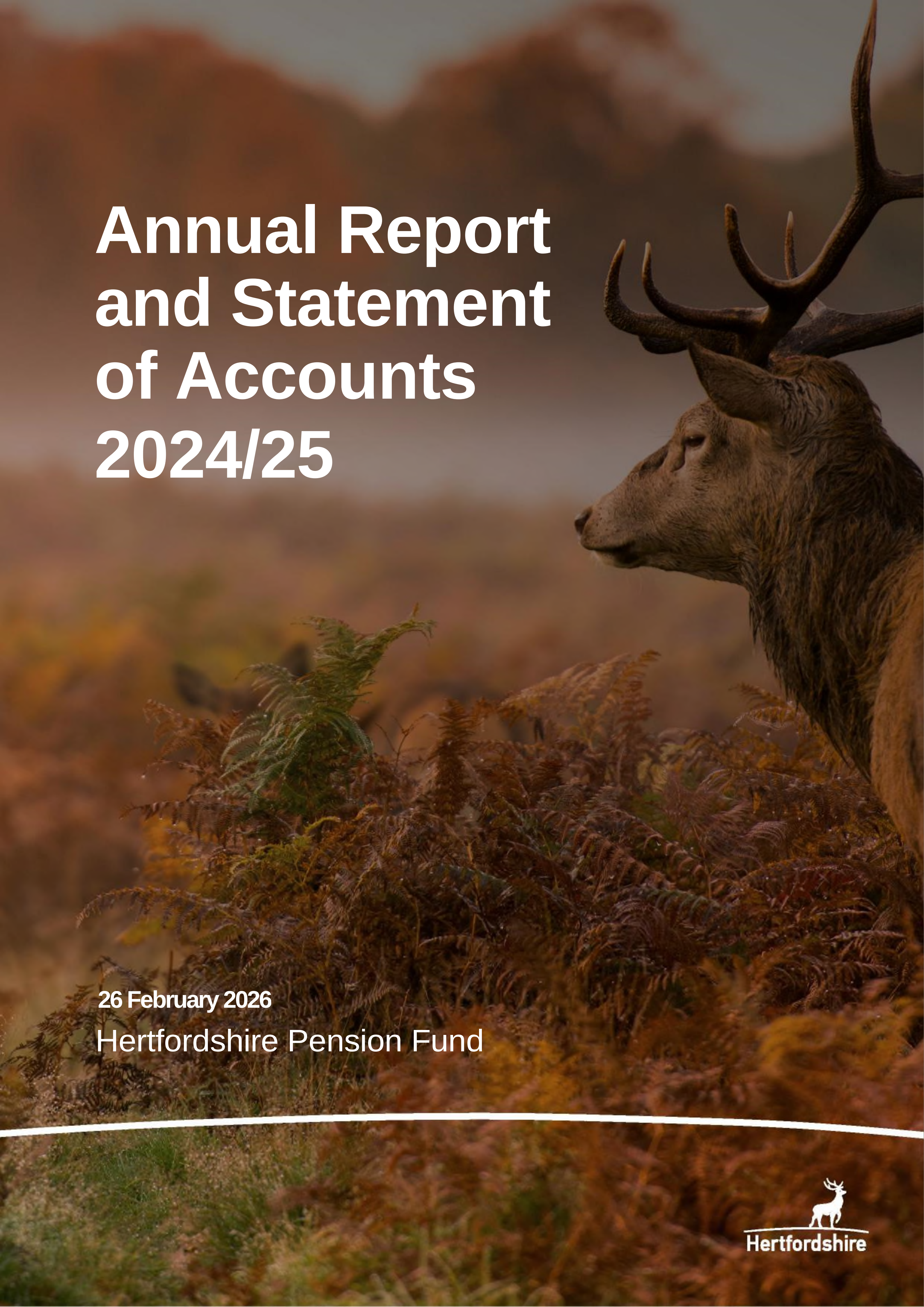

# Annual Report and Statement of Accounts 2024/25

**26 February 2026**

Hertfordshire Pension Fund

Hertfordshire

Contents

## 1. Foreword

This report provides information for employers and other interested parties on how the Hertfordshire Pension Fund ("Pension Fund") has been managed during the year 1 April 2024 to 31 March 2025.

This report summarises the main features of the Pension Fund, providing:

- a brief outline of the Local Government Pension Scheme ("Scheme")
- the Administering Authority Report which outlines the management and administrative arrangements for the Pension Fund
- the financial statements comprising of the Fund Account and Net Assets Statement for the year 2024/25 with comparative information for the previous year. The Fund Account shows the change in net assets available for benefits during the year. The Net Assets Statement discloses the net assets of the Pension Fund at 31 March 2025
- an Investment Report from the Fund's Investment Consultant, Mercer, sets out the Pension Fund's Investment Policy and the level of performance achieved.

Over the year, the value of the Pension Fund increased from £6,252m on 31 March 2024 to £6,410m on 31 March 2025. The overall investment return for the year was 2.4% (net of fees) which underperformed against the benchmark of 3.6% for the year. A review of world markets is provided as part of the Investment report starting on page 53.

Over 2024/25 the number of contributing members has decreased from 44,789 on 31 March 2024, to 42,620 on 31 March 2025, while the number of employer organisations actively contribution to the scheme increased from 328 on 31 March 2024 to 339 on 31 March 2025.

## 2. Financial Summary

The table below provides a five-year summary of the Pension Fund accounts and the movement in the value of the Pension Fund over this period. It also shows the net assets available to fund benefits on 31 March each year.

| 2020/21 £000s | 2021/22 £000s | 2022/23 £000s | 2023/24 £000s | | 2024/25 £000s |
|---|---|---|---|---|---|
| **4,805,909** | **5,876,053** | **6,159,478** | **5,744,466** | **Value of the Pension Fund at 1 April** | **6,252,236** |
| 25,905 | 20,090 | 30,328 | 17,004 | Net additions from dealing with those directly involved in the scheme | 6,287 |
| (18,711) | (24,114) | (30,092) | (30,609) | Management expenses | (30,929) |
| 1,062,950 | 287,449 | (415,248) | 521,375 | Net returns on investments | 183,210 |
| 1,070,144 | 283,425 | (415,012) | 507,771 | Increase / (Decrease) in the Pension Fund during the year | 158,568 |
| **5,876,053** | **6,159,478** | **5,744,466** | **6,252,236** | **Value of the Pension Fund at 31 March** | **6,410,804** |

## 1. Background to the Scheme

### Legal Framework

The Scheme is a statutory scheme, established by Act of Parliament, the Superannuation Act 1972. The Scheme is governed by the Public Services Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- Local Government Pension Scheme Regulations 2013 (as amended)
- Local Government Pension Scheme (Transitional Provisions, Savings & Amendment) Regulations 2014 (as amended)
- Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

The Scheme is run by administering authorities in accordance with these regulations. In Hertfordshire the Administering Authority is Hertfordshire County Council.

### Eligibility

The Scheme is available to all employees of local authorities other than teachers, fire personnel and a number of Public Health staff for whom separate pension arrangements apply. Employees are able to join the Scheme if they have a contract of employment of three months or more duration.

Other specified bodies providing public services are included by statute or may apply for admission.

### Employers

On 31 March 2025 there were 615 employer organisations in the Pension Fund of which 339 are actively contributing to the scheme. Participating employers can be scheduled bodies or admitted bodies, as defined below:

- **Scheduled bodies**. Employers such as the County Council (including maintained schools), Academies and District and Borough Councils, whose employees are automatically entitled to be members of the Fund. On 31 March 2025 there were 208 scheduled bodies participating in the Pension Fund.

- **Designated bodies**. Organisations such as Parish and Town Councils whose employees are able to join the Scheme if the employer designates that they can. On 31 March 2025 there were 42 designated bodies participating in the Pension Fund.

- **Admitted bodies**. These are voluntary, charitable and, in certain circumstances, private sector organisations carrying out scheduled bodies' contracts, where staff can become members of the Scheme by virtue of an Admission Agreement between the Pension Fund and the relevant body. On 31 March 2025 there were 89 admitted bodies participating in the Pension Fund.

A full list of employing bodies in the Pension Fund is shown in Appendix 1 at page 63.

The table below provides an analysis of scheduled and admitted bodies on 31 March 2025 and an analysis of active employers and employers that have ceased (these are employers with no active members but with outstanding liabilities). Admitted bodies may have more than one Admission Agreement in the Pension Fund relative to the service contracts they hold with scheduled bodies.

| Type of Body | Active | Ceased | Total |
|---|---|---|---|
| Admitted bodies | 89 | 207 | 296 |
| Designated bodies | 42 | 8 | 50 |
| Scheduled bodies | 208 | 61 | 269 |
| **Total** | **339** | **276** | **615** |

## 2. Funding

The Scheme is a funded scheme, financed by contributions from employees and employers and by earnings from investments. The Pension Fund has published a Funding Strategy Statement with a link included within Appendix 2 on page 71. This sets out the Pension Fund's strategy for meeting employers' pension liabilities. The aim of the funding strategy is to ensure the long-term solvency of the Pension Fund and to ensure that sufficient funds are available to meet all benefits as they fall due for payment.

### Employees' Contributions

During 2024/25, employees paid contributions at a rate based on their earnings, including contractual and non-contractual overtime and additional hours. From 1 April 2014, the Scheme moved from a final salary scheme to a career average revalued earnings (CARE) scheme. As part of the CARE scheme, employees can elect to move to the 50/50 option which allows employees to pay half the normal contributions in return for half the normal pension benefits.

The rates and salary bandings applicable during 2024/25 are shown in the table below.

| Pensionable Pay | Contribution Rate |
|---|---|
| Up to £17,600 | 5.50% |
| £17,601 to £27,600 | 5.80% |
| £27,601 to £44,900 | 6.50% |
| £44,901 to £56,800 | 6.80% |
| £56,801 to £79,700 | 8.50% |
| £79,701 to £112,900 | 9.90% |
| £112,901 to £133,100 | 10.50% |
| £133,101 to £199,700 | 11.40% |
| £199,701 or more | 12.50% |

### Employers' Contributions

Employers' contributions are payable at rates specified by the Pension Fund Actuary and are reviewed each triennial valuation. Rates are adjusted to reflect changes in the employer's membership profile and funding level in the Pension Fund (see page 13 for further details).

### Investment Income

Cash, which is not immediately required to pay pensions and other benefits, is invested through Money Market Funds which provides an additional source of income for the Pension Fund.

Fund investments during 2024/25 were governed by the 2023 Investment Strategy Statement (ISS) which details investment strategy, asset allocation, risk analysis, and the fund's approach to Responsible Investing. A link to the ISS is included within Appendix 2 on page 71.

## 3. Benefits

The Scheme is a salary-related defined benefit scheme which guarantees to provide benefits which are a specified fraction of a Scheme member's pay. Benefits are not affected by variations in investment performance.

The following provides the main provisions of the benefit package for the Scheme.

### Age of Retirement

The normal pension age in the Scheme is linked to State Pension Age, with a minimum of age 66, which will increase to 67 with effect from 6 April 2028[1]. The Scheme also makes provisions for the early payment of benefits and members can choose to retire and draw their pension at any time from age 55 which will increase to 57 with effect from 6 April 2028. Benefits paid before normal pension age will be reduced to reflect that benefits will be paid over a longer period.

[1] Increasing Normal Minimum Pension Age - GOV.UK

### Retirement Benefits

From 1 April 2014, the Scheme moved from a final salary scheme to a Career Average Revalued Earnings (CARE) scheme details of which are accessible from the Pension Fund website at [Annual benefit statement (ABS) • Local Pensions Partnership Administration]

For membership after 1 April 2014, members build up a pension at a rate of 1/49th of the amount of pensionable pay they receive in each scheme year. The amount of pension built up during the scheme year is added to their pension account and revalued at the end of each year in line with inflation. Up to 25% of the capital value of benefits can be taken as a lump sum at a 12:1 commutation rate, i.e., £12 lump sum for every £1 of annual pension given up.

Benefits built up before 1 April 2014 are protected and are calculated using membership in the Scheme prior to 1 April 2015 and the member's final pay when they leave the Scheme.

For membership built up between 1 April 2008 and 31 March 2014, the annual pension is based on final pensionable pay multiplied by 1/60th for each year of Scheme membership. The final pensionable pay is the wage or salary on which contributions were paid over the last 12 months of service. Up to 25% of the capital value of benefits can be taken as a lump sum at a 12:1 commutation rate, i.e., £12 lump sum for every £1 of annual pension given up.

For membership accrued to 31 March 2008, members will receive an annual pension based on final pensionable pay multiplied by 1/80th for each year of Scheme membership and a lump sum of three times annual pension. Up to 25% of the capital value of benefits can be taken as a lump sum at a 12:1 commutation rate, i.e., £12 lump sum for every £1 of annual pension given up.

### Additional Benefits

The Scheme offers several ways for members to increase their benefits:

- Additional Pension Contributions to purchase additional Scheme pension benefits.
- Contributions to a money purchase Additional Voluntary Contribution scheme ("AVC"), provided by the Standard Life Assurance Company or the Utmost Life and Pensions Company (originally called the Equitable Life Assurance Society).

### Ill Health Retirement

A three-tier ill health retirement provision is available which is dependent on the likelihood of a member being capable of undertaking any gainful employment in the future. Benefits are calculated in the same way as for normal retirements, with an enhancement for members in tiers 1 and 2 to compensate for premature retirement. Members in tier 3 who are likely to be capable of undertaking gainful employment within three years of retiring must undergo a medical review after 18 months. At the end of the three-year period the member will either have their pension benefits deferred to age 65 or move to tier 2 following a medical assessment.

### Death in Service

A lump sum death grant of three year's assumed pensionable pay is payable. Pensions are also payable to surviving spouses, civil partners, or to eligible nominated co-habiting partners (subject to qualifying conditions) and dependent children.

### Death after Retirement

Spouses', civil partners', eligible co-habiting partners' and dependent children's pensions are payable based on the former employee's pensionable pay or pension. In addition, if death occurred before the pension has been paid for ten years; the balance will be paid as a lump sum.

**The benefits detailed above are guidelines only and members should apply to the Local Pensions Partnership, the Scheme Administrator, for individual estimates of benefits payable.**

## 1. Management

Hertfordshire County Council (the "County Council") is the Administering Authority of the Pension Fund and administers the Scheme on behalf of the participating employers and members.

The Local Authority (Functions & Responsibilities) (England) Regulations 2000 (as amended), state that functions relating to the Scheme are the responsibility of the full Council. The County Council has delegated these functions to the Pensions Committee and to the County Council's Chief Finance Officer, the Director of Resources.

The membership of the Pensions Committee is made up of ten County Council members and two District Council representatives. All employers and a staff representative, nominated by UNISON, are invited to attend meetings as observers.

The Administering Authority has established a Pension Board in accordance with Section 5 of the Public Service Pensions Act 2013. The Board assists the Pension Fund in securing compliance with the Scheme regulations and other legal and regulatory requirements. The membership of the Pensions Board is made up of four employer representatives and four member representatives.

## 2. Governance and Compliance Statement

The Pension Fund's Governance Compliance Statement sets out the delegation of functions, terms of reference for the Pensions Committee and Pensions Board and has been updated to reflect the impact of Asset Pooling within ACCESS. It also outlines the Pension Fund's compliance with statutory guidance issued by the Secretary of State for Communities and Local Government. A link to the Governance Compliance Statement is included within Appendix 2 on page 71.

**Pensions Committee Membership 2024/25**

Membership as of 31 March 2025

| County Council Members |
|---|
| A Williams (Chairman) |
| R A C Thake (Vice-Chairman) |
| J M Graham |
| H K Crofton |
| J S Kaye |
| R C Deering |
| R Parker |
| A England |
| S Symington |
| I Albert |

| District Council Representatives (non voting) |
|---|
| G Alexander |
| D Jones |

Membership changes during 2024/25:

None

**Pensions Board Membership 2024/25**

Membership as of 31 March 2025

| Employer Representatives Board Members |
|---|
| A Mitchell (Chairman) |
| S Ansell |
| J Adam |
| J Kidd |
| **Substitute Members** |
| B Kane |
| R McCarthy |

| Member Representative Board Members |
|---|
| J Hurley |
| G Johnson |
| M Keenan |
| S Moore |
| **Substitute Members** |
| F Buckley |
| G Wall |

Membership changes during 2024/25:

**Board Members**
Member Representative J Byford stepped down on 31 May 2024
Member Representative T Perkins stepped down on 23 May 2024
J Hurley went from Standing Substitute Member Representative to Member Representative on 17 August 2024
M Keenan went from Standing Substitute Member Representative to Member Representative on 15 July 2024

**Substitute Members**
Standing Substitute Member Representative M Ahmed appointed on 9 October 2024 and stepped down on 19 October 2024
Standing Substitute Member Representative G Wall appointed 8 October 2024
Standing Substitute Member Representative F Buckley appointed 22 November 2024

## 3. Risk Management

Responsibility for the risk management of the Pension Fund rests with the Pensions Committee and is assisted by the Pensions Board in the monitoring of risks.

Several underlying risk control mechanisms are in place that aim to manage risks which are detailed in the Funding Strategy Statement and Risk Management Policy, links to these documents are included within Appendix 2 on page 71. Risks are monitored on a regular basis and quarterly reports are presented to the Pensions Committee and Board, providing an update on the status of these risks. The quarterly reports and minutes of the Pensions Committee and Board meetings are accessible from:

Browse meetings - Pensions Committee | Hertfordshire County Council
Browse meetings - Local Government Pension Scheme Local Pension Board | Hertfordshire County Council

Investment risk and return objectives for the Pension Fund are set out in the Investment Strategy which is reviewed at regular intervals to ensure that it will achieve the objectives. Note 6.14 of the Financial Statements provides details on the nature and extent of risks arising from financial instruments and how these are managed.

Employers are monitored against a risk monitoring framework that aims to identify employers at an early stage who are at risk of defaulting on their obligations to the Pension Fund. A quarterly update is also provided to the Pensions Committee and Board.

## 4. Administration

Hertfordshire County Council is the Administering Authority of the Pension Fund and administers the Scheme in conjunction with the contracted business services listed below.

**Scheme Administrator providing scheme administration services for members in conjunction with the County Council:**

- Local Pensions Partnership Administration (LPPA)
  Local Pensions Partnership Administration - Local Government, Fire & Police
  Key Contact: John Crowhurst
  Local Pensions Partnership Administration
  Hertfordshire Pension Team
  PO Box 1384
  Preston
  PR2 0WS
  Telephone: 0300 323 0260
  Email: john.crowhurst@localpensionspartnership.org.uk

**Investment Managers during 2024/25 investing funds on behalf of the Pension Fund:**

- Allianz Global Investors Europe GmbH
  Home | Allianz Global Investors
- Baillie Gifford & Co.
  Investment Managers | Baillie Gifford
- BlueBay Asset Management LLP
  RBC BlueBay Asset Management | Investment Manager

- CBRE Global Collective Investors (UK) Limited
  Global Commercial Real Estate Services | CBRE UK
- Dodge & Cox Worldwide Funds plc
  Global Stock Fund | Dodge & Cox
- HarbourVest Partners, LLC
  Home - HarbourVest
- Insight Investment Management Limited
  United Kingdom | Insight Investment
- Legal & General Assurance (Pension Management) Limited
  Legal and General Investment Management (LGIM)
- LGT Capital Partners (Ireland) Limited
  Home | LGT Capital Partners
- Macquarie Group Limited
  Macquarie Group Limited | Global Financial Services
- Municipal & General Securities Company Limited
  Institutional Investments | M&G Investments UK
- Municipal & General Securities Company Limited
  Institutional Investments | M&G Investments UK
- Osmosis Investment Management
  Osmosis Developed Core Equity Transition Strategy – Osmosis UK
- Pantheon Ventures UK LLP
  Pantheon
- Permira Advisers, LLP
  Permira | Multiplying Potential
- Robeco Institutional Asset Management B.V.
  Robeco United Kingdom | Pure play asset management | Robeco UK
- Royal London Asset Management Limited
  Institutional Home | Institutional | RLAM
- Standard Life Investments Limited
  Investments | Standard Life
- UBS Group AG
  UBS Group AG | UBS Global

**Asset Pool**

- ACCESS
  ACCESS Pool | Effective – Collective – Investment
  Email: ASU@accesspool.co.uk

**ACCESS Regional Pool Operator**

- Waystone (formally Link Fund Solutions Ltd)
  Waystone Management (UK) Limited - Waystone
  Key Contact: Karl Midl
  Email: karl.midl@waystone.com

**Custodian maintaining and managing investment records and safeguarding the Pension Fund's assets:**

- Northern Trust Corporation
  Northern Trust | Guided by service, expertise and integrity

**Consulting Actuary providing actuarial services:**

Up until 31 August 2024

- C McFadyen, Fellow of the Institute and Faculty of Actuaries, for and on behalf of Hymans Robertson LLP
- B Dodds, Fellow of the Institute and Faculty of Actuaries, for and on behalf of Hymans Robertson LLP
  Actuarial Consultants, Actuarial Services, Independent Actuarial Consulting Firm - Hymans Robertson

From 1 September 2024

- B McKay, Fellow of the Institute and Faculty of Actuaries, for and on behalf of Barnett Waddingham LLP
- C Morton, Fellow of the Institute and Faculty of Actuaries, for and on behalf of Barnett Waddingham LLP
  Leading UK Professional Services Consultancy | Barnett Waddingham

**Investment Consultant providing investment advice:**

- Mercer Limited
  Investment consulting

**Performance Measurement Consultants providing independent reporting on investment performance:**

- Northern Trust Corporation
  Northern Trust | Guided by service, expertise and integrity

**Additional Voluntary Contributions providers for members wishing to increase benefits:**

- Utmost Life and Pensions Company
  Home
- Standard Life Assurance Company
  Pension Top Up | Standard Life

**External Auditor:**

- Tim Cutler for and on behalf of KMPG LLP
  Audit - KPMG UK
  Email: tim.cutler@kpmg.co.uk

**Banker:**

- National Westminster Bank plc

**Legal advisor:**

- Squire Patton Boggs (UK) LLP
  Full-service Global Law Firm | Squire Patton Boggs

**The Pension Fund is a member or subscriber of the following bodies:**

- Local Authority Pension Fund Forum
- Local Government Pension Committee
- Pension and Lifetime Savings Association

**Senior Officers responsible for the pension fund.**

Steven Pilsworth
Director of Finance
Hertfordshire County Council
Postal Point CHO 208
2nd Floor, Robertson House
Six Hills Way
Stevenage, SG1 2ST

01992 555723
pensions.team@hertfordshire.gov.uk

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01992 588865
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Hertfordshire County Council
Postal Point CHO 235
1st Floor Robertson House
Six Hills Way
Stevenage, SG1 2ST

01992 588303
legalbusinesssupport@hertfordshire.gov.uk

**Administration Strategy**

The Pension Fund has published an Administration Strategy ("Strategy") that sets out the responsibilities of the Pension Fund and employers and defines the required performance standards expected of the Pension Fund and its employers and provides details of the charges that will be levied for non-compliance.

The Strategy has been prepared in accordance with regulation 59 of the Local Government Pension Scheme Regulations 2013 (as amended). This enables a Local Government Pension Scheme Fund to prepare an administration strategy to support the delivery of a high-quality administration service.

The Strategy was produced in consultation with employers and subsequent revisions are made in consultation with employers and approved by the Pensions Committee.  The latest version was approved by the Pensions Committee on 10 March 2023 and can be accessed through the link included within Appendix 2 on page 71.

## Annual Performance Report

A set of key performance indicators has been agreed and approved by the Pensions Committee and these are used to measure and report on the performance of the Administering Authority, the outsourced pensions administration service provider LPPA and employers. Performance is reported to the Pensions Committee and Board on a quarterly basis and the reports and minutes from these meetings are accessible from: Browse meetings - Pensions Committee | Hertfordshire County Council

### Performance of the Administering Authority

The following table provides details of the Pension Fund's management costs shown as a unit cost per member (contributors, deferred and pensioner) and as a percentage of Net Assets, with comparative data for 2023/24.

| | 2023/24 | 2024/25 | Trend |
|---|---|---|---|
| Total management costs per member | £248.25 | £248.25 | ▼ |
| Administrative expenses per member | £33.35 | £33.35 | ▲ |
| Total management costs as a percentage of Net Assets | 0.49% | 0.49% | ▼ |

The Administering Authority is measured against performance and compliance with statutory requirements placed on administering authorities for the administration of pension funds such as the volume of complaints or internal disputes raised against the Administering Authority.  Performance of the Administering Authority is reviewed annual by External Audit and periodically by Internal Audit. The following provides details of performance for 2024/25:

- The annual external audit was carried out from June 2025 by KPMG LLP. This reviewed the 2024/25 Annual Report and Accounts to provide a true and fair opinion on the financial statements.

- As part of the annual external review of the 2024/25 Annual Report and Accounts, KPMG LLP carried out an assessment of internal controls. KPMG LLP's findings from the assessment are published as part of the 2024/25 Audit Results Report for the Pension Fund.

