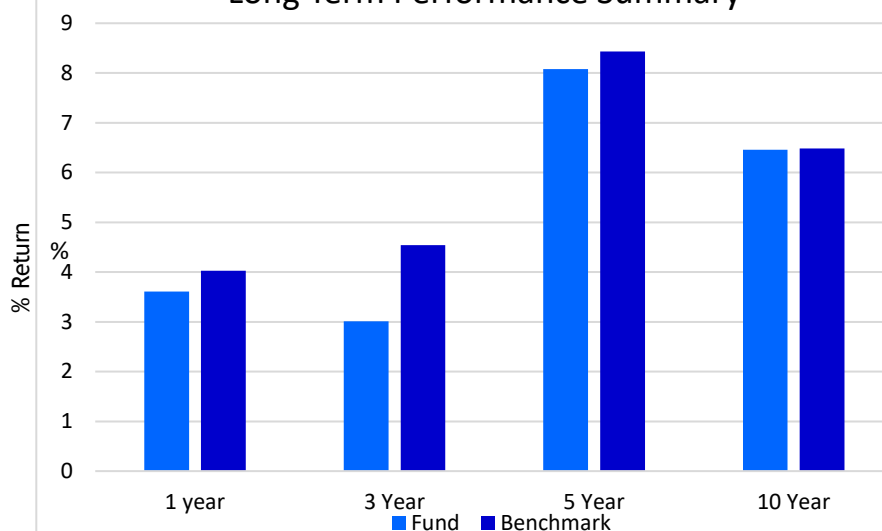
(FY24: 174,727)



**55,713**

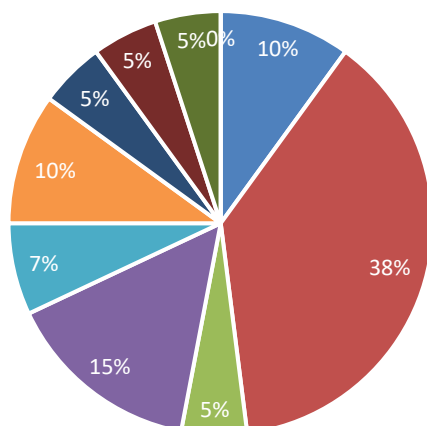
Active members  
(FY24: 55,291)

### Long Term Performance Summary



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

### Asset Allocation



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

**£3.2m**

Current year net savings

**£24.8m**

Cumulative net savings

**48.9%**

of assets outside  
ACCESS pool

**51.1%**

of assets inside  
ACCESS pool

## Chairman's foreword

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

### **Nick Buckland**

Head of Pension Fund and Treasury

## Governance arrangements

### The Pension Fund Committee

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

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

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

### Committee members

#### Employer representatives

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



**Charlie Simkins**  
Chairman  
Kent County Council



**Nick Chard**  
Vice Chairman  
Kent County Council



**Michael Hill**  
Kent County Council



**Chris Passmore**  
Kent County Council



**James McInroy**  
Kent County Council



**Mark Prenter**  
Medway Council up to  
June 2024



**John Burden**  
Gravesham Borough  
Council



**Paul Stepto**  
Kent County Council



**Rob Yates**  
Thanet District Council



**Paul Bartlett**  
Kent County Council



**Paul Cooper**  
Kent County Council



**John Wright**  
Kent County Council

**Simon Sim**  
(Non-voting)  
Staff representative



**Mel Dawkins**  
Kent County Council

**Paul Doust**  
(Non-voting)  
Kent Active Retirement  
Representative



**Shellina Prendergast**  
Kent County Council



**Mark Jones**  
Medway Council from June 2024



**Stacey Blair**  
Dover District Council



## Member Representatives

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

*Kent Active Retirement Fellowship Representatives*  
Paul Doust

*Union Representative*  
Vacancy

*Kent County Council Staff Representative*  
Simon Sim

## Local Pensions Board

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

## Kent County Council Officers and Others

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

## Key Personnel

<b>John Betts</b>	Interim Corporate Director Finance and S151 Officer
<b>Nick Buckland</b>	Head of Pensions and Treasury

## Board members

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

## Governance 2024-25

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

### Pension Fund Committee

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

### Pensions Board

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

**Committee activity**

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

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

**Board activity**

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

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



## Training

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

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

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

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

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

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

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

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

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

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

## Fund managers

Click the logo to go to the managers website
















Kent County Council  
Treasury Management Team






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

### Other organisations providing services to the Kent Fund

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

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

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

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

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

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

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



# Risk Management

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

## Objectives of Risk Management

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

## Risk register

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

The key risks and actions currently identified include the following:

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

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

## Governance risks

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

## Investment and Funding risks

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

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

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

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


## Administration risks

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

## Pooling

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

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



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

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

## Financial Performance

### Fund Trends

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

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

### Financial Summary

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

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

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

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



**Pension Fund Administration and Governance Costs**

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

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

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## Commentary on Budget Outturn

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

## Investments

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

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

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

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

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

The Fund's strategic asset is shown below:

