
Royal Borough of Kingston upon Thames Pension Fund Annual Report 2024/25



THE ROYAL BOROUGH OF
KINGSTON
UPON THAMES

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1. FUND HIGHLIGHTS

£1.29bn
Pension Fund Value
(23-24 £1.25bn)

37
Employers

£43.2m
Contributions received
(23-24 £44.5m)

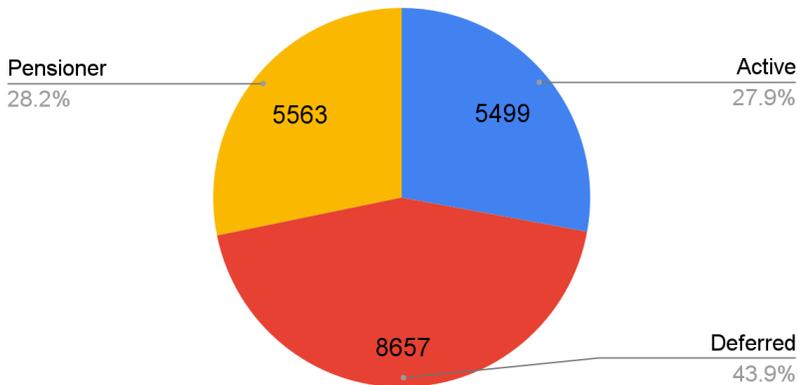
£44.1m
Benefits paid
(23-24 £38.6m)

167%
Funding Level
(111% 2022 Triennial Valuation)

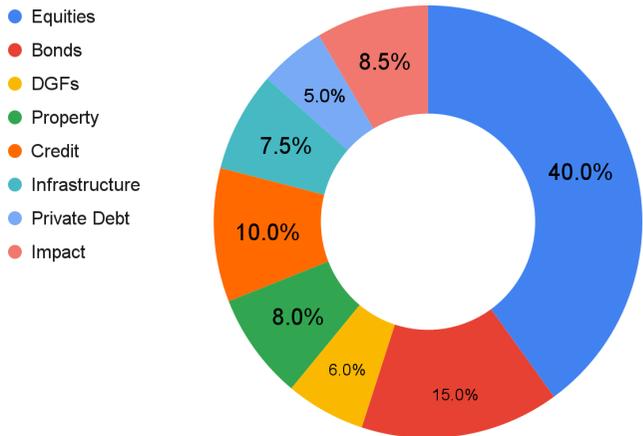
57.8%
Investments pooled with LCIV

£1.6m
Cumulative fee savings achieved through pooling

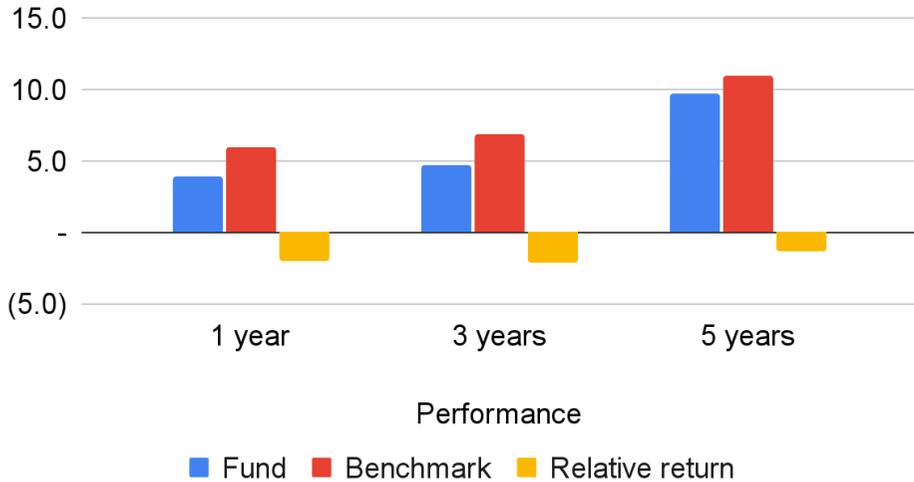
Membership by Type
Total Membership = 19,719



Strategic Asset Allocation



Investment Performance over 1, 3 and 5 years



2. INTRODUCTIONS

PENSION FUND PANEL CHAIR'S INTRODUCTION



Welcome to the Annual Report for Kingston's Pension Fund (the 'Fund') for the year ended 31 March 2025. This has been produced to provide elected members, scheme members, employers and other interested parties with information concerning the administration and performance of the Fund during the financial year 2024/25.

The year signalled a number of significant changes for the Local Government Pension Scheme (LGPS). The new government carried out a landmark review of the pensions sector including the LGPS, which set out to boost investment in UK growth, increase saver returns, and tackle waste in the pension system. Leading on from this, a further consultation called "Fit for the Future" set out key changes for the LGPS in three main areas; reforming of asset pools, boosting investing locally in the UK and strengthening governance arrangements for both LGPS administering authorities and LGPS pools. The outcome of the review was published in May 2025 and confirmed that LGPS funds are required to transfer all assets to their respective pools by 31 March 2026. At the end of March 2025, 58% of our investment assets were already pooled. The majority of assets remaining to be pooled are equity holdings, which are expected to be relatively straightforward to transition. Officers have been working with London CIV, the Fund's chosen pool, in planning for the transition of the remaining assets and there is much to be done over the coming

year to implement all of the changes necessary to meet the requirements of the review.

Despite high inflation and interest rate hikes prompting an unsettled global marketplace during much of 2024/25 the total value of the Fund's net assets increased from £1,250m at the end of March 2024 to £1,294m at the end of March 2025. In terms of performance, the Fund returned 3.9% over the year, which was ahead of the PIRC local authority average one year return across all LGPS funds at 3.4%. The Fund also performed ahead of average over the five and ten year periods.

The Fund is committed to being a responsible investor and continues to maintain a focus on Responsible Investment (RI) and developing its approach in this area. Members of the Pension Panel and Board attended an RI training and engagement session in September 2024 and following this, an updated RI Policy for the Fund was produced. The Fund is working closely with the LCIV to progress asset transition plans, alongside careful consideration of future RI developments.

One of the Fund's most important risk management exercises is the triennial valuation, which is undertaken with the Fund's actuary and determines the Fund's funding level and employer contribution rates for the next three years. Work on the 2025 valuation began during the year and is now nearing the final stages. The Fund's previous valuation was undertaken in 2022 and established a funding level of 111%. Since then there has been a significant shift in the economic environment, with many LGPS funds now reporting funding surpluses and our Fund expects to be similarly positioned.

At the end of March 2025 membership of the Fund stood at approximately 19,700 across 37 employers. During the year the Pensions Administration team successfully embedded new ways of working that have significantly reduced processing backlogs, improved efficiency and ensured that robust data has been available for the triennial valuation. Notable progress has been made on a number of important projects during the year, including the Guaranteed Minimum Pension (GMP) Reconciliation, McCloud Remedy and the national Pensions Dashboard. The GMP Reconciliation project was completed in February 2025.

Looking ahead to 2025/26, as well as continuing to deliver core pension services, some of the main priorities for the Fund will be to finalise the triennial valuation, carry out an investment strategy review, produce a new RI Policy and work alongside the LCIV to continue meeting the requirements of the government's reforms to the LGPS.

I would like to extend my thanks to my fellow committee and board members and our officers for their support over the last year.

Councillor Patrick Hall
Chair of the Pension Fund Panel

PENSION BOARD CHAIR'S INTRODUCTION



I am pleased to join Councillor Hall in presenting the Pension Fund Annual Report for 2024/25.

The Pension Board helps the pension fund comply with the LGPS rules, pensions legislation and guidance from The Pensions Regulator. In its operation, the Board provides oversight to the fund and complements the Pension Fund Panel and aims to add value to the Fund. Some of the significant ways in which it does this includes providing scrutiny of Fund's investment performance, asset allocation and compliance with its Responsible Investment Policy and providing detailed scrutiny of administration performance, along with recommendations on the reporting of these areas to enable greater understanding and future challenge by Board and Committee members.

During 2024/25, the Board continued to focus on areas of administration performance that have faced significant challenges in recent years. A key focus of the Board has been to review the progress of the data improvement plan to ensure an overall improvement in meeting performance targets and was pleased to see a notable reduction in backlogs achieved during the year.

Throughout the year, the Board received updates on key projects, including the McCloud Remedy, GMP Reconciliation and Pension Dashboard. Scrutiny was also given to quarterly investment performance returns, the Fund's cashflow, Business Plan and budget, annual report and accounts, triennial valuation preparation, pension reforms and the role of the London CIV.

Board members continue to take up opportunities provided through the online training programme to further knowledge and skills, which aids in our role of supporting members and employers.

I should like to express my thanks to the members of the Board for their continued work and support.

Robert Ewing
Chair of the Pension Board

3. OVERALL FUND MANAGEMENT

Scheme management and advisers during 2024/25

Administering Authority

Royal Borough of Kingston upon Thames

Supporting Officers

Sarah Ireland, Chief Executive

Sue Cuerden, Executive Director of Corporate Services (S151 Officer)

Rachel Howard, Director of Finance (up to September 2024)

Gemma McNamara, interim Director of Finance (from September 2024)

Andrien Meyers, Head of Pensions Investments (up to August 2024)

Katherine Gray, Head of Pensions Investments and Treasury (from September 2024)

Nick Weaver, Head of Pensions Administration (up to May 2024)

Tom Taylor, interim Head of Pensions Administration (from November 2024)

Katherine Gray, Pensions Finance and Investments Manager (up to September 2024)

Lisa Doswell, Pensions Finance and Investment Manager (from September 2024)

Paul Godfrey, Senior Finance Lead - Pensions Investments and Treasury (up to December 2024)

Kirsty Clubb, Senior Finance Lead - Pensions Investments and Treasury (from January 2025)

Tom Taylor, Pensions Team Leader Employer Liaison and Governance (up to November 2024)

Scheme Administrator	
Sutton and Kingston Shared Pensions Administration Service	
Asset Pool	
London Collective Investment Vehicle (LCIV)	
Investment Managers:	
Equities	Bonds
Columbia Threadneedle	Janus Henderson
Fidelity	Legal & General
Legal & General	
Property	
UBS	
M&G	
Asset Pool portfolio managers	
London CIV - Octopus, CBRE (Housing Fund)	
London CIV - LPPI (London Fund)	
London CIV - Ruffer (Diversified Growth)	
London CIV - CQS & PIMCO (Multi-Asset Credit)	
London CIV - PIMCO (Global Bonds)	
London CIV - Churchill & Pemberton (Private Debt)	

London CIV - BlackRock, Stonepeak, Quinbrook, Foresight (Renewable Infrastructure)	
Bank	Performance Monitoring
Lloyds Bank	Mercer and PIRC Ltd
Actuary	Auditor
Hymans Robertson	KPMG
AVC Providers	Benefits Consultant
Aviva and Utmost	Aon
Custodian	Legal Advisor
Northern Trust	South London Legal Partnership

4. FINANCIAL PERFORMANCE

Fund Income and Expenditure From 2020/21 to 2024/25

Income and expenditure of the Fund over the past five years is shown in the table below.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'m	£'m	£'m	£'m	£'m
Contributions receivable & Transfers In	44.1	40.4	43.7	54.5	59.8
Benefits payable & Transfers Out	(34.6)	(38.2)	(41.3)	(43.1)	(60.3)
Net payment to/(from) the Fund	9.5	2.2	2.4	11.4	(0.5)
Fund management expenses	(9.3)	(9.2)	(7.1)	(7.4)	(7.4)
Net investment income	9.3	10.6	12.9	20.5	22.4
Change in market value	224.6	76.2	(42.6)	132.7	29.4
Net increase/(decrease) in the Fund	234.2	79.8	(34.4)	157.2	43.9

The table above shows a net increase in the Fund's value of £480.7m over the past 5 years. This is attributed to the net change in market value and investment income (after fund management expenses) of £455.6m, combined with net payments to the fund of £25m over this period. Contributions to the fund have exceeded benefits payable on an annual basis up to and including 2023/24. In 2024/25 benefits and transfers paid out exceeded contributions and transfers received in, largely as a result of the clearing of backlog cases during the year, which was mainly reflected in transfers out. The Fund's management expenses have annually been covered by net investment income over the entire period. Further details are provided later.

Analysis of Contributions and Benefits of the Fund

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Contributions and Transfers in					
- Members' contributions	(8,394)	(9,313)	(9,468)	(10,467)	(10,803)
- Employers' contributions	(32,355)	(27,475)	(29,597)	(34,033)	(32,352)
- Transfers in	(3,360)	(3,597)	(4,655)	(9,995)	(16,620)
Total Contributions and Transfers in	(44,108)	(40,385)	(43,720)	(54,495)	(59,775)
Benefits and Leaver payments					
- Pensions	27,078	29,098	30,423	33,871	36,702
- Lump sum retirements and death benefits	4,619	4,823	5,663	4,748	7,437
- Transfers out	2,785	4,200	5,100	4,297	15,981
- Refunds	112	83	152	178	176
Total Benefits and Leaver payments	34,594	38,205	41,338	43,094	60,296
Net Payment (to) / from the Fund	(9,514)	(2,180)	(2,382)	(11,401)	521

With the exception of 2024/25, contributions received have exceeded benefit payments each year. Transfers into and out of the scheme during 2024/25 has increased significantly from 2023/24. This is due to continued significant progress being made during the year in clearing the backlog of cases in this area. Employer contribution income is higher in 2023/24 due to RBK Council pre-paying 3 years of deficit contributions upfront during that year.

Analysis of Fund Management Expenses

The costs of managing the Pension Fund are split into three areas; administration costs, investment management expenses and oversight and governance costs. These costs incurred over the last five years are shown in the table below.