- During 2024/25 there were 23 completed Internal Disputes against the Administering Authority; 9 of these was upheld, 3 was partially upheld, 6 not upheld and 3 withdrawn. There were 5 outstanding at year end. A copy of the internal disputes' resolution procedure is accessible from the Pension Fund website, https://www.lppapensions.co.uk/customer-care/

- The Pension Fund achieved the statutory deadline of 31 August 2024 for the issue of the 2024 Annual Benefit Statements for 98.3% of members. Those members who did not receive their statements by the deadline were supplied with an interim statement.

### Performance of the Pensions Administration Service

Performance of the pensions administration service delivered by the LPPA is measured against Key Performance Indicators which are shown in Appendix 3 on page 72. They are also measured against targets set out in the Service Level Agreement and against the number of complaints raised about service delivery. The following provides details of performance for 2024/25:

- During 2024/25, 188 complaints were received, including 4 from the financial ombudsman, 222 were completed, including 4 from the financial ombudsman of which 170 of these were upheld, 19 were partially upheld, 30 were not upheld, 2 were withdrawn. There were 19 were outstanding at year end.
- Efficiency of the pensions administration service is measured against Service Level Agreement performance targets which are monitored and reported monthly. Appendix 3, table A on page 73 sets out the results for 2024/25 for key performance indicators.

### Charges and Value for Money

The Fund believes it is important that the costs and charges provide good value in relation to the benefits and services provided to members.

To ensure that this is the case, the cost per member is monitored as well as broader financial performance. The Pensions Committee is required to consider and approve the budget for the LPPA and its subsidiaries, including administration functions and there is the opportunity to challenge anticipated costs. The shareholder agreement principles include a requirement for any decision made by LPPA to ensure long term value for money.

All staffing for the pension fund's administration service is provided by LPPA. Where a new service is carried out by the partnership then comparison should be made to wider market benchmarks.

**Performance of Employers**

Employers' performance in administering the Scheme is measured against targets set out in the Administration Strategy and compliance with performance standards. The following provides details of performance for 2024/25:

- A total of 42 charges were levied against 162 employers (12.14% of active employers) for late submission of contribution returns or late payment of monthly contributions. Interest was levied on employers for late payment of contributions in accordance with regulation 70 of the Local Government Pension Scheme Regulations 2013 (as amended).
- 85.84% of active employers paid contributions by the due date each month.
- 67.34% of active employers submitted LG221 monthly contribution returns by the due date.

To ensure compliance with the statutory deadline for the issue of the 2024/25 Annual Benefit Statements to LGPS members, the Pension Fund worked with scheme employers to ensure they understood their responsibilities under the Scheme and the sanctions that may apply if requirements were not met and implemented a communication plan for advising scheme employers of the requirements, timescales and support available.

## 5. Communication

The Pension Fund has published a Communication Policy which sets out how it communicates with employers and representatives of employers, Scheme members and prospective Scheme members. The Policy was approved by the Pensions Committee on 10 March 2023 and reviewed by Fund Officers in February 2025. The policy has not been subject to any material changes but was made accessible and has been published on the Fund's website which can be accessed through the link included within Appendix 2 on page 71.

The Policy is prepared in accordance with Regulation 61 of the Local Government Pension Scheme Regulations 2013, which requires an Administering Authority to prepare, maintain and publish a statement on its policy for communicating with members and employing authorities.

**Employers**

The following methods are used to communicate with employers in the Pension Fund:

- **Annual General Meeting/Employer Forum**
  All employers are invited to attend, to listen to presentations on topical issues and to raise questions about the Pension Fund.

- **Quarterly Employer Newsletters and Ad Hoc Bulletins**
  All employers receive quarterly newsletters which provide information, advice and guidance about administering the Scheme. Ad hoc bulletins are also published to advise employers about specific issues that require attention or action e.g., changes to Scheme regulations.

- **Annual Report and Accounts**
  A copy of this publication is sent to all employers and is available from the Pension Fund's website:
  What we spend and how we spend it | Hertfordshire County Council

- **Hertfordshire Chief Finance Officers' Meeting**
  The Director of Finance for the County Council keeps in contact with the District and Borough Councils through these meetings and keeps them up to date with pension matters.

- **Pension Committee Reports and Minutes**
  These are available to employers and members who wish to review them, from the Hertfordshire County Council website: Browse meetings - Pensions Committee | Hertfordshire County Council

- **Pension Board Reports and Minutes**
  These are available to employers and members who wish to review them, from the Hertfordshire County Council website**:** Browse meetings - Local Government Pension Scheme Local Pension Board | Hertfordshire County Council

- **Guidance and Help**
  Hertfordshire County Council staff and the Local Pensions Partnership Administration (LPPA), the Pension Fund's outsourced scheme administrator, are available to give advice on the telephone, by letter or by email. Comprehensive information and guidance are also accessible from the Pension Fund website: https://www.lppapensions.co.uk/

**Scheme Members***

The following methods are used to communicate with Scheme members:

- **Telephone Helpdesk**
  The LPPA provide a telephone helpdesk for all enquiries from Scheme members on any aspect of their pension arrangements. The number is 0300 323 0260

- **Annual Benefit Statements**
  All active and deferred Scheme members receive an Annual Benefit Statement (ABS) setting out the level of benefits that have been built-up, along with a forecast of benefits at retirement.

- **Internet**
  The Pension Fund's website provides information about Scheme benefits. Scheme members may also have access to information about their pension benefits by subscribing to an online service.

- **Information Letters**
  Information about changes in regulations is provided to employees via their employers in a range of media, including e-mail and letter.

- **Payslips**
  All pensioners receive at least three payslips each year and messages are included whenever there is new information to be communicated.

- **Newsletter for Pensioners**
  An annual newsletter is mailed to pensioners and two in-year newsletters are published and are accessible from the Pension Fund website.

*The scheme has largely moved to electronic means of communication (including ABS Statements, Payslips and Pensioner Newsletters) with members, as opposed to paper copies, where possible. This includes online self-service, as well as e-mail communications, notifications and alerts. The Fund provided members with two written notices to this effect, allowing members the opportunity to opt-out of electronic communication, and continue to receive paper copies.

**Prospective Scheme Members**

The methods used to ensure that prospective members are aware of the Scheme and its benefits are:

- **Job Advertisements**
  Many employers advertise the benefits of the Scheme in their job advertisements.

- **Scheme Booklet**
  All new starters in the employing organisations in the Pension Fund are provided with a Scheme booklet which summarises the benefits available from the Pension Fund.

- **Induction Sessions**
  Employers in the Pension Fund are encouraged to include pensions in their induction sessions for new starters.

## 6. Actuarial Valuation Report

The Pension Fund is financed by contributions from employees and employers and by investment income earned on accumulated funds not immediately required for the payment of benefits and expenses. The Pension Fund Actuary reports periodically to the County Council on the Pension Fund's solvency and to identify the contributions payable by employers to the Pension Fund in the future to meet the funding objectives of the Pension Fund.

The Pension Fund has published a Funding Strategy Statement, which can be accessed through the link included within Appendix 2 on page 71. which sets out the Pension Fund's strategy for meeting employers' pension liabilities.

The aim of the funding strategy is to ensure the long-term solvency of the Pension Fund and to ensure that sufficient funds are available to meet all benefits as they fall due for payment. The Pension Fund Actuary takes account of the Funding Strategy Statement when advising on the level of employer contributions to be paid.

**Actuarial Statement as at 31 March 2025**
**Provided by Barnett Waddingham LLP**

**Introduction**
The last full triennial valuation of the Hertfordshire Pension Fund (the Fund) was carried out by the previous Fund Actuary, Hymans Robertson, as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement (FSS) of the Fund, dated April 2023. The results were published in the triennial valuation report dated 31 March 2023.

**Asset value and funding level**
The results for the Fund at 31 March 2022 were as follows:

- The market value of the Fund's assets as at 31 March 2022 was £6,162m.
- The Fund had a funding level of 106% i.e. the value of assets for valuation purposes was 106% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used by the previous Fund Actuary, Hymans Robertson. This corresponded to a surplus of £370m.

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

- the annual accrual of benefits allowing for future pay increases and increases to pensions in payment when these fall due;
- plus or minus a secondary rate adjustment set for each employer at the 2022 valuation, calculated in accordance with the LGPS regulations, CIPFA guidance and the Fund's FSS.

The primary rate of contribution on a whole Fund level was 20.3% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023 and the 20.3% of payroll p.a. is the payroll-weighted average of the underlying individual employer primary rates within the Fund.

In addition, each employer pays a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions. The minimum total contributions for each employer was set by Hymans Robertson at the 2022 valuation with the aim of each employer achieving their funding target within the agreed time horizon and likelihood measure, and subject to any contribution rate stability mechanisms, in line with the Fund's FSS. As a result, the secondary rate is based on the particular circumstances of each employer and so individual adjustments are made for each employer.

Details of each employer's contribution rate are contained in the Rates and Adjustments Certificate in Appendix 5 of the triennial valuation report dated 31 March 2023, as are the whole Fund weighted-average primary rate and secondary rates.

**Assumptions**
The key assumptions used to value the past service liabilities and funding level at 31 March 2022 are summarised below:

| Financial assumptions used for the 2022 valuation | |
|---|---|
| Market date | 31 March 2022 |
| CPI Inflation) | 2.7% p.a. |
| Long-term salary increases | 3.2% p.a. |
| Discount rate | 3.8% p.a. |

| Demographic assumptions used for the 2022 valuation | |
|---|---|
| Post-retirement mortality | |
| Base tables | 2022 Club Vita tables |
| Projection model | CMI 2021 |
| Long-term rate of improvement | 1.5% p.a. |
| Smoothing parameter | 7.0 |
| Initial addition to improvements | 0.25% p.a. |
| 2020/21 weighting parameter | 0% |

Full details of the demographic and other assumptions adopted to calculate the past service liabilities (including promotional salary increases on top of the long-term salary increases above), as well as details of the derivation of the financial assumptions used, can be found in the 2022 valuation report.

Full details of the assumptions used by the previous Fund Actuary, Hymans Robertson, to set contribution rates, as well as derivation of the assumptions used, can be found in the 2022 valuation report and the Fund's FSS.

**Updated position since the 2022 valuation**

**Assets**
The average investment return on the Fund's assets over the three years to 31 March 2025 has been positive but lower than assumed at the previous actuarial valuation. The Fund has had a positive cash flow over the same period.

Overall, the total market value of assets has increased between the previous formal valuation and the year-end date of 31 March 2025.

**Liabilities**
Average actual CPI inflation over the three years to 31 March 2025 has been higher than the long-term average assumed at the 2022 valuation, although this has been offset to an extent in valuing the Fund's liabilities by the long-term average CPI inflation assumption itself reducing between 31 March 2022 and 31 March 2025 under the 2022 valuation approach to deriving this assumption.

The present value of Fund liabilities has increased between the last formal valuation and the year-end date of 31 March 2025, with factors leading to the increase including interest accruing on those liabilities and the further accrual of members' benefits over the period.

**Overall position**
We estimate that the present value of Fund liabilities increased by less than the market value of Fund assets over the three years to 31 March 2025. As a result, the funding level is estimated to have improved compared to the previous formal valuation.

However, the full formal valuation of the Fund as at 31 March 2025 is now underway, which will set revised contributions for all employers due over the period from 1 April 2026 to 31 March 2029.

We are currently advising the Fund on the funding assumptions as at 31 March 2025, which may differ to the assumptions underlying this statement, with any updated assumptions needing to be reflected in a revised version of the Funding Strategy Statement. In addition, changes to the Fund membership may also affect the results of the full formal valuation as at 31 March 2025.

As a result, the overall funding position produced by the full formal valuation as at 31 March 2025 may differ from the estimated position contained within this statement.

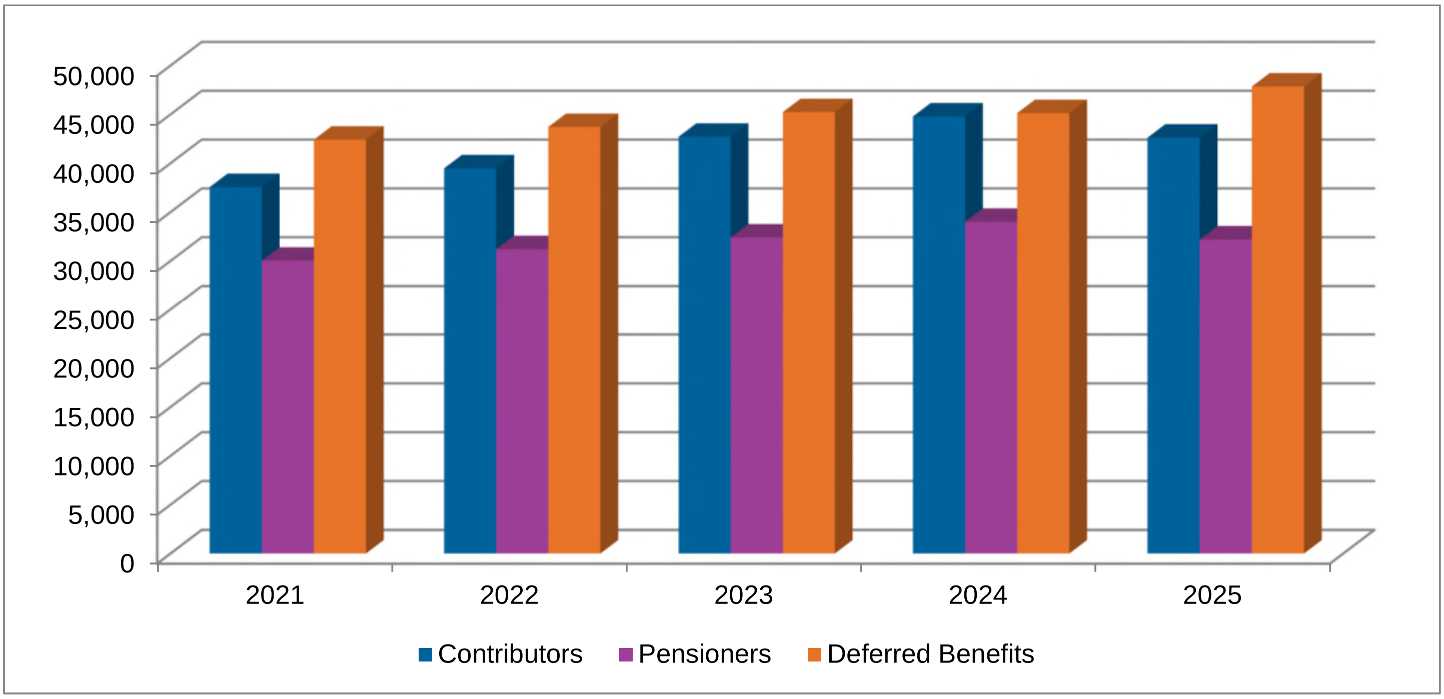
Chris Morton

Chris Morton FFA
Associate, Barnett Waddingham LLP

26 June 2025

## 7. Membership

The following graph shows the changes in membership over the last five years and the table below analyses the membership between member groups as at 31 March 2025 along with comparative figures on 31 March 2024.




| 31 March 2024 | | 31 March 2025 |
|---|---|---|
| 44,789 | Contributors | |
| 34,001 | Pensioners | |
| 45,132 | Deferred benefits (former contributors) | |
| **123,922** | **Total Members** | |

The table below shows an analysis of the membership of the Pension Fund between the Administering Authority, admitted bodies and other employers at 31 March 2025.

| | Contributors | Pensioners | Deferred Benefits |
|---|---|---|---|
| Administering Authority | 20,290 | 17,094 | 28,849 |
| Admitted Bodies | 786 | 2,514 | 1,880 |
| Other scheduled bodies | 21,544 | 12,581 | 17,118 |
| **Total** | **42,620** | **32,189** | **47,847** |

## 1. Statement of Responsibilities

### Hertfordshire County Council's Responsibilities

Hertfordshire County Council is the Administering Authority of the Pension Fund. The Administering Authority is required to:

- make arrangements for the proper administration of the financial affairs of the Pension Fund and to secure that one of its officers has responsibility for the administration of those affairs. In this Administering Authority that officer is the Director of Resources.
- manage the affairs of the Pension Fund to secure economic, efficient and effective use of the Pension Fund's resources and safeguard its assets; and
- approve the Statement of Accounts.

### The Director of Finances' Responsibilities

The Director of Finance is responsible for the preparation of the Pension Fund's statement of accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this statement of accounts, the Director of Finance has:

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

The Director of Finance has also:

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

Steven Pilsworth

Steven Pilsworth
Director of Finance (S151 Officer)
23 February 2026

## 2. Independent Auditor's Reports.

### Independent Auditor's Report to the Members of the Hertfordshire County Council on the Pension Fund's financial statements

### Opinion

We have audited the financial statements of Hertfordshire Pension Fund ("the Fund") for the year ended 31 March 2025 on pages 20 to 53 which comprise the Fund Account, Net Assets Statement and the related notes to the Pension Fund financial statements, including the summary of accounting policies.

In our opinion the Pension Fund financial statements:

- give a true and fair view of the financial position of the Pension Fund during the year 31 March 2025 and of the amount and disposition at that date of its assets and liabilities; and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on Local Authority Accounting in the United Kingdom 2024/2025

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under and are independent of the Hertfordshire County Council (as administering authority for the pension fund, the ''Authority'') in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The Director of Finance has prepared the Pension Fund financial statements on the going concern basis as they have not been informed by the government of the intention to either cease the Authority's services or dissolve the Authority without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Pension Fund financial statements (''the going concern period'')

In our evaluation of the Director of Finance's conclusions, we considered the inherent risks associated with the continuity of services provided by the Authority over the going concern period.

Our conclusions based on this work:

- we consider that the Director of Finance's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate; and

- we have not identified and concur with the Director of Finance's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Authority will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect.

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (''fraud risks'') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Ensuring of management and the Audit Committee as to the Pension Fund's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Pension Fund's channel for ''whistleblowing'', as well as whether they have knowledge of any actual, suspected, or alleged fraud.

- Reading Pension and Audit Committee minutes.

Financial Statements

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible financial pressures at the Authority and our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls in particular the risk that the Pension Fund management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we did not identify a fraud risk related to revenue recognition because revenue in a pension fund relates to contributions receivable as paid under an agreed schedule.

We did not identify any additional fraud risks. In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Pension Fund fraud risk management controls.

We also performed procedures including:

- Screening of journal entries and other adjustments to identify risk criterion. These included unusual or unexpected pairing of double entries with cash account codes and those posted by senior finance management.

- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

***Identifying and responding to risks of material misstatement related to compliance with laws and regulations***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the Pension Fund financial statements from our general sector experience and through discussion with the Director of Finance and other management (as required by auditing standards), and from inspection of the Pension Fund's regulatory and legal correspondence and discussed with the Director of Finance and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Pension Fund is subject to laws and regulations that directly affect the Pension Fund financial statements, including the financial reporting aspects of local government legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Pension Fund is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the Pension Fund financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Pension legislation, data protection laws, anti-bribery and employment law, recognising the nature of the Pension Fund's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Director of Finance and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

***Context of the ability of the audit to detect fraud or breaches of law or regulation***

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Pension Fund financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Pension Fund financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Other information**

The Director of Finance is responsible for the other information, which comprises the information included in the Pension Fund Statement of Accounts, other than the Pension Fund financial statements and our auditor's report thereon. Our opinion on the Pension Fund financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Pension Fund financial statements audit work, the information therein is materially misstated or inconsistent with the Pension Fund financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

**Director of Finance's and Pensions Committee's responsibilities**

As explained more fully in the statement set out on page 16, the Director of Finance is responsible for the preparation of the Pension Fund financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of Pension Fund financial statements that are free from material misstatement, whether due to fraud or errors; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Authority or dissolve the Authority without the transfer of its services to another public sector entity..

The Audit Committee of Council is responsible for overseeing the Pension Fund's financial reporting process.

**Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the Pension Fund financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Pension Fund financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**The purpose of our work and to whom we owe our responsibilities.**

This report is made solely to the members of Hertfordshire County Council (''the Council''), as a body and as administering authority for the Hertfordshire Pension Fund, in in accordance with Part 5 of the Local Audit and Accountability Act 2014

Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Timothy Cutler

**for and on behalf of KPMG LLP, Statutory Auditor**
1 St. Peter's Square
Manchester
M2 3AE
26 February 2026

## Independent Auditor's Report to the Members of Hertfordshire County Council on the Pension Fund's financial statements included in the Pension Fund Annual Report & Account

### Opinion

We have examined the Pension Fund Financial Statements of Hertfordshire Pension Fund ("the Pension Fund") for the year ended 31 March 2025 included in the Hertfordshire Pension Fund Annual Report & Accounts, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including the significant accounting policies in note 3.

In our opinion, the Pension Fund Financial Statements included in the Pension Fund Annual Report are consistent, in all material respects, with the Pension Fund financial statements included in the annual statement of accounts of Hertfordshire County Council ("the Council") for the year ended 31 March 2025 that were approved on 23 February 2026.

### Director of Finance's responsibilities

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Pension Fund Financial Statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

### Auditor's responsibilities

Our responsibility is to report to you our opinion on the consistency of the Pension Fund Financial Statements included in the Pension Fund Annual Report with the Pension Fund financial statements included in the annual statement of accounts of the Authority.

In addition, we read the other information contained in the Pension Fund Annual Report and, if we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office in June 2025.

Our audit report on the Authority's annual published statement of accounts that we issued on 26 February 2026 describes the basis of our opinion on those financial statements.

### The purpose of our work and to whom we owe our responsibilities.

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

Timothy Cutler

**for and on behalf of KPMG LLP, Statutory Auditor**
1 St. Peter's Square
Manchester
M2 3AE
26 February 2026

### 3. Fund Account

| 2023/24 £000s | £000s | | Note | 2024/25 £000s | £000s |
|---|---|---|---|---|---|
| 51,444 | | Contributions receivable from members | 6.1 | 54,469 | |
| 176,009 | | Contributions receivable from employers | 6.1 | 189,484 | |
| 20,814 | | Transfers in from other schemes or funds | 6.2 | 22,195 | |
| 257 | | Other income | | (271) | |
| | **248,524** | **Additions from dealings with those directly involved in the Scheme** | | | **265,877** |
| (172,603) | | Pensions Payable | | (190,408) | |
| (30,560) | | Commutation of pensions and lump sum retirement benefits | | (40,053) | |
| (4,522) | | Lump sum death benefits | | (5,359) | |
| | **(207,685)** | **Benefits payable to members** | 6.3 | | **(235,820)** |
| (537) | | Refunds of contributions | | (674) | |
| 1 | | State scheme premiums | | 2 | |
| (22,579) | | Transfers out to other schemes | 6.4 | (23,098) | |
| | **(23,115)** | **Payments to and on account of leavers** | | | **(23,770)** |
| | **(720)** | **Refund to employers upon cessation** | | | **0** |
| | **17,004** | **Net additions from dealings with those directly involved in the Scheme** | | | **6,287** |
| (4,132) | | Administrative costs | | (5,150) | |
| (2,549) | | Oversight and governance costs | | (1,966) | |
| (23,928) | | Investment management expenses | 6.5 | (23,813) | |
| | **(30,609)** | **Management expenses** | | | **(30,929)** |
| 64,014 | | Investment Income | 6.6 | 86,626 | |
| (135) | | Taxes on income | | (114) | |
| 457,496 | | Profits and losses on disposals of investments and changes in value of investments | 6.7 | 96,698 | |
| | **521,375** | **Net return on investments** | | | **183,210** |
| | **507,770** | **Net increase in the net assets available for benefits during the year** | | | **158,568** |
| | **5,744,466** | **Opening net assets of the Fund** | | | **6,252,236** |
| | **6,252,236** | **Closing net assets of the Fund** | | | **6,410,804** |

## 4. Net Assets Statement

| 2023/24 | | | | 2024/25 | |
|---|---|---|---|---|---|
| £000s | £000s | | Note | £000s | £000s |
| 385,013 | | Equities | | | |
| | | **Pooled investment vehicles** | | | |
| 703,815 | | Pooled property investments | | | |
| 1,603,708 | | Unitised insurance policies | | | |
| 2,190,392 | | Unit trusts | | | |
| 428,465 | | Private Equity | | | |
| 103,834 | | Infrastructure Debt | | | |
| 688,078 | | Other managed funds | | | |
| 3 | | Derivative contracts | 6.9 | | |
| 96,791 | | Cash deposits | | | |
| 2,353 | | Other investment balances | | | |
| | **6,202,452** | **Total investment assets** | | | |
| (1,282) | | | | | |
| 0 | | Refund to employers upon cessation | | | |
| | **(1,282)** | **Total Investment liabilities** | | | |
| | **6,201,170** | **Total investment assets and liabilities** | | | |
| 56,974 | | Current assets | 6.10 | | |
| (5,908) | | Current liabilities | 6.11 | | |
| | **51,066** | **Total current assets and liabilities** | | | |
| | **6,252,236** | **Net assets of the Scheme available to fund benefits** | | | |

Steven Pilsworth

**Steven Pilsworth**
**Director of Finance (S151 Officer)**
**23 February 2026**

## 5. Statement of Accounting Policies

### Basis of Preparation

The accounts have been prepared in accordance with the provisions of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 which is based upon International Financial Reporting Standards, as amended for the UK public sector.