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

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



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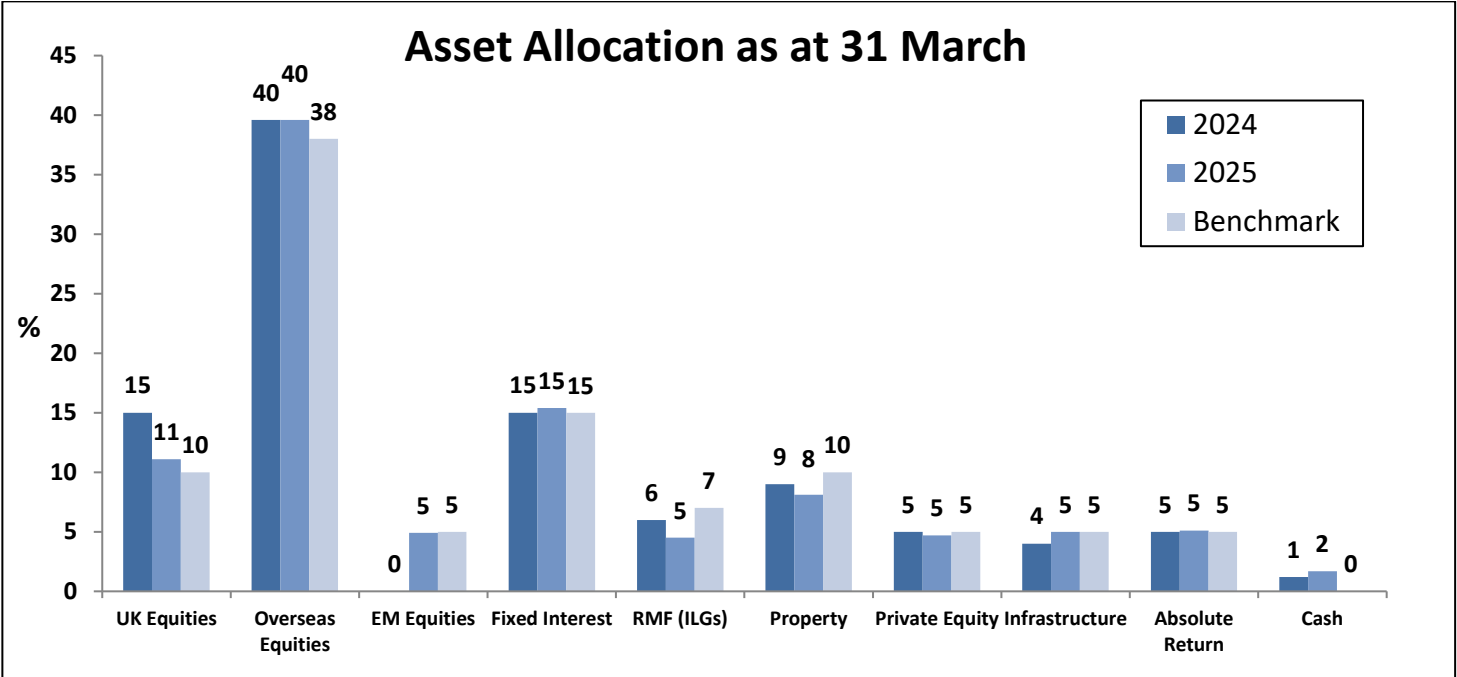


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conducted further due diligence.

Portfolio Distribution

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



Asset Pooling

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

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

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

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

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

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

Investment management arrangements and asset allocation

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

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

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

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

## Value of funds under management by fund manager

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

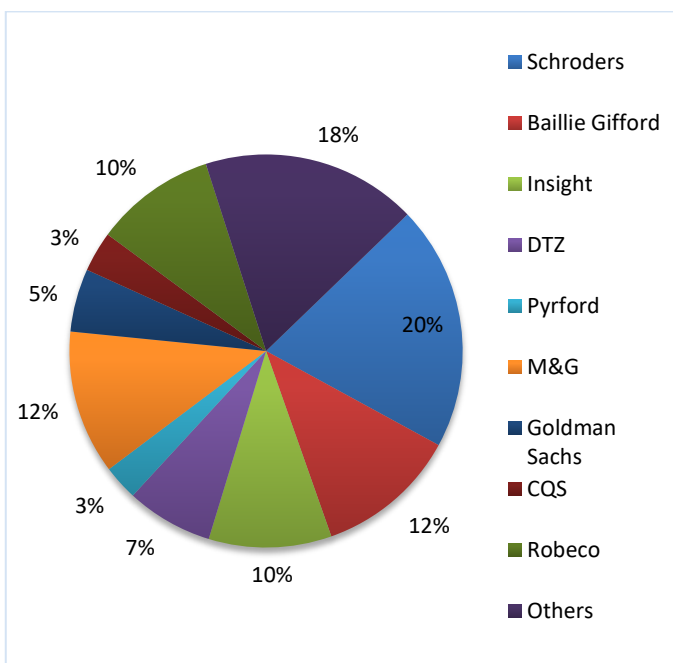
<u>Fund Managers</u>	<u>AUM (£m)</u>
Schroders	1,704
Baillie Gifford	985
Insight	853
DTZ	603
Pyrford	243
M&G	1,002
Goldman Sachs	439
CQS	281
Robeco	840
Others	1,498
<b>Total</b>	<b>8,448</b>

