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London Pensions Fund Authority

Investing in the future

Pension Fund Annual Report
2023-24

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About us

We were established on 31 October 1989 as a Public Body by ‘The Local Government Reorganisation (Pensions etc.) Order 1989’ [SI No. 1815]. This Order outlines our powers and duties which, in the context of the Fund administration, are broadly similar to those of local government authorities.

We are the largest Local Government Pension Scheme (LGPS) Fund in London. We are committed to investing responsibly, providing a well-run pension service and driving action on climate change.

In 2016, working with Lancashire County Council (LCC), we formed the Local Pensions Partnership Ltd (LPP) which is made up of Local Pensions Partnership Investments Ltd (LPPI) and Local Pensions Partnership Administration Ltd (LPPA).

We did this as part of the Government’s reforms to create investment ‘pools’ from the then 89 LGPS Funds in England and Wales to help reduce costs and improve investment performance. LPP is now one of eight national LGPS investment pools and is jointly owned by us and LCC. LPPI also manages around £26.3 billion of pensions assets and investors using eight investment asset classes.

Since its creation, our Pool has delivered over £201 million in investment fee savings across all clients. Our Administration costs are also lower. This is a testament to what pooling can deliver. Today, LPPA provides pensions administration services to more than 680,000 LGPS, Police and Firefighters’ pension scheme members and around 1,300 employers.

“ We are committed to investing responsibly, providing a well-run, pension service and driving action on climate change.”

Executive Summary continued

Chair's Statement



“While our primary duty is to pay our members their pensions, it’s gratifying to know that we play such a significant role in helping communities develop across the UK too.”

Welcome to the LPFA’s Annual Report for the year to 31 March 2024.

I was delighted to be reappointed as the LPFA’s Chair in January 2024 and look forward to the continuing evolution of the LPFA. I am also pleased to say that the Fund remains well administered, effectively governed and our members’ pensions are safe and secure.

Investment highlights

The Fund’s investments remain well diversified across regions, asset classes and sectors and our commitment to being a long-term investor continues to bear fruit. Our performance over one, three and five years is detailed below.

Return metric	One year (%)	Three year (% p.a.)	Five year (% p.a.)
Total Return	7.4	7.8	7.8
Return Objective	6.8	10.4	8.3
Policy Portfolio Benchmark	13.1	7.4	8.1

Investing in the UK

This year, we investigated in more detail the impact that our investments have on communities across the UK. In March 2024, we launched our ‘Investing in the UK’ report, which highlighted how we invest in real estate and infrastructure assets across the country. Around 13% of our assets are invested in communities and projects across the UK from windfarms to solar farms, from business parks to hospitals and from housing to transportation. While our primary duty is to pay our members their pensions, it’s gratifying to know that we play such a significant role in helping communities develop across the UK too.

Investing in London

I was also delighted to see the Boroughs of Sutton and Kingston join the LPFA and Haringey as investors in the [London Fund](#) with their joint £55 million commitment.

The £250 million London Fund, managed by LCIV (London Collective Investment Vehicle) and LPPI, aims to generate

strong financial returns as well as positive social and environmental outcomes for Londoners and is an outstanding example of collaboration in the LGPS.

Investing in a sustainable future

We’ve also made great strides on our journey towards net zero and responsible investment with the publication of our net zero progress report, a refreshed Climate Change Policy and a new Responsible Investment Policy. These documents are crucial in setting out how we manage the financial risks that a range of issues, including climate change, pose to the Fund and to our society.

Supporting a thriving pool

Our pooling model – outsourcing our investment management – has delivered £19 million worth of fee savings for the LPFA this year, making a cumulative total for our Fund alone of over £102 million in fee savings since pooling.

I would like to extend my thanks to our pool, the LPP and their component parts, LPPA and LPPI. As joint owners of LPP Group, both the LPFA and LCC have a shared interest in the success of the organisation and we are keen to see LPP continue to thrive. I would also like to thank our LCC colleagues for their continued support and partnership.

Ensuring a well-run fund

This year we welcomed new members to our Board, Mandy Kaur-Sadler and Irshaad Amad. Their expertise in governance, investment management and the public sector adds additional depth to our Board’s existing skills. I’d also like to thank our departed Board members, Tamlyn Nall, Terence Jagger and Christina Thompson for their dedication and hard work.

I am proud of the progress that we have made so far, and I thank you for your continued support.

John Preston
LPFA Chair

The year in review



“It’s been another busy year as we’ve prepared ourselves for future changes in the Local Government Pension Scheme (LGPS). As we set out in our Strategic Policy Statement, we aspire to make the LPFA a desirable partner for LGPS Funds seeking collaboration or potentially consolidation.”

It’s been another busy year as we’ve prepared ourselves for future changes in the LGPS. As we set out in our Strategic Policy Statement*, we aspire to make the LPFA a desirable partner for LGPS Funds seeking collaboration or potentially consolidation.

We are supportive of plans for enhanced collaboration in the sector and the pooling model. We believe that LGPS reform will deliver cost savings to local authorities allowing them to refocus much needed resources on their constituents.

We were an early adopter of pooling, which started in 2016. The £201 million in savings that have been delivered by LPPI across the three funds in our pool speaks to the success of our delegated approach and to what pooling can deliver.

We believe that the benefits of pooling can be fully realised and maximised by moving the LGPS to a fully outsourced fiduciary management model, as the Government is now proposing.

We also believe that Funds could be merged to boost savings, simplify governance structures and produce more efficient decision-making. Furthermore, we believe that the LGPS could move towards a model with independent Boards consisting of politically independent individuals with pensions expertise, overseen and selected by elected representatives.

The strong collaborative ethos that runs through our industry must be supported and we would like to see more scope for cross investment by both Pools and Funds.

While we have been preparing for these anticipated changes, our central mission remains the same:

We want to provide a high-quality cost-effective pensions service that meets the needs of our members and employers.

We do this in a number of ways:

Evolving investment and liability management

– Investment performance

Our assets increased from £7.67 billion to £8.0 billion. Investment performance is set out in the Investment Section.

– Investing in our employer relationships

We are very proud to work for so many organisations that make London the great city that it is today, and we know that the pension that we provide is an important part of our employers’ staff retention and engagement strategies. Maintaining a positive working relationship with our employers is very important in making sure that all of our partners achieve their objectives. We have worked hard over the period to help our employers transition from annual to monthly returns, a new process aimed at improving data quality, reducing errors and ultimately improving the member experience.

Building stronger operational efficiency

– Building LPFA’s management capability

We now employ 25 members of staff across four directorates: People and Corporate Services, Finance, Employer Services and Compliance, Pensions and Risk. Over the period, we’ve invested in the Governance, Legal and Compliance teams and a six-month term for an interim Chief Operating Officer (COO) role as part of our commitment to being a well-run fund and to ensure that we have a flexible target operating model.

Formal objective setting, performance reviews and regular training are in place to ensure that all of us are equipped to deliver on our mission and our staff turnover is low. We have a committed team which continues to perform well and provides solid oversight of our daily operations as well as the work of LPPI and LPPA.

* <https://www.lpfa.org.uk/library/our-objectives>

Executive Summary continued

The year in review continued

– Being an active shareholder

Alongside LCC, our LPFA colleagues and Board members continue to provide effective governance and oversight of LPPI and LPPA. After the challenges of the previous reporting period, it has been gratifying to see LPPA's performance improve over this period with Service Level Agreement (SLA) performance of 97.1% against the 95% target.

Members are at the heart of what we do so it's important that they are satisfied with the service that we provide. We are very pleased that most member calls are answered by LPPA within the four minute target and that member satisfaction with the retirement process and the contact centre continues to improve. More work is needed to further improve satisfaction scores in the future, however.

LPPA is now particularly focused on addressing outstanding complaints from the previous period. These are up on last year at 312. This is a small proportion of the tens of thousands of interactions they have with members but nonetheless it is an area of focus for us. We are also supporting LPPA as they seek to improve their performance around retirements, deferred benefits and the provision of estimates.

– Outsourced investment and administration costs

Cost per member is £26 up from £24 in the previous period, reflecting increases in staff costs and investments in our service capabilities.

– Evolving our communications

Our corporate communications have been focused on delivering more transparency and improving our communications. A notable collaborative project was the launch of our Investing in the UK report covered in depth on page 46.

We've also spent time increasing engagement with our members by encouraging them to sign up for our online portal, PensionPoint, and conducting paper copy mailing campaigns to engage hard to reach members. Compared to this time last year, we've increased the number of members receiving hard copy communications from 5,000 to over 11,000 and PensionPoint registrations from 23,366 to 31,171.

Working in partnership and collaboration

We remain firmly supportive of the power of collaboration, whether that's with GLIL (page 35), the Good Economy (page 46), the London Fund (page 47), or more widely with our pooling and industry colleagues. During the year, we participated in or spoke at events organised by C40 Cities, the Scheme Advisory Board (SAB), the Pensions and Lifetime Savings Association (PLSA), as well as industry and pooling-related events hosted by DG Publishing and SPS Conferences. We are active participants in the Asset Owners Roundtable, Local Authority Pension Fund Forum (LAPFF) and Pensions for Purpose.

We remain focused on building our relationships with policy makers and others in our industry. Our communications and responsible investment colleagues are also in touch with other stakeholders to ensure awareness about the LPFA and our Fund, particularly around the work that we do as a responsible investor.

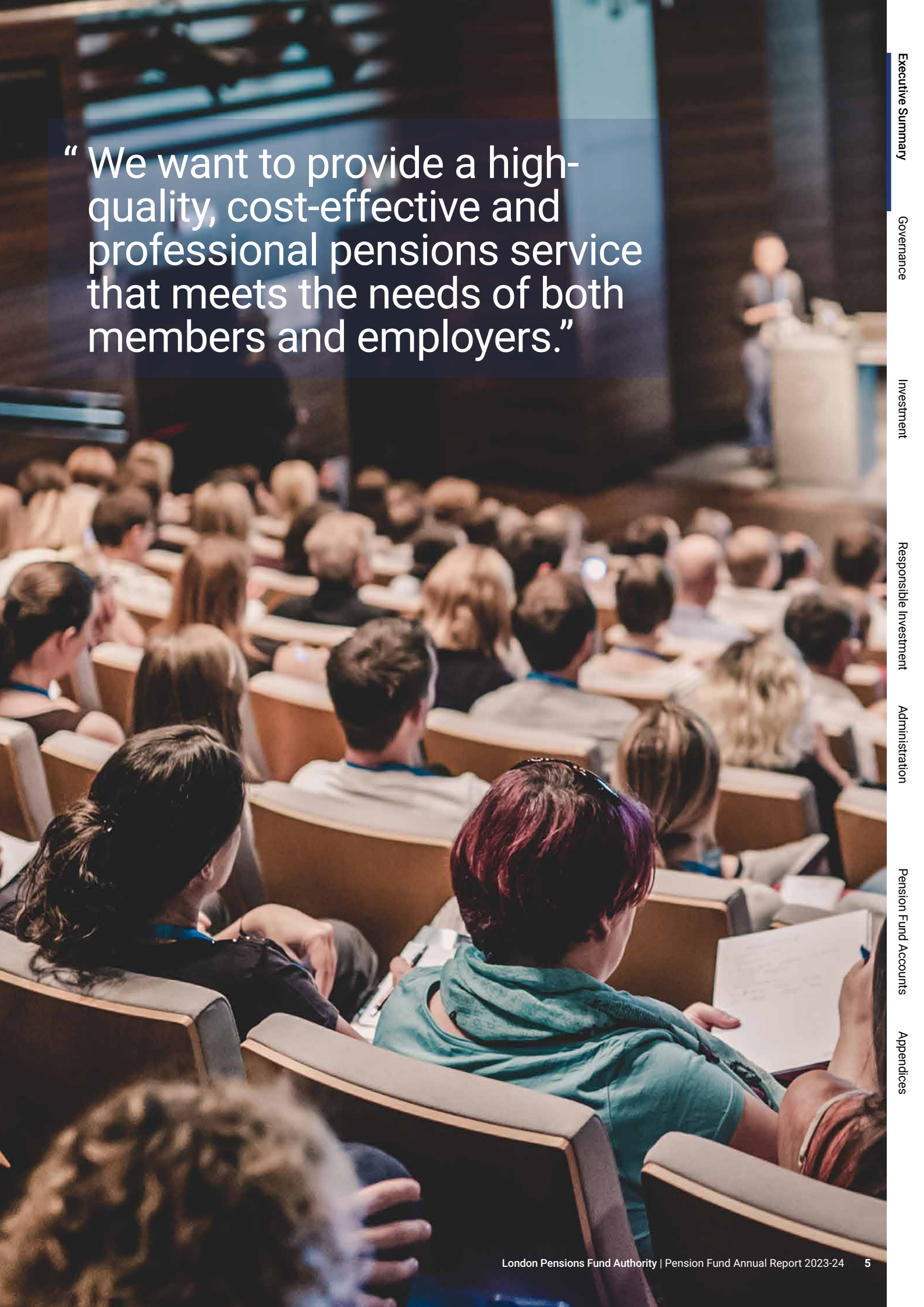
Investing responsibly and taking action on climate change

Responsible investment is an important part of managing the risks to our Fund and, as our Chair has outlined, we have made great progress this year in our drive to be a recognised responsible investor. We are pleased that we have made such progress towards our net zero goals, although as we say in our Net Zero Progress Report*, there is a difficult path ahead.

We have accomplished a lot over the year but, like always, we know that there is much more to do.

Thank you for your continued support and please do contact us if you have any feedback.

* <https://www.lpfa.org.uk/net-zero-our-goals>



“ We want to provide a high-quality, cost-effective and professional pensions service that meets the needs of both members and employers.”

Our mission:

We want to provide a high-quality, cost-effective and professional pensions service that meets the needs of both members and employers, ensuring sufficient funds are available to pay pensions when they are due and paying those benefits accurately and on time.

We are committed to playing a collaborative role in the UK's pension industry. As a pension fund, we are stewards of the future.

We are primarily stewards of our members' financial future and are committed to ensuring robust pension provision. How our members' funds are invested also impacts the future of our economy, our environment, our society and therefore our members.

We take this broader responsibility seriously. We regularly look at the major environmental and social issues facing the world and work to ensure we influence them in a positive way. Our ongoing major focus is on the climate emergency.

We seek to invest members' funds to mitigate the financial risk from climate change, influence the broader economy via our engagement opportunities and clearly communicate our approach and our progress.

Our behaviours and culture:

We are committed to having an accountable and professional working culture that puts the interests of our members and employers first. We will:

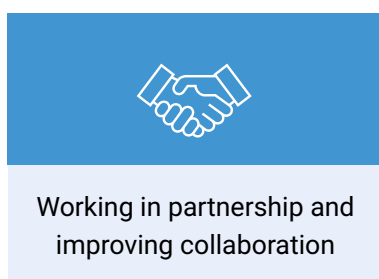
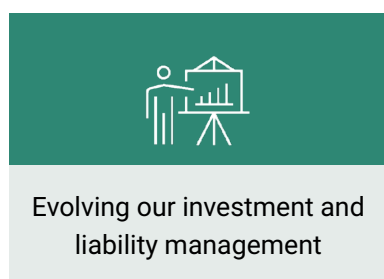
- Perform at our best
- Deliver results
- Look after our people
- Seek collaboration
- Act with integrity

Our strategic aims:

As part of our governance, we are required to prepare and regularly update our Strategic Policy Statement (SPS) which sets out our strategic aims for a rolling three-year period. We want to provide a high-quality and affordable LGPS pensions service that sustainably meets the needs of our members and employers. We also commit to continuing to play a collaborative role in the wider pensions world.

Our strategy is underpinned by a number of pillars below as mentioned in our summary of the year. You can read about our objectives on our [website](#).

- Evolving our investment and liability management
- Working in partnership and improving collaboration
- Building stronger operational efficiency and robust shareholder activity



Good governance:

We follow the seven core principles of good governance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and Solace and we make sure that we comply as an LGPS Fund and a shareholder of LPP.

Our Governance and Compliance Statement and our Annual Governance Statement detail how we have delivered against the seven principles. The content in this Annual Report, particularly within the Governance and Responsible Investment sections, highlights how we meet the seven principles below:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
2. Ensuring openness and comprehensive stakeholder engagement
3. Defining outcomes in terms of sustainable economic, social and environmental benefits
4. Determining the interventions necessary to optimise the achievement of the intended outcomes
5. Developing the entity's capacity, including the capability of its leadership and the individuals within
6. Managing risk and performance through robust internal control and strong public financial management
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability

This Annual Report includes new content required by the 2024 DLUCH/SAB/CIPFA Annual Report Guidance. This year it does not follow the structure recommended in the updated guidance due to resource and cost constraints. Our future Annual Reports will follow the recommended structure.

Executive Summary continued

Key facts and highlights of 2023-24 as at 31 March 2024

Number of members in our Fund:

99,585

Number of employers in our Fund:

115

Value of our Fund:

£8bn

Asset management fee savings for the year:

£19m

Asset management fee savings made since pooling (LPFA only):

£102m

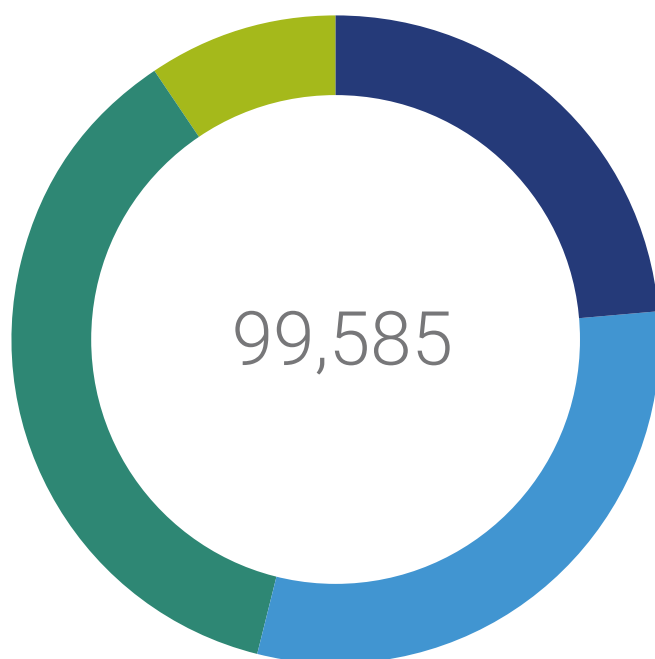
Member numbers

2019-20	92,340
2020-21	91,675
2021-22	92,659
2022-23	96,796
2023-24	99,585

Balance sheet value

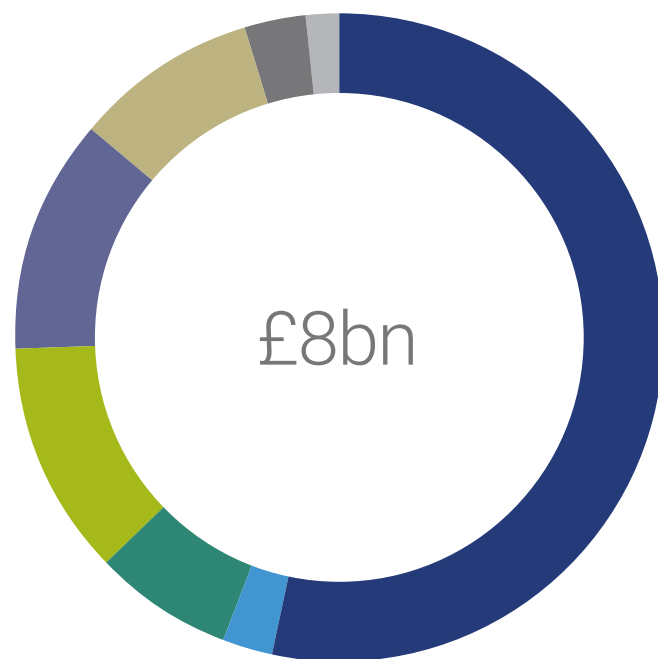
2019-20	£5.8bn
2020-21	£6.9bn
2021-22	£7.6bn
2022-23	£7.7bn
2023-24	£8.0bn

Membership breakdown



23,730	Active contributors
30,138	Deferred beneficiaries
36,563	Pensioners and dependants
9,154	Undecided leavers and Frozen refunds

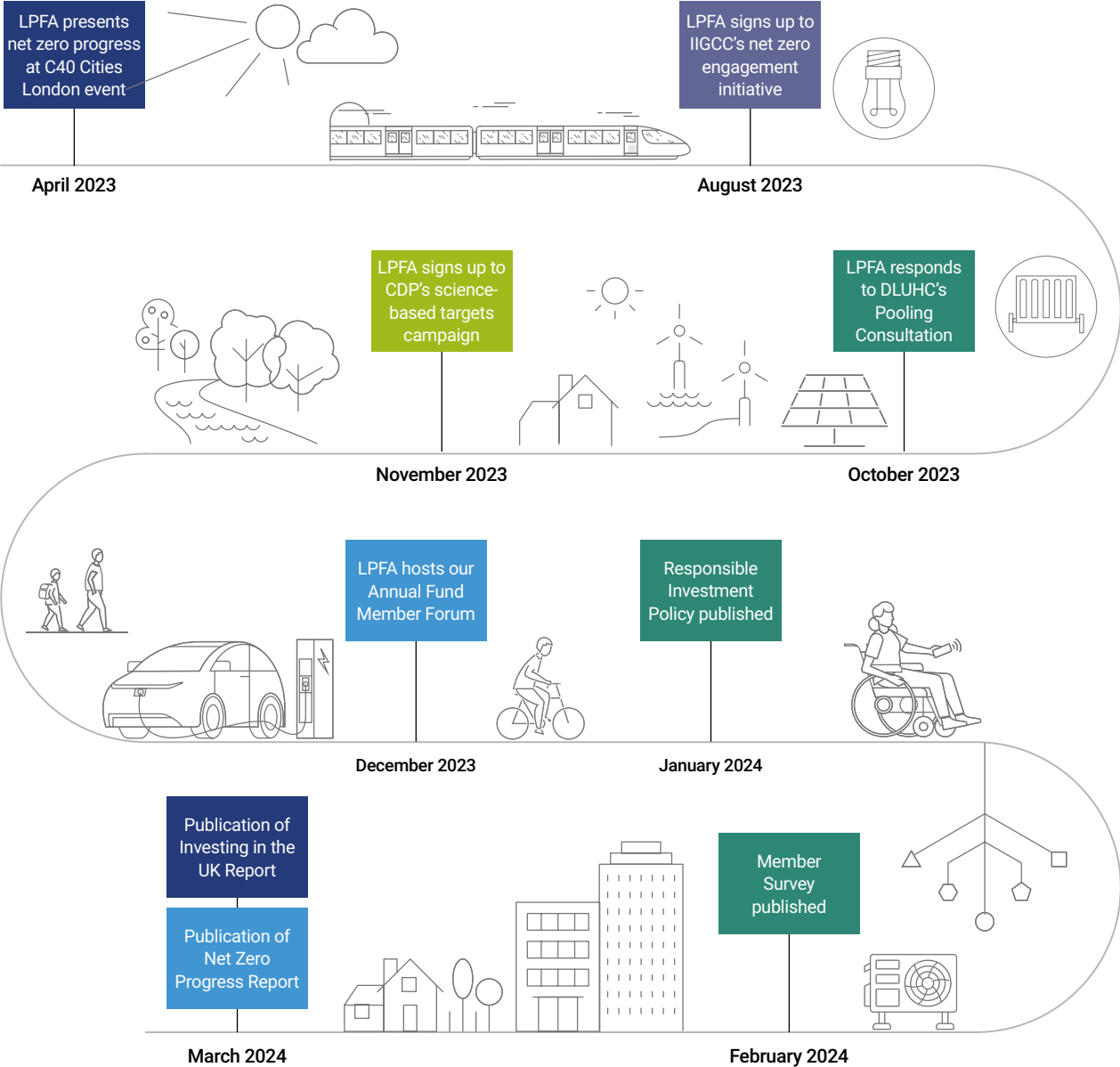
Asset allocation (%)



53.5	Public Equity
2.4	Fixed Income
7.0	Private Equity
11.5	Infrastructure
12.0	Credit
9.0	Real Estate
3.0	Diversifying Strategies
1.6	Cash

Executive Summary continued

Our main milestones



Net zero goals

We are committed to managing the risks posed by climate change. We've published a Climate Change Policy since 2017 and we want to show how we will achieve our ambition to become net zero by 2050. Our net zero emissions aspiration is the next step in maintaining the long-term financial sustainability of our Fund, protecting our members' financial future and being a responsible investor. For further information and a glossary of terms, please see the [full report](#).

PORTFOLIO EMISSIONS

1.
This goal is the commitment to decrease our overall greenhouse gas emissions by 75% by 2030

TEMPERATURE RISE

2.
Maintain an implied temperature rise that is consistent with the Paris Agreement below 2°C

CLIMATE SOLUTIONS

3.
Increase investment in climate solutions and set a percentage target

ALIGNMENT

4.
At least 32% of material sector investments aligning to net zero by 2025

ENGAGEMENT

5.
At least 70% of financed emissions aligned with net zero or subject to engagement, starting immediately

OPERATIONAL EMISSIONS

6.
Reduce GHG emissions per full-time employee by 50% by 2030



“We aim to provide our members and employers with a high-quality and valued pension, so it’s essential to operate as a professional and well-run Fund.”



11 Board members

Our Board is made up of four men and seven women.

9 Members of the LPB

Our Local Pension Board (LPB) is made up of seven men and two women. Of these, four represent views of our members and four represent the views of employers in our Fund. Our LPB is overseen by an independent Chair.

Introduction

As an Administering Authority (AA) of the LGPS we are responsible for maintaining, administering and investing the Fund effectively. Under the LPFA constitution, the LPFA Board is answerable for the statutory regulatory responsibility of the Authority. We aim to provide our members and employers with a high-quality and valued pension, so it's essential to operate as a professional and well-run Fund. Governance, which encompasses the direction and management of our organisation, is central to this ambition.

This section outlines our approach to Governance, detailing the structures we have in place to ensure we are well-managed and effectively run.

Also included is a summary of the distinct roles played by our Committees, Board, Local Pension Board, and Senior Leadership Team. The Annual Report from the Chair of our Local Pension Board is included later in this section.

Our constitutional framework

We hold a unique status in the UK, defined by specific legal rights and responsibilities under the Local Government Act 1998. As an Administering Authority without a connected local authority, we operate under our own legal constitution. Our corporate governance framework is based on guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). This framework outlines our systems and processes, culture and values, how we are directed and controlled, and the activities for which we are accountable.

While some information on our controls is detailed below, further details can be found on our [website](#), in our Annual Governance Statement, and in our LGPS Governance Compliance Statement.

We are also legally required to publish an Annual Report covering the preceding year before the statutory deadline of 30 November. In this period, our 2022-23 Pension Fund Annual Report and Statement of Accounts were published ahead of the deadline.

Conflicts of interest

Every member of our Boards and Committees is required to complete conflicts of interest declarations annually. Additionally, members must declare any new conflicts at each meeting. This information is recorded in our Register of Interests, which is posted on our website and monitored by the Audit and Risk Committee (ARC).

Our Boards, Committees and Leadership team

This section provides a detailed summary of each group within our governance framework. Terms of reference outlining each group's areas of responsibility can be found within our [Constitution](#).

The LPFA Board

The LPFA Board is the main governing body responsible for overseeing the strategic direction and overall management of the Fund. It meets five times a year (including an away day). The size of our Board and the process for appointing members are established by statute. All Board members have voting rights and decisions are made by majority vote. Our Constitution specifies areas reserved for Board decision-making, along with our Standing Orders. Board papers, including minutes, agendas, and decisions, are posted on our website (other than those relating to commercially sensitive matters). Additionally, the Board undertakes the appraisal, objective setting, and remuneration of the CEO.

In 2023-24, the Board away day was held in September over a two-day period. Topics discussed included shareholder matters, strategy, ways of working, oversight of LPPI and LPPA, and responsible investment.

Board appointments and changes

During the 2023-24 period, the second term appointments of Terence Jagger, Tamlyn Nall, and Christina Thompson came to an end. Irshaad Ahmad, Mandy Kaur-Sadler, and Conrad Hall were appointed as new Board members, starting in January and April 2024. New Board members are provided with an induction plan that assesses their individual skills and competencies to ensure that the induction training is relevant and useful.

Audit and Risk Committee (ARC)

The Audit and Risk Committee is composed of Board members, all with voting rights. It meets five times a year (including a session to sign off our accounts) and submits recommendations and actions to our main Board, monitors our internal controls, financial management, governance, and compliance and risk arrangements. The ARC leads the relationship with our external auditor. The ARC publishes an annual report each year, which is submitted to our Board and published on our website. This report provides assurance on the work undertaken by the ARC, specifically the effectiveness of external audit, significant issues considered during the year, details of risk management, and a review of internal controls.

Investment Committee (IC)

The Investment Committee is tasked with overseeing the Fund’s investment strategy, ensuring that investments are managed sensibly and in line with the Board’s objectives. It is composed of Board members, all with voting rights, and is also attended by senior investment representatives from LPPI. It meets four times a year with additional meetings devoted to deep dives on specific issues. The Committee monitors the performance of our investment managers, LPPI, recommends changes to our strategic asset allocation and ensures compliance with investment policies. It has delegated authority to monitor the operation of our investment and funding arrangements and to make recommendations to our main Board.