The accounts summarise the transactions for the 2024/25 financial year and net assets of the Pension Fund as at 31 March 2025. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits at the Net Assets Statement date is detailed in Note 6.15.

### Valuation of Assets

Financial assets are included in the Net Asset Statement on a fair value basis as at the reporting date. A financial asset or liability is recognised in the Net Asset Statement on the date the Pension Fund becomes party to the contractual acquisition of the asset or to the liability. From this date, any gains or losses arising from changes in the fair value of the asset or liability are recognised in the Fund Account. The values of investments as shown in the Net Asset Statement have been determined at fair value in accordance with the regulation of the Code, IFRS13 and IFRS9. The values on investments as shown in the net assets statement have been determined as follows:

- Market-quoted securities, for which there is a readily available market price, are valued at bid price at the close of business on the net asset date.
- Fixed interest securities are recorded at net market value based on their current yields.
- Pooled investment vehicles are valued at the closing bid price if both bid and offer prices are quoted by the respective Investment Managers. If only a single price is quoted, investments are valued at the closing single price. In the case of pooled investment vehicles that are accumulation funds, the change in market value also includes income, which is reinvested in the fund net of applicable withholding tax.
- Unquoted investments for which market quotations are not readily available are valued having regard to the latest dealings, professional valuations, asset values and other appropriate financial information.
- Indirect private equity investments are interests in limited partnerships and are stated at the partnership's estimate of fair value. Investments are valued based on the Pension Fund's share of the net assets of the private equity fund. For private equity limited partnerships there is usually a time delay in receiving information from the private equity Investment Managers. The valuations shown in the Net Assets Statement for these investments are the latest valuations provided to the Pension Fund, adjusted for cash movements between the valuation date and the net asset date.
- Forward foreign exchange contracts are stated at fair value which is determined as the gain or loss that would arise from closing out the contract at the balance sheet date by entering into an equal and opposite contract.
- Investment assets and liabilities include cash balances held by the Investment Managers and debtor and creditor balances in respect of investment activities as these form part of the net assets available for investment.
- Rights issues are processed on ex-date. If the value of the rights on ex-date is 15% or more of the value of the underlying security, cost is allocated from the parent to the rights. If the value is less than 15%, the rights are allocated at zero cost.

### Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution, repayable without penalty and on notice of not more than 24 hours. Cash equivalents comprise investments that are held to meet short-term liabilities rather than for investment or other purposes. These are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value. Bank overdrafts, repayable on demand and which form an integral part of the County Council's treasury management function, are also included as a component of cash and cash equivalents.

### Foreign Currency Translation

All investments are shown in Sterling. Dividends, interest, purchases and sales of investments in foreign currencies have been accounted for at the spot market rate at the date of transaction. End of year spot market exchange rates are used to value foreign currency cash balances, market values of overseas investments and purchases and sales outstanding at the net asset date.

Gains and losses on exchange arising from foreign currency investment and cash balances are included within the Fund Account for the year.

**Management Expenses**

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, allows the Administering Authority to charge directly to the Pension Fund any costs or expenses incurred in administering it. Management expenses are accounted for on an accruals basis and disclosed in accordance with the 2016 CIPFA guidance ‘Accounting for Local Government Pension Scheme Management expenses’ and analysed between administrative costs, oversight and governance costs and investment management expenses.

Fees of the external Investment Managers are agreed in the respective mandates governing their appointment. Fees are based on the market value of the portfolio under management. Where an Investment Manager’s fee note has not been received for the final period, an estimate based on the market value of their mandate as at the end of the year is used for inclusion in the Fund Account.

Investment management expenses include transaction costs relating to the purchase and sale of investments.

The relationship between manager fees, risk, and investment return can be summarised as follows:

1. Impact on Investment Return: Manager fees directly reduce the investment return earned by investors. Higher fees will reduce the overall returns generated by the investment portfolio. Therefore, the Committee carefully consider the fees charged by investment managers and assess whether the potential risk-adjusted returns justify the costs.

2. Risk-Adjusted Returns: Investment managers play a crucial role in managing investment risk and seeking to generate suitable risk-adjusted returns. Skilled managers aim to achieve higher returns while effectively managing risk. The fees charged by investment managers are intended to compensate them for their expertise in managing risk and generating returns.

3. Fee Structure and Incentives: The fee structure can influence the behaviour of investment managers. For example, performance-based fees may incentivise managers to take on higher levels of risk in order to generate higher returns and earn higher fees. On the other hand, fixed fees may provide managers with a stable income regardless of investment performance.

4. Manager Selection: When selecting an investment manager or strategy, the Fund considers various aspects and characteristics such as, investment strategy, risk management approach, and fees. The Fund evaluates whether the manager's fees are reasonable and aligned with the value they provide in terms of generating returns and managing risk.

In summary, the relationship between manager fees, risk, and investment return is a complex interplay. While higher fees can reduce investment returns, skilled investment managers can potentially generate favourable risk-adjusted returns that justify the fees charged.

The Fund, over the long term, has generated additional returns through its use of active management supporting the Fund’s decision to incur additional costs as net investment returns have been higher through the use of active management.

**VAT**

The Pension Fund is exempt from VAT and is therefore able to recover such deductions. Investment management and administrative expenses are therefore recognised net of any recoverable VAT.

**Benefits Payable**

Pension and lump sum benefits payable include all amounts known to be due as 31 March 2025. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

**Contributions**

Normal contributions, both from members and employers, are accounted for on an accruals basis, at the percentage rate certified by the Pension Fund Actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for on an accruals basis in accordance with the period to which they relate or are due, or on a cash basis if the payment is an additional contribution in excess of the minimum required by the Pension Fund Actuary and set out in the Rates and Adjustments Certificate.

Pension strain contributions and employers’ augmentation contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid is classed as a current financial asset.

**Transfers to and from other schemes**

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

**Investment Income**

Investment income earned by the Pension Fund on its investments is recognised as follows:

- Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument 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 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 under other investment balances.
- Investment income earned on pooled investment vehicles that are accumulation funds, where income is retained and automatically reinvested, are shown as changes in the value of investments in the Fund Account.
- Income from private equity investments is reported on the quarterly valuations provided by the private equity Investment Managers. Income is recognised in the period in which the valuation is received.
- Distributions from other pooled investment vehicles are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Asset Statement under other investment balances.
- Changes in the value of investment income are accounted for as income and comprise all realised and unrealised profits and losses during the year.

**Taxation**

The Pension 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. Tax is deducted from dividends paid on UK equities, which is not recoverable. Income from overseas investments suffers a withholding tax in the country of origin unless exemption is permitted. Provision is made for the estimated sums to be recovered and income grossed up accordingly. Irrecoverable tax is accounted for as a Pension Fund expense as it arises.

**Security Lending**

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 permit the Pension Fund to lend up to 35% of its securities from its portfolio of stocks to third parties in return for collateral. The Pension Fund has set a limit of 20% of the total Fund value. The securities on loan are included in the Net Assets Statement to reflect the Pension Fund's continuing economic interest of a proprietorial nature in these securities.

**Additional Voluntary Contribution Investments**

The County Council has arrangements with the Standard Life Assurance Company and the Utmost Life and Pensions Company to enable employees to make Additional Voluntary Contributions (AVCs) to enhance their pension benefits. AVCs are invested separately from the Pension Fund's main assets and the assets purchased are specifically allocated to provide additional benefits for members making AVCs. As these contributions do not form part of the Pension Fund's investments, the value of AVC investments is excluded from the Pension Fund's Net Assets Statement in accordance with regulation 4(2)(c) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

**Actuarial present value of promised retirement benefits**

The actuarial present value of promised retirement benefit is assessed on an annual basis by the Scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial Standards. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the accounts.

**Prior period adjustments**

There were no material prior period adjustments in 2024/25 that require disclosure.

**Going Concern**

The Pension Fund has sufficient liquidity to meet fund benefits as they fall due without the need to liquidate investments. The fund has been cashflow positive for a number of years, however, depending on the outcome of the 2025 Valuation, there may be a risk that the fund could go cashflow negative. The Fund has assumed that Pension Payroll will increase by 3.8% as per the rate of the Consumer Price Index (CPI) in September 2025, however legislation to confirm this rate is not available until March 2026.

The Pension Fund's Investment Strategy Statement, which was in force during the 2024/25 financial year sets a benchmark allocation of 1% of total pension fund assets held by the Administering Authority on behalf of the Fund for cashflow purposes. As at 1 December 2025, £24.9m was held in MMF which can be accessed with one business day. In addition, if cashflow issues arose, the fund could liquidate circa £4.841bn of investments (76% of total fund assets) in under 3 months.

The Pension Fund is proactive in reviewing all employers on a quarterly basis, with updates provided to Pensions Committee, to ensure there was no material risk to the Fund with employers defaulting on their contributions.

**Events after the Net Asset Date**

Pooling is a key component of the Government's Local Government Pension Scheme (LGPS) reform agenda, aimed at cost efficiency and enhanced investment performance. Following the Government's Fit for the Future Consultation, both the ACCESS and the Brunel Pension Partnership pools were notified by Government in April 2025 that their pooling submissions were not deemed to fit the Government's vision for the future of the LGPS, and the twenty-one Pension Funds were asked to merge with one of the remaining six pools.

On 7 July 2025, the Hertfordshire Pension Committee confirmed Border to Coast Pensions Partnership as its preferred FCA-authorised pooling partner. This decision aligns The Hertfordshire Pension Fund with six other LGPS funds, Cambridgeshire, East Sussex, Essex, Kent, Northamptonshire, and West Sussex who also identified Border to Coast as their preferred partner.

Established in 2018, Border to Coast is one of the UK's largest LGPS Asset Pools. Its mission is to deliver cost-effective, innovative, and responsible investment opportunities that generate long-term returns. Following the successful completion of the seven new funds from ACCESS, the Border to Coast Pension Partnership will have eighteen pension funds that span the entirety of the North to South across England and hold more than £110bn of assets.

The Hertfordshire Pension Fund is currently working on complying with the forthcoming Pensions Bill, which is expected to come in to force in April 2026 and will become a legal shareholder and member of BCPP. This was discussed at Hertfordshire County Council's Full Council on 17 February 2026. Following this, the Fund anticipates completing all the relevant legal documents required to become members of a FCA regulated pool and aligned with the Government's deadline of 31 March 2026.

**Critical judgements in applying accounting policies**

In applying the accounting policies set out above, the Pension Fund has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the accounts are:

- **Valuation of private equity investments:** Unquoted private equities are valued by the Investment Managers using the International Private Equity and Venture Capital Valuation Guidelines. These are inherently based on forward looking estimates and judgements involving many factors.

- **Pension fund liability:** The Pension Fund liability is calculated every three years by the Pension Fund Actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in Note 6.15. This estimate is subject to significant variances based on changes to the underlying assumptions.

**Assumptions made about the future and other major sources of estimation uncertainty**

Preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the net asset date and the amounts reported for revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that actual outcomes could differ from those assumptions and estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- **Valuation of private equity, pooled property and alternative investments:** The valuations for private equity, pooled property, infrastructure and alternative investments shown in the Net Assets Statement are based on the latest valuations provided to the Pension Fund, adjusted for cash movements between the valuation date and the net asset date. This may result in a variance between the valuation included in the Financial Statements and the actual value of the Pension Fund's investments as of 31 March 2025 issued by each of the Investment Managers. On 31 March 2025 private equity investments totalled £548.53m (including private equity investments held within the Global Alternatives Fund), pooled property investments totalled £790.45m (including property investments held within the Global Alternatives Fund), infrastructure investments totalled £114.16m (including infrastructure investments held within the Global Alternatives Fund) and alternative investments totalled £549.99m (excluding the investments from the prior asset classes).

- **Valuation of Unit Trust – Equity Protection:** The valuation for the equity protection strategy shown in the Net Assets Statement is based on the latest valuations provided to the Pension Fund which is at the 31 March 2025. As the latest valuations and the financial year end date match, then there is no source of estimation uncertainty on the valuation of the asset in the 2024/25 financial accounts.

- **Contractual commitments:** Commitments to the private equity, infrastructure debt and private rental sector funds are made in local currency (Sterling, Euros and US Dollars). The total remaining commitment to each fund on 31 March 2025 has been converted to base currency, based on exchange rates applicable at the net asset date. The exact timing and amounts of when the Pension Fund's commitment will be drawn down is uncertain and therefore the actual payments made by the Pension Fund may be different from the estimates.

- **Actuarial present value of promised retirement benefits:** Estimation of the liability to pay retirement benefits depends on several complex judgements relating to the discount rate used to value the liabilities, the rate at which salaries increase, and changes in retirement ages and mortality rates. The consulting actuary to the Pension Fund, Barnett Waddingham, is engaged to provide the Pension Fund with expert advice about the assumptions to be applied. Further information about the key assumptions used to calculate the actuarial present value of promised retirement benefits and the effect on the pension's liability of changes in individual assumptions are shown in Note 6.15.

NOTE: values throughout these accounts are presented rounded to the nearest thousand. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

## 6. Notes to the Accounts

### 6.1 Contributions Receivable

| 2023/2024 £000s | £000s | | 2024/2025 £000s | £000s |
|---|---|---|---|---|
| | | **Members contributions** | | |
| 51,276 | | Normal contributions | | |
| 168 | | Additional contributions | 200 | |
| | **51,444** | **Total members contributions** | | **54,469** |
| | | **Employer contributions** | | |
| 162,335 | | Normal contributions | 173,234 | |
| 11,599 | | Deficit funding contributions | 11,053 | |
| 2,075 | | Augmentation and early retirement strain costs | 5,197 | |
| | **176,009** | **Total employers' contributions** | | **189,484** |
| | **227,453** | **Total contributions receivable** | | **243,953** |

Members' additional contributions represent contributions from members to purchase additional years of membership or pension in the Scheme.

Employers' normal contributions represent the ongoing contributions paid into the Pension Fund by employers in accordance with the Rates and Adjustments Certificate, issued by the Pension Fund Actuary. These reflect the cost of benefits accrued by current members over the year.

In 2024/25 the Pension Fund received additional certified lump sums to reduce the deficit on some employers. £11.13m relates to these additional lump sums (compared to £11.42m 2023/24), of which £10.45m related to the Hertfordshire District/Borough councils and £0.68m related to 7 other employers.

Contributions received are further analysed in the table overleaf by type of employer.

| 2023/24 Member £000s | Employer £000s | | 2024/25 Member £000s | Employer £000s |
|---|---|---|---|---|
| 23,801 | 78,551 | Administering Authority | 24,897 | 84,089 |
| 25,896 | 90,283 | Other Scheduled Bodies | 27,869 | 97,775 |
| 1,747 | 7,175 | Admitted Bodies | 1,703 | 7,619 |
| **51,444** | **176,009** | **Total contributions receivable** | **54,469** | **189,484** |

### 6.2 Transfers in from other Schemes or Funds

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| 20,814 | Individual transfers | 22,195 |
| **20,814** | **Total transfers in from other schemes** | **22,195** |

Transfers are shown on a cash basis, in accordance with the accounting policy, there were no Bulk transfers in 2023/24 and 2024/25.

### 6.3 Benefits Payable

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| 88,300 | Administering Authority | |
| 99,351 | Other Scheduled Bodies | |
| 20,034 | Admitted Bodies | |
| **207,685** | **Total benefits payable** | |

### 6.4 Transfers out to other Schemes or Funds

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| 22,579 | Individual transfers | 23,098 |
| **22,579** | **Total transfers out to other schemes** | **23,098** |

Transfers are shown on a cash basis, in accordance with the accounting policy, there were no Bulk transfers in 2023/24 and 2024/25.

### 6.5 Management Expenses

The Pension Fund's Investment Managers are remunerated based on fees calculated as a percentage of assets under management or as a fixed annual fee and are reviewed on an annual basis by the Pensions Committee. Investment management expenses include transaction costs associated with the acquisition, issue or disposal of Pension Fund assets and associated financial instruments. In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments set out in Note 6.7.

The Pension Fund's assets are held in custody by an independent custodian. The custodian is responsible for the safekeeping of the Pension Fund's financial assets, the settlement of transactions, income collection, tax reclamation and other administrative actions in relation to the Pension Fund's investments.

The Pension Fund's performance measurement service is provided by Northern Trust and Mercer (Investment Consultants). An analysis of the Pension Fund's performance is shown in the Investment Performance section starting at on page 53.

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| 23,065 | Management fees | 22,285 |
| 840 | Transaction costs | 1,468 |
| 22 | Custody | 60 |
| **23,928** | **Total investment management expenses** | **23,813** |

An analysis of transaction costs by asset class is shown in the tables overleaf.

| 2024/25 | Total £000s | Management Fees £000s | Performance Related £000s | Transaction Costs £000s |
|---|---|---|---|---|
| **Investments managed by ACCESS pool** | | | | |
| Unit trusts | | | | |
| Pooled Property Investments | | | | |
| Unitised Insurance Policies | | | | |
| **Total investment assets** | | | | |
| **Investments managed outside ACCESS pool** | | | | |
| Equities | | | | |
| Pooled Property Investments | | | | |
| Unit Trusts | | | | |
| Private Equity | | | | |
| Infrastructure Debt | | | | 0 |
| Other Managed Funds | 2,090 | 2,087 | 0 | 3 |
| | **14,350** | **13,877** | **(33)** | **506** |
| Custody Fee | 60 | | | |
| **Total** | **23,813** | | | |

| 2023/24 | Total £000s | Management Fees £000s | Performance Related £000s | Transaction Costs £000s |
|---|---|---|---|---|
| **Investments managed by ACCESS pool** | | | | |
| Unit trusts | 4,662 | 4,545 | 0 | 117 |
| Pooled Property Investments | 991 | 979 | 0 | 12 |
| Unitised Insurance Policies | 338 | 323 | 0 | 15 |
| **Total investment assets** | **5,991** | **5,847** | **0** | **144** |
| **Investments managed outside ACCESS pool** | | | | |
| Equities | 1,024 | 875 | 0 | 149 |
| Pooled Property Investments | 5,252 | 5,091 | 72 | 89 |
| Unit Trusts | 2,286 | 1,559 | 0 | 727 |
| Private Equity | 6,831 | 6,831 | 0 | 0 |
| Infrastructure Debt | 552 | 552 | 0 | 0 |
| Other Managed Funds | 1,970 | 1,958 | 0 | 12 |
| | **17,915** | **16,866** | **72** | **977** |
| Custody Fee | 22 | | | |
| **Total** | **23,928** | | | |

### 6.6 Investment Income

#### a) Analysis of investment income

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| 3,230 | Dividends from equities | |
| | Income from pooled investment vehicles: | |
| 24,048 | Pooled property investments | |
| 31,579 | Other pooled investments | |
| 1,339 | Private Equity | |
| 3,321 | Infrastructure Debt | |
| 497 | Interest on cash deposits | |
| **64,014** | **Total investment management expenses** | |

An analysis of investment income accrued during 2023/24 and 2024/25 is shown in the table below.

| 2023/24 UK £000s | Overseas £000 | Global £000s | Total £000s | | 2024/25 UK £000s | Overseas £000s | Global £000s | Total £000s |
|---|---|---|---|---|---|---|---|---|
| 94 | 3,136 | 0 | **3,230** | Administering Authority | 139 | 2,735 | 0 | **2,874** |
| 18,695 | 8,870 | 0 | **27,565** | Other Scheduled Bodies | 35,144 | 12,591 | 0 | **47,734** |
| 0 | 1,339 | 0 | **1,339** | Private Equity | 0 | 4,325 | 0 | **4,325** |
| 11,054 | 0 | 12,994 | **24,048** | Pooled property investments | 13,887 | 0 | 10,713 | **24,600** |
| 3,321 | 0 | 0 | **3,321** | Infrastructure | 2,459 | 0 | 0 | **2,459** |
| 3,736 | 278 | 0 | **4,014** | Cash and cash equivalents | 4,058 | 395 | 0 | **4,453** |
| 473 | 24 | 0 | **497** | Other | 1 | 179 | 0 | **180** |
| **37,373** | **13,647** | **12,994** | **64,014** | **Total investment income** | **55,688** | **20,225** | **10,713** | **86,626** |

Assets are classified in different areas of the world:

- UK are assets held within the UK.
- Overseas are assets held within one country outside of the UK.
- Global are assets held within two or more countries outside of the UK (global assets can only be through pooled investments).

#### b) Securities lending

The Pension Fund has an arrangement with its Custodian to lend securities from within its portfolio of stocks to third parties in return for collateral. Collateralised lending generated income of £0 for 2024/25 (£0 for 2023/24). This is included within investment income in the Fund Account.

Securities lending is completed by the ACCESS pool's custodian Northern Trust, however this is held in trust by Waystone, who acquired Link Fund Solutions in April 2023 and therefore is not identified in these accounts.

### 6.7 Profit and Losses on the Disposal of Investments and Changes in the Value of Investments

An analysis of investment transactions in 2024/25 is shown in the table below.

| Value at 31 March 2024 £000s | | Purchases at cost and derivative payments £000s | Sale proceeds and derivative receipts £000s | Profits and losses on disposal and change in value of investments £000s | Transfer to Other Categories[3] £000s | Value at 31 March 2025 £000s |
|---|---|---|---|---|---|---|
| | **Equities** | | | | | |
| 6,172 | UK | 23,572 | (7,684) | (18,439) | 0 | 3,621 |
| 378,841 | Overseas | 278,356 | (394,076) | (165,900) | 0 | 97,221 |
| | **Pooled investment vehicles** | | | | | |
| 703,815 | Pooled property investments | 67,056 | (9,063) | (6,706) | 0 | 755,102 |
| 1,603,708 | Unitised insurance policies | 200,000 | (21,274) | (12,189) | 0 | 1,770,245 |
| 2,190,392 | Unit trusts | 56,417 | (106,780) | 252,660 | 0 | 2,392,689 |
| 428,465 | Private equity | 32,162 | (43,020) | 9,515 | 0 | 427,122 |
| 103,834 | Infrastructure Debt | 1,568 | (4,582) | 1,343 | 0 | 102,163 |
| 688,078 | Other managed funds | (4) | (2,087) | 32,746 | 0 | 718,733 |
| (1,279) | Derivative contracts (net)[1] | 11,346 | (15,388) | 5,321 | 0 | 0 |
| 96,791 | Cash deposits | 221,422 | (227,336) | (1) | 10,882 | 101,758 |
| **6,198,817** | **Subtotal** | **891,895** | **(831,290)** | **98,350** | **10,882** | **6,368,654** |
| 2,353 | Net other investment balances[2] | 4,524 | (3,494) | (1,650) | 0 | 1,733 |
| **6,201,170** | **Total investment assets / (liabilities)** | **896,419** | **(834,784)** | **96,700** | **10,882** | **6,370,387** |

[1] Net forward foreign exchange assets/liabilities (see note 6.9).
[2] Net other investment balances assets/liabilities - Accrued income shown within closing balance.
[3] The £10.8m movement was due to a £10.5m transfer from the Fund's bank account to the Custodian bank account. i.e., current asset to cash deposit and £0.3m cash from the previous Custodian in respect of legacy tax reclaims to the current Custodian bank i.e. Other investment balances to cash.

An analysis of investment transactions in 2023/24 is shown overleaf.

| Value at 31 March 2023 £000s | | Purchases at cost and derivative payments £000s | Sale proceeds and derivative receipts £000s | Profits and losses on disposal and change in value of investments £000s | Transfer to Other Categories[3] £000s | Value at 31 March 2024 £000s |
|---|---|---|---|---|---|---|
| | **Equities** | | | | | |
| 4,171 | UK | 2,458 | (257,784) | 257,327 | 0 | 6,172 |
| 311,574 | Overseas | 150,885 | (55,437) | (28,181) | 0 | 378,841 |
| | **Pooled investment vehicles** | | | | | |
| 753,612 | Pooled property investments | 17,759 | (13,415) | (54,141) | 0 | 703,815 |
| 1,210,891 | Unitised insurance policies | 790 | 0 | 392,027 | 0 | 1,603,708 |
| 2,197,134 | Unit trusts | 498,427 | (319,519) | (185,650) | 0 | 2,190,392 |
| 398,064 | Private equity | 54,275 | (34,022) | 10,148 | 0 | 428,465 |
| 108,859 | Infrastructure Debt | 1,588 | (8,748) | 2,135 | 0 | 103,834 |
| 636,428 | Other managed funds | (6) | (1,958) | 53,614 | 0 | 688,078 |
| 3,280 | Derivative contracts (net) [1] | 23,249 | (37,692) | 9,884 | 0 | (1,279) |
| 63,121 | Cash deposits | 644,538 | (625,495) | (373) | 15,000 | 96,791 |
| **5,687,134** | **Subtotal** | **1,393,963** | **(1,354,070)** | **456,790** | **15,000** | **6,198,817** |
| 2,729 | Net other investment balances [2] | 4,159 | (5,241) | 706 | 0 | 2,353 |
| **5,689,863** | **Total investment assets / (liabilities)** | **1,398,122** | **(1,359,311)** | **457,496** | **15,000** | **6,201,170** |

[1] Net forward foreign exchange assets/liabilities (see note 6.9).
[2] Net other investment balances assets/liabilities - Accrued income shown within closing balance.
[3] The £15m movement was due to the transfer from the Fund's bank account to the Custodian bank account. i.e., current asset to cash deposit

### 6.8 Investment Analysis

#### a) Analysis of investment assets at market value

Cash deposits (including cash and cash instruments) and other investment balances (including accrued dividend entitlements) are accounted for as investment assets as these form part of the net assets available for investment within the investment portfolio.