### Investment performance 2024-25

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

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

### AUM by fund manager as a proportion of the Fund

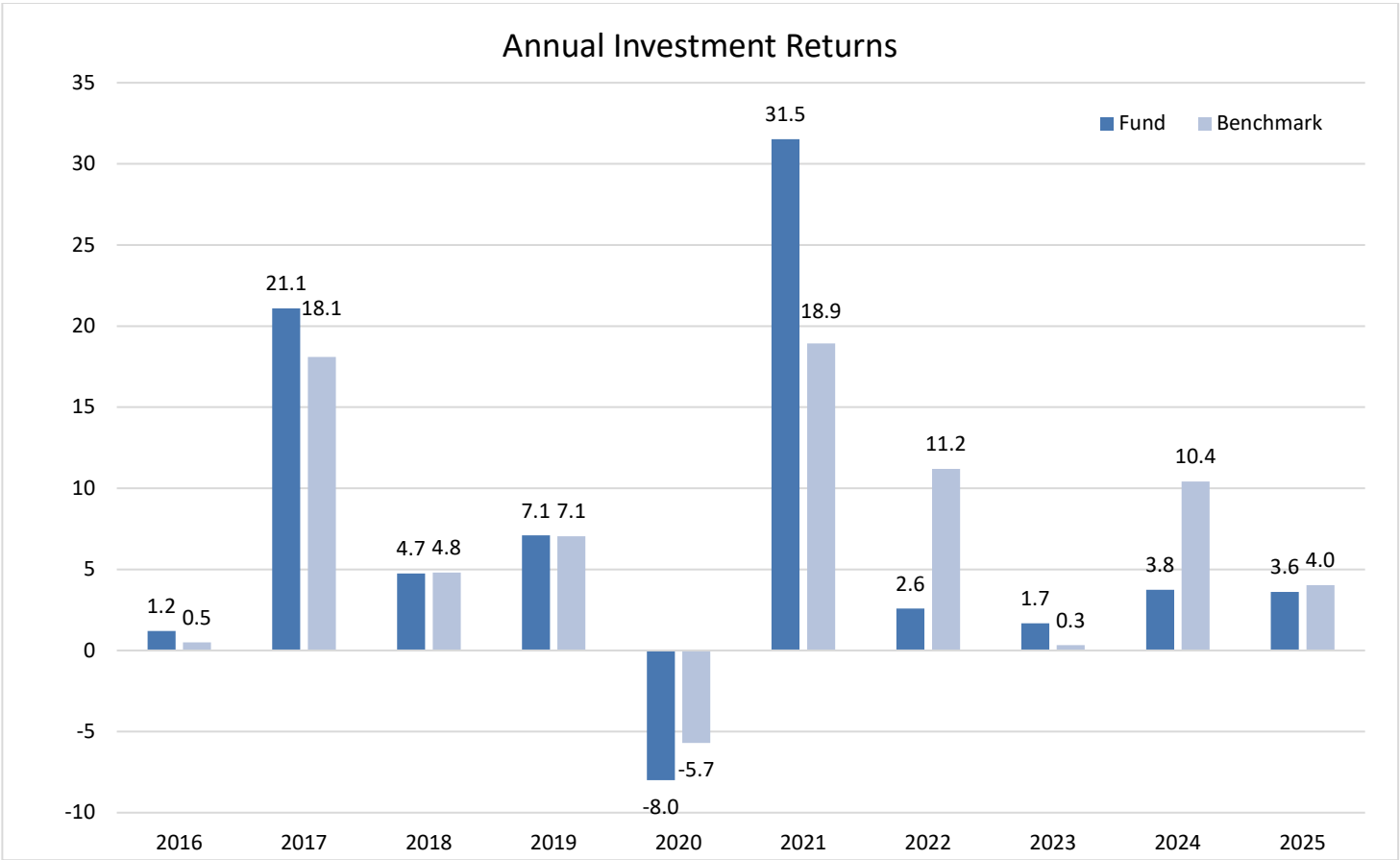


### Total fund performance

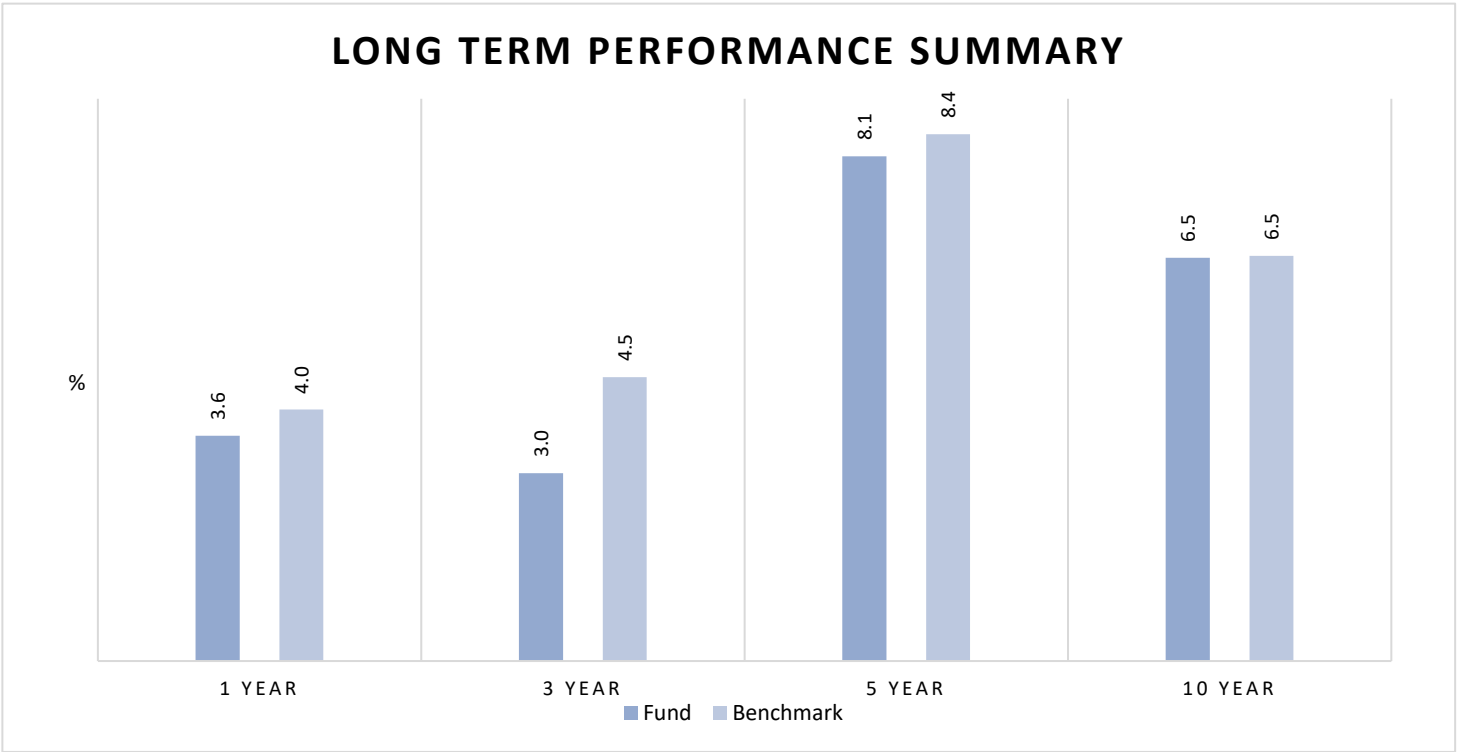
The graph below shows the relative performance of the investments over the last 10 years. The overall return on the investments for 2024-25 was 3.6% compared to the Fund's strategic benchmark of 4.02%.