Local Pension Board (LPB)

The Local Pension Board acts as a watchdog for the administration and governance of the pension fund. Meeting four times a year, it ensures that the Fund is managed in accordance with the relevant regulations and best practices. Our LPB is formed of four member and four employer representatives with an independent Chair. It helps our Officers and our main Board ensure that our Fund is run efficiently, governed well, meets all required regulations, and communicates effectively with our members and employers. The LPB Chair’s annual report, summarising activity and all business considered, can be found on page 21. LPB members are encouraged to attend external training to support their professional development and understanding of the LGPS. A full list of LPB members can be found on our website.

Our Senior Leadership Team (SLT)

Our Senior Leadership Team for the period comprised Robert Branagh (CEO, now retired), Christina Thompson (Finance Director and Section 151 Officer), Lana Watson (Funding and Investment Director), Mark Anderson ((Director of Compliance and Risk) and Anastasia Klimenko (Chief of Staff). The SLT is responsible for ensuring that resources are used efficiently and effectively and that our objectives are met. This team plays an important role in strategic decision-making, operational oversight, and maintaining the overall health and compliance of our organisation. Their combined expertise ensures that we adhere to best practices in governance, risk management, and financial stewardship.

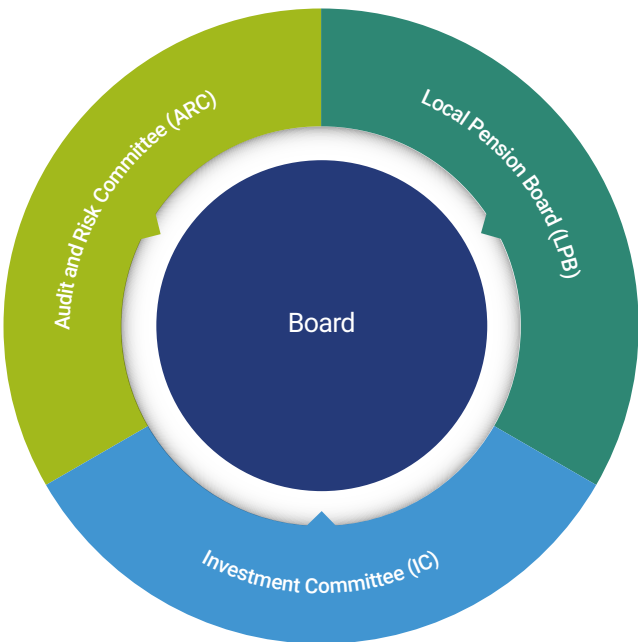
Our External Auditors

Our external auditor is Ernst & Young (EY). The firm provides oversight and assurance of our finances. The Auditor’s Annual Letter for LPFA is published on our website and summarises the findings from the audit of the Statement of Accounts.

Our Internal Auditors

Our internal auditors are PricewaterhouseCoopers (PwC). They provide assurance that our internal controls, governance, operational activity, and oversight are robust. They also provide oversight of the outsourced services provided by LPPA and LPPI. Audit results and recommendations are reported to our CEO and to the Audit and Risk Committee.

Our Governance Structure



Board member evaluation and development

Board member performance reviews are conducted annually by our Chair to ensure all Board members contribute effectively and demonstrated ongoing commitment to their role. During the year, Board members identified any gaps in their knowledge and were provided with opportunities for further training and development.

Governance and Oversight of Asset Pooling

As set out in the About us section (page 1), we are shareholders of LPP which comprises LPPI and LPPA.

LPPI is authorised and regulated by the Financial Conduct Authority (FCA) and acts as our delegated fund manager. LPPA provides fund administration services. Both LPPI and LPPA have other clients and we interact with them as both clients and shareholders. This section outlines our relationship with these two organisations.

Our role as a Shareholder of LPP

Our role as a shareholder is to ensure that LPPI and LPPA perform well for all their clients.

After a consultation process, the LPP Board has been restructured. It now consists of four shareholder-appointed Non-Executive Directors (NEDs): two from LPFA and two from LCC, and one independent chair.

As a shareholder, we retain approval on selected LPP matters including senior level remuneration, strategic planning, and budgeting.

A standing item on the LPFA Board meeting agenda ensures that views on LPP meetings and shareholder forums are shared.

Informal meetings also take place between our CEO and senior executives from LPP to ensure performance standards and a positive working relationship are maintained. LPP's performance is monitored at our Board meetings each quarter, and updates on progress against the Service Level Agreements (SLAs) are provided by LPPA and LPPI.

Our role as a Client of LPP

As a client of LPPI and LPPA, our role is to ensure that they deliver excellent service to us, our members, and our employers. The services provided by LPPA and LPPI are governed by SLAs, and regular formal and informal meetings occur with LPPA, LPPI, and our colleagues to ensure we are working towards our objectives. LPPA's performance against these SLAs can be found in the Administration section of this report.

Managing the risks to our Fund

Our main funding objective is to ensure that we meet all liabilities as they fall due. A full summary of our objectives can be found in our Investment Strategy Statement (ISS) and our Funding Strategy Statement (FSS) on our [website](#). We need to manage risks that might prevent us from meeting our objectives. This risk management activity has three main parts:

- Our Funding Risk Appetite Statement measures and monitors the risks of not meeting our main objective.
- Our Risk Register and Risk Management Principles exist to monitor and manage all the major risks that we face.
- External monitoring is in place as our internal auditors provide assurance around the risks in the Risk Register and the robustness of the controls that we have in place.

LPP's Shareholder and Corporate Structure



Governance continued

Board composition

The current Board members are set out below:



John Preston
(Chair)

John Preston is a non-executive director and professional trustee. In addition to his role as Chair of the London Pensions Fund Authority, he is currently Chair of the Sainsbury's Pension Scheme and Chair of the Medical Research Council Pension Scheme. He is also past Treasurer and Council member of the University of Bath and a past President of the Chartered Institute of Taxation.

John is a chartered accountant and chartered tax adviser. He was a partner in PricewaterhouseCoopers for 23 years until 30 June 2014 where he undertook a variety of client-related and management roles, both in the UK and globally. His primary client base was in the financial services sector, including banks, insurers and sovereign wealth funds. His management roles for a large part of the firm's business included UK chief operating officer and UK head of risk, regulation and external relations in the UK, as well as global head of external relations and regulation.



Irshaad Ahmad

Irshaad has worked in the pension and asset management industry for over 37 years with experience ranging from advising large pension plans in Canada on investment policy to managing UK and European asset management businesses and leading the investment team of a major Canadian corporate pension fund.

Irshaad is a member of the Board of Trustees and the Finance Committee of the Nuffield Trust. He is also a Trustee of the Cambridge Colleges Federated Pension Scheme.



Rita Bajaj

Rita Bajaj has over 30 years' experience working in global investment markets, leading investment teams at Royal London and Invesco Perpetual. She has also managed global and US equity vehicles for several US investment institutions and EMEA Chief Administrative Officer at custodian, State Street. She is also a former FCA regulator.

Rita is ARC Chair and Senior Independent Director at Fidelity Life Insurance Ltd, an independent non-executive director for Benefact Group Plc and its subsidiary Edentree, Wesleyan Assurance and Columbia Threadneedle's OEC Boards. She is also an Independent Governance Committee member for Hargreaves Lansdown's workplace SIPP. Rita is passionate about improving member investment outcomes which are both sustainable and incorporate ESG considerations.



Mandy Kaur-Sadler

Mandy is a highly experienced pensions specialist with over 15 years of experience in the field. She started her pensions career as a lawyer, supporting trustees and employers on a wide range of pension arrangements.

In addition to her role on the LPFA Board, Mandy provides professional pension trustee and governance services to UK pension schemes. Her roles have provided her with significant experience of operating and managing pension schemes including maintaining an effective system of governance, regulatory compliance, managing fund assets, stakeholder management and ultimate responsibility for ensuring schemes are administered in the best interest of scheme members.

She has specialist public sector pensions experience and has a deep understanding of the operations and regulatory framework governing the Local Government Pension Scheme. Mandy's focus is on delivering positive outcomes for members and driving innovation through learning, adapting and evolving processes.

Mandy is a qualified solicitor and an accredited member of the Association of Professional Pension Trustees.



Sophia Morrell

Sophia Morrell is the Director of UK Public Affairs for UK Finance, where she leads domestic government relations and advocates for the UK's financial services sector. Prior to this, Sophia spent five years as a Political Adviser to Jonathan Reynolds MP in his roles as Shadow Secretary of State for Work and Pensions and Shadow City Minister.

Sophia specialises in financial services policy and communications. She has worked both as an independent consultant and at a number of political and communications agencies including Lansons, Greentarget PR and Headland, after beginning her career as a journalist in 2007 covering capital markets during the financial crisis.

Sophia was Chair of Labour in the City for three years and sat on the National Executive of the Young Fabians in 2015. She is an advocate for women in finance and in 2016, launched a report on the representation of women in the industry in association with the Institute of Chartered Accountants in England and Wales.



Cllr Richard Olszewski

Richard Olszewski has been a councillor at London Borough of Camden for more than 15 years. He is the cabinet member for finance and cost of living and also chairs Camden's Pension Board. Richard is also a member of the North London Waste Authority, the Greater London Employment Forum and the Greater London Provincial Council.

He is a Local Government Association Member Peer, giving peer support to local authorities and mentoring to individual councillors in other authorities. Since 2021, he has been a trustee of Electrical Safety First, the charity campaigning name of the Electrical Safety Council. Richard was a special adviser to Cabinet minister, John Reid, in six cabinet roles, including Health, Transport and Northern Ireland.

By profession, Richard is a government relations and communications adviser. He has advised a range of private sector and non-profit organisations on a wide range of strategic business-critical and campaign issues, including financial services, regeneration and business ethical behaviours.



Cllr Ruth Dombey

Cllr Ruth Dombey has been a councillor at the London Borough of Sutton since 2002 and was Leader of the Council 2012-24. She plays an active role in local government in London and is a Local Government Association Member Peer, giving peer support to local authorities and mentoring to individual councillors in other authorities.

Before becoming a councillor, Ruth worked in the financial information sector for Dow Jones Telerate and subsequently Knight Ridder.



Conrad Hall

Conrad Hall is a seasoned public finance professional. After training with the Audit Commission, he moved into the local government sector in 2001 where he has worked in senior roles for some of the largest London local authorities. Conrad has over 10 years' experience in Board-level CFO roles.

Conrad chairs the CIPFA/LASAAC Code Board, which sets the UK Accounting Code of Practice for local authorities, and attends the HM Treasury Financial Reporting Advisory Board which replicates this role for the UK public sector. He is a regular commentator on local authority finance and is a former winner of the Accountancy Age UK Accountant of the Year award.



Belinda Howell

Belinda brings expertise in sustainability and climate change strategy, environmental social governance, responsible investing and assurance in a wide range of sectors.

Belinda founded strategy consultancy Decarbonize Ltd and is currently a non-executive board member of the Marine Management Organisation and Digital Catapult and she also serves on the Defence Safety and Environment Committee and Export Guarantees Advisory Council.

She holds a first class MBA and Diploma in Company Direction (Institute of Directors).



Deborah Rees

Deborah Rees had a long City career researching and providing investment advice, primarily on international equities, to professional investors. She worked for Kleinwort Benson, Bank of America, Barclays and Exotix Capital.

In parallel with her city career, Deborah has always had a passion for international development and served on the Board and Investment Committee of the Leprosy Mission International for whom she is now a pension fund trustee. She is also a member of the Board and Audit & Risk Committees at The Methodist Insurance Company (where she chairs the Investment Committee), CBF Funds Trustees Ltd, and The Land Trust.



Clare Scott

Clare has worked in the pensions industry for over 30 years, having trained as an actuary. She specialises in governance and investment oversight. She also is a non-executive for the Scottish Public Pensions Agency and acts as an observer for the Fife Pension Fund.

A large part of her career was spent at Lothian Pension Fund, the local government pension fund in Edinburgh, and includes five years as its Chief Executive. Her experience there includes expanding the internal investment team and in-sourcing investment management. Prior to that Clare worked as an investment consultant.

She lives in East Lothian and chairs her town's 'Bloom' group.

Board member committee representation and attendance 01-04-2023 – 31-03-2024

Board member	Appointment period	Experience	Appointed as part of a London Council	Board attendance*	Committee Membership 2023-24	Attendance at Committee meetings
John Preston Chair	01-01-2020 – 01-12-2023 (1st Term) 01-01-2024 – 01-12-2027 (2nd Term)	Finance General management UK and international Business Pensions Administration	No	4 out of 4	N/A	Investment Committee Observer 1 out of 1
Irshaad Amad	01-01-2024 – 01-12-2027 (1st Term)	Investment Management	No	1 out of 1	Investment Committee	1 out of 1
Rita Bajaj Interim Chair of the Investment Committee (01-01-2024)	18-05-2021 – 30-04-2025 (1st Term)	Investment Management and Risk	No	4 out of 4	Investment Committee	4 out of 4
Ruth Dombey	19-10-2018 – 31-03-2023 (1st Term) 01-04-2023 – 31-03-2027 (2nd Term)	Local Government Administration Finance	Yes	3 out of 4	N/A	N/A
Belinda Howell	18-05-2021 – 30-04-2025 (1st Term)	Environmental Social and Governance stewardship and Responsible Investment	No	4 out of 4	Investment Committee	4 out of 4
Terence Jagger Shareholder NED	01-01-2016 – 31-12-2019 (1st Term) 01-01-2020 – 31-12-2023 (2nd Term) (Appointment ended)	Public Administration Finance	No	3 out of 3	N/A	N/A
Sophia Morrell	01-04-2022 – 31-03-2026	Pensions policy Financial services regulation Communications	No	4 out of 4	Investment Committee	4 out of 4
Tamlyn Nall Chair of the Investment Committee	01-01-2016 – 31-12-2019 (1st Term) 01-01-2020 – 31-12-2023 (2nd Term) (Appointment ended)	Finance	No	3 out of 3	Investment Committee Audit and Risk Committee	3 out of 3 3 out of 3
Richard Olszewski	01-01-2023 – 31-03-2027 (1st Term)	Local Authority and Public Sector	Yes	4 out of 4	Audit and Risk Committee	1 out of 1
Deborah Rees	18-05-2021 – 30-04-2025 (1st Term)	Investment management, Risk management and Stewardship	No	3 out of 4	Audit and Risk Committee	4 out of 4
Mandy Kaur-Sadler	01-01-2024 – 31-12-2027	Public Sector Pensions Legal and Compliance	No	1 out of 1	Audit and Risk Committee	0 out of 1
Clare Scott Shareholder NED, replaced Terence Jagger on his departure	18-05-2021 – 30-04-2025 (1st Term)	Local Authority, Public Sector and LGPS Actuarial, Investment	No	4 out of 4	Audit and Risk Committee	4 out of 4
Christina Thompson Chair of the Audit and Risk Committee	01-01-2019 – 31-12-2022 (1st Term) 01-01-2023 – 31-03-2024 (2nd Term) (Appointment ended)	Finance in Local Government	Yes	4 out of 4	Audit and Risk Committee	4 out of 4

* Excludes attendance at the LPFA Board Strategy Away Day.

About Our Funding Risk Appetite Framework

This framework sets out the amount of risk that we are prepared to take to achieve our objective of paying members their pensions. It also covers potential consequences if we do not meet our objectives.

LPPI conducts asset and liability modelling each quarter to assess these metrics, and the results are reported to the Audit and Risk Committee for review. More detailed reporting of the Fund's investment risk profile is considered through our Investment Committee meetings with LPPI. The IC reports any issues identified to the Board, and our Board has specified 'amber' and 'red' tolerances for each metric, along with actions that are required if these tolerances are breached.

Metric	Rationale
1. Extent of deviations from the Strategic Asset Allocation (SAA)	Identifies potential situations in which the Fund's asset allocation could have an inappropriate risk profile
2. The period that the Fund's current cash and cash-equivalent instruments could continue to pay benefits in the absence of investment income	Identifies potential situations in which the Fund could be forced to liquidate its assets at inopportune times
3. Current funding level and projected funding level	Identifies potential situations in which the Fund could have insufficient assets to meet liabilities as they fall due, requiring additional employer contributions
4. Projected average total contribution rate	Identifies potential situations in which employer contributions could need to increase significantly from current levels

Our Risk Management Principles and Risk Register

Our Risk Management Principles outline risk categories and the necessary measures to ensure that risks are properly identified and monitored:

Risk Areas Identified	Principal Controls
Governance Risks associated with the policies, principles, processes and resources used to govern the LPFA	<ul style="list-style-type: none"> Formal governance structure in place Internal audits Formal risk management process Regular training for Board, Local Pension Board and Officers
Funding Risks of the LPFA having insufficient financial resources (assets) to pay its liabilities as they fall due	<ul style="list-style-type: none"> Diversified investment strategy, with focus on long-term returns Actuarial valuations Security over employer assets Liquidity management process
Operational Risks associated with operational processes of the LPFA to achieve its operational objectives and desired operational results	<ul style="list-style-type: none"> Oversight of LPP operations by the LPFA Management team Business continuity plan Robust data collection policies
Pensions administration Risks associated with the LPFA's interactions with members and employers, including record keeping	<ul style="list-style-type: none"> Oversight of LPPA operations by the LPFA Management team Regular data cleansing work Well documented processes and procedures
Shareholder Risks associated with the LPFA's ownership of LPP Group	<ul style="list-style-type: none"> LPFA representation on the LPP Board (2 x Shareholder Non-Executive Directors)
Transitional Risks associated with short-term projects, likely to last for less than one year	<ul style="list-style-type: none"> One-off change projects Regular horizon scanning

Governance continued

These risks are captured in a Risk Register, which is reviewed by our Senior Leadership Team to identify, monitor and control them. While our CEO is responsible for the risk management process, the Register is also scrutinised by the ARC. The roles, responsibilities and reporting requirements of the different groups within the LPFA are listed below.

Group	Roles and Responsibilities	Reporting
Risk Owner	<ul style="list-style-type: none"> Responsibility for management of assigned risk Escalate urgent issues or emerging risk events to the Funding and Risk Director as necessary 	<ul style="list-style-type: none"> Risk Owners to escalate issues or incidents as they occur Initial escalation is to the Funding and Investment Director and our CEO
Control Owner	<ul style="list-style-type: none"> Responsibility for management of control of assigned risk Providing assurance to Risk Owner that the control is operating effectively 	
SLT	<ul style="list-style-type: none"> Monthly horizon scanning for new risks Approving changes to risk scores proposed by Risk Owners 	<ul style="list-style-type: none"> Monthly review of Risk Register
Compliance and Risk Director	<ul style="list-style-type: none"> Operational responsibility of maintaining the Risk Register Together with Risk Owners, consider possible controls Facilitate monthly reviews of Risk Register by our SLT Escalate urgent issues or emerging risk events to our CEO as necessary 	
CEO	<ul style="list-style-type: none"> Ensuring progress on actions in the Register Reporting to Board, ARC and the LPB Authorising risk controls where the time or monetary costs of a control are significantly lower than the benefits derived in terms of reduced risk Authorise action to address urgent issues or emerging risk events Inform LPFA Board and/or ARC of actions taken to address urgent issues or emerging risk events 	
Audit and Risk Committee	<ul style="list-style-type: none"> Defining and responsible for monitoring the Risk Management process Monitoring the Risk Register and the effectiveness of Risk Controls Recommending Risk Appetite to our Board Using the Risk Register to inform audits and Committee decision-making Authorising risk controls when requested by our CEO 	<ul style="list-style-type: none"> Quarterly reporting to ARC by our Funding and Investment Director and our Finance Director Current version of Risk Register Summary of changes since previous version of Risk Register
LPFA Board	<ul style="list-style-type: none"> Overall responsibility for the Risk Management process Overall responsibility for Risk Appetite Using the Risk Register to inform Board decision-making 	<ul style="list-style-type: none"> Six monthly reporting by CEO to Board and LPB Any existing and new risks/update on 'high' ('red') risks Any changes to risk Impact and Likelihood scores Any overdue actions Review of risk appetite and full Risk Register by the ARC and subsequently by the Board and LPB
Local Pension Board	<ul style="list-style-type: none"> Annual review of the Risk Register as it relates to Fund risks Liaise with the LPFA CEO on the effectiveness of the Risk Controls 	<ul style="list-style-type: none"> Six-monthly reporting by CEO to Board and LPB Any existing and new risks/update on 'high' ('red') risks Any changes to risk Impact and Likelihood scores Any overdue actions Review of risk appetite and full Risk Register by the ARC and subsequently by the Board and LPB
Local Pensions Partnership (LPPI and LPPA)	<ul style="list-style-type: none"> Provide LPFA with regular updates on risks LPP is managing on our behalf Inform LPFA of any new or emerging risks relating to LPFA 	

LPFA Local Pension Board – Annual Report 2023-24



“The members of the LPB, who represent both members and employers, bring valuable perspectives and expertise to their roles, enhancing the LPB’s function within the governance structure.”

The Local Pension Board of the LPFA continues to fulfil its oversight role effectively as it enters its ninth year of operation. The LPB assists the LPFA Board (“the Board”) by reviewing reports and providing assurances of compliance and effectiveness that support the governance of the Fund. The members of the LPB, who represent both members and employers, bring valuable perspectives and expertise to their roles, enhancing the LPB’s function within the governance structure.

Each year, the LPB operates according to a Forward Plan, which is reviewed and agreed upon at each meeting by the LPB. This process ensures that all duties are addressed in alignment with the Board’s activities, promoting integration with the LPFA Board.

Regular dialogue between the LPFA CEO, other senior LPFA officers, and me ensures that our efforts are well-coordinated and that the LPB’s contributions are effectively integrated into the broader governance of the Fund. Alongside a variety of other Board Members, the Chair of the LPFA Board also attends one LPB meeting per year, as an observer, providing an additional link within the Governance structure.

Additionally LPPA, the administrator, reports to each LPB meeting, ensuring that LPB members have direct contact with the administration managers responsible for the day-to-day running of the administrative aspects of the Scheme.

This report starts with an overview of the LPB’s operational processes and the required training for its members. It then discusses our activities over the past 12 months. The report concludes with a look ahead, highlighting the areas where we anticipate focusing our efforts in the coming year.

Membership of the Local Pension Board

The Local Pension Board comprises nine members; four representing employers, four representing scheme members, and an Independent Chair. All members, except for the Chair, are volunteers and are only compensated for expenses related to meetings and training.

The LPB convenes quarterly, and as the Chair, I provide an annual report to the Board detailing the LPB’s activities. Additionally, I manage an annual review aimed at identifying areas for improvement, the results of which are reported separately to the Board.

The membership of the LPB and the record of their attendance at meetings are detailed in the following table:

LPB Board Membership and Attendance 01-04-2023 – 31-03-2024

LPB Members		Total attendance
Chair	Andy Cunningham	4 of 4
Member Representatives	Mike Allen	4 of 4
	James Cherry	3 of 4
	Surendra Wanza	3 of 4
	Natalie Watt	3 of 3
Employer Representatives	Stephen Boon	4 of 4
	Sean Brosnan (term extension until July 2023)	1 of 1
	Luke Rigg	2 of 3
	Jasbir Sandhu	1 of 4
	Amy Sweeting*	2 of 4*

* Absence: one out of two absences from meetings was due to maternity leave.

Governance continued

Details regarding the LPB, including minutes and agendas from meetings, can be accessed on the Fund's [website](#).

While the LPB does not have a dedicated internal budget, all related expenses are approved and covered by the Fund. This year, the LPB's incurred costs totalled £7,143.

Training

Due to turnover in Governance Management personnel within the LPFA, a comprehensive training plan was not established for the 2023-24 period. Consequently, only one whole-LPB training session was conducted throughout the year. This session, held in February 2024, provided LPB Members with detailed guidance on the McCloud Judgment and its Remedy. Additionally, LPB Members Luke Rigg and Natalie Watt, who joined the LPB in 2023, completed externally arranged induction training with the LGA, ensuring they received adequate induction and business information regardless of the personnel difficulties. With recent stabilisation in Governance, a structured training plan has now been developed and is in place for the 2024-25 year.

Activities during the year

At every meeting, we review LPPA compliance with the Service Level Agreement. We monitor performance against a range of indicators and discuss any breaches of regulations and complaints.

We have standing items covering governance, compliance, engagement with members and employers, and communications. Each year, we also receive assurances from the LPP Group in areas such as Governance, Compliance with the Pension Regulator's Code of Practice, and Cybersecurity.

Following the understandable day-to-day difficulties faced by the LPPA after changing its pensions administration system, administration performance improved against KPIs during the year, and performance in most areas is now within tolerance levels. Furthermore, the percentage of annual benefit statements issued showed good improvement from the previous year, with further improvement being targeted for the coming year.

The LPB has received updates showing that good progress has been made in becoming fully compliant with the new McCloud legislation, especially within the context of the late finalisation of the legislation by the Government and the subsequent knock-on impact on the system provider's timelines for amending their system configuration. The expected window for full compliance is likely in late 2025.

It has also been encouraging to see increasing levels of members and employers registered onto their respective portals, as these provide benefits not just for those customers but also for the administrator by allowing members to self-serve and enabling the timely receipt of employer data.

Looking forward to next year

The key priorities for the LPB for the year ahead can be broadly split into two areas:

- Implementing nationally driven initiatives or regulatory changes which impact the LPFA; and
- Ensuring there is continued and improved efficient and effective administration of all aspects of the LGPS.

In the first category, in January 2024, the Pension Regulator (TPR) released its long-awaited general code of practice, which it expects all Public Service pension schemes to meet. At the time of writing, LPFA officers are undertaking a self-assessment against the new code, and they will present any actions resulting from it to the LPB for consideration and comment. Demonstrating compliance with all material and relevant aspects of the code is an important assurance point for the LPB. Furthermore, due to the far-reaching impact of the McCloud legislation mentioned above, oversight of the Fund's compliance with that legislation will continue through 2024-25 and in the lead-up to the expected deadline for full compliance (currently August 2025).

In addition, new Annual Report guidance comes into effect for this year's publication on a best endeavours basis, and while the Pension Dashboards onboarding timeframes currently extend into the following financial year, early preparation will be required to ensure readiness for the go-live date.

In respect of the second area of focus, the LPB considers the further rollout and adoption of all Universal Pension Management administration system (UPM) functionality, such as member and employer portals and enhanced governance reports, to be key to reaching and maintaining high SLA turnaround figures, keeping customer satisfaction levels high, complaints low, and maximising the percentage of annual benefit statements issued by the statutory deadline. This is in addition to maintaining high data quality levels, for example, by comparison against the TPR Common and Scheme-specific scores, customer satisfaction, and ensuring effective controls are in place (which may be demonstrated by limited regulatory breaches).

The LPB will continue to oversee this expected activity during the year and will provide opinions and suggestions within the scope of its role to assist the LPFA in achieving its objectives.

From my own personal perspective, I am pleased with the progress made during the year and am optimistic about the future.

Andy Cunningham

Independent Chair of the LPFA Local Pension Board
May 2024



“ Our pooling model has delivered the LPFA over £102 million in fee savings since pooling began.”



£19 million

In fee savings this year.

7.8%

Return over five years vs 8.1% Policy Portfolio Benchmark.

Introduction

While we set the strategic direction, day-to-day investment management and implementation is outsourced to LPPI. The investment, administration and governance decisions that they make on our behalf are made within the investment policies and principles set out by our Board.

This section outlines our investment performance and asset allocation and details of the costs savings that have been delivered following pooling. Details of how we invest responsibly, a crucial part of being a sustainable and well-run fund, is set out in the next section. Please note that we use the collective ‘we’ in the asset class section, although day-to-day investment is delivered by LPPI.

At a glance

The value of our assets at 31 March 2024 was £8.038 billion, compared with £7.674 billion at 31 March 2023.

Over the year, we delivered a 7.4% investment return, which exceeded our Return Objective (6.8%). However, we underperformed the Policy Portfolio Benchmark (13.1%) over the period.

Our investment in Global Equities was a large contributor to the investment return over the year but was also the main reason for our underperformance against the Policy Portfolio Benchmark, as we were underweight in the so-called ‘Magnificent 7’ stocks which drove much of the global equity market rally. Our allocation to Infrastructure also held back relative performance, as its inflation-linked benchmark proved challenging to achieve in the inflationary environment over the year.

Cost savings

In total, up to the year end 2023-24, our pooling model has delivered the LPFA over £102 million in fee savings since pooling began. This year savings totalled £19 million, up from £18 million last year.

Asset pooling disclosures

We have been at the forefront of pooling. Our assets have been fully pooled, or under pool management by LPPI, since 31 March 2022. There are no pool set up costs to display for 2023-24. Details in the table below are provided for completeness, and show the costs to us of setting up the individual pooling vehicles within the pooling company, Local Pensions Partnership Investments Ltd (LPPI). Custody of our Assets is undertaken by the Bank of New York Mellon.

Pool set up costs

	Current year		Since inception of the pool	
	Direct £'000	Indirect £'000	Total £'000	Cumulative £'000
Set up costs:				
Legal	–	–	–	957
Professional fees	–	–	–	441
Other support costs	–	–	–	185
Other costs	–	–	–	218
Total set up costs	–	–	–	1,801
Transition costs:				
Transition fees				739
Total transition costs	–	–	–	739

Net savings realised

The table below compares the investment management fee savings realised for the LPFA Fund since admission to the Pool. The savings are based on grossed up fees in accordance with the revised CIPFA guidance issued in 2016, whereas in previous years fees may have been reported lower as they would have been netted off against the change in market value. This is consistent with current recommended practice.