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Administration Cost					
Internal support costs	857	1,005	1,116	1,315	1,065
Sub-total Administration Costs	857	1,005	1,116	1,315	1,065
Investment Management Expenses					
Management fees	4,897	5,707	4,709	4,145	5,371
Transaction costs	3,240	2,304	993	1,630	627
Custodian	59	58	58	47	59
Sub-total Investment Management Expenses	8,196	8,069	5,760	5,822	6,057

Oversight and Governance Costs					
Actuarial fees	23	7	69	25	39
External audit	33	40	41	65	110
Investment advice	63	44	45	72	45
Other	144	10	21	49	46
Sub-total Oversight & Governance Costs	263	101	176	211	240
Total Fund Management Expenses	9,316	9,175	7,052	7,348	7,362

The investment management fees in 2024/25 only include charges that the Fund has actually incurred and not notional costs that are not borne by the Fund.

Overall, in 2024/25 the cost of managing the Fund represents approximately 0.57% (2023/24: 0.59%) of the value of the Fund.

Costs per member

	2020/21	2021/22	2022/23	2023/24	2024/25
Membership number	15,980	18,208	18,736	19,702	19,719
Cost per member (£)					
Administration costs	54	55	60	67	54
Investment Management costs	513	443	307	296	307
Oversight and Governance costs	16	6	9	11	12
Total Fund costs (£)	583	504	376	373	373

Membership numbers exclude members with frozen refunds. From 2023/24 onwards, the investment management costs only include charges that the fund has actually incurred, and not notional costs that are not borne by the Fund.

Current Assets / Liabilities

	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000
Current Assets					
Contributions	1,129	1,665	1,249	2,756	2,449
Other debtors	6,843	7,397	1,072	1,015	1,128
Cash at Bank	17,846	14,532	15,412	25,743	425
Sub-total	25,818	23,595	17,733	29,515	4,002
Current Liabilities					
Benefits Payable	(80)	(525)	(665)	(110)	(25)
Transfer Values	(127)	-	-		
Other Creditors	(5,498)	(1,848)	(1,882)	(1,827)	(1,447)
Sub-total	(5,705)	(2,373)	(2,547)	(1,937)	(1,472)
Net Current Assets / (Liabilities)	20,113	21,222	15,186	27,577	2,530

Current assets are made up of cash and income due to the Fund at the end of each year from admitted body contributions, or transfers in pending, from other pension funds.

Current liabilities consist of fund expenses outstanding at year end which includes cash owed to the Royal Borough of Kingston Council for previous transactions.

5. INVESTMENT POLICY AND PERFORMANCE REPORT

Investment Markets

Macro

In the second quarter of 2024, inflation in most developed countries started to slow down and move closer to the targets set by central banks. This encouraged central banks to consider easing their monetary policies. The European Central Bank (ECB) lowered interest rates in June. In the US, inflation was cooling, and the job market was softening, which led bond markets to expect two interest rate cuts by the US Federal Reserve by the end of 2024. The Bank of England (BoE) was expected to cut rates in August, even though inflation in services remained high. Overall, bond yields increased during this period because inflation data initially came in higher than expected, especially in the US. Stock markets kept rising, except in Japan, where they didn't perform as well. Emerging markets (like Brazil and India) outperformed developed markets. Political uncertainty was high, with new elections called in the UK and France.

In the third quarter of 2024, central banks in developed countries, including the US, started lowering interest rates again. They did this because inflation and the job market continued to slow, and wage growth was weakening. Japan was different, they raised interest rates slightly in July due to strong wage negotiations that could push inflation higher. Market sentiment improved, with fears of a US recession easing in early August. Bond yields fell across many countries, and stock markets rose as interest rates were cut. However, concerns around the US election and conflicts in the Middle East caused some market volatility.

In the fourth quarter of 2024, most developed countries' central banks kept lowering interest rates. The US cut rates, but the economy remained resilient, so the Federal Reserve projected fewer rate cuts for 2025 and 2026. Europe and the UK were more cautious. Japan kept rates unchanged because of uncertainty about wages and the US economy. Markets continued to believe the US economy could slow down without a recession, despite political uncertainties under Donald Trump's potential presidency. Bond yields rose again, and stocks generally performed well after rate cuts.

In the first quarter of 2025, most central banks continued to cut rates, but the US Federal Reserve held rates steady and lowered its growth outlook due to economic uncertainties. In Europe, political developments in Germany and a large government spending plan made headlines.

Markets remained cautious, with bond yields fluctuating and global stocks ending the quarter with some losses. Concerns about tariffs and slowing growth weighed on investor confidence.

Equities

From March 2024 to March 2025, stocks in developed markets rose by about 4.8%, while emerging market stocks increased by around 10.1%, outperforming developed markets.

In the second quarter of 2024, stock markets continued to grow, mainly driven by a few large companies. Corporate profits stayed strong, and falling inflation created a better environment for stocks.

Asian markets, especially Taiwan and India, did well, helped by advances in artificial intelligence (AI). China and Latin America didn't perform as strongly, but overall, markets in Asia outperformed.

In the third quarter, stocks kept rising, but there was more volatility in early August. This was caused by the unwinding of a trade strategy involving the US dollar and Japanese yen, weaker US employment data, and rising unemployment. Despite this, US economic data remained positive later in the quarter. Chinese stocks surged at the end of the quarter after the government announced more support measures.

In the last quarter of 2024, global stocks gained in local currency and British pounds, but in US dollars, they showed some losses due to currency fluctuations. US stocks did well after Donald Trump's election victory. However, European and Japanese stocks struggled because of economic and political worries. UK stocks also declined, mainly because of concerns about the UK economy. Japanese stocks benefited from a weaker yen, government stimulus, and corporate reforms.

In the first quarter of 2025, global stocks fell in both local and pound terms due to worries about tariffs and economic growth. Emerging markets outperformed developed markets. Chinese stocks rose thanks to government support and advances in AI, while US stocks declined because of weaker economic data and trade uncertainties. Japanese stocks also fell. Overall, the second half of the year saw a slowdown in positive momentum due to policy uncertainties and economic worries.

Bonds

By March 2025, UK government bonds lost about 1.2% of their value, while UK corporate bonds gained around 2.4%. Bonds linked to inflation lost nearly 8%.

Bond yields (interest rates) varied: US Treasury yields declined, but yields in other developed countries rose. In the UK, the Bank of England was cautious, warning about economic and inflation risks from trade policies and wage growth. The Bank cut interest rates by a total of 0.75% during the year. UK 10-year government bond yields increased from 4.20% to 4.87%. Real yields (adjusted for inflation) also rose, reaching levels last seen in 2009.

Credit spreads (the extra yield investors get for taking on credit risk) tightened for both investment-grade and high-yield bonds, especially for lower-rated bonds.

Property

The UK property market remained relatively stable, but recent geopolitical events added some uncertainty. The market is recovering, with prices and sales increasing. For the first time in ten quarters, yields (the return on property investments) started to compress in some sectors, indicating a strengthening recovery. The Bank of England remains cautious about cutting interest rates, keeping borrowing costs high for now, but expectations are that rates will decrease further during the year.

In the last quarter of 2024, property transactions in the UK surged by 50%, the strongest since 2022. Industrial and residential properties saw the biggest increases. Overall, all major sectors saw more deals compared to the previous year, with industrial and retail leading the way. The MSCI UK Property Index showed a 2.4% gross return over three months, with residential and hotel sectors performing best.

Commodities

Oil prices dropped by about 14.5%, from \$87.42 to \$74.78 per barrel. Gold prices rose sharply, up 41%, from \$2,214 to over \$3,125 per ounce. The overall commodities index fell by 4.5%.

Currencies

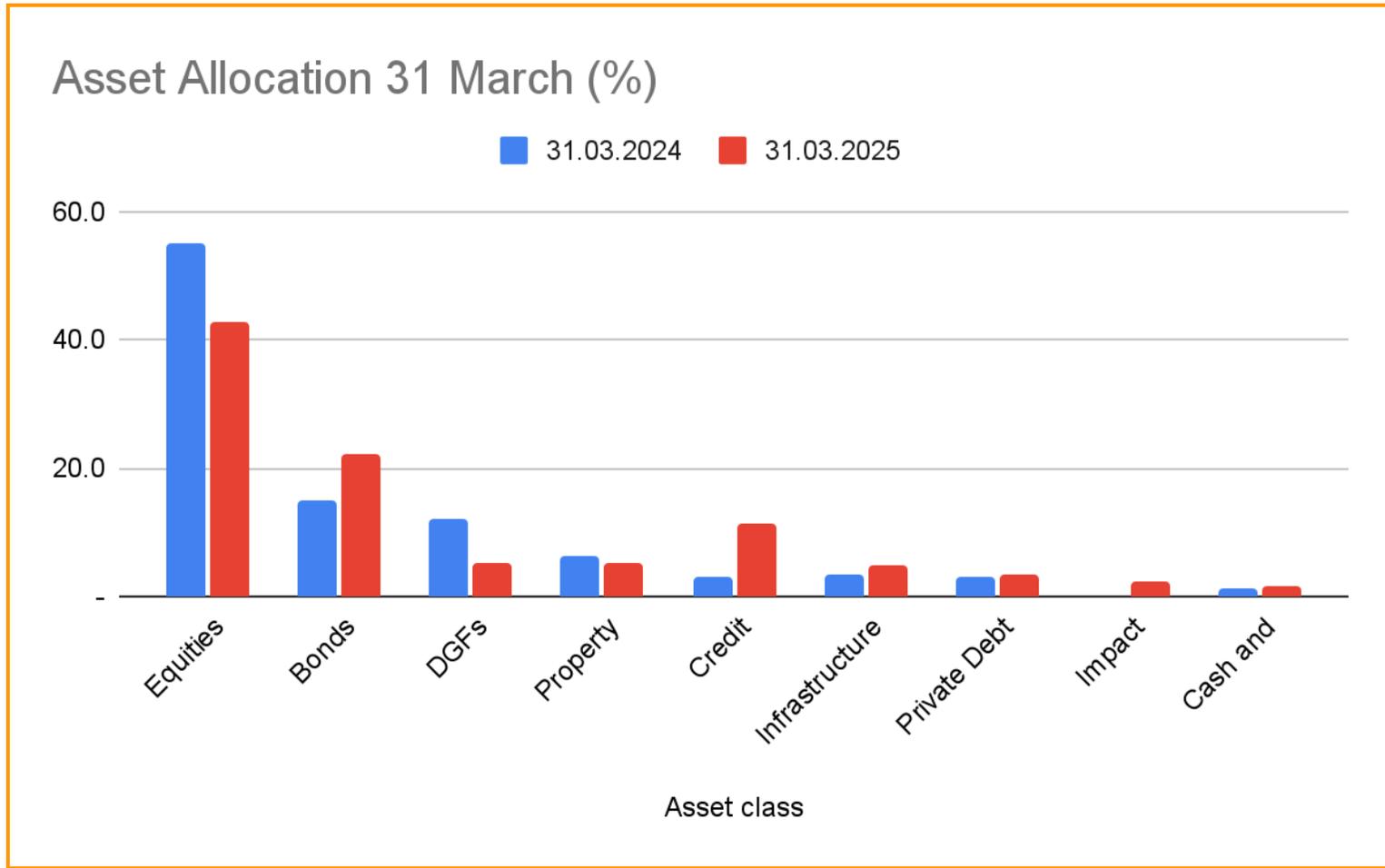
Over the year, the British pound strengthened against the US dollar by about 2.2%, from \$1.263 to \$1.291. It also gained against the yen and euro, rising by 1% and 2.2%, respectively.

Total Fund Performance

The table below shows the approved target allocations of individual asset classes against the actual allocations for the two most recent years ending 31st March. The Panel agreed a revised asset allocation for 2023/24 onwards at its March 2023 Panel meeting, enabling the Fund to continue its de-risking approach as the Fund had in excess of a 100% Funding level. The revised allocation also reflected the need for more income generating assets, such as impact investments, property, infrastructure and multi asset credit, as the fund matures. The revised allocation offered the closest match to the desired target return, with the lowest predicted volatility and Value at Risk, whilst incorporating Responsible Investment objectives.

During 2024/25 the Panel agreed to rebalance the portfolio, in order to address an increasing overweight position in equities and bring the portfolio back to within the strategic range set by the Panel. Equities holdings were reduced by £90m, taken evenly from across the portfolio's three equity managers; Columbia Threadneedle, Fidelity and LGIM Future World fund. £65m of this was invested into the LGIM Index Linked gilts fund, which is under LCIV pooled management and the remaining £25m was invested into the LCIV Multi Asset Credit Fund. This exercise increased the total of pooled investments to just under 58%.

Asset class	Asset Allocation	Asset Allocation	Strategic Asset Allocation	Variance from Strategic Asset Allocation
	31.03.2024	31.03.2025	31.03.2025	31.03.2025
Equities	55.0	42.8	40.0	2.8
Bonds	15.2	22.1	15.0	7.1
DGFs	12.2	5.4	6.0	(0.6)
Property	6.3	5.3	8.0	(2.7)
Credit	3.1	11.5	10.0	1.5
Infrastructure	3.5	5.1	7.5	(2.4)
Private Debt	3.3	3.6	5.0	(1.4)
Impact		2.5	8.5	(6.0)
Cash and Cash Equivalent	1.3	1.8	-	1.8
	100	100	100	-



The market value of the investment assets under the management of each fund manager as at 31 March 2024 and 31 March 2025 is shown overleaf.

The main changes during the year were a new allocation to Impact funds, namely the LCIV Housing Fund and the LCIV London Fund, an increased allocation to LCIV Global Bond Fund, and an increased allocation to Multi Asset Credit. This was funded by reducing the Fund's investments in Diversified Growth Funds and Equities.