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



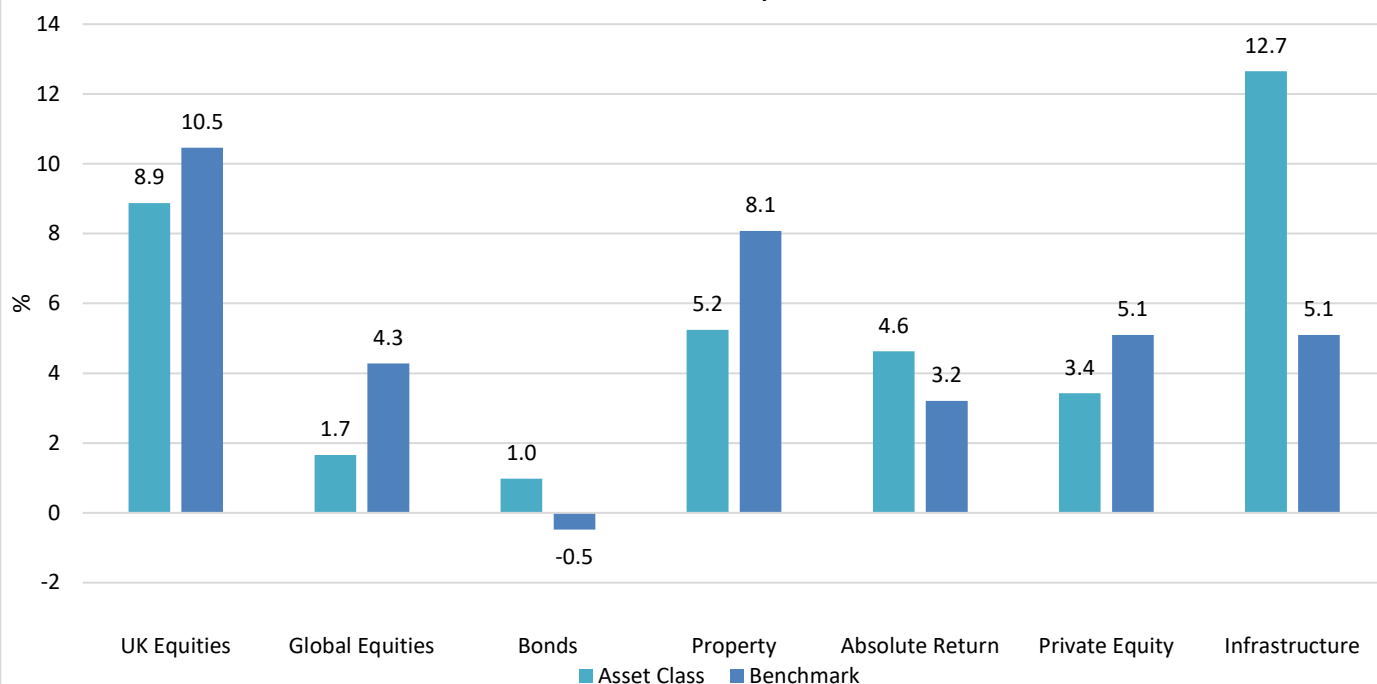


The graph below shows the long term performance of the Fund's investments compared against its Strategic benchmark.