	Gross savings/(costs) realised £'000	Set up costs £'000	Transition costs £'000	Net savings/(costs) realised £'000
2014-15	–	(76)	–	(76)
2015-16	–	(225)	–	(225)
2016-17	(624)	(449)	(439)	(1,512)
2017-18	7,400	(430)	(281)	6,689
2018-19	10,181	(356)	(19)	9,806
2019-20	14,959	(265)	–	14,694
2020-21	16,673	–	–	16,673
2021-22	19,099	–	–	19,099
2022-23	18,342	–	–	18,342
2023-24	18,997	–	–	18,997
Cumulative	105,027	(1,801)	(739)	102,487

Investment continued

Ongoing investment management costs

Investment expenses are shown broken down into their constituent categories and split between those resulting from investments held in the pooled vehicles and those held on the balance sheet of the Fund.

The table below summarises investment management costs for 2023-24 for all our fund managers. It has been compiled from cost transparency templates completed by each of the Fund's investment managers. The investment expenses are split between those held within LPPI investment pooling vehicles and those non-pooled assets held directly by the Fund.

	LPPI pooled assets			LPFA directly owned assets			Fund Total £'000
	Direct £'000	Indirect £'000	Total £'000	Direct £'000	Indirect £'000	Total £'000	
Management fees	38,496	–	38,496	1,113	–	1,113	39,609
Performance fees	14,183	–	14,183	238	–	238	14,421
Transaction costs	3,324	2,456	5,780	–	–	–	5,780
Custody costs	–	–	–	92	–	92	92
Administration	–	10,570	10,570	–	147	147	10,717
Borrowing and arrangement fees	–	1,309	1,309	–	–	–	1,309
Distribution, comms and client service	–	–	–	–	–	–	–
Governance, regulation and compliance	–	4,251	4,251	–	236	236	4,487
Property expenses	–	4,503	4,503	–	–	–	4,503
Other fees	–	2,164	2,164	–	–	–	2,164
Total	56,003	25,253	81,256	1,443	383	1,826	83,082

A more detailed breakdown of our pooling arrangements is set out below as required by the latest guidance.

Asset table

Please note that in the following three tables we have classified assets held in the LPPI Investment Pooling Vehicles as being 'Pooled', whilst assets overseen by LPPI in its role as discretionary manager but held outside of the LPPI Pooling Vehicles are classified as 'Under pool management'. These tend to be legacy investments which are being held until maturity.

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not pooled	Total
Equities (including convertible shares)	4,301	–	–	4,301
Bonds	194	–	–	194
Property	676	59	–	735
Hedge funds	219	17	–	236
Diversified growth funds (including multi-asset funds)			–	–
Private equity	566	–	–	566
Private debt	957	–	–	957
Infrastructure	923	–	–	923
Derivatives			–	–
Cash and net current assets	–	126	–	126
Other			–	–
Total	7,836	202	–	8,038

Supplementary table

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not pooled	Total
UK Listed Equities	288	–	–	288
UK Government Bonds	13	–	–	13
UK Infrastructure	469	23	–	492
UK Private Equity	183	–	–	183
Total	953	23	–	976

£m Asset values as at 31 March 2024	Pooled	Under pool management	Not pooled	Total
Additional memorandum: UK Levelling up	416	59	–	475

The relationship between cost, risk and return

Value for money is an assessment LPPI makes on its regulated funds. We oversee and scrutinise whether LPPI is delivering value for money for members in terms of costs and risk-adjusted returns. A large part of our Fund's portfolio is invested in alternative/private market asset classes including Real Estate, Infrastructure and Private Equity. These asset classes cannot be managed passively as there is no investible representative index that can be replicated for private market investments similar to those available in public markets. Instead, active management – undertaking operational changes or improving buildings for example – helps drive returns in these areas.

Greater involvement in the investment selection and management process means that costs can be higher in these areas than other asset classes, like public market investments. We should note that absolute costs have reduced since 2021-22. Active management usually needs more research, due diligence and systems to drive these stronger returns. This investment in resources should result in better long-term risk-adjusted returns.

Strong asset performance over recent years – generated through actively managed assets – has largely driven the improvement in our funding position at the latest triennial valuation review. Our Board sets the strategic direction, weighing up the benefits of deploying capital across different asset classes to best balance capital growth and capital preservation while seeking to provide the best value for our members. LPPI's Investment Committee oversees all investment managers.

Performance

We have a long-term investment horizon.

Our investment strategy is based on our objectives of balancing capital growth with capital preservation and maintaining adequate liquidity to cover all liabilities as they fall due. The investment strategy is set by us and outlined in the [Investment Strategy Statement](#), which was last updated in 2022. Our primary investment objective is to ensure that over the long term we will have sufficient assets to meet all pension liabilities as they fall due. Accordingly, we invest our assets to meet our liabilities over the long term, and performance should be assessed against these objectives and over a commensurate period.

Our funding strategy is developed alongside the investment strategy on an integrated basis. The funding strategy is detailed in the Funding Strategy Statement, which was also last updated in 2022. [The Funding Strategy Statement](#) sets out a clear and transparent funding strategy regarding how each of our employer’s pension liabilities are to be met. Our investment strategy is linked to our funding strategy as the primary target for both is to ensure we have sufficient assets to meet liability payments as they fall due. In addition, our long-term investment horizon aids the funding objective of Long-Term Cost Efficiency, which aims to set our employers’ contribution level such that additional costs do not fall on later generations of taxpayers nor put a high burden on current taxpayers.

All the performance figures presented below are as at 31 March 2024.

Over the year, we delivered a 7.4% investment return, which exceeded the Fund’s Return Objective of 6.8%. Our Return Objective is calculated as UK inflation (as measured by the Consumer Price Index) plus 3.6%. However, we underperformed in comparison to our Policy Portfolio Benchmark, which is a single return measure which combines each asset class benchmark in proportion to our strategic asset allocation.

The value of our assets at 31 March 2024 was £8,038 million, compared with £7,674 million at 31 March 2023.

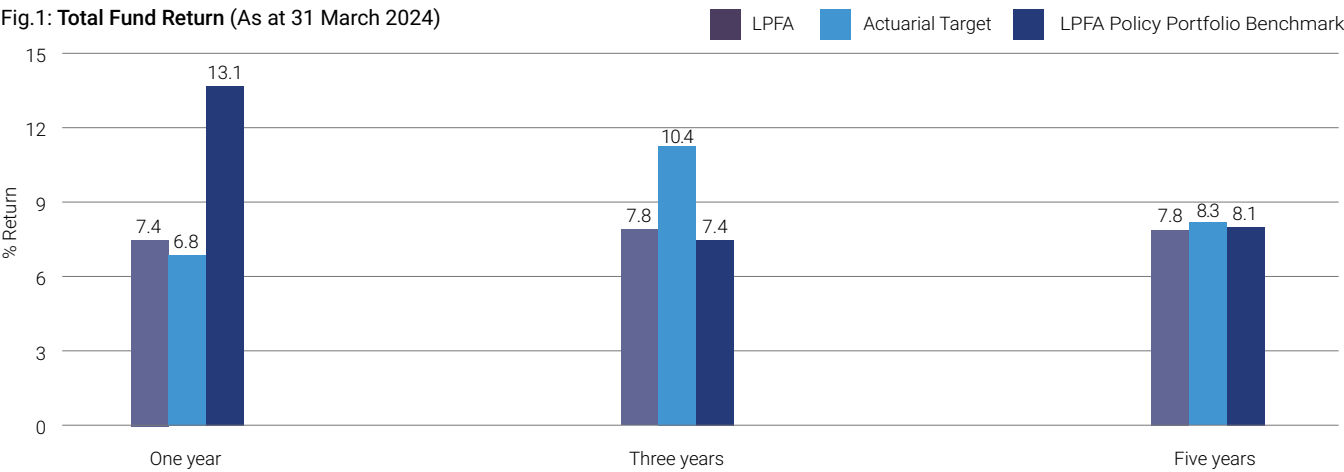
Positive absolute returns over the 12-month period were seen from Global Equity (14.7%), Credit (8.3%), Fixed Income (3.6%), Infrastructure (1.8%), Diversifying Strategies (1.7%) and Private Equity (1.5%), whilst Real Estate (-7.0%) was the only asset class to post a negative absolute return. Relative to their respective benchmarks, all asset classes, with the exception of Fixed Income, underperformed over the year.

Over the longer, strategic horizons, we have outperformed the Policy Portfolio Benchmark over three years but marginally underperformed over five years to 31 March 2024. The key reasons for this relative underperformance have been our investments in Global Equities and Infrastructure. Within Global Equities, despite generating a healthy absolute return, the return of our holdings did not match the strong market rally which was dominated by a smaller subset of companies, including the “Magnificent 7”, in which we were underweight. The infrastructure asset class has a UK CPI-linked benchmark and has been impacted by the recent period of elevated inflation. While we have seen a decline in inflation levels, it will take some time to feed through into the longer term Return Objective and Policy Portfolio Benchmark return figures and our longer-term relative performance.

Return metric	One year (% p.a.)	Three year (% p.a.)	Five year (% p.a.)
Total Return	7.4	7.8	7.8
Return Objective*	6.8	10.4	8.3
Policy Portfolio Benchmark	13.1	7.4	8.1

* UK CPI +3.6% p.a. from April 2021, 5.3% (equivalent to UK CPI +2.7% p.a. at March 2019) between March 2019 and April 2021.
Note: Returns over one year are annualised.

Fig.1: Total Fund Return (As at 31 March 2024)



Performance continued

Fig.2: One Year Performance by asset class

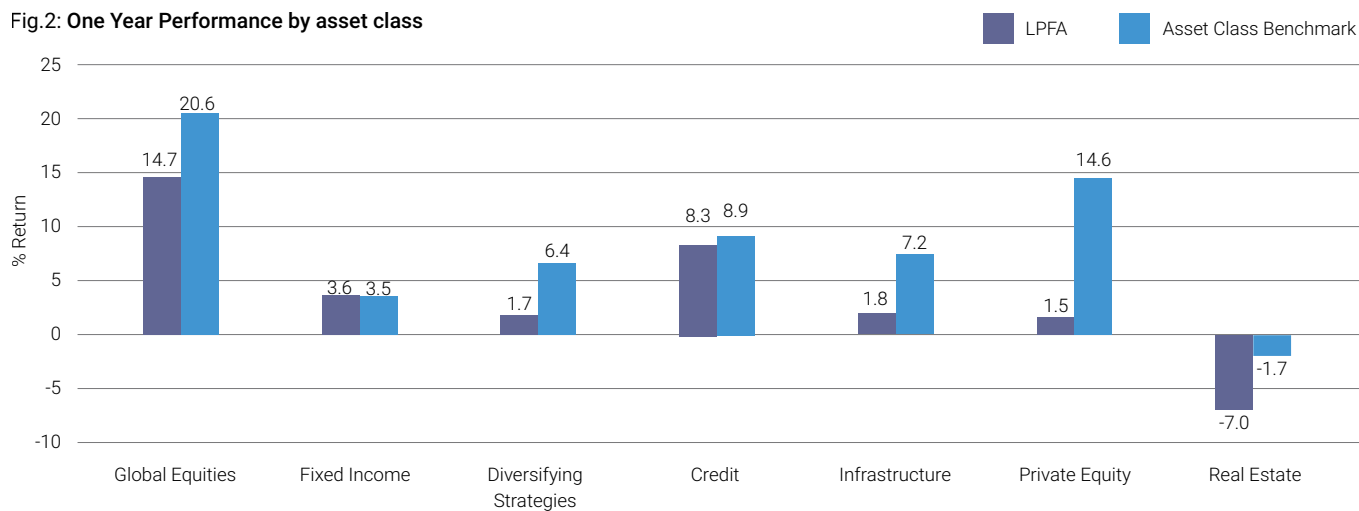


Fig.3: Three Year Performance by asset class

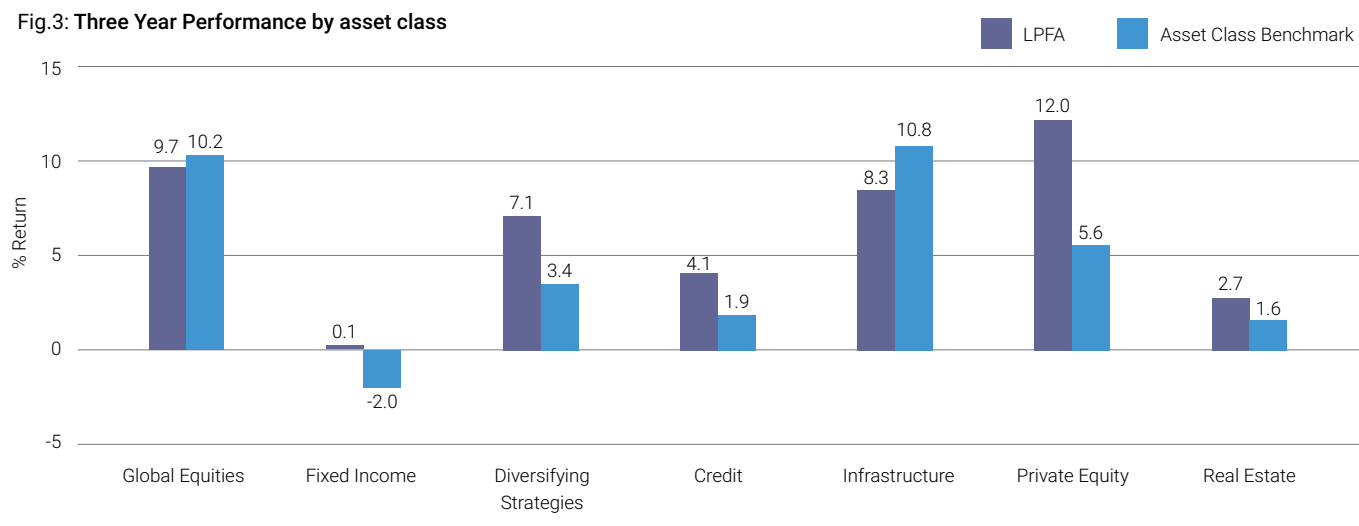
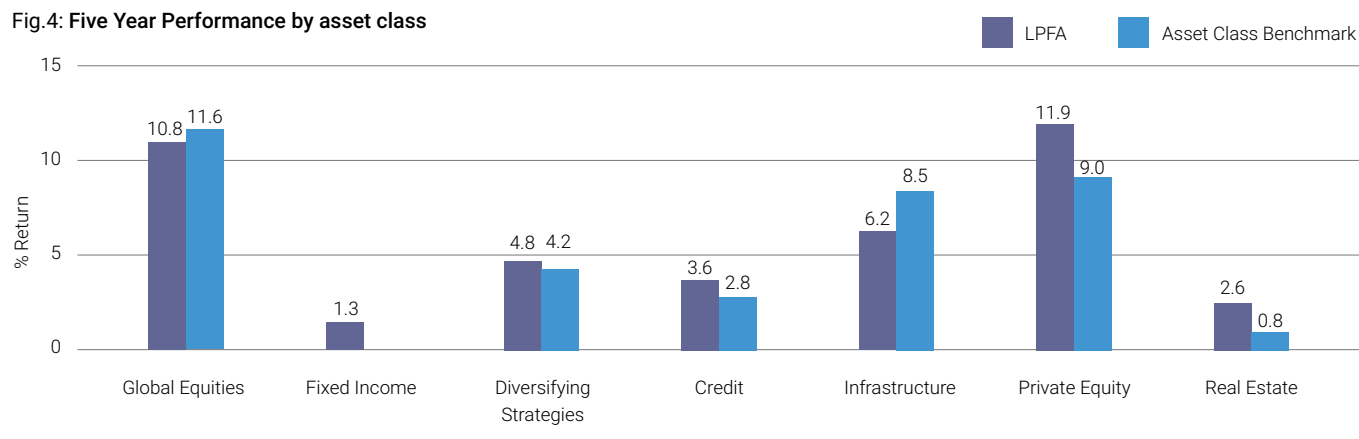


Fig.4: Five Year Performance by asset class



Investment continued

Current and Strategic Asset Allocation

There were no changes to our Strategic Asset Allocation (SAA) during the year. However, during the second half of the year the Investment Committee and Board reviewed our Investment Strategy and agreed a revised SAA which came into effect on 1 April 2024. This will be summarised in our next Annual Report.

LPPI advises us on our long-term SAA, but we retain autonomy in deciding how this is finally set. A detailed review of our SAA was undertaken in the second half of 2023, following the finalisation of our most recent triennial Actuarial Valuation.

The following table presents our asset allocation at the end of March 2024 versus our SAA. Our asset allocation as at the end of the previous financial year is also shown for comparison purposes.

Asset Class	March 2024		March 2023		Strategic SAA %*	Range %
	Exposure £m	Exposure %	Exposure £m	Exposure %		
Public Equity	4,301	53.5	3,782	49.3	50.0	40 – 60
Fixed Income	194	2.4	78	1.0	1.0	0 – 11
Private Equity	566	7.0	585	7.6	5.0	0 – 10
Infrastructure	923	11.5	940	12.2	12.5	7.5 – 17.5
Credit	957	11.0	736	9.6	12.5	7.5 – 17.5
Real Estate	735	9.1	729	9.5	12.5	7.5 – 17.5
Diversifying Strategies	236	2.9	236	8.5	5.0	0 – 10
Cash	126	1.6	170	2.2	1.5	0 – 6.5
Total	8,038	100.0	7,673	100.0	100.0	

* Strategic Asset Allocation shown in this table is the short-term Strategic Asset Allocation, as referenced in the Fund's Investment Strategy Statement.

Note: Total may not sum due to rounding.

Asset classes

Public Equities

Public Equities are publicly traded stocks and shares in companies that are listed on a stock exchange, for example the London Stock Exchange in the UK. They are commonly grouped in global indices by their respective company size, such as the FTSE 100 Index or the MSCI World Index. Public equities are our largest asset class exposure.

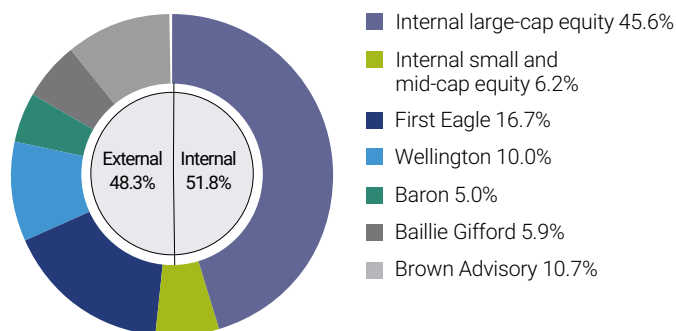
Our investment in Public Equities is through an allocation to the LPPI Global Equity Fund (GEF), which combines an internally managed portfolio with a variety of external equity managers, as shown in Fig.5. As a global fund, the GEF invests in a wide range of geographic regions, though it maintains a bias towards Europe and Americas as shown in Fig.6.

The GEF is benchmarked against the MSCI* All Countries World Index (MSCI ACWI) and aims to outperform this benchmark by 2% p.a. over a full market cycle of at least seven years.

Over the period, our Public Equity portfolio generated a positive absolute return of 14.7%, underperforming its benchmark (20.6%). The main cause of this underperformance has been addressed earlier but it is also worth noting that GEF also suffered from its aggregate overweight allocation over the past 12 months in the Consumer Staples sector (stocks of companies who produce essential everyday goods). In the long term, LPPI continues to believe that the stocks making up the GEF will provide greater overall returns.

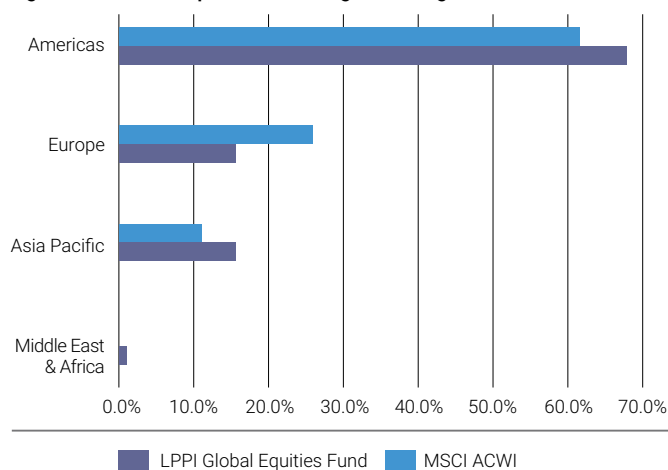
At the manager level, during the year, there was one significant change to the external manager roster. In September 2023, LPPI terminated the mandate with Magellan and the assets from the mandate were used to fund a new mandate with Brown Advisory. The Magellan and Brown Advisory mandates both follow a quality-first

Fig.5: LPPI Global Equities Fund: Manager composition



Percentages may be above 100% due to rounding

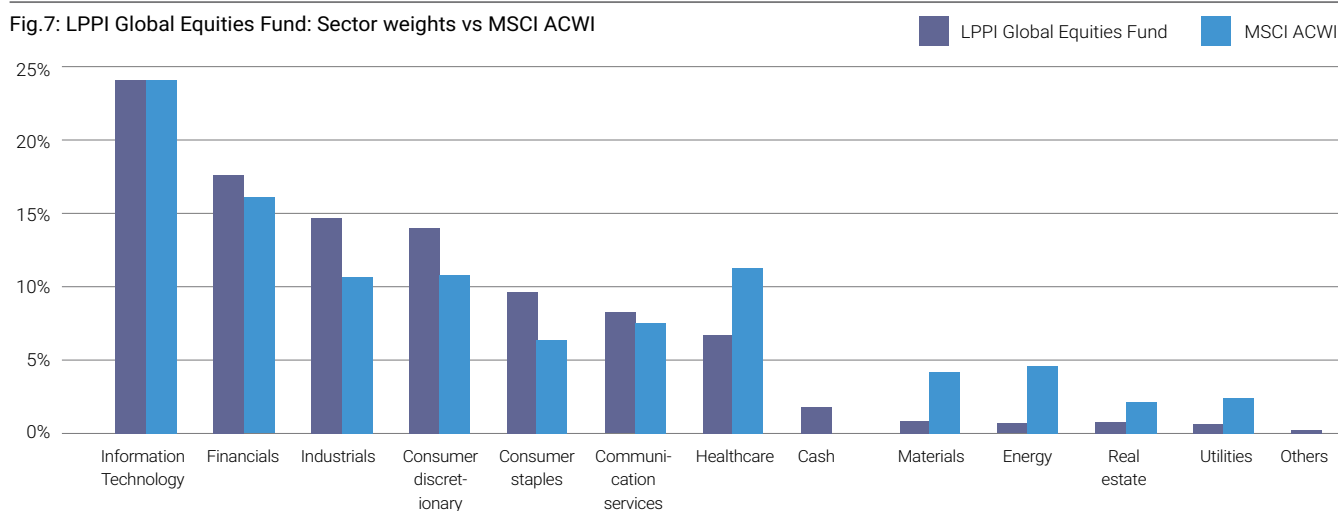
Fig.6: LPPI Global Equities Fund: Regional Weights vs MSCI ACWI ND



philosophy, so this action can be viewed as a change within style exposure rather than a change of the underlying style exposure of the GEF.

The GEF continues to be managed with the objective of preserving and growing our capital over the long term.

Fig.7: LPPI Global Equities Fund: Sector weights vs MSCI ACWI



* MSCI: Morgan Stanley Capital International

Investment continued

Asset classes continued

Fixed Income

Fixed Income assets are broadly those types of assets where an investor lends an amount of money to an entity (often a government or company) and, in exchange for this, receives a set of cash flows back in the form of fixed interest or dividend payments, until a given maturity date in the future. At the maturity date the investor is also repaid the original amount they had invested.

Our holding in Fixed Income comes through LPPI's Fixed Income Fund (FIF), which consists of two complementary underlying managers, as shown in Fig.8. The FIF has a bias towards higher-quality Fixed Income assets, with Fig.9 showing the breakdown of the assets by credit rating (as an indication of its quality). The higher the quality of the asset (i.e. the closer to the AAA rating in Fig.9), the lower the expected chance of default.

The FIF is benchmarked against the Bloomberg Barclays Global Aggregate Bond Index (GBP Hedged) and aims to outperform this benchmark by 0.25% p.a. over a full market cycle of at least seven years.

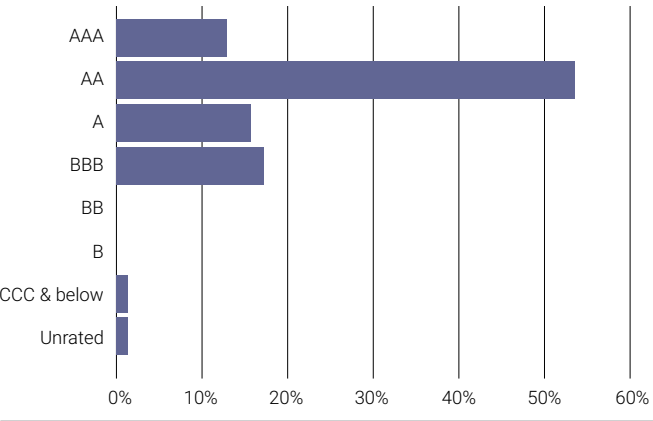
The FIF returned 3.6% over the 12 months to 31 March 2024, outperforming its benchmark (3.5%). Both underlying managers posted positive returns over the period in absolute terms but the performance relative to benchmark was mixed. PIMCO outperformed the benchmark whilst Wellington underperformed over the past year.

The key driver of the FIF's performance was corporate credit investments. An overweight to the financial sector, mainly expressed through owning bank names, was offset by an underweight to non-financials. Management of 'duration', which is the measure of how Fixed Income asset's sensitivity to interest rate changes, was a positive contributor, but currency management was a detractor.

Fig.8: LPPI Fixed Income Fund: Manager composition



Fig.9: LPPI Fixed Income Fund: Holdings by credit rating



Private Equity

Private Equity refers to owning part of a company whose stock is not listed on a public exchange.

Compared to Public Equity, Private Equity typically offers a higher return and risk profile. Private Equity is also a less liquid asset class, meaning that investors' capital is locked up for a period of time – a 10-year fund life is not uncommon – although this is compensated for by the expected higher returns.

Our Private Equity investments are held through a variety of funds managed by a diverse collection of managers who, in turn, cover a variety of strategies, investment types and geographic regions as shown in Fig.10, Fig.11 and Fig.12, respectively.

Our exposure to Private Equity is being gradually reduced in line with the Fund's long-term strategy. Our Private Equity portfolio is benchmarked against the MSCI World SMID Index and aims to outperform this benchmark by 2% p.a. to 4% p.a. over a rolling 10-year period. It returned 1.5% over this 12-month period, underperforming the benchmark (14.6%). It should be noted that the performance calculation of the portfolio lags that of the benchmark, which is a Public Equity index, as by their nature it takes much longer to value Private Equity assets than Public Equities.

With the long-term investment periods associated with Private Equity, performance is generally best viewed over longer horizons. Our Private Equity portfolio has continued to generate double-digit annualised returns over the three-year and five-year periods to 31 March 2023, as well as the period since inception.

Fig.10: LPFA Private Equity: Investment strategy

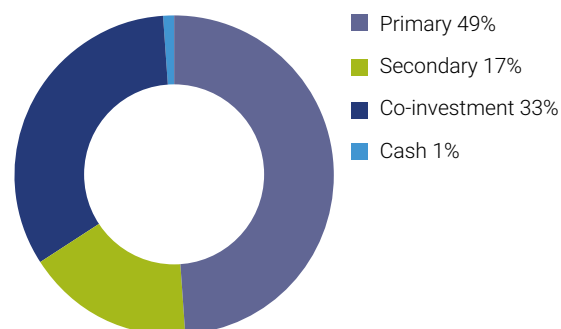


Fig.11: LPFA Private Equity: Investment type

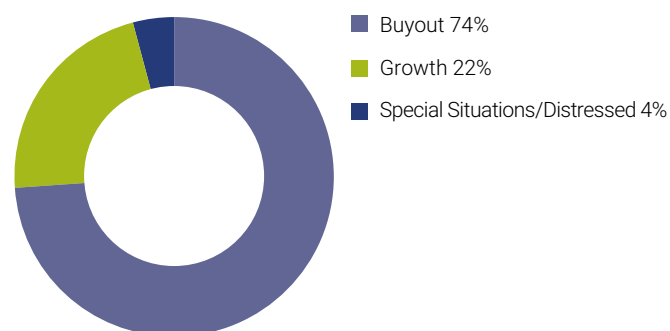
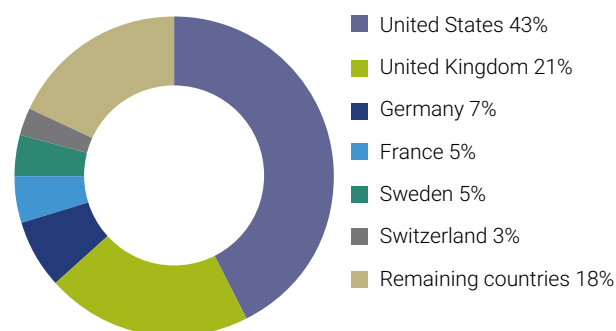


Fig.12: LPFA Private Equity: Region breakdown



Percentages may be above 100% due to rounding

Investment continued

Asset classes continued

Real Estate

Real Estate as an asset class involves investing in property, land and the buildings on it. As well as changes in the value of the underlying properties driving performance, income generation, for example from rental payments from tenants in the properties, also plays an important role.