Six holdings exceeded 5% of the total investment assets and liabilities available to fund benefits at 31 March 2025, these are shown in the table overleaf with a comparison to their percentage at 31 March 2024..

| Holding | 2023/24 % | 2024/25 % |
|---|---|---|
| UBS Climate Aware | | |
| LGT Crown HCC Segregated Portfolio | | |
| Insight LDI Solution Plus Active 52 B | | |
| ACCESS Royal London Sterling Core Bond Fund | | |
| ACCESS Dodge and Cox Global Stock Fund | | |
| ACCESS Baillie Gifford Long Term Global Growth | | |

There are eight Pooled Funds which exceed 5% of their asset class at 31 March 2025, these are shown in the table below with a comparison to their percentage at 31 March 2024

| Holding | 2023/24 % | 2024/25 % |
|---|---|---|
| UBS Climate Aware | 9.19 | 15.72 |
| LGT Crown HCC Segregated Portfolio | 12.03 | 11.66 |
| Insight LDI Solution Plus Active 52 B | 9.25 | 7.93 |
| ACCESS Royal London Sterling Core Bond Fund | 7.33 | 6.91 |
| ACCESS Dodge and Cox Global Stock Fund | 7.81 | 5.85 |
| ACCESS Baillie Gifford Long Term Global Growth | 5.54 | 5.44 |
| ACCESS Osmosis Sustainable Equity Indexed | 0.00 | 5.26 |
| ACCESS BlueBay Total Return Credit Fund | 5.09 | 5.04 |

**b) Analysis by Investment Manager**

The value of investments held by each Investment Manager on 31 March is shown overleaf:

| 2023/24 £000s | % | | 2024/25 £000s | % |
|---|---|---|---|---|
| 316,754 | 5.1 | Baillie Gifford & Co. | 335,256 | 5.3 |
| 291,382 | 4.7 | Bluebay Asset Management LLP | 310,869 | 4.9 |
| 485,087 | 7.8 | CBRE Global Collective Investors (UK) Ltd. | 493,154 | 7.8 |
| 446,623 | 7.2 | Dodge & Cox Worldwide Funds plc | 360,584 | 5.7 |
| 187,460 | 3.0 | Robeco Institutional Asset Management B.V. | 470,947 | 7.4 |
| 419,018 | 6.8 | Royal London Asset Management Ltd. | 425,774 | 6.7 |
| 1,603,706 | 25.9 | UBS Group AG | 1,770,780 | 27.8 |
| **3,750,030** | **60.5** | **Investments managed by ACCESS asset pool** | **4,167,364** | **65.4** |
| 430,421 | 6.9 | Allianz Global Investors Europe GmbH | 38,807 | 0.6 |
| 235,570 | 3.8 | HarbourVest Partners, LLC. | 235,753 | 3.7 |
| 688,079 | 11.1 | LGT Capital Partners (Ireland) Ltd. | 718,732 | 11.3 |
| 215,375 | 3.5 | Legal & General Assurance (Pension Management) Limited | 221,528 | 3.5 |
| 529,190 | 8.5 | Insight Investment Management Limited | 489,291 | 7.7 |
| 69,827 | 1.1 | Macquarie Group Limited | 67,412 | 1.1 |
| 80,784 | 1.3 | Municipal & General Securities Company Limited | 110,789 | 1.7 |
| 0 | 0.0 | Osmosis Investment Management | 101,319 | 1.6 |
| 197,354 | 3.2 | Pantheon Ventures | 198,738 | 3.1 |
| 56 | 0.0 | Permira Advisers LLP | 51 | 0.0 |
| 3,808 | 0.1 | Patria Private Equity Trust plc[2] | 1,351 | 0.0 |
| 677 | 0.0 | Residual funds from previous portfolios | 19,251 | 0.3 |
| **2,451,141** | **39.5** | **Investments managed outside ACCESS asset pool** | **2,203,022** | **34.6** |
| 51,065 | | Funds held at Hertfordshire County Council and non-investment balances | 40,418 | |
| **6,252,236** | | **Net Assets of the Scheme** | **6,410,804** | |

The market values in the table above include the value of investments, cash and net current assets held by each Investment Manager. The funds held by Hertfordshire County Council include net current assets, long term assets and cash required to manage the cash flow associated with the payment of benefits and collection of contributions.

Residual funds from previous portfolios represent residual cash and investment income still due to the portfolios previously run by outgoing Investment Managers following the review of the Pension Fund's Investment Strategy.

### c) Encumbrance of Assets

The Custodian has a lien over the Pension Fund's assets in order to recover any outstanding debts. This is held for the protection of the Custodian and has never been invoked.

## 6.9 Derivatives

The Pension Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Pension Fund does not hold derivatives for speculative purposes.

[2] Previously known Standard Life Private Equity Trust

**Forward foreign exchange contracts**

Forward foreign exchange contracts are over the counter contracts with non-exchange counterparties and are used to hedge against foreign currency movements. Forward foreign exchange contracts are disclosed in the accounts at fair value, which is the gain or loss that would arise from closing out the contract at the balance sheet date by entering an equal and opposite contract at that date.

The counterparties on 31 March 2024 were UK and overseas investment banks and the contracts held with these investment banks are analysed in the following table by duration. There were no counterparties on 31 March 2025 due the currency hedges through CBRE where the counterparties existed were moved to Insight and therefore are shown within the pooled asset valuation. Fair Value is referred to as FV in the table below.

| 2023/24 | | | | | 2024/25 | | | |
|---|---|---|---|---|---|---|---|---|
| Currency Payable £000s | Currency Receivable £000 | FV Asset £000s | FV Liability £000s | Duration | Currency Payable £000s | Currency Receivable £000s | FV Asset £000s | FV Liability £000s |
| (277,379) | 276,101 | 3 | (1,282) | 3-6 months | 0 | 0 | 0 | 0 |
| **(277,379)** | **276,101** | **3** | **(1,282)** | **Total** | **0** | **0** | **0** | **0** |

### 6.10 Current Assets

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| 17,805 | Contributions due from employers | 20,956 |
| 36,353 | Cash and cash equivalents | 24,925 |
| 2,816 | Other debtors and prepayments | 1,691 |
| **56,974** | **Total current assets** | **47,572** |

Cash and cash equivalents represent investments in money market funds and call accounts where funds are repayable without penalty and on notice of not more than 24 hours.

Current assets are further analysed by type of debtor organisation.

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| 764 | Central government bodies | 27 |
| 9,561 | Other local authorities | 16,065 |
| 10,296 | Other entities and individuals | 6,555 |
| **20,621** | **Total debtors** | **22,647** |
| 36,353 | Cash and cash equivalents | 24,925 |
| **56,974** | **Total current assets** | **47,572** |

### 6.11 Current Liabilities

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| (2,265) | Tax payable to HMRC | |
| (495) | Investment management fees | |
| (1,870) | Other creditors | |
| (1,278) | Unpaid benefits | |
| **(5,908)** | **Total current liabilities** | |

Cash balances in the table above include cash balances less cash in transit in the form of unpresented cheques and payments committed by BACs at the net asset date.

Current liabilities are further analysed by type of creditor organisation.

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| (2,265) | Central government bodies | (2,830) |
| (3,643) | Other entities and individuals | (4,325) |
| **(5,908)** | **Total current liabilities** | **(7,155)** |

### 6.12 Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

| Description of asset | Valuation Hierarchy | Basis of valuation | Observable and unobservable inputs | Key sensitivities affecting the valuations provided |
|---|---|---|---|---|
| Equities quoted | Level 1 | Published bid market price ruling on the final day of accounting period | N/A | N/A |
| Other managed funds – equities | Level 2 | Closing single price | NAV based pricing set on a forward pricing basis | N/A |
| Unitised insurance contracts – equities | Level 2 | Price of a recent transaction for an identical asset | Inputs other than quoted prices that are observable, either directly or indirectly | N/A |
| Unitised insurance contracts – bonds | Level 2 | Price of a recent transaction for an identical asset | Inputs other than quoted prices that are observable, either directly or indirectly | N/A |
| Unit trusts – equities | Level 2 | Average of broker prices | Evaluated price feeds | N/A |
| Unit trusts – bonds | Level 2 | Closing bid, mid and offer prices are published | NAV based pricing set on a forward pricing basis | N/A |

| | | | | |
|---|---|---|---|---|
| Global Alternatives fund | Level 3 | Closing single price | NAV based pricing set on a forward pricing basis | Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts |
| Private equity | Level 3 | At fair value as determined by the General Partner in accordance with the terms of the Partnership Agreement and GAAP | Manager's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, adjustments to current prices for similar properties, valuation techniques | Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis |
| Infrastructure Debt | Level 3 | At fair value as determined by the General Partner in accordance with the terms of the Partnership Agreement and GAAP | Manager's cash flow projections, estimates of growth expectations and profitability, profit margin expectations, adjustments to current prices for similar properties, valuation techniques | Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date by changes to expected cash flows, earning multiples and discount rates used in the discounted cash flow analysis |
| Pooled property investments | Level 3 | Closing bid price where bid and offer prices are published. | NAV based pricing set on a forward pricing basis | Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts |
| Unit Trust – equity protection | Level 3 | Net asset value of Fund based | Wide range of deals executed in the bond holdings but limited comparable transactions for specialist equity derivatives | Valuation of derivatives is affected by the equity and foreign exchange market conditions. For further detail, please refer to the estimation uncertainty disclosure on page 31 |

The table below shows the actual valuation date on Investment Funds used in the financial accounts of the Fund.

| Valuation Hierarchy | Investment Managers | Current Valuation used for SOA |
|---|---|---|
| Level 1 | Allianz \| UK & Overseas Equities | Actual \| March 2025 |
| Level 2 | UBS \| Climate Aware | Actual \| March 2025 |
| Level 2 | UBS \| UK Equity Unit Trusts | Actual \| March 2025 |
| Level 2 | UBS \| Overseas Equity Unit Trusts | Actual \| March 2025 |
| Level 2 | UBS \| UK Index Linked Gilts Fund | Actual \| March 2025 |
| Level 2 | Baillie Gifford \| Global Unit Trust Equity | Actual \| March 2025 |
| Level 2 | Dodge & Cox \| Global Unit Trust Equity | Actual \| March 2025 |
| Level 2 | Robeco \| Global Unit Trust Equity | Actual \| March 2025 |
| Level 2 | RLAM \| Global Core Plus Bond Fund | Actual \| March 2025 |
| Level 2 | BlueBay \| Global Bond Fund | Actual \| March 2025 |
| Level 3 | LGT \| Global Alternatives | Actual \| March 2025 |
| Level 3 | Harbour Vest \| Overseas Private Equity | Actual \| March 2025 |
| Level 3 | Pantheon \| Overseas Private Equity | Actual \| March 2025 |

| | | |
|---|---|---|
| Level 3 | Patria \| Overseas Private Equity | Actual \| December 2024 |
| Level 3 | Permira \| Overseas Private Equity | Actual \| March 2025 |
| Level 3 | Macquarie \| UK Infrastructure Debt | Actual \| March 2025 |
| Level 3 | Allianz \| UK Infrastructure Debt | Actual \| March 2025 |
| Level 3 | CBRE \| UK Property | Actual \| 17 Funds March 2025 \| 3 Funds February 2025 |
| Level 3 | LGIM - HLV \| UK Property | Actual \| March 2025 |
| Level 3 | LGIM - PRS \| UK Property | Actual \| March 2025 |
| Level 3 | M&G \| UK Property | Actual \| March 2025 |
| Level 3 | CBRE \| Global Property | Actual \| March 2025 |
| Level 3 | Insight \| Equity Protection | Actual \| March 2025 |

### 6.13 Financial Instruments

#### a) Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and Net Assets Statement heading.

All financial instruments are carried in the balance sheet at their fair value. The Pension Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

| 2023/24 | | | | 2024/25 | | |
|---|---|---|---|---|---|---|
| Fair value through profit and loss | Financial Assets at amortised cost | Financial liabilities at amortised cost | | Fair value through profit and loss | Financial Assets at amortised cost | Financial liabilities at amortised cost I |
| £000s | £000 | £000s | | £000s | £000s | £000s |
| 385,013 | 0 | 0 | Equities | 100,842 | 0 | 0 |
| 703,815 | 0 | 0 | Pooled property investments | 755,102 | 0 | 0 |
| 1,603,708 | 0 | 0 | Unitised insurance policies | 1,770,245 | 0 | 0 |
| 2,190,392 | 0 | 0 | Unit trusts | 2,392,689 | 0 | 0 |
| 428,465 | 0 | 0 | Private equity | 427,122 | 0 | 0 |
| 103,834 | 0 | 0 | Infrastructure Debt | 102,163 | 0 | 0 |
| 688,078 | 0 | 0 | Other managed funds | 718,733 | 0 | 0 |
| 3 | 0 | 0 | Derivative contracts | 0 | 0 | 0 |
| 0 | 96,791 | 0 | Cash deposits | 0 | 101,758 | 0 |
| 2,353 | 0 | 0 | Other investment balances | 4,769 | 0 | 0 |
| 0 | 56,974 | 0 | Current assets | 0 | 47,572 | 0 |
| **6,105,661** | **153,765** | **0** | **Total financial assets** | **6,271,665** | **149,330** | **0** |
| (1,282) | 0 | 0 | Derivative contracts | 0 | 0 | 0 |
| 0 | 0 | 0 | Other investment balances | (3,036) | 0 | 0 |
| 0 | 0 | (5,908) | Current liabilities | 0 | 0 | (7,155) |
| **(1,282)** | **0** | **(5,908)** | **Total financial liabilities** | **(3,036)** | **0** | **(7,155)** |
| **6,104,379** | **153,765** | **(5,908)** | **Total** | **6,268,629** | **149,330** | **(7,155)** |

**b) Net gains and losses on financial instruments**

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| 457,868 | Fair value through profit and loss | 96,699 |
| (373) | Financial Assets at amortised cost | (2) |
| **457,496** | **Total gains and losses** | **96,697** |

**c) Valuation of financial instruments carried at fair value**

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:** Financial instruments where the 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 interest securities, quoted index linked securities and unit trusts. Listed securities are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

**Level 2:** Financial instruments where quoted market prices are not available; for example, where an instrument 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:** Financial instruments where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following tables overleaf provide an analysis of the financial assets and liabilities of the Pension Fund analysed across levels 1 to 3, based on the level at which the fair value is observable, along with comparative figures for the previous financial year.

| Values as at 31 March 2025 | Quoted market price<br>Level 1<br>£000s | Using observable inputs<br>Level 2<br>£000s | With significant unobservable inputs<br>Level 3<br>£000s | Total<br><br>£000s |
|---|---|---|---|---|
| **Financial Assets at fair value through profit and loss** | | | | |
| Equities | 100,842 | 0 | 0 | 100,842 |
| Pooled property investments | 0 | 0 | 755,102 | 755,102 |
| Unitised insurance policies | 0 | 1,770,245 | 0 | 1,770,245 |
| Unit trusts | 0 | 1,903,430 | 489,259 | 2,392,689 |
| Private equity | 0 | 46 | 427,076 | 427,122 |
| Infrastructure Debt | 0 | 0 | 102,163 | 102,163 |
| Other managed funds | 0 | 0 | 718,733 | 718,733 |
| Other investment balances | 4,769 | 0 | 0 | 4,769 |
| **Total** | **105,611** | **3,673,721** | **2,492,333** | **6,271,665** |
| **Financial Assets at amortised cost** | | | | |
| Cash deposits | 101,758 | 0 | 0 | 101,758 |
| Current assets | 47,572 | 0 | 0 | 47,572 |
| **Total** | **149,330** | **0** | **0** | **149,330** |
| **Financial Liabilities at fair value through profit and loss** | | | | |
| Other investment balances | (3,036) | 0 | 0 | (3,036) |
| **Total** | **(3,036)** | **0** | **0** | **(3,036)** |
| **Financial Liabilities at amortised cost** | | | | |
| Current liabilities | (7,155) | 0 | 0 | (7,155) |
| **Total** | **(7,155)** | **0** | **0** | **(7,155)** |
| **Net financial assets** | **244,750** | **3,673,721** | **2,492,333** | **6,410,804** |

| Values as at 31 March 2024 | Quoted market price Level 1 £000s | Using observable inputs Level 2 £000s | With significant unobservable inputs Level 3 £000s | Total £000s |
|---|---|---|---|---|
| **Financial Assets at fair value through profit and loss** | | | | |
| Equities | 385,013 | 0 | 0 | 385,013 |
| Pooled property investments | 0 | 0 | 703,815 | 703,815 |
| Unitised insurance policies | 0 | 1,603,708 | 0 | 1,603,708 |
| Unit trusts | 0 | 1,661,236 | 529,156 | 2,190,392 |
| Private equity | 0 | 48 | 428,417 | 428,465 |
| Infrastructure Debt | 0 | 0 | 103,834 | 103,834 |
| Other managed funds | 0 | 0 | 688,078 | 688,078 |
| Derivative contracts | 0 | 3 | 0 | 3 |
| Other investment balances | 2,353 | 0 | 0 | 2,353 |
| **Total** | **387,366** | **3,264,995** | **2,453,300** | **6,105,661** |
| **Financial Assets at amortised cost** | | | | |
| Cash deposits | 96,791 | 0 | 0 | 96,791 |
| Current assets | 56,974 | 0 | 0 | 56,974 |
| **Total** | **153,765** | **0** | **0** | **153,765** |
| **Financial Liabilities at fair value through profit and loss** | | | | |
| Derivatives | 0 | (1,282) | 0 | (1,282) |
| **Total** | **0** | **(1,282)** | **0** | **(1,282)** |
| **Financial Liabilities at amortised cost** | | | | |
| Current liabilities | (5,908) | 0 | 0 | (5,908) |
| **Total** | **(5,908)** | **0** | **0** | **(5,908)** |
| **Net financial assets** | **535,223** | **3,263,713** | **2,453,300** | **6,252,236** |

### d) Transfers between Levels 1 and 2

There were no transfers between levels in 2024/25.

**e) Reconciliation of fair value measurements within level 3**

| Value at 31 March 2024 £000s | | Purchases at cost and derivative payments £000s | Sale proceeds and derivative receipts £000s | Unrealised gains / (losses) £000s | Realised gains / (losses) £000s | Value at 31 March 2025 £000s |
|---|---|---|---|---|---|---|
| 529,156 | Unit trusts | | | | | |
| 428,417 | Private equity | | | | | |
| 103,834 | Infrastructure Debt | | | | | |
| 703,815 | Property | | | | | |
| 688,078 | Global Alternatives Fund – LGT | | | | | |
| **2,453,300** | **Total investment assets / (liabilities)** | | | | | |

**f) Sensitivity of assets valued at level 3**

Having analysed historical data and current market trends, and consulted with independent investment advisors, the fund has determined that the valuation method described above is 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.

| Asset Class | Value as at 31 March 2025 £000s | Assessed valuation range (+/ ) % | Value on Increase £000s | Value on Decrease £000s |
|---|---|---|---|---|
| Unit trusts | 489,259 | N/a | 489,259 | 489,259 |
| Private equity | 427,076 | 15 | 491,138 | 363,015 |
| Infrastructure Debt | 102,163 | 15 | 117,488 | 86,839 |
| Property | 755,102 | 10 | 830,612 | 679,592 |
| Global Alternatives Fund – LGT | 718,733 | 15 | 826,543 | 610,923 |
| | **2,492,333** | | **2,755,040** | **2,229,628** |

The Fund holds some Unit Trusts as level 3 in the accounts, this is identifying the equity protection investment, valued at £489,259k on 31 March 2025. As the equity protection strategy is a risk mitigation tool and uses forward derivatives, a sensitivity analysis cannot be completed because changes in valuation of the investment tracks against the market in a non-linear manner. For further detail, please refer to the estimation uncertainty disclosure on page 26-27.

### 6.14 Nature and Extent of Risks Arising from Financial Instruments

The Pension Fund maintains positions in a variety of financial instruments including bank deposits, equity instruments, fixed interest securities and derivatives. This exposes it to a variety of financial risks including credit and counterparty risk, liquidity risk, market risk and exchange rate risk.

**a) Overall procedures for managing risk**

The principal powers to invest are contained in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and require an administering authority to invest any pension fund money that is not needed immediately to make payments from the pension fund. These regulations require the Pension Fund to formulate a policy for the investment of its Fund money.

The Administering Authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks.

The Pension Fund has prepared an Investment Strategy Statement which sets out the Fund's policy on matters such as the type of investments to be held, balance between types of investments, investment restrictions and the way risk is managed. This statement is available from the Pension Fund's website:
Investment Strategy Statement.

Pension Fund cash held by the Administering Authority is invested in accordance with the Pension Fund's treasury management strategy and lending policy ("Treasury Management Strategy"), prepared in accordance with the CIPFA Prudential Code, CIPFA Treasury Management in the Public Services Code of Practice and the legal framework and investment guidance set out and issued through the Local Government Act 2003. The Treasury Management Strategy sets out the criteria for investing and selecting investment counterparties and details the approach to managing risk for the Pension Fund's financial instrument exposure.

Investment performance by external Investment Managers and the Administering Authority is reported to the Pensions Committee and Board quarterly. Performance of Pension Fund investments managed by external Investment Managers is compared to benchmark returns. For Pension Fund cash held by the Administering Authority, performance of the treasury function is assessed against treasury management performance measures modelled on the CIPFA Treasury Management Code of Practice which has been adopted by the County Council.

**b) Credit risk and counterparty risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Pension Fund. The market value of investments generally reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Pension Fund's financial assets and liabilities. Therefore, credit risk on investments is reflected in the market risk, in the other price risk figures given in section d) Market Risk.

In addition, the Pension Fund reviews its exposure to credit and counterparty risk on its investments through its external Investment Managers by the review of the Investment Managers' annual internal control reports. This is to ensure that Investment Managers exercise reasonable care and due diligence in their activities for the Pension Fund, such as in the selection and use of brokers. The Investment Management Agreements for the Pension Fund's bond managers prescribe the investment restrictions on the securities they can invest in, including the minimum acceptance criteria for investments.

Credit risk also arises through the Pension Fund's deposits with banks and financial instruments. For cash managed by the Administering Authority, the Pension Fund's Treasury Management Strategy for 2024/25 sets out the type and minimum acceptable criteria for investments by reference to credit ratings from Fitch, Moody's and Standard & Poor's and outlines the process to be followed for credit rating downgrades.

The credit ratings and amounts held in money market funds, call accounts and cash/current accounts on 31 March 2024 and 2025 are shown in the table overleaf.

| 2023/24 £000s | Credit rating | | 2024/25 £000s | Credit rating |
|---|---|---|---|---|
| | | **Cash managed by Administering Authority** | | |
| (524) | A | Bank current accounts[1] | (147) | A |
| 2,477 | A | Call accounts | 2,472 | A |
| 34,400 | AAA | Money market funds | 22,600 | AAA |
| | | **Cash managed by Custodian and Investment Managers** | | |
| 96,791 | AA- | Bank current account (Custodian) | 101,758 | AA- |
| 15,283 | A+/A- | Bank current accounts (Alternatives Manager)[2] | 5,967 | A+/A- |
| 17,195 | Aa3 | Bank current accounts (Unitised Manager)[3] | 34,089 | Aa3 |
| **165,622** | | **Total cash and cash equivalents** | **166,739** | |

1 Cash balances include cash balances less cash in transit in the form of unpresented cheques and payments committed by BACs at the Net Asset date.
2 In 2023/24 and 2024/25, cash held by our alternatives manager was across two bank accounts, both ratings have been provided.
3 In 2022/23, cash held by one of our unitised managers was held outside the custodian bank. In 2023/24, this was transitioned into the ACCESS pool and the cash is now held with the Pool's Custodian.

### c) Liquidity risk

Liquidity risk is the risk that the Pension Fund will not be able to meet its financial obligations when they fall due.

The main risk for the Pension Fund is not having the funds available to meet its commitments to make pension payments to its members. To manage this, the Pension Fund has a cashflow management system that seeks to ensure that cash is available when needed. The Pension Fund also manages its liquidity risk by having access to money market funds and call accounts where funds are repayable without penalty and on notice of not more than 24 hours. On 31 March 2025, £25,071,505 (100%) of the cash and cash equivalents held by the Administering Authority was held in money market funds, call accounts and bank current accounts.