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

## 2024-25 Returns by Asset Class

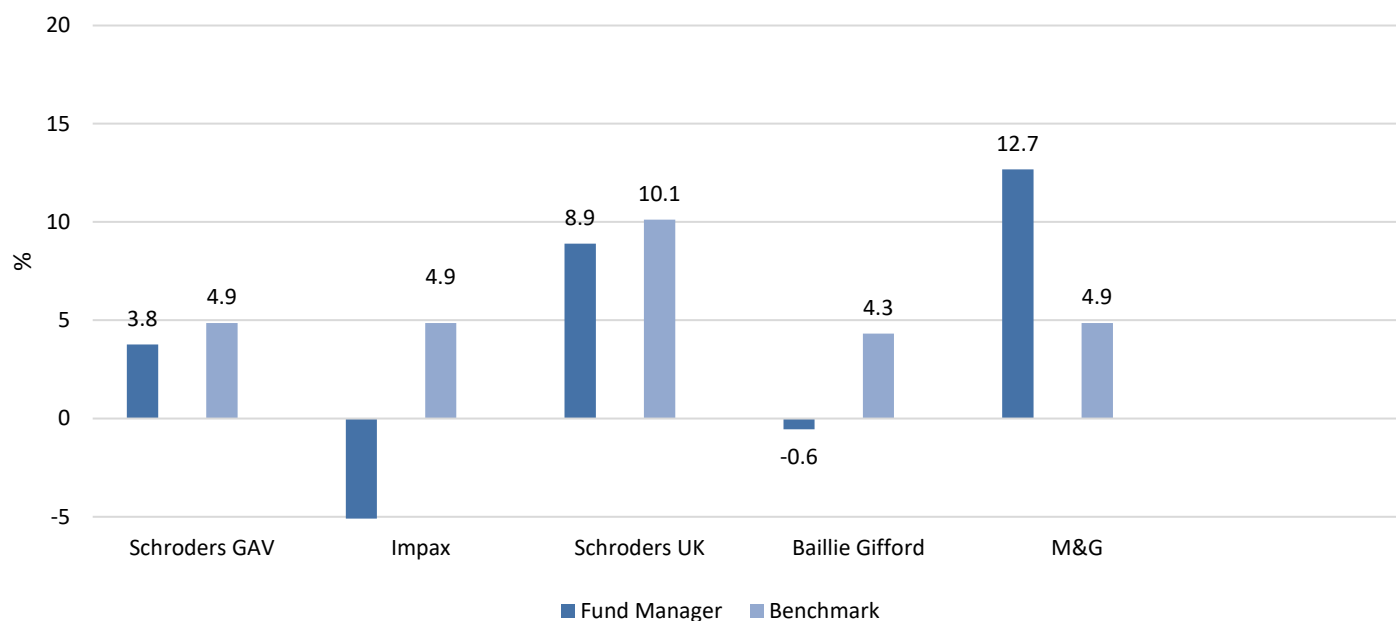


## Performance by Fund Manager

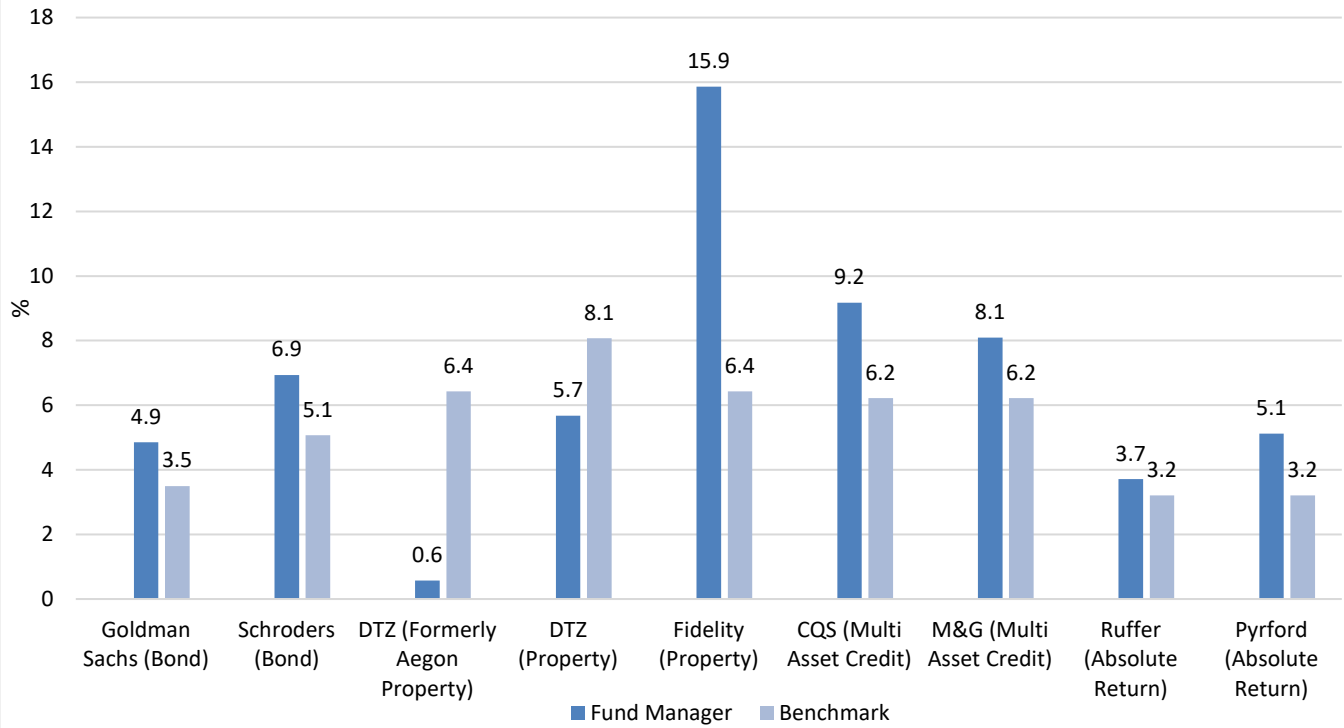
The following graphs show the performance of the Equity and other Mandates compared to their benchmarks for the year ended 31 March 2025.

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

## Performance Returns by Fund Manager - Equities



## Performance Returns by Fund Manager - Other Mandates





## Responsible Investment (RI)

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

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

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

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

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

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

### Net Zero Progress

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

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

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

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

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

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

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

### Voting

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

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

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

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

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

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

## Developing the Fund's responsible investment approach

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

### Key Activity 2024/25

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

## Mansion House Speech and Fit for Future Government Consultation

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

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

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

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

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

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

# Administration

## Summary of Activity

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

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

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

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

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

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

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

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

## Benchmarking

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

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

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

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

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

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

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

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

The Fund scored lower than peers in the following areas:

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

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

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

## Employer Monthly Data Submissions (iConnect)

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

## Mortality Screening and National Fraud Initiative

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

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

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

## Legislative changes

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

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

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



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

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

### Staff training

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

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

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

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

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

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

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

## Key Performance Indicators

**Table A - Total number of casework**

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

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

**Table B - Time taken to process casework**

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

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

**Table C - Communications and engagement**

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

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

#### Administration KPI table D – Resources

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

#### Table E - Data Quality

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

## Fund Members and Employers

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

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

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

Further information on automatic enrolment can be found on the Pensions Regulator website [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