The majority of our Fund's Real Estate portfolio is invested in LPPI's Real Estate Fund (REF), with the remainder invested in the London Fund (although it should be noted that the London Fund's investment opportunities also cover Infrastructure assets). The REF is made up of a portfolio of directly held properties managed by Knight Frank Investment Management and a collection of external manager mandates. As Fig.13 and Fig.14 show, our Real Estate portfolio is primarily made up of UK assets and covers a range of different sectors.

The Fund's Real Estate Portfolio is benchmarked against the MSCI UK Quarterly Property Index and has a target return of UK CPI +3.0% p.a. to 5.0% p.a. over a rolling ten-year period.

Over the 12-month period to 31 March 2024, the Fund's Real Estate Portfolio returned -7.0%, underperforming the benchmark by 5.4%. This performance is largely attributable to the REF, which returned -7.9% over the period.

Over the past year, the positive income generated from the REF was more than offset by the fall in capital values of the underlying assets.

The underperformance of the REF versus the benchmark over the year can be attributed to the fact that the benchmark for the REF is based on UK direct real estate only, whereas the REF also holds indirect and overseas real estate investments.

Whilst the UK direct real estate market experienced a decline in the period immediately prior to the last 12 months, the indirect and overseas investments have taken longer to reprice and have suffered over the last year.

Fig.13: LPFA Real Estate: Geographical exposure

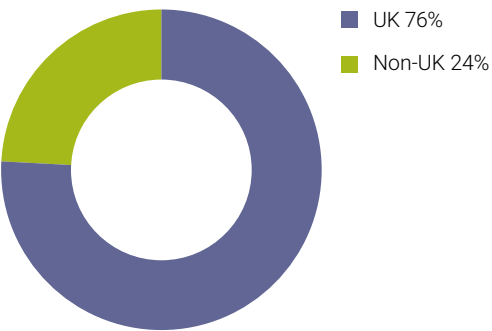
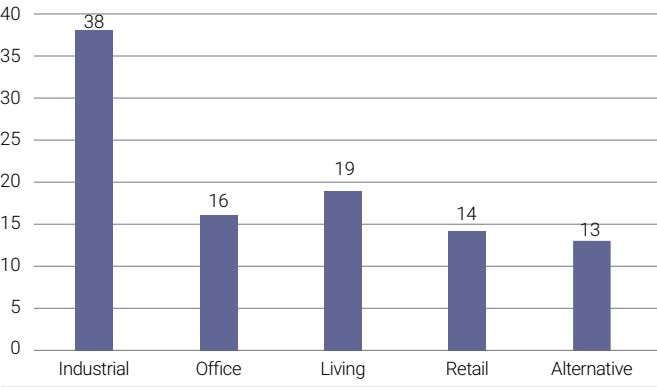


Fig.14: LPFA Real Estate: Sector exposure %



Given the long-term nature of Real Estate investments, performance is best assessed over longer time horizons. Over three-year and five-year periods, the Fund's Real Estate portfolio has produced positive absolute and relative performance.

The London Fund closed to new commitments at the end of 2023, having raised £250 million in total. As well as our commitment, the Fund has commitments from three other London-based LGPS funds. Since launching in 2020, the London Fund has made investments into four assets in real estate and infrastructure within London and its surrounding areas.

Infrastructure

Infrastructure assets are those which are necessary for society and the economy to function. Examples include assets in energy generation (gas, electricity and renewable), transport and healthcare/hospitals.

Infrastructure assets typically offer long-term returns whilst also providing portfolio diversification and cash flows with a degree of inflation-linkage. Infrastructure assets are also typically illiquid in nature, meaning that investors' capital is locked up for a period of time, although this is compensated for by expected higher returns.

The majority of our infrastructure exposure is through the LPPI Infrastructure Fund. This comprises allocations to a variety of UK domestic and global infrastructure funds and direct investment projects. The portfolio focuses predominantly on core infrastructure in the UK, Europe and North America as illustrated in Fig.15 and Fig.17. The portfolio is diverse across a number of sectors, as shown in Fig.16.

A key component is [GLIL](#), an infrastructure platform designed to align the interests of pension fund investors wishing to benefit from the very long-term investment opportunities in infrastructure investment. Through GLIL, we own interests in various core infrastructure assets in the UK, including investments in wind-powered electricity generation, smart meter assets, water assets, rail rolling stock and ports.

Our Infrastructure portfolio is benchmarked against UK CPI +4.0% p.a. and has a target of UK CPI +4.0% p.a. to 6.0% p.a., over a rolling ten-year period.

Over this period, the portfolio returned 1.8%, underperforming the benchmark (7.2%). The LPPI Infrastructure Fund posted a return of 1.8% over the 12 months, with GLIL being a key driver of performance due to its inflation-linked revenue. Regarding infrastructure investments on the Fund's balance sheet, the final asset was sold in Q1 2024, which concludes the realisation of all of the Fund's balance sheet infrastructure funds. As such, our returns are effectively fully driven by the performance of the LPPI Infrastructure Fund.

Fig.15: LPFA Infrastructure: Strategy breakdown

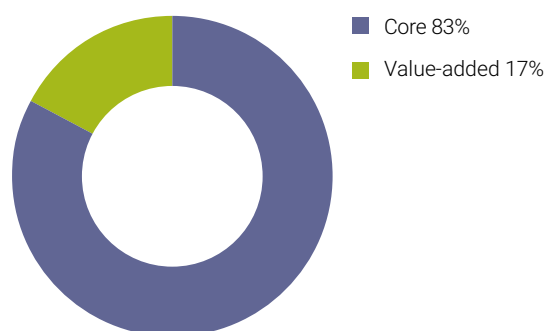
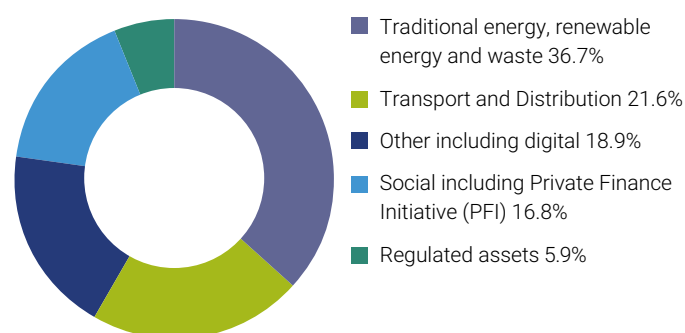
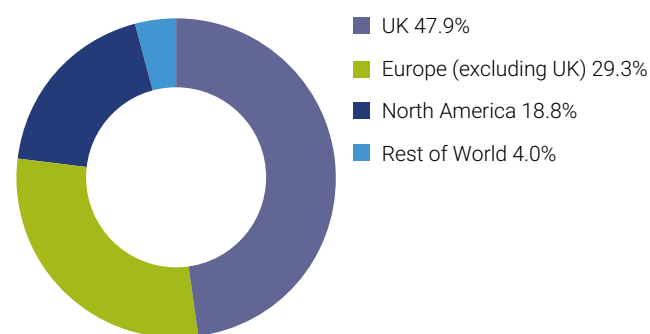


Fig.16: LPFA Infrastructure: Sector exposure



Percentages may be above 100% due to rounding

Fig.17: LPFA Infrastructure: Geographical exposure



Percentages may be below 100% due to rounding

Investment continued

Asset classes continued

Credit

Credit as an asset class refers to company lending and accepting the debt of issuing companies/governments with a view to benefiting from favourable repayment strategies.

Examples include private lending to companies, bonds issued by emerging market governments/companies and loans underpinned by real estate assets.

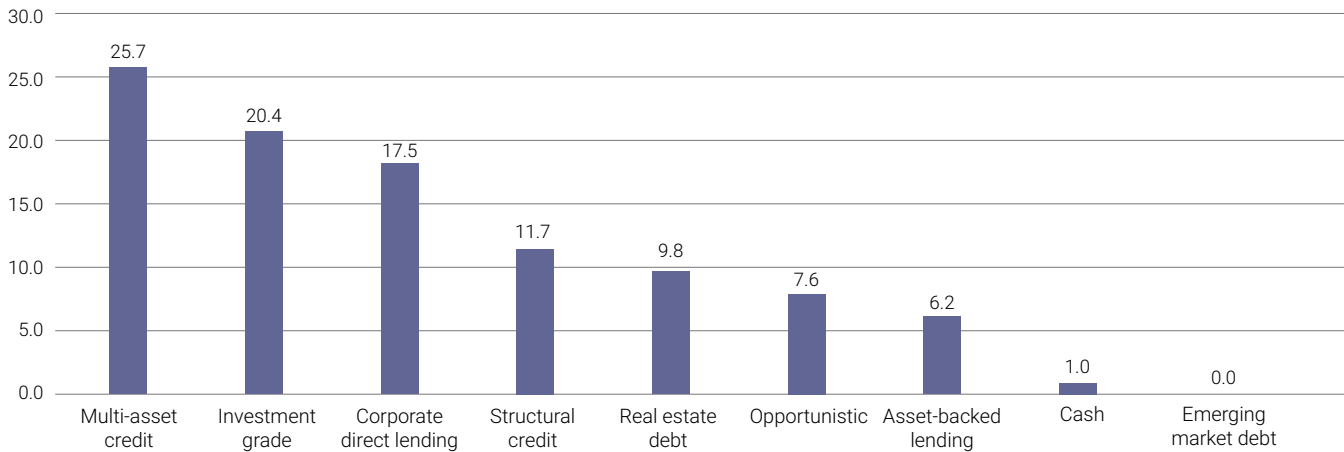
Our exposure to Credit comes through an investment in the LPPI Credit Investments LP (LPPI Credit Fund). The LPPI Credit Fund invests in a range of credit-linked strategies globally, as noted in Fig.18, with this being achieved by investing with third-party external managers. Credit exposure

is predominantly in illiquid investments which are typically held to maturity.

The portfolio has a composite benchmark of 50% Morningstar LSTA US Leveraged Loan Index (GBP Hedged) and 50% Bloomberg Barclays Multiverse Corporate Index (GBP Hedged). The LPPI Credit Fund's target is to outperform the benchmark by 1.0% p.a. to 3.0% p.a. over a full market cycle of at least seven years.

Over the 12 months, our Credit portfolio returned 8.3%, underperforming its benchmark (8.9%), with the largest positive contributor to returns being Multi-Asset Credit, which is a type of Public Credit investment. Structured Credit and Investment Grade were also large contributors over the period.

Fig.18: LPFA Credit: Investment type %



Diversifying Strategies

The Fund's allocation to Diversifying Strategies seeks to generate a diversifying source of return to complement the Fund's funding objective, whilst maintaining a low correlation to Public Equities (especially in times of market stress).

Our Diversifying Strategies exposure is through a combination of investment in LPPI Diversifying Strategies Fund (DSF) along with a small legacy exposure through Reinsurance.

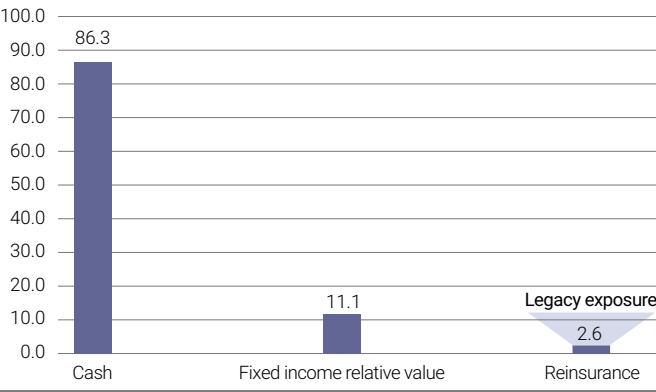
The DSF is benchmarked against the HFRI Fund of Funds Conservative Index and aims to outperform this benchmark by 1% p.a. over a rolling seven-year period.


During the 12-month period to 31 March 2024, the DSF returned 1.7%, underperforming its benchmark (6.4%).

In line with our SAA, we are reducing our holdings in this asset class and aim to be fully divested by 1 July 2024. Consequently, the DSF is significantly reduced in size, with a large holding in cash, and is no longer being actively managed except for the processing of redemptions.

Fig.19 shows the breakdown of the Fund's Diversifying Strategies holdings into its remaining strategy types as at 31 March 2024.

Fig.19: LPFA diversifying strategies: Strategy type %



A high-angle photograph of two construction workers in white hard hats and safety gear installing large solar panels on a dark, corrugated metal roof. The workers are positioned on the left and right sides of the frame, leaning over the panels. The background shows a scenic landscape with rolling green hills, a small village, and distant mountains under a blue sky with scattered white clouds. A silver chimney is visible on the roof in the background.

“ While climate change and net zero is a priority for us, we have formalised a broad focus this year to other areas of concern.”



£150 million

Invested by us in The London Fund.

£1 billion

Is the amount of money that we invest in Real Estate and Infrastructure projects in the UK.

Introduction

“We know that how we invest affects the future of our economy, our environment and our society. We take this responsibility seriously and we look to play a positive role in responding to many of the urgent environmental, social and governance (ESG) issues facing the world. We invest in a way that minimises the financial risk posed by these ESG risks. We are committed to engaging with others in society to influence the broader economy and we will clearly communicate our progress. While climate change and net zero is a priority for us, we have formalised a broad focus this year to other areas of concern.”

LPFA Board vision

About our approach to RI

Our approach is guided by our policies. Our approach to RI and ESG risks and opportunities is summarised in our Investment Strategy Statement and in the policies outlined later in this section. For simplicity’s sake, we often use the collective ‘we’ even if the activities are undertaken by LPPI on our behalf. While this section mainly sets out what we do to invest responsibly, at the end, we also drill down into three areas in which we made great progress over the period: The London Fund, our Investing in the UK Report and our Net Zero Progress Plan.

At a glance

It has been a busy period with the publication of our new Responsible Investment Policy and a refreshed Climate Change Policy as well as the launch of our Net Progress Report and our Investing in the UK report. We will continue to help our stakeholders understand how and where we invest and be transparent about the progress that we are making on our net zero journey.

How our policies influence our approach

Our RI Policy, Climate Change Policy and our Net Zero Investor Climate Action Plan (ICAP) can be found on our [website](#). Among other things, they guide our approach to monitoring and reporting and they set out what we expect of our managers.

Our RI Policy

Our RI policy shows how we look at ESG issues when we invest. We want to deliver a sustainable pension fund and considering ESG issues is part of fulfilling our fiduciary duty.

Our Climate Change Policy

We have a Climate Change Policy because the impact of climate change poses a financial risk to all pension funds, including us, and their ability to pay members their pensions. This policy sets out how we manage climate change risk, support activities that drive the transition to a low-carbon future, how we report and how we will advocate for change.

Our Investor Climate Action Plan (ICAP) and Net Zero Progress Report

Our net zero commitment is part of our efforts to manage the financial risks and opportunities posed by climate change. Our ICAP is the plan that sets out how we will get to net zero. We use the Institutional Investors Group on Climate Change (IIGCC) framework to create our ICAP which has six core goals and emphasises the role that engagement plays in driving change. We publish a Net Zero Progress Report each year on our website so that stakeholders can see how we're doing against our targets. All this information can be found on our website in our [net zero hub](#).

Putting RI into practice

It's important to our Board and our members that we invest responsibly. This section sets out what that means in practice. Over the period, we reviewed and evolved our RI and Climate Change Policies. Policies are the most crucial element of any RI strategy as they set out our expectations.

Evolving our RI Policy

We started by working with LPPI to identify the biggest current and future ESG investment risks and opportunities facing our Fund.

We also took time to listen to our members, using our 2023 Member Survey to ask them what RI issues were most important to them. Over 3,200 members responded with, interestingly, nearly two-thirds saying that the fact we talk about RI makes them more likely to stay in our Fund. Respondents said that social concerns were more of a priority than environmental ones.

In the review process, we identified the following six RI themes that provide the most risk and opportunity to our Fund.

- 1) Renewable energy solutions and distribution
- 2) Pollution and the circular economy
- 3) Fair pay
- 4) Diversity, equity and inclusion
- 5) Accountability and oversight
- 6) Cybersecurity and responsible technology development

In the [new policy](#), each theme is linked to a high-level objective. We're now assessing how we will deliver work on these areas.

Updating our Climate Change Policy

Our [Climate Change Policy](#) was also updated to reflect the increased ambition arising from our net zero commitment. Climate change affects all of us, no matter where we live so it's a focus for us. You can read our new policy on our website.

How RI influences our decision-making

We assess ESG risks and opportunities, including climate change, at every stage in the investment process.

- **Choosing an asset or an asset manager**
LPPI manages our day-to-day investments. They use frameworks to assess the ESG risks facing an industry, company or investment strategy. They also use them to evaluate a prospective investment manager. Managers looking to work with us must meet our expectations on their own approach to, for example, diversity and inclusion, reporting and stewardship.
- **Regularly monitoring our portfolio**
When LPPI reviews a manager, they often identify areas for improvement. For example, some of our external managers have increased their internal ESG resourcing. This helps implement a stronger ESG approach, engagement and reporting. This in turn improves the success of our efforts to meet, say, our net zero targets. All asset managers working for us must follow ESG frameworks and our own policies.

Responsible Investment continued

- **Being an active owner**

As a shareholder and investor, we will push companies to improve. Supported by Robeco, LPPI votes as a shareholder on our behalf in all companies held in their Global Equities Fund (GEF). They speak to companies directly to improve the way that they are run, to improve diversity, protect workers' rights, prove environmental responsibility and many other issues.

In some cases, where we hold assets directly, LPPI will sit on company Boards, exerting influence through that route. LPPI sits on the Board of 13 infrastructure assets, including for example, Semperian and Forth Ports.

Communicating with our stakeholders

It's important to communicate and report on the work that we do. Being transparent ensures that we're accountable to others. We also know that sharing knowledge and information is an important part of how we can improve the world around us.

Internal Reporting

LPPI reports quarterly to our IC on all stewardship and engagement activity, including our ICAP progress (see page 48). Two reporting benchmarks are used to make sure that we're being effective:

- **The UK Stewardship Code**

- This sets standards for UK investors for monitoring and engaging with the companies they own through voting and reporting. [LPPI's Stewardship Report](#) successfully met the higher standard for the updated UK Stewardship Code 2020 for a third year in a row and have kept signatory status. Their Responsible Investment and Stewardship Report can be found on their website.

- **The Principles for Responsible Investment (PRI)**

- LPPI is a signatory to these global standards which means that our Fund is managed in a way that follows the six PRI principles.

External reporting

Both we, and LPPI, communicate to members and other stakeholders in a number of ways.

Our Equities dashboard

We have partnered with Tumelo to offer a [dashboard](#) on our website. Updated quarterly, the dashboard shows all our listed equity holdings (c. 50% of our portfolio). The dashboard allows everyone to see how we're invested and ensure that we're investing in line with our policies.

Our external communications

We want to share what we've done and learnt. We do this through member newsletters, press releases, social media channel updates, website updates and through meetings, forums, speaking and networking events.

Investing in the UK report

In March 2024, we published our first '[Investing in the UK](#)' report, in collaboration with The Good Economy and LPPI. The report maps out the location and details of the Fund's UK Real Estate and Infrastructure investments allowing the Government and stakeholders insight into where we are invested. More information is available on page 46.

Net Zero Hub update

We update our [Net Zero Hub](#) each year, to ensure that stakeholders can see our progress against our net zero targets:

Stakeholder engagement

We regularly speak with stakeholders across our industry because it helps drive change. We are members of the UK Asset Owner Roundtable, the Pensions and Lifetime Savings Association (PLSA), the Local Authority Pensions Fund Forum, CDP (Climate Disclosure Project), the Institutional Investor Group on Climate Change, Climate Action 100+, Pensions for Purpose and C40 Cities.

Over the year, we have met with many industry stakeholders and activist groups including ShareAction, Make My Money Matter, The International Corporate Governance Network, the PLSA, Climate Action and Pensions for Purpose.

About Stewardship

Stewardship describes activities through which investors like us protect the value of our investments. We 'shepherd' our investments, monitoring the risks that might reduce our income. Voting and Engagement is how we make sure that the companies in which we invest are doing the right thing. This normally takes place on a specific issue, with a specific company or group of companies that have specific aims in mind.

Engagement highlights

Engagement is the dialogue between investors and companies and takes place if we see an area in a company that needs improvement. LPPI does this for us but also works with others, like IIGCC or Robeco, to engage on specific issues with other like-minded investors. This year, for example, LPPI has been encouraging those companies where responses have been less forthcoming to improve disclosures while communicating escalation steps. We've been telling unresponsive or non-net zero-aligned firms that we will consider voting against the re-appointment of directors responsible for environmental matters at upcoming Annual General Meetings (AGMs). Engagement takes place in many different ways.

Net Zero Engagement by LPFA

Over the period, we joined the Net Zero Engagement Initiative (NZEI). Organised by the IIGCC, NZEI helped us build our knowledge and experience by leading on the engagement with companies in our portfolio with other investors. We were lead engagers for three companies, encouraging them to adopt plans to transition their businesses to a renewable energy economy. Two companies have been relatively unresponsive (an aircraft leasing company and a critical minerals company) but we did make progress with a third (a defence, security and aerospace company).

Engagement by LPPI

LPPI has engaged with companies on many topics over the period and two case studies illustrating their work are shown below.

Engagement case study: Data protection and cybersecurity

Cyberattacks, digital security and data protection is right at the top of corporate and government agendas. No one is entirely insulated from these risks, but there are several firms where the impact of these risks are much more severe than elsewhere.

Air travel technology company

One of our holdings, an air travel technology provider, controls and processes vast amounts of sensitive and confidential information as part of its core business. LPPI engaged with the company to gain a better understanding of the company's approach to cybersecurity and data protection risks, with the focus on the key areas of governance and oversight, policies and procedures and risk management/controls.

This engagement revealed the firm has built best-in-class capabilities in this area whilst embedding cybersecurity into its corporate culture and DNA. LPPI will continue to check the company's performance in this area but have closed the engagement for now.



Engagement case study: Management compensation

As long-term investors, we need to know that management and shareholders share the same aims. Management incentives can play a big part in making sure that interests are aligned and reduces the risk of any breakdown in relationships or strategy. They form part of our assessment of a company's management quality. So far, we're focusing on companies where there is room for improvement in the choice of performance metrics used to determine compensation.

Auto-replacement parts and accessories retailer

LPPI engaged with an auto-replacement parts and accessories retailer in response to ISS concerns that long-term bonuses in the company's management incentive's structure are service-based rather than performance-conditioned.

The conversations showed that, in fact, there was good alignment between management and shareholder interests at the firm. It was encouraging that management were focused on driving high returns on capital, rather than growing the business at the expense of profitability. This is further evidence of the quality of the business and the strength of management.



Responsible Investment continued

Engagement by Robeco

Robeco works for many clients, including the LPFA and LPPI. On behalf of these clients, it identifies a wider range of issues as posing a risk to their clients. These include Biodiversity, Climate and Nature Transition of Financial Institutions, Diversity and Inclusion, Human Rights, Just Transition in Emerging Markets, Labour Practices in a Post COVID World, Modern Slavery, Tax Transparency, Fashion Transition and Global Controversy Engagement. There are many more too.

Over the year, Robeco has engaged over 350 times with companies in the GEF and FIF. These engagements are done through a mix of face-to-face meetings, emails to company Boards, votes, conference calls and letters as well as in-depth research, meetings and shareholder resolutions. The table below provides a summary of activity.

Activity by method	Year to date
Meeting	12
Conference call	124
Written correspondence	130
Shareholder resolution	3
Analysis	79
Other	2
Total	350

Engagement case study: Natural Resource Management

Robeco has been speaking to companies from three high water use or water scarce sectors: Chemicals (fertilizers and resource extraction); Oil & Gas (shale gas); and Paper & Pulp (operating in South Africa, a water scarce area) and has been increasing the number of companies that it is speaking to, not least by adding Breweries and UK water utilities sectors. Robeco has seen some companies working across their sites to explore alternative uses for waste to external landfills and the engagement was closed in 2023, with 50% of companies responding and 50% not.



Environment

Robeco engages with companies where they see opportunities to enhance their contributions to biodiversity, including the systematic integration of biodiversity into companies’ strategies and risk management processes, or topic-specific discussions on, for instance, sustainable livestock manure management.

As part of this engagement workstream, Robeco is actively taking part in the Finance Sector Deforestation Action (FSDA) initiative, a collaborative investor group comprising over 30 investors that have signed the COP26 Financial Sector Commitment on Eliminating Agricultural Commodity-Driven Deforestation throughout investment and financing activities by 2025.

Robeco looks at Natural Resource Management engagement as an engagement theme focusing on companies for whom the management of water and waste is a financially material issue, or where it can have a positive or negative impact on it.

The two case studies below show examples of engagement on environmental issues.

Engagement case study: Biodiversity, Suzano

Robeco is engaging more than 50 companies, including forestry company Suzano, on creating clear no-deforestation and traceability targets, due diligence processes and disclosures. Suzano solely plants on previously degraded pastures and undergoes high conservation value assessments for each plantation, leading to, on average, 30-40% of each plot being protected. To enhance the biodiversity value of these plots, the company is actively connecting conservation areas, both through biodiversity-enhanced plantation models and restoration efforts. The company aims to connect half a million hectares of native forest and tracks the number of monkeys on their land as a proxy for forest connectivity.



Social

We know from our Member Survey that our members want to hear much more about the work that we do to tackle social and governance risks. The three examples below show how we're engaging on these issues too.

Engagement case study: Human Rights Due Diligence, Booking Holdings

Booking Holdings, the world's largest online travel agency by sales, lists accommodations in conflict areas such as the Occupied Palestinian Territories. Civil society organisations highlighted Booking Holdings' lack of a human rights policy and disclosures.

Robeco has been speaking to Booking since the start of their engagement and recently the company published a human rights policy aligning with international standards. The policy explicitly includes heightened due diligence requirements on listings found in conflict areas. The company also hired a human rights officer who will be responsible for integrating these commitments and increased its disclosures on its approach to human rights and Conflict Affected and High-Risk Areas (CAHRA). Robeco will now focus on Booking Holdings' implementation of its human rights policy.



Engagement case study: Social Impact of Gaming, Activision Blizzard

Activision Blizzard (recently bought by Microsoft), an American video game holding company, faced prominent allegations of employee misconduct towards the end of 2021, generating wide media coverage and employee outrage. Since then, the company has settled an investigation with a state regulator and implemented a multi-pronged initiative of diversity personnel, targets, and strengthened employee protection policies. Robeco has discussed this at length with the company as part of their engagement, and provided feedback on how Activision can progress the resolution of the issue by increasing confidence in the efficacy of its new measures. Robeco was pleased to see this feedback reflected in a comprehensive report, which they see as a positive example on this issue and will refer to in similar future situations.



Governance

Engagement case study: Remuneration, Nike

In response to the effects of the Covid-19 pandemic, US athletic footwear company, Nike implemented a "more flexible" short-term incentive structure based on two equally weighted, six-month performance periods. Robeco flagged its concern about the lack of transparency on certain adjusted performance goals and was satisfied that the company has since transitioned back to the historical design whereby short-term incentive payouts are earned based on year-long targets.



Responsible Investment continued

Voting highlights

Shareholder votes are used to support engagements with companies and shareholders can vote at AGMs. LPPI votes on our behalf. Sometimes, we will lend our support to groups of like-minded investors like LAPFF because our voices – and votes – are more effective when combined.

Voting case study: Corporate Governance

Amazon

At Amazon (USA: Broadline Retail) and Brookfield Corporation (Canada: Asset Management & Custody Banks), LPPI supported shareholder resolutions seeking enhanced reporting on corporate tax transparency. Specifically, it requested alignment with the Global Reporting Initiative's (GRI) Tax Standard on country-by-country reporting.

The resolutions received support of 17.6% and 26.9%, respectively.



Voting case study: Remuneration

Netflix

In the US, Say-on-Pay votes are considered non-binding and advisory in nature; however, Netflix did acknowledge the lack of support for their executive compensation model in an 8K filing. The company undertook three rounds of shareholder engagement to better understand shareholders' concerns regarding their executive compensation programme. In December 2023, in another 8K filing, Netflix announced that its remuneration committee had, for 2024, approved grants of an equally weighted mix of time-based restricted stock unit (RSU) awards and performance-based restricted stock unit (PSU) awards to the Company's Executive Officers. In its subsequent 2024 AGM, **Netflix's Say-on-Pay received more than 82% of shareholders' votes in favour of the proposal.**



LPPI's voting activity

You can find how it votes on our behalf on their [website](#).

Over the year, it voted at 376 company meetings and on 4,440 resolutions. How LPPI votes is guided by its policies and positions on a range of environmental, social and governance issues. Below are four examples of how its votes flow from its policy.

Voting case study: Climate

Engie

At Engie (France: Multi-Utilities), LPPI supported a shareholder resolution which looked to amend company by-laws to enhance disclosure on climate-related risks. While there are some reservations over the use of a by-law amendment to pursue this goal, the non-binding nature of the resolution and the French state's approximately 24% ownership meant the threshold of comfort was met to support the spirit of this resolution. **Result: 24.4% in favour.**



Voting case study: Remuneration

Unilever

Following its 2023 AGM results, Unilever confirmed that its resolution seeking shareholder approval for its remuneration report was not passed as it did not meet the minimum threshold (50%) of shareholders' votes in support of the resolution. In October 2023, in accordance with the UK corporate governance code, Unilever published details of its engagement with shareholders following its unsuccessful remuneration report result. Unilever responded to shareholders' concerns – which pertained to the approach to setting the incoming CEO, Hein Schumacher's, remuneration upon his appointment – by taking the decision to freeze his fixed pay for the next two years. Unilever has since had its next AGM (May 2024) when its new remuneration policy (as per the three-year remuneration policy cycle) was put to shareholders.