	31 March 2024	31 March 2025
Fund Manager	Market Value	Market Value
	£'000	£'000
Investments pooled or deemed pooled with London Collective Investment Vehicle		
LCIV Absolute Return Fund (Ruffer)	67,853	70,297
LCIV Private Debt (Pemberton & Churchill)	42,970	46,083
LCIV Global Bond Fund (PIMCO)	138,480	146,211
LCIV Multi Asset Credit Fund (CQS & PIMCO)	114,995	148,970
LCIV Renewable Infrastructure Fund	50,077	65,659
LCIV London Fund	9,954	12,248
LCIV Housing Fund	150	19,418
Legal & General - Future World Global Equity Index Fund	192,986	173,614
Legal & General - Index Linked Fund	-	64,358
Sub total	617,465	746,858
Investments managed outside of London Collective Investment Vehicle		
UBS Global Asset Management	40,049	42,300
Fidelity Pensions Management	229,024	206,841
Columbia Threadneedle Investments - Global Equity Fund	203,400	176,479

M&G Investments	25,323	25,880
Janus Henderson Investors - Total Return Bond Fund	72,573	75,418
Federated Hermes Money Market Fund	34,773	17,762
Sub total	605,142	544,680
Total	1,222,607	1,291,538

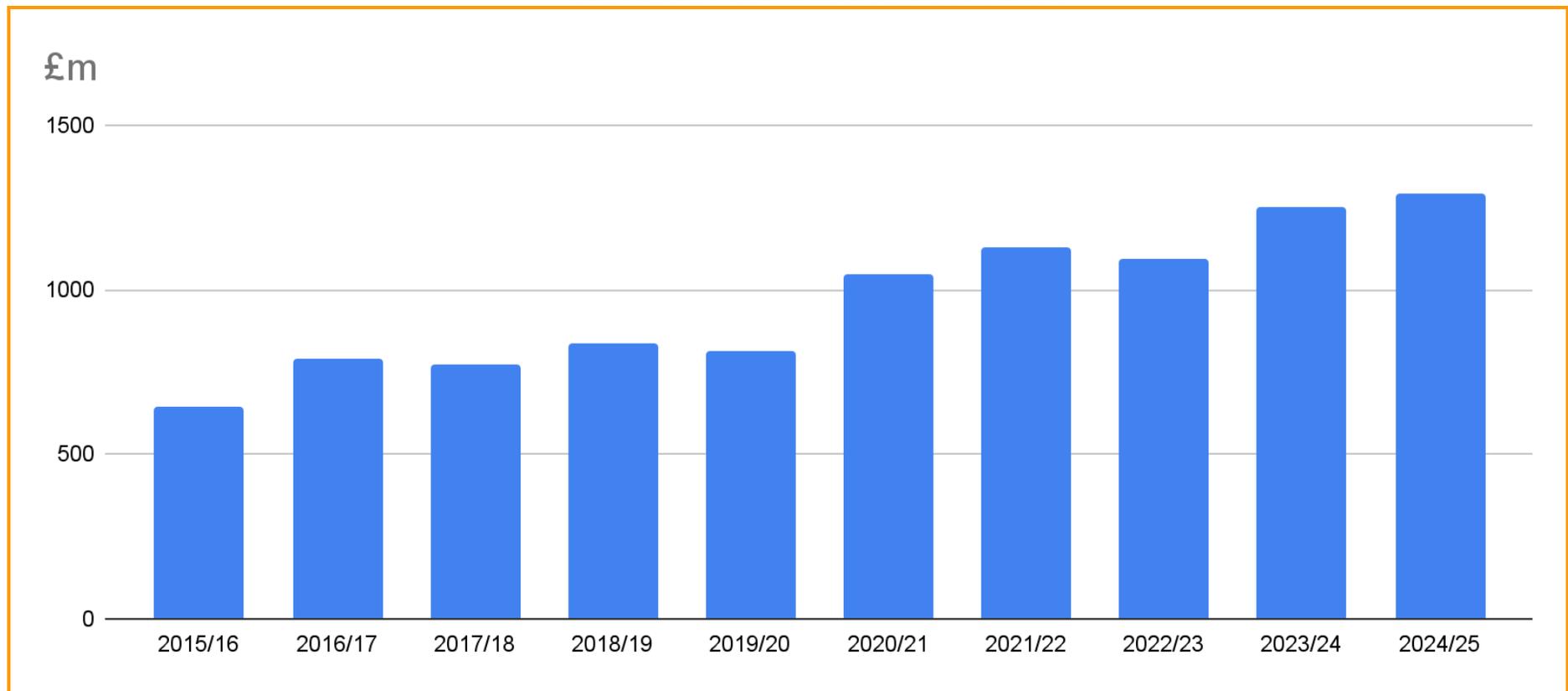
Each fund manager has been set a specific benchmark (excluding LCIV Infrastructure Fund and LCIV Private Debt Fund), as well as a performance target against which they will be measured. This is shown in the table below:

Manager	Asset Pool	Mandate	Benchmark	Performance Target
Fidelity		Global equities	MSCI All Countries World Index	+ 1.5% above benchmark over rolling 3 year period (net-of-fees)
Columbia Threadneedle		Global equities	MSCI All Countries World Index	+ 3.0% above benchmark over rolling 3 year period (gross-of-fees)
LGIM	Yes	Global equities	Solactive L&G ESG Global Markets Index	Match benchmark
London CIV - Ruffer	Yes	Absolute Return Fund	SONIA (30 day compounded)	+ 3.5% p.a.
UBS		Property	MSCI All Pooled Property Funds Median	Outperform benchmark over rolling 3 year period (gross-of-fees)
M&G		Property	No benchmark	+6% p.a. on long-term basis*

Manager	Asset Pool	Mandate	Benchmark	Performance Target
London CIV - Renewable Infrastructure	Yes	Impact	No benchmark	+7 - 10% p.a.
London CIV – UK Housing Fund	Yes	Impact	No benchmark	+ 6% p.a.
London CIV - The London Fund	Yes	Impact	CPI	+ 3% p.a.
London CIV – Private Debt	Yes	Private debt	No benchmark	+ 6 - 8% p.a.
London CIV – CQS & PIMCO	Yes	Multi Asset Credit Fund	SONIA (30 day compounded)	+ 4.5% p.a
Janus Henderson Investors (TRB)		Bonds	SONIA	+ 2.5 % p.a. (over 5 year period)
London CIV – Global Bonds	Yes	Bonds	Bloomberg Global Aggregate Credit (GBP Hedged) Index	-
LGIM	Yes	Bonds	FTSE A Over 5 Years Index-Linked Gilts Index	Match benchmark

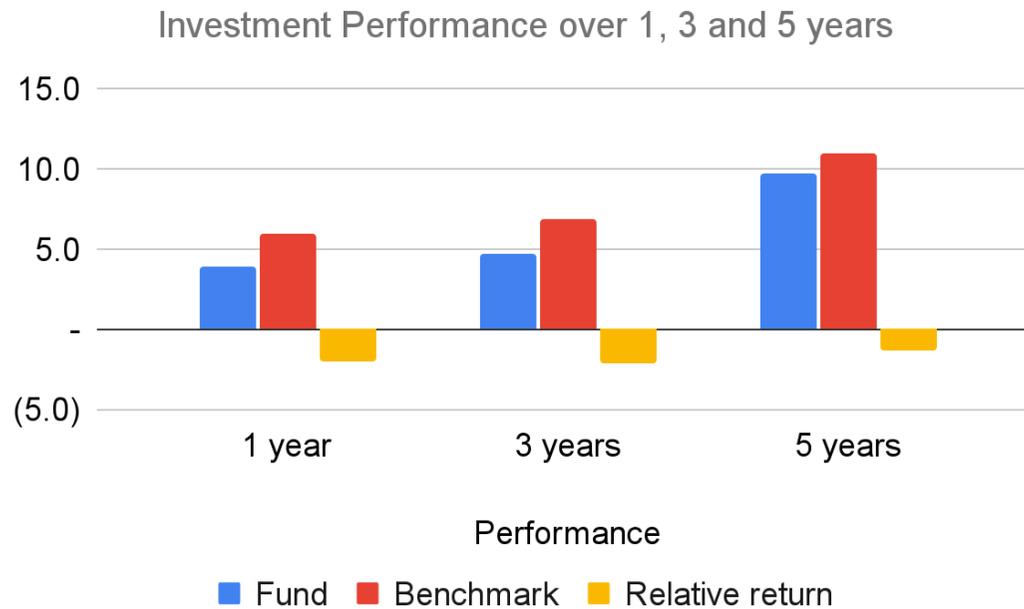
*self-imposed target

NET ASSET FUND VALUE OVER 10 YEARS



The following table provides comparative analysis of manager's performance over 1 year, 3 year and 5 years at total Fund level. In the year to 31 March 2025 the Fund delivered a positive return of 3.9% while the benchmark return was 5.9%. The Fund's performance has been stronger over the longer term, although below the benchmark.

Performance	1 year	3 years	5 years
Fund	3.9	4.7	9.7
Benchmark	5.9	6.9	11.0
Relative return	(2.0)	(2.2)	(1.3)



Analysis of the Universe of LGPS funds carried out by the Performance Monitoring Consultants (PIRC), has showed that average fund returns delivered 3.4% (1 year), 3.6% (3 years), and 8.3% (5 years). Detailed analysis shows that the Royal Borough of Kingston Pension Fund was in the median, upper, and upper quartiles respectively.

Fund Manager Performance

The table overleaf provides comparative analyses over 1 year, 3 years and 5 years at fund manager level against the relevant Council benchmarks.

Investment Fund	1 year performance			3 year performance			5 year performance		
	Fund Return	Benchmark Return	Relative return	Fund Return	Benchmark Return	Relative return	Fund Return	Benchmark Return	Relative return
London Collective Investment Vehicle:									
LCIV Absolute Return Fund (Ruffer)	3.6	6.8	(3.2)	(0.5)	5.3	(5.8)	5.0	3.2	1.8
LCIV Private Debt (Pemberton & Churchill)	1.0	6.0	(5.0)	8.0	6.0	2.0	-	-	-
LCIV Global Bond Fund (PIMCO)	5.6	4.8	0.8	1.5	0.9	0.6	-	-	-
LCIV Multi Asset Credit Fund (CQS & PIMCO)	8.0	6.9	1.1	4.8	5.3	(0.5)	8.1	3.2	4.9
LCIV Renewable Infrastructure Fund	(3.5)	7.0	(10.5)	-	-	-	-	-	-
LCIV UK Housing Fund	-	6.0	(6.0)	-	-	-	-	-	-
LCIV The London Fund LP	7.4	6.0	1.4	-	-	-	-	-	-
Legal & General - Global Equity	5.2	4.6	0.6	8.1	7.5	0.6	-	-	-

Index Fund									
Legal & General - 5y Index-Linked Gilts	-	-	-	-	-	-	-	-	-
Other Managers:									
Janus Henderson - Absolute Return Bonds	3.6	7.4	(3.8)	0.1	6.5	(6.4)	1.4	4.9	(3.5)
UBS Global Asset Management	1.9	4.6	(2.7)	(5.1)	(3.1)	(2.0)	2.4	2.0	0.4
Fidelity Pensions Management	3.0	5.3	(2.3)	8.1	8.1	-	15.3	14.8	0.5
M&G Real Estate Fund	3.0	6.0	(3.0)	0.8	6.0	(5.2)			
Columbia Threadneedle - Global Equity Fund	1.8	5.3	(3.5)	7.9	8.1	(0.2)	12.8	14.8	(2.0)

6. ASSET POOLS

Background

The Department for Levelling Up, Housing and Communities (DLUHC) issued guidance in 2015, outlining expectations for LGPS funds to establish asset pooling arrangements. The aim was to achieve improved governance, economies of scale, and lower investment costs.

DLUHC initiated a consultation in January 2019 to update expectations for administering authorities and formalise the pooling framework. This built on previous communications and aimed to establish a more transparent regulatory framework for LGPS pools. The Government's commitment to accelerating asset pooling was reaffirmed in July 2023 with DLUHC's 'Next Steps on Investment Consultation'. This initiative gained further support from the Chancellor's Autumn Statement 2023, which declared the Government's intention for all LGPS funds to have transitioned their listed assets into their respective pool by 31 March 2025. This timeline aligns with the 2022 triennial valuation cycle and forms part of the Government's 'Fit for the Future' agenda, which aims to consolidate LGPS investment assets to achieve improved outcomes for both scheme members and taxpayers.

Pooling Progress

Established in 2015, the London CIV is entirely owned by the 32 London local authority pension funds. As of 31 March 2025, it managed approximately £34.2 billion in assets, across a range of listed and alternative investment strategies.