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

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

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

## Amounts due from Employers

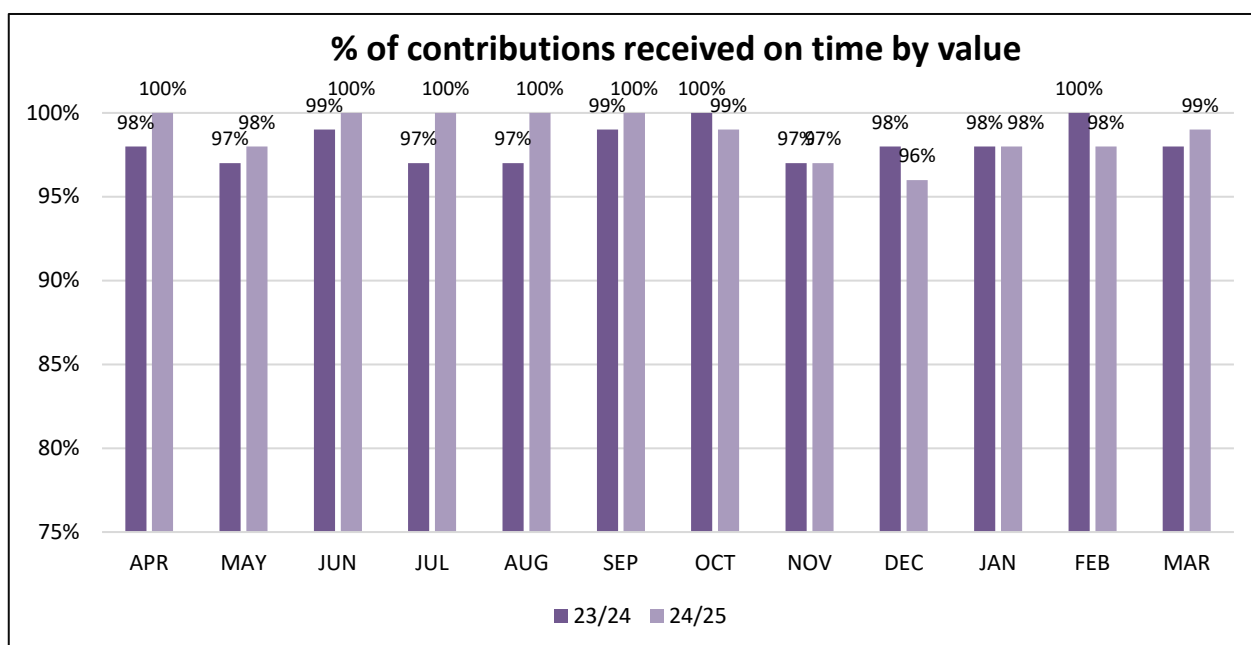
In 2024-25, the Kent Pension Fund monitored the timely receipt of contributions by the deadline of the 19th of the following month the contributions relate to in two different measures: by value and by number of employers.

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

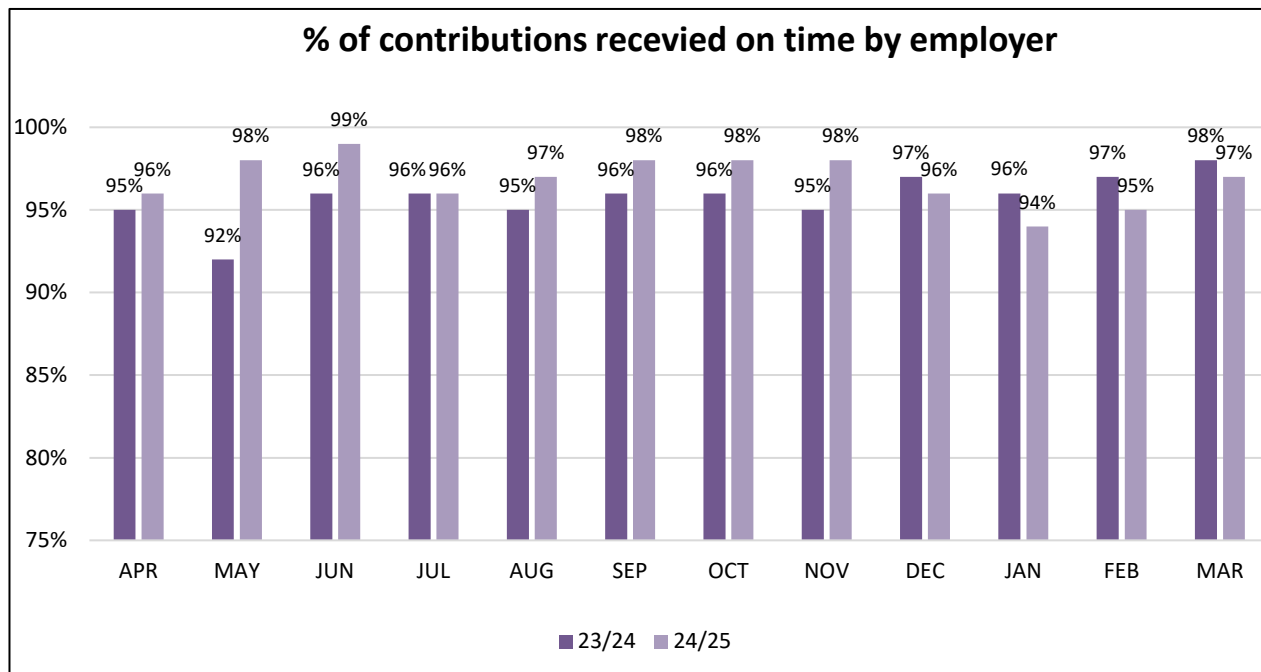
Averaging 99% of total contribution income by value from the employers and 97% of employers paid on time. The lower percentage reflects the difficulties some small employers have and some backdated admissions in the Fund.