Both the new remuneration policy and the retrospective remuneration policy in 2024 were passed by shareholders with more than 97% support each.



Voting with others

Together with 80 other LGPS funds, we and LPPI are members of LAPFF. LAPFF uses the collective power of all its members to engage directly with company Boards. Its aim is to promote high standards of company behaviour and protect the long-term value of LGPS funds. The way that LPPI approaches ESG throughout its investment process means that we are often not invested in companies that are the subject of LAPFF's attention. However, we recognise our responsibility to improve society and our involvement with LAPFF is in line with our desire to support organisations that are having a positive impact on the world.

Collaborating with others

Voting and engagement are not the only ways to make our voice heard. We also submit to consultations, take part in policy and conference discussions, participate in forums and networks and we lend our support to activist and industry group campaigns.

- **Activist campaign support: ShareAction banks engagement**

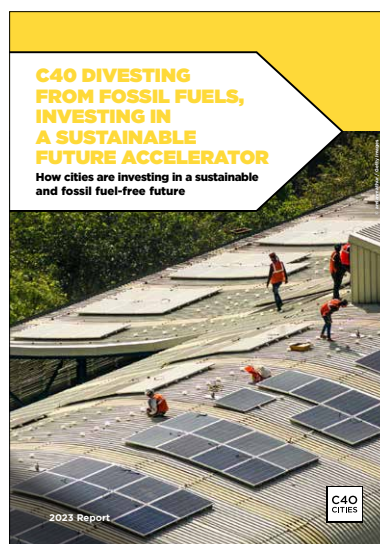
- We supported a ShareAction collaborative engagement towards the five largest banks in Europe which were still helping finance fossil fuel extraction projects through their lending activities.

- **Activist campaign support: Workforce Disclosure Initiative (WDI)**

- As an investor signatory of the WDI, LPPI supports efforts to enhance corporate disclosure on workforce practices. Information provided by participants is captured in the annual WDI (Workforce Disclosure Initiative) dataset which is used to understand the management of workforce-related risks during the monitoring of portfolio holdings, alongside investment research when considering new positions.

- **Forum and network participation: C40 Cities**

- C40 is a global network of nearly 100 mayors of the world's leading cities that are united in action to confront the climate crisis. The LPFA is a participant in the C40s Divest/Invest forum, which brings together cities and city pension funds to divest from fossil fuels and champion investments in the green economy wherever possible. [Read the C40 Cities Report.](#)



A spotlight on...

In this section, we want to look in depth at some other projects that we've done as part of our responsible investment work.

Spotlight on Investing in the UK

Supporting communities across the UK



We issued an innovative new report in 2023-24. Our 'Investing in the UK' report, shows that our Fund was then invested in over 250 UK properties, ports, hotels, warehouses, trains, wind and solar farms, which represent around 64% of the Fund's infrastructure and real estate investments.

Around 13% of the LPFA's total portfolio is invested in local communities around the UK. We issued the report because we wanted to know, in detail, how our investments were supporting the then government's levelling up ambitions.

Amongst other things, the report highlights that we are invested in an offshore windfarm powering over a million homes; in 163 schools catering for around 141,000 students; 41 healthcare facilities with over 14,000 beds; 114 commercial real estate properties providing an estimated 19,000 jobs and 24 housing projects including build-to-rent, student and affordable housing.*



* More information about this, including the report itself, can be found on our website: <https://www.lpfa.org.uk/story/lpfa-publishes-investing-uk-report>

Spotlight on the London Fund

Our real estate and infrastructure investments

THE LONDON FUND

The London Fund – Investing in London's future

In December 2020, LPPI, London CIV and the LPFA formed The London Fund, an investment partnership which aims to help solve some of the housing and infrastructure problems facing the capital. LPPI is the Investment Manager and London CIV is the Alternative Investment Fund Manager. In December 2023, when it closed to new investors, it had received investment from the following organisations: LPFA (£150 million), Haringey Council (£45 million), the Royal Borough of Kingston upon Thames Pension Fund and London Borough of Sutton Pension Fund (£55 million).

The London Fund aims to address the expected population growth challenges facing the city through large-scale real estate investment and infrastructure

projects in the Greater London area. It also aims to provide appropriate risk-adjusted investment returns that support the growth in our assets while also generating social benefits like job creation, regeneration and providing positive environmental impact. An example of an investment made by the London Fund is below.

Investing in the capital's housing

Through a £150 million investment in The London Fund we are providing homes for people in East Village, Stratford, Lewisham and Elephant and Castle. The London Fund has invested in DOOR (Delancey and Oxford Residential), a dedicated residential investment vehicle and part owner of Get Living, the UK's leading build-to-rent operator of large-scale residential neighbourhoods. DOOR in London includes over 3,000 homes under management, 1,126 homes under construction, a further 3,000 in the secured pipeline, with an overall target of 12,000 homes within the next five years. Get Living provides long-term tenancies and resident-only break clauses giving residents security of tenure. For further information on the developments, visit: <https://www.getliving.com/>



Spotlight on net zero

Our new climate targets

We have chosen to apply the same targets to our corporate fixed income assets as we had already selected for our listed equity. For our directly held real estate assets, we have adopted the following additional goals:

1. Decarbonisation:

- Reduce (average) building emissions intensity by 50% by 2030 (December 2029)

2. Alignment:

- ≥90% of AUM of the direct portfolio will be assessed as net zero, aligned or aligning with a net zero pathway by 2025, with the aim to reach 100% of AUM by 2040 or sooner.

3. Engagement:

- 90% of financed emissions of the direct portfolio will be assessed as net zero, aligned with a net zero pathway or the subject of direct or collective engagement and stewardship actions by 2024.

We also have an operational emissions reduction goal of our own. This is our commitment to hold ourselves to the same standard as the companies we invest in. We will achieve this through changes to our office environment and how and when we travel.

Our net zero progress – Tackling Climate Change Risk

“We are committed to managing the risks posed by climate change. It’s part of our duty to protect our Fund in the interests of our members and employers. We will ensure that the greenhouse gas emissions from all assets in the Fund will be net zero by 2050.

This means that, on average, the organisations we invest in will be responsible for GHG (greenhouse gas) emissions that are as close to zero as possible and will have arrangements in place for any remaining emissions to be re-absorbed from the atmosphere.

We made a net zero commitment in September 2021 because the impacts of climate change pose a risk to individuals, society and business and a financial risk to all pension funds.”

Robert Branagh, 2022



“ This year saw a return to service levels at or in excess of agreed targets following the move to a new pensions administration system in 2022.”



97.1%

Annual SLA delivery.

312

Complaints received over the period.

£65

Cost per member.

Introduction

On our behalf, LPPA provides a full range of pension administration services to our 99,585 members and 115 employers as well as to 17 other public sector clients. The services provided include the processing and payment of pensions, transfers, admissions, maintenance of scheme membership records, a contact centre and data management. Working in collaboration with our own Communications team, LPPA also delivers employer and member communications through mail, email, an online member portal (PensionPoint), employer training sessions and scheme member training.

At a glance

This year saw a return to service levels at or in excess of agreed targets following the move to a new pensions administration system in 2022.

We also continue to deliver cost savings compared to pre-pooling, with cost-per-member standing at £65. As part of our Pensions Dashboard preparations and best practice, we have continued to drive up member registration to PensionPoint and, over the period, we have increased PensionPoint registration from 22,423 last year to 31,171. On top of that, we also now have an additional 11,000 members receiving hard copy communications, up from c.5,000.

The services we provide

As well as the services summarised above, LPPA also delivers standardised and statutory member and employer communications, an employer online portal and data support and training. How we oversee their operations can be found in the Governance section.

Relationships with our employers are led by our Employer Management Services (EMS) team which heads all strategic discussions, including covenant assessments and reviews, the triennial valuation and helping with admission and cessations to/from the Fund. A list of the active and ceased employers in the Fund can be found on page 104.

Our own communications team delivers a bespoke service for the Fund including the management of our corporate website, our social media channels, our annual Employer and Member Forums, our Annual Report, our Member Survey and our Fund newsletter. We also produce a range of member-focused videos and reports and manage our media relations and participation at industry conferences and events. The team also leads on the development of Fund-specific projects including our 'Investing in the UK' report and our Net Zero Progress Report. The activities that we undertake are influenced by our Communications Policy (page 53) which is reviewed annually. Information sources for members are listed on page 110.

LPPA's performance

Service Level Agreements (SLAs) are in place with LPPA to ensure their service meets our expected standards. They cover a range of activities and set out our expectations. This includes the length of time to answer a member's phone call through to the total amount of time to resolve a member complaint.

Performance over the year

In 2023-24, LPPA's annual SLA performance was 97.1%.

Performance	Q1 April – June 2023	Q2 July – September 2023	Q3 October – December 2023	Q4 January – March 2024	2023-24 Annual
Overall delivery against SLA	96.6%	97.0%	97.4%	97.5%	97.1%

Our SLAs focus on contractual obligations, whereas KPIs track performance metrics for continuous improvement. KPIs are detailed below.

Casework KPI	SLA (working days)	% Completed within SLA current year
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5	93.20%
Communication issued confirming the amount of dependents pension	5	Included in the above
Communication issued to deferred member with pension and lump sum options (quotation)	5	95.30%
Communication issued to active member with pension and lump sum options (quotation)	5	90.90%
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	5	95.50%
Communication issued to active member with confirmation of pension and lump sum options (actual)	5	94.60%
Payment of lump sum (both actives and deferreds)	5	Included in above two categories
Communication issued with deferred benefit options	15	96.80%
Communication issued to scheme member with completion of transfer in	10	95.20%
Communication issued to scheme member with completion of transfer out	10	97.10%
Payment of refund	15	96.70%
Divorce quotation	90	91.20%
Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	90	87.50%
Communication issued to new starters	10	99.80%
Member estimates requested by scheme member and employer	10	93.10%

Administration continued

Monitoring LPPA's performance

Our Board, Local Pension Board and our Officers are updated on LPPA's operational performance through regular meetings, a monthly and quarterly report, and an annual client forum. This approach to reporting ensures we have sight of performance, key change projects, regulatory change as well as complaints, breaches, risks and other issues. It ensures that we are compliant with public sector pensions regulations and the Pensions Regulator Code of Practice 14. Please refer to the Governance section for more information.

LPPA's resourcing, staffing and training influences the service that is provided to members and employers. For context, this information is provided below.

All administration staff (FTE) [#]	232.7
Average service length of all administration staff [#]	5 years 5 months
Staff vacancy rate as % [*]	n/a
Ratio of all administration staff to total number of scheme members (all staff including management)	2,895:1
Ratio of administration staff (excluding management) to total number of scheme members	3,011:1

[#] Across all LPPA clients. FTE stands for Full Time Employee.

^{*} Information not available at date. Will be provided in 2024-25. Includes part-time workers. Does not include LPFA staff time.

Ensuring value for money

We are advised of the proposed LPPA administration charges for the financial year in writing and charges are reviewed by our Board and our CEO to ensure that they provide value for money and are consistent with market rates.

LPPA recognises our shared 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 and quality of services. LPPA operates a shared service, cost recovery basis for core pensions administration. It does 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.

The cost-per-Fund member

We continue to see the financial benefit from pooling in administration as well as investments. In 2015-16, pre-pooling, equivalent cost-per-Fund member was £130** per member for Administration, Oversight and Governance. This year the cost stands at £65 per member.

Over the past few years, we have brought many outsourced services in-house to improve the way that we operate. This includes greater investment in our Governance, Risk and Compliance teams. This, as well as the impact of inflation, has increased costs which are reflected in the Oversight and Governance section below.

Cost-per-Fund member	As at 31 March 2024 £	As at 31 March 2023 £	As at 31 March 2022 £
Administration by LPPA	26	24	24
Oversight and Governance by LPFA	39	42	39
Total	65	66*	63

* Please note that In our 2022-23 Annual Report, cost-per-member was erroneously detailed at £68 not £66. This has now been rectified above.

Note: All dates as at 31 March.

** According to the Bank of England Inflation Calculator the £98 figure as set out in our previous Annual Report would now be equivalent to £130:
<https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>

Our Communications Policy

Our Communications Policy can be found on our [website](#). It sets out our objectives which are to:

- Support our members with the information they need to plan for their retirement,
- To increase registrations to our online member portal (PensionPoint),
- To keep our members informed about our approach to responsible investing, their pension rights, the scheme, membership, and the contributions made by employers,
- To reduce queries and complaints through continuous improvement,
- To comply with our statutory obligations,
- To communicate in a clear and simple manner and that our members and employers receive excellent customer service.

A notable change in policy over the period, was the move from a 'digital first' approach to 'digital preferred'. We recognise that many members, for a variety of reasons, cannot use digital services. While we acknowledge that the future is digital, we do remind members that they can opt for hard copy communications.

Working for our members

This section summarises the work undertaken over the year to improve the service to our members.

Administration highlights

LPPA's focus was to embed the new pensions administration system and meet the 95% SLA target. This was achieved. Statutory deadlines, including those for P60s, Pensions Increases, Annual Benefit Statements and Pensions Savings Statements were also met.

LPPA has been working on a new programme to increase automation, improve efficiency and the member experience. Over this period, automation has been introduced into the refund quotations process and the deferred member benefit statements process. More automation is planned, including the automation of deferred and active retirement quotes. The programme will deliver improvements to the monthly returns process and member and employer portals.

LPPA also worked to understand the impact that the McCloud Remedy would have on our Fund. McCloud eligibility flags have been applied to all records where members are in scope for the remedy. 13,760 members have been identified as in scope for McCloud remedy. However, it is anticipated that between 1 to 5% of members identified as in scope will benefit.

In other areas, ahead of the connection date for public sector schemes to the Pensions Dashboard, LPPA has mobilised a data project, taking a proactive approach to improving data quality.

Administration continued

Communication highlights

The following actions have been taken in support of our Communications Policy.

Providing the information that members need for retirement

As well as employer training, LPPA also delivered monthly member training sessions. In total, 183 of our members attended LPPA's 'Making Sense of your Pension' sessions and 155 attended their 'Making Sense of your Retirement' sessions. This training was aimed at providing information that members need for their retirement.

Increasing PensionPoint registrations

PensionPoint is where our members can see their benefits, find helpful guides, nominate beneficiaries or find useful documents like the P60, payslips and annual benefit statement. Increasing member use of this portal reduces calls to the LPPA helpdesk, helps us capture more accurate member data, encourages engagement and provides earlier identification of any member issues.

Members are encouraged to register to PensionPoint with each interaction with LPPA, but we seek to be more proactive.

This year, we also delivered two hard copy mailing projects to reach members without email addresses. We wrote to over 24,000 of our Pensioners and Deferred members who were not registered to PensionPoint, encouraging them to sign up. This resulted in more than 4,000 new registrations. Projects to increase PensionPoint registration continue.

Accessibility and hard copy communications

To tackle digital exclusion, we also explain that hard copy communications are available for those that need them. Within the mailings detailed above, we also promoted hard copy communications as an option.

The number of members registered for hard copy communications increased from c.5,000 in 31 March 2023 to 11,100 on 31 March 2024.

To keep our members informed about our approach to responsible investing

According to our 2023 Member Survey, 66% of respondents agreed that it was important to them that we seek to influence other organisations to positively impact society, communities and/or the environment. We keep members informed of our progress through our newsletter, our website and via our social media channels.

Keeping members informed about their pension rights, the scheme, membership, and the contributions made by employers

LPPA issues regular newsletters and email communications to members including pensioners and actives. These can be found on the LPPA [website](#).

Key communication statistics

Annual Benefit Statements

We are required to ensure that an Annual Benefit Statement (ABS) is made available to members each year. Our progress this year is listed below.

Annual Benefit Statements	
Percentage of Annual Benefit Statements issued as at 31 August	95.8%
Short commentary if less than 100%	Remainder were either due to files not received from the employer or outstanding queries that prevented ABS production

Communication activity

The table below summarises the communication activity undertaken with our members over the year by LPPA.

Communications	
Total number of telephone calls received in year	21,052
Total number of email and online channel queries received	8,029
Number of scheme member events held in year (total of in-person and online)	24
Number of employer engagement events held in year (in-person and online)	112
Number of times a communication (i.e. newsletter) issued to:	
– Active members	Twice
– Deferred members	Once
– Pensioners	Once

Engagement activity

Engaging, or staying in contact, with members is important. It helps our members keep their data up to date allowing them to prepare better for their retirement. A member checking their pension more frequently, rather than just before their retirement, can also provide early insight into any issues or concerns that might arise. The data below relates to how many of our members are registered to PensionPoint.

Engagement	At year end	
Total number of members registered to PensionPoint	31,171	
% of active members registered	39%	
% of deferred member registered	21.8%	
% of pensioner and survivor members registered	36.8%	
% total of all scheme members registered for self-service	31.4%	
Number of registered users by age	Age Bracket	LPFA
	Under 21	36
	21-25	296
	26-30	975
	31-35	1,379
	36-40	1,749
	41-45	2,207
	46-50	2,261
	51-55	2,999
	56-60	4,330
	61-65	4,838
	66-70	3,991
	71-75	2,746
	Over 75	3,364
% of all registered users that have logged onto the service in the last 12 months	48.4%	

Administration continued

Administration statistics – Members

This section provides a summary and narrative of statistics to allow comparison with other LGPS Funds.

Cases processed

This section shows activities undertaken by LPPA in response to a member query. The table below shows how many cases are resolved and how many are ongoing.

Cases processed and outstanding at year end Casework KPI	Total no. of cases open as at 31 March (starting position)	Total no. of new cases created in the year (1 April to 30 March)	Total no of cases completed in year	Total % of cases completed in year
Deaths recorded of active, deferred, pensioner and dependent members	776	2,978	2,846	75.81%
New dependent member benefits	Dependant pensions included in above			
Deferred member retirements	567	2,760	2,661	79.98%
Active member retirements	320	1,911	1,864	83.55%
Deferred benefits	707	4,653	4,272	79.70%
Transfers in (including interfunds in, club transfers)	634	1,395	1,302	64.17%
Transfers out (including interfunds out, club transfers)	743	2,251	2,187	73.05%
Refunds	403	4,558	4,501	90.73%
Divorce quotations issued	20	139	139	87.42%
Actual divorce cases	8	9	11	64.71%
Member estimates requested either by scheme member and employer	104	1,123	1,136	92.58%
New joiner notifications	159	2,763	2,876	98.43%
Aggregation cases	386	2,166	1,978	77.51%
Optants out received after three months' membership	Currently recorded as 'Other'			

Member satisfaction

Every two years, we survey our members to assess their satisfaction with the service that we and LPPA provide. In our 2023 survey, which had responses from 3,292 members, we found that respondents strongly felt that the information they receive about their LPFA pension was easy to read, understandable, useful and timely.

LPPA itself reports on member satisfaction using an end of call telephone survey for Contact Centre feedback and an email link to a survey following the retirements process. CSAT scores are reported monthly and are in the following ranges (lowest to highest and the month that those scores were reported):

Area	Statistics
Contact Centre CSAT*	58.2% (Aug 23) – 78.8% (Jan 24)
Retirements	30.0% (Nov 23) – 78.9% (March 23)

* Note: CSAT scores represent the percentage of members that are "satisfied" or "very satisfied" as a percentage of the numbers of survey respondents. Most members that are sent a retirement survey do not respond.

LPPA does not currently record employer satisfaction but is planning to introduce this in 2024-25.

Member complaints and dispute resolution

The UPM transition saw complaints in 2022-23 rise to 222 but these have now risen to 312 as a backlog has built up. The number of complaints as a percentage of workload now stands at 0.86% compared to 0.75% last year.

	2023-24	2022-23	2021-22	2020-21	2019-20	Target / Benchmark
Number of complaints received	312	222	93	115	162	100*
Number of complaints categorised as Pension Ombudsman cases	10	2	6	3	0	0
Number of Internal Dispute Resolution Procedure cases (IDRP)	3	12	6	5	25	<6

* Note: We use the CEM Benchmark / Target of 1 per 1,000.

Membership details

Membership of the Fund continues to increase to a total of 99,585 members as at 31 March 2024. This is up from 96,796 in 2022-23. Over a third are pensioners, a third are deferred members and a third are active members or undecideds and Frozen refunds.

Fund membership by category	2023-24	2022-23	2021-22	2020-21	2019-20
Active contributors	23,730	22,739	19,970	20,115	20,574
Deferred beneficiaries	30,138	29,793	29,312	28,897	29,120
Pensioners and dependents	36,563	36,209	38,115	35,963	36,095
Undecided leavers and Frozen refunds	9,154	8,055	7,241	6,700	6,551
Total membership	99,585	96,796	94,638	91,675	92,340

Note: If a member has both an active record and a deferred record, then this will be classified as two distinct member accounts.

Administration continued

Member data and accuracy

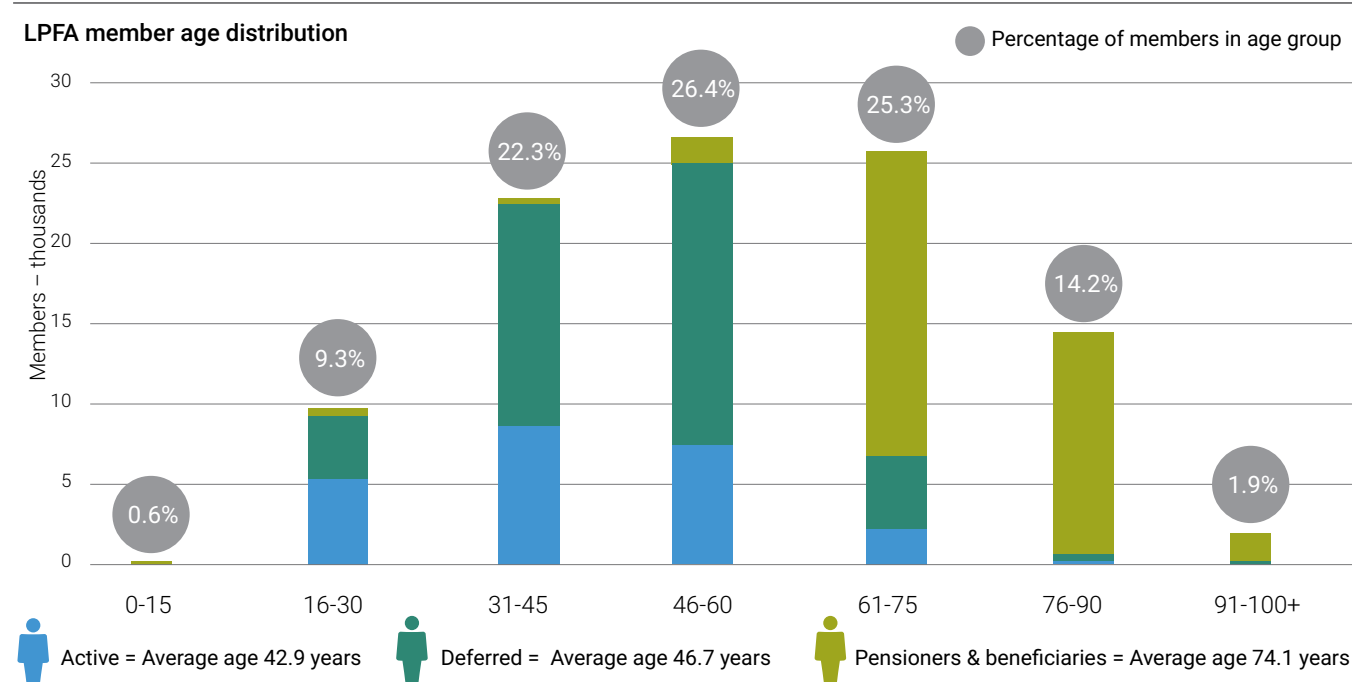
We are the data controller and LPPA is the data processor. LPPA maintains membership records and pays pensions on our behalf. In our Governance role, we are responsible for holding LPPA accountable for the accuracy of the data that they hold on our behalf. We also undertake bespoke projects to improve member data through, for example, hard copy mailings.

The Pensions Regulator (TPR) sets the accuracy target of 100% for new common data received after June 2010. The target for 'legacy data' which has not had any amendments since June 2010 is 95%. The data quality TPR scores for the year to 31 March 2024 in respect of Common Data and Conditional Data scores were 96.4% and 91.4% respectively across all members. This compared with last year's figures of 96.5% and 91.4%. As set out earlier we have carried out a number of projects to drive PensionPoint registration to help improve data accuracy.

Data Category	
Common data score	96.4%
Scheme specific data score	91.4%
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	2.1%
Percentage of active, deferred and pensioner members with an email address held on file	57.5%

Member age distribution

Membership data is broken down further in the graphs and table below.



Pensioners in receipt of enhanced retirement benefits

The table below provides an analysis of new pensioners receiving ill health, early and redundancy retirement benefits.

	Ill health instances	Early retirement	Redundancy/voluntary early retirement
2019-20	10	29	93
2020-21	16	22	58
2021-22	15	17	73
2022-23	22	165	53
2023-24	13	158	78
Total value for 2023-24	£194,873	£990,661	£571,753

Analysis of pension overpayments

Occasionally, we make payments to someone who isn't entitled to it. That can be because we haven't been informed that the member has passed away. We will try to recover these overpayments where possible. When an overpayment is made, we contact the member or their next of kin. If the member is still alive, the pension payment is corrected on the next payment date. If the member has passed away, then a repayment is requested from their next of kin. Depending on the amount paid and the timing of the death, a repayment plan may be set up, but it may be that, ultimately, we are unable to recover the full amount.

A summary of overpayments made, and the amounts recovered	2023-24 £	2022-23 £	2021-22 £	2020-21 £	2019-20 £
Overpayments	372,024	333,734	394,332	241,137	250,103
Collected	(234,886)	(145,742)	(98,260)	(115,649)	(79,569)
Written off	–	(5,969)	(29,885)	–	–
Outstanding	137,138	182,023	266,187	125,488	170,534

Working for our employers

Employers in our Fund range from government bodies, higher education institutions, further education corporations, social housing associations and charities to private enterprises. We ensure that all employer engagement is carried out according to LGPS Regulations.

Our website also holds policies relating to employer discretions, admissions, outsourcing, annual statements of compliance and a raft of other useful policies. It also holds our contacts and services standards.

Administration highlights

Training for employers in our Fund remains a focus. LPPA held virtual employer visits with 65 of our employers and hosted monthly return training session with 41 employers attending. Eighteen employers attended training on the use of the UPM Employer Portal; 10 employers attended the Absence and Ill Health Training. Other training included LGPS Scheme Essentials (15 employers), Scheme Leavers training (9 employers) and Year End training (16 employers).

A major achievement over the period was the successful transition of employers from submitting annual returns to monthly returns.

Regular communications are sent to our employers to remind them of the training available.

Communication highlights

Our activity to employers is guided by our Communications Policy. For employers, we seek:

- To help employers understand costs and funding issues
- To help them provide accurate member data and receive the support necessary to reduce errors
- To show the value of LGPS membership
- To make sure that they are aware of the policies that relate to their duties

Helping employers provide accurate member data and receive the support necessary to reduce errors

- In April 2023, employers in our Fund began submitting a monthly return, moving away from an annual return.
- Extensive training and support were provided by our EMS team and the change was a step towards a more efficient and timely submission of information and more accurate data and our progress is represented below.

Employer Performance	
Percentage of employers set up to make monthly data submissions	100%
Percentage of employers who submitted monthly data on time during the reporting year	Not available for 2023-24

Administration continued

Helping employers understand costs and funding issues

Our annual employer Forum was held in January 2024 and was attended by around 50 employers and LPFA representatives. Presenting at the event were a number of colleagues from the LPFA, LPPA and Barnett Waddingham, our actuaries. As well as a networking event, it's an opportunity for us to update employers on the Fund's progress, valuation, areas of concern and enhancing employers' understanding of the cost of the Fund and how it is funded.

Show the value of LPFA membership

Regular newsletter and email updates are issued to members highlighting the training provided, the benefits of membership and the 50/50 option.

Make employers aware of the policies that relate to their duties

We refreshed our Pension Administration Strategy (PAS) over the period. The PAS sets out our responsibilities and those of the employers in our Fund as well as our expected levels of performance. As part of the process, we consulted with employers and considered their feedback. Our revised PAS was published in November 2023 and shared with employers and on our social channels.

Administration Statistics – Employers

To accurately calculate member benefits, it's important that employers in our Fund submit information to LPPA on time. This section provides some statistics on how that is progressing.

Monitoring contributions

Contributions are monitored by our EMS team. Employer contributions and investment returns ensure the future financial sustainability of the Fund, so it's important to swiftly and accurately collect employer contributions. If any employer has not paid by the 22nd of the following month then the Finance team will contact the employer to chase and request payment. The table below provides a further analysis of late payments.

Instances of late payment	No. of employers	Average days delayed	Minimum days delayed	Maximum days delayed	Average value of delayed payment £'000
1	15	11	1	25	36
2	1	20	15	24	1,139

The value of payment due from employers and employees at year end

Amounts due from employers and employees at the year end	
Employer contributions	£4,562,167
Employee contributions	£3,058,067
Cessation values	£420,000

Pension Fund accounts



Pension Fund Accounts

Auditor's Statement



**Building a better
working world**

INDEPENDENT AUDITOR'S STATEMENT TO THE BOARD OF LONDON PENSION FUND AUTHORITY ON THE PENSION FUND FINANCIAL STATEMENTS

Opinion

We have examined the pension fund financial statements for the year ended 31 March 2024, which comprise the Fund Account, the Net Assets Statement and the related notes.