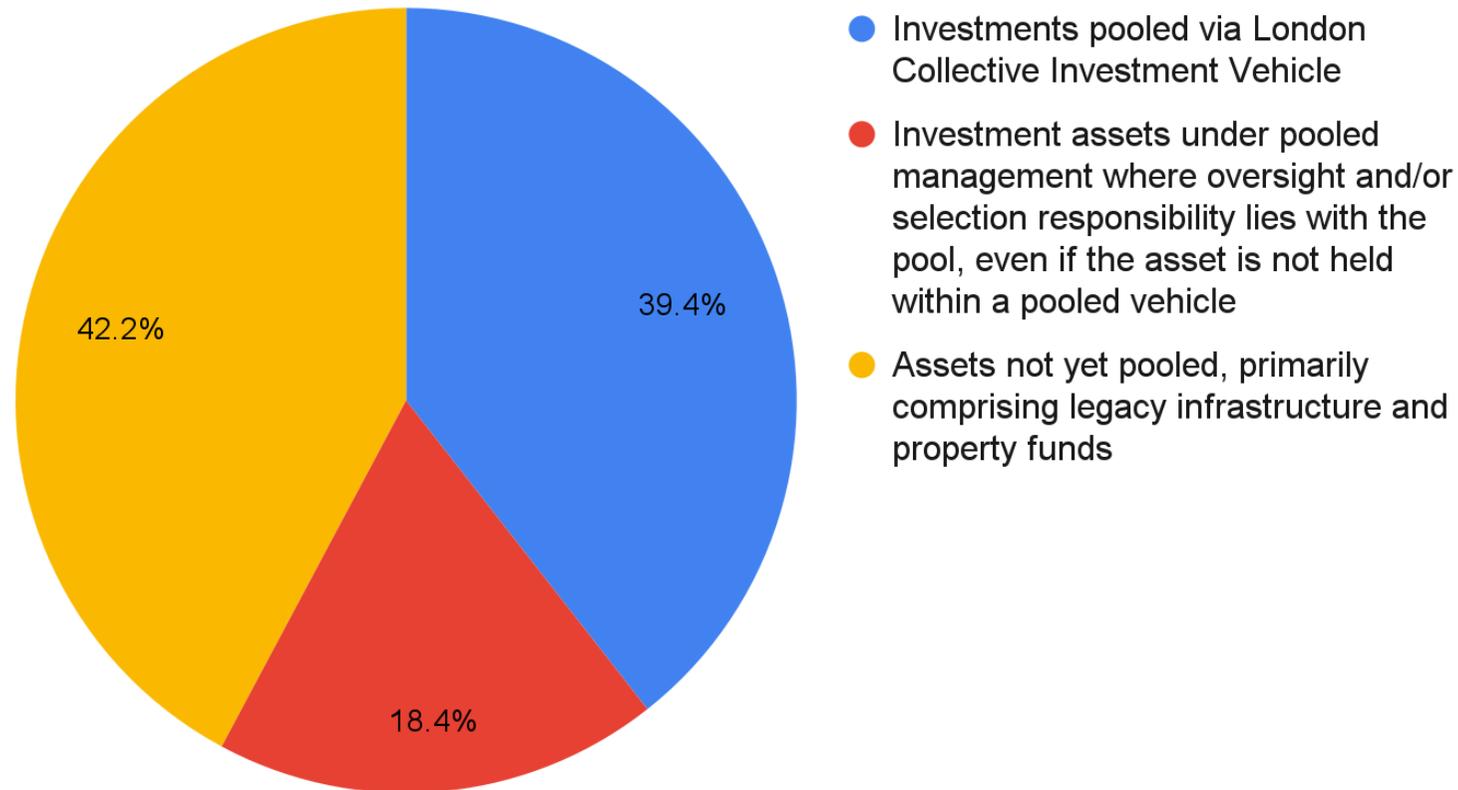
As at 31 March 2025, the Fund had;

£508.9m (39.4%) of investment assets pooled via the London CIV.

£237.9m (18.4%) of investment assets under pooled management where oversight and/or selection responsibility lies with the pool, even if the asset is not held within a pooled vehicle.

£544.7m (42.2%) of assets not yet pooled, primarily comprising legacy infrastructure and property funds.

Royal Borough of Kingston Investments Pooling Position at 31.03.2025



The table below shows the Fund's assets by asset class split between investments managed by the pool, investments deemed pooled and investments outside of the pool. Over the last 3 years, the Royal Borough of Kingston Pension Fund has increased its investments managed by LCIV from 42% to 58% of total investments by market value, including both direct investments through London CIV and indirectly managed through passive investments.

Asset Values as at 31 March 2025	Under Pool		Not	
	Pooled	Management	Pooled	
	£'000	£'000	£'000	£'000
Equities	-	173,614	378,535	552,149
Fixed Income	146,211	64,358	75,418	285,987
Property	31,666	-	67,824	99,490
Credit	148,970			148,970
Diversified Growth Funds	70,297	-	-	70,297
Private Debt	46,083	-	-	46,083
Infrastructure	65,659	-	-	65,659
Cash and Cash Equivalent*	-	-	22,903	22,903
Total	508,886	237,972	544,679	1,291,538

* This represents cash held in the Fund's money market funds. It does not include cash held in the Fund's current account at year end.

The set up and transition costs incurred by the Fund in relation to pooling are detailed in the following table;

	2015/16 - 2019/20 Amalgamated	2020/21	2021/22	2022/23	2023/24	2024/25	Cumulative
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Set up Costs							
Share purchase	150	-	-	-			150
Annual subscription	150	25	25	25	25	25	275
Development Funding charge	220	85	85	85	76	73	624
Management Fees	-	-	53	111	100	108	372
Fee Savings	(603)	(231)	(495)	(382)	(571)	(725)	(3,007)
Net (Savings) / Costs Realised	(83)	(121)	(332)	(161)	(370)	(519)	(1,586)

The table below shows how the management costs of the funds managed by LCIV compare with those of the Fund's other managers. The asset classes the Fund invests in through the LCIV are mainly in private markets and therefore more expensive than the asset classes held outside of the LCIV, for example equities.

	Asset Pool	Non-Asset Pool	Fund
	Total	Total	Total
	£'000	£'000	£'000
Management fees	2,817	2,554	5,371
Transaction costs	111	516	627
Custody fees	0	59	59
Performance fees	0	0	0
Total	2,928	3,129	6,057

7. RESPONSIBLE INVESTMENT

Beliefs

The Fund is committed to being a responsible investor and its investment beliefs reflect the need to deliver sustainable investment returns in order to pay pension benefits. The Fund's Responsible Investment (RI) Policy aims to incorporate financially material Environmental, Social and Governance (ESG) factors into investment decisions and recognises that it is consistent with its fiduciary responsibility to identify and manage ESG risks and opportunities appropriately, while safeguarding its assets over the long term.

The RI Policy can be found [here](#).

Engagement

The Fund uses its influence as a long-term investor to encourage positive change. It expects all of its investment fund managers to exercise their voting rights and to actively engage with companies to encourage responsible investment behaviour. Divestment is considered as a last resort, once all avenues of engagement have been explored.

The Fund works closely with its chosen pool, the London CIV, to maximise stewardship and engagement opportunities and is a member of the Local Authority Pensions Fund Forum (LAPFF), an organisation that engages directly with company chairs and boards to affect change at investee companies.

Progress

While the Fund's approach to responsible asset ownership has already led to the transition of some investments into funds with an ESG tilt, there is a continuing RI journey. During 2024/25 Pension Panel members attended a training session on taking the next steps in responsible investing. Following this a revised RI Policy was put in place, which set out clearer beliefs and objectives, strengthened the approach to climate change through the introduction of 2030 carbon reduction targets, set out the Fund's enhanced adoption of UN Sustainable Development Goals and its objectives on Impact Investing, alongside how that will be measured and reported. The Fund continues to work closely with the London CIV on RI monitoring and reporting, which includes the provision of annual climate analytics.

8. SCHEME ADMINISTRATION

Service Arrangements

The Royal Borough of Kingston upon-Thames Pension Fund is committed to providing a high-quality, efficient, and cost-effective administrative service of the Local Government Pension Scheme (LGPS) to all its members and employers. The day-to-day administration of the Fund is managed through the Shared Pensions Administration Service with the London Borough of Sutton Pension Fund, a partnership designed to enhance resilience, efficiency, and member experience. The Shared Pensions Administration Service is hosted by the London Borough of Sutton and delivers its services to a total membership of circa 38,848 and 104 employers across the two funds.

This section of the Annual Report outlines the administration of the LGPS in Kingston, details the services provided to members, and reviews the performance of the administrative function over the past year.

Service Delivery

The shared Pensions Service is responsible for all operational aspects of the Fund's administration, including:

- Maintaining accurate and up-to-date member records
- Calculating and paying pension benefits in accordance with the performance standards
- Publishing annual benefit statements for active and deferred members
- Publishing pension savings statements to affected members
- Applying the annual pensions increase as directed by HM Treasury
- Maintaining a 'breaches of law' register and notify The Pension Regulator of any materially significant breaches
- Ensuring that any internal dispute resolution procedure and corporate complaint cases are dealt with in a timely manner

Member Services and Communication

The Fund places a high value on clear and accessible communication with its members. Key communication channels and services include:

Annual Benefit Statements: Provided to all active and deferred members, outlining their pension benefits accrued to date.

"My Pension" Online Portal: A secure online platform where members can view their pension details, run retirement projections, and update their personal information. The member self-service portal can be accessed at pensions.sutton.gov.uk.

Website: The Royal Borough of Kingston upon-Thames website provides a dedicated section for the Pension Fund, with access to key documents, forms, and news updates. For more information, please search 'LGPS' on www.kingston.gov.uk.

Member Enquiries: The shared Pensions Administration Service is available to answer member queries by phone and email, providing support on a range of pension-related matters.

Performance and Key Developments

The Fund continuously monitors its performance to ensure that a high standard of service is maintained. Key performance indicators (KPIs) are in place to measure the timeliness and accuracy of key administrative tasks. Over the past year, the Fund has focused on several key exercises:

McCloud remedy project

In 2018, the Court of Appeal ruled in the McCloud case that the transitional protections given to older members of public service pension schemes when they were reformed in 2014 and 2015 were discriminatory on the grounds of age. The Government has since introduced regulations, known as the McCloud Remedy, to remove this discrimination from the LGPS.

The remedy applies to members who were in the scheme on or before 31 March 2012 and remained in service on or after 1 April 2014. For these members, benefits accrued during the remedy period (1 April 2014 to 31 March 2022) are now protected by an 'underpin'. This means that when an affected member takes their pension, the Fund will calculate their benefits for the remedy period on both a final salary and a career average (CARE) basis, and the member will receive the higher of the two.

The implementation of the McCloud Remedy is a large and complex undertaking, requiring significant resources and a detailed project plan. The Fund has established a dedicated project to manage this process, working closely with our administration software provider to develop and test the necessary system functionality to perform the underpin calculations accurately. A primary focus has been gathering historical pay data for the entire remedy period for all affected members. This has involved extensive engagement with scheme employers to ensure the data we hold is complete.

Our immediate priority is for our active and deferred members' Annual Benefit Statements to be updated to reflect any McCloud underpin protection. The next phase is the review of cases for members who have already retired or left the scheme, as their benefits may need to be retrospectively adjusted. We are reviewing these cases and will be communicating directly with any member whose pension is due to be increased, with any arrears paid in line with scheme regulations. The Fund is committed to completing this project to ensure all members receive benefits compliant with LGPS Regulations.

Guaranteed Minimum Pensions (GMP) reconciliation project

The Fund is pleased to report the successful completion of the Guaranteed Minimum Pension (GMP) Reconciliation project in February 2025. This complex project was a mandatory industry-wide exercise that was required following the end of contracting-out of the State Earnings Related Pension Scheme (SERPS) in 2016.

The project's objective was to reconcile the GMP data held by the Fund against the final records provided by HM Revenue & Customs (HMRC). This was a key exercise, as discrepancies between these datasets could lead to the incorrect application of pension increases and, consequently, incorrect pension payments over many years.

Working with a specialist third-party provider, the final phase of the project involved correcting all identified discrepancies on affected members' pension records. Where this exercise identified historical underpayments, arrears have been calculated and paid with interest. In cases where overpayments were identified, the Fund has acted in line with scheme regulations and established LGPS best practice. All affected members have been contacted with a clear explanation of the changes to their pension. The conclusion of this key project provides greater accuracy for members' benefits and improves the quality of the Fund's liability data for actuarial valuation purposes.

Pensions Dashboards project

The Pensions Dashboard Programme is a government-led initiative set to transform how individuals interact with their pensions. The programme, overseen by the Money and Pensions Service (MaPS), will enable members to view information about all of their pensions in a single secure online location.

The LGPS, along with all other UK pension schemes, has a statutory duty to connect to the central digital architecture that underpins the dashboard. This will allow secure transfer of members' data to their chosen dashboard provider upon request. The mandatory staging date by

which the Royal Borough of Kingston upon-Thames Pension Fund must be connected to the ecosystem is 31 October 2025. In preparation for this significant undertaking, the Fund is actively engaged in a detailed project plan and on track to meet the statutory deadline.

A key dependency for the success of the Pensions Dashboard is the quality and completeness of member data. Our ongoing data improvement initiatives are therefore critical to ensuring we can meet our dashboard obligations and provide our members with accurate information when the service goes live. The Fund remains committed to delivering this project on time and to the required standards.

Data Improvement project

The Fund considers the maintenance of high-quality member data to be key to effective scheme administration. Accurate data is fundamental to ensuring the correct calculation of members' benefits, the precise valuation of the Fund's liabilities, and compliance with our statutory obligations. The Pensions Regulator (tPR) requires all schemes to measure and report on the quality of their data annually.

For the 2024/25 reporting year, the Fund's data scores were 98% for common data and 83% for scheme-specific data. While the common data score remains high, we have identified the improvement of our scheme-specific data as a priority. To address this, the Fund has a comprehensive Data Improvement Plan in place. This plan outlines a programme of work to identify the cause of data issues and implement solutions to improve data accuracy.

As part of this ongoing plan, the Fund undertakes several proactive measures. We work continuously with scheme employers to improve the quality of data submissions at source. Furthermore, in accordance with our Data Improvement Policy, we engage a specialist third-party data services provider to conduct data cleansing activities. These include mortality screening to prevent pension overpayments and reduce the risk of fraud, alongside regular address tracing exercises to find and re-engage with members with whom we have lost contact. The implementation of these initiatives is crucial for safeguarding members' benefits and the Fund's assets.

Value for money statement

The Royal Borough of Kingston upon-Thames Pension Fund is committed to ensuring that the services provided to its members and employers deliver excellent value for money. The Fund has a fiduciary duty to manage its costs effectively without compromising the quality of its administration and governance.