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

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







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

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

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

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

### Communications Policy

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

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

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

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

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

Registered members can:

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

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

## Value for Money Statement

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

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

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

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

## Complaints and Dispute Resolution

### Complaints

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

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

### Appeals

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

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

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

Phone: 0800 917 4487

E-mail: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

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

# Actuary's Statement as at 31 March 2025

## Introduction

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

## Asset value and funding level

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

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

## Contribution rates

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

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

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

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

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

## Assumptions

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

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

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

## Updated position since the 2022 valuation

### Assets

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

### Liabilities

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

### Overall position

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

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

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

*Barry McKay*

**Barry McKay FFA**  
**Partner, Barnett Waddingham LLP**

# Statement of Responsibilities for the Statement of Accounts

## Kent County Council's Responsibilities

The Council is required:

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

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

**Councillor Rosalind Binks**

**Chairman of the Governance and Audit Committee**

**20 March 2025**

## The Corporate Director of Finance's Responsibilities

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

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

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

The Corporate Director of Finance has also:

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

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

## Certificate of the Corporate Director of Finance

**John Betts**

**Acting Corporate Director of Finance**

**20 March 2025**



# Pension Fund Accounts

## Fund Account for the year ended 31 March

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

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

## Net Assets Statement as at 31 March

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

# Notes to the Pension Fund Accounts

## 1. Description of the Fund

### General

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

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

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

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

### Membership

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

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

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

### Prior Period Adjustment Disclosure Note for Membership Disclosures

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

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

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

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

### Funding

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

## Notes to the Pension Fund Accounts continued

### Benefits

Pension benefits under the LGPS are based on the following:

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

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

## 2. Basis of preparation

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

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

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

### Going concern

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

## Notes to the Pension Fund Accounts continued

### 3. Summary of Significant Accounting Policies

#### Fund Account – revenue recognition

##### a) Contribution income

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

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

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

##### b) Transfers to and from other schemes

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

##### c) Investment income

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

#### Fund Account – expense items

##### d) Benefits payable

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

##### e) Taxation

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

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

##### f) Management expenses

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

## Notes to the Pension Fund Accounts continued

### Net Assets Statement

#### g) Financial assets

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

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

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

#### h) Freehold and Leasehold Properties

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

#### i) Derivatives

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

#### j) Foreign currency transactions

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

#### k) Cash and cash equivalents

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



## Notes to the Pension Fund Accounts continued

### l) Financial liabilities

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

### m) Actuarial present value of promised retirement benefits

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

### n) Contingent assets and liabilities

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

### o) Pooling expenses

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

### p) Additional Voluntary Contributions

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

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

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

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

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

## 4. Critical judgements in applying accounting policy

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

## Notes to the Pension Fund Accounts continued

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

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

### 6. Events after the reporting date

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

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



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

## Notes to the Pension Fund Accounts continued

## 7. Contributions receivable

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

## 8. Transfers in from other pension funds

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

## 9. Benefits payable

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

## 10. Payments to and on account of leavers

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

## Notes to the Pension Fund Accounts continued

### 11. Management expenses

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

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

### 12. Investment management expenses

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

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

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

#### 12a. Investment management fees

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

### 13. Summary of income from investments

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



## Notes to the Pension Fund Accounts continued

## 14. Property income and expenditure

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

## 15. Investments

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

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

## Notes to the Pension Fund Accounts continued

## 15a. Reconciliation of movements in investments and derivatives

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

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

## Notes to the Pension Fund Accounts continued

### 15b. Analysis of Derivative Contracts

#### Objectives and policy for holding derivatives

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

#### Open forward currency contracts

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

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

## Notes to the Pension Fund Accounts continued

## 15c. Property Holdings

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

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

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

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

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

## 15d. Investments analysed by fund manager

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

## Notes to the Pension Fund Accounts continued

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

31 March 2025		
	£'000	% of net assets
<b>Investments</b>		
WS ACCESS Global Equity Core Fund	985,230	11.7
WS ACCESS UK Equity Fund	932,397	11.0
LDI Solutions Plus ICAV Active (Insight)	696,433	8.2
WS ACCESS Global Dividend Fund	669,267	7.9
WS ACCESS Global Stars Fund	639,354	7.6
WS ACCESS Global Active Value Fund	493,746	5.8
31 March 2024		
	£'000	% of net assets
<b>Investments</b>		
WS ACCESS Global Equity Core Fund	1,204,259	14.8
WS ACCESS UK Equity Fund	1,246,127	15.3
LDI Solutions Plus ICAV Active (Insight)	793,963	9.8
WS ACCESS Global Dividend Fund	593,948	7.3
WS ACCESS Global Active Value Fund	475,841	5.9