In our opinion, the pension fund financial statements are consistent with the full annual statement of accounts of London Pension Fund Authority for the year ended 31 March 2024 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Respective responsibilities of the Section 151 Officer and the auditor

As explained more fully in the "*Statement of Responsibilities for the Statement of Accounts*" the Section 151 Officer is responsible for the preparation of the pension fund's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Our responsibility is to report to you our opinion on the consistency of the Pension Fund financial statements within the pension fund annual report with the pension fund financial statements in the statement of accounts of London Pension Fund Authority, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We also read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists only of the following sections:

- Executive Summary
- Governance
- Investment
- Responsible Investment
- Administration

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the administering authority's full annual statement of accounts describes the basis of our opinions on those financial statements.

Mark Hodgson

ERNST & YOUNG LLP

Date: *29th* November 2024

Mark Hodgson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

Narrative Report

London Pensions Fund Authority (LPFA) is the largest Local Government Pension Scheme (LGPS) in London. The Pension Fund had net assets of £8,031 million as at 31 March 2024 (31 March 2023: £7,658 million) and is responsible for the provision of pension benefits for 99,585 (2022-23: 96,796) members. Of these, 23,730 are employees working for not-for-profit, charity, private sector and local government employers, 30,138 are deferred members, 36,563 are pensioners and dependants, and 9,154 are undecided leavers and frozen refunds.

	Actual 2023-24 £'000	Budget 2023-24 £'000	Variance 2023-24 £'000
Pension Fund actual results compared to budget			
Dealings with members and employers			
Contributions	156,760	147,400	9,360
Transfers in	27,016	6,800	20,216
Benefits payable	(305,774)	(306,100)	326
Payments on account of leavers	(97,089)	(8,600)	(88,489)
Net additions/(withdrawals) from dealings with members	(219,087)	(160,500)	(58,587)
Management expenses			
Investment management	(98,256)	(96,300)	(1,956)
Administration	(2,623)	(2,600)	(23)
Oversight & governance	(3,921)	(5,300)	1,379
Investment services fee LPPI	(149)	(735)	586
Total management expenses	(104,949)	(104,935)	(14)
Returns on investments			
Net investment income	142,436	136,500	5,936
Taxes on income	498	–	498
Profit and loss on disposal and change in market value	553,839	300,300	253,539
Total return on investments	696,773	436,800	259,973
Net inflow/(outflow) to the Fund	327,737	171,365	201,372

Overview of the year

The net inflow from the Fund for the year was £372.7 million compared to a budgeted inflow of £171.4 million. The actual net inflow is above the budgeted inflow by £201.4 million, predominantly due to the higher than expected returns on investments.

Dealings with members and employers

The total Fund membership to 31 March 2024 grew by 2,789, being 2.9% (2022-23: 4,137, being 4.5%). Active members increased by 991, being a 4.4% increase and pensioners increased by 354, being a 1% increase.

The increase in active members is reflected in the higher than budgeted employee contributions income. The employer normal contributions have reduced and many deficit contributions have ceased as most employers were in surplus at the last triennial valuation as at 31 March 2022, hence their contribution rates have reduced. There was also a new category of contribution income during the year amounting to £13.3 million, being contributions to historic underfunded liabilities when the Greater London Council and Inner London councils ceased to exist. The authorities are paying additional contributions to clear these liabilities.

This year the gross movement in employers participating in the Fund (both joining and leaving) is a reduction of one employer.

Transfers in from other funds were above budget due to bulk transfers in from other schemes. Payments on account of leavers were £88.5 million above budget predominantly due to employers leaving the scheme when their assets exceeded their defined benefit obligations.

Pension Fund Accounts continued

Non-investment assets and liabilities

The cash held directly by LPFA has fallen by £163.7 million from £175.7 million to £12.0 million. This is because the management of the majority of this cash was transferred to the fund manager and included within investment assets. The cash within investment assets increased by £107.8 million. The total cash is lower than the previous year due to the reduction in the cash distributed from Private Equity and Infrastructure investments.

Current liabilities have increased by £81.9 million mainly due to cessation amounts payable of £79.3 million at the year end due to employers leaving the scheme when their assets exceed their defined benefit obligation.

Investment performance

Over the year, the Fund delivered a +7.4% investment return, which exceeded the Fund’s Return Objective but underperformed the Policy Portfolio Benchmark (a single return measure which combines each asset class benchmark in proportion to the Fund’s strategic asset allocation).

The value of the Fund’s net assets at 31 March 2024 was £8,031 million. The investment assets managed by the fund manager LPPI were valued at £8,038 million when the performance reporting was completed. The equivalent asset value as at 31 March 2024 has been increased to £8,076 million based on the final valuation results. The Fund net assets at 31 March 2023 were £7,658 million, £7,673 million being investment assets.

The comparative investment assets quoted below of £7,673 million are higher than the investment assets quoted in the net asset statement as £162 million of the cash included within £176 million cash balance on the net asset statement was shown within the cash balance in the 2022-23 accounts and the LPP group is excluded from the assets under management. In addition, the asset value in the table on page 65 was not adjusted for a net reduction of £69 million due to the late sale of assets within LPPI Diversifying Strategies fund.

Fund performance remained strong on an absolute basis over the year, as well as over the longer term where the 3- and 5-year returns to 31 March 2024 were both +7.8% p.a. Performance relative to the Policy Portfolio Benchmark and Return Objective has been mixed over all time periods.

Key headwinds to the relative performance have been Global Equities and Infrastructure. Within Global Equities, despite generating a healthy absolute return, the return of the Fund’s holdings did not match the strong market rally which was dominated by a smaller subset of companies, such as the “Magnificent 7”, as the Fund had an underweight holding in these companies relative to its benchmark. The Infrastructure asset class has a UK CPI-linked benchmark and has therefore been impacted by the recent period of elevated inflation. Whilst we have seen a decline in inflation levels of late, it will take some time to feed through into the longer-term Return Objective and Policy Portfolio Benchmark return figures and therefore the Fund’s longer-term relative performance.

Return metric	One year (%)	Three year (% p.a.)	Five year (% p.a.)
Total Return	7.4	7.8	7.8
Return Objective*	6.8	10.4	8.3
Policy Portfolio Benchmark	13.1	7.4	8.1

* A blend of UK CPI +3.6% p.a. from April 2021, 5.3% (equivalent to UK CPI +2.7% p.a. at March 2019) between March 2019 and April 2021 and RPI +3% prior to March 2019.

There were no changes to the Fund’s Strategic Asset Allocation (SAA) during the year. During the second half of the year the Investment Committee and Board undertook a detailed review of the Fund’s Investment Strategy and agreed a revised SAA which came into effect on 1 April 2024.

The following table presents LPFA's asset allocation at the end of March 2024 versus its SAA.

Asset Class	31 March 2024		31 March 2023		Strategic Asset Allocation %	Range %
	Exposure £m	Exposure %	Exposure £m	Exposure %		
Public Equity	4,301	53.5	3,782	49.3	50	40 – 60
Fixed Income	194	2.4	78	1	1	0 – 11
Private Equity	566	7	585	7.6	5	0 – 10
Infrastructure	923	11.5	940	12.2	12.5	7.5 – 17.5
Credit	957	11.9	73	9.6	12.5	7.5 – 17.5
Real Estate	735	9.1	729	9.5	12.5	7.5 – 17.5
Diversifying Strategies	236	2.9	653	8.5	5	0 – 10
Cash	126	1.6	170	2.2	1.5	0 – 6.5
Total	8,038	100	7,673	100	100	

Strategic Asset Allocation shown in this table is the short-term Strategic Asset Allocation, as referenced in the Fund's Investment Strategy Statement.

Date the Statement of Accounts were authorised for issue

The statement of accounts was authorised for issue by the Audit and Risk Committee on 29 November 2024. Post balance sheet events have been considered up to the date the accounts were authorised for issue.

Further information

Further information about these accounts is available from the London Pensions Fund Authority, 2nd Floor, 169 Union Street, London SE1 0LL. All our Annual Reports can be found on the [LPFA website](#).

LPFA's responsibilities

LPFA is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs (the Section 151 officer)
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

The Section 151 Officer's responsibilities

At LPFA the Section 151 Officer is responsible for:

- The preparation of the LPFA's Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom
- Keeping proper financial records and accounts and maintaining an effective system of financial control

In preparing this Statement of Accounts, the Section 151 Officer has:

- Selected suitable accounting policies and applied them consistently
- Made judgments that were reasonable and prudent
- Taken reasonable steps for the prevention and/or detection of fraud and/or other irregularities
- Complied with the code

Certificate of approval

I certify that the Statement of Accounts presents a true and fair view of the financial position of the LPFA as detailed in the net asset statement and its results for the year as detailed in fund account for the year ended 31 March 2024.



Christina Thompson, Section 151 Officer
29 November 2024

Pension Fund Accounts continued

Fund account for the year ended 31 March 2024

	Notes	2023-24 £'000	2022-23 £'000
Dealing with members, employers and others directly involved in the Fund			
Contributions	7	156,760	157,955
Transfer in from other pension funds	8	27,016	12,278
		183,776	170,233
Benefits	9	(305,774)	(278,918)
Payments to and on account of leavers	10	(97,089)	(26,498)
		(402,863)	(305,416)
Net withdrawals from dealings with members		(219,087)	(135,183)
Management expenses	11a	(104,949)	(129,962)
Net withdrawals including fund management expenses		(324,036)	(265,145)
Returns on investments			
Investment income	12	142,436	173,404
Taxes on income		498	(1,975)
Profit and loss on disposal and change in value of investments	14a	553,839	86,878
Net returns on investments		696,773	258,307
Net increase/(decrease) in net assets available for benefits during the year		372,737	(6,838)
Opening net assets of the scheme		7,657,914	7,664,752
Closing net assets of the scheme		8,030,651	7,657,914

Net assets statement for the year ended 31 March 2024

	Notes	31 March 2024 £'000	31 March 2023 £'000
Investment assets	14	8,081,012	7,460,620
Investment liabilities	14	(5,444)	(5,580)
Total net investments		8,075,568	7,445,040
Cash balances	19	12,029	175,662
Current assets	21	31,280	33,555
Current liabilities	22	(88,226)	(6,343)
		(44,917)	202,874
Net assets of the Fund available to fund benefits at the year end*		8,030,651	7,657,914

* Please note the total asset value of £8,038 million disclosed in the investment performance report only relates to the investment assets excluding the directly held investment of £12.5 million investment in LPP group but includes cash balance held directly by LPFA of £12.0 million detailed above. The asset value in the net asset statement is an additional £36.6 million above the value in the investment reports as the net asset statement includes the final increased asset valuation included in the final signed investment fund accounts issued in September 2024.

Note: The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in note 25.

Pension Fund Accounts **continued**

Notes to the Pension Fund Accounts

1. Description of Fund

The LPFA is part of the LGPS.

a) General

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

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016
- The Local Government Pension Scheme (Amendment) Regulations 2018.

It is a contributory defined benefit scheme administered to provide pensions and other benefits to members of the scheme who are working for not-for-profit, charity, private sector and local government employers. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The Fund is overseen by a Board of Non-Executive Members.

b) Membership

Membership of the LGPS is automatic, although employees are free to choose whether to opt out of the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the LPFA include the following:

- Scheduled bodies, which are automatically entitled to be members of the Fund.
- Admitted bodies, which participate in the Fund under the terms of an admission agreement between the Fund and the employer. Admitted bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking local authority functions following outsourcing to the private sector.

Details of the participating employer bodies and their individual contribution rates for the year ended 31 March 2024 are set out on pages 101-102.

The Fund membership was as follows:

Fund membership	31 March 2024 Numbers	31 March 2023 Numbers
Number of employers	115	122
Number of active members:		
LPFA	27	23
Other employers	23,703	22,716
Total	23,730	22,739
Number of deferred beneficiaries:		
LPFA	107	110
Other employers	30,031	29,683
Total	30,138	29,793
Number of pensioners and dependents:		
LPFA	84	79
Other employers	36,479	36,130
Total	36,563	36,209
Number of undecided leavers and frozen refunds:		
LPFA	12	12
Other employers	9,142	8,043
Total	9,154	8,055
Total number of members in pension scheme	99,585	96,796

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2024. Employers' contributions are set based on the triennial actuarial funding valuations. The last such valuation was at 31 March 2022. Currently employer contributions range from 0% to 33.1%.

d) Benefits

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

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website – see www.lgpsmember.org.

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2023-24 financial year and its financial position at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the public sector. The accounts have been prepared on a going concern basis.

In carrying out its assessment that this basis is appropriate, made prior to the accounts being made available for public inspection on 31 May 2024, management have considered additional qualitative and quantitative requirements.

The basis for preparation is supported by legislation for local authorities and the Code requirements on the basis of continuing services.

The net dealings with members is a net withdrawal from the Fund hence the investment strategy is designed to subsidise the shortfall in income from participating employers by generating sufficient investment income.

Pension Fund accounts continued

Notes to the Pension Fund Accounts continued

In line with Regulation 62 of the Local Government Pension Scheme Regulations 2013, the Fund's actuary assesses the financial position of the Fund each year and as at 31 March 2024 it has remained in a net surplus position since the last triennial valuation and was 117% funded as at 31 March 2024, with assets of £8.0 billion and liabilities of £6.8 billion. The strategic asset allocation of the Fund to cash is 1.5% and 50% to public equities that can be readily converted to cash.

On this basis the Fund management has a reasonable expectation that it will have adequate resources to continue its operational existence throughout the going concern period. For this reason, alongside the statutory guidance, the Pension Fund accounts continues to adopt the going concern basis in preparing the financial statements.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net asset statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information in Note 25.

3. Summary of significant accounting policies

Fund account – revenue recognition

Contributions

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the Fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the Fund actuary in the rates and adjustment certificate issued to the relevant employing body.

Employers' augmentation contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the Fund.

Individual transfers in/out are accounted for when the received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (note 8).

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

Investment income

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.

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 asset statement as current financial assets.

Distributions from pooled assets 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 as current financial assets.

Rental income is recognised on a straight-line basis over the term of the lease, and any lease incentives granted are also pro-rated over the lease term. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profit and losses during the year.

Fund account – expense items

Benefits payable

Pensions and lump sum benefits payable include all known amounts to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the net asset statement as current liabilities, providing the payment has been approved.

Management expenses

The Fund discloses its management expenses in line with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

- Administration expenses.
- Oversight and governance expenses.
- Investment management fees.

Administration expenses consist of the following:

- Expenses related to LGPS members and pensioners. These include all activities the pension scheme must perform to administer entitlements and provide members with scheme and benefit entitlement information. Examples of this include pension allocations, benefit estimates, payment of benefits, processing of the transfer of assets, commutation, communications with members and pensioners, and annual benefit statements.
- Expenses related to interaction with scheme employers e.g. data collection and verification, contributions collection and reconciliation, the employers' help desk or other employer support, and communications with employers; and
- Associated project expenses.

Oversight and governance expenses are contained in the Operational accounts and are recharged to the Pension Fund:

- Investment advisory services (strategic allocation, manager monitoring etc.).
- Independent advisors to the Pension Fund.
- Operation and support of the Board (i.e. those charged with governance of the Pension Fund), Local Pension Board, or any other oversight body.
- Costs of compliance with statutory or non-statutory internal or external reporting (annual reports and accounts, etc.).

Investment management fees consist of the following:

- Investment management expenses incurred in relation to the management of Pension Fund assets and financial instruments;
- In accordance with the CIPFA guide Local Government Pension Management Expenses 2016, this includes expenses directly invoiced by investment managers and any fees payable to fund managers which are deducted from fund assets; and
- Transaction fees for all categories of investment are included within investment management expenses.

Local Pensions Partnership Investments Ltd is responsible for managing all investment managers. Fees of the investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly these are based on the market value of the investments under management and there is also a fee payable based on a percentage of out-performance against an agreed benchmark, for some managers.

Taxation

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

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

Financial assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14a. Any gains or losses on investment sales arising from changes in the fair value of the asset 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 requirements of the Code and IFRS 13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

Foreign currencies

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

Derivatives

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

Cash and cash equivalents

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

Financial liabilities

A financial liability is recognised in the net asset statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the Fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary 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 net asset statement (Note 25).

Real Estate Fund

The properties within the LPPI Real Estate Fund are included at the open market value as at the year end. The properties were valued at open market value at 31 March 2024 by an independent valuer, Avison Young.

The properties have been valued individually based on Fair Value, in accordance with the RICS Global Valuation Standards 2017, VPGA 1 – Valuations for inclusion in financial statements, which adopts the definition of Fair Value adopted by the International Accounting Standards Board (IASB) in IFRS 13.

This is an internationally recognised basis and is defined as: "The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date."

Avison Young regards Fair Value as Identical to Market Value, defined within the Global Valuation Standards as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Additional voluntary contributions (AVCs)

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. AVCs are not included in the accounts within the net assets of the scheme in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but the current value of the AVC is disclosed for information in Note 20.

Contingent assets and contingent liabilities

A contingent asset arises where an event has taken place, giving rise to a possible asset whose existence will only be confirmed or otherwise by future events. A contingent liability arises where an event prior to the year end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the balance sheet date to measure the value of the financial obligation reliably. Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

Accounting standards issued, but not yet adopted

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued by January 2024 but not yet adopted, setting out the impact of non-adoption of the standard.

- IFRS 16 Leases issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023-24 year.
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued January 2020: The amendments:
 - specify that an entity's right to defer settlement must exist at the end of the reporting period
 - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its rights to defer settlement
 - clarify how lending conditions affect classification, and
 - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in October 2022. The amendments to IFRS 16 add subsequent measurement requirements for the sale and leaseback transactions.
- Non-current Liabilities with Covenants (Amendment to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months subject to compliance with covenants.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with minimum level of turnover. The amendments introduced:
 - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
 - targeted disclosure requirements for affected entities
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

The amendments require an entity to provide additional disclosure about its supplier finance arrangements. The IASB developed the new requirements to provide users of the financial statements with information to enable them to:

- Assess how the supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

These standards will either have no impact or no material impact on the Fund accounts.

4. Critical accounting estimates and judgements

There are no critical judgements that have a material impact on the accounts.

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

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

Unquoted private equity, infrastructure investments and credit funds

Private equity and infrastructure are valued in accordance with International Private Equity and Venture Capital Guidelines (December 2018). See note 5 for further information on estimations required as part of the valuation method.

Real Estate Fund

The Real Estate property values within the Real Estate Fund are generally a matter of a valuer's opinion rather than fact and may go down as well as up. There is also a risk that the price at which a property is valued may not be realisable in the event of a sale. This could be due to a misestimation of the asset's value or due to a lack of liquidity in the relevant market. Note 5 contains further details on the estimations required as part of the valuation method. Real estate assets were valued at £724.9 million at 31 March 2024 (31 March 2023: £729.3 million), note 14.

Pension Fund liability

The Pension Fund liability is calculated every three years by the appointed Actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 26. Assumptions underpinning the valuations are agreed with the Actuary and are summarised in the Actuarial Statement on page 99 of this report. This estimate is subject to significant variances based on changes to the underlying assumptions.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations; however actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised benefits	Estimation of the net liability to pay pensions depends on a number of complex estimates relating to the discount rate used, salary increases, changes in retirement ages, mortality rate, and returns on Fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice based on their judgement about the appropriate assumptions to be applied.	For instance: a) A 0.1% increase in the discount rate would reduce the present value of the total obligation by £100 million. The rates have gone on an upward trend since 2021 and have increased by over 2% to 4.85%. b) A 0.1% increase in long-term salary would increase the present value of the of the obligation by £5.2 million. c) A 0.1% change in the long-term pension increase would increase the present value of the obligation by £100 million. More details on the assumptions are shown in note 25.
Long-term credit	Long-term credit investments are valued by calculating the Fund's share of the ret assets in the audited Fund accounts. As these values are not based on observable market data, they have been categorised as fair value Level 3 investments.	Credit is valued at £978.8 million. There are inherent risks within the valuation technique which means the value could vary between plus and minus 4.6%.
Real Estate	The valuation method for the Real Estate ASC is detailed in note 16. The key valuation uncertainties relate to estimating the rental growth, vacancy levels and the appropriate discount rate. Over the next 12 months, these inputs can change with respect to the changing economic conditions. Refer to note 16, sensitivity of assets, for further explanation.	Real Estate is valued at £724.9 million. There are inherent risks within the valuation technique which means the asset value could vary between plus and minus 4.6%.
Private Equity and Infrastructure	Private equity and Infrastructure investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation (IPEV) Guidelines (2022). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation of these assets. Uncertainties including changes in market activity, credit risk, expected cash flows, discount rates used can impact valuations. Over the next 12 months, these inputs can change with respect to the changing economic conditions. Refer to note 16, sensitivity of assets, for further explanation.	Private equity and Infrastructure investments are valued at £1,529.4 million. There are inherent risks within the valuation technique which means the asset value could vary between plus and minus 4.6%. See note 16 for further information.

Diversifying Strategies

During the year 2022-23 the LPFA Board agreed to wind down the asset allocation to Diversifying Strategies.

A large proportion of the assets were disposed of during the year 2023-24 and the independently audited LPPI Diversifying Strategies fund accounts have not been prepared on a going concern basis for the year ended 31 March 2024 due to the intention to liquidate the partnership after the year end.

The assets have been measured at net realisable value and have been classified as fair value Level 1 or Level 2 assets in the Diversifying Strategies accounts, hence the net realisable value is accepted as fair value. The total asset class has been classified as fair value Level 2 in the LPFA accounts.

6. Post balance sheet events

There are two types of post balance sheet events. There are events after the net asset statement date that provide additional information relating to conditions that existed at the date of the net asset statement (adjusting event) and there are events after the net asset statement date relating to conditions that did not exist at the date of the net asset statement (non-adjusting event).

There were no adjusting or non-adjusting post balance sheet events.

7. Contributions

By category

	2023-24 £'000	2022-23 £'000
Employers – normal	88,009	96,020
Employers – additional	1,591	14,966
Employers – one-off deficit payment	13,346	–
Members – normal	50,015	46,393
Augmentation	3,379	575
Cessation valuations	420	–
	156,760	157,955

By type of employer

	2023-24 £'000	2022-23 £'000
Scheduled bodies	91,931	85,603
Admitted bodies	61,760	69,524
Transferee admission body	3,069	2,824
	156,760	157,955

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

8. Transfers in from other pension funds

	2023-24 £'000	2022-23 £'000
Individual transfers	14,345	12,278
Group transfers	12,671	–
	27,016	12,278

There were four group transfers during the year, three relating to Orchard Hill College Academy with a total value of £10.28 million and £2.39 million relating to Local Pensions Partnership Investments.

9. Benefits

By category

	2023-24 £'000	2022-23 £'000
Pensions	268,837	246,004
Commutation and lump sum retirement benefits	32,518	27,799
Lump sum death benefits	3,983	4,216
AVC payments	–	672
Tax on exceeding lifetime or annual allowance	436	227
	305,774	278,918

By type of employer

	2023-24 £'000	2022-23 £'000
Scheduled bodies	191,864	178,195
Admitted bodies	13,246	12,658
Community admission body	98,010	85,668
Transferee admission body	2,602	2,349
Resolution body	52	48
	305,774	278,918

10. Payments to and on account of leavers

	2023-24 £'000	2022-23 £'000
Refunds to members leaving service	621	738
Group transfers	81,209	11,268
Individual transfers	15,259	14,079
	97,089	26,498

The group transfers out relate to employers who exited the scheme when their assets in the Fund exceeded their pension liabilities. The largest amount is payable to S.S.A.F.A. Forces Help.

11. Management expenses

	2023-24 £'000	2022-23 £'000
Investment management	98,405	123,528
Administration	2,623	2,347
Oversight and governance	3,921	4,087
	104,949	129,962

11a. Investment management expenses

	2023-24 £'000	2022-23 £'000
Management fees	74,079	67,794
LPP management fee directly invoiced	149	67
Performance related fees	12,101	32,954
Custody fees	92	42
Transaction fees	8,117	17,003
Other fees	3,867	5,668
	98,405	123,528

The investment management expenses are grossed up to include fees netted against the investment value, in line with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016). This adjustment has an equal impact on management expenses and the change in the market value of investments. There is no impact on the overall net assets of the scheme.

11b. Analysis of Investment management expenses

	Total £'000	Management £'000	Transaction £'000	Performance £'000	Other £'000
2023-24					
Pooled investments – private equity and infrastructure	21,982	18,949	1,165	(1,999)	3,867
Pooled investments – unit trusts and other managed funds	55,427	35,190	5,621	14,524	92
Pooled property income	20,690	19,783	1,331	(424)	–
Hedge	306	306	–	–	–
	98,405	74,228	8,117	12,101	3,959
2022-23					
Pooled investments – private equity and infrastructure	47,326	16,714	564	24,380	5,668
Pooled investments – unit trusts and other managed funds	62,596	38,288	16,765	7,501	42
Pooled property income	13,192	12,446	(326)	1,072	–
Hedge	414	414	–	–	–
	123,528	67,862	17,003	32,953	5,710

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

12. Investment income

	2023-24 £'000	2022-23 £'000
Pooled Investments – Private Equity and Infrastructure	66,652	99,214
Pooled Investments – Unit trusts and other managed funds	41,428	43,283
Pooled property income	27,507	26,000
Interest on cash deposits	6,763	4,476
Other	86	431
	142,436	173,404

13. External audit fee

The audit fee for the Pension Fund is included within the oversight and governance charged by LPFA Operations. The amount payable to the external auditors for the audit of the Fund for 2023-24 was £170,000 and £33,000 for other audit costs (2022-23: £91,000) and £nil for other costs.

Fees are also payable to the external auditors in relation to the certification of the data used to calculate the IAS 19 disclosures for participating employers. The fee is expected to be £60,000 (2023: £50,000). These fees are recharged to the employer so the net cost to LPFA is £nil.

14. Investments

	Market value at 31 March 2024 £'000	Market value at 31 March 2023 £'000
Pooled investments:		
– Fixed Income	191,942	77,549
– Equities	4,290,920	3,782,095
– Credit	978,791	736,462
– Private Equity	586,357	585,478
– Infrastructure	930,437	939,596
– Real Estate	724,873	729,327
– Diversifying Strategies	222,351	566,935
	7,925,671	7,417,442
Non-pooled investments:		
– Equities	11	88
– Private Equity	12,500	12,500
– Infrastructure	112	146
– Managed Funds	–	43
– Diversifying Strategies	3,875	718
	16,498	13,495
– Cash managed by LPPI	111,081	–
– Cash at investment managers	2,378	5,657
– Derivatives – forward exchange contracts	7,479	7,775
– Amounts receivable for sales	11,213	16,250
– Investment income due	6,692	1
Total investment assets	138,843	29,683
Derivatives – Forward exchange contracts	(5,444)	(5,580)
Net investment assets	8,075,568	7,455,040

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

14a. Reconciliation of movements in investments and derivatives

Net Investment Assets	Market value at 31 March 2024 £'000	Change in market value during the year £'000	Sales during the year and derivative receipts £'000	Purchases during the year and derivative payments £'000	Market value at 31 March 2023 £'000
Pooled investments:					
– Fixed Income	191,942	349	–	(114,742)	77,549
– Equities	4,290,920	(510,657)	10,000	(8,168)	3,782,095
– Credit	978,791	(108,560)	–	(133,769)	736,462
– Private Equity	586,357	(10,004)	40,593	(31,468)	585,478
– Infrastructure	930,437	3,200	23,141	(17,182)	939,596
– Real Estate	724,873	76,544	15,694	(87,784)	729,327
– Diversifying Strategies	222,351	(42,785)	376,180	11,189	566,935
	7,925,671	(591,913)	465,608	(381,924)	7,417,442
Non-pooled investments:					
– Equities	11	(12)	89	–	88
– Private Equity	12,500	–	–	–	12,500
– Infrastructure	112	(4)	38	–	146
– Managed Funds	–	8	35	–	43
– Diversifying Strategies	3,875	(4,228)	2,724	(1,653)	718
	7,942,169	(596,149)	468,494	(383,577)	7,430,937
Derivative contracts:					
– Forward exchange contracts	2,035	2,195	31,536	73,648	2,195
– Cash managed by LPPI	111,081	155	365,781	(477,017)	–
	8,055,285	(553,721)	865,811	(934,243)	7,433,132
Cash at investment managers	2,378	(118)			5,657
Amounts receivable for sale of investments	11,213	–			16,250
Investment income due	6,692	–			1
Net investment assets	8,075,568	(553,839)			7,455,040

14a. Reconciliation of movements in investments and derivatives continued

Net Investment Assets (Prior year comparative) Period 2022-23	Market value at 31 March 2023 £'000	Change in market value during the year £'000	Sales during the year and derivative receipts £'000	Purchases during the year and derivative payments £'000	Market value at 31 March 2022 £'000
Pooled investments:					
– Fixed income	77,549	10,647	119,950	968	209,114
– Equities	3,782,095	(92,605)	–	(79,801)	3,609,689
– Credit	736,462	4,185	–	(125,369)	615,278
– Private Equity	585,478	33,238	77,192	573	696,481
– Infrastructure	939,596	(26,984)	30,873	(134,993)	808,492
– Real estate	729,327	16,742	–	(68,473)	677,597
– Diversifying Strategies	566,935	(83,177)	280,000	39,690	803,448
	7,417,442	(137,954)	508,015	(367,405)	7,420,099
Non-pooled investments:					
– Equities	88	430	–	–	518
– Private Equity	12,500	–	–	–	12,500
– Infrastructure	146	(17)	697	(100)	726
– Managed Funds	43	(4)	22,001	–	22,040
– Diversifying Strategies	718	(1,797)	7,694	(3,209)	3,406
	7,430,937	(139,342)	538,408	(370,714)	7,459,289
Derivative contracts					
– Forward exchange contracts	2,195	53,020	50,768	(122,655)	(16,672)
	7,433,132	(86,322)	589,176	(493,369)	7,442,617
Cash at investment managers	5,657	(556)			(28)
Amount receivable for sale of investments	16,250				
Investment income due	1	–	–	–	1
Net investment assets	7,455,040	(86,878)			7,442,590

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

14b. Investments analysed by fund manager

	Market value at 31 March 2024 £'000	% of market value at 31 March 2024 %	Market value at 31 March 2023 £'000	% of market value at 31 March 2023 %
Investment managed within LPPI asset pools				
LPPI Global Equities	4,290,920	53.13%	3,782,095	50.73%
LPPI Diversifying Strategies	222,351	2.75%	566,935	7.60%
LPPI Real Estate	665,930	8.25%	668,696	8.97%
LPPI Private Equity	586,357	7.26%	585,478	7.85%
LPPI Credit	978,791	12.12%	736,462	9.88%
LPPI Infrastructure	930,437	11.52%	939,596	12.60%
LPPI Fixed Income	191,942	2.38%	77,549	1.04%
LPPI London Fund	58,943	0.73%	60,632	0.81%
	7,925,671	98.14%	7,417,442	99.50%
Investments managed outside asset pools				
Select Market Access	5,846	0.07%	–	0.00%
Aeolus Property	407	0.01%	718	0.01%
LPP Group	12,500	0.15%	12,500	0.17%
InfraRed Capital Partners	–	0.00%	25	0.00%
Foresight Group	–	0.00%	43	0.00%
Impax Asset Management	112	0.00%	121	0.00%
BlackRock Management	11	0.00%	(40)	0.00%
RCM	2,035	0.03%	7,966	0.11%
LPPI	128,985	1.60%	16,250	0.22%
	149,897	1.86%	37,598	0.50%
	8,075,568	100.00%	7,455,040	100.00%

The 2022-23 cash and current asset investment assets have been allocated to the appropriate fund manager in the comparatives.