An important part of our value for money strategy is the shared Pensions Administration Service with the London Borough of Sutton. This collaboration generates efficiencies through economies of scale, the sharing of specialist staff and resources, and increased resilience. By pooling our administrative functions, we can reduce the cost per-member while enhancing the overall service provided.

Our investment in the "My Pension" online portal, empowers members to self-serve, which improves efficiency and reduces administrative costs. The Fund is dedicated to the ongoing monitoring of its performance and costs to ensure that value for money is consistently achieved and improved upon.

Data analysis

Membership data

Active	Deferred (inc. frozen refunds)	Pensioner	Total
5,499	8,657	5,563	19,719

New pensioners

Normal retirement	Early retirement	Ill-health	Total
203	99	4	306

Active employer numbers

Scheduled (inc. Kingston Council)	Admitted	Total
26	11	37

9. GOVERNANCE

The Royal Borough of Kingston upon-Thames, as the Administering Authority for the Royal Borough of Kingston upon-Thames Pension Fund, is committed to maintaining the highest standards of governance. A robust governance framework is essential for the effective and efficient management of the Fund, ensuring that the interests of all members, employers, and other stakeholders are protected. This framework ensures that the Fund is managed in compliance with all relevant legislation, regulations, and best practice guidelines, including those set out by the Pensions Regulator and the Scheme Advisory Board.

Our governance arrangements are designed to be transparent and accountable, with clear roles and responsibilities for all parties involved in the management and oversight of the Fund.

Pension Fund Panel

Responsibilities:

The key responsibilities of the Pensions Panel include:

- Setting the strategic direction for the Fund.

- Deciding and reviewing key policy documents, including the Investment Strategy Statement, Funding Strategy Statement, and Communications Policy.

- Appointing and monitoring the performance of the Fund's investment managers, advisors, and other service providers.

- Overseeing the Fund's financial performance and position.

Ensuring that the Fund has an effective risk management framework in place.
Approving the Pension Fund Annual Report and Accounts.

Membership and Meetings:

The Pensions Panel is composed of five elected councillors from the Royal Borough of Kingston upon-Thames, along with three voting co-opted representatives for scheme employers and members. This structure ensures that the views of key stakeholders are considered in the decision-making process. The Panel meets four times a year on a quarterly basis, with all meetings held in public and agendas and minutes published on the Council's website. The membership of the Panel in the 2024 municipal year was:

- Councillor Patrick Hall (Chair)
- Councillor Mark Beynon (Vice-Chair)
- Councillor Alison Holt
- Councillor Farshid Sadr-Hashemi
- Councillor Richard Thorpe
- Chris Coke (Co-Optee)
- Lesley Diston (Co-Optee)
- Garen Arevian (Co-Optee)

The below table summarises the Panel attendance and training during the 2024 municipal year:

	Councillor Patrick Hall	Councillor Mark Beynon	Councillor Alison Holt	Councillor Farshid Sadr-Hashemi	Councillor Richard Thorpe	Chris Leslie Diston Coke	Garen Arevian
Panel attendance							
20 June 2024	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
18 September 2024	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
20 November 2024	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
26 February 2025	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Training for the Panel							
Pensions Governance - Hymans				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Actuarial Methods, Standards and Practices - Hymans				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Investment Performance and Risk Management - Hymans				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Responsible Investing Training							
Pensions Administration - Hymans			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

Role of Pension Board

The Pension Board was established in accordance with the Public Service Pensions Act 2013. The Board's role is to assist the Administering Authority in securing compliance with scheme regulations and the requirements of the Pensions Regulator, and to ensure the effective and efficient governance and administration of the Fund.

The Board operates independently of the Pensions Panel and does not have decision-making powers. Its function is to provide scrutiny and oversight.

Responsibilities of the Board

The primary duties of the Pension Board are to:

- Review the Fund's compliance with all relevant legislation and guidance.
- Monitor the performance of the Fund's administration and governance arrangements.
- Help ensure that any potential or actual breaches of duty are identified and reported.
- Review the effectiveness of the Fund's policies and procedures.

Membership

The Board consists of an equal number of three employer and three scheme member representatives. This composition ensures a balanced representation of stakeholder interests. The Board meets quarterly and reports its recommendations to the Pensions Panel. The membership of the Board within the 2024 municipal year was:

- Robert Ewing (Chair & Employer representative)
- Councillor Jackie Davies (Employer representative)
- Alexandra Harris (Employer representative) - Up until February 2025
- Sam Burgess (Member representative)
- Pauline Lyseight-Jones (Member representative)
- Raymond Harte (Member representative) - Up until October 2024

The below table summarises the Board attendance and training during the 2024 municipal year:

	Robert Ewing	Councillor Jackie Davies	Alexandra Harris	Raymond Harte	Sam Burgess	Pauline Lyseight-Jones
Board attendance						
9 July 2024	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
16 October 2024	<input checked="" type="checkbox"/>					
4 December 2024		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	
12 March 2025	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	N/A		
Training for the Board						
Pensions Governance - Hymans	<input checked="" type="checkbox"/>					
Actuarial Methods, Standards and Practices - Hymans	<input checked="" type="checkbox"/>					
Investment Performance and Risk Management - Hymans	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Responsible Investing Training				N/A		
Pensions Administration - Hymans	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	N/A	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Governance Policies and Compliance

The Fund maintains a suite of key governance documents that are regularly reviewed and updated by the Pensions Panel. These documents, which are publicly available on the Fund's website, include:

Governance Compliance Statement: This statement details how the Fund complies with the best practice governance principles set out by the Scheme Advisory Board. The Governance Compliance Statement is shown at Section 11.

Conflicts of Interest Policy: This policy outlines the procedures for identifying, monitoring, and managing any potential conflicts of interest for members of the Pensions Panel, Pension Board, and Fund officers.

Training Policy: The Fund is committed to ensuring that all those involved in its governance have the necessary knowledge and skills to perform their roles effectively. A training policy is in place, and a log of all training undertaken is maintained and reported annually.

Risk Management

Effective risk management is integral to the governance of the Fund. The Pensions Panel is responsible for overseeing the Fund's risk management framework. A comprehensive risk register is maintained, which identifies, assesses, and documents the key risks facing the Fund across all areas of its operations, including funding, investment, administration, and governance. The risk register is reviewed at every Pensions Panel meeting to ensure that risks are being actively managed and that appropriate mitigation strategies are in place.

Risks are identified from relevant sources of information, such as management reports and from reviews undertaken by independent advisers. The actual scores are recorded in the risk register, along with gross and net risk scores (likelihood x impact) that determines the RAG ratings. The net score indicates the exposure arising from a risk after mitigation measures have been applied.

10. ACTUARIAL REPORT

The Pension Fund is required by regulations to have an assessment every 3 years of its pension liabilities and the assets available to pay for them. The last triennial valuation took place in 2022 and in summary the Fund had a surplus of £110m which represents a funding level of 111%. This compares with a funding level of 95% at the previous valuation in 2019.

The full valuation report can be found here: <https://www.kingston.gov.uk/finance-budgets/pensions>.

The next full valuation is due as at 31 March 2025.

11. EXTERNAL AUDIT REPORT

Independent auditor's report to the members of Royal Borough of Kingston on the pension fund financial statements of Royal Borough of Kingston.

12. Pension Fund Accounts

These show the income and expenditure of the Royal Borough of Kingston upon Thames Local Government Pension Fund in relation to current employees and pensioners, investment transactions and the position of the Fund at year end including future liabilities.

Fund Account for the year ended 31 March 2025

2023/24		Note	2024/25
£'000			£'000
	Dealings with members, employers and others directly involved in the Fund		
(44,500)	Contributions	7	(43,155)
(9,995)	Transfers in from other pensions funds	8	(16,620)
(54,495)			(59,775)
38,619	Benefits	9	44,139
4,475	Payments to and on account of leavers	10	16,157
43,094			60,296
(11,401)	Net (additions) / withdrawals from dealings with members		521
7,348	Management expenses	11	7,362
(4,053)	Net (additions)/withdrawals including fund management expenses		7,883
	Returns on Investments		
(20,517)	Investment income	12	(22,423)
54	Taxes on income	13	51
(132,726)	(Profit) loss on disposal of investments and changes in the market value of investments	16b	(29,394)
(153,189)	Net Return on Investments		(51,766)
(157,242)	Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		(43,883)
(1,093,093)	Opening Net Assets of the Scheme		(1,250,335)
(1,250,335)	Closing Net Assets of the Scheme		(1,294,218)

The accompanying notes form part of the financial statements.

Net Assets Statement for the year as at 31 March 2025

2023/24		Note	2024/25
£'000			£'000
150	Long-term assets		150
1,226,734	Investment assets	14	1,292,653
(4,127)	Investment liabilities	14	(1,115)
1,222,757	Total Net Investments		1,291,688
29,515	Current assets	20	4,002
(1,937)	Current liabilities	21	(1,472)
1,250,335	Net Assets of the Fund available to fund benefits at the end of the reporting period		1,294,218

The accompanying notes form part of the financial statements.

Notes to the Pension Fund Accounts

PF Note 1 - Description of the Fund

a) General

The Royal Borough of Kingston upon Thames Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Kingston upon Thames.

The Fund 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 Amendment) Regulations 2014 (as amended)

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The LGPS is a contributory defined benefit pension scheme established in accordance with statute, which provides pensions and other benefits for pensionable employees of the Royal Borough of Kingston upon Thames and the admitted and scheduled bodies in the Fund. Teachers are not included as they are entitled to other national pension schemes.

The benefits offered by the LGPS include retirement pensions, early payment of benefits on medical grounds, and payment of death benefits where death occurs either in service or in retirement.

b) Pension Fund Panel

The Council has delegated all matters relating to the Fund to the Pension Fund Panel. Its core functions include deciding upon the investment strategy, approving policy statements, and monitoring performance. The Panel is made up of five Members of the Council each of whom has voting rights and three other non-elected observer members (with voting dispensation until May 2026).

The Panel considers the views of the S151 Officer and obtains, as necessary, advice from the Fund's appointed investment advisers including an independent investment advisor, fund managers and actuary. The implementation of these decisions is delegated to the S151 Officer.

c) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Royal Borough of Kingston-upon-Thames Pension Fund include:

Scheduled bodies which are automatically entitled to be members of the Fund.

Admitted bodies, which participate in the Fund under the terms of an admission agreement between the fund and the employer.

Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Active Scheme employers at 31 March 2025 included the Administering Authority and local education authority (LEA) schools. Other participating organisations were as follows:

Scheduled Bodies:

Bedelsford School
Castle Hill Primary School
Chessington School
Coombe Academy Trust pool:
Coombe Boys' School

Admission bodies:

Achieving for Children pool:
Achieving for Children
Achieving for Children (Windsor and
Maidenhead)

Coombe Girls' School
Green Lane Primary and Nursery School
Knollmead Primary School
Robin Hood Primary and Nursery School
Dysart School
Fern Hill Primary School
Kingston University
Latchmere School
Our Lady Immaculate Catholic Primary School
Richard Challoner School
Southborough High School

Christ the Redeemer Catholic Education

Trust pool:

St Agatha's Catholic Primary School
St Joseph's Catholic Primary School
St Philip's School
The Hollyfield School and Sixth Form Centre
The Holy Cross School
The Kingston Academy
The Spring School
The Tiffin Girls' School
Tiffin School
Tolworth Girls' School and Sixth Form

Balance Support CIC
Culinera (Fern Hill Primary School)
DB Services (Tiffin School)
Gold Care Homes (2025)
Innovate Services (Southborough High School)
London Grid for Learning
PS Catering Management (Latchmere Academy)
YBC Cleaning Services (Housing)
Your Healthcare CIC

I

The following table summarises the membership numbers of the scheme:

2023/24		2024/25
No.		No.
37	Number of Employers with active members	37
Active Members		
2,632	Royal Borough of Kingston upon-Thames	2,292
2,354	Scheduled bodies	2,250
930	Admitted bodies	957
5,916		5,499
Deferred Members		
4,807	Royal Borough of Kingston upon-Thames	4,904
3,033	Scheduled bodies	3,097
580	Admitted bodies	656
8,420		8,657
Pensioner Members		
3,988	Royal Borough of Kingston upon-Thames	4,059
1,171	Scheduled bodies	1,261
207	Admitted bodies	243
5,366		5,563
19,702	Total	19,719

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Price Index (CPI).

Key details of the scheme's variants are shown in the table below:

	Service pre 1 April 2008	Service 1 March 2008 to 31 March 2014	Service post 31 March 2014
Pension	Accrual rate per annum of 1/80th of final pensionable pay.	Accrual rate per annum of 1/60th of final pensionable pay.	Accrual rate per annum of 1/49th of current year's pensionable pay.
Lump sum	Automatic lump sum of 3 x pension. Option to exchange annual pension for tax free lump sum at a rate of £1 pension for £12 lump sum up to a maximum of 25% of total pension pot.	No automatic lump sum. Option to exchange annual pension for tax free lump sum at a rate of £1 pension for £12 lump sum up to a maximum of 25% of total pension pot.	

A range of other benefits are also provided including early retirement, ill-health pensions and death benefits. Further information is available at <https://www.lgpsmember.org>

e) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Under the current scheme, members can opt for the 50:50 option where they pay half their contributions for half the benefits.

Employers' contributions are set based on triennial actuarial funding valuations. Employer contribution rates payable from 1 April 2024 were set by the triennial valuation as at 31 March 2022, the results of which were published on 30 March 2023. In 2024/25, employer contribution rates ranged from 0.0% to 27.8% of pensionable pay.

PF Note 2 - Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2024/25 financial year and its position as at 31 March 2025. The Accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2024/25' (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector. The continuation of service principle applies and these accounts have consequently been prepared on a going concern basis. The pension fund is a statutory backed scheme and also backed by an administering authority with tax raising powers.

The Accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The Accounts do not provide for 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 19 of these Accounts.

Accruals Concept

Income and expenditure has been included in the Accounts on an accruals basis. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The adequacy of the Fund to pay future pensions and other benefits is reported upon separately in these accounts.

Valuation of Investments

Investments are stated at their market values as at 31 March 2025 and are determined as follows:

All investments priced within the Stock Exchange Electronic Trading Service (SETS), a Recognised or Designated Investment Exchange or Over-The-Counter market, are valued at the bid-market prices at close of business on the exchange or market on which the investment trades, or at the last trading price recorded.

Securities which are not covered by the above are valued at their estimated realisable value. Suspended securities are valued initially at the suspended price but are subject to constant review.

The value of Pooled Investment Vehicles have been determined at fair value in accordance with the requirements of the Code and IFRS 13

Investments held in foreign currency have been valued on the relevant basis and translated into Sterling at the rate ruling at the balance sheet date.

Transactions in foreign currency are translated into Sterling at the exchange rate ruling at the time of transaction.

PF Note 3 - Summary of significant accounting policies

Fund account – revenue recognition

a) Contribution Income

Normal contributions, both from members and employers, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employer's augmentation contributions and pension 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. Augmentation is the cost of additional membership awarded by an employer.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employer's contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

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 or out are accounted for when received or paid which is normally when the member liability is accepted or discharged except when they are significant and material. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

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.

Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

c) Investment income

Interest income

Interest income is recognised in the Fund as it accrues, using the effective interest rate of the financial instrument as at the date of the financial instrument and its amount as at the date of acquisition or origination.

Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the financial year is disclosed in the Net Assets Statement as a current financial asset. Income from pooled investment vehicles which are held in accumulation share classes is retained within the pooled investment vehicle and therefore not recognised as investment income. This is instead reflected in the Change in Market Value of Investments (CIMV).

Movement in the net market value of investments

Changes in the net market value of investments (including investments properties) are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund account – expense items

d) Benefits payable

Pensions and lump sum benefits include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Interest from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

Investment income, Note 12, is shown gross of irrecoverable taxes deducted. The Fund is reimbursed VAT by HM Revenue and Customs, and the accounts are shown exclusive of VAT.

f) Management Expenses

Pension Fund management expenses are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016).

Administrative Expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the Pension Administration Team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged to the Fund. Associated management and accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment Management Expenses

All investment management expenses are accounted for on an accruals basis. 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 decrease as the value of these investments change. The cost of obtaining investment advice from external consultants is included here.

Catch-up payments or additional contributions made to equalize an investor's capital position with other investors are recognized as investment management expenses when incurred. Such payments are considered administrative in nature and do not form part of the financial asset's fair value or the investor's capital contribution.

Net Assets Statement

g) Financial assets

Financial assets 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. From this date any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

h) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

i) Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. All cash balances are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in value.

j) Financial liabilities

A financial liability is recognised in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments. Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

k) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits should be disclosed and based on the requirements of IAS19 Post-Employment Benefits and relevant actuarial standards. As permitted under the Code, the financial statements include a note disclosing the actuarial present value of retirement benefits (Note 19).

l) Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from the Pension Fund (see Note 22). AVCs are paid to the AVC providers by employers, specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement from the AVC provider company showing the amount held in their account and the movements in year.

m) Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

PF Note 4 - Critical judgements in applying accounting policies

Critical judgements are those decisions other than estimation uncertainty that have the most significant impact on the financial statements. They represent decisions about how the authority has applied an accounting policy to a particular transaction, rather than about how that transaction has been valued. There were no such critical judgements made during 2024/25.

PF Note 5 - Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different in the forthcoming year, as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Actuarial present value of promised retirement benefits	<p>The calculation of a Local Government Pension Scheme (LGPS) Fund's liabilities is heavily reliant on a range of long-term financial and demographic assumptions. Should these assumptions prove inaccurate, the Fund's reported financial position and, consequently, its funding strategy could be materially affected. These assumptions include the discount rate, future inflation rates (both general and for pension increases), salary growth, and member longevity. Each of these factors plays a crucial role in estimating the present value of future pension payments. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p>	<p>If the actual long-term investment returns are lower than the assumed discount rate (i.e., the discount rate was set too high), the Fund's liabilities will have been underestimated. This means the Fund would have insufficient assets to meet its future obligations, potentially leading to a higher deficit and requiring increased employer contributions in the future. Conversely, if the discount rate was set too low, liabilities would be overstated, which could mean current contribution rates are higher than strictly necessary. Similarly, underestimating longevity or future salary and pension increases would also lead to an understatement of liabilities, while overestimation would have the opposite effect. The effects on the net pension fund liability for the Royal Borough of Kingston Pension Fund can be measured. For example a 0.1% decrease in the discount rate assumption would result in an approximate increase of £16m in the Fund's pension liability; a one year increase in member life expectancy would increase the liability by approximately £37m; a 0.1%</p>

		<p>increase in the Pension Increase Rate (CPI) would increase the liability by approximately £16m and a 0.1% increase in the salary rate would increase the liability by approximately £1m.</p>
<p>Legal and regulatory uncertainty</p>	<p>Beyond the core actuarial assumptions, the financial position of an LGPS Fund can also be significantly impacted by uncertainties surrounding legal judgments and evolving regulatory landscapes. The Fund may need to make provisions or assumptions about the potential outcomes of ongoing legal cases (such as McCloud or Goodwin) or anticipated changes in pension legislation and guidance. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p>	<p>If a legal judgment results in a requirement to provide additional benefits or recalculate past service costs more extensively than initially assumed, the Fund's liabilities could see a substantial increase. This would place unexpected strain on the Fund's assets and potentially necessitate higher employer contribution rates to address the recognised shortfall. Conversely, if a feared regulatory change with a negative financial impact does not materialize, or its effect is less severe than anticipated, liabilities might have been overstated. While this scenario is less detrimental, it could mean that past funding decisions were overly cautious.</p>
<p>Pooled property, infrastructure and private debt funds</p>	<p>The assets held by the Pension Fund include properties and assets managed by Fund Managers on a pooled basis. As the assets are unquoted, values are estimated by Fund Managers using comparable market data, indices and data from third parties, as well as projected revenue streams associated with the assets. The property, infrastructure and private debt funds do not have published prices, are not regularly traded and have many unobservable inputs feeding into their valuations and so will be treated as level 3.</p>	<p>The potential impact of this uncertainty cannot be measured accurately. The total of level 3 funds held by the Pension Fund are valued at £211.2m, and the variation around this value is estimated to be +/- 10%, which equates to +/- £21.1m.</p>

PF Note 6 - Events after the reporting period end

There are no material adjusting or non-adjusting events after the reporting period end.

PF Note 7 - Contributions receivable

Employees' contributions are calculated on a sliding scale based on a percentage of their gross pay. The Council, scheduled and admitted bodies are required to make contributions determined by the Fund's actuary to maintain solvency of the Fund. The table below shows a breakdown of the total amount of employers' and employees' contributions.

By category

2023/24		2024/25
£'000		£'000
(10,467)	Employees' contributions	(10,803)
	Employers' contributions	
(28,768)	Normal Contributions	(30,309)
(4,969)	Deficit Recovery Contributions	(1,244)
(296)	Augmentation Contributions	(799)
(44,500)		(43,155)

By authority

2023/24		2024/25
£'000		£'000
(20,142)	Royal Borough of Kingston Upon Thames	(18,620)
(16,614)	Scheduled bodies	(16,768)
(7,744)	Admitted bodies	(7,767)
(44,500)		(43,155)

PF Note 8 - Transfers in from other pension funds

The tables below show a breakdown of the total amount of benefits payable by category and by authority:

2023/24		2024/25
£'000		£'000
(9,995)	Individual transfers	(16,620)
-	Group transfers	
(9,995)		(16,620)

PF Note 9 - Benefits payable

The tables below show a breakdown of the total amount of benefits payable by category and by authority:

By category

2023/24		2024/25
£'000		£'000
33,871	Pensions	36,702
3,799	Commutation and Lump sum retirement benefits	6,307
949	Lump sum death benefits	1,130
38,619		44,139

By authority

2023/24		2024/25
£'000		£'000
27,125	Royal Borough of Kingston Upon Thames	29,568
9,522	Scheduled bodies	11,750
1,972	Admitted bodies	2,821
38,619		44,139

PF Note 10 - Payments to and on account of leavers

2023/24		2024/25
£'000		£'000
178	Refunds to members leaving service	176
4,297	Individual transfers	15,981
4,475		16,157

PF Note 11 - Management expenses

2023/24		2024/25
£'000		£'000
1,315	Administration Expenses	1,308
5,822	Investment Management Expenses	5,813
211	Oversight and Governance	240
7,348		7,362

PF Note 11a - Investment management expenses

Investment Management Expenses are further analysed below in line with CIPFA Guidance on Accounting for Management Costs in the LGPS. The figures below include management costs and embedded transaction costs deducted from the net asset value or from investment income.

2023/24		2024/25
£'000		£'000
4,212	Management Fees	5,371
(67)	Performance Fees	-
47	Custody Fees	59
1,630	Transaction Costs	627
5,822		6,057

PF Note 11b - External audit costs

2023/24		2024/25
£'000		£'000
	Financial Assets	
65	External Audit Costs	110
65		110

PF Note 12 - Investment income

2023/24		2024/25
£'000		£'000
(3,130)	Equity Dividends	(3,439)
	Pooled Investments:	
(5,040)	- Fixed Income	(6,458)
(1,533)	- Property	(1,557)
(7,777)	- Credit	(8,575)
(1,024)	- Diversified Growth Funds	(816)
-	- Private Debt	-
(2,013)	Interest on Cash Deposits	(1,578)
(20,517)		(22,423)

PF Note 13 - Taxes on income

2023/24		2024/25
£'000		£'000
54	Withholding tax - equities	51
54		51

PF Note 14 - Investments

2023/24		2024/25
£'000		£'000
	Investment assets	
202,319	Equities	181,207
	Pooled Investments	
418,655	Equities	370,942
211,053	Fixed Income	285,987
74,968	Property	99,490
114,995	Credit	148,970
67,853	Diversified Growth Funds	70,297
42,970	Private Debt	46,083
50,077	Infrastructure	65,659
980,571		1,087,428
	Other Investment Balances	
39,315	Cash deposits	21,753
1,379	Accrued income and recoverable taxes	1,426
3,150	Amounts receivable for sales of investments	839
1,226,734	Total Investment assets	1,292,653
	Investment liabilities	
(4,127)	Amounts payable for purchases of investments	(1,115)
1,222,607	Total Net Investments	1,291,538

PF Note 14a - Analysis of Pooled Investment Vehicles

2024/25	ACS	FCP-FIS Mutual Fund	Unit trusts	Unitised insurance policies	OEIC	SICAV	Limited Partnership	Total
	£'000	£'000	£'000	£'000	£'000	£'000		£'000
- Equities				350,093	20,849			370,942
- Fixed Income	146,211			64,358		75,418		285,987
- Property		25,713	61,529				12,248	99,490
- Credit	148,970							148,970
- Diversified Growth Funds	70,297							70,297
- Private Debt			46,083					46,083
- Infrastructure			65,659					65,659
	365,478	25,713	173,271	414,451	20,849	75,418	12,248	1,087,428

2023/24	ACS	FCP-FIS Mutual Fund	Unit trusts	Unitised insurance policies	OEIC	SICAV	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
- Equities				396,386	22,269		418,655
- Fixed Income	138,480					72,573	211,053
- Property		25,174	49,794				74,968
- Credit	114,995						114,995
- Diversified Growth Funds	67,853						67,853
- Private Debt			42,970				42,970
- Infrastructure			50,077				50,077
	321,328	25,174	142,841	396,386	22,269	72,573	980,571

ACS - a UK tax transparent collective investment scheme used by the LCIV.

FCP-FIS - "Fonds Commun de Placement- Fonds d'Investissement Spécialisé" is a Luxembourg open-ended mutual fund.

Unit trust - an open-ended investment, where an unlimited number of investors can invest their money into a single fund, that's managed by a dedicated fund manager.

Unitised insurance policies - open-ended investments made available through life assurance companies.

OEIC - "Open-ended Investment Company: an investment company that will issue (or redeem) shares on a regular basis in response to investor demand.

SICAV - "Société d'investissement à capital variable", similar to an OEIC but used in Europe.

Limited Partnership - A limited partnership is a specific type of business partnership that includes at least one 'general partner' and one 'limited partner.'

PF Note 14b - Reconciliation of movements in investments

2024/25	Value 31 March 2024	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Equities	202,319	162,089	(187,466)	4,265	181,207
Pooled Investment Vehicles:				-	
- Equities	418,655	784	(62,853)	14,356	370,942
- Fixed Income	211,053	71,458	(248)	3,724	285,987
- Property	74,968	22,332	(1,632)	3,822	99,490
- Credit	114,995	33,537	(464)	902	148,970
- Diversified Growth Funds	67,853	816	(539)	2,167	70,297
- Private Debt	42,970	-	(315)	3,428	46,083
- Infrastructure	50,077	19,603	(751)	(3,270)	65,659
Sub-total Investments	1,182,890	310,619	(254,268)	29,394	1,268,635
Other Investment Balances:					
Cash deposits*	39,315				21,753
Amounts Receivable for Sales	3,150				839
Accrued income and recoverable taxes	1,379				1,426
Amount payable for Purchases	(4,127)				(1,115)
Net Investment Assets	1,222,607	310,619	(254,268)	29,394	1,291,538

*Excludes cash held by Diversified Growth Funds

2023/24	Value 31 March 2023	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Equities	162,217	96,481	(96,363)	39,984	202,319
Pooled Investment Vehicles:					
- Equities	434,803	1,103	(105,145)	87,895	418,655
- Fixed Income	165,926	70,845	(31,122)	5,404	211,053
- Property	66,989	10,775	(756)	(2,040)	74,968
- Credit	33,940	77,707	(406)	3,753	114,995
- Diversified Growth Funds	133,306	36,709	(97,034)	(5,128)	67,853
- Private Debt	37,858	2,165	(366)	3,313	42,970
- Infrastructure	38,068	13,076	(613)	(454)	50,077
Sub-total Investments	1,073,106	308,861	(331,805)	132,727	1,182,890
Other Investment Balances:					
Cash deposits*	3,917				39,315
Amounts receivable for sales	-				3,150
Accrued income and recoverable taxes	902				1,379
Amounts payable for purchases	(168)				(4,127)
Net Investment Assets	1,077,757	308,861	(331,805)	132,727	1,222,607

*Excludes cash held by Diversified Growth Funds

PF Note 14c - Investments analysed by fund manager

The market value of the investment assets under the management of each fund manager as at 31 March 2025 is shown below.