The Pension Fund has set a cap of £58,000,000 on the amount of cash held by the Administering Authority to balance the need for the Pension Fund to be as fully invested as possible whilst maintaining liquidity to avoid the need to sell assets at inopportune times. Where there are surplus funds in excess of the cap, these funds are distributed to Investment Managers, after taking advice from the Pension Fund's Investment Consultant.

External Investment Managers have substantial discretionary powers over their individual portfolios and the management of their cash positions. The Pension Fund's investments are largely made up of listed securities on major stock exchanges and are therefore considered readily realisable. The Pension Fund defines liquid assets as assets which can be converted into Sterling cash within three months. On 31 March 2025 the value of liquid assets was £4,841,444k (76% of total fund assets) and illiquid assets was £1,528,942k (24% of total fund assets).

### d) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Pension Fund is exposed to the risk of financial loss from a change in the value of its investments and the risk that the Pension Fund's assets fail to deliver returns in line with the anticipated returns underpinning the valuation of its liabilities over the long term. The change in the market value of its investments during the year was an increase of £96,698k.

To manage market value risk, the Pension Fund has set restrictions on the type of investments it can hold, subject to investment limits, in accordance with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended). Details of these can be found in the Pension Fund's Statement of Investment Principles included in the main Pension Fund Annual Report 2024/25.

The Pension Fund has adopted a specific benchmark and the weightings of the various asset classes within the benchmark form the basis for asset allocation within the Pension Fund. This allocation is designed to diversify the risk and minimise the impact of poor performance in a particular asset class. It seeks to achieve a spread of investments across both the main asset classes (quoted equities, bonds, private equity and property) and geographic regions within each class.

Market risk is also managed by constructing a diversified portfolio across multiple Investment Managers and regularly reviewing the Investment Strategy and performance of the Pension Fund. Investment Managers will manage risk daily in line with policies and procedures put in place in the Investment Manager Agreement and ensure that the agreed limit on maximum exposure to any one issuer or class of asset is not breached.

To also help reduce market risk further, the Hertfordshire Pension Fund holds an unit trust – equity protection investment as a risk mitigation tool, to protect the Fund from equity market falls of 10 to 30 percent managed through an external investment manager Insight. This investment uses derivatives through a custom index, which is held against three counterparty banks, of which collateral is posted daily when markets move positively or negatively (by both Insight on behalf of the Fund and by the three counterparty banks). The derivative position is reviewed daily by an independent 3rd party (Solactive) to ensure that all collateral postings have been correctly calculated and that the custom index rules are being followed. In the Statement of Accounts, the assets held by Insight and the derivative liabilities have been netted off and the net position of the Insight Fund has been disclosed.

For cash managed by the Administering Authority, the Pension Fund has set institution and group limits to diversify the Pension Fund's investment across a range of individual holdings, sectors and countries.

**e) Other price risk**

Other price risk represents the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether these changes are caused by factors specific to the individual instrument or issuer or factors affecting all such instruments in the market.

The Pension Fund is exposed to changes in equity and bond prices, as the future price is uncertain. All securities investments present a risk of loss of capital. This risk is mitigated using diversification and policies on selecting investments as discussed above.

The one year expected volatility in market prices are shown in the following table, along with the changes in the value of the Pension Fund's investment assets and liabilities if the market price of investments increase or decrease in line with these movements. The total fund volatility considers the expected interactions between the different asset classes, based on the underlying volatilities and correlations of the assets in line with mean variance portfolio theory.

| Asset Class | Value as at 31 March 2025 | Change | Value on Increase | Value on Decrease |
|---|---|---|---|---|
| | £000s | % | £000s | £000s |
| UK Equities, Unit Trusts and Pooled Funds | 972,652 | 16.3 | 1,131,194 | 814,110 |
| Global equities, Unit Trusts and Pooled Funds (ex UK) | 2,148,594 | 18.3 | 2,541,787 | 1,755,401 |
| Property | 790,452 | 15.2 | 910,600 | 670,303 |
| Corporate Bonds (medium term) | 425,774 | 6.5 | 453,449 | 398,099 |
| Index-Linked Gilts (medium term) | 237,322 | 6.7 | 253,223 | 221,421 |
| Private Equity | 548,526 | 26.6 | 694,435 | 402,618 |
| Infrastructure Equity | 114,156 | 14.5 | 130,709 | 97,604 |
| High Yield Debt, Convertible Bonds, Insurance linked securities | 99,539 | 7.5 | 107,004 | 92,073 |
| Private Debt | 75,808 | 6.3 | 80,584 | 71,032 |
| Emerging market debt | 32,044 | 14.4 | 36,658 | 27,430 |
| Absolut Return / Diversified Growth | 315,906 | 8.6 | 343,074 | 288,738 |
| Cash, other investment balances and forward foreign exchange contracts | 120,355 | 0.3 | 120,716 | 119,994 |
| **Total Fund** | **5,881,128** | | **6,803,433** | **4,958,823** |

The Hertfordshire Pension Fund holds a unit trust – equity protection investment as a risk mitigation tool, to protect the Fund from equity market falls of 10% to 30% managed through an external investment manager Insight. The value of this Fund, £489,259k, has not been included in the above table as it is a risk mitigation tool and therefore doesn't follow expected volatility movements.

| Asset Class | Value as at 31 March 2024 | Change | Value on Increase | Value on Decrease |
|---|---|---|---|---|
| | £000s | % | £000s | £000s |
| UK Equities, Unit Trusts and Pooled Funds | 535,316 | 16.0 | 620,966 | 449,665 |
| Global equities, Unit Trusts and Pooled Funds (ex UK) | 2,621,296 | 16.7 | 3,059,054 | 2,183,540 |
| Property | 742,241 | 15.6 | 858,030 | 626,451 |
| Corporate Bonds (medium term) | 419,018 | 7.0 | 448,349 | 389,687 |
| Index-Linked Gilts (medium term) | 83,961 | 7.1 | 89,923 | 78,000 |
| Private Equity | 549,422 | 31.2 | 720,842 | 378,003 |
| Infrastructure Equity | 113,981 | 13.6 | 129,482 | 98,479 |
| High Yield Debt, Convertible Bonds, Insurance linked securities | 106,164 | 8.3 | 114,975 | 97,352 |
| Private Debt | 54,204 | 7.1 | 58,053 | 50,356 |
| Emerging market debt | 34,243 | 14.4 | 39,174 | 29,312 |
| Absolut Return / Diversified Growth | 301,503 | 7.9 | 325,322 | 277,684 |
| Cash, other investment balances and forward foreign exchange contracts | 110,665 | 0.3 | 110,997 | 110,333 |
| **Total Fund** | **5,672,014** | | **6,575,167** | **4,768,862** |

The Hertfordshire Pension Fund holds a unit trust – equity protection investment as a risk mitigation tool, to protect the Fund from equity market falls of 10% to 30% managed through an external investment manager Insight. The value of this Fund, £529,156k, has not been included in the above table as it is a risk mitigation tool and therefore doesn't follow expected volatility movements.

**f) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Pension Fund recognises that interest rates can vary and can affect both income to the Pension Fund and the value of the net assets available to pay benefits. A 100 basis point (BPS) movement in interest rates has been advised by the Pension Fund Actuary, as a sensible level to indicate interest rate sensitivity.

The analysis in the table overleaf assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits, of a +/- 100 BPS change in interest rates. Movement in bond values have been calculated to include the impact of modified duration. Modified duration expresses the measurable change in the value of a security in response to a change in interest rates.

| Value at 31 March 2024 £000s | Potential change +/- 100 BPS £000 | Value on Increase £000s | Value on Decrease £000s | Asset class exposed to interest rate risk | Value at 31 March 2025 £000s | Potential change +/- 100 BPS £000s | Value on Increase £000s | Value on Decrease £000s |
|---|---|---|---|---|---|---|---|---|
| 129,269 | N/A | 129,269 | 129,269 | Cash at Custodian and Investment Managers | | | | |
| 36,353 | N/A | 36,353 | 36,353 | Cash held by Administering Authority | | | | |
| 869,687 | 60,144 | 929,831 | 809,543 | Bond (pooled funds) | | | | |
| **1,035,309** | **60,144** | **1,095,453** | **975,165** | **Total** | | | | |

| Value at 31 March 2024 £000s | Potential change +/- 100 BPS £000 | Value on Increase £000s | Value on Decrease £000s | Income source exposed to interest rate risk | Value at 31 March 2025 £000s | Potential change +/- 100 BPS £000s | Value on Increase £000s | Value on Decrease £000s |
|---|---|---|---|---|---|---|---|---|
| 1,962 | 20 | 1,982 | 1,942 | Cash at Custodian and Investment Managers | 2,603 | 26 | 2,629 | 2,577 |
| 1,775 | 18 | 1,793 | 1,757 | Cash held by Administering Authority | 1,585 | 16 | 1,601 | 1,569 |
| **3,737** | **38** | **3,774** | **3,699** | **Total** | **4,188** | **42** | **4,230** | **4,146** |

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value and vice versa. Changes in interest rates do not impact on the value of cash but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

The Pension Fund's bond holdings are held in accumulation funds where income is retained and automatically reinvested rather than being distributed to the Pension Fund. Income earned from these funds is therefore excluded from the analysis above.

**g) 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 Pension Fund holds several financial assets and liabilities in overseas financial markets and is therefore exposed to the risk of loss arising from exchange rate movements of foreign currencies. On 31 March 2025, the Pension Fund had overseas investments (excluding forward foreign exchange contracts) of £4,370,787k and £27,821k cash denominated in currencies other than Sterling.

The Pension Fund Actuary has advised that the one year expected standard deviation for an individual currency at the 31 March 2025 is 9.5% (9.5% on 31 March 2024). This assumes no diversification, and that interest rates remain constant. An analysis of the impact this would have on the Pension Fund is given in the table overleaf together with the prior year comparator.

| Asset Class | Value as at 31 March 2025 £000s | Potential market movement +/ 9.5% £000s | Value on Increase £000s | Value on Decrease £000s |
|---|---|---|---|---|
| Overseas Equity | | | | |
| Overseas Property | | | | |
| Overseas Unitised Insurance Policies | | | | |
| Overseas Unit Trusts | | | | |
| Overseas Private Equity | | | | |
| Overseas Managed Funds | | | | |
| Foreign currencies | | | | |
| **Total Fund** | | | | |

| Asset Class | Value as at 31 March 2024 £000s | Potential market movement +/ 9.5% £000s | Value on Increase £000s | Value on Decrease £000s |
|---|---|---|---|---|
| Overseas Equity | 378,841 | 35,990 | 414,831 | 342,851 |
| Overseas Property | 275,158 | 26,140 | 301,298 | 249,018 |
| Overseas Unitised Insurance Policies | 1,516,513 | 144,069 | 1,660,582 | 1,372,444 |
| Overseas Unit Trusts | 1,167,356 | 110,899 | 1,278,255 | 1,056,457 |
| Overseas Private Equity | 428,465 | 40,704 | 469,169 | 387,761 |
| Overseas Managed Funds | 663,307 | 63,014 | 726,321 | 600,293 |
| Foreign currencies | 15,800 | 1,501 | 17,301 | 14,299 |
| **Total Fund** | **4,445,440** | **422,317** | **4,867,757** | **4,023,123** |

External Investment Managers manage this risk using forward foreign exchange contracts and futures, to hedge currency exposures back to the base currency. See section 6.9 for further information.

The Treasury Management Strategy does not permit the Administering Authority to invest in foreign currency denominated deposits.

### 6.15 Actuarial Present Value of Promised Retirement Benefits

Following a robust procurement exercise during January and February 2024, Pensions Committee, on 8 March 2024, approved Barnett Waddingham as the Fund's new actuarial service provider effective from 1 September 2024.

The actuarial present value of promised retirement benefits of the Pension Fund at 31 March 2025 and 31 March 2024 are set out in the following table. This is the underlying commitment of the Pension Fund in the long term to pay retirement benefits to its active (employee members), deferred and pensioner members.

| 31 March 2024 £m | | 31 March 2025 £m |
|---|---|---|
| 5,596 | Present value of promised retirement benefits | 5,007 |

Liabilities have been projected using a roll forward approximation from the latest formal valuation as at 31 March 2022. The principal assumptions used by the Pension Fund Actuary are shown overleaf:

| 31 March 2024 | | 31 March 2025 |
|---|---|---|
| | **Financial assumptions** | |
| 2.75% per annum | Inflation/pension increase rate | |
| 3.25% per annum | Salary increases rate | |
| 4.85% per annum | Discount rate | |
| | **Mortality assumptions** | |
| | Longevity at 65 for current pensioners | |
| 21.6 years | Men | |
| 24.3 years | Women | |
| | Longevity at 65 for future pensioners | |
| 22.3 years | Men | |
| 25.6 years | Women | |

The actuarial present value of promised retirement benefits is sensitive to changes in actuarial assumptions. The significant changes and their impact on the value of the Pension Fund's liabilities on 31 March 2025 would be:

| Sensitivity analysis to Present value of promised retirement benefits | £m | £m |
|---|---|---|
| **Adjustment to discount rate** | **+0.1%** | **-0.1%** |
| Present value of total obligation | 4,932 | 5,084 |
| **Adjustment to long term salary increase** | **+0.1%** | **-0.1%** |
| Present value of total obligation | 5,011 | 5,003 |
| **Adjustment to pension increases and deferred revaluation** | **+0.1%** | **-0.1%** |
| Present value of total obligation | 5,082 | 4,933 |
| **Adjustment to life expectancy assumptions** | **+ 1 Year** | **- 1 Year** |
| Present value of total obligation | 5,186 | 4,853 |

The assumptions used by the Pension Fund Actuary to calculate the present value of promised retirement benefits are those required by the Code of Practice on Local Authority Accounting 2024/25. The liability set out in the table above is used for statutory accounting purposes and should not be compared against the value of liabilities calculated on a funding basis, which is used to determine contribution rates payable by employers in the Pension Fund. Further information on the Pension Fund's policy for funding its liabilities is set out in section 6.16.

### 6.16 Funding Policy

The Pension Fund's approach to funding its liabilities is set out in its Funding Strategy Statement. The statement sets out how the Administering Authority has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions and prudence in the funding basis.

The Pension Fund Actuary is required to report on the "solvency" of the Pension Fund at least every three years. The latest actuarial valuation of the Pension Fund was carried out as of 31 March 2022 to determine contribution rates for the financial years 2023/24 to 2025/26, with the new rates effective from 1 April 2023.

The market value of the Pension Fund's assets at the valuation date was £6,162m and represented 106% of the Pension Fund's accrued liabilities, allowing for future pay increases.

In accordance with the Scheme regulations, employer contribution rates were set to meet 100% of the Pension Fund's existing and prospective liabilities.

The main actuarial assumptions were as follows:

| | |
|---|---|
| **Discount rate** | **3.8%** |
| **Price inflation/pension increases** | **2.7%** |
| **Salary increases** | **3.2%** |

Further information can be found in the Funding Strategy Statement and the 2022 Valuation Report available on the Pension Fund's website:
[Fund Strategy Statement]
[Valuation Report 2022]

### 6.17 Additional Voluntary Contributions (AVCs)

The County Council has arrangements with the Standard Life Assurance Company and the Utmost Life and Pensions Company to enable employees to make Additional Voluntary Contributions (AVCs) to enhance their pension benefits. AVCs are invested separately from the Pension Fund's main assets and the assets purchased are specifically allocated to provide additional benefits for members making AVCs. As these contributions do not form part of the Pension Fund's investments, the value of AVC investments are excluded from the Pension Fund's Net Assets Statement in accordance with regulation 4(2)(c) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

| 2023/24 | | | | 2024/25 | | |
|---|---|---|---|---|---|---|
| Standard Life £000s | Utmost Life £000 | Total AVCs £000s | | Standard Life £000s | Utmost Life £000s | Total AVCs £000s |
| **7,758** | **990** | **8,748** | **Value on 1 April** | **9,733** | **1,047** | **10,780** |
| | | | **Income** | | | |
| 2,109 | 5 | 2,114 | Contributions received | 3,280 | 7 | 3,287 |
| 0 | 0 | 0 | Transfer values received | 25 | 0 | 25 |
| **2,109** | **5** | **2,114** | **Total Income** | **3,305** | **7** | **3,312** |
| | | | **Expenditure** | | | |
| (639) | (47) | (686) | Retirement benefits | (1,377) | (118) | (1,495) |
| (62) | 0 | (62) | Transfer values paid | (172) | (15) | (187) |
| 0 | 0 | 0 | Lump sum death benefit | (24) | 0 | (24) |
| (55) | 0 | (55) | Refunds | (3) | (16) | (19) |
| **(756)** | **(47)** | **(803)** | **Total Expenditure** | **(1,576)** | **(149)** | **(1,725)** |
| **622** | **100** | **722** | **Change in market value** | **603** | **46** | **649** |
| **9,733** | **1,048** | **10,781** | **Value on 31 March** | **12,065** | **951** | **13,016** |

### 6.18 Related Parties

#### a) Hertfordshire County Council

The County Council incurred costs of £899,632 in relation to the management of the Pension Fund and was subsequently reimbursed by the Fund for these expenses. The County Council also contributed £84,089,326 to the Fund in 2024/25.

#### b) Pensions Committee

The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 amended access to the LGPS for councillors in England. From 1 April 2014, councillors in England are unable to join the LGPS. Those councillor members in England who were in the Scheme on 31 March 2014 could remain in the Scheme until the end of the term of office they were serving on that date. Councillors in England are not able to re-join the LGPS in any subsequent term of office. During 2024/25, the Pensions Committee had two Pensioners and one Deferred member in the Fund.

During the year each member of the Pensions Committee is required to declare their interests at each meeting. None of the members of the Committee undertook any transactions with the Fund.

### c) Member Allowance

Each elected member is allowed a basic allowance of £12,051 per annum unless they request not to receive it. The post holder of Chair of the Pensions Committee also receives a special responsibility allowance of £12,051, however if the current post holder is also a Cabinet Member for the County Council, they would only receive the higher allowance of the two.

### d) Key Management Personnel

The Administering Authority disclosure of senior officer remuneration includes the S151 Officer who has responsibility for the proper financial administration of the Pension Fund under the Local Government Act 1972. This Officer was employed by the Administering Authority and spent a proportion of time on the financial management of the Pension Fund.

The Pension Fund also remunerates other positions within the County Council, who provide a service to the Fund, these included Democratic Services officers who assist with meetings and training for Pension Committee and Pension Board along with Corporate Services officers who are authorisers of Pension Fund banking and custodian transactions.

Details for the Officers remuneration for the 2024/25 and the previous year is shown below.

| Position | Year | Apportioned salary<br>£ | Apportioned pension contributions<br>£ | Total apportioned remuneration<br>£ |
|---|---|---|---|---|
| Director of Finance | 2024/25 | 14,233 | 2,471 | 16,704 |
| | 2023/24 | 15,387 | 3,016 | 18,403 |
| Supporting Positions | 2024/25 | 16,211 | 2,854 | 19,065 |
| | 2023/24 | 18,257 | 3,578 | 21,835 |

## 6.19 Contingent Liabilities and Contractual Commitments

### Contractual Commitments

Where the Pension Fund has entered into agreements with fund managers offering private equity, property (with the Fund's 'Alternatives' fund manager), infrastructure debt and private rental sector mandates, commitments held by the Fund until the relevant fund managers require funds to fulfil a purchase of an investment. The value of outstanding contractual commitments by investment asset category are outlined below;

| 31 March 2024<br>£000s | | 31 March 2025<br>£000s |
|---|---|---|
| 190,667 | Private Equity | 146,036 |
| 12,900 | Property | 8,819 |
| **203,567** | **Total** | **154,855** |

## 6.20 Contingent Assets

### a) Withholding tax reclaims

The Pension Fund has entered into a process to reclaim withholding tax made by other European Union (EU) countries, based on precedent cases in some EU countries that tax has been withheld unfairly under EU law. Claims have been submitted in France and Germany.

The Pension Fund's claims are set out in the table overleaf in both Euros and Sterling (calculated using exchange rates as at 31 March 2025). The claims are subject to legal processes but based on precedent and legal advice, the Pension Fund expects to be successful in these claims. Therefore, the amounts overleaf are contingent assets for the Pension Fund.

| Country | Euro Value at 31 March 2025 €000s | Sterling Value at 31 March 2025 €000s |
|---|---|---|
| Germany | 148 | 124 |
| France | 191 | 160 |
| **Total** | **339** | **284** |

**b) Bonds**

10 admitted bodies in the Pension Fund held bonds as surety to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

**6.21 Investment Strategy Statement**

The 2023 Investment Strategy Statement ("ISS") of the Hertfordshire Pension Fund ("the Fund"), which is administered by Hertfordshire County Council, ("the Administering Authority") was made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations"). The ISS, which was published in March 2023 following Pensions Committee approval and a consultation with employers of the Fund, is subject to periodic review at a maximum every three years or following any significant change in investment policy. The Pensions Committee has provided the Pension Board with an opportunity to review and comment on the contents of the Fund's investment strategy and will continue to work with the Pension Board to review its operation. The ISS can be found on the Fund's website:
Investment Strategy Statement

The ISS sets out the investment strategy of the Fund and details the Fund's strategic asset allocation, which is the primary driver of expected risk and return for the Fund's investments. It also supports the development of asset pooling, which represents a major change in the way LGPS funds manage assets.

The Fund's investment strategy is focused on achieving long-term returns in excess of the required discount rate set out by the Scheme Actuary, without taking undue risk in order to maintain the financial health of the Fund whilst keeping the cost of accruing benefits stable and affordable.

In order to ensure that the ISS has been followed and put into practice:

- The Committee formally consider annual rebalancing back to target each year. A written advice is produced annually by its Investment Consultant and it aims to determine whether the Fund's assets remain broadly in line with its target asset allocation and to provide advice on any required rebalancing action. The 2025 Rebalancing paper was produced during the final quarter of 2024/25 and shared with the Committee on 19 March 2025;
- The Committee also monitors the asset allocation and managers performance on a quarterly basis to ensure that the actual investment allocation is in line with targets of the ISS;
- The Fund agreed to a few changes to its investment arrangements during 2023/24 and 2024/25, the following was processed in 2024/25:
    - Disinvestment from the Allianz UK and Overseas equities.
    - Investment in the Robeco Global Stars Equity Fund within the ACCESS pool.
    - Investment in the Osmosis resource efficient global equity mandate.
    - The Fund continues to invest in assets within the ACCESS pool when suitable investments are available.

The Investment strategy of the Fund is designed to meet the return requirements set out in the Funding Strategy Statement (FSS), by investing in a manner consistent with the ISS the Fund has ensured that the Fund's investments are aligned with the requirements set out in the FSS. As of 2024/25, the Investment Strategy Statement and Funding Strategy Statement are compliant with statutory guidance.

**6.22 External Audit Costs**

The Pension Fund has incurred costs in relation to the audit of the Statement of Accounts and Annual Report by the council's external auditors and these are shown overleaf.

| 2023/24 £000s | | 2024/25 £000s |
|---|---|---|
| 101 | Fees payable to KPMG with regards to external audit services carried out by the appointed auditor for the year | 103 |

## 1. Investment Management

### Powers of Investment

The principal powers to invest are contained in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and require an administering authority to invest any pension fund money that is not needed immediately to make payments from the Pension Fund. The regulations provide a prudential framework within which the Pension Fund's investment strategy should be implemented and managed.

The regulations state that the Administering Authority must, after taking proper advice, formulate an investment strategy which includes:

- a requirement to invest fund money in a wide variety of investments;
- the authority's assessment of the suitability of particular investments and types of investments;
- the authority's approach to risk, including the ways in which risks are to be assessed and managed;
- the authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
- the authority's policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
- the authority's policy on the exercise of the rights (including voting rights) attaching to investments.

When setting its Investment Strategy, the Pension Fund is required to have a properly diversified portfolio of assets to reduce overall portfolio risk and volatility and must ensure that the asset allocation policy is compatible with achieving its locally determined solvency target.

The regulations permit a range of investments and the Fund is required to must set out the maximum percentage of the total value of all investments of fund money that it will invest in particular investments or classes of investment.

The Pension Fund's Investment Strategy Statement, which was in force during the 2024/25 financial year can be found on the relevant link within Appendix 2 on page 71.

### Responsibility for Investing the Pension Fund's Assets

The Pensions Committee of the Hertfordshire County Council is responsible for setting the overall investment strategy of the Pension Fund and monitoring investment performance.