14b. Investments analysed by fund manager continued

The following investments represent more than 5% of the net assets of the scheme. The 2022-23 percentages have been restated so that rather than being based on the net assets of the scheme they are based on the investment assets:

Security	Market value at 31 March 2024 £'000	% of total Fund	Market value at 31 March 2023 £'000	% of total Fund
LPPI Global Equity Fund	4,290,920	53.13%	3,782,095	50.73%
LPPI Diversifying Strategies	–	–	566,935	7.60%
LPPI Real Estate	665,930	8.25%	668,696	8.97%
LPPI PE Investments (No.1) LP	586,357	7.17%	585,478	7.85%
LPPI Credit	978,791	11.97%	736,462	9.88%
LPPI Infrastructure	930,437	11.38%	939,596	12.60%
Total	7,452,436	91.91%	7,279,261	97.63%

15. Analysis of derivatives

Objectives and policies for holding derivatives

Derivatives are used to hedge liabilities or hedge exposures to reduce risk to the Fund. They are also used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the Investment Management Agreement between the LPFA and the various investment managers.

Futures

There were no directly held outstanding exchange traded futures contracts at 31 March 2024 (31 March 2023: £nil).

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

15. Analysis of derivatives continued

Open Forward Foreign Currency contracts

The net position on open forward currency contracts at 31 March 2024 amounts to an asset of £2.0 million (2023: asset of £2.2 million). This amount is reflected within the cash balance held by managers.

Analysis of Open Forward Foreign Currency contracts

To maintain appropriate diversification a significant proportion of the Fund's investments is in overseas assets. To reduce the volatility associated with fluctuating currency rates, the Fund hedges a proportion of overseas investments currency exposure.

Settlement	Currency code purchased	Currency purchased amount £'000	Currency code sold	Currency sold amount £'000	Asset value £'000	Liability value £'000
1 month	CHF	2,931	GBP	2,726	–	(143)
	GBP	3,684	USD	4,482	137	–
	GBP	19,354	CHF	20,738	1,074	–
	GBP	69,765	USD	84,663	2,755	–
	CHF	921	GBP	844	–	(32)
	GBP	12,022	USD	15,307	–	(94)
	GBP	2,434	EUR	2,848	–	(3)
	JPY	15,103,600	GBP	81,536	–	(2,211)
	CHF	5,011	GBP	4,417	–	–
	EUR	53,145	GBP	45,482	–	(3)
	USD	95,722	GBP	75,764	–	(2)
	GBP	63,903	JPY	12,169,700	–	(12)
1 to 6 months	GBP	16,314	CHF	17,807	568	–
	GBP	70,508	USD	89,145	–	(38)
	CHF	921	GBP	846	–	(32)
	GBP	12,025	USD	15,307	–	(88)
	GBP	2,445	EUR	2,848	5	–
	JPY	15,103,600	GBP	80,339	–	(641)
	CHF	5,011	GBP	4,431	–	–
	EUR	53,145	GBP	45,532	–	(4)
	USD	95,722	GBP	75,752	1	(2)
	GBP	64,194	JPY	12,169,700	–	(22)
	NZD	25,940	GBP	12,345	–	(68)
	GBP	18,845	NZD	39,817	–	(1)
	GBP	16,689	CHF	17,807	895	–
	GBP	70,050	USD	89,145	–	(485)
	CHF	921	GBP	850	–	(33)
	GBP	12,031	USD	15,307	–	(81)
	NOK	443,648	GBP	32,874	–	(450)
	GBP	2,451	EUR	2,848	8	–
	GBP	21,103	AUD	40,682	51	–

15. Analysis of derivatives continued

Settlement	Currency code purchased	Currency purchased amount £'000	Currency code sold	Currency sold amount £'000	Asset value £'000	Liability value £'000
1 to 6 months	CAD	74,694	GBP	43,524	205	–
	JPY	15,103,600	GBP	79,936	78	–
	GBP	55,008	SEK	731,768	663	–
	GBP	2,311	CAD	3,948	–	–
	CHF	5,011	GBP	4,444	1	–
	GBP	2,592	SEK	34,904	–	–
	AUD	71,717	GBP	37,112	–	(1)
	EUR	53,145	GBP	45,579	–	(3)
	USD	95,722	GBP	75,742	–	(3)
	GBP	37,025	NOK	506,633	–	(2)
	GBP	64,454	JPY	12,169,700	–	(17)
	GBP	15,705	CHF	16,886	676	–
	GBP	82,190	USD	104,452	–	(439)
	CHF	5,011	GBP	4,460	–	–
	JPY	2,933,900	GBP	15,613	–	–
	USD	95,722	GBP	75,729	–	(6)
	GBP	15,436	CHF	16,886	360	–
	GBP	82,273	USD	104,452	–	(340)
	CHF	5,011	GBP	4,474	–	–
	JPY	2,933,900	GBP	15,678	–	–
	USD	95,722	GBP	75,711	–	(3)
	GBP	15,104	CHF	16,886	–	(21)
	GBP	82,438	USD	104,452	–	(159)
	CHF	5,011	GBP	4,488	1	–
	JPY	2,933,900	GBP	15,744	2	–
	USD	95,722	GBP	75,699	–	(6)
					Asset value £'000	Liability value £'000
Open forward contracts at 31 March 2024					7,479	(5,444)
Net forward contracts at 31 March 2024						2,035
Open forward contracts at 31 March 2023					7,775	(5,580)
Net forward contracts at 31 March 2023						2,195

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

16. Fair values – basis of valuation

The LPFA has financial liabilities carried at amortised cost and the carrying amount for instruments that will mature within the next 12 months from the net asset statement date is assumed to equate to the fair value.

The fair values of current financial assets and current financial liabilities at 31 March 2024 have been reviewed and were assessed as being the same as the carrying amounts in the net asset statement. Current financial assets and liabilities are accounted for as financial instruments and held at amortised costs.

LPFA has not entered into any financial guarantees that are required to be accounted for as financial instruments.

All other investments are held at fair value in accordance with the requirements of the code and IFRS 13. The valuation basis is set out in a table on page 87. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

There has been no change in the valuation techniques used this year.

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 at Level 1 are those 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 securities, quoted index linked securities, futures and options.

Level 2

Financial instruments at Level 2 are those 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 data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity and infrastructure are based on valuations provided by the general partners of the funds in which the LPFA has invested.

16. Fair values – basis of valuation continued

Basis of valuation	Valuation hierarchy level	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting valuations provided
Pooled Global Equities	1	Unadjusted quoted bid market prices.	Not required.	Not required.
Cash and cash equivalents	1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required.	Not required.
Amount receivable for sale of investments	1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments.	Not required.	Not required.
Fixed Income funds	2	Unadjusted market values based on current yields.	Not required.	Not required.
Forward foreign exchange derivatives	2	Market forward exchange rates at year end.	Exchange rate.	Not required.
Pooled Diversifying Strategies	2	Independently audited net asset value.	Discount rates, cash flow projections.	Not required.
Long-term Credit	3	Annually at fair value in accordance with international Private Equity and Venture Capital Valuation Guidelines 2018 or equivalent.	Discount rates, cash flow projections.	Valuations can be affected to changes to cash flows and discount rates.
Pooled Real Estate investments	3	The Real Estate ASC is valued in accordance with RICS Red Book Global valuation methodology. The valuations are used to calculate the unit price.	NAV-based pricing set on a forward pricing basis.	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes to market prices.
Private Equity and Infrastructure investments	3	Annually at fair value in accordance with international Private Equity and Venture Capital Valuation Guidelines 2015 or equivalent.	Discount rates, cash flow projections.	Material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date; changes to expected cash flows; differences between audited and unaudited accounts.

Sensitivity of assets valued at Level 3

Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments at 31 March 2024. This table excludes the investment in LPP group.

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

16. Fair values – basis of valuation continued

Sensitivity of assets valued at Level 3

Assets	Assessed valuation range (+/-)	Value at 31 March 2024 £'000	Value increase £'000	Value decrease £'000
Private Equity	4.6%	598,857	626,266	571,447
Infrastructure	4.6%	930,549	973,140	887,958
Diversifying Strategies	4.6%	3,875	4,053	3,698
Credit	4.6%	978,791	1,023,591	933,992
Real Estate	6.9%	724,873	774,816	674,929
		3,236,946	3,401,866	3,072,025

Assets	Assessed valuation range (+/-)	Value at 31 March 2023 £'000	Value increase £'000	Value decrease £'000
Private Equity	4.8%	585,478	613,703	557,253
Infrastructure	4.8%	939,741	985,044	894,438
Diversifying Strategies	4.8%	718	752	683
Credit	4.8%	736,462	771,965	700,959
Real Estate	6.6%	729,327	777,212	681,443
		2,991,726	3,148,677	2,834,776

16a. Fair value hierarchy

	Quoted market prices	Using observable inputs	With significant unobservable inputs	Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Market value at 31 March 2024				
Financial assets at fair value through profit or loss	4,422,295	421,771	3,236,946	8,081,012
Financial liabilities at fair value through profit or loss	–	(5,444)	–	(5,444)
Net investment assets	4,422,295	416,327	3,236,946	8,075,568

Restated	Quoted market prices	Using observable inputs	With significant unobservable inputs	Total
	Level 1 £'000	Level 2 £'000	Level 3 £'000	£'000
Market value at 31 March 2023				
Financial assets at fair value through profit or loss	3,804,091	652,304	3,004,225	7,460,620
Financial liabilities at fair value through profit or loss	–	(5,580)	–	(5,580)
Net investment assets	3,804,091	646,724	3,004,225	7,455,040

16a. Fair value hierarchy continued

Reconciliation of Level 3 assets

	Market value at 31 March 2024 £'000	Unrealised gains/(losses) 31 March 2024 £'000	Realised gains/ (losses) £'000	Sales during the year £'000	Purchases during the year £'000	Market value 31 March 2023 £'000
Private Equity	598,857	31,389	(47,315)	–	16,805	597,978
Infrastructure	930,548	17,261	(16,457)	(5,908)	(4,088)	939,740
Credit	978,793	133,769	2	–	108,559	736,464
Diversifying Strategies	3,876	1,653	(2,723)	(49)	4,277	718
Real Estate	724,872	87,784	(15,694)	–	(76,544)	729,327
Total	3,236,946	271,856	(82,187)	(5,958)	49,008	3,004,226

The credit asset, being LPPI credit, has been reclassified from Fair value Level 2 to Fair value Level 3 as at 31 March 2023 due to these assets being incorrectly classified in the previous years' accounts in accordance with IFRS 13. The change is as a result of the unavailability of observable market data to input into the valuation of this asset class.

Credit has been included in the opening balance of the reconciliation of Level 3 assets. In the prior year disclosure of the analysis of assets in accordance with the fair value hierarchy, the credit asset, being £736.5 million, has been transferred from Level 2 to Level 3. The detail of the changes are shown in the prior period error note 27.

In measuring the Level 3 investments it is possible that one or more of the inputs could be changed, by the valuing manager, to acceptable alternative assumptions. For example different earnings multiples could be used for a comparable company or industry sector. These assumptions may significantly change the valuation of the investment being valued. However, each investment is valued in isolation and changing assumptions for one investment may not be applicable to others. Therefore, carrying out a sensitivity analysis on the whole class may be inappropriate. LPFA has a large portfolio of Level 3 investments and changes to the value of any one investment are not likely to have a significant impact on the value of the whole class of investments or to the value of LPFA's total asset portfolio.

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

17. Classification of financial instruments

Financial instruments held by the Fund at the year end are categorised as follows:

	Market value at 31 March 2024 £'000	Market value at 31 March 2023 £'000
Financial assets – fair value through profit and loss		
Pooled investments:		
– Equities	191,942	3,782,095
– Fixed Interest	4,290,920	77,549
– Credit	978,791	736,462
– Private Equity	586,357	585,478
– Infrastructure	930,437	939,596
– Real Estate	724,873	729,327
Diversifying Strategies	222,351	566,935
	7,925,671	7,417,442
Equities	11	88
Private Equity	12,500	12,500
Infrastructure	112	146
Diversifying Strategies	3,875	718
Managed funds	–	43
Forward exchange contracts	7,479	7,775
Total financial assets at fair value through profit and loss	7,949,649	7,438,712
Assets at amortised cost		
Cash managed by LPPI	111,081	–
Cash at investment managers	2,378	5,657
Amounts receivable for sales	11,213	16,250
Investment income due	6,692	1
Cash balances	12,029	175,662
Current assets – note 21	8,181	17,951
Total financial assets at amortised cost	151,574	215,521
Finance liabilities – fair value through profit and loss		
Forward exchange contracts	(5,444)	(5,580)
Finance liabilities – at amortised cost		
Current liabilities – note 22	(414)	(499)
Total liabilities	(5,858)	(6,079)
Grand total	8,095,364	7,648,154

The difference between the total financial instruments and the net asset statement relate to assets and liabilities that are not financial instruments, being the VAT receivable, the contributions due, the benefits payable, cessation amounts and the other taxes payable.

17a. Net gains and losses on financial instruments

Financial instruments held by the Fund at the year end are categorised as follows:

	2023-24 £'000	2022-23 £'000
Financial assets		
Fair value through profit and loss		
Financial liabilities	676,368	205,139
Fair value through profit and loss	(122,529)	(118,261)
	553,839	86,878

18. Nature and extent of risks arising from financial instruments

Risk and risk management

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

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

Market risk

Market risk is the risk of loss from fluctuations in market prices which includes interest and foreign exchange rates, credit spreads, equity prices and volatility. The Fund is exposed to market risk from its investment and hedging activities, with the level of risk exposure depending on asset mix, market conditions, expectations of future price and yield movements. Most of the market risk arises from financial instruments held in investments in LPPI pooled funds.

Market risk is managed in line with the risk management objectives within the Fund's Investment Strategy Statement (ISS) and Funding Strategy Statement (FSS), which is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising return on risk. The Fund manages its market risk by establishing a well-diversified asset allocation across different asset classes, countries and currencies. The Fund also seeks to include assets which provide real-term returns as well as cash flow generating assets that try to match the Fund's liabilities.

Market risk – sensitivity analysis

Several approaches are used to measure and monitor the market risk of the Fund including sensitivity analysis, expected volatility, value at risk (VaR) and stress testing. The methodology used may be based on historical data or using simulation techniques, depending on the measure and the type of risk.

The expected volatility over a one-year time horizon is used as one risk measure for the Fund and is measured as a one standard deviation movement in the returns for each of the major asset classes in which the Fund is invested. The expected volatility provides a measure of the potential largest change in the value of the Fund in around 2/3rds of the time. The total fund volatility considers the expected interactions between the different asset classes, based on underlying volatilities and correlations of the assets. LPPI uses economic scenario generation (ESG) to model future returns. Ortec Finance's ("Ortec") ALM software (GLASS) is used to generate 2,000 future economic scenarios and analyse future investment returns stochastically. Assumptions around future economic conditions and asset class risk and return are primarily Ortec's, however LPPI specifies the weights of Ortec's sub-asset class building blocks for each asset class to best reflect the asset classes which LPPI manages.

The approach makes assumptions on the potential distribution of prices and the potential movement and correlation in equity prices, interest and foreign exchange rates and credit spreads. The limitations of the approach are that the expected asset volatility and correlations may be different over the one-year time horizon, the assumed distribution of prices may be different and it does not provide a measure of potential outcomes outside the one standard deviation movement.

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

18. Nature and extent of risks arising from financial instruments continued

Asset class	2024 1 year expected volatility (%)	2024 % of Fund	2023 1 year expected volatility (%)	2023 % of Fund
Global Equities	16.4	53.5	19.0	49.8
Private Equity	25.2	7.0	25.0	7.7
Real Estate	13.2	9.1	13.6	9.6
Fixed Income	3.6	2.4	3.6	1.0
Infrastructure	15.6	11.5	15.1	12.4
Credit	8.1	11.9	9.7	9.7
Diversifying Strategies	5.4	2.9	6.2	7.5
Cash	0.0	1.6	0.0	2.2
Total Fund	11.9	100	12.9	100.0

The value of the Fund as at 31 March 2024 was £8,031 million (2023: £7,658 million) and the expected volatility was 11.9% (2023: 12.9%). Given these figures, we would expect that in roughly 2/3rds of outcomes the value of the Fund would lie between £8,986 million (2023: £8,646 million) and £7,075 million (2023: £6,676 million) in 12 months' time, expressed in today's equivalent present value.

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The main interest rate risk for the Fund is within the fixed income assets.

The Fund is also exposed to interest rate risk within its pension liabilities.

The sensitivity of financial instruments in the Fund to interest rate movements is captured in the sensitivity analysis within the market risk section.

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk through non-sterling investments, where the currency risk has not been hedged, while it holds sterling liabilities. The currency risk is mainly in the global equity, private equity, credit and infrastructure pooled portfolios.

The Board has established a currency hedge programme to dampen the effect of foreign currency fluctuations on the value of the non-sterling investment asset. The hedge currently covers 50% of the non-sterling exposure of the global equity portfolio, excluding emerging markets, and 100% of the total return portfolio. The currency hedge programme is reviewed regularly as part of LPFA's investment strategy review.

18. Nature and extent of risks arising from financial instruments continued

Currency risk sensitivity analysis

The increase in currency exposure over the year reflects the inclusion of currency risk from investments in private equity, infrastructure and credit in the table below.

The expected standard deviation of the Fund's significant currency exposure is based on 12-month market implied volatilities as at 31 March 2024. The following table summarises the Fund's currency exposure and expected 12-month volatility by currency as at 31 March 2024 and as at the previous period end:

Value at 31 March 2024 £m	Implied volatility %	Currency	Value at 31 March 2023 £m	Implied volatility %
3,416	7.2	USD	2,732	9.7
241	9.4	JPY	379	12.2
924	5.1	EUR	759	7.0
141	6.1	CAD	133	8.6
60	6.4	CHF	57	8.2

The sensitivity of the Fund to currency movements is captured in the sensitivity analysis within the market risk section.

Credit risk

Credit risk is the risk that the issuer or counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The main credit risk within the Fund arises predominantly from investments in fixed income securities within the pooled funds, where the issuer may default or is unable to pay its obligation when due. The Fund seeks to minimise its credit risk by the selection of high quality counterparties, brokers and financial institutions.

Credit risk also arises with LPFA deposits held with banks and financial institution. The majority of the cash balance is held by the fund manager in the LPFA LPPI cash account. This cash is placed in money market funds in accordance with the recommendation of the fund manager.

The sensitivity of the Fund to credit spreads is captured in the sensitivity analysis within the market risk section.

The LPFA believes it has managed its exposure to credit risk and has had no experience of default and uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2024 was £111 million (2023: £160.9 million).

Liquidity risk

Liquidity risk is the risk that LPFA has insufficient funds to meet its financial obligation when due. These obligations may arise from operating expenses, payment to members or to meet investment commitments.

LPFA manages its liquidity risk by forecasting future cash requirements and having immediate access to enough funds, either through cash holdings or holding highly liquid assets that can be readily liquidated if required. The LPFA has immediate access to its cash holdings with the LPFA LPPI cash account held by the custodian Bank of New York Mellon (BNYM) and Lloyds Bank plc.

The LPFA defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2024, the value of illiquid assets (Private Equity, Infrastructure, Real Estate, non-pooled Diversifying Strategies) was £3,236 million, which represented 40.31% of total LPFA assets (31 March 2023 restated: £3,004 million which represented 39.23% of the total LPFA assets).

All financial liabilities at 31 March 2024 are due within one year.

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

19. Cash balances

	31 March 2024 £'000	31 March 2023 £'000
Short-term deposits	12,029	175,662
Cash at investment managers	113,460	5,657
	125,489	181,319

20. AVC investments

	31 March 2024 £'000	31 March 2023 £'000
Prudential	14,186	13,461

21. Current assets

	31 March 2024 £'000	31 March 2023 £'000
Contributions due – employees	3,058	4,355
Contributions due – employers	4,562	8,861
Bulk transfers receivable	13,091	–
VAT	2,388	2,388
Sundry debtors	8,181	17,951
	31,281	33,555

22. Current liabilities

	31 March 2024 £'000	31 March 2023 £'000
Other current liabilities	415	499
Other taxes	4,050	3,257
– Cessation amount payable	79,335	–
Benefits payable	4,427	2,587
	88,226	6,343

23. Related party transactions

This disclosure note has been produced using a specific declaration obtained in respect of related party transactions. The LPFA has prepared this note in accordance with its interpretation and understanding of IAS 24 and its applicability to the public sector using current advice and guidance.

Some of the Board members have positions of authority within organisations that are participating employers of the scheme. The employer contributions paid into the scheme by these employers have been disclosed as related party transactions. The Board members receive no financial benefit from these payments.

Ruth Dombey is one of the three Vice Chairs of London Councils. London Councils paid employer contributions of £0.7 million (2023: £1 million) and it is noted that she has no pecuniary interest in financial matters. Christina Thompson is the Director of Finance and Property and the S151 Officer at the London Borough of Lambeth. The London Borough of Lambeth paid employer contributions of £0.03 million (2023: £0.07 million). The London Councils are Admitted bodies in the Fund, whereas Lambeth is a Scheduled body in the Fund.

23. Related party transactions continued

Board members, via their employment with the LPFA are not enrolled in the Pension Fund.

The Office of the Mayor of London is issued with a draft of the LPFA Medium Term Financial Plan by end of December and has the opportunity to provide feedback. As the Office of the Mayor of London is part of the Greater London Authority and it is a participating employer, the employer contributions are deemed to be related party transactions. The Greater London Authority paid employer contributions of £7.2 million (2023: £7.7 million) during the year.

LPFA Operational, being the administering authority, is deemed to be a related party and the transactions with the Fund are reflected in its accounts. The LPFA Operational Accounts include costs recharged to the Pension Fund totaling £6.5 million (2023: £6.2 million).

LPFA entered into a joint venture with Lancashire County Council and incorporated Local Pensions Partnership Ltd (LPP) and its subsidiaries (Local Pensions Partnership Investments Ltd (LPPI) and Local Pensions Partnership Administration Ltd (LPPA) on 8 April 2016. LPP is a related party of LPFA. In addition, in 2020 the LPFA acquired a £12.5 million direct investment in LPP, being £12.5 million non-voting £1 ordinary shares. This is included as private equity within investment assets. LPPI invoiced the scheme £9 million (2023: £8 million) for investment fees and the administration service costing £2.6 million (2023: £2.3 million) was provided by LPPA).

LPFA relies on LPPI's AAF 01/20 assurance process, to provide confidence assurance regarding the information provided by LPPI investment management. Also Bank of New York Mellon (BNYM) is involved as Custodian in reviewing the net asset values that LPPI issue to LPFA and we have a copy of BNYM's internal controls report. For the SPV accounts these are subject to external audit annually which provides assurance over the numbers at year end.

The membership data and other service provided by LPPA pension administration services are subject to periodic internal audit from LPPA and LPFA's internal auditors. Also there is a reliance on the Actuaries Barnett Waddingham who liaise with LPPA in providing pension data that LPFA uses for collection of contributions and benefit payments.

The year-end joint venture adjustment for 50% of the LPP Group is based on independently audited LPP Group accounts.

24. Contractual commitments

Outstanding capital commitments (investments) at 31 March 2024 totalled £245.2 million (2023: £278.4 million) based on:

Currency	Commitment	Exchange rate	£
USD	151,237,346	1.263	119,721
CHF	7,029,000	1.138	6,178
EUR	67,509,389	1.170	57,716
GBP	61,613,789	1.000	61,614
Total			245,229

These commitments relate to outstanding call payments due on unquoted Limited Partnership funds held in the Private Equity and Infrastructure parts of the portfolio.

The amounts 'called' by these funds are both irregular in size and timing over a period of between four and six years from the date of each original commitment.

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

25. Actuarial present value of promised retirement benefits

In addition to the triennial valuation, the Fund’s Actuary also undertakes a valuation of the Pension Fund liabilities in accordance with IAS 26 every year, using the results of the latest Triennial Actuarial Valuation, which for this report was at 31 March 2022, estimated income and expenditure for the year, Fund returns for the year and details of any new retirements for the year that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost.

The present value of the defined benefit obligation at 31 March 2024 of the Fund was £6,838.7 million (2023: £6,748.1 million). The net asset for the Fund at 31 March 2024 was £1,199.7 million (2023: asset £840 million).

Life expectancy from age 65 (years)	31 March 2024	31 March 2023
Retiring today		
Males	20.9	21.10
Females	23.7	23.90
Retiring in 20 years		
Males	21.90	22.20
Females	25.10	25.40

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The financial assumptions used for the purposes of the calculations are as follows:

	31 March 2024 % p.a.	31 March 2023 % p.a.
CPI increases	3.30	3.35
Salary increases	3.90	3.90
Pension increases	2.90	2.90
Discount rate	4.85	4.80

These assumptions are set with reference to market conditions at 31 March 2024.

	31 March 2024 % p.a.	31 March 2023 % p.a.
Base table	Club Vita tables	Club Vita tables
Multiplier (M/F)	1	1
Future improvements model	CMI_2022	CMI_2021
Long-term rate of improvement	1.25% p.a.	1.25% p.a.
Smoothing parameter	7	7
Initial addition parameter	0.0% p.a.	0.0% p.a.
2020 weighted parameter	0%	5%
2021 weighted parameter	0%	5%
2022 weighted parameter	25%	n/a

Sensitivity analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	6,737,808	6,838,742	6,942,231
Adjustment to long-term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	6,843,973	6,838,742	6,833,549
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	6,938,882	6,838,742	6,741,013
Adjustment to mortality age life expectancy assumption rating	+1 Year	None	-1 Year
Present value of total obligation	7,130,483	6,838,742	6,560,668

These assumptions are set with reference to market conditions at 31 March 2024.

26. Key management personnel

The payments to key management personnel are included within the Operational Accounts, being the administering authority. The key management personnel are the Chief Executive, the Finance Director and S151 Officer, the Chief Legal and Compliance Director, Funding and Risk Director, Chief of Staff. The details are summarised below:

	2023-24 £'000	2022-23 £'000
Short-term deposits	926	740
Pension	97	49
	1,023	789

Pension Fund Accounts continued

Notes to the Pension Fund Accounts continued

27. Prior period error – fair value Level 3 reclassification

The 2022-23 accounts included an error as the credit asset, being £736.5 million, which was categorised as a Level 2 when it should have been treated as Level 3 as observable inputs were not available to value this asset class.

The correction has led to the comparative Level 2 assets in note 16 being reduced by £736.5 million and the Level 3 assets increasing by the same value.

	Quoted market prices	Using observable inputs	With significant unobservable inputs	
Market value at 31 March 2023 (restated)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss	3,804,091	652,304	3,004,225	7,460,620
Financial liabilities at fair value through profit or loss	–	(5,580)	–	(5,580)
Net assets	3,804,091	646,724	3,004,225	7,455,040

	Quoted market prices	Using observable inputs	With significant unobservable inputs	
Market value at 31 March 2023 (original disclosure)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss	3,804,091	1,388,766	2,267,763	7,460,620
Financial liabilities at fair value through profit or loss	–	(5,580)	–	(5,580)
Net financial assets	3,804,091	1,383,186	2,267,763	7,455,040

The comparative sensitivity note within note 16 has been updated to include the credit asset that has been recategorised as Level 3.