31 March 2024			31 March 2025	
Market Value	% of total	Fund Manager	Market Value	% of total
£'000	%		£'000	%
		Investments pooled or deemed pooled with London Collective Investment Vehicle		
67,853	5.5%	LCIV Absolute Return Fund (Ruffer)	70,297	5.4%
42,970	3.5%	LCIV Private Debt (Pemberton & Churchill)	46,083	3.6%
138,480	11.3%	LCIV Global Bond Fund (PIMCO)	146,211	11.3%
114,995	9.4%	LCIV Multi Asset Credit Fund (CQS & PIMCO)	148,970	11.5%
50,077	4.1%	LCIV Renewable Infrastructure Fund	65,659	5.1%
9,954	0.8%	LCIV London Fund	12,248	0.9%
150	0.0%	LCIV Housing Fund	19,418	1.5%
192,986	15.8%	Legal & General - Future World Global Equity Fund	173,614	13.4%
-	0.0%	Legal & General - Index Linked Fund	64,358	5.0%
617,465	50.5%	Sub total	746,858	57.8%
		Investments managed outside of London Collective Investment Vehicle		
40,049	3.3%	UBS Global Asset Management	42,300	3.3%
229,024	18.7%	Fidelity Pensions Management	206,841	16.0%
203,400	16.6%	Columbia Threadneedle Investments - Global Equity Fund	176,479	13.7%
25,323	2.1%	M&G Investments	25,880	2.0%
72,573	5.9%	Janus Henderson Investors - Total Return Bond Fund	75,418	5.8%
34,773	2.9%	Federated Hermes Money Market Fund and Lloyds Notice Account	17,762	1.4%
605,142	49.5%	Sub total	544,680	42.2%
1,222,607	100.0%	Total	1,291,538	100.0%

PF Note 15 - Fair value – Basis of valuation

The basis of the valuation of each class of investment asset is in accordance with the guidance contained in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Asset and liability valuations are classified into three levels, according to the quality and reliability of information used to determine fair values. The investment assets of the Pension Fund are classed, as set out in the table below.

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange. Cash and short term investment debtors and creditors are classified as level 1.

Level 2

Quoted prices are not available and valuation techniques use inputs that are based significantly on observable market data. Investment assets classified at level 2 are those where quoted market prices are not available; for example, where an investment is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

At least one input that could have a significant effect on valuation is not based on observable market data. Financial instruments 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/debt and infrastructure investments. Assurances over the valuations are gained from the independent audit of their accounts by their auditors.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments - equities	Level 1	Recognised at market value	Not required	Not required
Market quoted investments - pooled equities and bonds	Level 1	Published bid market price on final day of the accounting period	Not required	Not required
Pooled investments - equities and bonds	Level 2	Closing bid price where bid price published. Closing single price where single price published	NAV based pricing set on a forward pricing basis. Evaluated price feeds	Not required
Pooled property investments where regular trading does not take place	Level 3	Fair value as determined by independent valuers	NAV based pricing set on a forward pricing basis. Unobservable inputs include rental income and gross yield	Valuations of underlying properties could be affected by a range of variables, including changes to estimated rental growth, vacancy levels and construction costs
Pooled infrastructure investments	Level 3	EBITDA multiples, discounted cashflows, market comparable companies, replacement costs and adjusted net asset values	Discount factors, recent transaction prices, reported net asset values and fair value adjustments	Valuations could be affected by a range of variables, such as changes to expected cashflows, or the difference between audited and unaudited accounts
Pooled private debt investments	Level 3	Valued by underlying investment managers	NAV based pricing with many unobservable inputs	Valuations could be affected by a range of variables, such as the quality of underlying collateral, or varying liquidity

Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, 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 and 31 March 2024.

	Potential variation in fair value	Value at 31 March 2025	Potential Value on Increase	Potential Value on Decrease
Property	+/- 10%	99,490	109,439	89,541
Private Debt	+/- 10%	46,083	50,691	41,475
Infrastructure	+/- 10%	65,659	72,224	59,093
Total		211,232	232,354	190,109

	Potential variation in fair value	Value at 31 March 2024	Potential Value on Increase	Potential Value on Decrease
Property	+/- 10%	74,968	82,465	67,471
Private Debt	+/- 10%	42,970	47,267	38,673
Infrastructure	+/- 10%	50,077	55,085	45,069
Total		168,015	184,817	151,213

The uncertainty around property values is estimated to be as much as 10% and is caused by uncertainty over key inputs to property valuations, such as rents varying by 10%, yields varying by up to 25%, and gross to net leakage varying by up to 30%.

PF Note 15b - Reconciliation of fair value measurements within Level 3

	Value 31 March 2024	Transfers into Level 3	Transfers out of Level 3	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2025
	£'000			£'000	£'000	£'000	£'000
Pooled Investment Vehicles:							
- Property	74,968	-	-	22,332	(1,632)	3,822	99,490
- Private Debt	42,970	-	-	-	(315)	3,428	46,083
- Infrastructure	50,077	-	-	19,603	(751)	(3,270)	65,659
Total	168,015	-	-	41,935	(2,698)	3,980	211,232

	Value 31 March 2023	Transfers into Level 3	Transfers out of Level 3	Purchases at Cost	Sales Proceeds	Change in Market Value	Value 31 March 2024
	£'000			£'000	£'000	£'000	£'000
Pooled Investment Vehicles:							
- Property	66,989	-	-	10,775	(756)	(2,040)	74,968
- Private Debt	37,858	-	-	2,165	(366)	3,313	42,970
- Infrastructure	38,068	-	-	13,076	(613)	(454)	50,077
Total	142,915	-	-	26,016	(1,735)	819	168,015

PF Note 16b - Net gains and losses on financial instruments

2023/24		2024/25
£'000		£'000
	Financial Assets	
132,726	Designated at fair value through profit and loss	29,394
-	Financial assets at amortised cost	-
132,726		29,394

PF Note 17 - Nature and extent of risks arising from financial instruments

Key risks

The Pension Fund's activities expose it to a variety of financial risks:

Market risk – the possibility that financial loss might arise for the Pension Fund as a result of changes in such measures as interest rates and stock market movements.

Credit risk – the possibility that other parties might fail to pay amounts due to the Pension Fund.

Liquidity risk – the possibility that the Pension Fund might not have funds available to meet its commitments to make payments.

Overall Procedures for Managing Risk

The Pension Fund's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2013 and the associated regulations. These regulations set out permissible financial instruments, require the Administering Authority to maintain and invest on behalf of the Pension Fund in accordance with its investment principles, to take professional advice, to review investment performance and to operate a separate Pension Fund bank account. Overall these procedures require the Administering Authority to manage Pension Fund risk by maintaining and investing in accordance with the following:

Investment Strategy Statement;
Funding Strategy Statement;
Statement of Governance Policy;
Governance Compliance Statement.

The Pension Fund Investment Strategy is reviewed at least triennially following actuarial valuation by the Pension Fund Panel who monitor investment performance and compliance quarterly, including the internal control arrangements of external fund managers and the custodian.

a) Market risk

Market risk is the risk of loss from fluctuations in equity, bond 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.

In general, excessive volatility in market risk is managed through diversification of the portfolio in terms of asset classes, geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

b) 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 share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities 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. Possible losses 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 is monitored by the Council to ensure it is within limits specified in the Fund investment strategy.

c) Other price risk – sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. 'Riskier' assets such as equities will display greater potential volatility than bonds as an example. The potential volatilities are consistent with a one standard deviation movement

in the change in value of the assets over the last three years. 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 in the market price would have been as follows:

Value as at 31/03/2024	Change +/-	Value on increase	Value on decrease	Asset Type	Value as at 31/03/2025	Change +/-	Value on increase	Value on decrease
£'000	%	£'000	£'000		£'000	%	£'000	£'000
620,975	18.4	735,234	506,716	Equities	552,149	18.7	655,401	448,897
72,573	3.3	74,968	70,178	Fixed income - Absolute Return Bonds	75,418	3.0	77,681	73,155
138,479	7.4	148,726	128,232	Fixed Income - Corporate Bonds	146,211	7.1	156,592	135,830
-	10.1	-	-	Fixed Income - Index Linked Gilts	64,358	10.2	70,923	57,793
74,968	14.8	86,063	63,873	Property	99,490	12.1	111,528	87,452
114,995	10.9	127,529	102,461	Credit	148,970	9.4	162,973	134,967
67,853	10.6	75,045	60,661	Diversified Growth Fund	70,297	10.0	77,327	63,267
42,970	10.6	47,525	38,415	Private Debt	46,083	10.4	50,876	41,290
50,077	14.4	57,288	42,866	Infrastructure	65,659	10.3	72,422	58,896
39,315	0.0	39,315	39,315	Cash	21,753	0.7	21,905	21,601
402	0.0	402	402	Other	1,150	0.0	1,150	1,150
1,222,607		1,392,095	1,053,119	Total	1,291,538		1,458,778	1,124,298

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 table below shows the sensitivity of the investments to interest rate changes.

Assets exposed to interest rate risk	Value as at 31 March 2025	Potential Movement on 1% Change in Interest Rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash deposits	21,753	-	21,753	21,753
Fixed income	285,987	13,057	261,925	310,049
Credit	148,970	4,246	144,724	153,216
Total	456,710	17,303	428,402	485,018

Assets exposed to interest rate risk	Value as at 31 March 2024	Potential Movement on 1% Change in Interest Rates	Value on increase	Value on decrease
	£'000	£'000	£'000	£'000
Cash deposits	39,315	-	39,315	39,315
Fixed income	211,053	8,970	202,083	220,023
Credit	114,995	2,909	112,084	117,904
Total	365,363	11,879	353,482	377,242

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. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund is exposed to direct currency risks on its segregated overseas equity holdings.

The Fund's currency rate risk is routinely monitored by the Council and its investment advisers in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

Currency risk – sensitivity analysis

Following analysis of historical data, the council considers the likely volatility associated with foreign exchange rate movements to be 10.0%.

This analysis assumes that all other variables, in particular interest rates, remain constant.

The following table summarises the Fund's currency exposure as at 31 March 2025 along with the impact that a 10.0% strengthening / weakening of the pound against the various currencies in which the Fund holds investments would have on the values.

Value as at 31/03/2024	Value on 10% price increase	Value on 10% price decrease	Currency Exposure - Asset Type	Value as at 31/03/2025	Value on 10% price increase	Value on 10% price decrease
£'000	£'000	£'000		£'000	£'000	£'000
193,710	213,081	174,339	Overseas Equities	174,526	191,979	157,073
193,710	213,081	174,339	Total assets available to pay benefits	174,526	191,979	157,073

The value on increase and value on decrease for an individual currency exposure is calculated with reference to that currency's volatility, relative to GBP, over the three years to March 2025. Because currency changes are not necessarily correlated it is not appropriate to sum the outputs from each currency. In calculating the increase and decrease at a total fund level, it is necessary to establish the change in value of the aggregate of currencies held. It is this change that is applied to the overall currency exposure.

a) 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. 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.

The Pension Fund has selected bond managers who have an investment strategy which requires investment only in high investment grade and collateralised products and who use research and market knowledge to minimise exposure to credit risk. The Pension Fund uses a custodian to ensure that all money due is paid in full and on time. Internally invested cash is placed in a money market fund with Federated Hermes or with the Council's bankers.

b) 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 Pension Fund has adequate cash resources to meet its commitments. This will particularly be the case to meet the pensioner payroll costs; and also cash to meet investment commitments. The Pension Fund currently remains cash flow positive with contributions exceeding payable pensions, though this is regularly monitored.

The Council has immediate access to a proportion of its Pension Fund cash holdings, as these are held in an instant access interest bearing account and a money market fund with same day access. The remainder is invested in fixed term deposits taking into account likely future cash flows. Surplus funds are invested externally with fund managers. In the event of a funding shortfall the LGPS regulations permit the administering authority to borrow on behalf of the Pension Fund for up to 90 days. If required, funds can also be called back from investment managers to meet liabilities.