The Pension Fund's investments are either managed through the ACCESS pool, or by external Investment Managers, who have substantial discretionary powers regarding their individual portfolios. The split of all the Pension Fund managers at 31 March 2025 are shown in the following tables.

| Investment Manager | Pension Fund % | Managed by ACCESS asset pool / outside of pool: |
|---|---|---|
| Allianz Global Investors Europe GmbH | 0.6 | Outside of Pool |
| Baillie Gifford & Co. | 5.3 | Pooled |
| BlueBay Asset Management LLP | 4.9 | Pooled |
| CBRE Global Collective Investors (UK) Ltd. | 7.8 | Pooled |
| Dodge & Cox Worldwide Funds plc | 5.7 | Pooled |
| HarbourVest Partners, LLC. | 3.7 | Outside of Pool |
| Insight Investment Management Limited | 7.7 | Outside of Pool |
| Legal & General Assurance (Pensions Management) Limited | 3.5 | Outside of Pool |
| LGT Capital Partners (Ireland) Ltd. | 11.3 | Outside of Pool |
| Macquarie Group Limited | 1.1 | Outside of Pool |
| Municipal & General Securities Company Limited | 1.7 | Outside of Pool |
| Osmosis Investment Management | 1.6 | Under Pool Management |
| Pantheon Ventures | 3.1 | Outside of Pool |
| Robeco Institutional Asset Management | 7.4 | Pooled |
| Royal London Asset Management Ltd. | 6.7 | Pooled |
| Patria Private Equity Trust plc | 0.0 | Outside of Pool |
| Permira Advisors LLP | 0.0 | Outside of Pool |
| UBS Group AG | 27.8 | Under Pool Management |

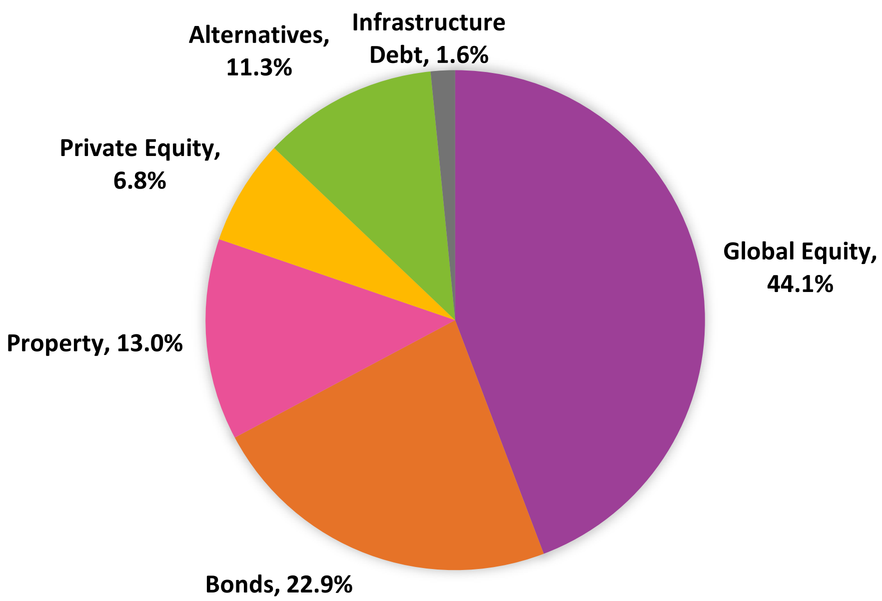
An amount of cash is held by Hertfordshire County Council to manage the payment of members' pension benefits and the collection of contributions. This is invested in accordance with the Pension Fund's Treasury Management Strategy which is reviewed and approved annually by the Pensions Committee. The 2024/25 Treasury Management Strategy was approved on 8 March 2024.

## 2. Investment Policy

The Investment Strategy Statement, which can be found via the link included within Appendix 2 on page 71 sets out the target asset allocation of the Pension Fund for 2024/25, in comparison with the Pension Fund's specific benchmark allocation.

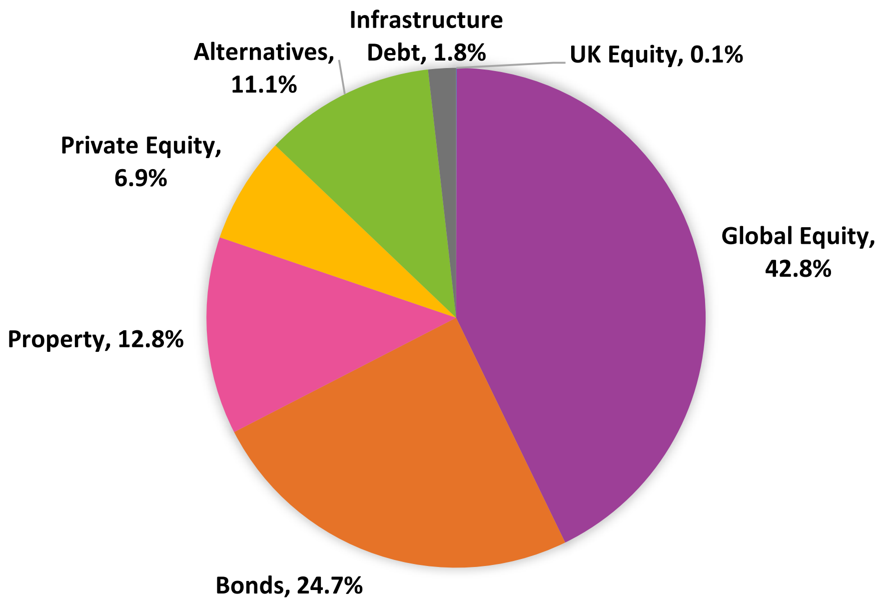
The actual distribution of the Pension Fund's assets across the main asset classes as at 31 March 2025 (and as at 31 March 2024 for comparison) are shown below:

**Distribution of the Pension Fund at 31 March 2025**




May not sum due to rounding

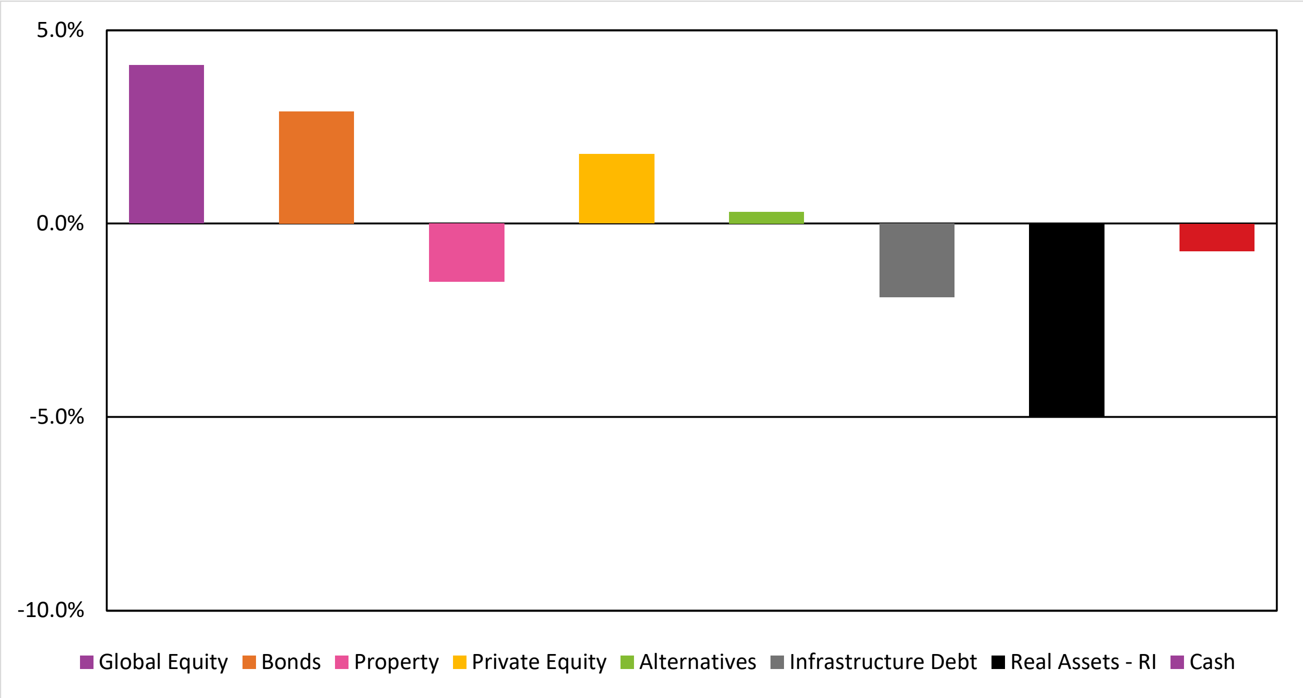
**Distribution of the Pension Fund at 31 March 2024**



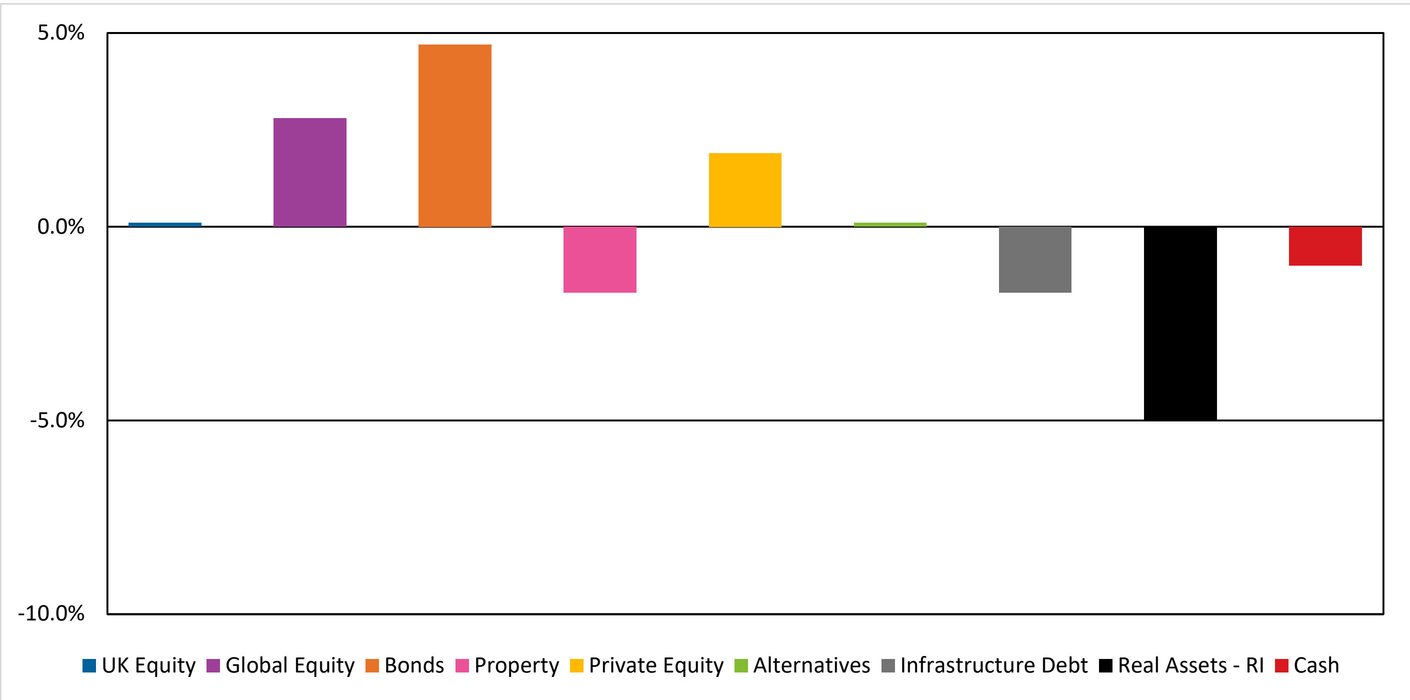

May not sum due to rounding

The actual asset allocation of the Pension Fund relative to the benchmark allocation is outlined below as at 31 March 2025 (with 31 March 2024 also shown for comparison):

**Actual asset allocation relative to benchmark allocation as at 31 March 2025**



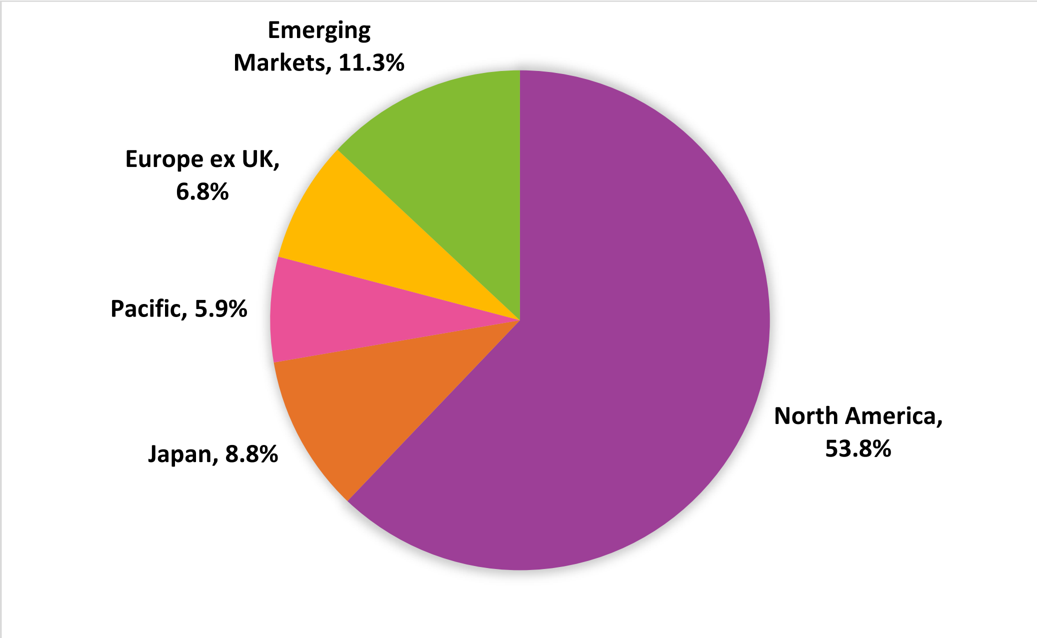

**Actual asset allocation relative to benchmark allocation as at 31 March 2024**




As at 31 March 2025, the Pension Fund's small allocation to UK Equities had been removed, Global Equity, Bonds and Private Equity were overweight relative to the strategic asset allocation, with other allocations underweight, namely Real Assets, Property and Infrastructure Debt.

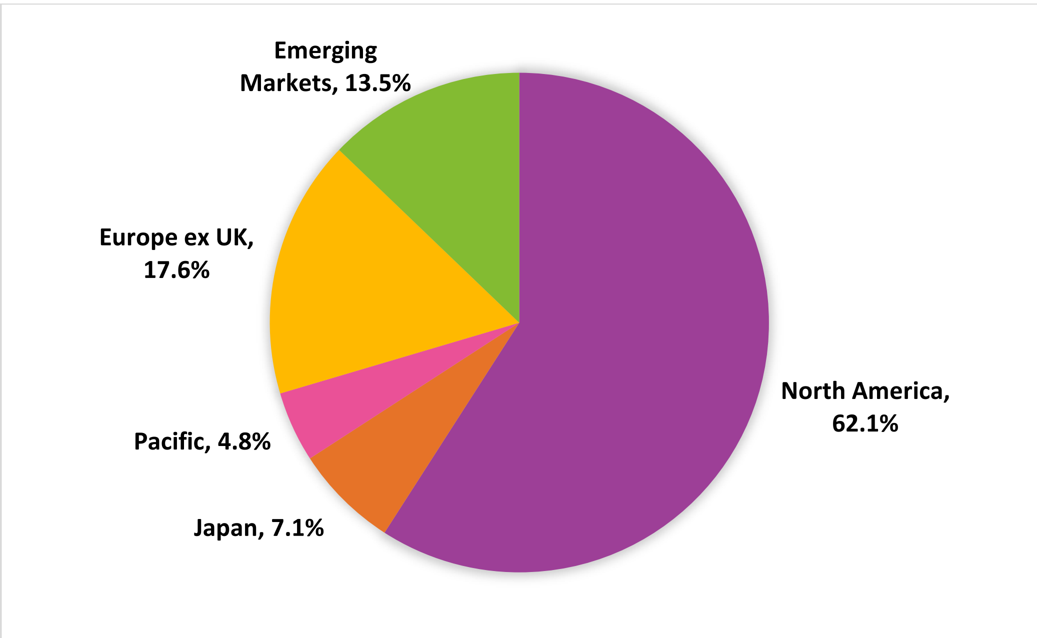
The regional distribution of the Pension Fund's overseas equity investments as at 31 March 2025 (and as at 31 March 2024 for comparison) is shown below:

**Distribution of Pension Fund's Overseas equity investments at 31 March 2025**




May not sum due to rounding

**Distribution of Pension Fund's Overseas equity investments at 31 March 2024**




May not sum due to rounding

At 31 March 2025, the fund only invests through pooled equity vehicles and has no direct equity holdings.

## 3. Review of World Markets (courtesy of Mercer)

### Macro (Big Picture)

In the second quarter of 2024, inflation in most developed countries started to slow moving closer to central banks' targets. This encouraged some easing of monetary policies. The European Central Bank (ECB) cut interest rates in June. In the US, cooling inflation and a softening job market led bond markets to expect two rate cuts by the US Federal Reserve before the end of 2024. The Bank of England (BoE) was also expected to cut rates in August, despite inflation in services remaining high. Overall, bond yields rose initially as inflation data, especially in the US cam e in higher than expected. Stock markets mostly continued to rise, except in Japan, while Emerging markets, such as Brazil and India, outperformed developed markets. Political uncertainty was elevated, with new elections called in the UK and France.

In the third quarter of 2024, central banks in developed countries, including the US, began lowering interest rates as inflation, employment, and wage growth all slowed. Japan was an exception, raising 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 following rate cuts. However, concerns around the US election and Middle East conflicts caused some volatility.

In the fourth quarter of 2024, most developed market central banks continued cutting rates. The US Federal Reserve cut rates but projected fewer cuts in 2025 and 2026 as the economy remained resilient. The ECB and BoE were more cautious. Japan kept rates steady amid uncertainty over wages and the US economy. Markets generally believed the US could slow without entering recession, despite political uncertainties around a potential Trump presidency. Bond yields rose again, and stocks performed well after rate cuts.

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

From March 2024 to March 2025, developed market stocks rose approximately 4.8% in Sterling terms, while emerging market stocks increased around 10.1%, outperforming developed market.

In the second quarter of 2024, stock markets grew, driven mainly by a few large US technology companies. Corporate profits remained strong, and falling inflation created a more favourable environment. Asian markets, especially Taiwan and India, performed well, supported by advances in artificial intelligence (AI).

In the third quarter, stocks continued to rise but with increased volatility in early August due to unwinding of a US dollar/Japanese yen trade strategy, weaker US employment data, and rising unemployment. Despite this, US economic data improved later in the quarter. Chinese stocks surged after the government announced additional fiscal and monetary support.

In the last quarter of 2024, global stocks gained in local currency and Sterling terms but showed some losses in US dollars due to currency fluctuations. US stocks performed well following Donald Trump's election victory, while UK stocks declined, mainly due to worries about the UK economy. European struggled amid economic and political concerns, as did Japanese stocks, although Japan benefited from a weaker yen, government stimulus, and corporate reforms.

In the first quarter of 2025, global stocks fell overall in both local currency and Sterling terms, weighed down by concerns over tariffs and economic growth. Emerging markets outperformed developed markets. Chinese stocks rose on government support and AI advances, while US and Japanese stocks declined due to weaker economic data and trade uncertainties. Overall, the second half of the year saw a slowdown in positive momentum amid policy uncertainties and economic worries.

### Bonds (Government and Corporate Loans)

By March 2025, UK government bonds returned -1.2%, while UK corporate bonds posted positive performance of 2.4%. Long dated UK inflation linked bonds returned -8.0%.

Bond yields (interest rates) varied: US Treasury yields declined, but yields in other developed countries rose. In the UK, the BoE remained cautious, warning about economic and inflation risks from trade policies and wage growth but did 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, helping to support investment returns.

**Property (Real Estate)**

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) began to compress in some sectors, indicating a strengthening recovery. The BoE remains cautious about cutting interest rates, keeping borrowing costs high for now, but further rate cuts are expected 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 (Raw Materials)**

Oil prices fell 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 Sterling 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.

**Summary**

Overall, while uncertainties remain—particularly around geopolitical tensions and economic growth—markets demonstrated resilience over the year. Easing monetary policies, selective sector growth, and supportive government measures helped underpin this performance, though investors remain watchful as policy and global developments continue to influence market dynamics.

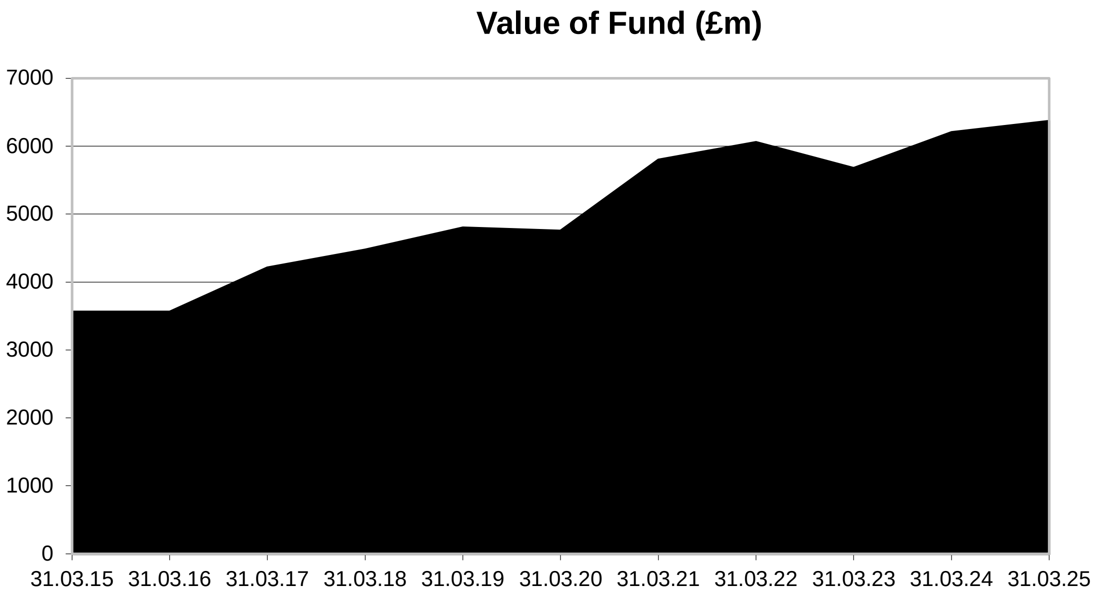
## 4. Investment Performance

In order to monitor the performance of the investment managers, the Pension Fund receives performance measurement services. In 2024/25 these services were provided by Northern Trust and Mercer. The performance of the investment managers is reported to the Pensions Committee on a quarterly basis.

Over the twelve months to 31 March 2025, the Pension Fund return was 2.5% (gross of fees) and 2.4% (net of manager fees).

**Change in the Pension Fund’s Total Assets**

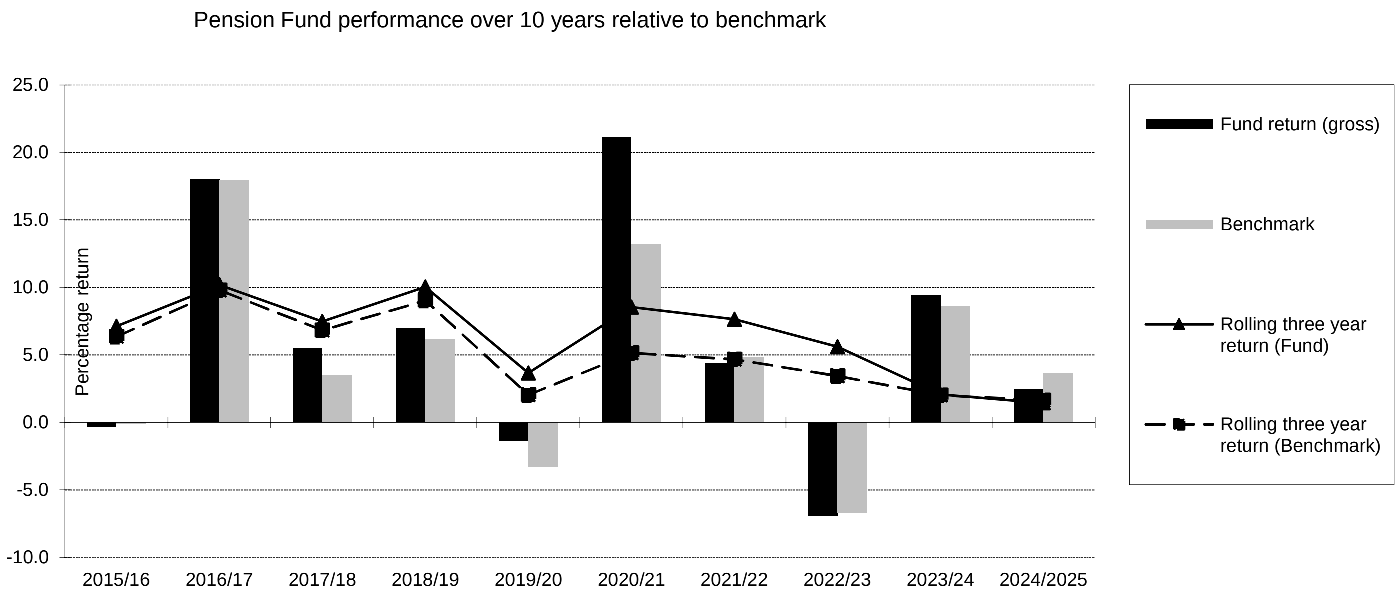
The change in the value of the Pension Fund’s invested assets over the ten years to 2024/25 is shown overleaf.