Restated	Assessed valuation range	Value at 31 March 2023	Value increase	Value decrease
	(+/-)	£'000	£'000	£'000
Private Equity	4.8%	585,478	613,703	557,253
Infrastructure	4.8%	939,741	985,044	894,438
Diversifying Strategies	4.8%	718	752	683
Credit	4.8%	736,462	771,965	700,959
Real Estate	6.6%	729,327	777,212	681,443
		2,991,726	3,148,677	2,834,776

Original disclosure	Assessed valuation range	Value at 31 March 2023	Value increase	Value decrease
	(+/-)	£'000	£'000	£'000
Private Equity	4.8%	585,478	613,703	557,253
Infrastructure	4.8%	939,741	985,044	894,438
Diversifying Strategies	4.8%	718	752	683
Real Estate	6.6%	729,327	777,212	681,443
		2,255,264	2,376,711	2,133,817

The reclassification of LPPI credit has also impacted liquidity risk within note 18 because it has been included within the comparative value of illiquid assets increasing the value from £2,267.8 million to £3,004.2 million.

Actuary's Statement

Introduction

The last full triennial valuation of the London Pensions Fund Authority Pension Fund was carried out as at 31 March 2023 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 22 March 2023.

Asset value and funding level

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

- The smoothed value of the Fund's assets for funding purposes as at 31 March 2022 was £7.53 billion.
- The funding level taking into account the individual employer funding targets was 128%. The surplus on this basis was £1.63 billion which is an improvement from the position at 2019. This means the assets were 128% of the value that they would have needed to be to pay for the benefits accrued to that date based on the assumptions used.
- These results take into account the individual employer funding strategies which have been updated since the 2019 valuation.
- The contribution rate for each employer was set based on the employer's calculated cost of new benefits, known as the primary rate, plus any adjustment required (for example, to allow for deficit recovery), known as the secondary rate.
- The assumptions used for each employer in setting these contributions varied based on the period that they were expected to continue in the Fund and the assessed strength of their covenant.
- In particular, the discount rate varied by employer as higher allowances for prudence (leading to lower discount rates) were applied for less secure employers.

Contribution rates

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

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

The primary rate of contribution on a whole Fund level was 15.2% of payroll p.a. The primary rate as defined by Regulation 62(5) is the employer's share of the cost of benefits accruing in each of the three years beginning 1 April 2023.

In addition, each employer may pay a secondary contribution as required under Regulation 62(7) that when combined with the primary rate results in the minimum total contributions payable. This secondary rate is based on each employer's particular circumstances. In many cases the secondary rate is negative, which means that a reduction is applied to the employer's primary rate to calculate the minimum total contribution rate.

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

Pension Fund Accounts continued

Actuary's Statement continued

Assumptions

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

Assumptions	Assumptions used for 2022 Valuation
Financial assumptions	
Market date	31 March 2022
CPI inflation	2.9% p.a.
Long-term salary increase	3.9% p.a.
Weighted average discount rate (employer specific strategies)	5.2% p.a.
Demographic assumptions	
Post-retirement mortality	
Base tables	Based on Club Vita analysis
Projection model	CMI 2021
Long-term rate improvement	1.25% p.a.
Smoothing parameter	7.0
Initial addition to improvements	0.0% p.a.
2020-21 weighting parameter	5.0%

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

Updated position since the 2022 valuation:

Assets

In the 12 months to 31 March 2024 the investment return on the Fund's assets is estimated to have been 8.0% per annum. This has helped to offset the lower-than-expected return in the year to 31 March 2023. As at 31 March 2024, in market value terms, the Fund's assets were slightly less than where they were projected to be based on the previous valuation.

Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As at 31 March 2024, the real discount rate is at a similar level compared with the 2022 valuation.

The value of liabilities will have increased since the 2022 triennial valuation, due to interest accrued over the period as well as actual inflation being higher than previously anticipated. The accrual of new benefits net of benefits paid. In addition, accrued benefits will increase by 10.1% in line with the 2024 pension increase order which is higher than the pension increase assumption at the previous valuation, increasing the value of liabilities further.

Overall position

On balance, we estimate that the funding level has weakened on the individual employer strategies basis compared to 31 March 2022.

Were we to carry out a valuation at 31 March 2024 based on the same data and methodology for deriving the assumptions used for the 31 March 2022 valuation, we estimate that the average primary contribution rate across all employers would be broadly unchanged due to the broadly unchanged real discount rate compared to 31 March 2022. The impact of the weakened funding position on secondary contributions would vary by employer.

The next formal valuation will be carried out as at 31 March 2025 with the new contribution rates set from 1 April 2026. This will take into account changes in market conditions, assumptions and membership data, all of which could mean the outcomes are different to those we are currently estimating.

The Fund can continue to monitor the funding level using LGPS Monitor on a regular basis.

Liam Drysdale FFA

Partner, Barnett Waddingham LLP

Employers participating in the Fund

Based on any employer with whom the LPFA has had an economic transfer in 2023-24

Employer body	Contribution rate %*	Employer body	Contribution rate %*
Apleona HSG LTD	26.40	L.B. of Southwark	12.70
Association of Colleges	18.50	L.B. of Tower Hamlets	10.50
Babcock Critical Services Ltd	14.20	L.B. of Wandsworth	11.00
Babcock Training Limited	14.00	La Retraite RC Girl's School	14.30
Bishop Thomas Grant School	11.10	La Sainte Union Convent School	8.10
British Film Institute	15.50	Lee Valley Regional Park Authority	13.80
Brunel University	16.00	Lionheart (RICS Benevolent Fund)	15.00
BUVFC	20.60	Local Government and Social Care Ombudsman	5.00
Capital City College Group	9.50	Local Pensions Partnership Administration	13.40
Caterlink	19.70	Local Pensions Partnership Investments	11.00
CfBT Education Trust*	–	London Councils	7.70
Charlotte Sharman Foundation Primary School	5.60	London Fire Commissioner	14.20
City Literary Institute	13.60	London Legacy Development Corporation	12.00
City University	13.30	London Metropolitan University	10.30
Compass Brunel Catering	6.00	London Nautical School	7.40
Computacenter Ltd	14.50	London Pensions Fund Authority	13.10
Coram's Fields	14.90	London South Bank University	15.50
Corpus Christi School	14.90	London South East Colleges	6.80
Dulwich College	23.50	London Treasury Ltd	9.50
Dunraven School	12.60	Mary Ward Centre	8.90
Ealing, Hammersmith & West London College	5.80	Morley College	16.00
East London Waste Authority	13.70	New City College	7.00
English Sports Council	6.40	Newcastle College Group	14.00
Food Standards Agency	19.10	Notre Dame School	10.30
Food Standards Scotland	9.30	Notting Hill Genesis	33.10
Freedom Leisure	27.80	Nourish Contract Catering Limited	14.00
Friars School	19.40	NSL Limited	15.50
Geffrye Museum Trust Ltd.	6.90	Old Oak And Park Royal Development Corporation (OPDC)	10.40
GLL (Lee Valley Regional Authority)	14.90	Open College Network London Region	6.80
Goldsmiths, University of London	14.80	Orchard Hill College & Academies	7.10
Greater London Authority	9.50	Poplar Harca	28.70
Greenwich Leisure Limited	25.80	R.B. of Kensington & Chelsea	14.80
Horniman Museum & Gardens	16.90	Roehampton University	19.80
Ibstock Place School	13.10	Royal Central School of Speech & Drama	14.80
Immanuel & St Andrew C of E Primary School	13.50	Sacred Heart School	17.20
Joskos Solutions	7.10	SITA UK Ltd	20.10
Julian's Primary School	13.10	South Bank Colleges	14.30
L.B. of Camden	12.30	South Thames College Group	11.90
L.B. of Greenwich	11.50	Sport and Recreation Alliance Limited	2.00
L.B. of Hackney	10.50	St Andrews RC Primary School	16.30
L.B. of Hammersmith & Fulham	11.60	St Anne's RC Primary School	9.90
L.B. of Islington	12.20	St Anthony's School	13.20
L.B. of Lambeth	12.30	St Bede's GM Infant & Nursery School	11.70
L.B. of Lewisham	14.20	St Bernadette's School	19.40

* The scheme actuary has allocated this employer a 0% employer contribution rate, as detailed in the rates and adjustment certificate, due to the results of the triennial valuation as at 31 March 2022.

Pension Fund Accounts continued

Employers participating in the Fund continued

Based on any employer with whom the LPFA has had an economic transfer in 2023-24 continued

Employer body	Contribution rate %*
St Francis Xavier 6th Form College	10.20
St Joseph RC Infant School	18.50
St Joseph RC Junior School	18.10
St Martin in the Field High School	10.20
St Mary's RC Primary School	11.60
St Michael's RC School	13.70
St Thomas the Apostle College	12.00
Surrey Square Primary School	10.10
The English Institute of Sport	5.80
The Froebel Trust	21.70
Transport for London	15.30
Trinity Laban	8.60
Turney School	5.40
Turnham Primary GMS School	2.90
UAL Short Courses Ltd	22.00
UK Anti-Doping	4.20
United Colleges Group	15.60
United Kingdom Sports Council	9.10
University of Arts London	14.90
University of Greenwich	15.00
University of St. Mark & St. John	10.10
University of Westminster	14.80
Valuation Office Agency	10.50
Valuation Tribunal Service	16.30
Van Gogh Primary School	16.00
West London Waste Authority	14.60
Western Riverside Waste Authority	4.10

Appendices

i) Reporting and controls

The following describes how the organisation is controlled and any associated reporting requirements.

External review

The Public Sector Audit Appointments Ltd (PSAA) commissions auditors to provide audits that comply with the National Audit Office's Code of Audit Practice. PSAA is required by Section 16 of the Local Audit (Appointing Person) Regulations 2015 to set the scale fees by the start of each financial year. Our Board has ratified the PSAA's proposal to appoint Ernst & Young LLP as our external auditors for a five-year term, effective from 1 April 2024.

The Independent Auditor's Report (see page 62) presents the opinion of the external auditors on the financial statements, while the Auditor's Annual Report provides an evaluation of the arrangements implemented by us to secure value for money. These reports are available for public access on our website.

Internal review and control

PricewaterhouseCoopers (PwC) was appointed as our internal auditor in April 2020. The internal auditors actively participate in the Audit and Risk Committee (ARC) meetings, providing regular reports on their activities. An Internal Audit plan is presented at the start of every year detailing all audit reviews that will take place on a phased basis throughout the financial year. The findings from these audits, along with any recommendations, are reported to the ARC. The Committee closely monitors the progress against each recommendation at every ARC meeting to ensure effective implementation and to enhance the overall internal control environment.

Annual Report and Accounts

Regulation 57 of The LGPS Regulations 2013 (England and Wales) requires us to prepare and publish an annual report by 1 December each year. This Annual Report has been prepared in accordance with the Scheme Advisory Board Guidance (Guidance on preparing the Annual Report 2024).

While we can confirm that we have included all relevant information, when appropriate, we have not followed the new report structure advised by the 2024 guidance. Our Annual Report was redesigned in 2022-23 so for reasons of cost and practicality, we will follow the structure set out in the 2024 guidance in 2024-25.

The timelines for the preparation of the 2023-24 Annual Accounts was amended by The Accounts and Audit Regulations 2022, which extended the timelines for the preparation of The Accounts including publication date for final accounts to 30 September 2023. The LPFA Board extended the constitutional document Annual Report and Accounts publication date to follow the amended regulations.

Fraud control

To mitigate potential instances of fraud and to reduce the risk of pension overpayments, we engage in a range of data initiatives. These initiatives are detailed in the Fraud Control Framework which is reviewed regularly to ensure its effectiveness and is available for public access on our website.

National Fraud Initiative (NFI)

We continue to participate in the National Fraud Initiative but no national initiatives were undertaken over the period. For reference, a life certification check has been carried out in August 2024. Regular mortality screening is carried out on pensioners and their dependants residing in the UK. This reduces the costs and risks of Impersonation of the Deceased (IOD) fraud and pension overpayments. Overseas pensioners are verified where a member's email address is known. For any non-responders or for those where an email address is not held, an annual screen is carried out to identify any new deaths.

This exercise ensures that pension records are up to date as well as acting as an anti-fraud measure and safeguards members' pensions. In addition to mortality screening, we have adopted the Tell Us Once (TUO) service which provides another method of being notified of deaths to help reduce the risk of pension overpayments. We do obtain monthly Target reports that include confirmed and possible deaths with full or partial matches to our members. We also receive NFI reports; however we receive this report every two years.

Overseas pensioners verification

An annual life certification exercise is undertaken for members where LPPA holds their email address. For any non-responders to these exercises, and for any overseas members for whom an overseas email address is not held, annual screening is undertaken. The exercise ensures that pension records are up to date as well as acting as an anti-fraud measure and safeguards members' pensions.

Code of Corporate Governance

This Code is enforced under the Authority's power of self-regulation and sets out the rules relating to the disclosure of personal interests and related-party transactions. It incorporates the seven Nolan Principles of Conduct and is further underpinned by local guidance on gifts and hospitality for Board members. The registers of interests declared by Board members and Principal Officers are available for public inspection and are completed upon joining the LPFA and at the start of every financial year. Any concerns are reviewed by the ARC and reported to the LPFA Board.

Appendices continued

i) Reporting and controls continued

Quality of data

We have various processes in place to ensure LPPA, as the outsourced pensions administrator, examines the quality of the data it uses and maintains. These include a central electronic performance reporting system integrated with quality checks; employers' data-cleansing exercise and monthly returns; online member service that reduces the risk of human error; and data monitoring against The Pensions Regulator Record-Keeping Guidance on Common and Scheme Specific Data. The Pensions Regulator Code of Practice 14 also requires LPFA to maintain certain standards of data management, risk management processes and communication with members and employers.

Information security/Cybersecurity

Our IT services are outsourced to LPPI so our Information Security Compliance Statement aligns closely with theirs. The Information Security Policy is periodically reviewed and updated to address any significant changes that could impact our strategy and objectives. LPPI is certified by the ISO 27001 Standard and has implemented a comprehensive Information Security Management System to ensure protection of information assets. By utilising LPPI's IT services, we can use their expertise and infrastructure to maintain the highest standards of information security. We are both committed to preserving the confidentiality, integrity, and availability of all information assets across the organisation. This commitment is reinforced through proactive risk management, regular training, and adherence to best practices in cybersecurity.

Freedom of Information (FOI) Scheme

LPFA is committed to the culture of openness and therefore operates a Freedom of Information Scheme as required by Statute (Freedom of Information Act 2000). The document provides guidance on the type of information that LPFA provides to meet its commitments under the model publication scheme. This document is available on the LPFA website.

Equalities objectives

LPFA operates an equality and diversity policy which was updated in October 2020 as part of the policy framework review. LPFA is committed to providing equality of opportunity and access in both its employment and service arrangements. It aims to promote diversity within its workforce and ensure that services meet the different needs of LPFA's members and employers.

Health and safety

LPFA acts in accordance with the requirements of the Health and Safety at Work etc Act 1974 and other related health and safety legislation. Officers monitor performance regarding health and safety. There were no matters that needed to be reported to the Board in 2023-24.

ii) Employers active and ceased in the Fund by scheduled and admitted bodies (as at 31 March 2024)

Number of employers in the Fund

Status	Admitted	Scheduled	Grand Total
Ceased	7	34	41
Current	52	63	115
Grand total	59	97	156

Employer name	Admitted £	Scheduled £
Alley's School	483,713	
Archbishop Tenison's Church of England GMS		69,677
CBRE	103,629	
City of Westminster		1,100,015
Corporation of London		64,793
Guinness Partnership Ltd	(69,784)	
L.B. of Barking & Dagenham		157,749
L.B. of Barnet		457,318
L.B. of Bexley		248,866
L.B. of Brent		299,025
L.B. of Bromley		404,694
L.B. of Croydon		413,840
L.B. of Ealing		359,349
L.B. of Enfield		292,506
L.B. of Greenwich		672,900
L.B. of Hackney		586,705
L.B. of Hammersmith & Fulham		663,254
L.B. of Haringey		240,685
L.B. of Harrow		269,516
L.B. of Havering		271,212
L.B. of Hillingdon		315,398
L.B. of Hounslow		262,678
L.B. of Lambeth		900,395
L.B. of Lewisham		728,018
L.B. of Merton		675,000
L.B. of Newham		247,367
L.B. of Redbridge		276,054
L.B. of Richmond Upon Thames		269,175
L.B. of Southwark		866,494
L.B. of Sutton		222,943
L.B. of Tower Hamlets		857,206
L.B. of Waltham Forest		238,247
Learning and Work Institute	287,854	
Miquill (South) Ltd	4,313	
Parkwood Hall Co-operative Academy		(1,696)
R.B. of Kensington & Chelsea		793,509
R.B. of Kingston Upon Thames		191,481
Sacred Heart School	119,337	
St Francesca Cabrini Primary School		163,375
Waltham Forest		38,137
Woughton Leisure Trust	25,300	
Ceased employers total	954,361	13,615,885

Appendices continued

ii) Employers active and ceased in the Fund by scheduled and admitted bodies (as at 31 March 2024) continued

Employer name	Admitted £	Scheduled £
Apleona HSG LTD	196,964	
Association of Colleges	1,042,157	
Babcock Critical Services Ltd	84,640	
Babcock Training Limited	170,330	
Bishop Thomas Grant School		207,262
British Film Institute	2,739,016	
Brunel University	5,092,707	
BUVFC	234,358	
Capital City College Group		3,380,530
Caterlink	16,141	
CfBT Education Trust	8,212	
Charlotte Sharman Foundation Primary School		31,250
City Literary Institute	814,720	
City University	3,934,011	
Compass Brunel Catering	23,089	
Computacenter Ltd	10,104	
Coram's Fields	29,548	
Corpus Christi School		139,585
Dulwich College	798,052	
Dunraven School		633,493
Ealing, Hammersmith & West London College		702,155
East London Waste Authority		171,429
English Sports Council	170,131	
Food Standards Agency	3,034,897	
Food Standards Scotland	154,119	
Freedom Leisure	82,086	
Friars School		37,362
Geffrye Museum Trust Ltd.	128,191	
GLL (Lee Valley Regional Authority)	579,671	
Goldsmiths, University of London	3,143,849	
Greater London Authority		13,799,065
Greenwich Leisure Limited	238,289	
Horniman Museum & Gardens	572,050	
Ibstock Place School	330,615	
Immanuel & St Andrew C of E Primary School		75,699
Joskos Solutions	5,716	
Julian's Primary School		247,811
L.B. of Camden		71,669
L.B. of Greenwich		99,940
L.B. of Hackney		25,384
L.B. of Hammersmith & Fulham		51,720
L.B. of Islington		52,667
L.B. of Lambeth		44,201
L.B. of Lewisham		28,826
L.B. of Southwark		212,314
L.B. of Tower Hamlets		105,588
L.B. of Wandsworth		317,870

ii) Employers active and ceased in the Fund by scheduled and admitted bodies (as at 31 March 2024) continued

Employer name	Admitted £	Scheduled £
La Retraite RC Girls' School		361,841
La Sainte Union Convent School		140,930
Lee Valley Regional Park Authority		1,266,903
Lionheart (RICS Benevolent Fund)	24,373	
Local Government and Social Care Ombudsman		1,012,279
Local Pensions Partnership Administration	343,034	
Local Pensions Partnership Investments	1,377,668	
London Councils	1,603,938	
London Fire Commissioner		11,100,971
London Legacy Development Corporation		2,609,646
London Metropolitan University		3,932,972
London Nautical School		139,456
London Pensions Fund Authority		472,219
London South Bank University	4,339,308	
London South East Colleges		1,430,337
London Treasury Ltd	288,468	
Mary Ward Centre	95,816	
Morley College		630,476
New City College		2,747,102
Newcastle College Group		987,226
Notre Dame School		9,118
Notting Hill Genesis	27,256	
Nourish Contract Catering Limited	4,477	
NSL Limited	11,759	
Old Oak & Park Royal Development Corporation (OPDC)		681,312
Open College Network London Region	60,349	
Orchard Hill College & Academies		461,372
Poplar Harca	119,431	
R.B. of Kensington & Chelsea		18,343
Roehampton University	5,437,563	
Royal Central School of Speech & Drama	1,065,058	
S.S.A.F.A. Forces Help	74,534	
SITA		174,715
South Bank Colleges	137,254	
South Thames College Group	671,173	
Sport and Recreation Alliance Limited		2,544,605
St Andrews RC Primary School		158,843
St Anne's RC Primary School		51,632
St Anthony's School		100,254
St Bede's GM Infant & Nursery School		26,368
St Bernadette's School		74,459
St Francis Xavier 6th Form College		253,457
St Joseph RC Infant School		80,450
St Joseph RC Junior School		82,206
St Martin-in-the-Fields High School		235,565
St Mary's RC Primary School		70,991
St Michael's RC School		205,692









Appendices continued

ii) Employers active and ceased in the Fund by scheduled and admitted bodies (as at 31 March 2024) continued

Employer name	Admitted £	Scheduled £
St Thomas the Apostle College		86,478
Surrey Square Primary School		196,152
The English Institute of Sport	1,995,098	
The Froebel Trust	20,261	
Transport for London		943,039
Trinity Laban	11,033	
Turney School		75,105
Turnham Primary GMS School		22,928
UAL Short Courses Ltd	664,477	
UK Anti-Doping	414,455	
United Colleges Group		2,064,684
United Kingdom Sports Council	1,570,662	
University of Arts London		20,667,006
University of Greenwich	10,040,206	
University of St. Mark & St. John	892,416	
University of Westminster	8,912,515	
Valuation Office Agency		548,693
Valuation Tribunal Service		581,292
Van Gogh Primary School		76,510
West London Waste Authority		542,403
Western Riverside Waste Authority		52,280
Current employers total	63,836,247	78,354,130
Grand total	64,790,608	91,970,015

iii) Supplier and contacts list

Operational

 EVERSHEDS SUTHERLAND Legal Advisors 0121 232 1786	 pwc Internal Auditor 0118 959 7111	 EY External Auditor 020 7951 2000	 Barnett Waddingham <small>a true partnership advisory</small> Fund Actuary 0333 111 1222
 PRUDENTIAL AVC Provider 0800 000 000	 LLOYDS BANK Bank 020 7616 3235	 BNY MELLON Custodian 0161 725 3000	 LPPA Local Pensions Partnership Administration Administrator 0300 323 0260

Investments

 GREATER LONDON AUTHORITY Cash Management 020 7983 4000	 LPP Local Pensions Partnership Investments Delegated Investment Manager 020 7369 6000	 Insight INVESTMENT Investment Manager (until December 2023) 020 7163 4000	 AEOLUS CAPITAL MANAGEMENT Investment Manager +1 441 405 4800
 RECORD Investment Manager 01753 852 222	 BlackRock Investment Manager 020 7743 3000	 Tangency/Capital Investment Manager 0800 111 6768	 IMPAX Asset Management Investment Manager 020 3912 3000
 THE LONDON FUND Investment Manager LCIV: 020 8036 9000 LPPI: See above	 REDINGTON Investment Consultants (project based) 020 7250 3331		

Additional contacts

The LPFA (General)

For any general enquiries relating to this Annual Report or the Fund, please contact:

London Pensions Fund Authority

2nd Floor, 169 Union Street
London SE1 0LL
United Kingdom

T: 020 4551 8517

E: communications@lpfa.org.uk

Regional Pool (Administration and Investments)

The LPFA's Investment Managers

LPPI

First Floor
1 Finsbury Avenue
London EC2M 2PF

T: 020 7369 6000

E: info@localpensionspartnership.org.uk

Going digital

Members

Our preferred method of communication is electronic.

We communicate with members via email or via our member portal, PensionPoint, which members can register for at:
<https://www.lppapensions.co.uk/members/members-log-in/>

To opt out of electronic communications, please write to LPPA at the address above.

Employers

Employers can send online forms, data or carry out data matching facilities via, UPM: <https://www.lppapensions.co.uk/employers/employer-login/>

Making a complaint

Internal Dispute Resolution Procedure (IDRP)

If an employer or member has a complaint, they are advised to contact in the first instance LPPA in writing either by post or email to try and resolve the problem. During the year, LPPA has made IDRP guidance available to give members with a better understanding of the process. It also outlines our promises and further sources of information which might be helpful during or after the complaints process.

The guidance is clearly visible and easily available on the LPPA website (www.lppapensions.co.uk/customer-care/internal-dispute-resolution-procedure/) for ease of access for all users and contains information on all aspects of a dispute, including external sources to help the member with complaints, like The Pensions Ombudsman, The Pensions Advisory Service and The Pensions Regulator.

There is also a step-by-step flowchart outlining the process to help users in fully understanding the process and relevant timescales.

General pensions guidance

The following organisations can supply free help and support on pension issues.

Money and Pensions Service (MAPS)

MAPS, launched by the Department for Work and Pensions, is committed to ensuring that people throughout the UK have guidance and access to the information they need to make effective financial decisions over their lifetime. Their dedicated consumer service, MoneyHelper, supplies free and impartial money and pensions guidance for people across the UK.

MoneyHelper can be contacted via website, email, webchat or phone.

Visit <https://www.moneyhelper.org.uk/en> to find out more.

MAPS can be contacted online:
<https://moneyandpensionservice.org.uk/>

T: 01159 659570

E: contact@maps.org.uk

The Pensions Ombudsman

The Ombudsman is an independent organisation set up by law to deal with pension complaints. They look at the facts without taking sides and their service is free.

You can contact them via:

E: enquiries@pensions-ombudsman.org.uk

T: UK: 0800 917 4487

Overseas: +44 (0) 20 7630 2200

Website and Live Chat: www.pensions-ombudsman.org.uk

Glossary

ARC	Audit and Risk Committee
AVC	Additional Voluntary Contribution
CEO	Chief Executive Officer
CIPFA	Chartered Institute of Public Finance and Accountancy
CIPFA/LASAAC code	CIPFA and the Local Authority (Scotland) Accounts Advisory Committee
Code	Local Code of Corporate Governance
COP26	26th UN Climate Change Conference of the Parties
COVID-19	Coronavirus
DB	Defined Benefit
DSF	LPPI Diversifying Strategies Fund
EU	European Union
ESG	Environmental, Social and Governance
FIF	LPPI Fixed Income Fund
FRC	Financial Reporting Council
FSS	Funding Strategy Statement
GCF	LPPI's Global Credit Fund
GDP	Gross Domestic Product
GEF	LPPI's Global Equity Fund
GIF	LPPI's Global Infrastructure Fund
GLA	Greater London Authority
GMP	Guaranteed Minimum Pension
IAS	International Accounting Standards
IDRP	Internal Dispute Resolution Procedure
IFRS	International Financial Reporting Standards
IP	Investment Panel
ISS	Investment Strategy Statement

KPIs	Key Performance Indicators
LAPFF	Local Authority Pension Fund Forum
LCC	Lancashire County Council
LCIV	London Collective Investment Vehicle Ltd
LDI	Liability-driven investment
LGPS	Local Government Pension Scheme
LPB	Local Pension Board
LPFA	London Pensions Fund Authority
LPP (Group)	Local Pensions Partnership Ltd
LPPA	Local Pensions Partnership Administration Ltd
LPPI	Local Pensions Partnership Investments Ltd
NAV	Net Asset Value
NED	Non-Executive Director
NFI	National Fraud Initiative
PAS	Pension Administration Strategy
PLSA	Pensions and Lifetime Savings Association
PRI	Principles for Responsible Investment
PSAA	Public Sector Audit Appointments
RI	Responsible Investment
RCM	Record Currency Management
SAA	Strategic Asset Allocation
SLA	Service Level Agreement
SPS	Strategic Policy Statement
TPI	Transition Pathway Initiative
UK	United Kingdom
UPM	Universal Pension Management administration system

Annual Report disclaimer

Disclaimer and cautionary note on forward-looking statements

Certain statements and illustrations contained herein are forward-looking. These statements (including as to plans, objectives, targets, and trends) and illustrations provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact.

Forward-looking statements typically are identified by words or phrases such as “anticipate”, “assume”, “believe”, “continue”, “estimate”, “expect”, “foresee”, “intend”, “may increase”, “may fluctuate” and similar expressions, or by future or conditional verbs such as “will”, “should”, “would” and “could”. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results of operations, financial condition, capital or liquidity positions or prospects to be materially different from any future results of operations, financial condition, capital or liquidity positions or prospects expressed or implied by such statements or not achieve its published targets. Such factors include, among others:

- mortality, morbidity and longevity experience
- central bank intervention in the financial markets, trade wars or other protectionist measures relating to international trade arrangements, adverse geopolitical events, domestic political upheavals or other developments that adversely impact global economic conditions
- increased volatility of, and/or disruption in, global capital and credit markets
- changes in legislation and regulation, or the interpretations thereof by regulators and courts, affecting us
- legal actions or regulatory investigations or actions, including in respect of industry requirements or business conduct rules of general applicability
- changes in accounting estimates or assumptions that affect reported amounts of assets, liabilities, revenues or expenses, including contingent assets and liabilities
- changes in accounting standards, practices or policies
- strengthening or weakening of foreign currencies
- failure of our hedging arrangements to be effective
- significant investments, acquisitions or dispositions, and any delays, unforeseen liabilities or other costs, lower-than-expected benefits, impairments, ratings action or other issues experienced in connection with any such transactions
- extraordinary events affecting our partners, such as bankruptcies, liquidations and other credit-related events
- changing levels of competition
- the effects of business disruption due to terrorist attacks, cyberattacks, natural catastrophes, public health emergencies, hostilities or other events
- operational factors, including the efficacy of risk management and other internal procedures in anticipating and managing the foregoing risks.

These factors are not exhaustive. We operate in a continually changing environment and new risks always emerge.

Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.



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