PF Note 18 - Funding arrangements

Description of Funding Policy

Rates of contributions paid by the participating Employers during 2024/25 were based on the actuarial valuation carried out as at 31 March 2022 by the Fund's actuary, Hymans Robertson. The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated November 2024. In summary, the key funding principles are as follows:

- Take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants;
- Use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term);
- Where appropriate, ensure stable employer contribution rates;
- Reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy; and
- Use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. The aim is to achieve 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of three years. Solvency is achieved when the funds held, plus future expected investment returns and future contributions, are sufficient to meet expected future pension benefits payable.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £1,126 million, were sufficient to meet 111% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £112 million. The following table shows a summary of the results of the 2022 valuation;

Past Service Position	31/03/2019	31/03/2022
	£m	£m
Past Service Liabilities	(882)	(1,014)
Market Value of Assets	839	1,126
Surplus (Deficit)	(43)	112
Funding Level	95.0%	111.0%

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value. The valuation was undertaken using principal assumptions as follows;

Financial Assumptions	31/03/2019	31/03/2022
	Nominal	Nominal
CPI Inflation	2.3%	2.7%
Discount Rate	3.9%	4.2%
Salary Increases*	2.7%	3.2%
Pension Increases	2.3%	2.7%

Life Expectancy from Age 65	31/03/2019	31/03/2022
Male Pensioners	21.7	22.4
Male Non-Pensioners	22.6	23.4
Female Pensioners	23.9	25.1
Female Non-Pensioners	25.5	26.4

The full financial assumptions adopted for the 2022 valuation are contained within the 2022 valuation report and Funding Strategy Statement which are available on request from the Administering Authority to the Fund.

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. Asset performance improved in 2024 and early 2025; however the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025, however, generally lower than expected asset returns were experienced in the month immediately prior to this.

High levels of inflation in the UK (compared to recent experience) have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England's target (2% pa), with LGPS benefits increasing by 1.7% in April 2025.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025, and will be finalised by 31 March 2026. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

PF Note 19 - Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the fund's actuary also undertakes a valuation of the pension fund liabilities on an IAS 19 basis every year using the same base data as the funding valuation rolled forward to the current financial year, but taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 18). The actuary has also used valued ill health and death benefits in line with IAS 19.

31 March 2024		31 March 2025	
£m		£m	
(1,071)	Actuarial Fair Value of Promised retirement benefits	(925)	
1,250	Net Fund Assets available to fund benefits	1,294	
179	Net Asset	369	

As noted above, the liabilities above are calculated on an IAS 19 basis and therefore will differ from the results of the 2022 triennial funding valuation (see Note 18) because IAS 19 stipulates a discount rate, rather than a rate which reflects market rates.

Other key assumptions used are set out in the table below:

31 March 2024		31 March 2025
%		%
2.8	Pension increase rate (CPI)	2.8
3.3	Salary increase rate	3.3
4.8	Discount rate	5.8

PF Note 20 - Current assets

31 March 2024		31 March 2025
£'000		£'000
2,756	Contributions Due	2,449
1,016	Other debtors	1,128
25,743	Cash at Bank	425
29,515	Total Current Assets	4,002

PF Note 21 - Current liabilities

31 March 2024		31 March 2025
£'000		£'000
(110)	Benefits Payable	(25)
(1,827)	Other Creditors	(1,447)
(1,937)	Total Current Liabilities	(1,472)

PF Note 22 - Additional voluntary contributions

A number of active Fund members have elected to pay additional voluntary contributions to increase their personal benefits. Regulation 4(1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require that these are not paid into the Pension Fund. The total AVCs paid by members in 2024/25 were £124,921 (£100,740 in 2023/24).

Market Value 31 March 2024	Contributions 2023/24		Market Value 31 March 2025	Contributions 2024/25
£'000			£'000	
56	- Utmost Life and Pensions		54	-
812	101 Aviva		878	125
868	101		932	125

These are invested with the Council's approved AVC providers and are a money purchase arrangement.

PF Note 23 - Related party transactions

The Council is a related party to the Fund and in accordance with the regulations the Council's expenses in administering the Scheme are charged to the Fund. The amount charged by the Council for 2024/25 was £1,264,502 (£1,211,576 in 2023/24).

None of the Councillors voting on the Pension Fund Panel are members of the Pension Fund.

The key management personnel for the Pension Fund are the same as for the Council as a whole. Their costs have been reasonably apportioned between the Pension Fund Accounts and the Authority's Accounts, and are within scheme administration expenses as above.

Extra disclosure can be seen in the Authority's accounts under the notes related to Senior Officers remuneration and Related Party Transactions.

The Council has a significant interest in one designated body (Achieving for Children Ltd) which is within the Fund for which the Fund received £5.196m in employer contributions, deficit and early retirement costs from this body in 2024/25 (£4.749m in 2023/24).

PF Note 23a - Key Management Personnel Remuneration

The key management personnel for the Pension Fund are the Interim Director of Finance/Section 151 Officer, the Head of Pensions Administration, and the Head of Pension Investments at the Royal Borough of Kingston upon Thames. Their costs have been reasonably apportioned between the Pension Fund Accounts and the Authority's Accounts and are given in the table below. The short-term benefits shown below are also included within administration expenses in Note 11. The post-employment benefits shown below are included in the calculation of the actuarial fair value of promised retirement benefits in Note 19.

31 March 2024			31 March 2025
£'000			£'000
119		Short-term benefits	103
206		Post-employment benefits	131
325			234

PF Note 24 - Contingent liabilities and contingent assets

There are no contingent assets or contingent liabilities at 31 March 2025 or 31 March 2024.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes, due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Fund is monitoring developments in terms of whether there is expected to be any impact on LGPS Funds and will consider if there are any implications for the Fund. At this time, the Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

As at 31 March 2025, there was an outstanding contractual commitment to the LCIV Private Debt Fund in the sum of £18.0m (£18.0m in 2023/24), the LCIV Renewable Infrastructure Fund of £49.0m (£68.6m in 2023/24), the LCIV Housing Fund of £25.4m (£44.8 in 2023/24) and the LCIV London Fund of £13.1m (£15.0 in 2023/24).

PF - Glossary of terms

Accounting Period

The timescale during which accounts are prepared. Local Authority accounts have an overall accounting period of one year from 1 April to 31 March.

Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements. Accounting policies define the process whereby transactions and other events are reflected in the financial statements.

Accounting Standards

A set of rules explaining how accounts are to be kept. By law, local authorities must follow 'proper accounting practices', which are set out in Acts of Parliament and in professional codes and statements of recommended practice.

Accruals

This is the concept that income and expenditure are recognised as they are earned or incurred and not as money is received or paid.

Active Member

A member of an occupational pension scheme who is building up pensions benefits, in either a defined benefit or a defined contribution scheme, from their current job.

Actuarial Valuation

Every three years the Actuary reviews the assets and liabilities of the Pension Fund and reports to the Council on the fund's financial position and recommended employers' contribution rates.

Actuary

An adviser on financial information and assumptions relating to the pension scheme.

Admission Bodies

A body which can be admitted to the LGPS with the agreement of the Administering Authority, it must be non-profit-making and will normally be in receipt of a grant from either central or local government.

Assets

Any item of economic value owned by an individual or corporation, especially that which could be converted to cash

Balance Sheet

A Statement of the Council's assets and liabilities at 31 March (Balance Sheet date).

Cash & Cash Equivalents

Cash is represented by money held by the Council and deposits available on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)

This is the accountancy body that produces standards and codes of practice for accounting and financial functions in the public sector. It is one of the bodies responsible for the two principal codes of practice that determine how the Council presents its accounts.

The Code

The Local Authority Accounting Code of Practice provides guidance to all Local Authorities on how applying accounting standards for the production of the Statement of Accounts and outlines information that must be included. The Code of Practice is based on International Financial Reporting Standards (IFRS), and has been developed by CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

Contingent Assets

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future event not wholly within the Council's control.

Contingent Liabilities

These are potential losses for which a future event will establish whether a liability exists. As it is not appropriate to establish provisions for such amounts, they are not accrued in the financial statements, but disclosed separately in a note to the Comprehensive Income and Expenditure Statement.

Creditors

These are amounts owed by the Council for goods and services supplied, but for which payment has not been made at the end of the financial year.

Current Assets

These are assets that will be consumed within the next accounting period (i.e. less than one year).

Current Liabilities

Those amounts which become payable or could be called upon in the next accounting period (i.e. less than one year).

Current Service Cost (Pensions)

The increase in the present value of the pension scheme's liabilities expected to arise from employee service in the current period.

Debtors

These are amounts owed but not received at the end of the financial year.

Deferred Member

A member who is no longer active in the pension scheme but is not yet in receipt of a pension.

Defined Benefits Pension Scheme

Retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. The scheme may be funded or unfunded.

Defined Contribution Scheme

A retirement benefit scheme into which an employee pays regular fixed contributions as an amount or percentage of pay and has no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to the employee service in the current and prior periods.

Equity

The capital of a company belonging to the ordinary shareholders who have voting rights allowing them to influence the management of the company.

Events after the Balance sheet date

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Fair Value

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Fixed Interest Security

A security which yields fixed and regular income (interest).

General Fund

The Council's main revenue account that covers the net cost of all services other than the provision of council housing for rent.

Going Concern

The Council's financial statements are prepared on a going concern basis; that is, the accounts are prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

IAS19

Accounting Standard requiring the recognition by an authority of the attributable share of the assets and liabilities of pension funds with which it is associated showing the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced contributions) from a surplus in the scheme, even though the fund retains title to the assets and the responsibility to pay pensions.

IAS26

Accounting Standard on Accounting and Reporting by Retirement Benefit Plans. The Standard specifies the minimum contents of the financial statements of a pension fund. It requires that defined benefit pension funds should prepare a statement of net assets and include a note disclosing the actuarial present value of promised vested and non-vested retirement benefits. It also requires that pension fund assets are carried at fair value.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

International Financial Reporting Standards (IFRS)

The accounting standards adopted by the International Accounting Standards Board (IASB).

Intangible Assets

These are assets of value that do not have physical substance, for example software licences, franchises and patents. Expenditure incurred on these assets is capitalised at cost and charged to the Balance Sheet.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period, in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment Properties

Property that is held solely to earn rentals or for capital appreciation.

Liability

A financial obligation, debt, claim, or potential loss.

Net Book Value (NBV)

An asset or liability's original book value net of any accounting adjustments such as depreciation

Net Realisable Value

The open market value of the asset less the expenses to be incurred in realising the asset.

Past Service Costs (Pensions)

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet events

Events arising after the balance sheet date should be reflected in the statement of accounts if they provide additional evidence of conditions that existed at the balance sheet date and materially affect the amounts to be included.

Prior Year Adjustments

These are material adjustments, which are applicable to prior years arising from the correction of fundamental errors or inaccuracies. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provision

This is an amount, which is set aside for a liability or loss in respect of a past event, which is likely to be incurred, but where the exact amount and date on which it will arise is uncertain.

Related Parties

Two or more parties are defined to be related parties when at any time during the financial period concerned, one party has direct or indirect control or influence on the other party, for example;

The parties are subject to common control from the same source; or one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests. Or the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related Party Transaction

A related party transaction is the transfer of assets or performance of services by to or for a related party irrespective of whether a charge is made.

Scheduled Body

There are a number of employers who are required to provide membership of the Local Government Pension Scheme to all their employees. These employers are listed in a schedule that appears at the back of the Local Government Pension Scheme Regulations. Unlike admitted bodies, scheduled bodies cannot refuse membership of the Scheme to their employees.

Section 151 Officer

Section 151 of the Local Government Act 1972 requires each local authority to appoint a suitably qualified officer to be responsible for the proper administration of its financial affairs. This officer is sometimes referred to as the Section 151 Officer.

Security

Any kind of transferable certificate of ownership.

Termination Benefits

Amounts payable to employees as a result of a decision by the Council to terminate an officer's employment prior to normal retirement age or an officer's decision to accept voluntary redundancy.

Unitised Fund

An investment vehicle whereby the contributions of a number of unit-holders are pooled and the total amount is then used to purchase assets such as shares, bonds, property and cash.

13. PENSIONS ADMINISTRATION STRATEGY

This document provides a summary of the [Pensions Administration Strategy](#) for the Royal Borough of Kingston upon Thames Pension Fund. The Strategy is maintained by the Royal Borough of Kingston upon Thames Council as the administering authority, and it outlines our policies and performance standards for the effective and efficient administration of the Fund. This includes our approach to communicating with members and employers, managing data, and processing member benefits.

The requirement to prepare and publish a Pensions Administration Strategy is set out in Regulation 59 of the Local Government Pension Scheme Regulations 2013. The current Strategy was reviewed and approved by the Pension Panel in June 2024.

If you have any queries about the Fund's administration, please contact skemployers@sutton.gov.uk.

14. GOVERNANCE COMPLIANCE STATEMENT

This document confirms the Fund's position regarding its [Governance Compliance Statement](#) for the year ended 31 March 2025. As the administering authority, the Royal Borough of Kingston upon Thames Council is required to assess the Fund's governance arrangements against a set of best-practice principles issued by the Scheme Advisory Board for the LGPS.

The requirement to publish this statement is set out in Regulation 55(1)(b) of the Local Government Pension Scheme Regulations 2013. The statement details the Fund's level of compliance with each principle and provides explanations where appropriate. Should you have any questions about the Fund's governance, please contact skemployers@sutton.gov.uk.

15. FUNDING STRATEGY STATEMENT

The Funding Strategy Statement sets out the funding strategy statement (FSS) for the Royal Borough of Kingston upon Thames Pension Fund. The Royal Borough of Kingston upon Thames Pension Fund is administered by Kingston Council, known as the administering authority. Kingston Council worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 1 April 2023.

The Funding Strategy Statement can be found on the Kingston Pension fund website [here](#).

If you have any queries about the FSS, contact skemployers@sutton.gov.uk.

16. INVESTMENT STRATEGY STATEMENT

The Investment Strategy Statement (ISS) of the Royal Borough of Kingston Pension Fund has been adopted by Kingston Council (the Council) in its capacity as Administering Authority of the Local Government Pension Scheme. In this capacity the Council has responsibility to ensure the proper management of the Fund. A copy of the Investment Strategy Statement can be found on the Kingston pension fund website [here](#)

17. DISCLAIMER

For a screen-reader-friendly or text-only version of this document, please email skemployers@sutton.gov.uk. This version removes images and complex formatting for easier navigation with assistive technologies.