## 15f. Stock lending

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

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

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

## Notes to the Pension Fund Accounts continued

## 16. Financial instruments

## 16a. Classification of financial instruments

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

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

## 16b. Net gains and losses on financial instruments

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



## Notes to the Pension Fund Accounts continued

### 17. Valuation of assets and liabilities carried at Fair Value

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

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

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

## Notes to the Pension Fund Accounts continued

### Sensitivity of assets valued at level 3

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

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

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

### 17a. Fair Value Hierarchy

#### Level 1

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

#### Level 2

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

#### Level 3

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

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

## Notes to the Pension Fund Accounts continued

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

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

## Notes to the Pension Fund Accounts continued

### 17b. Reconciliation of fair value measurements within level 3

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

## 18. Nature and extent of risks arising From financial instruments

### Risk and risk management

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

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

### 18a. Market risk

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

### Other price risk

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

## Notes to the Pension Fund Accounts continued

### Other price risk – sensitivity analysis

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

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

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

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

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

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

## Notes to the Pension Fund Accounts continued

## 18a. Market risk continued

## Interest rate risk

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

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

## Interest rate risk – sensitivity analysis

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

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

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

Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

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



## Notes to the Pension Fund Accounts continued

### Currency risk

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

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

### Currency risk – sensitivity analysis

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

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

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

## Notes to the Pension Fund Accounts continued

### 18b. Credit risk

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

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

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

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

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

## Notes to the Pension Fund Accounts continued

### 18c. Liquidity risk

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

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

#### Refinancing risk

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

## 19. Funding Arrangements

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

The key elements of the funding policy are:

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

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

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

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

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

#### The 2022 actuarial assumptions were as follows:

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

## Notes to the Pension Fund Accounts continued

### 20. Actuarial present value of promised retirement benefits

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

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

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

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

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

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

### 21. Current Assets

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

## Notes to the Pension Fund Accounts continued

## 22. Current Liabilities

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

## 23. Additional voluntary contributions

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

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

## 24. Related Party Transactions

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

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

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

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

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

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

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

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

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

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



Allowances		12	12
Other		27	16
Employer's pension contributions		17	27
<b>Total</b>		<b>181</b>	173



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## Notes to the Pension Fund Accounts continued

### 25. Contingent liabilities

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

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

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

### 26. Contractual commitments

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

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

### 27. Contingent Assets

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

## Post Pool Reporting

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

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

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

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

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

\*1/11th of total ACCESS costs

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

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

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

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

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

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

#### Asset Allocation and Performance:

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

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

## Independent Auditor's report

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

#### **Opinion**

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

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

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

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

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

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

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

#### **Use of this auditor's statement**

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

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

21 March 2025



Blakeney, Norfolk



# ACCESS ANNUAL REPORT 2024/25





## Foreword

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

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

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

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

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

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

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

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### Cllr Susan Barker

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



# Introduction

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

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

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

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

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

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

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

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

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

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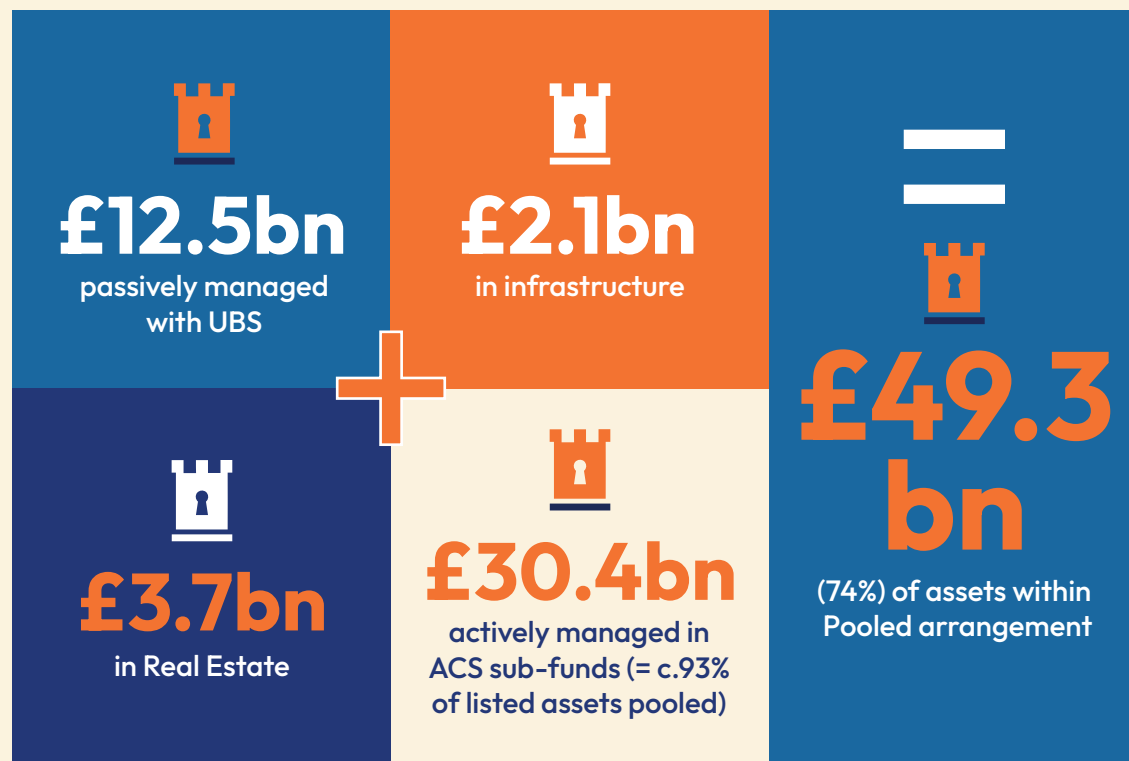
**Kevin McDonald**

Director, ACCESS Support Unit



# At a glance

## Assets



## People and employers



## Performance



## Costs & savings since inception



## Background

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

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

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

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

## Progress on Pooling

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

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


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

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

## Expected v Actual Costs and Savings

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

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

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

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

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

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



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

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

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

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

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

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

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



**Cllr Susan Barker**

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

# Kent Pension Fund Report and Accounts

For the year ended 31 March 2024



**Kent Pension Fund**

*Delivering an outstanding service to our customers*