**Comparison with the Pension Fund's Benchmark**

The Pension Fund's performance is analysed against a customised benchmark, as set out in the Investment Strategy Statement which can be found via the link included within Appendix 2 on page 71. The graph below shows the annual investment returns (gross of fees) of the Pension Fund compared to the benchmark over the last ten years. This shows that the Pension Fund has performed above benchmark in seven years out of the last ten.

Overlaid on the chart is a rolling three-year annualised return of the Fund's assets compared with the equivalent figures for the benchmark.




The table below shows the long-term performance of the Pension Fund to 31 March 2025 against the benchmark.

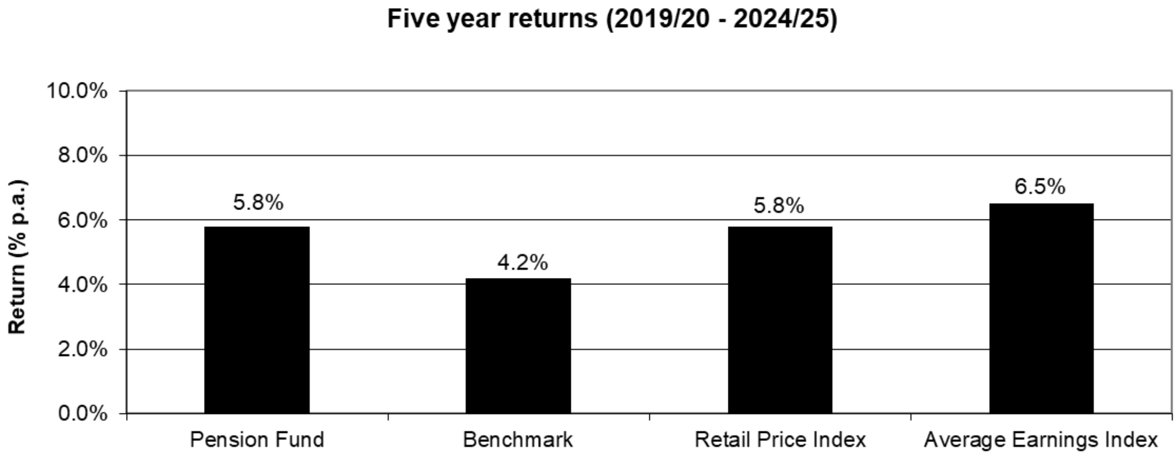
| | Pension Fund | Benchmark | Relative Performance |
|---|---|---|---|
| 3 year (% p.a.) | 1.3 | 1.2 | 0.1 |
| 5 year (% p.a.) | 5.8 | 4.2 | 1.6 |
| 10 year (% p.a.) | 5.7 | 4.4 | 1.3 |

Pension Fund performance is shown gross of fees, source BNY Mellon/Northern Trust.

**Performance Comparisons**

Long term returns

The five-year returns from 31 March 2020 to 31 March 2025 are shown in the chart below:

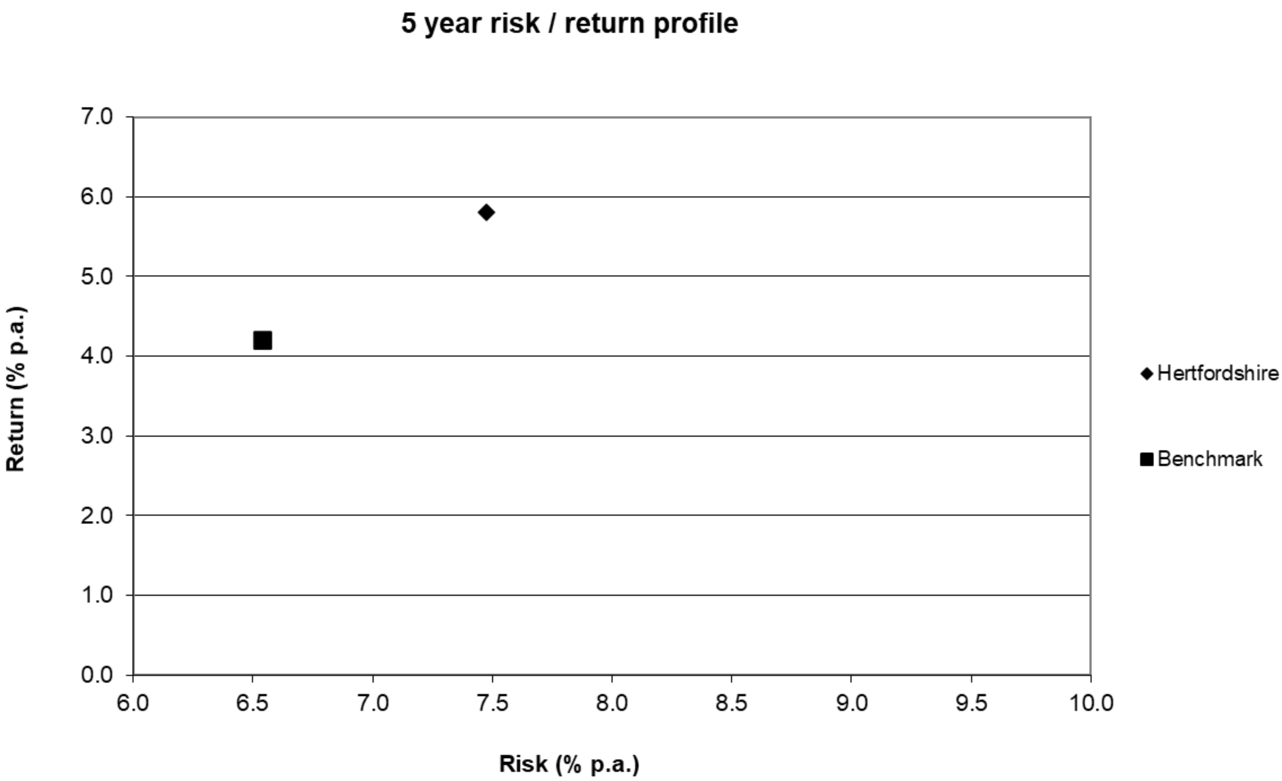



Pension Fund performance is shown gross of fees. Retail Price Index and Return for Average Earnings Index shown for the five years to 31 March 2024.

The chart above shows that over the last five financial years, the Pension Fund's performance performed in line with retail price inflation but underperformed the rate of growth in average earnings.

**Risk compliance**

The chart below highlights the risk and return profile of Pension Fund relative to its benchmark over the last five years to 31 March 2025.



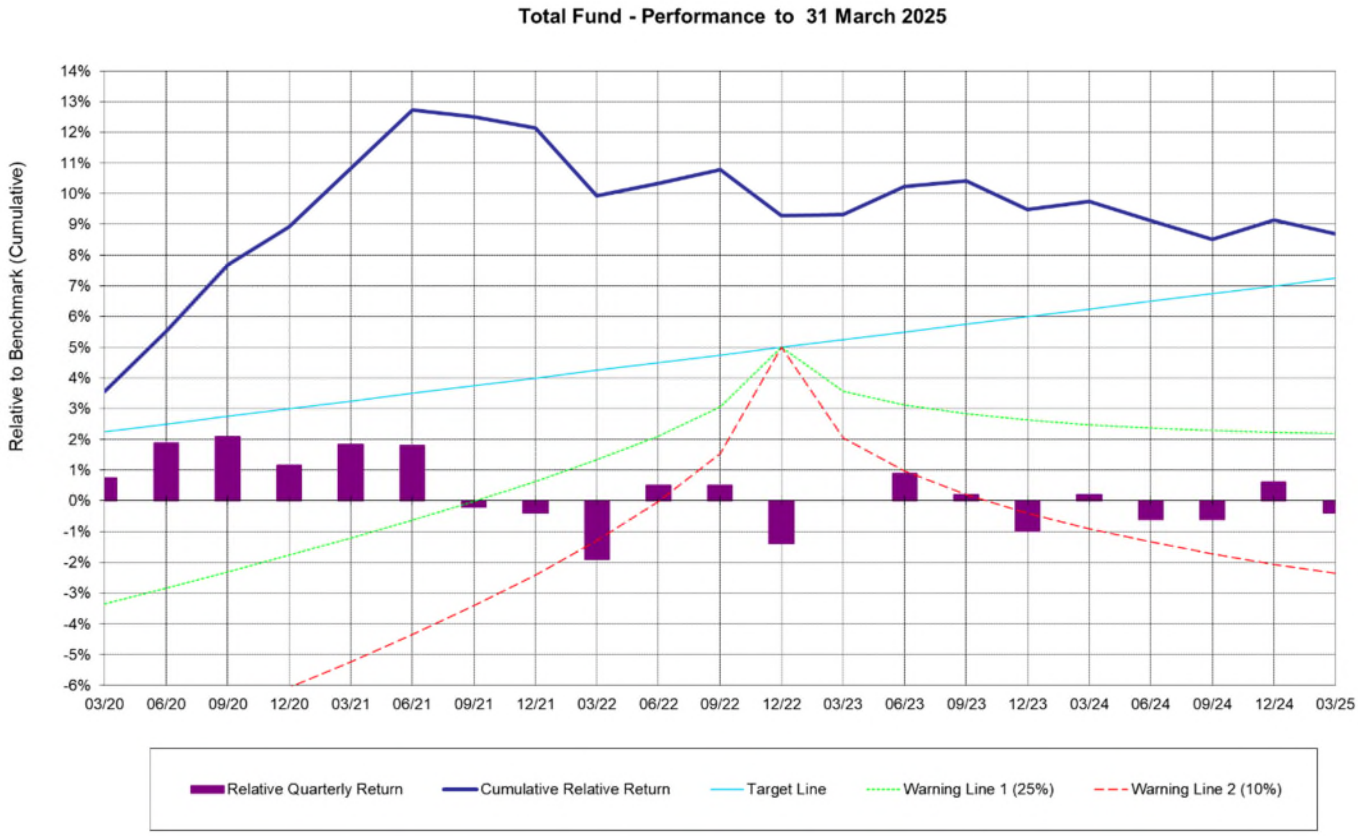

Risk is defined as the volatility or annualised standard deviation of quarterly returns.

This highlights that the Pension Fund's returns have been more volatile than the Pension Fund's benchmark. The Pension Fund did however generate higher returns than the benchmark over this period and so has been more than compensated for the additional risk. In addition the benchmark it partially made up of fixed return benchmarks that exhibit no volatility where as the Pension Fund's assets are all sensitive to market pricing and exhibit price volatility.

## Control chart

The control chart below highlights the performance of the Pension Fund over time against its targets to put into perspective any significant deviation from the target.

The chart spans three years as this is the time period over which the majority of the managers are expected to meet their target.




Relative returns based on quarterly values and performance available at the time. The chart may not sum up exactly to other figures in the report which are based on custodians figures who will have allowed for finalised accounting values. Cumulative return line from 31 December 2017.

The lines on the charts are as follows:

**The Benchmark Return**
This is the horizontal line, at point 0%, representing the benchmark return. If the Fund's performance was exactly in line with the benchmark return, the performance line (see below) would follow this horizontal line exactly.

**Relative Quarterly Return**
The bars represent the difference between the Fund's investment returns from those of the benchmark over each quarterly period. A positive bar (above zero) represents positive performance and a negative bar (below zero) represents negative performance.

**Cumulative Relative Return**
This solid line represents the cumulative performance achieved relative to the benchmark return. Because active investment management produces uneven returns, the performance is not expected to exactly follow the target line. Instead the performance will fluctuate with the objective that the performance line will meet or exceed the target line by the end of the period.

**The Target Line**
This is a simplistic representation of cumulative added value over the period. If, for example, a manager has a target to achieve a return of 0.5% p.a. in excess of the benchmark return, the graph will show the target of 1.5% added value by the end of the three year period. This is shown as a thin light blue line.

**The Warning Line (25%)**
Investment managers operate with different styles and the degree of volatility experienced during their progress towards the target will vary between managers. In order to give an indication of an “acceptable” level of volatility we have included a warning line (25%). This line is drawn in such a way that we would expect variations in cumulative performance not to bring the performance line below the warning line under normal circumstances.

The warning line is plotted such that at any point above the line there is a better than a one in four chance (this level of chance is thought to be appropriate) of the target being reached within the time frame, while below the line the chance is less than one in four. If performance falls below the line the Trustees should discuss with the manager the reasons behind the underperformance, whether the target is still realistic, and what action, if any, needs to be taken.

**The Warning Line (10%)**
The warning line (10%) is similar to the warning line (25%) but the chance of meeting the original target at this level is much lower – one in ten. If performance falls below this level the Trustees should not automatically think of terminating the appointment, but should seriously consider whether the actions the manager has taken to reach the current position cause the Trustees to lose confidence.

**ACTIVE EMPLOYERS**
**2024/25 Percentage of Employer Contribution rate shown in brackets**

### Administering Authority

| |
|---|
| Hertfordshire County Council (19.6) |

### Scheduled Bodies – Councils and other bodies whose employees have a statutory right to be in the Scheme

| | |
|---|---|
| Broxbourne Borough Council (19.8) | Police and Crime Commissioner (20.7) |
| Dacorum Borough Council (19.5) | St Albans District Council (19.7) |
| East Herts District Council (19.8) | Stevenage Borough Council (19.3) |
| Hertford Regional College (21.9) | Three Rivers District Council (19.3) |
| Hertfordshire Constabulary (17.5) | University of Hertfordshire (17.8) |
| Hertsmere Borough Council (19.7) | Watford Borough Council (19.1) |
| North Hertfordshire College (17.65) | Welwyn Hatfield Borough Council (19.5) |
| North Herts District Council (19.5) | West Hertfordshire College (25.5) |
| Oaklands College (22.7) | |

### Academies, Free Schools, Studio Schools and Technical Schools

| | |
|---|---|
| AdeyField School (21.65) | Loreto College (21.4) |
| Agora Learning Partnership (21.65) | Mandeville Primary (21.65) |
| Alban City Free School (21.65) | Manor Fields Primary School (21.65) |
| Alban Wood Primary School & Nursery (21.65) | Marlborough School Science College (21.65) |
| All Saints Catholic Trust (21.65) | Martins Wood Primary School (21.65) |
| Andrews Lane Primary School (21.65) | Meryfield Community Primary School (21.65) |
| Applecroft School (21.65) | Monkswalk School (21.65) |
| Ascot Road Community Free School (21.65) | Mount Grace (21.65) |
| Ashtree Primary School and Nursery (21.65) | Mount Pleasant Lane School (21.65) |
| Aspire Academies Trust (21.65) | Nicholas Breakspear Catholic School (21.65) |
| Avanti Brook Primary School (21.65) | Northgate Primary School (21.65) |
| Avanti Grange Secondary School (21.65) | Oak Leaf Academy (21.65) |
| Avanti Meadow Academy (21.65) | Onslow St Audreys (21.65) |
| Beaumont School (21.65) | Our Lady Catholic Primary School (21.65) |
| Bedmond Academy (21.65) | Oxhey Wood Primary School (21.65) |
| Beech Hyde Primary School & Nursery (21.65) | Parmiter's School (21.65) |
| Beechfield Primary School (21.65) | Peartree Primary School (21.65) |
| Birchwood High School (21.65) | Pinewood School (21.65) |
| Bishops Hatfield Girls School (21.65) | Presdales (21.65) |
| Bovingdon Primary (21.65) | Queens School (21.65) |
| Brandles School (21.65) | Ralph Sadlier (21.65) |
| Broadfields Primary School (21.65) | Richard Hale (21.65) |
| Bromet Primary School (21.65) | Rickmansworth School (21.65) |
| Broxbourne Academy (21.65) | Ridgeway Academy (21.65) |
| Buntingford First School (21.65) | Robert Barclay Academy (21.65) |
| Bushey Meads School (21.65) | Roebuck Academy (21.65) |
| Camps Hill Academy (21.65) | Roman Fields (21.65) |
| Chancellors School (21.65) | Roman Way First School (21.65) |
| Chauncy School (21.65) | Roselands School (21.65) |
| Cherry Tree Primary School (21.65) | Round Diamond Primary School (21.65) |
| Christ Church CoE School (21.65) | Roundwood Park School (21.65) |
| Churchfield CofE Academy (21.65) | Sacred Heart RC Primary School (21.65) |
| Countess Anne Academy (21.65) | Samuel Ryder Academy (21.65) |
| Crabtree Infants School (21.65) | Sandringham School (21.65) |
| Crabtree Junior School (21.65) | Sarratt Primary School (21.65) |
| Cranbourne School (21.65) | Scholars' Education Trust (21.65) |
| Croxley Danes School (21.65) | Simon Balle (21.65) |

| | |
|---|---|
| Crabtree Infants School (21.65) | Sir John Lawes School (21.65) |
| Dame Alice Owens School (20.6) | Skywood Academy (21.65) |
| Danes Education Trust (21.65) | Spiral Partnership Trust (21.65) |
| De Havilland Primary School (21.65) | Springmead Primary School (21.65) |
| Divine Saviour RC Primary School (21.65) | St Joan of Arc (21.65) |
| Dundale Primary & Nursery School (21.65) | St Albans Girls School (21.65) |
| The Elstree UTC (21.65) | St Albert the Great Catholic Primary (21.65) |
| Fair Field School (21.65) | St Augustine's Catholic Primary School (21.65) |
| Fairlands Academy (21.65) | St Bernadette Catholic Primary VA |
| Flamstead End Academy (21.65) | St Catherine of Siena (21.65) |
| Fleetville Infants (21.65) | St Clement Danes School (21.65) |
| Fleetville Juniors (21.65) | St Cross Catholic Primary (21.65) |
| Forres Primary School (21.65) | St Cuthbert Mayne Catholic Primary VA |
| Freman College (21.65) | St Georges (21.65) |
| Future Academies Watford (16.45) | St John Fisher Catholic Primary School (21.65) |
| Garden City Academy (21.65) | St Johns Academy (21.65) |
| Garden Fields JMI School (21.65) | St John's Catholic Primary School (21.65) |
| Goffs Churchgate Academy (21.65) | St John's CoE Primary School (Watford) (21.65) |
| Goff's School (21.65) | St Johns COFE infant Nursery school (21.65) |
| Grange Junior School (21.65)<br>Grove Road Primary School (21.65)<br>Hailey Hall School (21.65) | St Joseph's Catholic Primary School<br>Bishops Stortford (21.65)<br>Waltham Cross (21.65) |
| Haileybury Turnford (21.65) | St Joseph's RC Primary Sch (21.65) |
| Hammond Primary (21.65) | St Mary's Catholic School Bishops Stortford (21.65) |
| Harpenden Academy (21.65) | St Mary's Catholic Primary School Royston (21.65) |
| Hartsbourne Primary School (21.65) | St Mary's CofE High School (21.65) |
| Hatfield Community Free School (21.65) | St Michael's Academy (21.65) |
| Haywards Svcs Ltd (The Grove Academy) (21.65) | St Rose's Catholic Primary VA |
| Hemel Hempstead school (21.65) | St Thomas Moore Academy (21.65) |
| Herts and Essex Academy (21.65) | St Thomas More Catholic Primary (21.65) |
| Hertsmere Jewish Primary School (21.65) | St Thomas of Canterbury Catholic Primary (21.65) |
| Hertswood School (21.65) | St. Mary's C of E Primary (Rickmansworth) (21.65) |
| Hitchin Boys School (21.65) | Stanborough Academy (21.65) |
| Hitchin Girls School (21.65) | Summercroft Primary School (21.65) |
| Holy Rood Catholic Primary School (21.65) | The Barclay School (21.65) |
| Inclusive Multi Academy Trust (21.65) | The Grange Academy (21.65) |
| John F Kennedy Catholic School (21.65) | The Grove Academy (21.65) |
| John Henry Newman (21.65) | The Highfield School (21.65) |
| John Warner School (21.65) | The Orchard Primary School (21.65) |
| Jupiter Community Free School (21.65) | The Reach Free School (21.65) |
| Katherine Warington School (21.65) | The Sele School (21.65) |
| King James Academy<br>Greneway (21.65)<br>Meridian (21.65)<br>Roysia (21.65) | The Wroxham School (21.65)<br>Thomas Alleyne (21.65)<br>Tring School (21.65)<br>Verulam School (21.65) |
| Kings Langley School (21.65) | Warren Dell Primary School (21.65) |
| Knights Templar School (21.65) | Watchlytes School (21.65) |
| Knightsfield (21.65) | Waterside Academy (21.65) |
| Knutsford Primary and Nursery School (21.65) | Watford Grammar School for Boys (21.65) |
| Lanchester Community Free School (21.65) | Watford Grammar School for Girls (21.65) |
| Larkspur Primary School (21.65) | Westfield Academy (21.65) |
| Larwood Academy (21.65) | Wheatfields Infants and Nursery School (21.65) |
| Laurance Haines School (21.65) | Wheatfields Junior School (21.65) |
| Laureate Academy (22.25) | Wilbury Junior School (21.65) |
| Leventhorpe School (21.65) | Wilshire Dacre Academy (21.65) |
| Links Academy Hatfield (21.65) | Windhill Academy (21.65) |
| Links ESC Academy (21.65) | Woodside School (21.65) |
| Little Reddings Primary School (21.65) | Woolgrove School (21.65) |
| Longdean School (21.65) | Yavneh College (20.0) |

**Employers who can designate their employees to be in the Scheme**

| | |
|---|---|
| Abbots Langley Parish Council (21.15) | Kings Langley Parish Council (21.15) |
| Aldbury Parish Council (21.15) | Knebworth Parish Council (21.15) |
| Aldenham Parish Council (21.15) | London Colney Parish Council (21.15) |
| Ashwell Parish Council (21.15) | Markyate Parish Council (21.15) |
| Berkhamsted Town Council (21.15) | Nash Mills Parish Council (21.15) |
| Bishop's Stortford Town Council (21.15) | North Mymms Parish Council (21.15) |
| Buntingford Town Council (21.15) | Redbourne Parish Council (21.15) |
| Chipperfield Parish Council (21.15) | Royston Town Council (21.15) |
| Chorleywood Parish Council (21.15) | Sandridge Parish Council (21.15) |
| Colney Heath Parish Council (21.15) | Sawbridgeworth Town Council (21.15) |
| Croxley Green Parish Council (21.15) | South Mimms Parish Council (21.15) |
| E2BN (20.25) | St Stephens Parish Council (21.15) |
| Elstree & Borehamwood Town Council (21.15) | Stanstead Abbots Parish Council (21.15) |
| Harpenden Town Council (21.15) | Stanstead St Margaret's Parish Council (21.15) |
| Hatfield Town Council (21.15) | Tring Rural Parish Council (21.15) |
| Hertford Heath Parish Council (21.15) | Tring Town Council (21.15) |
| Hertford Town Council (21.15) | Ware Town Council (21.15) |
| HAPTC (22.55) | Watford Rural Parish Council (21.15) |
| Hertfordshire Catering Limited (19.6) | Welwyn Parish Council (21.15) |
| Hertingfordbury Parish Council (21.15) | Wheathamsted Parish Council (21.15) |
| Kimpton Parish Council (21.15) | Woolmer Green Parish Council (21.15) |

**Admitted Bodies (employers who participate by virtue of an admission agreement)**

| | |
|---|---|
| Accent Catering Services Limited (21.65) | Hertfordshire Building Control Limited (22.35) |
| APCOA Parking (UK) Ltd (32.9) | Hertfordshire Catering Limited<br>St Marys Rickmansworth (23.30)<br>HCL (19.60) |
| Apleona UK Limited (17.8) | |
| Aramark Limited<br>West Herts College (26.5)<br>University of Hertfordshrie (40.0) | Hertfordshire Community Meals Limited<br>Hertfordshire Community Meals Limited (0.0)<br>St. Albans (0.0) |
| Aspens Services Ltd<br>St Marys - Bishops Stortford (21.65)<br>Robert Barclay Academy (21.65)<br>General Multi Academy Trust (21.65) | Hertfordshire NHS Partnership Trust (0.0)<br>Herts Ability Ltd (0.0)<br>Herts at Home Limited (19.6) |
| Atlas Cleaning Limited (21.65) | Herts For Learning Limited (21.5) |
| Barnardo's (Lot 5) (19.6)<br>Broxbourne Envir. Svc Trading Limited (18.6)<br>Cardo (South) Limited (0.0) | Innovate services Ltd<br>Longdean (21.65)<br>Bournhall School (23.3) |
| Cater link limited (St Marys Cheshunt) (21.65)<br>City and County Healthcare (20.60)<br>City and County Healthcare - 2 (20.60) | Inspire All Leisure and Family Support Services<br>Inspire All (27.1)<br>Inspire All (Lots 2 & 3) (21.0) |
| Cleantec Services Limited (21.65) | Jacobs (UK) H |
| Communities 1st (19.50) | John O'Conner (Grounds Maintenance) Ltd (0.0) |
| Compass Contract Services (UK) Ltd<br>Agora LP (21.65)<br>St Meryls (21.65)<br>Inclusive Multi Academy Trust (21.65) | Kidz Zone Club Ltd (Lanchester school)<br>Letchworth Garden City Heritage Fndn (28.15)<br>Liberata<br>Broxbourne BC (19.8)<br>Welwyn Hatfield BC (19.5) |
| Cucina Restaurants Limited | |
| Manor Fields Primary School (21.65) | Mitie FM Limited (42.8) |
| FCA (41.9) | Morgan Sindall Property Services Limited (30.6) |
| Barclays Academy (21.65)<br>Culinera Ltd<br>John F Kennedy Catholic School (21.65) | One YMCA<br>Police (18.6)<br>East Quad) (18.95) |
| Verulam (21.65) | Pacific Support Services (23.3) |
| Dacorum Sport Trust (0.0) | Quantum Care Ltd (32.5) |
| European Cleaning Service Limited<br>Larkspur (21.65)<br>Watchlytes School (21.65) | Radlett Centre Trust (27.50)<br>Regent Office Care Ltd TA Samsic UK (19.6)<br>Richard Whittington Primary School (21.65) |

| | |
|---|---|
| Evergreen Facilities Services Ltd<br>Parmiters (21.65)<br>St Cross (21.65)<br>St Josephs Bishops Stortford (21.65)<br>St Josephs Hertford (21.65)<br>St Josephs Waltham Cross (21.65)<br>St Marys (21.65)<br>Richard Hale (21.65) | Ringway Infrastructure Services Limited (29.2)<br>School Space Ltd (21.65)<br>Securitas Security Services (UK) Ltd (17.8)<br>Settle Group (Actives) (21.20)<br>Sports and Leisure Management Ltd<br>Community Leisure Charitable Trust (19.5)<br>Fitness & Health Limited (19.5)<br>NHDC (22.3) |
| FCC Waste Management Limited (39.15) | Tenon FM Limited (Office and General) (35.2) |
| FCC Waste Management Limited (WHBC) (30.35) | Thrive Homes Limited (20.6) |
| Greenwich Leisure Ltd (Welwyn Hatfield) (0.0) | Veolia ES (UK) LTD (30.75) |
| Hayward Services Limited<br>Cherry Tree (21.65)<br>De Havilland (21.65)<br>Lanchester Primary (21.65)<br>West Herts College (42.6)<br>Bovingdon Primary (21.65)<br>St Michael's Catholic (21.65) | |

## CESASED EMPLOYERS

**Employers with no active members but with outstanding liabilities, whose pensioners are being or will be paid from the Pension Fund**

### Scheduled Bodies

| | |
|---|---|
| Colne Valley Water Company | Magistrates Courts Committee |
| Department of Transport - Road Construction Unit | West Herts Crematorium |

### Academies, Free Schools, Studio Schools and Technical Schools

| | |
|---|---|
| Ashlyns School | Mount Grace (Academy) |
| Bishops Stortford High School | Nicholas Breakspeare School |
| Brookmans Park JMI | Northaw JMI School |
| Bushey Hall School | Parkside 1st School |
| Bushey Meads School | Parmiter's |
| Chancellors School | Queens School |
| Chaulden Junior school | Rickmansworth School |
| Cheshunt School | St Catherines of Sienna RC JMI |
| Christchurch JMI | St Clement Danes VA |
| Cuffley JMI School | St Georges of Harpenden |
| Da Vinci Studio School (North Herts School Trust) | St Giles C of E JMI School |
| Dame Alice Owen's School | St Joan of Arc RC School |
| Francis Bacon School | St Mary's Catholic School |
| Goffs School | St Mary's CE AC (Brox West) |
| Hertingfordbury Cowper Primary | St Mary's High School |
| Herts & Essex High School (Academy) | St Mary's RC School |
| John Henry Newman School | St Michael's RC School |
| John Warner School | Watford Boys Grammar School |
| Leventhorpe | Watford Grammar School for Girls |
| Little Heath JMI School | Watford UTC |
| Little Reddings JMI and Nursery | West Herts Community Free School |
| Longmeadow Primary School | Wroxham JMI |
| Marlborough School | |

### Designated Bodies

| | |
|---|---|
| Hertfordshire E-Learning Partnership | Shenley Parish Council |
| Kameleon 4 | University Bus |
| Letchworth Garden City Council | Walkern Parish Council |

### Admitted Bodies

| | |
|---|---|
| Abbots Langley Citizens Advice Bureau | Hertfordshire Training & Enterprise Council |
| ABM Catering Limited (Verulam School) | Herts at Home Limited |
| Action for Children | Herts Careers Service |
| Affinity Sutton | Herts Community Meals (Dacorum) |
| Age Concern Hertfordshire | Herts Family Mediation Service |
| Aldenham Renaissance Ltd | Herts Living Limited |
| Alliance in Partnership Ltd | Herts Young Mariners Base (HYMB) |
| Allied Healthcare Services | Hertsmere Leisure Trust |
| Amey Services Limited | Oughton |
| ARP Trading | Sopwell |
| Art Café | Watford North |
| Aspens Services Limited | Highfield Park Trust |
| Aspire Leisure Trust | Hitchin Markets Ltd |
| Association of Charity Officers | Inspire All Leisure and Family Support Services |
| B3 Living limited | St Albans |
| Barnados (Hoddesdon) | Hemel Hempsted West |
| Birkin Cleaning Services Limited (Richard Hale) | Leavesden/Langleys |

Appendix 1: List of Employing Bodies

| | |
|---|---|
| Buntingford Citizens Advice Bureau | Leonard Cheshire Foundation |
| Capita Secure Info Solutions | MACE Ltd |
| Care By Us | Mears Building Contractors Ltd |
| Dacorum | Mitie Property Services |
| East Herts | Mountain Healthcare Limited |
| Homes from Hospital | National Car Parks |
| NEHR | North Hertfordshire Hospice Care Association |
| Carers in Hertfordshire | Northgate Information Solutions |
| Carter Jonas LLP | NSL ltd |
| Cater link Limited | Office and General |
| King James Academy Royston | Offley Place Ltd |
| Kings Hill Infant School | ONEYMCA (Watford and District YMCA) |
| Caterplus ltd | Oxhey & District Citizens Advice Bureau |
| Central Parking Systems (APCOA) | Pendergate Ltd |
| Change, Grow, Live (CGL) | Pre School Learning Alliance (Westfield) |
| Chauncy Housing Association | Principle Cleaning |
| Churchill Contract Services Limited | Pro Action |
| Citizens Advice Bureau in Hertsmere | PSLA |
| Citizens Advice Service in Three Rivers | Dacorum Rural |
| Colesseum Theatre | Hitchin - Rural |
| Commission for New Towns | Holywell School |
| Hemel Hempstead | Letworth/Baldock |
| Stevenage | South Oxley |
| Welwyn Garden City | Rapid Commercial Cleaning Services Limited |
| Community Action Dacorum | Refuge |
| Community Building Services | Rickmansworth Citizens Advice Bureau |
| Compass Contract Services (UK) Limited | Riversmead Housing Association |
| CP Plus Limited | RM Education Ltd |
| Cucina Restaurants Ltd (Goffs School) | Serco Limited (Shared Managed Service) |
| Dacorum Sports Trust | Serco |
| DC Leisure Management Ltd | Dacarum BC |
| Digica FMS | Welwyn Hatfield BC |
| East & North Herts NHS Trust | Serco Group PLC (HCS) |
| East Herts Citizens Advice Service | Serco Solutions |
| Edwards & Blake | Settle Group |
| Hemel Hempstead School | Shenley Park Trust |
| Marlborough | SLM Community Leisure Charitable Trust |
| Hatfield Community Free School | Society of Education Officers |
| Praewood School | Sopra Steria Ltd |
| Loreto School | St Albans Citizens Advice Bureau |
| Ridgeway Academy -Sir Frederic Osborn School | St Mary's Trading (All Sorts) |
| Spiral Partnership Trust | Stevenage Homes |
| EEIDB | Stevenage Leisure limited |
| Elior UK | Aspire |
| Elstree Film and Television Studios Ltd | Knights Templar |
| Energy Kidz ltd | Letchworth |
| Equans Services Limited | Royston |
| Europa Services Limited | Superclean Services Wolthorpe Ltd |
| Evergreen Facilities Services | The Fairway Public House Limited |
| Hemel Hempstead School | Town & Country Markets |
| Richard Hale | TSG Mechanical Services Ltd |
| Evergreen The Cleaning Co Ltd | Veolia ES Servicesteam (UK) Limited |
| Exemplas | Ware Citizens Advice Bureau |
| Fusion Lifestyle | Watford & Three Rivers Trust |
| Gosling Sports Park | Watford Community Housing Trust |
| Group for the Rootless of Watford (GROW) | Watford Town Centre Partnership Limited |
| Hayward Services Limited | Wellfield Trust |
| HCL - Falconer School | Welwyn and Hatfield Community Housing Trust |
| Hertford Museum Trust | West Hertfordshire Computer Consortium |
| Hertfordshire Care Trust | Womans Royal Voluntary Society |

| | |
|---|---|
| Hertfordshire Catering Limited | WSP UK Ltd |
| Broxbourne Borough Council | YMCA - (Royston & Buntingford) |
| Cheshunt School | |

Appendices to the Annual Report and Statement of Accounts 2024/25
## Appendix 2: Fund Reports

The following reports as referred to in this Annual Report can be found via the following links:

ACCESS Annual Report: Annual Report 2024/25 | ACCESS Pool

Administration Strategy: Administration Strategy

Communication Strategy: Communication Policy

Funding Strategy Statement: Funding Strategy Statement

Governance and Compliance Statement: Governance Compliance Statement

Investment Strategy Statement: Investment Strategy Statement

Risk Management: Risk Management Policy

Appendix 3: Key performance data

The tables within this appendix show the performance of the pensions administration service delivered by the LPPA Fund against the Scheme Advisory Board's key performance indicators (KPIs).

LPPA has focussed and made considerable progress in ensuring that monthly casework performance was consistently delivered above the 95% target during 2024/25. The annual Service Level Agreement (SLA) performance was 98.2%.

LPPA's ongoing Efficiency and Service Improvement Programme has delivered automation and enhanced online digital capability and improved experience for members with deferred statements for leavers, active member retirement quotes and online retirement forms. Further automation is planned for 2025/26 including automation of retirement payment process and bank account name verification, and the programme will deliver improvements to the monthly returns process and member and employer portals.

McCloud has been a significant project in the year. LPPA have been calculating benefits and applying the underpin where we can. System releases that provide McCloud functionality have been applied to the system in phases as focus increases on the inclusion of remedial service statements being included on Annual Benefit Statements for those members who are eligible.

LPPA continued work towards Pensions Dashboard connectivity and remain on track to meet the connection date of 31 October 2025 for public sector schemes.

Statutory deadlines, including those for P60s, Pensions Increases, Annual Benefit Statements and Pensions Savings Statements were met.

LPPA recognises our responsibility to achieve value for money in service delivery. We seek to incorporate value for money principles in delivering services by taking account of costs, quality of services and the context that the partners we provide administration services to. LPPA operates a shared service, cost recovery basis for core pensions administration. We do not make profit on core administration services.

LPPA takes part in external and independent annual benchmarking to compare the cost and service of LPPA against other pension administrators. The latest results endorse that LPP's administration services provide value for money.

**Table A**

| Ref | Casework KPI | Total number of cases open as at 31 March (starting position) | Total number of new cases created in the year (1 April to 30 March) | Total number of cases completed in year | Total % of cases completed in year | Total number of cases completed in previous year | Total % of cases completed in previous year |
|---|---|---|---|---|---|---|---|
| A1 | Deaths recorded of active, deferred, pensioner and dependent members | 635 | 1,288 | 1,319 | 68.6% | 2,245 | 73.5% |
| A2 | New dependent member benefits[3] | | | | | | |
| A3 | Deferred member retirements – Actual | 47 | 1,532 | 1,515 | 95.9% | 1,706 | 97.3% |
| A3 | Deferred member retirements – Quote | 702 | 2,200 | 2,515 | 86.7% | 2,654 | 79.1% |
| **A3** | **Deferred member retirements (Actual and Quote)** | **749** | **3,732** | **4,030** | **89.9%** | **4,360** | **85.4%** |
| A4 | Active member retirements – Actual | 38 | 1,181 | 1,178 | 96.6% | 919 | 96.0% |
| A4 | Active member retirements – Quote | 550 | 4,016 | 3,838 | 84.1% | 3,272 | 85.7% |
| **A4** | **Active member retirements (Actual and Quote)** | **588** | **5,197** | **5,016** | **86.7%** | **4,191** | **87.7%** |
| A5 | Deferred benefits | 3,735 | 12,850 | 14,609 | 88.1% | 7,564 | 67.0% |
| A6 | Transfers in (including interfunds in, club transfers) | 955 | 2,152 | 1,983 | 63.8% | 1,739 | 64.7% |
| A7 | Transfers out (including interfunds out, club transfers) | 893 | 3,071 | 2,816 | 71.0% | 2,614 | 74.6% |
| A8 | Refunds | 789 | 7,554 | 7,022 | 84.2% | 6,337 | 89.0% |
| A9 | Divorce quotations issued | 46 | 254 | 256 | 85.3% | 221 | 82.8% |
| A10 | Actual divorce cases | 2 | 4 | 3 | 50.0% | 9 | 81.8% |
| A11 | Member estimates requested either by scheme member and employer | 179 | 1,395 | 1,461 | 92.8% | 1487 | 89.4% |
| A12 | New joiner notifications | 19 | 936 | 947 | 99.2% | 1640 | 99.5% |
| A13 | Aggregation cases | 2,277 | 11,120 | 9,435 | 70.4% | 6401 | 73.8% |
| A14 | Optants out received after 3 months membership[4] | | | | | | |

[3] Dependant Pensions included in A1
[4] Currently recorded as 'Other'

**Table B**

| Ref | Casework KPI | SLA | % Completed within SLA current year | % Completed within SLA previous year |
|---|---|---|---|---|
| B1 | Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member | 5 days | 93.0% | 94.1% |
| B2 | Communication issued confirming the amount of dependents pension[5] | 5 days | | |
| B3 | Communication issued to deferred member with pension and lump sum options (quotation) | 5 days | 98.6% | 96.8% |
| B4 | Communication issued to active member with pension and lump sum options (quotation) | 5 days | 96.3% | 93.9% |
| B5 | Communication issued to deferred member with confirmation of pension and lump sum options (actual) | 5 days | 97.3% | 96.3% |
| B6 | Communication issued to active member with confirmation of pension and lump sum options (actual) | 5 days | 96.6% | 98.3% |
| B7 | Payment of lump sum (both actives and deferreds)[6] | 5 days | | |
| B8 | Communication issued with deferred benefit options | 15 days | 97.0% | 97.0% |
| B9 | Communication issued to scheme member with completion of transfer in | 10 days | 98.6% | 97.6% |
| B10 | Communication issued to scheme member with completion of transfer out | 10 days | 97.7% | 97.1% |
| B11 | Payment of refund | 15 days | 98.7% | 96.6% |
| B12 | Divorce quotation | 90 days | 96.2% | 96.1% |
| B13 | Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order | 90 days | 100.00% | 100.00% |
| B14 | Communication issued to new starters | 10 days | 99.9% | 99.4% |
| B15 | Member estimates requested by scheme member and employer | 10 days | 98.0% | 95.8% |

[5] Included within B1
[6] Included within B5 & B6

**Table C**

| Ref | Communications and engagement | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| **Engagement with online portals** | | | |
| C1 | % of active members registered | 38.9% | 34.5% |
| C2 | % of deferred member registered | 24.1% | 19.6% |
| C3 | % of pensioner and survivor members | 44.6% | 38.0% |
| C4 | % total of all scheme members registered for self-service | 33.9% | 29.2% |
| C5 | Number of registered users by age: | | |
| | Under 21 | 160 | 80 |
| | 21 – 25 | 702 | 472 |
| | 26 – 30 | 1,329 | 1,047 |
| | 31 – 35 | 1,754 | 1,377 |
| | 36 – 40 | 2,378 | 1,866 |
| | 41 – 45 | 3,397 | 2,665 |
| | 46 – 50 | 4,014 | 3,074 |
| | 51 – 55 | 6,215 | 4,965 |
| | 56 – 60 | 8,436 | 7,141 |
| | 61 – 65 | 8,315 | 7,246 |
| | 66 – 70 | 5,381 | 4,952 |
| | 71 – 75 | 2,782 | 2,522 |
| | Over 75 | 2,250 | 2,048 |
| C6 | % of all registered users that have logged onto the service in the last 12 months | 54.1% | 48.6% |
| **Communications** | | | |
| C7 | Total number of telephone calls received in year | 21,532 | 21,310 |
| C8 | Total number of email and online channel queries received | 9,432 | 9,595 |
| C9 | Number of scheme member events held in year (total of in-person and online) | 24 | 24 |
| C10 | Number of employer engagement events held in year (in-person and online) | 45 | 43 |
| C11 | Number of active members who received a one-to-one (in-person and online) | 0 | 0 |
| C12 | Number of times a communication (i.e. newsletter) issued to: | | |
| | a) Active Member | 9 | 2 |
| | b) Deferred members | 9 | 1 |
| | c) Pensioners | 7 | 1 |

**Table D**

| Ref | Resources[7] | 31 March 2025 | 31 March 2024 |
|---|---|---|---|
| D1 | all administration staff (FTE) | 264.5 | 232.7 |
| D2 | Average service length of all administration staff (Years) | 5.3 | 5.4 |
| D3 | Staff vacancy rate as % | 2.20% | 3.50% |
| D4 | Ratio of all administration staff to total number of scheme members (all staff including management) | 2,672:1 | 2,895:1 |
| D5 | Ratio of administration staff (excluding management) to total number of scheme members | 2,713:1 | 3,011:1 |

[7] LPPA staff only. Includes blue light, LPPA have 18 clients in total (10 LGPS, 7 Fire and 1 Police).

**Table E**

| Ref | Annual Benefits Statements | 2024/25 | 2023/24 |
|---|---|---|---|
| **Annual Benefit Statements** | | | |
| E1 | Percentage of annual benefit statements issued as at 31 August | 98.3% | 97.8% |
| E2 | Short commentary if less than 100%<br><br>Remainder were either due to files not received from the employer or outstanding queries that prevented ABS production | | |
| **Data Category** | | | |
| E3 | Common data score | 96.0% | 95.6% |
| E4 | Scheme specific data score | 94.6% | 92.9% |
| E5 | Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date | 3.0% | 0.6% |
| E6 | Percentage of active, deferred and pensioner members with an email address held on file | 62.7% | 50.8% |
| **Employer Performance** | | | |
| E7 | Percentage of employers set up to make monthly data submissions | 100% | 100% |
| E8 | Percentage of employers who submitted monthly data on time during the reporting year[8] | 48.3% | |

[8] Previous year figure unavailable

| | |
|---|---|
| Actuary | An independent qualified consultant who advises on the financial position of the Pension Fund. Every three years the Actuary reviews the assets and liabilities of the Pension Fund and produces the actuarial valuation which recommends the employer contribution rates. |
| Administering Authority | A local authority required to maintain a pension fund under the Local Government Pension Scheme regulations. Within the geographical boundary of Hertfordshire, the Administering Authority is Hertfordshire County Council. |
| Admission agreement | A contract between an administering authority, admitted body and if applicable, the outsourcing Scheme employer. |
| Augmentation | Additional membership awarded to a member by their employer, to a maximum of ten years. |
| Benchmark | A notional fund which is developed to provide a standard against which an Investment Manager's performance is measured. |
| Bonds | A certificate of debt issued by a company, government or other institution. A bondholder is a creditor of the issuer and usually receives interest at a fixed rate. Also referred to as fixed interest securities. |
| Career Average Revalued Earnings (CARE) scheme | A scheme that are a type of defined benefit pension scheme where the benefits at retirement are based on average pensionable earnings and the length of membership of the scheme.<br><br>From 1 April 2014, the Scheme moved from a final salary scheme to a career average revalued earnings (CARE) scheme details of which are accessible from the Pension Fund website at https://www.lppapensions.co.uk/ |
| Chief Finance Officer | An officer of that has delegated responsibility to manage the financial arrangements for an organisation. Hertfordshire County Council delegates these responsibilities to the post of the Director of Resources. |
| Communication Policy Statement | A statement of policy on communications with members and employers including the provision of information about the Scheme, the format, frequency and method of distributing such information and the promotion of the Scheme to prospective members. |
| Custody/Custodian | The safe keeping of securities by a financial institution. The Custodian is responsible for maintaining investment records, the settlement of transactions, income collection, tax reclamation and other administrative actions in relation to the Pension Fund's investments. |
| Deferred members | Members who leave their employment or opt out of the Scheme and have their benefits deferred until retirement or until they request a transfer to another pension scheme. |
| Defined benefit final salary scheme | A pension scheme where the scheme rules define the benefits independently of the contributions paid by the members and employer. Members' benefits are a specified fraction of a scheme member's final pay. |
| Equities | Shares in UK and overseas companies. |
| Ex-officio | A member of a body (a board, committee, council, etc.) who is part of it by virtue of holding another office. |
| Final pensionable pay | The figure used to calculate a member's pension benefits and is normally a members pay in the last year before they retire. A member's benefits could also be calculated on one of the previous two years pay if that amount is higher, or the average of any three consecutive years in the last ten years if the member has had a downgrade in the last ten years or pay has been restricted in that period. |
| Fixed interest securities | Investments which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date, but which can be traded on a recognised stock exchange until this time. Also known as bonds. |
| Forward foreign exchange contract | An agreement between two parties to exchange one currency for another at a forward or future date. |
| Funded scheme | A pension scheme that has available assets to cover all liabilities, including the obligation of future payments to retirees. |
| Funding Strategy Statement | A statement of the Pension Fund's strategy for meeting employers' pension liabilities. |
| Futures | Contracts to buy or sell specific quantities of a commodity or financial instrument at a specified price with delivery set at a specified time in the future. |
| Governance Policy and Compliance Statement | A statement of the governance arrangements of the Pension Fund including the delegation of responsibility, terms of reference, representation and compliance with statutory guidelines. |

| | |
|---|---|
| Hertfordshire Local Government Association | A voluntary organisation, acting on behalf of the local government sector in Hertfordshire. |
| Index linked | Bonds on which the interest and ultimate capital repayment are recalculated on the basis of changes in inflation. |
| Investment Consultant | A professionally qualified individual or company who provides objective, impartial investment advice to the Pension Fund. |
| Investment Manager | An organisation that specialises in the investment of a portfolio of securities on behalf of an organisation subject to the guidelines and directions of the investor. |
| Lien | A form of security interest granted over an asset to secure the payment of a debt or performance of some other obligation. |
| Mandate | A set of instructions given to an investment manager as to how a fund is to be managed. Targets for performance against a benchmark or limits on investing in certain stocks or sectors may be set. This is formalised within an investment manager agreement between a pension fund and investment manager. |
| Pooled investment vehicles | An investment which allows investors' money to be pooled and used by investment managers to buy a variety of securities, thereby giving investors a stake in a diversified portfolio of securities. |
| Private equity | An asset class consisting of equity securities in operating companies that are not publicly traded on a stock exchange. |
| Quoted securities | Shares with prices quoted on a recognised stock exchange. |
| Rates and Adjustments Certificate | A certificate issued by the Pension Fund Actuary setting out the contribution rates payable by participating employers |
| Scheme | The Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations, for workers in local government. The LGPS Regulations also dictate eligibility (particularly for scheduled bodies), members' contribution rates, benefit calculations and certain governance requirements. The Scheme is divided into 101 Pension Funds throughout the UK. Each pension fund is autonomous to the extent not dictated by the LGPS Regulations, e.g., regarding investment strategy, employer contributions and choice of advisers. |
| Scheme Administrator | An organisation responsible for the administration of the benefits of the Pension Fund, including the payment of benefits and maintenance of membership records. This is contracted to The London Pensions Fund Authority. |
| Spot market exchange rate | A spot exchange rate refers to the current exchange rate. |
| Investment Strategy Statement | A formal policy on how a pension fund will invest its assets including the types in investments to be held, the balance between different types of investments and risk. |
| Transfer values | A capital value transferred to or from a pension scheme in respect of a contributor's previous periods of pensionable employment. |
| Transferee admission bodies | An external body contracted to provide services or assets in connection with the exercise of a function of the local authority. |
| Unit Trust | A pooled fund in which investors can buy or sell units on an ongoing basis. |
| Unquoted securities | Shares which are dealt in the investment market, but which are not listed on a recognised stock exchange. |
| VitaCurves | Bespoke analysis of the longevity of the Pension Fund's members. |
| Whole time equivalent salary | The pay a part-time member would receive if they worked full time. |